

**SUBSTITUTE FOR
SENATE BILL NO. 512**

A bill to amend 1998 PA 58, entitled
"Michigan liquor control code of 1998,"
by amending sections 105, 303, 526, 607, 609b, 903b, and 1025 (MCL
436.1105, 436.1303, 436.1526, 436.1607, 436.1609b, 436.1903b, and
436.2025), section 105 as amended by 2025 PA 9, section 303 as
amended by 2018 PA 154, section 526 as amended by 2020 PA 111,
section 607 as amended by 2018 PA 417, section 609b as added by
2016 PA 81, section 903b as added by 2016 PA 434, and section 1025
as amended by 2019 PA 131, and by adding sections 412, 609k, and
804.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 105. (1) "Alcohol" means the product of distillation of
2 fermented liquid, whether or not rectified or diluted with water,



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1 but does not mean ethyl or industrial alcohol, diluted or not, that
2 has been denatured or otherwise rendered unfit for beverage
3 purposes.

4 (2) "Alcohol vapor device" means any device that provides for
5 the use of air or oxygen bubbled through alcoholic liquor to
6 produce a vapor or mist that allows the user to inhale this
7 alcoholic vapor through the mouth or nose.

8 (3) "Alcoholic liquor" means any spirituous, vinous, malt, or
9 fermented liquor, powder, liquids, and compounds, whether or not
10 medicated, proprietary, or patented, and by whatever name called,
11 containing 1/2 of 1% or more of alcohol by volume that are fit for
12 use for food purposes or beverage purposes as defined and
13 classified by the commission according to alcoholic content as
14 belonging to 1 of the varieties defined in this chapter.

15 (4) "Alternating proprietorship" means 1 of the following:

16 (a) An arrangement in which 2 or more wine makers or small
17 wine makers take turns using the same space and equipment to
18 manufacture wine under section 603(9)(a) and in accordance with 27
19 CFR 24.136.

20 (b) An arrangement in which 2 or more brewers or micro brewers
21 take turns using the same space and equipment to manufacture beer
22 under section 603(9)(b) and in accordance with 27 CFR 25.52.

23 (c) An arrangement in which 2 or more distillers or small
24 distillers take turns using the same space and equipment to
25 manufacture spirits under section 603(9)(c) and in accordance with
26 27 CFR 19.141.

27 (d) An arrangement in which 2 or more mixed spirit **drink**
28 manufacturers take turns using the same space and equipment to
29 manufacture mixed spirit ~~drinks~~ **drink** under section 603(9)(d) and



1 in accordance with 27 CFR 19.141.

2 (5) "Approved tasting room" means a tasting room that is
3 approved by the commission. A licensee with an approved tasting
4 room is not a retail licensee as that term is used in this act and
5 the rules promulgated under this act except for sections 701, 801,
6 803, 815, 905, and 906.

7 (6) "Authorized distribution agent" means a person approved by
8 the commission to do 1 or more of the following:

9 (a) To store spirits owned by a supplier of spirits or the
10 commission.

11 (b) To deliver spirits sold by the commission to retail
12 licensees.

13 (c) To perform any function needed to store spirits owned by a
14 supplier of spirits or by the commission or to deliver spirits sold
15 by the commission to retail licensees.

16 (7) "Bar" means a barrier or counter at which alcoholic liquor
17 is sold to, served to, or consumed by customers.

18 (8) "Beer" means ~~a beverage~~ **both of the following:**

19 **(a) A beverage** obtained by alcoholic fermentation of an
20 infusion or decoction of barley, malt, hops, sugar, or other cereal
21 in potable water **that contains at least 0.5% of alcohol by volume.**

22 **(b) A beverage** obtained by alcoholic fermentation of an
23 **infusion or decoction of barley, malt, hops, or other cereal in**
24 **potable water that contains less than 0.5% of alcohol by volume,**
25 **including a beverage that contains 0.0% of alcohol by volume.**

26 (9) "Bottle" or "bottling" means a process, separate from
27 manufacturing, using owned or leased equipment to fill and seal a
28 container, including a keg, with alcoholic liquor for sale at
29 wholesale or retail in accordance with this act. Bottle or bottling



1 does not include filling a growler for sale at retail.

2 (10) "Brand" means any word, name, group of letters, symbol,
3 trademark, or combination, or any word, name, group of letters,
4 symbol, **or** trademark adopted and used by a supplier to identify a
5 specific beer, malt beverage, wine, mixed wine drink, or mixed
6 spirit drink product and to distinguish that product from another
7 beer, malt beverage, wine, mixed wine drink, or mixed spirit drink
8 product that is produced or marketed by that or another supplier.

9 As used in this subsection, "supplier" means a brewer, micro
10 brewer, ~~an~~ outstate seller of beer, ~~a~~ wine maker, ~~a~~ small wine
11 maker, ~~an~~ outstate seller of wine, ~~a~~ manufacturer of mixed wine
12 drink, ~~an~~ outstate seller of ~~a~~ mixed wine drink, ~~a~~ mixed spirit
13 drink manufacturer, or an outstate seller of mixed spirit drink.

14 (11) "Brand extension" means any brand that incorporates all
15 or a substantial part of the unique features of a preexisting
16 brand, regardless of whether the extension is beer, wine, mixed
17 wine drink, or mixed spirit drink.

18 (12) "Brandy" means an alcoholic liquor as defined in former
19 27 CFR ~~5.22(d)~~ **5.145**.

20 (13) "Brandy manufacturer" means a wine maker or a small wine
21 maker licensed under this act to manufacture brandy. A wine maker
22 or small wine maker authorized to manufacture brandy shall not
23 manufacture any other spirits. The commission may approve a brandy
24 manufacturer to sell brandy that it manufactures at retail in
25 accordance with section 537.

26 (14) "Brewer" means a person located in this state that is
27 licensed to manufacture beer and sell at retail in accordance with
28 section 537 and to licensed wholesalers beer manufactured by the
29 person.



(15) "Brewpub" means a license issued in conjunction with a class C, tavern, class A hotel, or class B hotel license that authorizes the person licensed with the class C, tavern, class A hotel, or class B hotel license to manufacture and brew not more than 18,000 barrels of beer per calendar year in this state and sell at its licensed premises the beer produced for consumption on or off the licensed brewery premises in the manner provided for in sections 405, 407, and 537.

Sec. 303. (1) The grape and wine industry council created under Executive Reorganization Order No. 2014-2, MCL 333.26253, shall be housed within the department of agriculture and rural development. Beginning ~~on the effective date of the 2018 amendatory act that amended this section,~~ **October 1, 2018**, the council shall be known as the Michigan craft beverage council and shall consist of the following members:

(a) As a nonvoting member, the director of the department of agriculture and rural development or ~~his or her~~ **the director's designee and the commission's business manager or the business manager's designee.**

(b) Subject to subsection (2), the following voting members, appointed by the governor:

(i) A representative of retail food establishments that hold a specially designated merchant license and sell Michigan wines or beer.

(ii) A representative of restaurants that hold a class C license and serve Michigan wines, beer, or spirits.

(iii) Two representatives of wine makers.

(iv) A representative of wine makers that primarily manufacture cider.



(v) A representative of ~~large brewers.~~ **a brewer or micro brewer.**

(vi) One of the following:

(A) A representative of micro brewers.

(B) A representative of brewpub license holders.

(vii) A representative of small distillers.

(viii) A representative of distillers that manufacture more than 60,000 gallons of spirits per year.

(2) The following apply to a member of the council appointed under subsection (1)(b):

(a) The member's principal place of business must be located in this state.

(b) The member must not be a lobbyist or a lobbyist agent as those terms are defined in section 5 of 1978 PA 472, MCL 4.415.

(3) Voting members of the council appointed by the governor under subsection (1) shall serve for terms of 3 years or until a successor is appointed, whichever is later, except that of the voting members first appointed, 3 shall serve for 1 year, 3 shall serve for 2 years, and 3 shall serve for 3 years. A voting member shall not serve more than 2 consecutive terms. A vacancy on the board shall be filled in the same manner as the original appointment. The director of the department of agriculture and rural development is the chairperson of the council.

(4) The council may employ personnel and incur expenses that are necessary to carry out the responsibilities of the council under this act. A member of the council or an employee or agent of the council is not personally liable on the contracts of the council.

(5) A nongovernmental member of the council may receive \$50.00



1 per day for each day spent in actual attendance at meetings of the
2 council and traveling expenses while on council business in
3 accordance with standard travel regulations of the department of
4 technology, management, and budget.

5 (6) The council shall maintain accurate books and records, and
6 all money received by the council shall be used to implement and
7 enforce this section. The council may accept money from any source
8 for the purpose of carrying out this section. All money received by
9 the council shall be forwarded to the state treasurer for deposit
10 into the Michigan craft beverage council fund created in section
11 303a.

12 (7) Subject to an appropriation, the council shall direct the
13 department of agriculture and rural development to award grants for
14 the following:

15 (a) Research into both of the following:

16 (i) Fruits used in winemaking and wines, including, but not
17 limited to, methods of planting, growing, controlling insects and
18 diseases, charting microclimates and locations for growing
19 desirable varieties of fruits used in winemaking and wines,
20 marketing, processing, distribution, advertising, sales production,
21 and product development.

22 (ii) Hops, barley, beer, and spirits, including, but not
23 limited to, methods of planting, growing, controlling insects and
24 diseases, marketing, processing, distribution, advertising, sales
25 production, and product development.

26 (b) Projects that do 1 or more of the following:

27 (i) Provide the wine industry, including growers, wineries,
28 distributors, and retailers, with information relative to proper
29 methods of handling and selling fruits used in winemaking and



1 wines.

2 (ii) Provide the brewing and distilling industries, including
3 growers, brewers, distillers, distributors, and retailers, with
4 information relative to proper methods of handling and selling
5 hops, barley, beer, spirits, and mixed spirit drinks.

6 (iii) Provide for market surveys and analyses for purposes of
7 expanding existing markets and creating new and larger markets for
8 Michigan agricultural products such as fruits, hops, and barley,
9 that are used in the production of wine, cider, beer, spirits, and
10 mixed spirit drinks.

11 (iv) Provide for the promotion of the sale of Michigan
12 agricultural products such as fruits, hops, and barley, that are
13 used in the production of wine, cider, beer, spirits, and mixed
14 spirit drinks for the purpose of maintaining or expanding present
15 markets and creating new and larger domestic and foreign markets.

16 (v) Develop and administer financial aid programs to growers
17 of fruits used in winemaking to encourage the increased planting in
18 this state of desirable fruit varieties in microclimates determined
19 to provide the best conditions for producing quality wines.

20 (vi) Develop and administer financial aid programs to hops
21 growers to encourage increased planting in this state of desirable
22 hops varieties in microclimates determined to provide the best
23 conditions for producing quality beer.

24 (vii) Develop and administer financial aid programs to barley
25 growers to encourage increased planting in this state of desirable
26 barley varieties in microclimates determined to provide the best
27 conditions for producing quality beer.

28 (viii) Establish educational partnerships to benefit the beer,
29 wine, cider, spirits, and mixed spirit drink industries.



1 (8) The department of agriculture and rural development shall
2 administer the grants awarded under subsection (7).

3 (9) The council shall do all of the following:

4 (a) Apply for and accept grants or contributions from the
5 federal government or any of its agencies, the state, or other
6 public or private agencies to be used for any of the purposes of
7 this section and to do any and all things within its express or
8 implied powers necessary or desirable to secure that financial or
9 other aid or cooperation in the carrying out of any of the purposes
10 of this section.

11 (b) Invite the chief executive officer of the Michigan
12 economic development corporation or his or her designee to attend
13 at least 1 council meeting annually to inform the council about
14 partnership activities and opportunities related to the marketing
15 and promotion of Michigan agricultural products such as fruits,
16 hops, and barley, that are used in the production of wine, cider,
17 beer, spirits, and mixed spirit drinks.

18 (c) Invite the director of the department of licensing and
19 regulatory affairs to attend at least 1 council meeting annually to
20 inform the council about funding activities affecting the council.

21 (d) Prepare and adopt an annual budget.

22 (10) Based on the information provided to the council under
23 subsection (9)(b) and (c), the council may do either or both of the
24 following:

25 (a) Take actions that will enhance the marketing and promotion
26 of Michigan agricultural products, such as fruits, hops, and
27 barley, that are used in the production of wine, cider, beer,
28 spirits, and mixed spirit drinks.

29 (b) Annually review and adopt strategies for marketing and



1 promotion of Michigan agricultural products, such as fruits, hops,
2 and barley, that are used in the production of wine, cider, beer,
3 spirits, and mixed spirit drinks.

4 (11) The council may promulgate rules ~~pursuant to~~**in**
5 **accordance with** the administrative procedures act of 1969, 1969 PA
6 306, MCL 24.201 to 24.328, for the purposes of implementing and
7 enforcing this section. However, the council shall not promulgate a
8 rule that conflicts with a rule promulgated by the commission under
9 section 215.

10 (12) Except as otherwise provided in this subsection, the
11 council shall not engage in lobbying. This subsection does not
12 prohibit the council or a council member or council employee from
13 providing technical information to the legislature or to the
14 department of agriculture and rural development, regardless of
15 whether the council, council member, or council employee is
16 appearing before an officially convened legislative committee or
17 department of agriculture and rural development hearing panel, if
18 the technical information is related to the council's duties under
19 this section.

20 (13) This section does not prevent the council from
21 establishing a commodity committee under the agriculture
22 commodities marketing act, 1965 PA 232, MCL 290.651 to 290.674.

23 (14) As used in this section:

24 (a) "Cider" means an alcoholic beverage made from the
25 fermentation of juice from primarily apples or pears, or both,
26 which contains not less than 1/2 of 1% and not more than 8.5% of
27 alcohol by volume. Cider may be still or carbonated and may contain
28 other fruits, spices, botanicals, or other flavors.

29 (b) "Council" means the Michigan craft beverage council



1 described in subsection (1).

2 ~~(e) "Large brewer" means a brewer that produces in total at~~
3 ~~least 60,000 barrels of beer and not more than 1,000,000 barrels of~~
4 ~~beer per year. In determining the barrel threshold under this~~
5 ~~subdivision, all brands and labels of a brewer, whether brewed in~~
6 ~~this state or outside this state, must be combined and all~~
7 ~~facilities for the production of beer that are owned or controlled~~
8 ~~by the same person are treated as a single facility.~~

9 (c) ~~(d)~~ "Lobbying" means that term as defined in section 5 of
10 1978 PA 472, MCL 4.415.

11 (d) ~~(e)~~ "Technical information" means that term as defined in
12 section 5 of 1978 PA 472, MCL 4.415.

13 **Sec. 412. (1) The legislature finds that the availability of**
14 **nonalcoholic beverages, including nonalcoholic beer at tasting**
15 **rooms, promotes public health and safety when done through a**
16 **regulated structure that minimizes minor access to nonalcoholic**
17 **beer.**

18 (2) The legislature further finds that the 3-tier distribution
19 system remains the most effective balance of increasing competition
20 and variety and access to market against public health and safety.
21 The ability of a wholesaler to sell nonalcoholic products to a
22 brewer operating a tasting room under this section must not be used
23 to undermine the 3-tier distribution system.

24 (3) Notwithstanding anything in this act to the contrary, a
25 wholesaler may sell beer as defined in section 105(8) (b) to a
26 brewer or micro brewer to sell at the brewer's or micro brewer's
27 approved tasting room for consumption on or off the licensed
28 premises.

29 (4) A brewer or micro brewer that purchases beer as defined in



1 **section 105(8) (b) under subsection (3) shall not do either of the**
2 **following:**

3 (a) **Sell or transfer the beer to another licensee.**

4 (b) **If the micro brewer or the brewer has multiple licensed**
5 **locations with approved tasting rooms, transfer the beer to any of**
6 **the brewer's or micro brewer's licensed locations.**

7 Sec. 526. (1) The commission may issue a special license under
8 this section to an organization conducting a beer festival. The
9 application must conform to the following:

10 (a) Be submitted by a nonprofit entity composed primarily of
11 brewers, micro brewers, and brewpubs, as determined by the
12 commission.

13 (b) Involve an event having for its primary purpose the
14 showcasing of beer and its production.

15 (c) Be accompanied by a fee of \$25.00 per day of the event.

16 (2) The special license must not allow more than 6 events per
17 calendar year conforming to the requirements of subsection (1). For
18 purposes of this subsection, a beer festival that spans 2 or more
19 consecutive days is considered 1 event.

20 (3) A holder of a special license issued under this section
21 may buy a quantity of beer directly from any licensed brewpub or
22 wholesaler or directly from a micro brewer eligible to self-
23 distribute to the beer festival for consumption only at the
24 licensed event.

25 (4) ~~Beer~~ **Notwithstanding anything in this act to the contrary,**
26 **beer** that is dispensed to consumers for showcasing beer at a beer
27 festival is considered a sample. A holder of a special license
28 issued under this section may offer beer described in this
29 subsection without consideration.



1 (5) A member, who is 18 years of age or older, of an
2 organization that holds a special license issued under this section
3 may serve beer at the event.

4 (6) As used in this section and section 413, "beer festival"
5 means an event at which the various types and kinds of beer and the
6 production of that beer are showcased to the general public and at
7 which the general public can purchase and sample the beer being
8 showcased for consumption on the licensed premises.

9 Sec. 607. (1) Except as provided in section 536(7)(h), a
10 warehouser, mixed spirit drink manufacturer, wholesaler, outstate
11 seller of beer, outstate seller of wine, outstate seller of mixed
12 spirit drink, or vendor of spirits ~~shall~~**must** not be licensed as a
13 specially designated merchant or a specially designated
14 distributor. A person licensed as a small distiller is not
15 considered to be a specially designated distributor. Beginning
16 December 23, 2007 and in addition to the persons described in this
17 subsection, a wine maker and a small wine maker ~~shall~~**must** also not
18 be licensed as a specially designated merchant or a specially
19 designated distributor. Any wine maker or small wine maker holding
20 a specially designated merchant or specially designated distributor
21 license on December 23, 2007 may continue to hold a specially
22 designated merchant or specially designated distributor license.

23 (2) A specially designated distributor or specially designated
24 merchant or any other retailer shall not hold a mixed spirit drink
25 manufacturer, wholesale, warehouse, outstate seller of beer,
26 outstate seller of mixed spirit drink, or outstate seller of wine
27 license. Beginning December 23, 2007, a specially designated
28 distributor or specially designated merchant shall not hold a wine
29 maker or small wine maker license in addition to being prohibited



1 from holding any other license described in this subsection. Any
 2 specially designated distributor or specially designated merchant
 3 holding a wine maker or small wine maker license on December 23,
 4 2007 may continue to hold a wine maker or small wine maker license.

5 (3) A brewer, warehouser, or wholesaler ~~shall~~**must** not be
 6 licensed as a specially designated merchant. This subsection does
 7 not affect the operation of a brewery hospitality room.

8 (4) A wholesaler may sell or deliver beer, **wine, mixed wine**
 9 **drink**, and ~~alcoholic liquor~~**mixed spirit drink** to hospitals; ~~7~~
 10 military establishments; ~~7~~governments of federal Indian
 11 reservations; ~~7~~**a border store or airport store as defined in 19**
 12 **USC 1555(b)(8); a trade association exempt from taxation under**
 13 **section 501(c)(6) of the internal revenue code of 1986, 26 USC 501,**
 14 **whose members are licensed under this act and where the beer, wine,**
 15 **mixed wine drink, or mixed spirit drink is for on-premises**
 16 **consumption and not for resale;** and churches requiring sacramental
 17 wines and may sell to the wholesaler's own employees to a limit of
 18 2 cases of 24 12-ounce units or its equivalent of malt beverage per
 19 week, or 1 case of 12 1-liter units or its equivalent of wine,
 20 **mixed wine drink, or mixed spirit drink per week.**

21 Sec. 609b. (1) A vendor representative and salesperson of a
 22 vendor of spirits, **a** manufacturer of beer, **a** manufacturer of wine,
 23 **a mixed spirit drink manufacturer, an** outstate seller of beer, **an**
 24 outstate seller of wine, **an outstate seller of mixed spirit drink,**
 25 or **a** wholesaler shall maintain accurate records of expenditures for
 26 each call on a retail licensee. The records must be maintained for
 27 4 years and must be made available for commission inspection.

28 (2) A vendor representative or salesperson of spirits or wine,
 29 for promotional purposes, may purchase 1 drink for each customer of



1 an on-premises licensee. A drink purchased under this subsection
 2 must be of the brand represented by the vendor representative or
 3 salesperson.

4 (3) A vendor representative or salesperson of a manufacturer
 5 of beer, **a mixed spirit drink manufacturer**, a wholesaler of beer **or**
 6 **mixed wine drink, an outstate seller of mixed spirit drink**, or an
 7 outstate seller of beer, for promotional purposes, may purchase 1
 8 drink for each customer of an on-premises retail licensee subject
 9 to a total spending limit of \$100.00 per day. A drink purchased
 10 under this subsection must be of the brand represented by the
 11 vendor representative or salesperson.

12 (4) A vendor representative or salesperson of a manufacturer
 13 of beer, **a mixed spirit drink manufacturer**, a wholesaler of beer **or**
 14 **mixed wine drink, an outstate seller of mixed spirit drink**, or an
 15 outstate seller of beer shall not purchase a drink under subsection
 16 (3) more than twice per month at the same on-premises retail
 17 licensed location.

18 (5) A licensee employed to deliver alcoholic liquor shall not
 19 purchase a drink of alcoholic liquor for a retail licensee while on
 20 duty or in the course of employment.

21 **Sec. 609k. (1) Notwithstanding section 609, a vendor may**
 22 **provide a philanthropic gift or sponsorship payment to a 2- or 4-**
 23 **year college or university located in this state that holds a**
 24 **retail license if the following conditions are met:**

25 (a) The gift does not include alcoholic liquor.

26 (b) The gift or sponsorship payment is not contingent on the
 27 purchase of alcoholic liquor by the governing body of the 2- or 4-
 28 year college or university located in this state that is a
 29 **retailer.**



1 (c) The gift or sponsorship payment is not contingent on the
2 sale of alcoholic liquor at the site at which a retail license is
3 held by the governing body of the 2- or 4-year college or
4 university located in this state the governing body of which is
5 issued a retail license.

6 (2) A vendor may provide signs that promote the brands and
7 prices of alcoholic liquor for use on the licensed premises of a
8 retail license issued to the governing body of a 2- or 4-year
9 college or university located in this state. All of the following
10 apply to a sign allowed under this subsection:

11 (a) The sign must not be illuminated.

12 (b) The sign must not have any use beyond the actual
13 advertising of brands and prices related to the alcoholic liquor.

14 (c) For a sign that is located inside the retailer's licensed
15 premises, the sign must not be more than 3,500 square inches in
16 dimension.

17 (d) Notwithstanding anything in this act to the contrary, the
18 signs allowed under this subsection may include the name or logo of
19 the 2- or 4-year college or university located in this state that
20 holds a retail license.

21 (3) Notwithstanding subsection (2), a sports or entertainment
22 venue for which a retail license has been issued to the governing
23 body of a public university under section 531(8) may contain
24 illuminated advertising signs that have a total area of more than
25 3,5000 square inches. Any of the following entities may provide and
26 install illuminated advertising signs and advertising signs that
27 have a total area of more than 3,500 square inches per sign:

28 (a) A brewer.

29 (b) A micro brewer.



- (c) A wine maker.
- (d) A small wine maker.
- (e) An outstate seller of beer.
- (f) An outstate seller of wine.
- (g) An outstate seller of mixed spirit drink.
- (h) A manufacturer of spirits.
- (i) A manufacturer of mixed spirit drink.
- (j) A vendor of spirits.
- (k) An outstate self-distributor.

(4) Notwithstanding anything in this act to the contrary, a vendor may sell alcoholic liquor that includes on the container or packaging of the alcoholic liquor the name or logo of a 2- or 4-year college or university located in this state that holds a retailer license.

(5) Notwithstanding anything in this act to the contrary, a vendor may provide signs that promote the brands and prices of alcoholic liquor authorized under section 610a and advertising items authorized under section 609 to a retailer if the retailer is a 2- or 4-year college or university located in this state that include the name or logo of a 2- or 4-year college or university located in this state.

(6) As used in this section, "sports or entertainment venue" means the public area of a facility on university property described in section 531(8).

Sec. 804. The commission shall suspend the license of a retailer for 14 days if the retailer has made 6 or more payments to a wholesaler that have been dishonored by a financial institution in violation of section 903b on different dates in 12 consecutive months.



1 Sec. 903b. **(1)** A retailer violates this act if the retailer or
 2 the retailer's clerk, servant, agent, or employee makes a payment
 3 to a wholesaler ~~, the commission, or this state~~ by any means that
 4 has been dishonored by a financial institution for ~~lack of~~
 5 ~~sufficient funds.~~ **any reason.**

6 **(2) A wholesaler shall require a retailer that has made a**
 7 **payment to the wholesaler that has been dishonored by a financial**
 8 **institution to pay the wholesaler an administrative fee as follows:**

9 **(a) For the first dishonored payment, \$50.00.**

10 **(b) For a second dishonored payment within 12 months of the**
 11 **first dishonored payment, \$100.00.**

12 **(c) For a third dishonored payment within 12 months of the**
 13 **first dishonored payment, \$150.00.**

14 **(d) For a fourth dishonored payment within 12 months of the**
 15 **first dishonored payment, \$200.00.**

16 **(e) For a fifth or any subsequent dishonored payment within 12**
 17 **months of the first dishonored payment, \$250.00.**

18 Sec. 1025. (1) Except as otherwise provided in subsection (3),
 19 and subject to subsection (2), a vendor shall not give away any
 20 alcoholic liquor of any kind or description at any time in
 21 connection with ~~his or her~~ **the vendor's** business, except a vendor
 22 that is a manufacturer for consumption on the premises only.

23 (2) Subsection (1) does not prevent any of the following:

24 (a) A vendor of spirits, brewer, mixed spirit drink
 25 manufacturer, wine maker, small wine maker, outstate seller of
 26 beer, outstate seller of wine, or outstate seller of mixed spirit
 27 drink, or a bona fide market research organization retained by 1 of
 28 the persons named in this subdivision, from conducting samplings or
 29 tastings of an alcoholic liquor product before it is approved for



1 sale in this state, if the sampling or tasting is conducted
2 pursuant to prior written approval of the commission.

3 (b) A person from conducting any sampling or tasting
4 authorized by rule of the commission.

5 (c) The holder of a farmer's market permit from conducting a
6 tasting authorized under section 415.

7 (d) A person from conducting any sampling or tasting
8 authorized under section 537.

9 (e) A retailer licensed for consumption on the premises from
10 conducting a sampling authorized under section 1027(2).

11 (f) A person from conducting a sampling at a consumer sampling
12 event authorized under section 1027(4) and (5).

13 (g) A class A or B hotel designed to attract and accommodate
14 tourists and visitors in a resort area from giving away alcoholic
15 liquor to an invitee or guest in connection with a business event
16 or as a part of a room special or promotion for overnight
17 accommodations.

18 (3) A wholesaler or manufacturer may give samples of beer or
19 wine to an employee of the wholesaler if all of the following
20 conditions are met:

21 (a) The sampling is for the purpose of educating the employee
22 regarding the beer or wine.

23 (b) The employee is at least 21 years of age.

24 (c) The sampling takes place on the licensed premises of the
25 wholesaler.

26 **(4) A micro brewer or a brewer may give samples of beer to an**
27 **employee of another brewer or micro brewer if all of the following**
28 **conditions are met:**

29 **(a) The sampling is for the purpose of research or of**



1 **educating the employee regarding the beer.**

2 **(b) The employee is at least 21 years of age.**

3 **(c) The sampling takes place on the licensed premises of the**
4 **other micro brewer or the other brewer.**

5 **(5) ~~(4)~~**—A vendor shall not sell an alcoholic liquor to an
6 individual in an intoxicated condition.

7 **(6) ~~(5)~~**—Evidence of any breathalyzer or blood alcohol test
8 results obtained in a licensed establishment, or on property
9 adjacent to the licensed premises and under the control or
10 ownership of the licensee, is not admissible to prove a violation
11 of this section, section 707(1), (2), (3), or (4), or section
12 801(1). To establish a violation of this section, section 707(1),
13 (2), (3), or (4), or section 801(1), the individual's intoxicated
14 condition at the time of the sale or consumption of alcohol must be
15 proven by direct observation by law enforcement or commission
16 enforcement personnel or through other admissible witness
17 statements or corroborating evidence obtained as part of the
18 standard investigation other than breathalyzer or blood alcohol
19 test results.

20 Enacting section 1. This amendatory act does not take effect
21 unless Senate Bill No. 513 of the 103rd Legislature is enacted into
22 law.