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DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS  
LANSING

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**The following is a summary of each bill in the package (Senate Bills 1154-1168). This is based on the bills or substitutes that are currently on Second Reading in the House.**

**SB 1154 – Amends Section 411**

1. A Brewer or Micro Brewer may sell at retail for on-or-off-premises consumption beer it manufactures in on-premises tasting rooms at its manufacturing premises where it is engaged in beer production (will require an On-Premises Tasting Room Permit under new section 536 – SB 1159):
  - a. A Brewer may sell at no more than 2 of its manufacturing locations.
  - b. A Micro Brewer manufacturing fewer than 30,000 barrels of beer a year may sell at any of its manufacturing locations.
  - c. A Micro Brewer manufacturing 30,000 or more barrels of beer a year may sell at not more than 3 of its manufacturing locations.
2. A Brewer or Micro Brewer may sell beer it made at another one of its manufacturing locations at another one of its tasting room locations under the either of the following conditions:
  - a. The tasting room location has a functional 3-barrel-system installed.
  - b. The tasting room location produces a volume of beer equivalent to 50% of the volume of beer sold to consumers at that tasting room determined by one of the following measurements:
    - i. In the first year of operations the licensee must submit to the Commission projected total sales and the amount of beer produced there must be at least 50% of that amount.
    - ii. If the tasting room has been operational for more than a year, the total volume to be manufactured at the location, must be 50% of the volume sold at the location.
    - iii. The tasting room location was licensed under an application that was submitted prior to October 1, 2018 (grandfathers in existing locations).
3. Strikes the definition of “engages in the production of beer”.

**SB 1155 – Adds new Section 204a**

1. Prohibits a licensed manufacturer from selling or transferring alcoholic liquor to another licensed manufacturer except as provided in this section.
2. A licensed manufacturer may sell or transfer wine or spirits to another licensed manufacturer under the following conditions:
  - a. For wine – a Wine Maker or Small Wine Maker licensee (or out-of-state equivalent) may sell or transfer wine to another Wine Maker or Small Wine Maker licensee as long as the receiving licensee manufactures wine at its premises, or the receiving Small Wine Maker licensee bottles wine on its premises.
  - b. For spirits – a Distiller or Small Distiller licensee (or out-of-state equivalent) may sell or transfer spirits to another Distiller or Small Distiller licensee as long as the receiving licensee manufactures spirits at its premises.
3. In addition to the requirement to manufacture products on its premises in order to receive the wine or spirits made by someone else, a receiving licensee can only sell the wine or spirits it receives under the following conditions:
  - a. The wine or spirits obtained from the other licensee are modified by performing a portion of the manufacturing process as defined in section 109(1).
  - b. A Small Wine Maker licensee bottles the wine it receives.
  - c. A Wine Maker or Small Wine is selling a shiner.
4. The section does not prohibit the sale or transfer of nonalcoholic ingredients between licensees.

**SB 1156 & 1167 – Amends Sections 113 and 113a**

1. “Tasting Room” definition added to correspond to the new language in sections 536 and 537.
2. “Wine” definition amended to include cider and mead in the definition.
3. Other minor technical amendments to definition of “Wholesaler” that do not affect the definition.

**SB 1157 – Amends Section 307**

1. Amends Subsection (1) to update reference to Section 109(2) to Section 109(4).
2. Other minor technical amendments that do not affect the definitions.

**SB 1158 – Amends Section 603**

1. Amends Subsection (15)(a) to update reference to Section 109(1) to Section 109(2).
2. Other minor technical amendments that do not affect the section.

**SB 1159 – Adds new Section 536**

1. Allows a manufacturer to hold more than one type of manufacturing license. For example, a Small Wine Maker licensee could hold a Micro Brewer license.
2. Allows a manufacturer to operate tasting rooms as subject to this new section and Section 537.
3. The number of on-premises tasting rooms for Brewer or Micro Brewer licensees is subject to Section 411.
4. Allows jointly operated tasting rooms under the following conditions:
  - a. The operator holds one or more manufacturer licenses located at the same location owned by the same person (includes a corporation or LLC) – for example, Company A holds Small Wine Maker and Micro Brewer licenses at the same location where a tasting room is located for both licenses.
  - b. The separate operators hold manufacturer licenses not located at the same location and not owned by the same person (includes a corporation or LLC) – for example, Company A holds a Small Wine Maker license at Location #1 and Company B holds a Small Wine Maker license at Location #2 and they operate a joint tasting room at Location #3.
5. On-Premises Tasting Room Permit:
  - a. Held by a manufacturer (Brewer, Micro Brewer, Wine Maker, Small Wine Maker, Distiller, Small Distiller, Brandy Manufacturer, and/or Mixed Spirit Drink Manufacturer) at the same location where it manufactures its alcoholic liquor product.
  - b. May sell alcoholic liquor manufactured by the licensee for on-or-off-premises consumption in the tasting room.

- c. No limit on On-Premises Tasting Room Permit locations for Wine Maker, Small Wine Maker, Distiller, Small Distiller, Brandy Manufacturer, and/or Mixed Spirit Drink Manufacturer licensees. Brewer and Micro Brewer licensees are limited under Section 411.
  - d. \$100 initial and annually-renewable permit fee.
  - e. Must have approval from the legislative body of the local governmental unit, except in an LGU with a population over 600,000 (existing locations are grandfathered).
  - f. Must comply with the server training requirements in Section 906.
  - g. Must maintain proof of financial responsibility (liquor liability insurance) as required in Section 803.
  - h. May be issued the following permits:
    - i. Sunday Sales Permit (A.M. and P.M., as applicable)
    - ii. Catering Permit
    - iii. Dance Permit
    - iv. Entertainment Permit
    - v. Specific Purpose Permit
    - vi. Extended Hours Permit
    - vii. Outdoor Service authorization
  - i. May serve food at the tasting room or have a restaurant in the tasting room. If the restaurant is managed by someone other than the licensee, the licensee must have a Participation Permit naming the manager as a non-licensed participant and the manager must meet the requirements of R 436.1041(3).
6. Off-Premises Tasting Room License:
- a. Held by a manufacturer (Wine Maker, Small Wine Maker, Distiller, Small Distiller, or Brandy Manufacturer) at a different location than where it manufactures its alcoholic liquor product. Brewer and Micro Brewer licensees cannot be issued Off-Premises Tasting Room Licenses.
  - b. May sell alcoholic liquor manufactured by the licensee for off-premises consumption in the tasting room and may sell alcoholic liquor manufactured by the licensee under the limits described in c. below.
  - c. Off-Premises Tasting Room License location limits:
    - i. No limit on Off-Premises Tasting Room License locations if only samples (3 ounces of wine, 1/2 ounce of spirits, 1/2 ounce of brandy) are given away for free or sold. No full drinks may be sold. This option must be chosen at the time of the application and cannot be changed once the license is issued.

- ii. Five (5) location limit for Off-Premises Tasting Room License locations where full drinks are sold. The five (5) location limit applies to standalone Off-Premises Tasting Room License location by one licensee and also to any Joint Off-Premises Tasting Room License locations held in conjunction with other licensees. This option must be chosen at the time of the application and cannot be changed once the license is issued.
  - d. \$100 initial and annually-renewable license fee.
  - e. Must have approval from the legislative body of the local governmental unit, except in an LGU with a population over 600,000 (existing locations are grandfathered).
  - f. Must comply with the server training requirements in Section 906.
  - g. Must maintain proof of financial responsibility (liquor liability insurance) as required in Section 803.
  - h. May be issued the following permits:
    - i. Sunday Sales Permit (A.M. and P.M., as applicable)
    - ii. Catering Permit
    - iii. Dance Permit
    - iv. Entertainment Permit
    - v. Specific Purpose Permit
    - vi. Extended Hours Permit
    - vii. Outdoor Service authorization
    - viii. Direct connection authorization
  - i. May serve food at the tasting room or have a restaurant in the tasting room (no prohibition on food sales in language).
7. Joint Off-Premises Tasting Room License:
- a. Held by two or more manufacturers (Wine Maker, Small Wine Maker, Distiller, Small Distiller, or Brandy Manufacturer) at a different location than where they manufacture their alcoholic liquor products. Brewer and Micro Brewer licensees cannot be issued Joint Off-Premises Tasting Room Licenses.
  - b. May sell alcoholic liquor manufactured by the licensee for off-premises consumption in the tasting room and may sell alcoholic liquor manufactured by the licensee under the limits described in c. below.
  - c. Joint Off-Premises Tasting Room License location limits (all licensees holding a Joint Tasting Room License at the same location must have the same designation as describe below):
    - i. No limit on Joint Off-Premises Tasting Room License locations if only samples (3 ounces of wine, 1/2 ounce of spirits, 1/2 ounce of brandy) are given away for free

or sold. No full drinks may be sold. This option must be chosen at the time of the application and cannot be changed once the license is issued.

- ii. Five (5) location limit for Joint Off-Premises Tasting Room License locations where full drinks are sold. The five (5) location limit applies to standalone Joint Off-Premises Tasting Room License location by one licensee and also to any Off-Premises Tasting Room License locations held by individual licensees. This option must be chosen at the time of the application and cannot be changed once the license is issued.
  - c. \$100 initial and annually-renewable license fee for each licensee at the jointly operated location.
  - d. Must have approval from the legislative body of the local governmental unit for each licensee at the jointly operated location, except in an LGU with a population over 600,000 (existing locations are grandfathered).
  - e. Each licensee at the jointly operated location must comply with the server training requirements in Section 906.
  - f. Each licensee at the jointly operated location must maintain proof of financial responsibility (liquor liability insurance) as required in Section 803.
  - g. May be issued the following permits (all licensees must be approved for and hold identical licenses, as applicable):
    - i. Sunday Sales Permit (A.M. and P.M., as applicable)
    - ii. Dance Permit
    - iii. Entertainment Permit
    - iv. Specific Purpose Permit
    - v. Extended Hours Permit
    - vi. Outdoor Service authorization
    - vii. Direct connection authorization
  - h. Any violation by any licensee at a jointly operated tasting room location will be a violation by all licensees at that location.
  - i. May serve food at the tasting room or have a restaurant in the tasting room (no prohibition on food sales in language).
8. Existing off-premises tasting rooms or joint tasting rooms must submit a designation of what kind of tasting room they will be under Subsection (10) by April 1, 2019.
9. Licensee may add alcoholic or nonalcoholic mixing ingredients to drinks served or provided as samples at a tasting room. Any alcoholic mixing ingredients must be manufactured by the licensee.

10. All revenue from the On-Premises Tasting Room Permit fees must be directed to the fund in Section 543(9)

### **SB 1160 – Amends Section 109**

1. “Manufacture” definition added to mean “to distill, rectify, ferment, brew, make, produce, filter, mix, concoct, process, or blend an alcoholic liquor or to complete a portion of 1 or more of these activities.” Bottling is not manufacturing. Mixing a drink for on-premises consumption is not manufacturing. Attaching a label to a shiner is not manufacturing.
2. “Manufacturer” definition amended to clarify all the license types that are manufacturers.
3. “Manufacturing Premises” definition added. The manufacturing premises is the location where the manufacturer manufactures its products. The manufacturing premises includes a location where a Small Wine Maker licensee bottles wine.
4. “Mixed Spirit Drink Manufacturer” definition amended to reference section 537, which will allow it to sell its product a retail.
5. Other minor technical amendments to definition of “Micro Brewer” and “Mixed Spirit Drink” that do not affect current procedures.

### **SB 1161 – Amends Section 534**

1. Strikes references to the on-or-off-premises sales by Small Distiller licensees and replaces it with a reference to sections 536 and 537 where the provisions for retail sales will now be located.
2. Strikes requirements for Server Training for Small Distiller as that will only be required for a Small Distiller that has a tasting room under section 536.

### **SB 1162 & 1163 – Amends Sections 517a & 517**

1. Amends Subsection (1)(e)(iv) to update reference to Section 111(11) to Section 111(13).
2. SB 1163 also has other minor technical amendments that do not affect the section.

### **SB 1164 – Amends Section 537**

1. SB 1164 also has several technical amendments that do not affect the section.

2. The language in Section 537 that provides for manufacturers to sell on the premises are updated to incorporate the references to new Section 536:
  - a. Brewer and Micro Brewer licensees may sell beer it manufactures for consumption on or off the premises of an approved tasting room under Section 536.
  - b. Wine Maker and Small Wine Maker licensees may sell wine it manufactures (or shiners under certain circumstances) for consumption on or off the premises of an approved tasting room under Section 536. Wine may also be sold by direct shipment as allowed under Section 203.
  - c. Distiller and Small Distiller licensees may sell spirits it manufactures for consumption on or off the premises of an approved tasting room under Section 536.
  - d. Brandy Manufacturer licensees may sell brandy it manufactures for consumption on or off the premises of an approved tasting room under Section 536.
  - e. Mixed Spirit Drink Manufacturer licensees may sell mixed spirit drink products it manufactures for consumption on or off the premises of an approved tasting room under Section 536.

#### **SB 1165 – Amends Section 105**

1. “Alternating Proprietorship” definition for beer and wine added. Alternating proprietorships are already allowed under MCL 436.1603(9), and this merely adds a definition to the statute. Does not affect current procedures.
2. “Approved Tasting Room” definition added due to multiple changes related to tasting rooms.
3. “Bottle” or “Bottling” definition added. Includes filling a keg, but excludes filling a growler.
4. “Brandy Manufacturer” definition amended to include language that states a Wine Maker or Small Wine Maker that holds a Brandy Manufacturer license cannot manufacture any other spirits than brandy. Does not affect current procedures.
5. Other minor technical amendments to definition of “Brand”, “Brand Extension”, “Brewer”, and “Brewpub” that do not affect current procedures.

#### **SB 1166 – Amends Section 111**

1. “Restaurant” definition added. Does not affect current procedures, but clearly states that a restaurant in and of itself cannot sell alcohol if it is not licensed.



2. Other minor technical amendments to definition of “Primary Source of Supply”, “Sacramental Wine”, “Sale”, “School”, “Small Distiller”, and “Special License” that do not affect current procedures.

**SB 1168 – Amends Section 607**

1. Amends Subsection (1) to update reference to Section 537(2) to Section 536(7)(h).