

SPECIAL LIQUOR LICENSES

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House Bill 5767 (proposed substitute H-2)

Sponsor: Rep. Roger Hauck

Committee: Regulatory Reform

Complete to 4-24-18

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

SUMMARY:

House Bill 5767 would allow a manufacturer, wholesaler, or retailer of alcoholic beverages to provide certain items to a special licensee, including the holder of a special license for a beer festival, and also deliver alcohol to a special licensee's premises.

Generally speaking, the Michigan Liquor Control Code prohibits a licensed vendor (e.g., a retailer or manufacturer) from aiding or assisting any other vendor by gift, loan of money or property, or other valuable things. This includes aid or assistance provided to the holder of a special license. A *special license* is a 24-hour license that allows a nonprofit organization to sell or furnish beer, wine, spirits, or mixed spirit drink at a fundraiser or other event (e.g., a wine and cheese party at a museum). A nonprofit organization may obtain up to 12 special licenses per calendar year. An event held over several days would require one special license per day. A *beer festival special license* is issued only to a nonprofit organization composed of brewers, microbrewers, and/or brewpubs. An organization may receive a beer festival special license for up to 6 events in a calendar year. The license is good for a limited period of time as approved by the Michigan Liquor Control Commission (LCC).

House Bill 5767 would add a new section to the Michigan Liquor Control Code to allow a manufacturer, wholesaler, or retailer to provide a special licensee, including the holder of a special license to conduct a beer festival, with any of the following for use by the special licensee during the effective period of the special license:

- Beer or wine dispensing equipment or cooling equipment, which could be within or part of a trailer.
- A brand-logoed tent.

In addition, the bill would allow a manufacturer, wholesaler, or retailer that is authorized to sell alcohol to a special licensee to also deliver alcohol to the special licensee's premises upon issuance of the special license by the LCC. The bill would also specifically prohibit the special licensee from selling alcohol before the effective period of the special license. (These provisions refer to "special licenses" without distinguishing between special licenses and beer festival special licenses, or expressly including both, so their potential application to these different licensees is not clear.)

Further, the bill would allow a special licensee to purchase alcohol under R 436.582 of the Michigan Administrative Code or Section 526 of the Michigan Liquor Control Code.

Under R 436.582, a special licensee can purchase spirits from a licensed specially designated distributor (SDD) at the uniform sales price set by the commission; purchase beer and wine from a licensed specially designated merchant (SDM), a licensed wholesaler, or a licensed Michigan wine maker or small wine maker; or purchase mixed spirit drink from an SDD or a licensed wholesaler. Under Section 526 of the Code, the holder of a beer festival special license may buy beer directly from a licensed brewpub for consumption at the licensed event.

(Note: This provision refers to “special licenses” without distinguishing between special licenses and beer festival special licenses, or expressly including both, so its potential application to these different licensees is not clear. As written, HB 5767 would seem to expand the ability to purchase beer under Section 526 to all special licensees; under current law, only holders of beer festival special licenses may purchase beer under that section. The bill also appears to allow beer festival special licensees to purchase spirits, for example, under R 436.582.)

Proposed MCL 436.1610c

FISCAL IMPACT:

The bill would not have a significant fiscal impact on state or local government.

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■ 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.