

# HOUSE BILL NO. 6072

May 05, 2022, Introduced by Reps. Brann and Steven Johnson 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 2021 PA 19.

## **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,  
6       and rectifiers of wines containing 21% or less alcohol by volume,

1 \$1,000.00.

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

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

9 (d) Wine makers, blenders, and rectifiers of wine, including  
10 makers, blenders, and rectifiers of wines containing 21% or less  
11 alcohol by volume, \$100.00. The small wine maker license fee is  
12 \$25.00. A small wine maker must pay \$50.00 for each motor vehicle  
13 used for delivery of wine to a retailer.

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, wine, or  
29 mixed spirit drink for consumption off the premises only but not at

1 wholesale, \$100.00 for each location regardless of whether the  
2 location is part of a system or chain of merchandising.

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

10 (l) Hotels of class A selling beer, wine, and mixed spirit  
11 drink, a minimum fee of \$250.00 and \$1.00 for each bedroom in  
12 excess of 20, but not more 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, wine, and mixed spirit drink,  
19 \$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) Warehousemen, 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. A mixed spirit  
22 drink manufacturer must pay \$50.00 for each motor vehicle used for  
23 delivery of mixed spirit drink to retailers under section 203b.

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  
28 determined under section 518(2).

29 (z) Small distiller, \$100.00. A qualified small distiller must

1 pay \$50.00 for each motor vehicle used for delivery to retailers  
2 under section 203(20).

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 (dd) Outstate self-distributor license, \$300.00. An outstate  
9 self-distributor must pay \$50.00 for each motor vehicle used for  
10 delivery of alcoholic liquor to retailers under sections 203(20),  
11 203a, or 203b.

12 (2) The fees provided in this act for the various types of  
13 licenses must not be prorated for a portion of the effective period  
14 of the license. Notwithstanding subsection (1), the initial license  
15 fee for a license issued under section 531(3) or (4) is \$20,000.00.  
16 The renewal license fee is the amount described in subsection (1).  
17 However, the commission shall not impose the \$20,000.00 initial  
18 license fee for applicants whose license eligibility was already  
19 approved on July 20, 2005.

20 (3) If the commission requires an applicant to submit  
21 fingerprints, the applicant shall have the fingerprints taken by a  
22 local law enforcement agency, the department of state police, or  
23 any other person qualified to take fingerprints as determined by  
24 the department of state police. The applicant shall submit the  
25 fingerprints and the appropriate state and federal fees, which  
26 ~~shall~~**must** be borne by the applicant, to the department of state  
27 police and the Federal Bureau of Investigation for a criminal  
28 history check. After conducting the criminal history check, the  
29 department of state police shall provide the commission with a

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

10 (4) Except for a resort or resort economic development license  
11 issued under section 531(2), (3), (4), or (5) or a license issued  
12 under section 521a, the commission shall issue an initial ~~or~~  
13 ~~renewal~~ license not later than 90 days **or a renewal license not**  
14 **later than 60 days** after the applicant files a completed  
15 application. The application is considered to be received the date  
16 the application is received by an agency or department of this  
17 state. If the commission determines that an application is  
18 incomplete, the commission shall notify the applicant in writing,  
19 or make the information electronically available, within 30 days  
20 after receipt of the incomplete application, describing the  
21 deficiency and requesting the additional information. The  
22 determination of the completeness of an application is not an  
23 approval of the application for the license and does not confer  
24 eligibility on an applicant determined otherwise ineligible for  
25 issuance of a license. The 90-day **or 60-day** period, **as applicable**,  
26 is tolled for the following periods under any of the following  
27 circumstances:

28 (a) If notice is sent by the commission of a deficiency in the  
29 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~~ **Subject to subsection (12), if** the commission fails to  
12 issue or deny a license within the time required by this section,  
13 the commission shall return the license fee and shall reduce the  
14 license fee for the applicant's next renewal application, if any,  
15 by 15%. The failure to issue a license within the time required  
16 under this section does not allow the commission to otherwise delay  
17 the processing of the application, and the application, on  
18 completion, must be placed in sequence with other completed  
19 applications received at that same time. The commission shall not  
20 discriminate against an applicant in the processing of the  
21 application because the license fee was refunded or discounted  
22 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 executed property  
27 document, and, for an application to transfer the location of an  
28 existing retailer license other than specially designated  
29 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) must  
8 only include any existing permits and approvals held in connection  
9 with the license, other than permits or approvals for which the  
10 conditional applicant does not meet the requirements in this act or  
11 rules promulgated under this act, or permits or approvals that the  
12 conditional applicant has requested to cancel as part of the  
13 application that serves as the basis for the conditional license.  
14 The commission shall not issue a new permit with a conditional  
15 license issued under subsection (7). The following applicants may  
16 request a conditional license:

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

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

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

28 (7) The commission shall issue a conditional license to  
29 applicants approved under subsection (6) within 20 business days



1 after receipt of a completed application and a completed  
2 conditional license request form and documentation for a  
3 conditional license at a single location. The commission may take  
4 up to 30 business days to issue conditional licenses to approved  
5 applicants seeking conditional licenses at multiple locations.  
6 However, for an applicant described under this subsection that is  
7 seeking a specially designated merchant license under section  
8 533(7), the commission may take up to 45 business days to issue a  
9 conditional license. Notwithstanding the applicant's submission of  
10 a church or school proximity affidavit under subsection (6), if the  
11 commission determines that a conditional license in conjunction  
12 with an application to transfer the location of an existing  
13 retailer license has been issued under this subsection at a  
14 proposed location that is within 500 feet of a church or school  
15 building, the commission shall suspend the conditional license and  
16 notify the church or school of the proposed location under the  
17 rules promulgated under this act. If the commission issues a  
18 conditional license under this subsection based on a church or  
19 school proximity affidavit under subsection (6) without knowledge  
20 that the representations included in the affidavit are incorrect,  
21 this state is not liable to any person for the commission's  
22 issuance of the conditional license. The commission may assume  
23 without inquiry the existence of the facts contained in the  
24 affidavit.

25 (8) A conditional license approved under subsection (6) and  
26 issued under subsection (7) is nontransferable and nonrenewable. A  
27 conditional licensee is required to comply with the server training  
28 requirements in section 501(1) beginning on the date a conditional  
29 license is issued under subsection (7) regardless of whether the

1 conditional licensee is actively operating under the conditional  
2 license.

3 (9) A conditional license approved under subsection (6) and  
4 issued under subsection (7) expires when the first of the following  
5 occurs:

6 (a) The commission issues an order of denial of the license  
7 application that serves as the basis for the conditional license  
8 and all administrative remedies before the commission have been  
9 exhausted.

10 (b) The commission issues the license under subsection (4) for  
11 which the applicant submitted the license application that serves  
12 as the basis for the conditional license.

13 (c) The licensee or conditional licensee notifies the  
14 commission in writing that the initial or conditional application  
15 should be canceled.

16 (d) One year passes after the date the conditional license was  
17 issued, notwithstanding any suspension of the conditional license  
18 by the commission.

19 (10) If a conditional licensee fails to maintain acceptable  
20 proof of its financial responsibility as required under section  
21 803, the commission shall summarily suspend the conditional license  
22 under section 92(2) of the administrative procedures act of 1969,  
23 1969 PA 306, MCL 24.292, until the conditional licensee files an  
24 acceptable proof of financial responsibility form under section  
25 803. If a conditional license is revoked, the conditional licensee  
26 shall not recover from this state or a unit of local government any  
27 compensation for property, future income, or future economic loss  
28 because of the revocation.

29 (11) On issuing a conditional license under subsection (7),

1 the commission shall, until the conditional license expires under  
2 subsection (9), place the existing license under subsection (4) for  
3 which the applicant submitted the application that serves as the  
4 basis for the conditional license in escrow in compliance with R  
5 436.1107 of the Michigan Administrative Code. If the conditional  
6 license expires under subsection (9), an existing licensee may do 1  
7 of the following:

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

10 (b) Keep the license in escrow. The escrow date for compliance  
11 with R 436.1107 of the Michigan Administrative Code is the date the  
12 conditional license expires.

13 **(12) If the commission denies a completed application for a**  
14 **renewal license under subsection (4), the commission shall provide**  
15 **written notice to the applicant within 21 days after denying the**  
16 **application that details the reason for the denial, including, but**  
17 **not limited to, any violation of this act or rule promulgated under**  
18 **this act committed by the applicant. The commission shall hold a**  
19 **hearing under chapter 4 of the administrative procedures act of**  
20 **1969, 1969 PA 306, MCL 24.271 to 24.288, within 60 days after the**  
21 **denial. If the commission fails to hold a hearing under this**  
22 **subsection within 120 days after the denial, the application is**  
23 **considered renewed if the applicant has not violated this act or**  
24 **the rules promulgated under this act within 2 years before the date**  
25 **the applicant submitted a completed application.**

26 **(13) ~~(12)~~**The chair of the commission shall submit a report by  
27 December 1 of each year to the standing committees and  
28 appropriations subcommittees of the senate and house of  
29 representatives concerned with liquor license issues. The chair of

1 the commission shall include all of the following information in  
2 the report concerning the preceding fiscal year:

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

6 (b) The number of applications denied.

7 (c) The number of applicants not issued a license within the  
8 90-day **or 60-day** time period, **as applicable**, and the amount of  
9 money returned to licensees under subsection (5).

10 **(14)** ~~(13)~~ As used in this section, "completed application"  
11 means an application complete on its face and submitted with any  
12 applicable licensing fees as well as any other information,  
13 records, approval, security, or similar item required by law or  
14 rule from a local unit of government, a federal agency, or a  
15 private entity but not from another department or agency of this  
16 state.