

# SENATE BILL NO. 125

February 10, 2021, Introduced by Senator DALEY 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 2016 PA 434.

**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,

1 and rectifiers of wines containing 21% or less alcohol by volume,  
2 \$1,000.00.

3 (b) Manufacturers of beer, \$50.00 per 1,000 barrels, or  
4 fraction of a barrel, production annually with a maximum fee of  
5 \$1,000.00, and in addition \$50.00 for each motor vehicle used in  
6 delivery to retail licensees. A fee increase does not apply to a  
7 manufacturer of less than 15,000 barrels production per year.

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

10 (d) Wine makers, blenders, and rectifiers of wine, including  
11 makers, blenders, and rectifiers of wines containing 21% or less  
12 alcohol by volume, \$100.00. The small wine maker license fee is  
13 \$25.00.

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

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

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

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

24 (i) Watercraft, licensed to carry passengers, selling  
25 alcoholic liquor, a minimum fee of \$100.00 and a maximum fee of  
26 \$500.00 per year computed on the basis of \$1.00 per person per  
27 passenger capacity.

28 (j) Specially designated merchants, for selling beer or wine  
29 for consumption off the premises only but not at wholesale, \$100.00

1 for each location regardless of whether the location is part of a  
2 system or chain of merchandising.

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

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

13 (m) Hotels of class B selling beer, wine, mixed spirit drink,  
14 and spirits, a minimum fee of \$600.00 and \$3.00 for each bedroom in  
15 excess of 20. If a hotel of class B sells beer, wine, mixed spirit  
16 drink, and spirits in more than 1 public bar, a fee of \$350.00 must  
17 be paid for each additional public bar, other than a 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 must be paid for each additional bar.  
23 In municipally owned or supported facilities in which nonprofit  
24 organizations operate concession stands, a fee of \$100.00 must be  
25 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  
28 for each member in excess of 150. Clubs shall submit a list of  
29 members by an affidavit 30 days before the closing of the license

1 year. The affidavit must be used only for determining the license  
2 fees to be paid under this subdivision. This subdivision does not  
3 prevent the commission from checking a membership list and making  
4 its own determination from the list or otherwise. The list of  
5 members and additional members is not required of a club paying the  
6 maximum fee. The maximum fee must not exceed \$750.00 for any 1  
7 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 the license or permit issued to a bona fide nonprofit  
12 association, organized and in continuous existence for 1 year  
13 before the filing of its application, is \$25.00. The commission  
14 shall not grant more than 12 special licenses to any organization,  
15 including an auxiliary of the organization, in a calendar year.

16 (s) Airlines licensed to carry passengers in this state that  
17 sell, offer for sale, provide, or transport alcoholic liquor,  
18 \$600.00.

19 (t) Brandy manufacturer, \$100.00.

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

21 (v) Brewpub, \$100.00.

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

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

24 (y) Motorsports event license, the amount as described and  
25 determined under section 518(2).

26 (z) Small distiller, \$100.00.

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

28 (bb) Nonpublic continuing care retirement center license,  
29 \$600.00.

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

3 (2) The fees provided in this act for the various types of  
4 licenses must not be prorated for a portion of the effective period  
5 of the license. **However, for a club license, the fee provided for**  
6 **in this act must be prorated for the portion of the effective**  
7 **period of the license that the licensee was prohibited to offer**  
8 **indoor service under a qualified order.** Notwithstanding subsection  
9 (1), the initial license fee for a license issued under section  
10 531(3) or (4) is \$20,000.00. The renewal license fee is the amount  
11 described in subsection (1). However, the commission shall not  
12 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 for a criminal history  
22 check. After conducting the criminal history check, the department  
23 of state police shall provide the commission with a report of the  
24 criminal history check. The report must include criminal history  
25 record information concerning the person who is the subject of the  
26 criminal history check that is maintained by the department of  
27 state police. If a criminal arrest fingerprint card is subsequently  
28 submitted to the department of state police and matches against a  
29 fingerprint that was submitted under this act and stored in its

1 automated fingerprint identification system (AFIS) database, the  
2 department of state police shall notify the commission.

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

19 (a) If notice is sent by the commission of a deficiency in the  
20 application, until the date all of the requested information is  
21 received by the commission.

22 (b) For the time required to complete actions required by a  
23 person, other than the applicant or the commission, including, but  
24 not limited to, completion of construction or renovation of the  
25 licensed premises; mandated inspections by the commission or by any  
26 state, local, or federal agency; approval by the legislative body  
27 of a local unit of government; criminal history or criminal record  
28 checks; financial or court record checks; or other actions mandated  
29 by this act or rule or as otherwise mandated by law or local

1 ordinance.

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

13 (6) If, in addition to a completed application under this  
14 section, an applicant submits a separate form requesting a  
15 conditional license with an acceptable proof of financial  
16 responsibility form under section 803, an executed property  
17 document, and, for an application to transfer the location of an  
18 existing retailer license other than specially designated  
19 distributor license, a church or school proximity affidavit on a  
20 form prescribed by the commission attesting that the proposed  
21 location is not within 500 feet of a church or school building  
22 using the method of measurement required under section 503, the  
23 commission shall, after considering the arrest and conviction  
24 records or previous violation history in the management, operation,  
25 or ownership of a licensed business, approve or deny a conditional  
26 license. A conditional license issued under subsection (7) must  
27 only include any existing permits and approvals held in connection  
28 with the license, other than permits or approvals for which the  
29 conditional applicant does not meet the requirements in this act or

1 rules promulgated under this act, or permits or approvals that the  
2 conditional applicant has requested to cancel as part of the  
3 application that serves as the basis for the conditional license.  
4 The commission shall not issue a new permit with a conditional  
5 license issued under subsection (7). The following applicants may  
6 request a conditional license:

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

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

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

18 (7) The commission shall issue a conditional license to  
19 applicants approved under subsection (6) within 20 business days  
20 after receipt of a completed application and a completed  
21 conditional license request form and documentation for a  
22 conditional license at a single location. The commission may take  
23 up to 30 business days to issue conditional licenses to approved  
24 applicants seeking conditional licenses at multiple locations.  
25 However, for an applicant described under this subsection that is  
26 seeking a specially designated merchant license under section  
27 533(7), the commission may take up to 45 business days to issue a  
28 conditional license. Notwithstanding the applicant's submission of  
29 a church or school proximity affidavit under subsection (6), if the

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

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

22 (9) A conditional license approved under subsection (6) and  
23 issued under subsection (7) expires when the first of the following  
24 occurs:

25 (a) The commission issues an order of denial of the license  
26 application that serves as the basis for the conditional license  
27 and all administrative remedies before the commission have been  
28 exhausted.

29 (b) The commission issues the license under subsection (4) for

1 which the applicant submitted the license application that serves  
2 as the basis for the conditional license.

3 (c) The licensee or conditional licensee notifies the  
4 commission in writing that the initial or conditional application  
5 should be canceled.

6 (d) One year passes after the date the conditional license was  
7 issued, notwithstanding any suspension of the conditional license  
8 by the commission.

9 (10) If a conditional licensee fails to maintain acceptable  
10 proof of its financial responsibility as required under section  
11 803, the commission shall summarily suspend the conditional license  
12 under section 92(2) of the administrative procedures act of 1969,  
13 1969 PA 306, MCL 24.292, until the conditional licensee files an  
14 acceptable proof of financial responsibility form under section  
15 803. If a conditional license is revoked, the conditional licensee  
16 shall not recover from this state or a unit of local government any  
17 compensation for property, future income, or future economic loss  
18 because of the revocation.

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

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

29 (b) Keep the license in escrow. The escrow date for compliance

1 with R 436.1107 of the Michigan Administrative Code is the date the  
2 conditional license expires.

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

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

12 (b) The number of applications denied.

13 (c) The number of applicants not issued a license within the  
14 90-day time period and the amount of money returned to licensees  
15 under subsection (5).

16 (13) As used in this section: ~~7~~ "completed

17 (a) **"Completed** application" means an application complete on  
18 its face and submitted with any applicable licensing fees as well  
19 as any other information, records, approval, security, or similar  
20 item required by law or rule from a local unit of government, a  
21 federal agency, or a private entity but not from another department  
22 or agency of this state.

23 (b) **"Qualified order"** means any of the following issued in  
24 response to the COVID-19 epidemic:

25 (i) An emergency order under section 2253 of the public health  
26 code, 1978 PA 368, MCL 333.2253.

27 (ii) A state of disaster or state of emergency declared under  
28 the emergency management act, 1976 PA 390, MCL 30.401 to 30.421.