

Legislative Analysis



SMALL BREWERS: REVISE NUMBER OF TASTING ROOMS

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Senate Bill 665 (S-1) as referred to second House committee

Sponsor: Sen. Roger Victory

1st House Committee: Regulatory Reform

2nd House Committee: Ways and Means

Senate Committee: Regulatory Reform

Complete to 8-22-20

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

SUMMARY:

Senate Bill 665 would amend the Michigan Liquor Control Code to allow a smaller brewer that is not licensed as a micro brewer to sell its beer for consumption on the licensed premises at up to three of its approved tasting rooms in Michigan, rather than the two currently allowed.

The Liquor Control Code allows a brewer or micro brewer to sell beer it made, for consumption on or off the premises, at an approved tasting room located on licensed brewery premises where the brewer or micro brewer makes beer. Subject to certain conditions and limitations, if a brewer or micro brewer has more than one licensed brewery premises, the brewer or micro brewer can sell beer produced at one licensed brewery premises at an approved tasting room located on any of its other licensed brewery premises.

Currently, a licensed micro brewer that produces less than 30,000 barrels of beer per year may sell its beer for on-premises consumption at any of its approved tasting rooms in the state, and a micro brewer producing 30,000 barrels or more (up to 60,000) is limited to on-premises sales at no more than three of its tasting rooms. (A micro brewer, by definition, produces less than 60,000 barrels of beer per year.) By comparison, a brewer that is not licensed as a micro brewer, regardless of how many barrels it produces, may sell its beer for on-premises consumption at no more than two approved tasting rooms in the state.

The bill would amend the Liquor Control Code to allow a brewer that is not a micro brewer and that produces less than 120,000 barrels of beer per year to sell its beer for on-premises consumption at up to three approved tasting rooms in the state. The current two-tasting-room limitation on beer sales for on-premises consumption would still apply to a brewer that produces 120,000 barrels or more of beer per year.

MCL 436.1411

BRIEF DISCUSSION:

Due to the growing popularity of some of Michigan's craft beers, at least one micro brewer is nearing the 60,000-barrel production threshold for micro breweries. Once it exceeds 60,000 barrels of beer production in one year, its licensing category will change to *brewer* and it will be forced to close one of its three tasting rooms as a result. Reportedly, several other micro breweries are expected to reach the 60,000-barrel level within the next few years and will face the same situation. The bill would address the issue by amending the liquor laws to essentially treat small brewers like large micro brewers with regard to the allowable number of tasting

rooms. If enacted, the bill would spare a micro brewer that has successfully grown its business from having to decide whether to stop expanding and keep all three tasting rooms operating, or choose which one to close even though the loss of the tasting room could hinder future growth. The bill would also help existing small brewers (those producing at least 60,000 but less than 120,000 barrels a year) by allowing them to open an additional tasting room.

FISCAL IMPACT:

Senate Bill 665 would not have a fiscal impact on any unit of state or local government.

POSITIONS:

Representatives of the following entities testified in support of the bill (6-16-20):

- Michigan Brewers Guild
- New Holland Brewing Company

The following entities indicated support for the bill (6-16-20):

- Michigan Licensed Beverage Association
- Michigan Beer and Wine Wholesalers Association

The Michigan Liquor Control Commission indicated a neutral position on the bill. (6-16-20)

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