

Legislative Analysis



TASTING ROOMS

Phone: (517) 373-8080
<http://www.house.mi.gov/hfa>

Senate Bill 49 as reported from House committee

Sponsor: Sen. Kimberly LaSata

House Committee: Regulatory Reform

Senate Committee: Regulatory Reform

Complete to 5-12-21

Analysis available at
<http://www.legislature.mi.gov>

SUMMARY:

Senate Bill 49 would amend the Michigan Liquor Control Code to allow a person to hold an on-premises tasting room permit and an off-premises tasting room license in conjunction at the same location under certain conditions.

Under the code, a person may be licensed as more than one type of manufacturer and, if the manufacturers are owned by the same person and their manufacturing premises share the same address, the manufacturers may jointly operate an on-premises tasting room or, if other than a brewer, micro brewer, or mixed spirit drink manufacturer, operate an off-premises tasting room.

The bill would allow an on-premises tasting room permit and an off-premises tasting room license to be held in conjunction at the same location by the same person if either of the following conditions were met:

- The person holds the on-premises tasting room permit in conjunction with a brewer or micro brewer license only (and no other manufacturing license) and the off-premises tasting room license at the same location.
- The person holds an on-premises tasting room permit in conjunction with a micro brewer, small distiller, or small wine maker license (or any combination of those licenses) and the off-premises tasting room license at the same location and the Michigan Liquor Control Commission issued to the person both the permit and the applicable licenses, or their equivalent at the time of issuance, before October 1, 2018.

MCL 436.1536

HOUSE COMMITTEE ACTION:

The House Committee on Regulatory Reform reported the Senate-passed version of the bill without amendment.

BACKGROUND:

Senate Bill 49 is a reintroduction of SB 897 of the 2019-20 legislative session as that bill was reported from the House Ways and Means committee. SB 897 was subsequently amended on the House floor to strike references to mixed spirit drink and to add a tie-bar to SBs 1138, 1139, and 1140. (A tie-bar prevents a bill from taking effect unless each bill to which it is tie-barred is also enacted.) SB 897 was enrolled and signed by the governor as 2020 PA 347. However, SBs 1138, 1139, and 1140, after passing both chambers and being enrolled, were pocket vetoed by the governor. (If the governor does not sign a bill within 14 days after getting it and the

legislature has adjourned to end the legislative session, the bill does not become law and is said to have been “pocket vetoed.”) Because the bills to which SB 897 was tie-barred were not enacted, SB 897 (2020 PA 347) could not take effect.

BRIEF DISCUSSION:

The importation, production, distribution, and sale of alcoholic beverages are tightly regulated under Michigan law. In general, Michigan’s three-tier system of regulation (manufacturers, distributors, and retailers) means that a person or business may be licensed in only one tier. Over the past decade, some exceptions have been made, particularly as the craft beverage industry has grown. As a result, the liquor laws have seen many amendments in recent years to keep up with the needs of Michigan businesses to stay competitive in the ever-changing liquor industry.

As the interest in craft beverages continues to expand, some businesses are diversifying into making beer and spirits, or spirits and wine, or all three, necessitating additional changes to the liquor laws. Senate Bill 897 would amend a law pertaining to products that may be sold at a tasting room. Under the bill, a manufacturer of spirits or wine (under a small distiller or small wine maker license) at one location could sell those products at a tasting room that is located on the premises of a brewer or micro brewer for which the person is also licensed. According to testimony, travel restrictions and other impacts associated with the COVID-19 pandemic have hit the industry hard. By allowing those small manufacturers who fit within the parameters of the bill the flexibility to offer all of their products at a single tasting room location, the bill may provide relief needed to survive in a challenging economic time.

However, some may see the exceptions created by the bill as a further erosion of the three-tier system.

FISCAL IMPACT:

Senate Bill 49 would not have an appreciable fiscal impact on any unit of state or local government.

POSITIONS:

A representative of Moersch Hospitality Group testified in support of the bill. (4-13-21)

The following entities indicated support for the bill:

- Michigan Liquor Control Commission (4-13-21)
- Michigan Beer and Wine Wholesalers Association (4-13-21)
- Michigan Licensed Beverage Association (4-20-21)

Legislative Analyst: Susan Stutzky
Fiscal Analyst: Marcus Coffin

■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.