

**HOUSE SUBSTITUTE FOR  
SENATE BILL NO. 942**

A bill to amend 1998 PA 58, entitled "Michigan liquor control code of 1998," by amending sections 205, 233, 536, 609c, and 1014 (MCL 436.1205, 436.1233, 436.1536, 436.1609c, and 436.2014), section 205 as amended by 2015 PA 246, section 536 as amended by 2019 PA 131, section 609c as added by 2017 PA 130, and section 1014 as added by 2015 PA 47.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1           Sec. 205. (1) The commission shall, as provided in section  
2 203(1), by order appoint authorized distribution agents to  
3 warehouse and deliver spirits in this state to ensure that all  
4 retail licensees are properly serviced with spirits. An authorized  
5 distribution agent is subject to uniform requirements, including



1 business operating procedures, that the commission may prescribe by  
2 rule, subject to this section.

3 (2) A person is eligible for appointment by the commission as  
4 an authorized distribution agent if all of the following  
5 circumstances exist:

6 (a) The person satisfies all applicable commission rules  
7 prescribing qualifications for licensure promulgated under section  
8 215.

9 (b) The person has entered into a written agreement or  
10 contract with a supplier of spirits to warehouse and deliver a  
11 brand or brands of spirits of that supplier of spirits.

12 (c) The person has an adequate warehousing facility located in  
13 this state to store spirits from which all delivery of spirits to  
14 retail licensees must be made.

15 (3) An authorized distribution agent shall not have a direct  
16 or indirect interest in a supplier of spirits or in a retailer. A  
17 supplier of spirits or a retailer shall not have a direct or  
18 indirect interest in an authorized distribution agent. An  
19 authorized distribution agent shall not hold title to spirits.

20 (4) An authorized distribution agent shall deliver to each  
21 retailer located in its assigned distribution area on at least a  
22 weekly basis if the order meets the minimum requirements. Except  
23 that in a week that accompanies a state holiday, the commission may  
24 order a modified delivery schedule if a retailer will not wait  
25 longer than 9 days between deliveries because of the modified  
26 delivery schedule. The commission shall provide for an integrated  
27 ~~en-line~~**online** ordering system for spirits and shall require the  
28 continuance of any ordering system in existence on the activation  
29 date of the system established under section 206. The commission



1 shall set minimum requirements that must be a sufficient number of  
2 bottles to comprise not more than 2 cases. A retailer may pick up  
3 the product at the authorized distribution agent's warehouse. To  
4 avoid occasional emergency outages of spirits, a retail licensee  
5 may make up to 12 special emergency orders to an authorized  
6 distribution agent in each calendar year. An authorized  
7 distribution agent shall make a special emergency order available  
8 to the retail licensee within 18 hours of the placing of the order.  
9 An authorized distribution agent shall make a special emergency  
10 order placed on Saturday or Sunday available to the retail licensee  
11 before noon on the following Monday. An authorized distribution  
12 agent may impose a fee of up to \$20.00 to deliver a special  
13 emergency order to a retail licensee.

14 (5) In locations inaccessible to a motor vehicle as that term  
15 is defined by **section 33 of** the Michigan vehicle code, 1949 PA 300,  
16 MCL ~~257.1 to 257.923, 257.33~~, an authorized distribution agent  
17 shall arrange that a delivery of spirits to a retailer be in  
18 compliance with the following procedures:

19 (a) After processing an order from a retailer, an authorized  
20 distribution agent shall contact a retailer to confirm the quantity  
21 of cases or bottles, or both, and the exact dollar total of the  
22 order.

23 (b) The authorized distribution agent shall coordinate with  
24 the retailer the date and time a driver is scheduled to deliver the  
25 order to a ferry transport dock, shall arrange any ferry, drayage,  
26 or other appropriate service, and shall pick up the retailer's  
27 payment at that time.

28 (c) The ferry transport company or company representing any  
29 other form of conveyance shall take the retailer's payment to the



1 mainland dock and give that payment to the authorized distribution  
2 agent's driver.

3 (d) The ferry transport company or company representing any  
4 other form of conveyance shall transport the order to the drayage  
5 or other appropriate company at the island dock for immediate  
6 delivery to the retailer.

7 (e) The drayage or other appropriate company shall deliver the  
8 order to the retailer.

9 (6) An authorized distribution agent is responsible for the  
10 payment of all transportation and delivery charges imposed by the  
11 ferry, drayage, or other conveyance company and is responsible for  
12 all breakage and any shortages, whether attributable to the ferry,  
13 drayage, or other conveyance company or any combination of those  
14 companies, until the order is delivered to the retailer's  
15 establishment. This subsection does not prevent the authorized  
16 distribution agent from seeking reimbursement or damages from any  
17 company conveying the authorized distribution agent's product.

18 (7) Except as otherwise provided in subsection (4), an  
19 authorized distribution agent shall not charge a delivery fee or a  
20 split-case fee for delivery of spirits sold by the commission to a  
21 retailer.

22 (8) An authorized distribution agent or prospective authorized  
23 distribution agent shall maintain and make available to the  
24 commission or its representatives, on notice, any contract or  
25 written agreement it has with a supplier of spirits or other  
26 authorized distribution agent for the warehousing and delivering of  
27 spirits in this state.

28 (9) For a violation of this act, a rule promulgated under this  
29 act, or the terms of an order appointing an authorized distribution



1 agent, an authorized distribution agent is subject to the  
 2 suspension, revocation, forfeiture, and penalty provisions of  
 3 sections 903(1) and 907 in the same manner in which a licensee  
 4 would be subject to those provisions. An authorized distribution  
 5 agent aggrieved by a penalty imposed by the commission may invoke  
 6 the hearing and appeal procedures of section 903(2) and rules  
 7 promulgated under ~~that~~ section **903**.

8 (10) A specially designated distributor may sell to an on-  
 9 premises ~~licensee-retailer~~ up to ~~9-120~~ liters of spirits during any  
 10 ~~1-month-calendar year~~ and an on-premises ~~licensee-retailer~~ may  
 11 purchase, collectively from specially designated distributors, up  
 12 to ~~9-120~~ liters of spirits during any ~~1-month-calendar year~~.  
 13 Notwithstanding any other provision of this act or rule promulgated  
 14 under this act, a specially designated distributor-is only liable  
 15 for knowingly violating this section. An on-premises ~~licensee~~  
 16 **retailer** shall maintain and make available to the commission ~~upon~~  
 17 **on** request records verifying the purchases described in this  
 18 subsection. **For each month in which an on-premises retailer**  
 19 **purchases spirits under this subsection, the on-premises retailer**  
 20 **shall submit a report to the commission indicating the purchases**  
 21 **the on-premises retailer made under this subsection during that**  
 22 **month. Within 30 days after the effective date of the amendatory**  
 23 **act that added this sentence, the commission shall establish the**  
 24 **method and form for the electronic reporting of purchases made**  
 25 **under this subsection by on-premises retailers. The commission**  
 26 **shall not require an on-premises retailer to submit a report under**  
 27 **this subsection in less than monthly intervals and shall not**  
 28 **require a report from an on-premises retailer in a month in which**  
 29 **the on-premises retailer did not purchase spirits under this**



1 **subsection.**

2 (11) In addition to paying a vendor of spirits the acquisition  
3 price for purchasing spirits, the commission may pay a vendor of  
4 spirits an additional amount of not less than \$4.50 and not more  
5 than \$8.25 for each case of spirits purchased as an offset to the  
6 costs being incurred by that vendor of spirits in contracting with  
7 an authorized distribution agent for warehousing and delivering  
8 spirits to retailers. The payment described in this subsection may  
9 not be included in the cost of purchasing spirits by the commission  
10 and is not subject to the commission's markup, special taxes, or  
11 state sales tax. The per-case offset established by this subsection  
12 may be increased by the state administrative board each January to  
13 reflect reasonable increases in the authorized distribution agent's  
14 cost of warehousing and delivering. As used in this subsection,  
15 "case" means a container holding twelve 750 ml bottles of spirits  
16 or other containers containing spirits that are standard to the  
17 industry.

18 Sec. 233. (1) The commission shall establish uniform prices  
19 for the sale of alcoholic liquor ~~in state liquor stores and by~~  
20 specially designated distributors. The prices ~~shall~~**must** return a  
21 gross profit to the commission of not less than 51% and not greater  
22 than 65%. If alcoholic liquor purchased by the commission has not  
23 met sales standards established by the commission for ~~a period of 6~~  
24 months, the commission may sell the alcoholic liquor at a price to  
25 be approved by the state administrative board.

26 (2) Notwithstanding subsection (1), the commission may  
27 establish by rule prices for the sale of alcoholic liquor to  
28 hospitals, charitable institutions, and military establishments  
29 located in this state.



1           (3) ~~There shall be allowed a discount of 17% deducted from the~~  
 2 ~~sale price established by the commission on the sale of~~ **Except as**  
 3 **otherwise provided in this subsection, specially designated**  
 4 **distributors and on-premises licensees are entitled to a 17%**  
 5 **discount from the uniform prices described in subsection (1) on**  
 6 ~~alcoholic liquor made by the~~ **purchased from this state.** ~~liquor~~  
 7 ~~stores to specially designated distributors and establishments~~  
 8 ~~licensed to sell for consumption on the premises.~~ **Beginning with the**  
 9 **enactment date of the amendatory act that added this sentence until**  
 10 **12 months after the enactment date, on-premises licensees are**  
 11 **entitled to a 23% discount from the uniform prices described in**  
 12 **subsection (1) on alcoholic liquor purchased from this state.**

13           Sec. 536. (1) Except as provided in section 105(13), the  
 14 commission shall allow a person to be licensed as more than 1 type  
 15 of manufacturer in this state.

16           (2) A person that holds more than 1 type of manufacturing  
 17 license in this state shall meet all applicable provisions of this  
 18 act for each type of manufacturing license the person holds.

19           (3) Subject to the requirements of this section and section  
 20 537, the commission may approve a licensed manufacturer to operate  
 21 1 or more tasting rooms.

22           (4) Brewers and micro brewers shall not have more approved  
 23 tasting rooms than allowed in section 411.

24           (5) A tasting room may be jointly operated by 2 or more  
 25 manufacturers if either of the following conditions is met:

26           (a) The manufacturers are owned by the same person and their  
 27 manufacturing premises share the same address.

28           (b) The manufacturers are not owned by the same person and  
 29 their manufacturing premises do not share the same address.



1 (6) A tasting room is treated as licensed premises for  
2 purposes of this act.

3 (7) An approved tasting room located on the manufacturing  
4 premises of 1 or more manufacturers that are owned by the same  
5 person and whose manufacturing premises share the same address must  
6 comply with all of the following:

7 (a) The commission must approve and issue an on-premises  
8 tasting room permit to the manufacturer or manufacturers.

9 (b) The manufacturer or manufacturers must pay the \$100.00  
10 initial permit fee, which is renewable annually.

11 (c) The manufacturer or manufacturers must be approved for the  
12 on-premises tasting room permit by the local legislative body in  
13 which the proposed licensed premises will be located, except in a  
14 city having a population of 600,000 or more or as provided in  
15 subsection (17).

16 (d) The manufacturer or manufacturers must comply with the  
17 server training requirements of section 906.

18 (e) The manufacturer or manufacturers must file with the  
19 commission proof of financial responsibility providing security for  
20 liability under section 801(2) of not less than \$50,000.00 as  
21 provided in section 803.

22 (f) A separate on-premises tasting room permit is not required  
23 for each license type for a person licensed by the commission under  
24 any combination of brewer, micro brewer, wine maker, small wine  
25 maker, distiller, small distiller, brandy manufacturer, or mixed  
26 spirit drink manufacturer licenses issued to that person at the  
27 same manufacturing premises.

28 (g) The commission shall not issue to a manufacturer or  
29 manufacturers a Sunday sales permit, catering permit, dance permit,





1 entertainment permit, specific purpose permit, extended hours  
2 permit, or authorization for outdoor service unless the commission  
3 has issued an on-premises tasting room permit to the manufacturer  
4 or manufacturers. A Sunday sales permit, catering permit, dance  
5 permit, entertainment permit, specific purpose permit, extended  
6 hours permit, or authorization for outdoor service may be issued  
7 concurrently with the issuance of an on-premises tasting room  
8 permit.

9 (h) A brewer, micro brewer, wine maker, small wine maker,  
10 distiller, small distiller, brandy manufacturer, or mixed spirit  
11 drink manufacturer may own and operate a restaurant or allow  
12 another person to operate a restaurant as part of the on-premises  
13 tasting room on the manufacturing premises. If the brewer, micro  
14 brewer, wine maker, small wine maker, distiller, small distiller,  
15 brandy manufacturer, or mixed spirit drink manufacturer allows  
16 another person to operate a restaurant on the manufacturing  
17 premises, the brewer, micro brewer, wine maker, small wine maker,  
18 distiller, small distiller, brandy manufacturer, or mixed spirit  
19 drink manufacturer must hold a participation permit naming as a  
20 participant the other person. The other person must meet the  
21 requirements for a participant in R 436.1041(3) of the Michigan  
22 Administrative Code.

23 (8) Subject to subsection (10), an approved tasting room  
24 located off the manufacturing premises of 1 or more manufacturers,  
25 other than a brewer, micro brewer, or mixed spirit drink  
26 manufacturer, that are owned by the same person and whose  
27 manufacturing premises share the same address must comply with all  
28 of the following:

29 (a) The commission must approve and issue an off-premises



1 tasting room license to the manufacturer or manufacturers.

2 (b) The manufacturer or manufacturers must pay the \$100.00  
3 initial license fee, which is renewable annually.

4 (c) The manufacturer or manufacturers must be approved for the  
5 off-premises tasting room license by the local legislative body in  
6 which the proposed licensed premises will be located, except in a  
7 city having a population of 600,000 or more or as provided in  
8 subsection (17).

9 (d) The manufacturer or manufacturers must comply with the  
10 server training requirements of section 906 at the off-premises  
11 tasting room.

12 (e) The manufacturer or manufacturers must file with the  
13 commission proof of financial responsibility providing security for  
14 liability under section 801(2) of not less than \$50,000.00 as  
15 provided in section 803 for the off-premises tasting room.

16 (f) A separate off-premises tasting room license is not  
17 required for each license type for a person licensed by the  
18 commission under any combination of wine maker, small wine maker,  
19 distiller, small distiller, or brandy manufacturer licenses issued  
20 to that person at the same manufacturing premises.

21 (g) The commission shall not issue to a manufacturer or  
22 manufacturers a Sunday sales permit, catering permit, dance permit,  
23 entertainment permit, specific purpose permit, extended hours  
24 permit, authorization for outdoor service, or permission to  
25 maintain a direct connection to unlicensed premises unless the  
26 commission has issued an off-premises tasting room license to the  
27 manufacturer or manufacturers. A Sunday sales permit, catering  
28 permit, dance permit, entertainment permit, specific purpose  
29 permit, extended hours permit, authorization for outdoor service,



1 or permission to maintain a direct connection to unlicensed  
2 premises may be issued concurrently with the issuance of an off-  
3 premises tasting room license.

4 (9) Subject to subsection (10), an approved jointly operated  
5 tasting room located off the manufacturing premises of 2 or more  
6 manufacturers, other than a brewer, micro brewer, or mixed spirit  
7 drink manufacturer, that are not owned by the same person and whose  
8 manufacturing premises do not share the same address must comply  
9 with all of the following:

10 (a) The commission must approve and issue a joint off-premises  
11 tasting room license to each of the manufacturers.

12 (b) Each manufacturer must pay the \$100.00 initial license  
13 fee, which is renewable annually.

14 (c) Each manufacturer must be approved for a joint off-  
15 premises tasting room license by the local legislative body in  
16 which the proposed licensed premises will be located, except in a  
17 city having a population of 600,000 or more or as provided in  
18 subsection (17).

19 (d) Each manufacturer must comply with the server training  
20 requirements of section 906 at the jointly operated off-premises  
21 tasting room.

22 (e) Each manufacturer must file with the commission proof of  
23 financial responsibility providing security for liability under  
24 section 801(2) of not less than \$50,000.00 as provided in section  
25 803 for the jointly operated off-premises tasting room.

26 (f) Any management agreements with an unlicensed manager of  
27 the jointly operated off-premises tasting room must comply with the  
28 requirements of R 436.1041 of the Michigan Administrative Code and  
29 all the manufacturers must hold a participation permit naming as a



1 participant the unlicensed manager. The unlicensed manager must  
2 meet the requirements for a participant in R 436.1041(3) of the  
3 Michigan Administrative Code.

4 (g) A Sunday sales permit, dance permit, entertainment permit,  
5 specific purpose permit, extended hours permit, authorization for  
6 outdoor service, or permission to maintain a direct connection to  
7 unlicensed premises may be issued in conjunction with a jointly  
8 operated off-premises tasting room. All manufacturers licensed at  
9 the jointly operated off-premises tasting room location must hold  
10 the same permits, permissions, and authorizations at the location.

11 (h) A violation of this act or the administrative rules by any  
12 manufacturer on the premises of the jointly operated off-premises  
13 tasting room is a violation by all the manufacturers licensed at  
14 the jointly operated off-premises tasting room.

15 (10) Approved off-premises tasting rooms or jointly operated  
16 off-premises tasting rooms described in subsections (8) and (9)  
17 must comply with all of the following:

18 (a) A wine maker, small wine maker, distiller, small  
19 distiller, or brandy manufacturer may have 1 of the following:

20 (i) No more than 5 off-premises tasting room licenses issued  
21 under subsection (8) under which alcoholic liquor manufactured by  
22 the wine maker, small wine maker, distiller, small distiller, or  
23 brandy manufacturer may be sold by the glass for consumption on the  
24 premises or samples may be sold or given away for consumption on  
25 the premises as provided in subsection (14)(b) and (c).

26 (ii) No more than 5 joint off-premises tasting room licenses  
27 issued under subsection (9) under which alcoholic liquor  
28 manufactured by the wine maker, small wine maker, distiller, small  
29 distiller, or brandy manufacturer may be sold by the glass for



1 consumption on the premises or samples may be sold or given away  
2 for consumption on the premises as provided in subsection (14) (b)  
3 and (c).

4 (iii) A combination of no more than 5 off-premises tasting room  
5 licenses issued under subsection (8) and joint off-premises tasting  
6 room licenses issued under subsection (9) under which alcoholic  
7 liquor manufactured by the wine maker, small wine maker, distiller,  
8 small distiller, or brandy manufacturer may be sold by the glass  
9 for consumption on the premises or samples may be sold or given  
10 away for consumption on the premises as provided in subsection  
11 (14) (b) and (c).

12 (iv) No more than the equivalent number of off-premises tasting  
13 room licenses issued under subsection (8), joint off-premises  
14 tasting room licenses issued under subsection (9), or a combination  
15 of off-premises tasting room licenses issued under subsection (8)  
16 and joint off-premises tasting room licenses issued under  
17 subsection (9) that were issued before October 1, 2018 under which  
18 alcoholic liquor manufactured by the wine maker, small wine maker,  
19 distiller, small distiller, or brandy manufacturer may be sold by  
20 the glass for consumption on the premises or samples may be sold or  
21 given away for consumption on the premises as provided in  
22 subsection (14) (b) and (c).

23 (b) Notwithstanding the limitation in subdivision (a), a wine  
24 maker, small wine maker, distiller, small distiller, or brandy  
25 manufacturer may have any number of off-premises tasting room  
26 licenses or joint off-premises tasting room licenses under which  
27 alcoholic liquor manufactured by the wine maker, small wine maker,  
28 distiller, small distiller, or brandy manufacturer may only be sold  
29 or given away as samples for consumption on the premises as



1 provided in subsection (14) (d).

2 (c) A wine maker, small wine maker, distiller, small  
3 distiller, or brandy manufacturer must designate at the time of  
4 application whether the tasting room location for which the off-  
5 premises tasting room license or the joint off-premises tasting  
6 room license application is being made will sell by the glass as  
7 provided in subdivision (a) or provide only samples as provided in  
8 subdivision (b). The designation made for the off-premises tasting  
9 room license or the joint off-premises tasting room license must  
10 not be changed after the license has been issued.

11 (d) All wine makers, small wine makers, distillers, small  
12 distillers, or brandy manufacturers licensed at the same approved  
13 jointly operated off-premises tasting room must have an identical  
14 designation under subdivision (c).

15 (e) A wine maker, small wine maker, distiller, small  
16 distiller, or brandy manufacturer that has an off-premises tasting  
17 room or jointly operated off-premises tasting room location that  
18 was approved by the commission before December 19, 2018 must submit  
19 to the commission in writing a designation as required under  
20 subdivision (c) by April 1, 2019.

21 (11) A wine maker, small wine maker, brewer, micro brewer,  
22 distiller, small distiller, brandy manufacturer, or mixed spirit  
23 drink manufacturer may add a nonalcoholic mixing ingredient or an  
24 alcoholic mixing ingredient manufactured by the wine maker, small  
25 wine maker, brewer, micro brewer, distiller, small distiller,  
26 brandy manufacturer, or mixed spirit drink manufacturer to sampled  
27 or purchased alcoholic liquor if the sampled or purchased alcoholic  
28 liquor is consumed on the premises of the approved tasting room.

29 (12) A manufacturer is not a retailer under this act merely



1 because the manufacturer has a tasting room.

2 (13) A manufacturer with an approved tasting room may sample  
3 and sell alcoholic liquor only as specifically allowed in this act.

4 (14) A manufacturer may do all of the following:

5 (a) Sell alcoholic liquor it manufactured for consumption off  
6 the premises in an approved tasting room under subsections (7) to  
7 (9).

8 (b) Subject to subsection (10)(a), sell alcoholic liquor it  
9 manufactured by the glass for consumption on the premises of an  
10 approved tasting room under subsections (7) to (9).

11 (c) Subject to subsection (10)(a), sell or give away samples  
12 of any size of alcoholic liquor it manufactured for consumption on  
13 the premises of an approved tasting room under subsections (7) to  
14 (9).

15 (d) Subject to subsection (10)(b), sell or give away samples  
16 of alcoholic liquor it manufactured for consumption on the premises  
17 of an approved tasting room under subsections (8) and (9) under all  
18 of the following conditions:

19 (i) A wine maker or small wine maker may offer samples of wine  
20 that do not exceed 3 ounces per sample.

21 (ii) A brandy manufacturer may offer samples of brandy that do  
22 not exceed 1/2 ounce per sample.

23 (iii) A distiller or small distiller may offer samples of  
24 spirits or mixed drinks that do not exceed 1/2 ounce per sample.

25 (15) A manufacturer issued a license before December 19, 2018  
26 that intends to sell for consumption off its licensed premises or  
27 sell, serve, and allow consumption on its licensed premises of  
28 alcoholic liquor as allowed under this section and section 537 must  
29 comply with this section by April 1, 2019.



1 (16) The revenue received from subsection (7) must be  
2 deposited into the liquor control enforcement and license  
3 investigation revolving fund under section 543(9).

4 (17) Local approval under subsection (7)(c), (8)(c), or (9)(c)  
5 is not required for a tasting room that was in existence before  
6 December 19, 2018.

7 **(18) A small distiller or distiller that also holds a mixed**  
8 **spirit drink manufacturer license may do all of the following:**

9 (a) Sell mixed spirit drink it manufactured for consumption  
10 off the licensed premises of an approved tasting room under  
11 subsections (8) and (9).

12 (b) Subject to subsection (10)(a), sell mixed spirit drink it  
13 manufactured for consumption on the premises of an approved tasting  
14 room under subsections (8) and (9).

15 (c) Subject to subsection (10)(a), sell or give away samples  
16 of any size of mixed spirit drink it manufactured for consumption  
17 on the premises of an approved tasting room under subsections (8)  
18 and (9).

19 (d) Subject to subsection (10)(b), sell or give away samples  
20 that do not exceed 3 ounces per sample of mixed spirit drink it  
21 manufactured for consumption on the premises of an approved tasting  
22 room under subsections (8) and (9).

23 Sec. 609c. (1) A manufacturer that sells direct to a retailer  
24 as provided under section 203(19) or a wholesaler may refund to a  
25 retailer the amount the retailer paid for beer or wine, as  
26 applicable, or a manufacturer that sells direct to a retailer as  
27 provided under section 203(19) or a wholesaler may replace that  
28 beer or wine for any of the following reasons:

29 (a) The beer or wine is outdated.





- 1 (b) The beer or wine is defective.  
 2 (c) An error in the beer or wine delivered.  
 3 (d) The beer or wine may no longer be lawfully sold.  
 4 (e) The termination of the retailer's business.  
 5 (f) The formula, proof, label, or container of the beer or  
 6 wine is changed.  
 7 (g) The beer or wine is discontinued.  
 8 (h) The retailer is only open a portion of the year and the  
 9 beer or wine is likely to spoil during the off-season.

10 (2) If beer is within 30 days of its out-of-date code, a  
 11 manufacturer that sells direct to a retailer as provided under  
 12 section 203(19) or a wholesaler may refund to a retailer the amount  
 13 the retailer paid for the beer.

14 (3) A manufacturer that sells direct to a retailer as provided  
 15 under section 203(19) or a wholesaler may only issue a refund or  
 16 replacement under this section for beer or wine that the  
 17 manufacturer or wholesaler sold to the retailer.

18 **(4) Beginning March 1, 2020, a manufacturer may refund to a**  
 19 **wholesaler up to the amount the wholesaler paid for beer or wine,**  
 20 **as applicable, or a manufacturer may replace that beer or wine for**  
 21 **either of the following reasons:**

22 (a) The wholesaler purchased the beer or wine from the  
 23 manufacturer and the wholesaler refunded to the retailer the amount  
 24 the retailer paid for that beer or wine or replaced that beer or  
 25 wine under subsection (1) or (2).

26 (b) The beer or wine that the wholesaler purchased from the  
 27 manufacturer has gone out of date while in possession of the  
 28 wholesaler.

29 Sec. 1014. (1) An on-premises licensee shall not sell, offer



1 to sell, or advertise the sale of an unlimited quantity of  
 2 alcoholic liquor at a specific price unless all of the following  
 3 conditions are met:

4 (a) The sale, offer, or advertisement is in connection with a  
 5 private function.

6 (b) The on-premises licensee has entered into a written  
 7 agreement with the organizer of the private function stating all of  
 8 the following:

9 (i) The date and time the event will be held.

10 (ii) The location of the event.

11 (iii) The terms under which alcohol will be sold and served  
 12 during the event.

13 (c) The on-premises licensee makes available to the commission  
 14 and local law enforcement, on notice, the written agreement  
 15 described in subdivision (b).

16 (2) An on-premises licensee shall not sell, offer to sell, or  
 17 advertise the sale of 2-3 or more identical drinks containing  
 18 alcoholic liquor to an individual for the individual's consumption  
 19 for 1 price. If 2-3 or more identical drinks containing alcoholic  
 20 liquor are served to an individual at 1 time, the price charged for  
 21 the ~~second~~-third and each additional drink must be the same as the  
 22 price charged for the first drink. **Except on prior written order by**  
 23 **the commission, an on-premises licensee shall not sell alcoholic**  
 24 **liquor to an individual under this subsection for a price that is**  
 25 **less than the on-premises licensee's cost for the alcoholic liquor.**

26 (3) As used in this section, "private function" means an event  
 27 that meets all of the following conditions:

28 (a) It is a prearranged private party, private function, or  
 29 private event for a specific social or business occasion.



1 (b) Attendance is only by invitation or reservation.

2 (c) It is not open to the general public.

3 (d) The guests are served in an outdoor service area or room  
4 that is well-defined and clearly marked and designated and used  
5 exclusively for the event.

6 Enacting section 1. This amendatory act does not take effect  
7 unless all of the following bills of the 100th Legislature are  
8 enacted into law:

9 (a) House Bill No. 5781.

10 (b) House Bill No. 5811.

