



HOUSE BILL No. 4826

May 16, 1995, Introduced by Reps. McBryde, Profit, Rhead, Bodem, Hammerstrom, Dalman, Pitoniak, Law, DeMars, Oxender, LaForge, Brater, Jersevic, Goschka, Anthony and Galloway and referred to the Committee on Regulatory Affairs.

A bill to amend sections 2h, 14, 19c, 19d, 24, and 27 of Act No. 8 of the Public Acts of the Extra Session of 1933, entitled as amended

"The Michigan liquor control act,"

sections 2h, 14, and 19d as amended by Act No. 118 of the Public Acts of 1989, section 19c as amended by Act No. 392 of the Public Acts of 1994, section 24 as amended by Act No. 300 of the Public Acts of 1992, and section 27 as amended by Act No. 150 of the Public Acts of 1986, being sections 436.2h, 436.14, 436.19c, 436.19d, 436.24, and 436.27 of the Michigan Compiled Laws.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Sections 2h, 14, 19c, 19d, 24, and 27 of Act
2 No. 8 of the Public Acts of the Extra Session of 1933,
3 sections 2h, 14, and 19d as amended by Act No. 118 of the Public

1 Acts of 1989, section 19c as amended by Act No. 392 of the Public
2 Acts of 1994, section 24 as amended by Act No. 300 of the Public
3 Acts of 1992, and section 27 as amended by Act No. 150 of the
4 Public Acts of 1986, being sections 436.2h, 436.14, 436.19c,
5 436.19d, 436.24, and 436.27 of the Michigan Compiled Laws, are
6 amended to read as follows:

7 Sec. 2h. ~~"Hotel" means a building which in the judgment of
8 the commission has been regularly used and kept open as such in a
9 bona fide manner for the feeding and lodging of guests, where all
10 who conduct themselves properly and who are able and ready to pay
11 for such services are received if there are accommodations for
12 them. A hotel must be prepared to show that the major portion of
13 its receipts is derived from the renting of rooms and the sale of
14 food. The commission may require that a hotel shall have been
15 maintained as such for a period of 1 year prior to the issuance
16 of the license. For license purposes, hotels in cities of 50,000
17 population and less than 175,000 population shall contain not
18 less than 25 permanent bedrooms and in cities of 175,000 popula-
19 tion or over shall contain not less than 50 permanent bedrooms
20 within 1 structure for lease to persons, and shall be adequately
21 equipped to serve meals to not less than 100 persons at 1 time,
22 in a cafeteria or dining room provided for that purpose. A hotel
23 in a city, village, or township of less than 100,000 population
24 which does not contain at least 25 permanent bedrooms, but is
25 adequately equipped to serve meals to not less than 25 persons at
26 1 time in a public cafeteria or dining room provided for that
27 purpose, may apply to the commission setting forth the special~~

~~1 facts and circumstances, and the commission may make an exception
2 and grant the petitioner a hotel license. Class "A" hotels are
3 those hotels licensed under this act to sell beer and wine.
4 Class "B" hotels are those hotels licensed under this act to sell
5 beer, wine, spirits, and mixed spirit drink.~~

6 (1) "HOTEL" MEANS A BUILDING OR GROUP OF BUILDINGS LOCATED
7 ON THE SAME OR ADJOINING PIECES OF REAL PROPERTY, WHICH PROVIDE
8 LODGING TO TRAVELERS AND TEMPORARY RESIDENTS AND WHICH MAY ALSO
9 PROVIDE FOOD SERVICE AND OTHER GOODS AND SERVICES TO REGISTERED
10 GUESTS AND TO THE PUBLIC.

11 (2) "CLASS A HOTEL" MEANS A HOTEL LICENSED BY THE COMMISSION
12 TO SELL BEER AND WINE FOR CONSUMPTION ON THE PREMISES ONLY, WHICH
13 PROVIDES FOR THE RENTAL OF, AND MAINTAINS THE AVAILABILITY FOR
14 RENTAL OF, NOT LESS THAN 25 BEDROOMS IF LOCATED IN A LOCAL GOV-
15 ERNMENTAL UNIT WITH A POPULATION OF LESS THAN 175,000 OR NOT LESS
16 THAN 50 BEDROOMS IF LOCATED IN A LOCAL GOVERNMENTAL UNIT WITH A
17 POPULATION OF 175,000 OR MORE.

18 (3) "CLASS B HOTEL" MEANS A HOTEL LICENSED BY THE COMMISSION
19 TO SELL BEER, WINE, MIXED SPIRIT DRINK, AND SPIRITS FOR CONSUMP-
20 TION ON THE PREMISES ONLY, WHICH PROVIDES FOR THE RENTAL OF, AND
21 MAINTAINS THE AVAILABILITY FOR RENTAL OF, NOT LESS THAN 25 BED-
22 ROOMS IF LOCATED IN A LOCAL GOVERNMENTAL UNIT WITH A POPULATION
23 OF LESS THAN 175,000 OR NOT LESS THAN 50 BEDROOMS IF LOCATED IN A
24 LOCAL GOVERNMENTAL UNIT WITH A POPULATION OF 175,000 OR MORE.

25 Sec. 14. ~~The commission may license any hotel or estab-
26 lished merchant, who if a natural person, shall be a resident of
27 this state, and if a corporation, shall be authorized to do~~

~~1 business under the laws of this state, in places that the
2 commission may designate, to sell spirits for consumption off the
3 premises. If alcoholic liquor is sold by~~

4 (1) A PERSON SELLING SPIRITS AS a specially designated dis-
5 tributor ~~, pursuant to a license issued under this section, it~~
6 ~~shall be sold at a~~ SHALL SELL AT THE UNIFORM price fixed by the
7 commission. ~~, and pursuant to rules promulgated by the~~
8 ~~commission.~~

9 (2) A PERSON WHO HOLDS A CLASS A HOTEL LICENSE OR A CLASS B
10 HOTEL LICENSE ON THE EFFECTIVE DATE OF THE 1995 AMENDATORY ACT
11 THAT ADDED THIS SUBSECTION AND WHO ALSO HOLDS A SPECIALLY DESIG-
12 NATED DISTRIBUTOR LICENSE AT THE SAME LOCATION MAY RENEW OR
13 TRANSFER OWNERSHIP OF THAT SPECIALLY DESIGNATED DISTRIBUTOR
14 LICENSE.

15 Sec. 19c. (1) A public license shall not be granted for the
16 sale of alcoholic liquor for consumption on the premises in
17 excess of 1 license for each 1,500 of population or major frac-
18 tion thereof. This quota does not bar the right of an existing
19 licensee to renew a license or transfer the license and does not
20 bar the right of a tavern or class A hotel from requesting
21 reclassification of a license to class C, unless local option
22 laws prevent the sale of spirits and mixed spirit drinks by those
23 licensed premises, subject to the consent of the commission. The
24 upgrading of a license resulting from a request under this sub-
25 section shall be approved by the local governmental unit having
26 jurisdiction.

1 (2) In a resort area, the commission may issue 1 or more
2 licenses for a period not to exceed 12 months without regard to a
3 limitation because of population, but not in excess of 550, and
4 with respect to the resort license the commission, by rule, shall
5 define and classify resort seasons by months and may issue 1 or
6 more licenses for resort seasons without regard to the calendar
7 year or licensing year.

8 (3) In addition to the resort licenses authorized in subsec-
9 tion (2), the commission may issue not more than 10 additional
10 licenses for the year 1995 to establishments whose business and
11 operation, as determined by the commission, is designed to
12 attract and accommodate tourists and visitors to the resort area,
13 and whose primary purpose is not for the sale of alcoholic
14 liquor. In counties having a population of less than 50,000, as
15 determined by the last federal decennial census or as determined
16 pursuant to subsection (11), the commission shall not require the
17 establishments to have dining facilities to seat more than 50
18 persons. The commission may cancel the license if the resort is
19 no longer active or no longer qualifies for the license. Before
20 January 16 of each year the commission shall transmit to the leg-
21 islature a report giving details as to the number of applications
22 received under this subsection; the number of licenses granted
23 and to whom; the number of applications rejected and the reasons;
24 and the number of the licenses revoked, suspended, or other dis-
25 ciplinary action taken and against whom and the grounds for revo-
26 cation, suspension, or disciplinary action.

1 (4) In addition to any licenses for the sale of alcoholic
2 liquor for consumption on the premises that may be available in
3 the local governmental unit under subsection (1) and the resort
4 licenses authorized in subsections (2) and (3), the commission
5 may issue not more than 25 additional resort licenses for the
6 year 1995 if all of the following conditions are met:

7 (a) The establishment's business and operation, as deter-
8 mined by the commission, is designed to attract and accommodate
9 tourists and visitors to the resort area.

10 (b) The establishment's primary business is not the sale of
11 alcoholic liquor.

12 (c) The capital investment in real property, leasehold
13 improvement, fixtures, and inventory for the premises to be
14 licensed is in excess of \$1,000,000.00.

15 (5) In governmental units having a population of 50,000 per-
16 sons or less, as determined by the last federal decennial census
17 or as determined pursuant to subsection (11), in which the quota
18 of specially designated distributor licenses, as provided by com-
19 mission rule, has been exhausted, the commission may issue not
20 more than 10 additional specially designated distributor licenses
21 for the year 1995 to established merchants whose business and
22 operation, as determined by the commission, is designed to
23 attract and accommodate tourists and visitors to the resort
24 area. A specially designated distributor license issued pursuant
25 to this subsection may be issued at a location within 2,640 feet
26 of existing specially designated distributor license locations.
27 A specially designated distributor license issued pursuant to

1 this subsection shall not bar another specially designated
2 distributor licensee from transferring location to within 2,640
3 feet of said licensed location.

4 (6) In addition to any licenses for the sale of alcoholic
5 liquor for consumption on the premises that may be available in
6 the local governmental unit under subsection (1), and the resort
7 licenses authorized in subsections (2), (3), and (4), and not-
8 withstanding section 17(4), the commission may issue not more
9 than 5 additional special purpose licenses in any calendar year
10 for the sale of beer and wine for consumption on the premises. A
11 special purpose license issued pursuant to this subsection shall
12 be issued only for events which are to be held from May 1 to
13 September 30, are artistic in nature, and which are to be held on
14 the campus of a public university with an enrollment of 30,000 or
15 more students. A special purpose license shall be valid for 30
16 days or for the duration of the event for which it is issued,
17 whichever is less. The fee for a special purpose license shall
18 be \$50.00. A special purpose license may be issued only to a
19 corporation which is all of the following:

20 (a) Is a nonprofit corporation organized pursuant to the
21 nonprofit corporation act, Act No. 162 of the Public Acts of
22 1982, being sections 450.2101 to 450.3192 of the Michigan
23 Compiled Laws.

24 (b) Has a board of directors constituted of members of whom
25 half are elected by the public university at which the event is
26 scheduled and half are elected by the local governmental unit.

1 (c) Has been in continuous existence for not less than 6
2 years.

3 (7) Notwithstanding the local legislative body approval pro-
4 vision of section 17(3) and notwithstanding the provisions of
5 section 17(5), the commission may issue, without regard to the
6 quota provisions of subsection (1) and with the approval of the
7 governing board of the university, either a tavern or class C
8 license which may be used only for regularly scheduled events at
9 a public university's established outdoor program or festival at
10 a facility on the campus of a public university having a head
11 count enrollment of 10,000 students or more. A license issued
12 under this subsection may only be issued to the governing board
13 of a public university, a person that is the lessee or conces-
14 sionaire of the governing board of the university, or both. A
15 license issued under this subsection is not transferable as to
16 ownership or location. A license issued under this subsection
17 may not be issued at an outdoor stadium customarily used for
18 intercollegiate athletic events.

19 (8) In issuing a resort license under subsection (3), (4),
20 or (5) the commission shall consider economic development factors
21 of the area in the issuance of licenses to establishments
22 designed to stimulate and promote the resort and tourist
23 industry. The commission shall not transfer a resort license
24 issued under subsection (3), (4), or (5) to another location, and
25 if the licensee goes out of business the license shall be surren-
26 dered to the commission.

1 (9) The limitations and quotas of this section shall not be
2 applicable to the issuance of a new license to a veteran of the
3 armed forces of the United States who was honorably discharged or
4 released under honorable conditions from the armed forces of the
5 United States and who had by forced sale disposed of a similar
6 license within 90 days before or after entering or while serving
7 in the armed forces of the United States, as a part of the
8 person's preparation for that service if the application for a
9 new license is made for the same governmental unit in which the
10 previous license was issued and within 60 days after the dis-
11 charge of the applicant from the armed forces of the United
12 States.

13 (10) The limitations and quotas of this section shall not be
14 applicable to the issuance of a new license or the renewal of an
15 existing license where the property or establishment to be
16 licensed is situated in or on land on which an airport owned by a
17 county or in which a county has an interest is situated.

18 (11) For purposes of implementing this section a special
19 state census of a local governmental unit may be taken at the
20 expense of the local governmental unit by the federal bureau of
21 census or the secretary of state under section 6 of Act No. 279
22 of the Public Acts of 1909, as amended, being section 117.6 of
23 the Michigan Compiled Laws. The special census shall be initi-
24 ated by resolution of the governing body of the local governmen-
25 tal unit involved. The secretary of state may promulgate addi-
26 tional rules necessary for implementing this section pursuant to
27 the administrative procedures act of 1969, Act No. 306 of the

1 Public Acts of 1969, being sections 24.201 to 24.328 of the
2 Michigan Compiled Laws.

3 (12) The limitations and quotas of this section shall not be
4 applicable to the issuance of a new license to the governing
5 board of a college or university pursuant to section 17h.

6 (13) The limitations and quotas of this section shall not be
7 applicable to the issuance of a national sporting event license
8 pursuant to section 17b.

9 (14) Before granting an approval as required in
10 section 17(3) for a license to be issued under subsection (2),
11 (3), or (4), a local legislative body shall disclose the avail-
12 ability of transferable licenses held in escrow for more than 1
13 licensing year within that respective local governmental unit.
14 Public notice of the meeting to consider the granting of the
15 license by the local governmental unit shall be made 2 weeks
16 before the meeting.

17 (15) THE COMMISSION SHALL NOT REQUIRE A CLASS A HOTEL OR A
18 CLASS B HOTEL LICENSED PURSUANT TO SUBSECTION (2), (3), OR (4) TO
19 PROVIDE FOOD SERVICE TO REGISTERED GUESTS OR TO THE PUBLIC.

20 Sec. 19d. (1) A retail vendor licensed under this act to
21 sell for consumption on the premises may apply for a license as a
22 specially designated merchant. A specially designated distribu-
23 tor may apply for a license as a specially designated merchant.
24 Except as provided in section 31(5), a warehouseman, mixed spirit
25 drink manufacturer, wholesaler, outstate seller of beer, outstate
26 seller of wine, outstate seller of mixed spirit drink, or vendor
27 of spirits shall not be licensed as a specially designated

1 merchant or a specially designated distributor or permitted to
2 sell or deliver to the consumer any quantity of alcoholic liquor
3 at retail.

4 (2) A specially designated distributor or specially desig-
5 nated merchant or any other retailer shall not hold a mixed
6 spirit drink manufacturer, wholesale, warehouse, outstate seller
7 of beer, outstate seller of mixed spirit drink, or outstate
8 seller of wine license.

9 (3) A brewer, warehouseman, or wholesaler shall not be
10 licensed as a specially designated merchant, except for brewers
11 who manufacture less than 200,000 barrels of beer per year. This
12 subsection shall not affect the operation of a brewery hospital-
13 ity room.

14 (4) A wholesaler may sell or deliver beer and alcoholic
15 liquor to hospitals, military establishments, governments of fed-
16 eral Indian reservations, and churches requiring sacramental
17 wines and may sell to the wholesaler's own employees to a limit
18 of 2 cases of 24 12-ounce units or its equivalent of malt bever-
19 age per week, or 1 case of 12 1-liter units or its equivalent of
20 wine or mixed spirit drink per week.

21 (5) EXCEPT AS OTHERWISE PROVIDED IN SECTION 14, A PERSON
22 LICENSED AS A CLASS A HOTEL OR A CLASS B HOTEL SHALL NOT HOLD A
23 SPECIALLY DESIGNATED DISTRIBUTOR LICENSE.

24 Sec. 24. The following classes of vendors may sell alco-
25 holic liquors at retail as provided in this section:

26 (a) Taverns where beer and wine may be sold for consumption
27 on the premises only.

1 (b) Class C license where beer, wine, mixed spirit drink,
2 and spirits may be sold for consumption on the premises.

3 (c) Clubs where beer, wine, mixed spirit drink, and spirits
4 may be sold for consumption on the premises only to bona fide
5 members, who have attained the age of 21 years.

6 (d) ~~Hotels of class A~~ CLASS A HOTELS where beer and wine
7 may be sold for consumption on the premises and in the rooms of
8 bona fide registered guests EXCEPT AS OTHERWISE PROVIDED IN SEC-
9 TION 14. ~~Hotels of class B~~ CLASS B HOTELS where beer, wine,
10 mixed spirit drink, and spirits may be sold for consumption on
11 the premises and in the rooms of bona fide registered guests
12 EXCEPT AS OTHERWISE PROVIDED IN SECTION 14.

13 (e) Specially designated merchants, where beer and wine may
14 be sold for consumption off the premises only.

15 (f) Specially designated distributors where spirits and
16 mixed spirit drink may be sold for consumption off the premises
17 only.

18 (g) Special licenses where beer and wine or beer, wine,
19 mixed spirit drink, and spirits may be sold for consumption on
20 the premises only.

21 (h) Dining cars or other railroad or pullman cars, water-
22 craft, or aircraft, where alcoholic liquor may be sold for con-
23 sumption on the premises only, subject to rules promulgated by
24 the commission.

25 (i) Brewpubs where beer manufactured on the premises by the
26 licensee may be sold only for consumption on the premises by any
27 of the following licensees:

1 (i) Class "C".

2 (ii) Tavern.

3 (iii) Class "A" hotel.

4 (iv) Class "B" hotel.

5 (j) Micro brewers where beer produced by the micro brewer
6 may be sold to a consumer for consumption on or off the brewery
7 premises.

8 Sec. 27. (1) ~~No~~ A regulation shall NOT be made requiring
9 the purchase or serving of food with the purchase of alcoholic
10 liquor.

11 (2) THE COMMISSION SHALL NOT REQUIRE A CLASS A HOTEL OR A
12 CLASS B HOTEL TO PROVIDE FOOD SERVICE TO REGISTERED GUESTS OR TO
13 THE PUBLIC.