

HOUSE SUBSTITUTE FOR
SENATE BILL NO. 981

A bill to amend 1998 PA 58, entitled
"Michigan liquor control code of 1998,"
by amending section 525 (MCL 436.1525), 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~~**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
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 whether the location is part of a
26 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 \$1.00 for each bedroom in excess of 20, but not more
9 than \$500.00 total.

10 (m) Hotels of class B selling beer, wine, mixed spirit drink,
11 and spirits, a minimum fee of \$600.00 and \$3.00 for each bedroom in
12 excess of 20. If a hotel of class B sells beer, wine, mixed spirit
13 drink, and spirits in more than 1 public bar, a fee of \$350.00
14 ~~shall~~**MUST** be paid for each additional public bar, other than a
15 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~~**MUST** be paid for each additional
21 bar. In municipally owned or supported facilities in which
22 nonprofit organizations operate concession stands, a fee of \$100.00
23 ~~shall~~**MUST** be 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~~**AN** affidavit 30 days before the closing of the

1 license year. The ~~sworn~~ affidavit ~~shall~~ **MUST** 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 **MUST** 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~~ **THE** 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~~ **THE**
14 **COMMISSION SHALL NOT GRANT** more than 12 special licenses ~~may be~~
15 ~~granted to~~ any organization, including an auxiliary of the
16 organization, in a 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~~**MUST** not be prorated for a portion of the effective
8 period of the license. Notwithstanding subsection (1), the initial
9 license fee for ~~any licenses~~**A LICENSE** issued under section 531(3)
10 or (4) is \$20,000.00. The renewal license fee ~~shall be~~**IS** the
11 amount described in subsection (1). However, the commission shall
12 not impose the \$20,000.00 initial license fee for applicants whose
13 license eligibility was already approved on July 20, 2005.

14 (3) If the commission requires an applicant to submit
15 fingerprints, the applicant shall have the fingerprints taken by a
16 local law enforcement agency, the department of state police, or
17 any other person qualified to take fingerprints as determined by
18 the department of state police. The applicant shall submit the
19 fingerprints and the appropriate state and federal fees, which
20 shall be borne by the applicant, to the department of state police
21 and the ~~federal bureau of investigation~~**FEDERAL BUREAU OF**
22 **INVESTIGATION** for a criminal history check. After conducting the
23 criminal history check, the department of state police shall
24 provide the commission with a report of the criminal history check.
25 The report ~~shall contain~~**MUST INCLUDE** criminal history record
26 information concerning the person who is the subject of the
27 criminal history check that is maintained by the department of

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

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

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

27 (b) For the time required to complete actions required by a

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

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

21 (6) If, in addition to a completed application under this
22 section, an applicant submits a separate form requesting a
23 conditional license with an acceptable proof of financial
24 responsibility form under section 803, ~~and~~ an executed property
25 document, **AND, FOR AN APPLICATION TO TRANSFER THE LOCATION OF AN**
26 **EXISTING RETAILER LICENSE OTHER THAN SPECIALLY DESIGNATED**
27 **DISTRIBUTOR LICENSE, A CHURCH OR SCHOOL PROXIMITY AFFIDAVIT ON A**

1 FORM PRESCRIBED BY THE COMMISSION ATTESTING THAT THE PROPOSED
2 LOCATION IS NOT WITHIN 500 FEET OF A CHURCH OR SCHOOL BUILDING
3 USING THE METHOD OF MEASUREMENT REQUIRED UNDER SECTION 503, the
4 commission shall, after considering the arrest and conviction
5 records or previous violation history in the management, operation,
6 or ownership of a licensed business, approve or deny a conditional
7 license. A conditional license issued under subsection (7) ~~for the~~
8 ~~transfer of an existing license at the same location shall~~ **MUST**
9 **ONLY** include any existing permits and approvals held in connection
10 with ~~that~~ **THE** license, **OTHER THAN PERMITS OR APPROVALS FOR WHICH**
11 **THE CONDITIONAL APPLICANT DOES NOT MEET THE REQUIREMENTS IN THIS**
12 **ACT OR RULES PROMULGATED UNDER THIS ACT, OR PERMITS OR APPROVALS**
13 **THAT THE CONDITIONAL APPLICANT HAS REQUESTED TO CANCEL AS PART OF**
14 **THE APPLICATION THAT SERVES AS THE BASIS FOR THE CONDITIONAL**
15 **LICENSE. THE COMMISSION SHALL NOT ISSUE A NEW PERMIT WITH A**
16 **CONDITIONAL LICENSE ISSUED UNDER SUBSECTION (7).** The following
17 applicants may request a conditional license:

18 (a) An applicant seeking to transfer ownership of ~~or interest~~
19 ~~in an existing~~ **RETAILER** license at the same location to sell
20 alcoholic liquor for consumption on or off the premises.

21 (B) **AN APPLICANT SEEKING TO TRANSFER THE OWNERSHIP AND**
22 **LOCATION OF AN EXISTING RETAILER LICENSE, OTHER THAN A SPECIALLY**
23 **DESIGNATED DISTRIBUTOR LICENSE, TO SELL ALCOHOLIC LIQUOR FOR**
24 **CONSUMPTION ON OR OFF THE PREMISES.**

25 (C) ~~(b) An applicant seeking an initial license other than a~~
26 ~~specially designated distributor license or~~ **A NEW SPECIALLY**
27 **DESIGNATED MERCHANT LICENSE NOT TO BE HELD IN CONJUNCTION WITH a**

1 license for the sale of alcoholic liquor for consumption on the
2 premises.

3 (7) The commission shall issue a conditional license to
4 applicants approved under subsection (6) within 20 business days
5 after receipt of a completed application and a completed
6 conditional license request form and documentation for a
7 conditional license at a single location. The commission may take
8 up to 30 business days to issue conditional licenses to approved
9 applicants seeking conditional licenses at multiple locations.
10 NOTWITHSTANDING THE APPLICANT'S SUBMISSION OF A CHURCH OR SCHOOL
11 PROXIMITY AFFIDAVIT UNDER SUBSECTION (6), IF THE COMMISSION
12 DETERMINES THAT A CONDITIONAL LICENSE IN CONJUNCTION WITH AN
13 APPLICATION TO TRANSFER THE LOCATION OF AN EXISTING RETAILER
14 LICENSE HAS BEEN ISSUED UNDER THIS SUBSECTION AT A PROPOSED
15 LOCATION THAT IS WITHIN 500 FEET OF A CHURCH OR SCHOOL BUILDING,
16 THE COMMISSION SHALL SUSPEND THE CONDITIONAL LICENSE AND NOTIFY THE
17 CHURCH OR SCHOOL OF THE PROPOSED LOCATION UNDER THE RULES
18 PROMULGATED UNDER THIS ACT. IF THE COMMISSION ISSUES A CONDITIONAL
19 LICENSE UNDER THIS SUBSECTION BASED ON A CHURCH OR SCHOOL PROXIMITY
20 AFFIDAVIT UNDER SUBSECTION (6) WITHOUT KNOWLEDGE THAT THE
21 REPRESENTATIONS INCLUDED IN THE AFFIDAVIT ARE INCORRECT, THIS STATE
22 IS NOT LIABLE TO ANY PERSON FOR THE COMMISSION'S ISSUANCE OF THE
23 CONDITIONAL LICENSE. THE COMMISSION MAY ASSUME WITHOUT INQUIRY THE
24 EXISTENCE OF THE FACTS CONTAINED IN THE AFFIDAVIT.

25 (8) A conditional license approved under subsection (6) and
26 issued under subsection (7) is nontransferable and nonrenewable. A
27 ~~conditional license approved under subsection (6) and issued under~~

~~subsection (7) expires when the commission issues an order of denial of the license application that serves as the basis for the conditional license after all administrative remedies before the commission have been exhausted, expires 20 business days after the commission issues an order of approval of the license application that serves as the basis for the conditional license, expires when the licensee or conditional licensee notifies the commission in writing that the initial application should be canceled, or expires 1 year after the date the conditional license was issued, whichever occurs first. If a conditionally approved licensee fails to maintain acceptable proof of its financial responsibility, the commission shall, after due notice and proper hearing, suspend the conditional license until the licensee files an acceptable proof of financial responsibility form under section 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.~~

A CONDITIONAL LICENSEE IS REQUIRED TO COMPLY WITH THE SERVER TRAINING REQUIREMENTS IN SECTION 501(1) BEGINNING ON THE DATE A CONDITIONAL LICENSE IS ISSUED UNDER SUBSECTION (7) REGARDLESS OF WHETHER THE CONDITIONAL LICENSEE IS ACTIVELY OPERATING UNDER THE CONDITIONAL LICENSE.

(9) A CONDITIONAL LICENSE APPROVED UNDER SUBSECTION (6) AND ISSUED UNDER SUBSECTION (7) EXPIRES WHEN THE FIRST OF THE FOLLOWING OCCURS:

(A) THE COMMISSION ISSUES AN ORDER OF DENIAL OF THE LICENSE APPLICATION THAT SERVES AS THE BASIS FOR THE CONDITIONAL LICENSE

1 AND ALL ADMINISTRATIVE REMEDIES BEFORE THE COMMISSION HAVE BEEN
2 EXHAUSTED.

3 (B) THE COMMISSION ISSUES THE LICENSE UNDER SUBSECTION (4) FOR
4 WHICH THE APPLICANT SUBMITTED THE LICENSE APPLICATION THAT SERVES
5 AS THE BASIS FOR THE CONDITIONAL LICENSE.

6 (C) THE LICENSEE OR CONDITIONAL LICENSEE NOTIFIES THE
7 COMMISSION IN WRITING THAT THE INITIAL OR CONDITIONAL APPLICATION
8 SHOULD BE CANCELED.

9 (D) ONE YEAR PASSES AFTER THE DATE THE CONDITIONAL LICENSE WAS
10 ISSUED, NOTWITHSTANDING ANY SUSPENSION OF THE CONDITIONAL LICENSE
11 BY THE COMMISSION.

12 (10) IF A CONDITIONAL LICENSEE FAILS TO MAINTAIN ACCEPTABLE
13 PROOF OF ITS FINANCIAL RESPONSIBILITY AS REQUIRED UNDER SECTION
14 803, THE COMMISSION SHALL SUMMARILY SUSPEND THE CONDITIONAL LICENSE
15 UNDER SECTION 92(2) OF THE ADMINISTRATIVE PROCEDURES ACT OF 1969,
16 1969 PA 306, MCL 24.292, UNTIL THE CONDITIONAL LICENSEE FILES AN
17 ACCEPTABLE PROOF OF FINANCIAL RESPONSIBILITY FORM UNDER SECTION
18 803. IF A CONDITIONAL LICENSE IS REVOKED, THE CONDITIONAL LICENSEE
19 SHALL NOT RECOVER FROM THIS STATE OR A UNIT OF LOCAL GOVERNMENT ANY
20 COMPENSATION FOR PROPERTY, FUTURE INCOME, OR FUTURE ECONOMIC LOSS
21 BECAUSE OF THE REVOCATION.

22 (11) ~~(9) Upon~~ ON issuing a conditional license under
23 subsection (7), the commission shall, until the conditional license
24 expires under subsection ~~(8),~~ (9), place an ~~an~~ **THE** existing license
25 under subsection (4) **FOR WHICH THE APPLICANT SUBMITTED THE**
26 **APPLICATION THAT SERVES AS THE BASIS FOR THE CONDITIONAL LICENSE** in
27 escrow in compliance with R 436.1107 of the Michigan administrative

~~code.~~ **ADMINISTRATIVE CODE.** If the conditional license expires
 because a transfer of an existing license was denied or because the
 license was not transferred within the 1 year period, **UNDER**

SUBSECTION (9), an existing licensee may do 1 of the following:

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

(b) Keep the license in escrow. The escrow date for compliance
 with R 436.1107 of the Michigan ~~administrative code shall be~~

ADMINISTRATIVE CODE IS the date the conditional license expires.

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

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

(b) The number of applications denied.

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

(13) ~~(11)~~ As used in this section, "completed application"
 means an application complete on its face and submitted with any
 applicable licensing fees as well as any other information,
 records, approval, security, or similar item required by law or
 rule from a local unit of government, a federal agency, or a

1 private entity but not from another department or agency of the
2 ~~state of Michigan.~~ **THIS STATE.**

3 Enacting section 1. This amendatory act takes effect 90 days
4 after the date it is enacted into law.