

**SUBSTITUTE FOR
HOUSE BILL NO. 4710**

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 2021 PA 19.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 525. (1) Except as otherwise provided in this section,
2 the following license fees must 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



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

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

7 (d) Wine makers, blenders, and rectifiers of wine, including
8 makers, blenders, and rectifiers of wines containing 21% or less
9 alcohol by volume, \$100.00. The small wine maker license fee is
10 \$25.00. A small wine maker must pay \$50.00 for each motor vehicle
11 used for delivery of wine to a retailer.

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

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

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

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

22 (i) Watercraft, licensed to carry passengers, selling
23 alcoholic liquor, a minimum fee of \$100.00 and a maximum fee of
24 \$500.00 per year computed on the basis of \$1.00 per person per
25 passenger capacity.

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



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

8 (l) Hotels of class A selling beer, wine, and mixed spirit
9 drink, a minimum fee of \$250.00 and \$1.00 for each bedroom in
10 excess of 20, but not more 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 must
15 be paid for each additional public bar, other than a bedroom.

16 (n) Taverns, selling beer, wine, and mixed spirit drink,
17 \$250.00.

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

25 (p) Clubs selling beer, wine, mixed spirit drink, and spirits,
26 \$300.00 for clubs having 150 or fewer accredited members and \$1.00
27 for each member in excess of 150. Clubs shall submit a list of
28 members by an affidavit 30 days before the closing of the license
29 year. The affidavit must be used only for determining the license



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

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

9 (r) Special licenses, a fee of \$50.00 per day, except that the
10 fee for the license or permit issued to a bona fide nonprofit
11 association, organized and in continuous existence for 1 year
12 before the filing of its application, is \$25.00. The commission
13 shall not grant more than 12 special licenses to any organization,
14 including an auxiliary of the organization, in a calendar year.

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

18 (t) Brandy manufacturer, \$100.00.

19 (u) Mixed spirit drink manufacturer, \$100.00. A mixed spirit
20 drink manufacturer must pay \$50.00 for each motor vehicle used for
21 delivery of mixed spirit drink to retailers under section 203b.

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. A qualified small distiller must
28 pay \$50.00 for each motor vehicle used for delivery to retailers
29 under section 203(20).



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 (dd) Outstate self-distributor license, \$300.00. An outstate
7 self-distributor must pay \$50.00 for each motor vehicle used for
8 delivery of alcoholic liquor to retailers under sections 203(20),
9 203a, or 203b.

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

18 (3) If the commission requires an applicant to submit
19 fingerprints, the applicant shall have the fingerprints taken by a
20 local law enforcement agency, the department of state police, or
21 any other person qualified to take fingerprints as determined by
22 the department of state police. The applicant shall submit the
23 fingerprints and the appropriate state and federal fees, which
24 shall be borne by the applicant, to the department of state police
25 and the Federal Bureau of Investigation for a criminal history
26 check. After conducting the criminal history check, the department
27 of state police shall provide the commission with a report of the
28 criminal history check. The report must include criminal history
29 record information concerning the person who is the subject of the



1 criminal history check that is maintained by the department of
2 state police. If a criminal arrest fingerprint card is subsequently
3 submitted to the department of state police and matches against a
4 fingerprint that was submitted under this act and stored in its
5 automated fingerprint identification system (AFIS) database, the
6 department of state police shall notify the commission.

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

23 (a) If notice is sent by the commission of a deficiency in the
24 application, until the date all of the requested information is
25 received by the commission.

26 (b) For the time required to complete actions required by a
27 person, other than the applicant or the commission, including, but
28 not limited to, completion of construction or renovation of the
29 licensed premises; mandated inspections by the commission or by any



1 state, local, or federal agency; approval by the legislative body
2 of a local unit of government; criminal history or criminal record
3 checks; financial or court record checks; or other actions mandated
4 by this act or rule or as otherwise mandated by law or local
5 ordinance.

6 (5) If the commission fails to issue or deny a license within
7 the time required by this section, the commission shall return the
8 license fee and shall reduce the license fee for the applicant's
9 next renewal application, if any, by 15%. The failure to issue a
10 license within the time required under this section does not allow
11 the commission to otherwise delay the processing of the
12 application, and the application, on completion, must be placed in
13 sequence with other completed applications received at that same
14 time. The commission shall not discriminate against an applicant in
15 the processing of the application because the license fee was
16 refunded or discounted under this subsection.

17 (6) If, in addition to a completed application under this
18 section, an applicant submits a separate form requesting a
19 conditional license with an acceptable proof of financial
20 responsibility form under section 803, an executed property
21 document, and, for an application to transfer the location of an
22 existing retailer license other than specially designated
23 distributor license, a church or school proximity affidavit on a
24 form prescribed by the commission attesting that the proposed
25 location is not within 500 feet of a church or school building
26 using the method of measurement required under section 503, the
27 commission shall, after considering the arrest and conviction
28 records or previous violation history in the management, operation,
29 or ownership of a licensed business, approve or deny a conditional



1 license. A conditional license issued under subsection (7) must
2 only include any existing permits and approvals held in connection
3 with the license, other than permits or approvals for which the
4 conditional applicant does not meet the requirements in this act or
5 rules promulgated under this act, or permits or approvals that the
6 conditional applicant has requested to cancel as part of the
7 application that serves as the basis for the conditional license.
8 The commission shall not issue a new permit with a conditional
9 license issued under subsection (7). The following applicants may
10 request a conditional license:

11 (a) An applicant seeking to transfer ownership of an existing
12 retailer license at the same location to sell alcoholic liquor for
13 consumption on or off the premises.

14 (b) An applicant seeking to transfer the ownership and
15 location of an existing retailer license, other than a specially
16 designated distributor license, to sell alcoholic liquor for
17 consumption on or off the premises.

18 (c) An applicant seeking a new specially designated merchant
19 license, other than a specially designated merchant license issued
20 under section 533(6), not to be held in conjunction with a license
21 for the sale of alcoholic liquor for consumption on the premises.

22 (7) The commission shall issue a conditional license to
23 applicants approved under subsection (6) within 20 business days
24 after receipt of a completed application and a completed
25 conditional license request form and documentation for a
26 conditional license at a single location. The commission may take
27 up to 30 business days to issue conditional licenses to approved
28 applicants seeking conditional licenses at multiple locations.
29 However, for an applicant described under this subsection that is



1 seeking a specially designated merchant license under section
2 533(7), the commission may take up to 45 business days to issue a
3 conditional license. Notwithstanding the applicant's submission of
4 a church or school proximity affidavit under subsection (6), if the
5 commission determines that a conditional license in conjunction
6 with an application to transfer the location of an existing
7 retailer license has been issued under this subsection at a
8 proposed location that is within 500 feet of a church or school
9 building, the commission shall suspend the conditional license and
10 notify the church or school of the proposed location under the
11 rules promulgated under this act. If the commission issues a
12 conditional license under this subsection based on a church or
13 school proximity affidavit under subsection (6) without knowledge
14 that the representations included in the affidavit are incorrect,
15 this state is not liable to any person for the commission's
16 issuance of the conditional license. The commission may assume
17 without inquiry the existence of the facts contained in the
18 affidavit.

19 (8) A conditional license approved under subsection (6) and
20 issued under subsection (7) is nontransferable and nonrenewable. A
21 conditional licensee is required to comply with the server training
22 requirements in section 501(1) beginning on the date a conditional
23 license is issued under subsection (7) regardless of whether the
24 conditional licensee is actively operating under the conditional
25 license.

26 (9) A conditional license approved under subsection (6) and
27 issued under subsection (7) expires when the first of the following
28 occurs:

29 (a) The commission issues an order of denial of the license



1 application that serves as the basis for the conditional license
2 and all administrative remedies before the commission have been
3 exhausted.

4 (b) The commission issues the license under subsection (4) for
5 which the applicant submitted the license application that serves
6 as the basis for the conditional license.

7 (c) The licensee or conditional licensee notifies the
8 commission in writing that the initial or conditional application
9 should be canceled.

10 (d) One year passes after the date the conditional license was
11 issued, notwithstanding any suspension of the conditional license
12 by the commission.

13 (10) If a conditional licensee fails to maintain acceptable
14 proof of its financial responsibility as required under section
15 803, the commission shall summarily suspend the conditional license
16 under section 92(2) of the administrative procedures act of 1969,
17 1969 PA 306, MCL 24.292, until the conditional licensee files an
18 acceptable proof of financial responsibility form under section
19 803. If a conditional license is revoked, the conditional licensee
20 shall not recover from this state or a unit of local government any
21 compensation for property, future income, or future economic loss
22 because of the revocation.

23 (11) On issuing a conditional license under subsection (7),
24 the commission shall, until the conditional license expires under
25 subsection (9), place the existing license under subsection (4) for
26 which the applicant submitted the application that serves as the
27 basis for the conditional license in escrow in compliance with R
28 436.1107 of the Michigan Administrative Code. If the conditional
29 license expires under subsection (9), an existing licensee may do 1



1 of the following:

2 (a) Request that the commission release the license from
3 escrow.

4 (b) Keep the license in escrow. The escrow date for compliance
5 with R 436.1107 of the Michigan Administrative Code is the date the
6 conditional license expires.

7 (12) The chair of the commission shall submit a report by
8 December 1 of each year to the standing committees and
9 appropriations subcommittees of the senate and house of
10 representatives concerned with liquor license issues. The chair of
11 the commission shall include all of the following information in
12 the report concerning the preceding fiscal year:

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

16 (b) The number of applications denied.

17 (c) The number of applicants not issued a license within the
18 90-day time period and the amount of money returned to licensees
19 under subsection (5).

20 (13) As used in this section, "completed application" means an
21 application complete on its face and submitted with any applicable
22 licensing fees as well as any other information, records, approval,
23 security, or similar item required by law or rule from a local unit
24 of government, a federal agency, or a private entity but not from
25 another department or agency of this state.

26 Sec. 529. (1) A license or an interest in a license ~~shall~~**must**
27 not be transferred from 1 person to another without the prior
28 approval of the commission. For purposes of this section, the
29 transfer in the aggregate to another person during any single



1 licensing year of more than 10% of the outstanding stock of a
 2 licensed corporation or more than 10% of the total interest in a
 3 licensed limited partnership ~~shall be~~ **is** considered to be a
 4 transfer requiring the prior approval of the commission.

5 (2) Not later than July 1 of each year, each privately held
 6 licensed corporation and each licensed limited partnership shall
 7 notify the commission as to whether any of the shares of stock in
 8 the corporation, or interest in the limited partnership, have been
 9 transferred during the preceding licensing year. The commission may
 10 investigate the transfer of any number of shares of stock in a
 11 licensed corporation, or any amount of interest in a licensed
 12 limited partnership, for the purpose of ensuring compliance with
 13 this act and the rules promulgated under this act.

14 (3) Except as otherwise provided in subdivisions (a) ~~through~~
 15 ~~to~~ (f), ~~upon~~ **after** approval by the commission of a transfer subject
 16 to subsection (1), ~~there shall be paid to~~ **an applicant or licensee**
 17 **shall pay** the commission a transfer fee equal to the fee provided
 18 in this act for the class of license being transferred. A transfer
 19 fee ~~shall not~~ **must** be prorated **on a quarterly basis** for a portion
 20 of the effective period of the license. If a person holding more
 21 than 1 license or more than 1 interest in a license at more than 1
 22 location, but in the name of a single legal entity, transfers all
 23 of the licenses or interests in licenses simultaneously to another
 24 single legal entity, the transfers ~~shall be~~ **are** considered 1
 25 transfer for purposes of determining a transfer fee, payable in an
 26 amount equal to the highest license fee provided in this act for
 27 any of the licenses, or interests in licenses, being transferred. A
 28 transfer fee ~~shall~~ **is** not ~~be~~ required in regard to any of the
 29 following:



(a) The transfer, in the aggregate, of less than 50% of the outstanding shares of stock in a licensed corporation or less than 50% of the total interest in a licensed limited partnership during any licensing year.

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

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

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

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

(i) A licensed sole proprietor.

(ii) A stockholder in a licensed corporation.

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

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

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

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



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

(4) ~~A~~ **The applicant or licensee shall pay a** nonrefundable inspection fee of \$70.00 ~~shall be paid to the commission by an applicant or licensee~~ at the time of filing any of the following:

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

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

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

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

(5) An inspection fee ~~shall~~ **must** be returned to the person ~~by whom it was paid~~ **that paid the fee** if the purpose of the inspection was to inspect the physical premises of the licensee, and the inspection was not actually conducted. An inspection fee ~~shall not be~~ **is not** required for any of the following:

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

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

(c) The issuance of authorized but previously unissued corporate stock to an existing stockholder of a licensed corporation.



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

4 (6) All inspection fees collected under this section ~~shall~~
5 **must** be deposited in the special fund ~~in~~**required under** section 543
6 for carrying out of the licensing and enforcement provisions of
7 this act.