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Senate Bills 512 and 513 (as introduced 9-3-25)
Sponsor: Senator Sam Singh (S.B. 512)
Senator Roger Hauck (S.B. 513)
Committee: Regulatory Affairs

Date Completed: 10-28-25

CONTENT

Senate Bill 512 would amend the Liquor Control Code to do the following:

- Expand the definition of "beer" to include nonalcoholic beverages.
- Allow a wholesaler to sell beer to a brewer or micro brewer for further sale at the brewer's or micro brewer's approved tasting room for consumption on or off the licensed premises, under certain conditions.
- Expand the Michigan Craft Beverage Council's membership to include the Liquor Control Commission's (Commission) business manager as a nonvoting member and a microbrewer or a brewer that was not a microbrewer.
- Expand the types of alcohol that a wholesaler could sell to governmental entities, churches, and its own employees.
- Modify requirements of licensed entities related to record retention, promotional purchases, and the giving away of alcohol.

Senate Bill 513 would amend the Liquor Control Code to modify the definitions of "brand extension" and "supplier".

The bills are tie-barred. Senate Bill 512 is also tie-barred to Senate Bill 514, which would amend the Income Tax Act to allow a distributor to claim a tax credit of 0.005 cents per returnable container sold during that year.

Senate Bill 512

Inclusion of Nonalcoholic Beverages

The bill specifies that the Legislature "finds that the availability of nonalcoholic beverages, including nonalcoholic beer at tasting rooms, promotes public health and safety when done through a regulated structure that minimizes minor access to nonalcoholic beer; and further that the "3-tier distribution system remains the most effective balance of increasing competition and variety and access to market against public health and safety. The ability of a wholesaler to sell nonalcoholic products to a brewer operating a tasting room under this section must not be used to undermine the 3-tier distribution system."

Under the bill, a wholesaler could sell beer to a brewer or micro brewer to sell at the brewer's or micro brewer's approved tasting room for consumption on or off the licensed premises; however, a micro brewer or a brewer that was not a micro brewer that purchased beer could not do either of the following:

- Sell or transfer the beer to another licensee.

- If the micro brewer or the brewer that was not a micro brewer had multiple licensed locations with approved tasting rooms, transfer the beer to any of the brewer's or micro brewer's licensed locations.

Currently, the Code defines "beer" as a beverage obtained by alcoholic fermentation of an infusion or decoction of barley, malt, hops, sugar, or other cereal in potable water. Under the bill, "beer" would mean the following:

- A beverage obtained by alcoholic fermentation of an infusion or decoction of barley, malt, hops, sugar, or other cereal in potable water that contains at least 0.5% of alcohol by volume.
- A beverage obtained by alcoholic fermentation of an infusion or decoction of barley, malt, hops, or other cereal in potable water that contains less than 0.5% of alcohol by volume, including a beverage that contains 0.0% of alcohol by volume.

Michigan Craft Beverage Council Membership

The Code prescribes the membership of the Michigan Craft Beverage Council, including a representative of large brewers and, as a nonvoting member, the Director of the Department of Agriculture and Rural Development (MDARD) or the Director's designee. The bill would instead include a representative of a micro brewer or a brewer that was not a micro brewer and, as a nonvoting member, the Director of MDARD or the Director's designee and the Commission's business manager or the business manager's designee.

Wholesaler Sales

Under the Code, a wholesaler may sell or deliver beer and alcoholic liquor to hospitals, military establishments, governments of Federal Indian reservations and churches requiring sacramental wines and may sell to the wholesaler's own employees to a limit of two cases of 24 12-ounce units or its equivalent of malt beverage per week, or one case of 12 one-liter units or its equivalent of wine or mixed spirit drink per week.

Instead, under the bill, a wholesaler could sell or deliver beer, wine, mixed wine drink, and mixed spirit drink to hospitals, military establishments, governments of Federal Indian reservations, a border store or airport store; a trade association whose members were licensed and where the beer, wine, mixed wine drink, or mixed spirit drink was for on-premises consumption and not for resale; and churches requiring sacramental wines and allowed to sell to the wholesaler's own employees to a limit of two cases of 24 12-ounce units or its equivalent of malt beverage per week, or one case of 12 one-liter units or its equivalent of wine, mixed wine drink, or mixed spirit drink per week.

Expanded Requirements

The Code requires certain vendors, salespersons, and manufacturers of spirits, beer and wine to maintain accurate records of expenditures for each call on a retail licensee. The records must be maintained for four years and must be made available for Commission inspection. The bill would apply these record requirements to a mixed spirit drink manufacturer and an outstate seller of mixed spirit drink.

The Code also allows certain vendors, salespersons, and manufacturers of spirits, beer and wine, for promotional purposes, to purchase one drink for each customer of an on-premises retail licensee subject to a total spending limit of \$100 a day. A drink purchased in this way must be of the brand represented by the vendor representative or salesperson; however, the Code prohibits a vendor representative or salesperson of a manufacturer of beer, a wholesaler

of beer, or an outstate seller of beer from purchasing a drink in this way more than twice per month at the same on-premises retail licensed location. The bill would apply these provisions to a mixed spirit drink manufacturer, a wholesaler of a mixed wine drink, and an outstate seller of mixed spirit drink.

The Code also prohibits a vendor from giving away any alcoholic liquor of any kind or description at any time in connection with the vendor's business, except a vendor that is a manufacturer for consumption on the premises only, except under certain circumstances. The bill would exempt from this prohibition a micro brewer or a brewer that was not a micro brewer that gave samples of beer to an employee of another brewer or micro brewer if all the following conditions were met:

- The sampling was for the purpose of research or education.
- The employee was at least 21 years of age.
- The sampling took place on the licensed premises of the other micro brewer or the other brewer that was not a micro brewer.

Senate Bill 513

Currently, "brand" means any word, name, group of letters, symbol, trademark, or combination thereof adopted and used by a supplier to identify a specific beer, malt beverage, wine, mixed wine drink, or mixed spirit drink product and to distinguish that product from another beer, malt beverage, wine, mixed wine drink, or mixed spirit drink product that is produced or marketed by that or another supplier.

Under the bill, "brand" would mean any word, *group of words*, *letter*, group of letters, symbol, *group of symbols*, or combination thereof adopted and used by a supplier to name, identify, or trademark a specific beer, malt beverage, wine, mixed wine drink, or mixed spirit drink product. Further, a supplier's legal name, assumed name, or trade name, or any doing-business-as name used by the supplier would be considered a brand name, identifier, or trademark if it were used on the container or packaging of the beer, wine, mixed wine drink, or mixed spirit drink to market the product, except if the use of the legal name, assumed name, trade name, or doing-business-as name were not considered a brand name, identifier, or trademark if it were not prominently featured on the container or packaging of the beer, wine, mixed wine drink, or mixed spirit drink. The supplier's legal name, assumed name, or trade name, or any doing-business-as name also would not be considered a brand name if the use of the legal name, assumed name, trade name, or doing-business-as name was not considered a brand name, identifier, or trademark if it were used solely for any of the following purposes:

- Identifying the supplier that manufactured the beer, wine, mixed wine drink, or mixed spirit drink.
- Identifying the supplier that bottled the beer, wine, mixed wine drink, or mixed spirit drink.
- Identifying the supplier that imported the beer, wine, mixed wine drink, or mixed spirit drink.

"Brand extension" currently means any brand that incorporates all or a substantial part of the unique features of a preexisting brand, regardless of whether the extension is beer, wine, mixed wine drink, or mixed spirit drink. Under the bill, "brand extension" would mean any beer, wine, mixed wine drink, or mixed spirit drink brand that is marketed, in any manner, using the same name, identifier, or trademark associated with a brand that has preceded it in being sold or offered for sale in the State, or a derivative or portion of the name, identifier, or trademark, regardless of any of the following:

- The addition of words or letters in a word.
- The addition of a name, identifier, or trademark.
- The addition of a symbol.
- Any differences in the packaging, formulation, or production of the beer, wine, mixed wine drink, or mixed spirit drink or the shape, size, or type of container in which the beer, wine, mixed wine drink, or mixed spirit drink is sold.
- Changes in the alcohol category used in the brand extension.
- The manufacturer, importer, or licensed outstate seller of the brand extension being different from the manufacturer, importer, or licensed outstate seller of the underlying brand the extension was based on.

"Supplier" would mean a brewer, a micro brewer, an outstate seller of beer, a wine maker, a small wine maker, an outstate seller of wine, a manufacturer of a mixed wine drink, an outstate seller of a mixed wine drink, a mixed spirit drink manufacturer, and an outstate seller of a mixed spirit drink.

Distribution rights in effect as of the effective date of the bill would be preserved; however, the bill would not be limited in application to a beer, wine, mixed wine drink, or mixed spirit drink that would be considered a brand extension after the bill's effective date that was based on a brand that was in existence before the bill's effective date.

A supplier that registered a multibranded product with the Commission would have to appoint the wholesaler or wholesalers that had rights to the supplier's underlying brand. "Multibranded product" would mean any beer, wine, mixed wine drink, or mixed spirit drink that included two or more brands of different suppliers.

MCL 436.1105 et al. (S.B. 513 & 514)

FISCAL IMPACT

The bills would have no fiscal impact on State or local government.

Analyst: Nathan Leaman

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.