

HOUSE BILL NO. 4710

April 22, 2021, Introduced by Reps. Steven Johnson, Outman, Markkanen, Borton, Bellino, Bezotte, Calley, Rendon, Fink, Filler, Brann, Kuppa, Posthumus and Martin and referred to the Committee on Regulatory Reform.

A bill to amend 1998 PA 58, entitled
"Michigan liquor control code of 1998,"
by amending sections 525 and 529 (MCL 436.1525 and 436.1529),
section 525 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:

1 (a) Manufacturers of spirits, not including makers, blenders,
2 and rectifiers of wines containing 21% or less alcohol by volume,
3 \$1,000.00.

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

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

11 (d) Wine makers, blenders, and rectifiers of wine, including
12 makers, blenders, and rectifiers of wines containing 21% or less
13 alcohol by volume, \$100.00. The small wine maker license fee is
14 \$25.00.

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

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

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

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

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

29 (j) Specially designated merchants, for selling beer or wine

1 for consumption off the premises only but not at wholesale, \$100.00
2 for each location regardless of whether the location is part of a
3 system or chain of merchandising.

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

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

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

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

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

27 (p) Clubs selling beer, wine, mixed spirit drink, and spirits,
28 \$300.00 for clubs having 150 or fewer accredited members and \$1.00
29 for each member in excess of 150. Clubs shall submit a list of

1 members by an affidavit 30 days before the closing of the license
2 year. The affidavit must be used only for determining the license
3 fees to be paid under this subdivision. This subdivision does not
4 prevent the commission from checking a membership list and making
5 its own determination from the list or otherwise. The list of
6 members and additional members is not required of a club paying the
7 maximum fee. The maximum fee must not exceed \$750.00 for any 1
8 club.

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

11 (r) Special licenses, a fee of \$50.00 per day, except that the
12 fee for the license or permit issued to a bona fide nonprofit
13 association, organized and in continuous existence for 1 year
14 before the filing of its application, is \$25.00. The commission
15 shall not grant more than 12 special licenses to any organization,
16 including an auxiliary of the 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.

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

29 (bb) Nonpublic continuing care retirement center license,

1 \$600.00.

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

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

12 (3) If the commission requires an applicant to submit
13 fingerprints, the applicant shall have the fingerprints taken by a
14 local law enforcement agency, the department of state police, or
15 any other person qualified to take fingerprints as determined by
16 the department of state police. The applicant shall submit the
17 fingerprints and the appropriate state and federal fees, which
18 ~~shall~~ **must** be borne by the applicant, to the department of state
19 police and the Federal Bureau of Investigation for a criminal
20 history check. After conducting the criminal history check, the
21 department of state police shall provide the commission with a
22 report of the criminal history check. The report must include
23 criminal history record information concerning the person who is
24 the subject of the criminal history check that is maintained by the
25 department of state police. If a criminal arrest fingerprint card
26 is subsequently submitted to the department of state police and
27 matches against a fingerprint that was submitted under this act and
28 stored in its automated fingerprint identification system (AFIS)
29 database, the department of state police shall notify the

1 commission.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

28 (b) The commission issues the license under subsection (4) for
29 which the applicant submitted the license application that serves

1 as the basis for the conditional license.

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

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

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

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

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

28 (b) Keep the license in escrow. The escrow date for compliance
29 with R 436.1107 of the Michigan Administrative Code is the date the

1 conditional license expires.

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

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

11 (b) The number of applications denied.

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

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

21 Sec. 529. (1) A license or an interest in a license ~~shall~~**must**
22 not be transferred from 1 person to another without the prior
23 approval of the commission. For purposes of this section, the
24 transfer in the aggregate to another person during any single
25 licensing year of more than 10% of the outstanding stock of a
26 licensed corporation or more than 10% of the total interest in a
27 licensed limited partnership ~~shall be~~**is** considered to be a
28 transfer requiring the prior approval of the commission.

29 (2) Not later than July 1 of each year, each privately held

1 licensed corporation and each licensed limited partnership shall
2 notify the commission as to whether any of the shares of stock in
3 the corporation, or interest in the limited partnership, have been
4 transferred during the preceding licensing year. The commission may
5 investigate the transfer of any number of shares of stock in a
6 licensed corporation, or any amount of interest in a licensed
7 limited partnership, for the purpose of ensuring compliance with
8 this act and the rules promulgated under this act.

9 (3) Except as otherwise provided in subdivisions (a) ~~through~~
10 ~~to (f), upon~~**after** approval by the commission of a transfer subject
11 to subsection (1), ~~there shall be paid to~~**an applicant or licensee**
12 **shall pay** the commission a transfer fee equal to the fee provided
13 in this act for the class of license being transferred. A transfer
14 fee ~~shall not~~**must** be prorated **on a quarterly basis** for a portion
15 of the effective period of the license. If a person holding more
16 than 1 license or more than 1 interest in a license at more than 1
17 location, but in the name of a single legal entity, transfers all
18 of the licenses or interests in licenses simultaneously to another
19 single legal entity, the transfers ~~shall be~~**are** considered 1
20 transfer for purposes of determining a transfer fee, payable in an
21 amount equal to the highest license fee provided in this act for
22 any of the licenses, or interests in licenses, being transferred. A
23 transfer fee ~~shall is~~ not ~~be~~ required in regard to any of the
24 following:

25 (a) The transfer, in the aggregate, of less than 50% of the
26 outstanding shares of stock in a licensed corporation or less than
27 50% of the total interest in a licensed limited partnership during
28 any licensing year.

29 (b) The exchange of the assets of a licensed sole

1 proprietorship, licensed general partnership, or licensed limited
 2 partnership for all outstanding shares of stock in a corporation in
 3 which either the sole proprietor, all members of the general
 4 partnership, or all members of the limited partnership are the only
 5 stockholders of that corporation. An exchange under this
 6 subdivision ~~shall-is~~ not ~~be~~ considered an application for a license
 7 for the purposes of section 501.

8 (c) The transfer of the interest in a licensed business of a
 9 deceased licensee, a deceased stockholder, or a deceased member of
 10 a general or limited partnership to the deceased person's spouse or
 11 children.

12 (d) The removal of a member of a firm, a stockholder, a member
 13 of a general partnership or limited partnership, or association of
 14 licensees from a license.

15 (e) The addition to a license of the spouse, son, daughter, or
 16 parent of any of the following:

17 (i) A licensed sole proprietor.

18 (ii) A stockholder in a licensed corporation.

19 (iii) A member of a licensed general partnership, licensed
 20 limited partnership, or other licensed association.

21 (f) The occurrence of any of the following events:

22 (i) A corporate stock split of a licensed corporation.

23 (ii) The issuance to a stockholder of a licensed corporation of
 24 previously unissued stock as compensation for services performed.

25 (iii) The redemption by a licensed corporation of its own stock.

26 (4) ~~A~~ **The applicant or licensee shall pay a** nonrefundable
 27 inspection fee of \$70.00 ~~shall be paid to the commission by an~~
 28 ~~applicant or licensee~~ at the time of filing any of the following:

29 (a) An application for a new license or permit.

1 (b) A request for approval of a transfer of ownership or
2 location of a license.

3 (c) A request for approval to increase or decrease the size of
4 the licensed premises, or to add a bar.

5 (d) A request for approval of the transfer in any licensing
6 year of any of the shares of stock in a licensed corporation from 1
7 person to another, or any part of the total interest in a licensed
8 limited partnership from 1 person to another.

9 (5) An inspection fee ~~shall~~**must** be returned to the person ~~by~~
10 ~~whom it was paid~~**that paid the fee** if the purpose of the inspection
11 was to inspect the physical premises of the licensee, and the
12 inspection was not actually conducted. An inspection fee ~~shall not~~
13 ~~be~~**is not** required for any of the following:

14 (a) The issuance or transfer of a special license, salesperson
15 license, limited alcohol buyer license, corporate salesperson
16 license, hospital permit, military permit, or Sunday sale of
17 spirits permit.

18 (b) The issuance of a new permit, or the transfer of an
19 existing permit, if the permit is issued or transferred
20 simultaneously with the issuance or transfer of a license or an
21 interest in a license.

22 (c) The issuance of authorized but previously unissued
23 corporate stock to an existing stockholder of a licensed
24 corporation.

25 (d) The transfer from a corporation to an existing stockholder
26 of any of the corporation's stock that is owned by the corporation
27 itself.

28 (6) All inspection fees collected under this section ~~shall~~
29 **must** be deposited in the special fund ~~in~~**required under** section 543

1 for carrying out of the licensing and enforcement provisions of
2 this act.