

Legislative Analysis



ISSUANCE OF CONDITIONAL LIQUOR LICENSE

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House Bill 4277

Sponsor: Rep. Ray A. Franz

Committee: Regulatory Reform

Complete to 3-4-13

A SUMMARY OF HOUSE BILL 4277 AS INTRODUCED 2-19-13

The bill would allow the issuance of a conditional liquor license to certain applicants for use during the license application review process. Such a license would require a \$300 fee. The bill would amend Section 525 of the Liquor Control Code (MCL 436.1525), and would take effect six months after enactment.

Under the bill, the Liquor Control Commission could approve or deny a conditional license to either of the following:

- (1) An applicant seeking to transfer ownership of or interest in an existing license at the same location to sell alcohol for consumption on or off the premises.
- (2) An applicant seeking an initial license, except for a specially designated distributor license or SDD (a license for selling spirits for off-premises consumption) or a license for the sale of alcoholic liquor for consumption on the premises.

An applicant would have to seek a conditional license on a form separate from the original application for a license and would have to submit an acceptable proof of financial security form and an executed property document. In making its determination, the LCC would have to consider the arrest and conviction records or previous violation history in the management, operation, or ownership of a licensed business.

The LCC would have to issue a conditional license within 20 business days after receipt of a completed application, a completed conditional license request form, and documentation for a conditional license, if it were for a license at a single location. For multiple locations, the LCC would have 30 days to issue a conditional license.

A conditional license would be nontransferable and nonrenewable. It would expire at the earliest of the following: (1) when the commission issued an order of denial of the license application that served as the basis for the conditional license; (2) 20 business days after the LCC issued an order of approval of the license application; (3) when the licensee or conditional licensee notified the commission that the initial application should be canceled; or (4) one year after the conditional license had been issued.

If a conditionally approved licensee failed to maintain acceptable proof of financial responsibility, the LCC would be required to suspend the license until acceptable proof

was filed, provided that due notice was given and a proper hearing took place.

If a conditional license were revoked, the conditional licensee could not recover from a unit of local government any compensation for property, future income, or future economic loss due to the revocation.

Upon issuing a conditional license, the LCC would place an existing license in escrow. If the conditional license expired because a license transfer was denied or did not occur within the one-year period, the existing licensee could (1) request the commission to release the license from escrow or (2) keep the license in escrow.

FISCAL IMPACT:

House Bill 4277 would have a likely neutral fiscal impact on the Liquor Control Commission (LCC). HB 4277 would establish a new \$300 fee for Conditional Licenses, which would support the LCC's creation of an application form, standards for completion, and procedures to approve or deny the issuance of the new Conditional Licenses. Additional indeterminate costs could result if the LCC finds it necessary to promulgate new rules to effectively administer the provisions under the HB 4277.

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