

LEGISLATIVE SNAPSHOT

MICHIGAN LIQUOR CONTROL CODE OF 1998

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Summary

The Michigan Liquor Control Code of 1998 updated and recodified the previous liquor control law, the Michigan Liquor Control Act, which had gone into effect in 1933, following the repeal of Prohibition. The code governs the manufacture, distribution, sale, and consumption of alcoholic beverages in Michigan.

Background

Michigan is a “control state” for alcohol, which means the state controls the distribution of liquor after it is produced. The state’s regulatory structure is commonly called the three-tier system, with manufacturers, distributors, and sellers each constituting a tier. The purpose of the tiers is to keep each aspect of the industry legally distinct. A licensee in one of the tiers is prohibited by default from having an ownership stake in another (e.g., a brewer cannot also own a distributor). A person is generally not allowed to do something with regard to manufacturing, distribution, or selling alcoholic beverages unless authorized by the Michigan Liquor Control Commission ([MLCC](#)) in compliance with the code.

Organization

The code is divided into 13 chapters:

[Chapter 1](#) provides definitions relevant to the code.

[Chapter 2](#) concerns the sale and transport of alcoholic liquor and the powers and duties of the MLCC.

[Chapter 3](#) concerns wine and mixed spirit drinks.

[Chapter 4](#) concerns beer and malt beverages.

[Chapter 5](#) concerns license types and eligibility for entities that serve alcoholic beverages.

[Chapter 6](#) concerns vendors and guidelines relating to the distribution and sale of alcoholic beverages.

[Chapter 7](#) concerns selling or providing alcoholic beverages to those under the age of 21.

[Chapter 8](#), known as the “Dram Shop Act,” provides insurance and security requirements, as well as penalties for licensees that provide alcohol to the underaged or the visibly intoxicated.

[Chapter 9](#) concerns penalties for code violations and prohibits certain conduct and alcoholic products.

[Chapter 10](#) concerns how and where certain alcoholic beverages may be served or offered for sale.

[Chapter 11](#) concerns the ability of local governments to prohibit or limit the sale of alcohol.

[Chapter 12](#) levies taxes on the sale of alcoholic beverages and provides for their distribution.

[Chapter 13](#) repealed former public acts that were consolidated into the code.

Recent Activity

The following acts amending the code were enacted in the 2021-22 legislative session:

2021 PA 16 ([SB 141](#)) allows certain licensees to deliver mixed spirit drinks and spirits, and allows a qualified distiller to sell and deliver its spirits to a licensed retailer, under certain conditions.

2021 PA 17 ([SB 142](#)) allows mixed spirit drink manufacturers to sell and deliver mixed spirit drink to retailers under certain conditions.

2021 PA 18 ([SB 143](#)) replaced references to “retail licensee” and “licensee” with “retailer.”

2021 PA 19 ([SB 144](#)) lowered the tax on mixed spirit drink sold, allows the sale of mixed spirit drink by certain licensees, allows a mixed spirit drink meeting certain conditions to have a higher percentage of alcohol, and requires certain licensees to pay a charge per vehicle used for deliveries to retailers.

2021 PA 20 ([SB 49](#)) allows a person to hold an on-premises tasting room permit and an off-premises tasting room license at the same location under certain conditions.

2021 PA 29 ([HB 4445](#)) revised provisions concerning motorsports event licenses, reducing the number of events a license holder must conduct each calendar year.

2021 PA 63 ([HB 4746](#)) updated a reference to “marihuana” found elsewhere in the law.

2021 PA 64 ([SB 559](#)) extended the expiration of provisions allowing for social districts and the sale of certain types of alcoholic beverages for off-premises consumption (“cocktails to go” provisions).

2021 PA 116 ([HB 4711](#)) authorizes a private entity to obtain an on-premises license for a baseball stadium owned by Eastern Michigan University or Oakland University if leased or subleased during the summer.

2022 PA 16 ([HB 5062](#)) allows a development district liquor license for a newly constructed building. (Previously, such a license could be issued only for an existing building that was restored or rehabilitated.)

2022 PA 27 ([HB 5090](#)) eliminated the expiration date on social district permits, requires the portion of a commons area to be used exclusively for a special licensee’s event to be delineated from the rest of the area, allows a person to enter a Class B hotel licensee in a social district with alcohol bought from a social district permittee, and changed the hours for alcohol consumption in a social district commons area.

2022 PA 100 ([HB 5984](#)) created an on-premises public swimming pool permit and its fees and conditions.

2022 PA 101 ([HB 4232](#)) allows those 17 or older to sell or serve alcohol for an on-premises licensee.

2022 PA 135 ([HB 4842](#)) allows a distiller using certain Michigan-grown products in their spirits to be taxed at a half the usual rate.

2022 PA 136 ([SB 656](#)) allows on-premises liquor licensees and certain manufacturers with a tasting room permit to have a machine that dispenses beer, wine, or mixed spirit drink to customers on the licensed premises under certain conditions.

2022 PA 142 ([HB 6087](#)) increased the fee MLCC may pay to a vendor of spirits as an offset to costs incurred in contracting with an authorized distribution agent for warehousing and delivering spirits to retailers.

2022 PAs 161 and 162 (HBs [5695](#) and [5696](#)) allow those 16 or older who are employed by certain licensees to price, shelve, display, and rotate certain brands of alcohol under certain conditions.

2022 PA 190 ([HB 5732](#)) requires \$15.0 million of the revenue collected from the 4% specific tax levied on the retail sales of spirits to be annually allocated to the Secondary Road Patrol and Training Fund before the balance of that revenue is deposited in the general fund.

2022 PA 216 ([HB 5623](#)) allows certain on-premises licenses at Lake Superior State University.

2022 PAs 225, 226, and 227 (HBs [6105](#), [6106](#), and [6107](#)) made several changes that include authorizing the use of electronic rebates or coupons, allowing refunds to wholesalers for certain unsold products, and clarifying when a wholesaler of alcoholic beverages may also distribute soft drinks and how those two operations must coexist in order to be compliant with the code.

Additional Resources

Additional regulations regarding alcoholic beverages can be found in the [administrative rules](#) promulgated by the Michigan Liquor Control Commission.