

**SUBSTITUTE FOR
HOUSE BILL NO. 5488**

A bill to amend 1998 PA 58, entitled
"Michigan liquor control code of 1998,"
by amending section 525 (MCL 436.1525), as amended by 2010 PA 279.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 525. (1) Except as otherwise provided ~~for~~ in this
2 section, the following license fees shall be paid at the time of
3 filing applications or as otherwise provided in this act and are
4 subject to allocation under section 543:

5 (a) Manufacturers of spirits, ~~but~~ not including makers,
6 blenders, and rectifiers of wines containing 21% or less alcohol by
7 volume, \$1,000.00.

8 (b) Manufacturers of beer, \$50.00 per 1,000 barrels, or
9 fraction of a barrel, production annually with a maximum fee of
10 \$1,000.00, and in addition \$50.00 for each motor vehicle used in

1 delivery to retail licensees. A fee increase does not apply to a
2 manufacturer of less than 15,000 barrels production per year.

3 (c) Outstate seller of beer, delivering or selling beer in
4 this state, \$1,000.00.

5 (d) Wine makers, blenders, and rectifiers of wine, including
6 makers, blenders, and rectifiers of wines containing 21% or less
7 alcohol by volume, \$100.00. The small wine maker license fee is
8 \$25.00.

9 (e) Outstate seller of wine, delivering or selling wine in
10 this state, \$300.00.

11 (f) Outstate seller of mixed spirit drink, delivering or
12 selling mixed spirit drink in this state, \$300.00.

13 (g) Dining cars or other railroad or Pullman cars selling
14 alcoholic liquor, \$100.00 per train.

15 (h) Wholesale vendors other than manufacturers of beer,
16 \$300.00 for the first motor vehicle used in delivery to retail
17 licensees and \$50.00 for each additional motor vehicle used in
18 delivery to retail licensees.

19 (i) Watercraft, licensed to carry passengers, selling
20 alcoholic liquor, a minimum fee of \$100.00 and a maximum fee of
21 \$500.00 per year computed on the basis of \$1.00 per person per
22 passenger capacity.

23 (j) Specially designated merchants, for selling beer or wine
24 for consumption off the premises only but not at wholesale, \$100.00
25 for each location regardless of ~~the fact that~~ **WHETHER** the location
26 ~~may be a~~ **IS** part of a system or chain of merchandising.

27 (k) Specially designated distributors licensed by the

1 commission to distribute spirits and mixed spirit drink in the
2 original package for the commission for consumption off the
3 premises, \$150.00 per year, and an additional fee of \$3.00 for each
4 \$1,000.00 or major fraction of that amount in excess of \$25,000.00
5 of the total retail value of merchandise purchased under each
6 license from the commission during the previous calendar year.

7 (l) Hotels of class A selling beer and wine, a minimum fee of
8 \$250.00 and ~~, for all bedrooms in excess of 20,~~ \$1.00 for each
9 ~~additional bedroom~~ **IN EXCESS OF 20**, but not more than \$500.00

10 **TOTAL.**

11 (m) Hotels of class B selling beer, wine, mixed spirit drink,
12 and spirits, a minimum fee of \$600.00 and ~~, for all bedrooms in~~
13 ~~excess of 20,~~ \$3.00 for each ~~additional bedroom~~ **IN EXCESS OF 20**. If
14 a hotel of class B sells beer, wine, mixed spirit drink, and
15 spirits in more than 1 public bar, ~~the fee entitles the hotel to~~
16 ~~sell in only 1 public bar, other than a bedroom, and a license~~
17 ~~shall be secured~~ **A FEE OF \$350.00 SHALL BE PAID** for each additional
18 public bar, other than a bedroom. ~~, the fee for which is \$350.00.~~

19 (n) Taverns, selling beer and wine, \$250.00.

20 (o) Class C license selling beer, wine, mixed spirit drink,
21 and spirits, \$600.00. Subject to section 518(2), if a class C
22 licensee sells beer, wine, mixed spirit drink, and spirits in more
23 than 1 bar, a fee of \$350.00 shall be paid for each additional bar.
24 In municipally owned or supported facilities in which nonprofit
25 organizations operate concession stands, a fee of \$100.00 shall be
26 paid for each additional bar.

27 (p) Clubs selling beer, wine, mixed spirit drink, and spirits,

1 \$300.00 for clubs having 150 or fewer ~~duly~~ accredited members and
2 \$1.00 for each ~~additional member~~ **IN EXCESS OF 150**. ~~The membership~~
3 ~~list for the purpose only of determining the license fees to be~~
4 ~~paid under this subdivision shall be the accredited~~ **CLUBS SHALL**
5 **SUBMIT A** list of members ~~as determined by a sworn affidavit 30 days~~
6 before the closing of the license year. **THE SWORN AFFIDAVIT SHALL**
7 **BE USED ONLY FOR DETERMINING THE LICENSE FEES TO BE PAID UNDER THIS**
8 **SUBDIVISION**. This subdivision does not prevent the commission from
9 checking a membership list and making its own determination from
10 the list or otherwise. The list of members and additional members
11 is not required of a club paying the maximum fee. The maximum fee
12 shall not exceed \$750.00 for any 1 club.

13 (q) Warehousemen, to be fixed by the commission with a minimum
14 fee for each warehouse of \$50.00.

15 (r) Special licenses, a fee of \$50.00 per day, except that the
16 fee for that license or permit issued to any bona fide nonprofit
17 association, duly organized and in continuous existence for 1 year
18 before the filing of its application, is \$25.00. Not more than 12
19 special licenses may be granted to any organization, including an
20 auxiliary of the organization, in a calendar year.

21 (s) Airlines licensed to carry passengers in this state that
22 sell, offer for sale, provide, or transport alcoholic liquor,
23 \$600.00.

24 (t) Brandy manufacturer, \$100.00.

25 (u) Mixed spirit drink manufacturer, \$100.00.

26 (v) Brewpub, \$100.00.

27 (w) Class G-1, \$1,000.00.

1 (x) Class G-2, \$500.00.

2 (y) Motorsports event license, the amount as described and
3 determined under section ~~518(2)~~. **518(2)**.

4 (z) Small distiller, \$100.00.

5 (aa) Wine auction license, \$50,000.00.

6 (bb) Nonpublic continuing care retirement center license,
7 \$600.00.

8 (2) The fees provided in this act for the various types of
9 licenses shall not be prorated for a portion of the effective
10 period of the license. Notwithstanding subsection (1), the initial
11 license fee for any licenses issued under section 531(3) or (4) is
12 \$20,000.00. The renewal license fee shall be the amount described
13 in subsection (1). However, the commission shall not impose the
14 \$20,000.00 initial license fee for applicants whose license
15 eligibility was already approved on July 20, 2005.

16 (3) ~~Beginning July 23, 2004, and except~~ **EXCEPT** in the case of
17 any resort or resort economic development license issued under
18 section 531(2), (3), (4), or (5) or a license issued under section
19 ~~521, 521A~~, the commission shall issue an initial or renewal license
20 not later than 90 days after the applicant files a completed
21 application. ~~Receipt of the~~ **THE** application is considered **TO BE**
22 **RECEIVED** the date the application is received by any agency or
23 department of ~~the state of Michigan~~. **THIS STATE**. If the **COMMISSION**
24 **DETERMINES THAT AN** application is ~~considered incomplete, by the~~
25 ~~commission~~, the commission shall notify the applicant in writing,
26 or make the information electronically available, within 30 days
27 after receipt of the incomplete application, describing the

1 deficiency and requesting the additional information. The
2 determination of the completeness of an application ~~does not~~
3 ~~operate as~~ **IS NOT** an approval of the application for the license
4 and does not confer eligibility upon an applicant determined
5 otherwise ineligible for issuance of a license. The 90-day period
6 is tolled **FOR THE FOLLOWING PERIODS** under any of the following
7 circumstances:

8 (a) ~~Notice~~ **IF NOTICE IS** sent by the commission of a deficiency
9 in the application, until the date all of the requested information
10 is received by the commission.

11 (b) ~~The~~ **FOR THE** time period ~~during which~~ **REQUIRED TO COMPLETE**
12 actions required by a ~~party~~ **PERSON**, other than the applicant or the
13 commission, ~~are completed that include,~~ **INCLUDING**, but ~~are not~~
14 limited to, completion of construction or renovation of the
15 licensed premises; mandated inspections by the commission or by any
16 state, local, or federal agency; approval by the legislative body
17 of a local unit of government; criminal history or criminal record
18 checks; financial or court record checks; or other actions mandated
19 by this act or rule or as otherwise mandated by law or local
20 ordinance.

21 (4) If the commission fails to issue or deny a license within
22 the time required by this section, the commission shall return the
23 license fee and shall reduce the license fee for the applicant's
24 next renewal application, if any, by 15%. The failure to issue a
25 license within the time required under this section does not allow
26 the commission to otherwise delay the processing of the
27 application, and that application, upon completion, shall be placed

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1 in sequence with other completed applications received at that same
2 time. The commission shall not discriminate against an applicant in
3 the processing of the application based upon the fact that the
4 license fee was refunded or discounted under this subsection.

5 (5) IF AN APPLICANT SUBMITS A COMPLETED APPLICATION UNDER THIS
6 SECTION AND FILES AN ACCEPTABLE PROOF OF FINANCIAL RESPONSIBILITY
7 FORM UNDER SECTION 803 AND AN EXECUTED PROPERTY DOCUMENT, THE
8 COMMISSION SHALL, WITHIN 14 BUSINESS DAYS OF A REQUEST, ISSUE A
9 CONDITIONAL LICENSE TO ANY OF THE FOLLOWING:

10 (A) AN APPLICANT SEEKING TO TRANSFER AN EXISTING LICENSE UNDER
11 SUBSECTION (3) TO SELL ALCOHOLIC LIQUOR FOR CONSUMPTION ON OR OFF
12 THE PREMISES AT THE SAME LOCATION.

13 (B) AN APPLICANT SEEKING AN INITIAL LICENSE UNDER SUBSECTION
14 (3), EXCEPT FOR A SPECIALLY DESIGNATED DISTRIBUTOR LICENSE OR A
15 LICENSE FOR THE SALE OF ALCOHOLIC LIQUOR FOR CONSUMPTION ON THE
16 PREMISES.

17 (6) A CONDITIONAL LICENSE ISSUED UNDER SUBSECTION (5) EXPIRES
18 WHEN THE COMMISSION ISSUES A FINAL ORDER DENYING OR APPROVING THE
19 LICENSE APPLICATION THAT SERVES AS THE BASIS FOR THE CONDITIONAL
20 LICENSE OR 1 YEAR AFTER THE DATE THE CONDITIONAL LICENSE WAS
21 ISSUED, WHICHEVER OCCURS FIRST. IF A CONDITIONALLY APPROVED
22 LICENSEE FAILS TO MAINTAIN ACCEPTABLE PROOF OF ITS FINANCIAL
23 RESPONSIBILITY, THE COMMISSION SHALL, AFTER DUE NOTICE AND PROPER
24 HEARING, SUSPEND THE CONDITIONAL LICENSE UNTIL THE LICENSEE FILES
25 AN ACCEPTABLE PROOF OF FINANCIAL RESPONSIBILITY FORM UNDER SECTION
26 803. [IF A CONDITIONAL LICENSE IS REVOKED, THE CONDITIONAL LICENSEE
SHALL NOT RECOVER FROM A UNIT OF LOCAL GOVERNMENT ANY COMPENSATION FOR
PROPERTY, FUTURE INCOME, OR FUTURE ECONOMIC LOSS DUE TO THE REVOCATION.]

27 (7) UPON ISSUING A CONDITIONAL LICENSE UNDER SUBSECTION (5),

1 THE COMMISSION SHALL, UNTIL THE CONDITIONAL LICENSE EXPIRES UNDER
2 SUBSECTION (6), PLACE AN EXISTING LICENSE UNDER SUBSECTION (3) IN
3 ESCROW IN COMPLIANCE WITH R 436.1107 OF THE MICHIGAN ADMINISTRATIVE
4 CODE. IF THE CONDITIONAL LICENSE EXPIRES BECAUSE A TRANSFER OF AN
5 EXISTING LICENSE WAS DENIED OR BECAUSE THE LICENSE WAS NOT
6 TRANSFERRED WITHIN THE 1-YEAR PERIOD, AN EXISTING LICENSEE MAY DO 1
7 OF THE FOLLOWING:

8 (A) REQUEST THAT THE COMMISSION RELEASE THE LICENSE FROM
9 ESCROW.

10 (B) KEEP THE LICENSE IN ESCROW. THE ESCROW DATE FOR COMPLIANCE
11 WITH R 436.1107 OF THE MICHIGAN ADMINISTRATIVE CODE SHALL BE THE
12 DATE THE CONDITIONAL LICENSE EXPIRES.

13 (8) ~~(5) Beginning October 1, 2005, the~~ THE chair of the
14 commission shall submit a report by December 1 of each year to the
15 standing committees and appropriations subcommittees of the senate
16 and house of representatives concerned with liquor license issues.
17 The chair of the commission shall include all of the following
18 information in the report concerning the preceding fiscal year:

19 (a) The number of initial and renewal applications the
20 commission received and completed within the 90-day time period
21 described in subsection (3).

22 (b) The number of applications denied.

23 (c) The number of applicants not issued a license within the
24 90-day time period and the amount of money returned to licensees
25 under subsection (4).

26 (9) ~~(6)~~ As used in this section, "completed application" means
27 an application complete on its face and submitted with any

1 applicable licensing fees as well as any other information,
2 records, approval, security, or similar item required by law or
3 rule from a local unit of government, a federal agency, or a
4 private entity but not from another department or agency of the
5 state of Michigan.