

**SUBSTITUTE FOR
HOUSE BILL NO. 4073**

A bill to amend 1998 PA 58, entitled
"Michigan liquor control code of 1998,"
by amending sections 525 and 529 (MCL 436.1525 and 436.1529),
section 525 as amended by 2014 PA 353.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

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

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

1 \$1,000.00, and in addition \$50.00 for each motor vehicle used in
2 delivery to retail licensees. A fee increase does not apply to a
3 manufacturer of less than 15,000 barrels production per year.

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

6 (d) Wine makers, blenders, and rectifiers of wine, including
7 makers, blenders, and rectifiers of wines containing 21% or less
8 alcohol by volume, \$100.00. The small wine maker license fee is
9 \$25.00.

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

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

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

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

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

24 (j) Specially designated merchants, for selling beer or wine
25 for consumption off the premises only but not at wholesale, \$100.00
26 for each location regardless of whether the location is part of a
27 system or chain of merchandising.

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

8 (l) Hotels of class A selling beer and wine, a minimum fee of
9 \$250.00 and \$1.00 for each bedroom in excess of 20, but not more
10 than \$500.00 total.

11 (m) Hotels of class B selling beer, wine, mixed spirit drink,
12 and spirits, a minimum fee of \$600.00 and \$3.00 for each bedroom in
13 excess of 20. If a hotel of class B sells beer, wine, mixed spirit
14 drink, and spirits in more than 1 public bar, a fee of \$350.00
15 shall be paid for each additional public bar, other than a bedroom.

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

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

24 (p) Clubs selling beer, wine, mixed spirit drink, and spirits,
25 \$300.00 for clubs having 150 or fewer accredited members and \$1.00
26 for each member in excess of 150. Clubs shall submit a list of
27 members by a sworn affidavit 30 days before the closing of the

1 license year. The sworn affidavit shall be used only for
2 determining the license fees to be paid under this subdivision.
3 This subdivision does not prevent the commission from checking a
4 membership list and making its own determination from the list or
5 otherwise. The list of members and additional members is not
6 required of a club paying the maximum fee. The maximum fee shall
7 not exceed \$750.00 for any 1 club.

8 (q) Warehouse, to be fixed by the commission with a minimum
9 fee for each warehouse of \$50.00.

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

17 (s) Airlines licensed to carry passengers in this state that
18 sell, offer for sale, provide, or transport alcoholic liquor,
19 \$600.00.

20 (t) Brandy manufacturer, \$100.00.

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

22 (v) Brewpub, \$100.00.

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

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

25 (y) Motorsports event license, the amount as described and
26 determined under section 518(2).

27 (z) Small distiller, \$100.00.

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

2 (bb) Nonpublic continuing care retirement center license,
3 \$600.00.

4 (cc) Conditional license approved under subsection (6) and
5 issued under subsection (7), \$300.00.

6 (2) The fees provided in this act for the various types of
7 licenses shall ~~not~~ be prorated **ON A QUARTERLY BASIS** for a portion
8 of the effective period of the license **BASED UPON THE APPROVAL DATE**
9 **OF THE APPLICATION. AN APPLICANT OR LICENSEE THAT HAS SUBMITTED AN**
10 **APPLICATION FOR A LICENSE THAT WILL BE EFFECTIVE FOR LESS THAN 9**
11 **MONTHS SHALL PAY A PRORATED LICENSE FEE AND SUBMIT THAT PRORATED**
12 **LICENSE FEE AFTER APPROVAL OF THE APPLICATION AND UPON ISSUANCE OF**
13 **THE LICENSE.** Notwithstanding subsection (1), the initial license
14 fee for any licenses issued under section 531(3) or (4) is
15 \$20,000.00. The renewal license fee shall be the amount described
16 in subsection (1). However, the commission shall not impose the
17 \$20,000.00 initial license fee for applicants whose license
18 eligibility was already approved on July 20, 2005.

19 (3) If the commission requires an applicant to submit
20 fingerprints, the applicant shall have the fingerprints taken by a
21 local law enforcement agency, the department of state police, or
22 any other person qualified to take fingerprints as determined by
23 the department of state police. The applicant shall submit the
24 fingerprints and the appropriate state and federal fees, which
25 shall be borne by the applicant, to the department of state police
26 and the federal bureau of investigation for a criminal history
27 check. After conducting the criminal history check, the department

1 of state police shall provide the commission with a report of the
2 criminal history check. The report shall contain criminal history
3 record information concerning the person who is the subject of the
4 criminal history check that is maintained by the department of
5 state police. If a criminal arrest fingerprint card is subsequently
6 submitted to the department of state police and matches against a
7 fingerprint that was submitted pursuant to this act and stored in
8 its automated fingerprint identification system (AFIS) database,
9 the department of state police shall notify the commission.

10 (4) Except ~~in the case of any~~ **FOR A** resort or resort economic
11 development license issued under section 531(2), (3), (4), or (5)
12 or a license issued under section 521a, the commission shall issue
13 an initial or renewal license not later than 90 days after the
14 applicant files a completed application. The application is
15 considered to be received the date the application is received by
16 any agency or department of this state. If the commission
17 determines that an application is incomplete, the commission shall
18 notify the applicant in writing, or make the information
19 electronically available, within 30 days after receipt of the
20 incomplete application, describing the deficiency and requesting
21 the additional information. The determination of the completeness
22 of an application is not an approval of the application for the
23 license and does not confer eligibility upon an applicant
24 determined otherwise ineligible for issuance of a license. The 90-
25 day period is tolled for the following periods under any of the
26 following circumstances:

27 (a) If notice is sent by the commission of a deficiency in the

1 application, until the date all of the requested information is
2 received by the commission.

3 (b) For the time required to complete actions required by a
4 person, other than the applicant or the commission, including, but
5 not limited to, completion of construction or renovation of the
6 licensed premises; mandated inspections by the commission or by any
7 state, local, or federal agency; approval by the legislative body
8 of a local unit of government; criminal history or criminal record
9 checks; financial or court record checks; or other actions mandated
10 by this act or rule or as otherwise mandated by law or local
11 ordinance.

12 (5) If the commission fails to issue or deny a license within
13 the time required by this section, the commission shall return the
14 license fee and shall reduce the license fee for the applicant's
15 next renewal application, if any, by 15%. The failure to issue a
16 license within the time required under this section does not allow
17 the commission to otherwise delay the processing of the
18 application, and that application, upon completion, shall be placed
19 in sequence with other completed applications received at that same
20 time. The commission shall not discriminate against an applicant in
21 the processing of the application based upon the fact that the
22 license fee was refunded or discounted under this subsection.

23 (6) If, in addition to a completed application under this
24 section, an applicant submits a separate form requesting a
25 conditional license with an acceptable proof of financial
26 responsibility form under section 803, and an executed property
27 document, the commission shall, after considering the arrest and

1 conviction records or previous violation history in the management,
2 operation, or ownership of a licensed business, approve or deny a
3 conditional license. A conditional license issued under subsection
4 (7) for the transfer of an existing license at the same location
5 ~~shall~~**MUST** include any existing permits and approvals held in
6 connection with that license. The following applicants may request
7 a conditional license:

8 (a) An applicant seeking to transfer ownership of or interest
9 in an existing license at the same location to sell alcoholic
10 liquor for consumption on or off the premises.

11 (b) An applicant seeking an initial license other than a
12 specially designated distributor license or a license for the sale
13 of alcoholic liquor for consumption on the premises.

14 (7) The commission shall issue a conditional license to
15 applicants approved under subsection (6) within 20 business days
16 after receipt of a completed application and a completed
17 conditional license request form and documentation for a
18 conditional license at a single location. The commission may take
19 up to 30 business days to issue conditional licenses to approved
20 applicants seeking conditional licenses at multiple locations.

21 (8) A conditional license approved under subsection (6) and
22 issued under subsection (7) is nontransferable and nonrenewable. A
23 conditional license approved under subsection (6) and issued under
24 subsection (7) expires when the commission issues an order of
25 denial of the license application that serves as the basis for the
26 conditional license after all administrative remedies before the
27 commission have been exhausted, expires 20 business days after the

1 commission issues an order of approval of the license application
2 that serves as the basis for the conditional license, expires when
3 the licensee or conditional licensee notifies the commission in
4 writing that the initial application should be canceled, or expires
5 1 year after the date the conditional license was issued, whichever
6 occurs first. If a conditionally approved licensee fails to
7 maintain acceptable proof of its financial responsibility, the
8 commission shall, after due notice and proper hearing, suspend the
9 conditional license until the licensee files an acceptable proof of
10 financial responsibility form under section 803. If a conditional
11 license is revoked, the conditional licensee shall not recover from
12 a unit of local government any compensation for property, future
13 income, or future economic loss due to the revocation.

14 (9) Upon issuing a conditional license under subsection (7),
15 the commission shall, until the conditional license expires under
16 subsection (8), place an existing license under subsection (4) in
17 escrow in compliance with R 436.1107 of the Michigan administrative
18 code. If the conditional license expires because a transfer of an
19 existing license was denied or because the license was not
20 transferred within the 1-year period, an existing licensee may do 1
21 of the following:

22 (a) Request that the commission release the license from
23 escrow.

24 (b) Keep the license in escrow. The escrow date for compliance
25 with R 436.1107 of the Michigan administrative code shall be the
26 date the conditional license expires.

27 (10) The chair of the commission shall submit a report by

1 December 1 of each year to the standing committees and
2 appropriations subcommittees of the senate and house of
3 representatives concerned with liquor license issues. The chair of
4 the commission shall include all of the following information in
5 the report concerning the preceding fiscal year:

6 (a) The number of initial and renewal applications the
7 commission received and completed within the 90-day time period
8 described in subsection (4).

9 (b) The number of applications denied.

10 (c) The number of applicants not issued a license within the
11 90-day time period and the amount of money returned to licensees
12 under subsection (5).

13 (11) As used in this section, "completed application" means an
14 application complete on its face and submitted with any applicable
15 licensing fees as well as any other information, records, approval,
16 security, or similar item required by law or rule from a local unit
17 of government, a federal agency, or a private entity but not from
18 another department or agency of ~~the~~ **THIS** state. ~~of Michigan.~~

19 Sec. 529. (1) A license or an interest in a license shall not
20 be transferred from 1 person to another without the prior approval
21 of the commission. For purposes of this section, the transfer in
22 the aggregate to another person during any single licensing year of
23 more than 10% of the outstanding stock of a licensed corporation or
24 more than 10% of the total interest in a licensed limited
25 partnership ~~shall be~~ **IS** considered to be a transfer requiring the
26 prior approval of the commission.

27 (2) Not later than July 1 of each year, each privately held

1 licensed corporation and each licensed limited partnership shall
2 notify the commission as to whether any of the shares of stock in
3 the corporation, or interest in the limited partnership, have been
4 transferred during the preceding licensing year. The commission may
5 investigate the transfer of any number of shares of stock in a
6 licensed corporation, or any amount of interest in a licensed
7 limited partnership, for the purpose of ensuring compliance with
8 this act and the rules promulgated under this act.

9 (3) Except as otherwise provided in subdivisions (a) ~~through~~
10 ~~TO~~ (f), ~~upon~~ **AFTER** approval by the commission of a transfer subject
11 to subsection (1), ~~there shall be paid to~~ **AN APPLICANT OR LICENSEE**
12 **SHALL PAY** the commission a transfer fee equal to the fee provided
13 in this act for the class of license being transferred. A transfer
14 fee shall ~~not~~ be prorated **ON A QUARTERLY BASIS** for a portion of the
15 effective period of the license **BASED UPON THE APPROVAL DATE OF THE**
16 **APPLICATION. THE PRORATED TRANSFER FEE SHALL BE PAID ON ISSUANCE OF**
17 **THE LICENSE.** If a person holding more than 1 license or more than 1
18 interest in a license at more than 1 location, but in the name of a
19 single legal entity, transfers all of the licenses or interests in
20 licenses simultaneously to another single legal entity, the
21 transfers ~~shall be~~ **ARE** considered 1 transfer for purposes of
22 determining a transfer fee, payable in an amount equal to the
23 highest license fee provided in this act for any of the licenses,
24 or interests in licenses, being transferred. A transfer fee ~~shall~~
25 **IS** not ~~be~~ required in regard to any of the following:

26 (a) The transfer, in the aggregate, of less than 50% of the
27 outstanding shares of stock in a licensed corporation or less than

1 50% of the total interest in a licensed limited partnership during
2 any licensing year.

3 (b) The exchange of the assets of a licensed sole
4 proprietorship, licensed general partnership, or licensed limited
5 partnership for all outstanding shares of stock in a corporation in
6 which either the sole proprietor, all members of the general
7 partnership, or all members of the limited partnership are the only
8 stockholders of that corporation. An exchange under this
9 subdivision ~~shall~~ **IS** not ~~be~~ considered an application for a license
10 for the purposes of section 501.

11 (c) The transfer of the interest in a licensed business of a
12 deceased licensee, a deceased stockholder, or a deceased member of
13 a general or limited partnership to the deceased person's spouse or
14 children.

15 (d) The removal of a member of a firm, a stockholder, a member
16 of a general partnership or limited partnership, or association of
17 licensees from a license.

18 (e) The addition to a license of the spouse, son, daughter, or
19 parent of any of the following:

20 (i) A licensed sole proprietor.

21 (ii) A stockholder in a licensed corporation.

22 (iii) A member of a licensed general partnership, licensed
23 limited partnership, or other licensed association.

24 (f) The occurrence of any of the following events:

25 (i) A corporate stock split of a licensed corporation.

26 (ii) The issuance to a stockholder of a licensed corporation of
27 previously unissued stock as compensation for services performed.

1 (iii) The redemption by a licensed corporation of its own stock.

2 (4) ~~A~~ **THE APPLICANT OR LICENSEE SHALL PAY A** nonrefundable
3 inspection fee of \$70.00 ~~shall be paid to the commission by an~~
4 ~~applicant or licensee~~ at the time of filing any of the following:

5 (a) An application for a new license or permit.

6 (b) A request for approval of a transfer of ownership or
7 location of a license.

8 (c) A request for approval to increase or decrease the size of
9 the licensed premises, or to add a bar.

10 (d) A request for approval of the transfer in any licensing
11 year of any of the shares of stock in a licensed corporation from 1
12 person to another, or any part of the total interest in a licensed
13 limited partnership from 1 person to another.

14 (5) An inspection fee shall be returned to the person ~~by whom~~
15 ~~it was paid~~ **WHO PAID THE FEE** if the purpose of the inspection was
16 to inspect the physical premises of the licensee, and the
17 inspection was not actually conducted. An inspection fee ~~shall not~~
18 ~~be~~ **IS NOT** required for any of the following:

19 (a) The issuance or transfer of a special license, salesperson
20 license, limited alcohol buyer license, corporate salesperson
21 license, hospital permit, military permit, or Sunday sale of
22 spirits permit.

23 (b) The issuance of a new permit, or the transfer of an
24 existing permit, if the permit is issued or transferred
25 simultaneously with the issuance or transfer of a license or an
26 interest in a license.

27 (c) The issuance of authorized but previously unissued

1 corporate stock to an existing stockholder of a licensed
2 corporation.

3 (d) The transfer from a corporation to an existing stockholder
4 of any of the corporation's stock that is owned by the corporation
5 itself.

6 (6) All inspection fees collected under this section ~~shall~~
7 **MUST** be deposited in the special fund ~~in~~ **REQUIRED UNDER** section 543
8 for carrying out of the licensing and enforcement provisions of
9 this act.

10 Enacting section 1. This amendatory act takes effect May 1,
11 2015.