

SENATE BILL No. 981

May 24, 2016, Introduced by Senator SCHMIDT and referred to the Committee on Regulatory Reform.

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

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.

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

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

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

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

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

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

1 system or chain of merchandising.

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

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

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

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

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

26 (p) Clubs selling beer, wine, mixed spirit drink, and spirits,
27 \$300.00 for clubs having 150 or fewer accredited members and \$1.00

1 for each member in excess of 150. Clubs shall submit a list of
2 members by a ~~sworn~~ **AN** affidavit 30 days before the closing of the
3 license year. The ~~sworn~~ affidavit ~~shall~~ **MAY** be used only for
4 determining the license fees to be paid under this subdivision.
5 This subdivision does not prevent the commission from checking a
6 membership list and making its own determination from the list or
7 otherwise. The list of members and additional members is not
8 required of a club paying the maximum fee. The maximum fee ~~shall~~
9 **MAY** not exceed \$750.00 for any 1 club.

10 (q) Warehousemen, to be fixed by the commission with a minimum
11 fee for each warehouse of \$50.00.

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

19 (s) Airlines licensed to carry passengers in this state that
20 sell, offer for sale, provide, or transport alcoholic liquor,
21 \$600.00.

22 (t) Brandy manufacturer, \$100.00.

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

24 (v) Brewpub, \$100.00.

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

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

27 (y) Motorsports event license, the amount as described and

1 determined under section 518(2).

2 (z) Small distiller, \$100.00.

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

4 (bb) Nonpublic continuing care retirement center license,
5 \$600.00.

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

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

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

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

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

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

1 received by the commission.

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

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

1 **REQUIREMENTS OF SECTION 503**, and an executed property document, the
2 commission shall, after considering the arrest and conviction
3 records or previous violation history in the management, operation,
4 or ownership of a licensed business, approve or deny a conditional
5 license. A conditional license issued under subsection (7) for the
6 transfer of an existing license ~~at the same location shall~~ **MUST**
7 include any existing permits and approvals held in connection with
8 ~~that~~ **THE** license. The following applicants may request a
9 conditional license:

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

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

16 **(C) AN APPLICANT SEEKING A PUBLIC ON-PREMISES LICENSE UNDER**
17 **SECTION 521A.**

18 **(D) AN APPLICANT SEEKING A RESORT OR RESORT ECONOMIC**
19 **DEVELOPMENT LICENSE UNDER SECTION 531(2), (3), OR (4).**

20 (7) The commission shall issue a conditional license to
21 applicants approved under subsection (6) within 20 business days
22 after receipt of a completed application and a completed
23 conditional license request form and documentation for a
24 conditional license at a single location. The commission may take
25 up to 30 business days to issue conditional licenses to approved
26 applicants seeking conditional licenses at multiple locations.

27 (8) A conditional license approved under subsection (6) and

1 issued under subsection (7) is nontransferable and nonrenewable. A
 2 conditional license approved under subsection (6) and issued under
 3 subsection (7) expires when the commission issues an order of
 4 denial of the license application that serves as the basis for the
 5 conditional license after all administrative remedies before the
 6 commission have been exhausted, expires 20 business days after the
 7 commission issues an order of approval of the license application
 8 that serves as the basis for the conditional license, expires when
 9 the licensee or conditional licensee notifies the commission in
 10 writing that the initial application should be canceled, or expires
 11 1 year after the date the conditional license was issued, whichever
 12 occurs first. If a conditionally approved licensee fails to
 13 maintain acceptable proof of its financial responsibility, the
 14 commission shall, after due notice and proper hearing, suspend the
 15 conditional license until the licensee files an acceptable proof of
 16 financial responsibility form under section 803. If a conditional
 17 license is revoked, the conditional licensee shall not recover from
 18 a unit of local government any compensation for property, future
 19 income, or future economic loss due to the revocation.

20 (9) ~~Upon~~**ON** issuing a conditional license under subsection
 21 (7), the commission shall, until the conditional license expires
 22 under subsection (8), place an existing license under subsection
 23 (4) in escrow in compliance with R 436.1107 of the Michigan
 24 ~~administrative code.~~**ADMINISTRATIVE CODE.** If the conditional
 25 license expires because a transfer of an existing license was
 26 denied or because the license was not transferred within the 1-year
 27 period, an existing licensee may do 1 of the following:

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

3 (b) Keep the license in escrow. The escrow date for compliance
4 with R 436.1107 of the Michigan ~~administrative code shall be~~
5 **ADMINISTRATIVE CODE IS** the date the conditional license expires.

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

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

15 (b) The number of applications denied.

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

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

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