

MICHIGAN LIQUOR CONTROL CODE OF 1998 (EXCERPT)

Act 58 of 1998

CHAPTER 5

436.1501 Licenses; issuance; fees; liability insurance; expiration of full-year license; license as contract; operation of establishment upon death of licensee; approval of receiver or trustee; part-year license; transfer of license; approval of application; request for revocation of license or permit by local legislative body; hotels; zones and anniversary dates for renewal of licenses; rules; nontransferable tavern licenses for concessionaires at state fairgrounds; notice contained in application.

Sec. 501. (1) The commission may issue licenses as provided in this act on the payment of the fees provided in section 525 and the filing of liability insurance as provided in section 803. The commission shall provide a notification of the ability of the purchaser or transferee to obtain a tax clearance certificate, as provided in subsection (6). Subject to section 906(2) and (3), the commission shall not issue a new on premises license or transfer more than 50% interest in an existing on premises license unless the applicant or transferee offers proof acceptable to the commission that he or she has employed or has present on the licensed premises, at a minimum, supervisory personnel on each shift and during all hours in which alcoholic liquor is served who have successfully completed a server training program described in section 906. The commission may consider an individual enrolled and actively participating in a server training program as having successfully completed the program for the time the individual is participating. The commission may allow an applicant or a conditionally approved licensee at least 180 days, or more on a showing of good cause, to meet the minimum personnel training requirements of this subsection. The commission may suspend the license of a conditionally approved licensee if that licensee does not comply with this subsection. The commission may waive the server training requirements of this subsection on the basis of either of the following circumstances:

(a) The licensee's responsible operating experience or training.

(b) The person's demonstration of an acceptable level of responsible operation either as a licensee during the preceding 3 years or as a manager with substantial experience in serving alcoholic liquor.

(2) A full-year license issued by the commission expires on April 30 following the date of issuance or the date fixed by the commission. A license issued under this act is a contract between the commission and the licensee and shall be signed by both parties. If a licensee dies, the commission may approve a personal representative or independent personal representative appointed by a court of competent jurisdiction to operate the establishment, pending the settlement of the estate of the deceased licensee. The commission may approve a receiver or trustee appointed by a court of competent jurisdiction to operate the licensed establishment of a licensee. The commission may grant a part-year license for a proportionate part of the license fee specified in section 525. In a resort area the commission shall grant a license for a period of time as short as 3 months. A license may be transferred with the consent of the commission. A class C or specially designated distributor license obtained in a manner other than by transfer must not be transferred within 3 years after it is issued except under circumstances where the licensee clearly and convincingly demonstrates that unusual hardship will result if the transfer does not receive the consent of the commission. An application for a license to sell alcoholic liquor for consumption on the premises, except in a city having a population of 600,000 or more, must be approved by the local legislative body in which the applicant's place of business is located before the license is granted by the commission, except that for an application for renewal of an existing license, if an objection to a renewal has not been filed with the commission by the local legislative body not less than 30 days before the date of expiration of the license, the approval of the local legislative body is not required. The commission shall provide the local legislative body and the local chief of police with the name, home and business addresses, and home and business phone numbers to accomplish the local legislative reviews of new and transferred license applications required by this subsection. On request of the local legislative body after due notice and proper hearing by the local legislative body and the commission, the commission shall revoke the license of a licensee granted a license to sell alcoholic liquor for consumption on the premises or any permit held in conjunction with that license.

(3) A local legislative body, by resolution, may request that the commission revoke the license of a licensee granted a license to sell alcoholic liquor for consumption off the premises whose place of business is located within the local legislative body's jurisdiction and that has been determined in commission violation hearings to have sold or furnished alcoholic liquor, on at least 3 separate occasions in a consecutive 12-month period, to a minor if those violations did not involve the use of falsified or fraudulent identification by the minor. If the commission verifies that the licensee who is the subject of the resolution has been found to have

committed the violations as prescribed in this subsection, the commission may suspend or revoke the licensee's license and any permit held in conjunction with that license.

(4) This act does not prohibit a hotel that is or was the holder of a license authorizing the retail sale of alcoholic liquor for consumption on the premises from applying for and receiving under this act any other and different type of license authorizing the retail sale of alcoholic liquor for consumption on the premises. The application for the license is not considered a new application for a license if the total number of public licenses for consumption on the premises does not exceed the authorized total established in this act and the sale of alcoholic liquor is approved by the electors. The commission may divide the state into 3 zones and establish for each zone an anniversary date for renewal of full-year retail licenses in the licensing year. The commission shall promulgate rules under the administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328, for the effective administration of the renewal of licenses.

(5) The commission, with the written approval of the department of agriculture and rural development for the Michigan state fairgrounds and the Upper Peninsula state fairgrounds, may issue without regard to the quota provision of section 531 a tavern license to a person as concessionaire leasing or renting a portion of either the Upper Peninsula state fairgrounds or the state fairgrounds, or both, to service the licensed area in use for recreational or exhibition purposes other than at the time of the annual Upper Peninsula state fair under section 2 of 1927 PA 89, MCL 285.142. A license issued under this subsection is not transferable.

(6) The application for initial licensure or for a transfer of a license shall contain a notice in substantial compliance with the following:

When purchasing a license, a buyer can be held liable for tax debts incurred by the previous owner. Prior to committing to the purchase of any license or establishment, the buyer should request a tax clearance certificate from the seller that indicates that all taxes have been paid up to the date of issuance. Obtaining sound professional assistance from an attorney or accountant can be helpful to identify and avoid any pitfalls and hidden liabilities when buying even a portion of a business.

Sellers can make a request for the tax clearance certificate through the Michigan department of treasury.

History: 1998, Act 58, Imd. Eff. Apr. 14, 1998;—Am. 1998, Act 416, Imd. Eff. Dec. 21, 1998;—Am. 2000, Act 431, Imd. Eff. Jan. 9, 2001;—Am. 2006, Act 547, Imd. Eff. Dec. 29, 2006;—Am. 2012, Act 82, Imd. Eff. Apr. 11, 2012;—Am. 2019, Act 131, Imd. Eff. Nov. 21, 2019.

436.1502 Salesperson license; issuance; expiration; renewal; fee; conduct not requiring license; accreditation program; curriculum; administrator; definitions.

Sec. 502. (1) Subject to subsection (3), the commission shall issue a salesperson license to an individual who is a designated employee of any of the following persons:

- (a) A manufacturer of beer.
- (b) A manufacturer of wine.
- (c) A manufacturer of mixed spirit drink.
- (d) An outstate seller of beer.
- (e) An outstate seller of wine.
- (f) An outstate seller of mixed spirit drink.
- (g) A wholesaler.
- (h) A broker that represents 1 or more persons described in subdivisions (a) to (g).
- (i) A broker described in subdivision (h) that also represents 1 or more of the following persons:
 - (i) A vendor of spirits.
 - (ii) A manufacturer of spirits.
 - (j) A vendor of spirits.
 - (k) A manufacturer of spirits.
- (l) A broker that represents only 1 or more of the following:
 - (i) A vendor of spirits.
 - (ii) A manufacturer of spirits.

(2) A salesperson license issued under this section after April 15, 2018 but before April 30, 2020 expires on April 30, 2020. A salesperson license issued under this section is renewable every 3 years with the first triennial renewal cycle beginning May 1, 2020. The commission may charge a reasonable initial license fee and triennial renewal fee. The commission shall establish a fee under this section by written order. The nonrefundable inspection fee under section 529(4) is not required for an application for a new salesperson license or transfer of a salesperson license. A salesperson license issued or renewed under R 436.1853 of the Michigan Administrative Code expires on the earlier of the following dates:

- (a) Three years after the date of the issuance or renewal.
- (b) April 30, 2020.

(3) The commission shall not impose any other requirement or consider any other factor beyond the accreditation required in this section for issuance or renewal of a salesperson license. Except as otherwise provided in this subsection, the commission shall not issue a salesperson license under this section unless the applicant submits with his or her application written documentation that the applicant has successfully completed a salesperson accreditation program. Except as otherwise provided in this subsection, the commission shall not renew a salesperson license issued under this section or under R 436.1853 of the Michigan Administrative Code unless the licensee submits with his or her application proof acceptable to the commission that the licensee has successfully completed a salesperson accreditation program no more than 120 days before the date the licensee submits his or her renewal application. An applicant's completion of a salesperson accreditation program is not a condition for issuance or renewal of a salesperson license for any of the following applicants:

- (a) A designated employee of a manufacturer of spirits.
- (b) A designated employee of a vendor of spirits.
- (c) A designated employee of a broker described in subsection (1)(l).

(4) Except as provided in subsection (5), an individual shall not sell, deliver, promote, or otherwise assist in the sale of alcoholic liquor in any manner to a retailer in this state unless licensed under this section or under R 436.1853 of the Michigan Administrative Code. An individual licensed as a salesperson under R 436.1853 of the Michigan Administrative Code before April 15, 2018 shall comply with the requirements of this section on renewal of his or her salesperson license, application for a subsequent salesperson license under a different employer, or a request to transfer his or her salesperson license to a different employer.

(5) This section does not require an individual who is at least 16 years of age and who only does any of the following to be licensed as a salesperson:

- (a) Builds a display of those brands that are represented or sold by the individual's employer for an off-premises retailer.
- (b) Marks the price on those brands that are represented or sold by the individual's employer for an off-premises retailer.
- (c) Rotates brands that are represented or sold by the individual's employer for an off-premises retailer.
- (d) Places brands that are represented or sold by the individual's employer on shelves for an off-premises retailer.

(e) For an individual who holds a Michigan commercial driver license or chauffeur's license, transports, in a vehicle licensed by the commission under section 525, and delivers alcoholic liquor to a retailer.

(6) The commission shall approve a salesperson license accreditation program designed for salesperson licensees if the commission determines that the program's curriculum includes an understanding of all of the following:

- (a) Section 609.
- (b) Section 609a.
- (c) Section 609b.
- (d) Section 610d.
- (e) The provisions of section 1013 that require the sale or purchase of alcoholic liquor by a licensee for cash only.
- (f) R 436.1315 of the Michigan Administrative Code.
- (g) R 436.1726 of the Michigan Administrative Code.
- (h) The commission's order for on-premises brand promotions issued October 27, 1999.
- (i) Product adjustments as provided for in this act.

(7) A person described in subsection (1)(a) to (g) or a qualified trade association may apply to the commission for qualification as an administrator for the offering of a salesperson accreditation program.

(8) On approval of a salesperson accreditation program under subsection (6), the commission shall appoint the person or qualified trade association sponsoring the salesperson accreditation program as administrator of that program.

(9) As used in this section:

- (a) "Administrator" means a person described in subsection (1)(a) to (g) or a qualified trade association authorized by the commission to offer salesperson accreditation programs.
- (b) "Broker" means that term as defined in R 436.1001 of the Michigan Administrative Code.
- (c) "Designated employee" means an individual who sells, delivers, promotes, or otherwise assists in the sale of alcoholic liquor.

(d) "Qualified trade association" means a trade association that represents a person described in subsection (1)(a) to (g) that employs individuals to act as salespersons.

(e) "Salesperson accreditation program" means a program that the commission approves under subsection

(6) and that is offered by an administrator.

History: Add. 2017, Act 129, Eff. Apr. 15, 2018;—Am. 2020, Act 112, Imd. Eff. July 1, 2020;—Am. 2022, Act 122, Imd. Eff. June 29, 2022.

Compiler's note: Enacting section 1 of Act 112 of 2020 provides:

"Enacting section 1. R 436.1319 of the Michigan Administrative Code is rescinded."

436.1503 License; proximity of contemplated location to church or school building; measurement of distance; exceptions; presumption of validity; waiver; objection; hearing; transfer to location farther from church or school.

Sec. 503. (1) The commission shall deny a new application for a license to sell alcoholic beverages at retail or a request to transfer location of an existing license if the contemplated location is within 500 feet of a church or a school building. The distance between the church or school building and the contemplated location must be measured along the center line of the street or streets of address between 2 fixed points on the center line determined by projecting straight lines, at right angles to the center line, from the part of the church or school building nearest to the contemplated location and from the part of the contemplated location nearest to the church or school building.

(2) This section does not apply to specially designated merchants not in conjunction with on the premises licenses.

(3) This section does not apply to an outstanding license issued before March 1, 2017, for a location within the distance described in subsection (1) or to the renewal or transfer of the outstanding license at the location. A license issued, renewed, or transferred as described in this subsection is conclusively presumed to be valid for purposes of this section only.

(4) The commission may waive this section for all classes of licenses. If an objection is not filed by the church or school, the commission may issue the license under this act. If an objection is filed, the commission shall hold a hearing under rules established by the commission before making a decision on issuing the license.

(5) This section does not prevent the transfer of a license to a location farther from a church or school, if the license to be transferred is within the 500-foot radius described in subsection (1).

History: 1998, Act 58, Imd. Eff. Apr. 14, 1998;—Am. 2017, Act 66, Imd. Eff. June 30, 2017.

Administrative rules: R 436.1951 et seq. and R 436.1963 of the Michigan Administrative Code.

436.1504 Limited production manufacturer license; fees; conditional sales and purchases; restrictions and prohibitions; registration and federal brewer's notice required; definitions.

Sec. 504. (1) The commission may issue a limited production manufacturer license to a person that purchases beer from another brewer, micro brewer, or out-of-state equivalent of a brewer or micro brewer for purposes of taking ownership of the beer and performing any of the manufacturing process as described in section 109(1).

(2) The commission shall charge an initial and renewal license fee for a license under this section of \$1,000.00.

(3) Notwithstanding section 204, a brewer, micro brewer, or out-of-state equivalent of a brewer or micro brewer may sell beer to a limited production manufacturer and a limited production manufacturer may buy beer from a brewer, micro brewer, or an out-of-state equivalent of a brewer or micro brewer if all of the following conditions are met:

(a) The brewer, micro brewer, or out-of-state equivalent of a brewer or micro brewer relinquishes ownership of the beer to the purchasing limited production manufacturer.

(b) The limited production manufacturer modifies the beer by performing all or part of the manufacturing process as described in section 109(1).

(c) The brewer, micro brewer, or out-of-state equivalent of a brewer or micro brewer notifies the commission in writing of the sale and the amount of beer being sold to a purchasing limited production manufacturer before each sale. The notification must be in the form required by the commission.

(d) The brewer, micro brewer, or out-of-state equivalent of a brewer or micro brewer and the limited production manufacturer maintain records of the sale, in the manner required by the commission, for 3 years.

(4) A limited production manufacturer may only sell beer to a wholesaler or a person located outside of this state regardless of whether the person is licensed under this act. Notwithstanding section 109(10) or R 436.1609(2) of the Michigan Administrative Code, beer sold by a limited production manufacturer to a person located outside of this state that holds an outstate seller of beer license may be sold to a wholesaler in this state by the outstate seller of beer.

(5) A limited production manufacturer must not be licensed as or hold a financial interest in another

licensed supplier except for purposes of purchasing beer in the manner allowed in this section.

(6) A limited production manufacturer shall not hold a license in the wholesaler tier or retailer tier as provided in section 603(13).

(7) Except as otherwise provided in this section, a limited production manufacturer shall comply with all provisions of this act that apply to the activities of a brewer, including, but not limited to, sections 401, 403, 409, 603, and 609.

(8) A limited production manufacturer shall not self-distribute.

(9) Before selling beer in this state to a wholesaler, a limited production manufacturer shall register the beer and receive a registration number of approval under R 436.1611 of the Michigan Administrative Code.

(10) A limited production manufacturer must be the holder of a federal brewer's notice issued by the United States Department of Treasury, Alcohol and Tobacco Tax and Trade Bureau in accordance with 27 CFR 25.61 to 25.85.

(11) As used in this section:

(a) "Limited production manufacturer" means a person licensed under this section.

(b) "Supplier" means that term as defined in section 603.

History: Add. 2020, Act 80, Imd. Eff. Apr. 2, 2020.

436.1505 Class "C" or class "B" hotel license; state-owned airport; nontransferable.

Sec. 505. Notwithstanding section 501, the commission, with the approval of the bureau of aeronautics, may issue without regard to the quota provision of section 531, not more than 1 class C or class B hotel license for each state-owned airport serviced by scheduled commercial passenger airlines. Such license shall not be transferable.

History: 1998, Act 58, Imd. Eff. Apr. 14, 1998.

436.1507 Liquor licenses; publicly owned airports; issuance.

Sec. 507. The commission may issue, without regard to the quota provisions of section 531, licenses to the owner or lessee, or both, to sell alcoholic beverages for consumption on the premises of buildings in the passenger terminal complex of each publicly owned airport that is served by scheduled commercial passenger airlines certificated to enplane and deplane passengers on a scheduled basis by the federal aviation agency or the civil aeronautics board. A license issued under this section is not transferable.

History: 1998, Act 58, Imd. Eff. Apr. 14, 1998.

436.1509 Liquor licenses; municipal civic center or civic auditorium; conditions and limitations.

Sec. 509. (1) The commission may issue, without regard to the quota provisions of section 531, licenses to a commission, board, or authority governing or operating a municipal civic center or civic auditorium or to 1 or more of its concessionaires, or to both, if all of the following apply:

(a) The center or auditorium is within a city or township having a population of not less than 5,500.

(b) The center or auditorium is owned and operated as a municipal enterprise.

(c) The legislative body of the municipality first authorizes the operating authority of the civic center or civic auditorium or its concessionaire to apply to the commission for a license.

(2) Licenses issued under this section are not transferable, must not be issued to an educational institution or for a facility operated in connection with an educational institution, and must authorize the sale of alcoholic liquor only in connection with a scheduled event at the licensed premises.

History: 1998, Act 58, Imd. Eff. Apr. 14, 1998;—Am. 2018, Act 37, Imd. Eff. Feb. 21, 2018.

436.1511 Class "C" or class "B" hotel license for hotel located within Mackinac Island state park; class "C" license for certain concessionaire; license for sale of alcoholic liquor at Presque Isle harbor marina; nontransferability of license.

Sec. 511. (1) Notwithstanding section 501, the commission may issue the following licenses without regard to the quota provisions of section 531:

(a) With the approval of the Mackinac Island state park commission, not more than 1 class C or class B hotel license for each hotel which is located within the Mackinac Island state park and is owned by the Mackinac Island state park commission and not more than 1 class C license to a concessionaire of the Mackinac Island state park commission who operates a restaurant located within Fort Mackinac.

(b) A license for the sale of alcoholic liquor for consumption on or off the premises at the Presque Isle harbor marina.

(2) A license issued under this section is not transferable as to ownership or location.

History: 1998, Act 58, Imd. Eff. Apr. 14, 1998.

Compiler's note: For transfer of Mackinac Island state park commission from department of natural resources and environment to department of natural resources, see E.R.O. No. 2011-1, compiled at MCL 324.99921.

436.1513 Licenses; issuance to governing board of college or university; restrictions and prohibition; sale of alcoholic liquor on hotel or restaurant premises located on land owned by Central Michigan University, Wayne State University, Western Michigan University, Northern Michigan University, Eastern Michigan University, Oakland University, or Lake Superior State University; conditions; golf course clubhouse; baseball stadium; restaurant; nontransferability; fee; "college," "university," and "conference center" defined.

Sec. 513. (1) The commission may issue to the governing board of a college or university, without regard to the quota provisions of section 531, a license to sell alcoholic liquor for consumption on the premises of a conference center operated by the governing board. Licenses granted under this subsection may be used only for the sale of alcoholic liquor at regularly scheduled conference center activities. The sale of alcoholic liquor to unscheduled patrons or at unscheduled events is prohibited under this subsection.

(2) Subject to section 531, the commission may issue a license to a private entity for the sale of alcoholic liquor for consumption on the premises of a hotel located on land owned by Central Michigan University if both of the following circumstances exist:

(a) The land is leased or subleased at fair market value to a private entity that owns, leases, or subleases the hotel building and its fixtures.

(b) The hotel and land are located within an industrial, research, or commercial development park established by the governing board of Central Michigan University.

(3) Subject to section 531, the commission may issue a license to a private entity for the sale of alcoholic liquor for consumption on the licensed premises of a restaurant located on land owned by Wayne State University if both of the following circumstances exist:

(a) The land is leased or subleased at fair market value to a private entity that owns, leases, or subleases the licensed premises for the operation of a restaurant.

(b) The restaurant is located within an area designated for industrial, research, or commercial development by the governing board of Wayne State University.

(4) Subject to section 531, the commission may issue a license to a private entity for the sale of alcoholic liquor for consumption on the licensed premises of a restaurant located on land owned by Western Michigan University if both of the following circumstances exist:

(a) The land is leased or subleased at fair market value to a private entity that owns, leases, or subleases the licensed premises for the operation of a restaurant.

(b) The restaurant is located within an area designated industrial, research, or commercial development by the governing board of Western Michigan University.

(5) Subject to section 531, the commission may issue to the governing board of Northern Michigan University a license for the sale of alcoholic liquor for consumption on the licensed premises of a restaurant located on land owned and operated by Northern Michigan University if both of the following apply:

(a) The license was originally acquired on the open market at fair market value.

(b) The restaurant is located within an area designated for community development or conference activities by the governing board of Northern Michigan University.

(6) Subject to section 531, the commission may issue a license to a golf course clubhouse and any adjacent outdoor service area owned or operated by a college or university for the sale of alcoholic liquor for consumption on the premises of the golf course clubhouse and any adjacent outdoor service area.

(7) Subject to section 531, the commission may issue a license to a private entity for the sale of alcoholic liquor for consumption on the premises of a baseball stadium located on land owned by Eastern Michigan University if the baseball stadium and adjacent outdoor service area is leased or subleased at fair market value during the summer period between the end of the university's spring term and the beginning of its fall term.

(8) Subject to section 531, the commission may issue a license to a private entity for the sale of alcoholic liquor for consumption on the licensed premises of a restaurant located on land owned by Eastern Michigan University if all of the following circumstances exist:

(a) The land is leased or subleased at fair market value to a private entity that owns, leases, or subleases the licensed premises for the operation of a restaurant.

(b) The restaurant is located within an area designated for industrial, research, or commercial development by the governing board of Eastern Michigan University.

(c) The license was originally acquired on the open market at fair market value.

(9) Subject to section 531, the commission may issue a license to a private entity for the sale of alcoholic liquor for consumption on the premises of a baseball stadium located on land owned by Oakland University if the baseball stadium and adjacent outdoor service area is leased or subleased at fair market value during the summer period between the end of the university's spring term and the beginning of its fall term.

(10) Subject to section 531, the commission may issue to the governing board of Lake Superior State University a license for the sale of alcoholic liquor for consumption on licensed premises that is located on land owned and operated by Lake Superior State University if both of the following apply:

(a) The license was originally acquired on the open market at fair market value.

(b) The land is located within an area designated for community development or conference activities by the governing board of Lake Superior State University.

(11) Licenses issued under this section are nontransferable, and the licensee shall pay the fee required under section 525.

(12) As used in this section:

(a) "College" or "university" means a 2-year or 4-year state supported institution of higher education.

(b) "Conference center" means either of the following:

(i) A building or portion of a building, other than a student residence hall or student center, that has meeting rooms, banquet areas, social halls, overnight accommodations, and related facilities for special activities scheduled by the college or university, and that, in the judgment of the commission, has been regularly used for conferences and lodging of guests.

(ii) Any of the following:

(A) The George Gervin GameAbove Center, the corporate education center, Pease Auditorium, the student center, and McKenny Hall at Eastern Michigan University.

(B) The Kirkhof and Eberhard Centers at Grand Valley State University.

(C) The student center with the name designated by the governing board of Western Michigan University and Heritage Hall Alumni Center at Western Michigan University.

(D) The Wadsworth Center at Michigan Technological University.

(E) The West Complex, Fredericks Sculpture Museum, and Alumni Building at Saginaw Valley State University.

(F) The Woodbridge N. Ferris Building at Grand Rapids and the David L. Eisler Center at Big Rapids of Ferris State University.

(G) The Waterman Campus Center at Schoolcraft College.

(H) The Mendel Center at Lake Michigan Community College.

(I) The McGregor Memorial Conference Center at Wayne State University.

(J) The Michigan State University Management Educational Center.

(K) The Superior Dome at Northern Michigan University.

(L) The Walker Cisler Center, the James Norris Events Center, and the Richard and Theresa Barch Center for Freshwater Research and Education at Lake Superior State University.

(M) The Marie Prahll College Center at Mott Community College.

(N) The West Hall Innovation Center, the Gerald and Frances Oleson Center, the Dennon Museum Center, and the Great Lakes Campus at Northwestern Michigan College.

(O) The Farmhouse at Delta College.

(P) The Oakland Community College Culinary Studies Institute.

(Q) The Performing Arts and Cultural Center Complex at Macomb Community College.

(R) Meadow Brook Hall, Golf Pavilion, Oakland Center, O'Rena, and Shotwell-Gustafson Pavilion at Oakland University.

(S) The John G. Kulhavi Events Center at Central Michigan University.

History: 1998, Act 58, Imd. Eff. Apr. 14, 1998;—Am. 1998, Act 400, Imd. Eff. Dec. 21, 1998;—Am. 1998, Act 416, Imd. Eff. Dec. 21, 1998;—Am. 2000, Act 344, Imd. Eff. Dec. 27, 2000;—Am. 2002, Act 725, Imd. Eff. Dec. 30, 2002;—Am. 2004, Act 141, Imd. Eff. June 15, 2004;—Am. 2007, Act 11, Imd. Eff. May 24, 2007;—Am. 2009, Act 48, Imd. Eff. June 18, 2009;—Am. 2018, Act 479, Imd. Eff. Dec. 27, 2018;—Am. 2020, Act 39, Imd. Eff. Mar. 3, 2020;—Am. 2020, Act 121, Imd. Eff. July 1, 2020;—Am. 2021, Act 116, Imd. Eff. Nov. 22, 2021;—Am. 2022, Act 216, Imd. Eff. Oct. 14, 2022;—Am. 2024, Act 115, Imd. Eff. July 23, 2024.

436.1513a Sale of alcoholic liquor for consumption at community college's or university's culinary or hospitality program's location; license; prohibition; submission of documents; cancellation of license; use; license to private entity; catering permit; definitions.

Sec. 513a. (1) Beginning October 1, 2011, the commission may issue to the governing board of a community college or university that is accredited by a nationally recognized accrediting agency as determined by the United States secretary of education under 20 USC 1099b and that operates an accredited

culinary or hospitality program, without regard to the quota provisions of section 531, a license to sell alcoholic liquor for consumption at the community college's or university's culinary or hospitality program's location for activities that further the community college's or university's community or academic mission.

(2) Except as otherwise provided in subsection (7), the sale of alcoholic liquor to patrons at a location other than the community college's or university's culinary or hospitality program's location or at activities that do not further the community college's or university's community or academic mission, including, but not limited to, public and private gatherings or meetings that do not have a direct correlation to the community college's or university's community or academic mission, is prohibited under this section.

(3) To obtain a license under this section, a community college or university shall submit both of the following to the commission:

(a) Documentation verifying that the community college or university is accredited by a nationally recognized accrediting agency as determined by the United States secretary of education under 20 USC 1099b.

(b) Either of the following:

(i) Documentation verifying that the community college's or university's culinary or hospitality program is accredited by a regionally recognized accrediting body.

(ii) Within 180 days after the effective date of the amendatory act that added this section, a copy of the community college's or university's application to a regionally recognized accrediting body for accreditation of its culinary or hospitality program.

(4) The commission shall cancel a license issued under this section if, within 2 years of applying for a license under this section, the community college's or university's culinary or hospitality program is not accredited by a regionally recognized accrediting body, unless the community college or university demonstrates good cause for an extension of time to obtain accreditation by a regionally recognized accrediting body.

(5) Except as otherwise provided in subsection (7), a liquor license issued under this section shall be granted and registered to the community college's or university's culinary or hospitality program's location.

(6) Except as otherwise provided in subsection (7), a liquor license issued under this section shall be used by the community college or university and not by a private entity.

(7) Subject to section 531, the commission may issue a license to a private entity for the sale of alcoholic liquor for consumption on the premises of an outdoor stadium located on land owned by Lake Michigan college and leased to a private entity. The prohibition in section 531(7) on licenses at outdoor stadiums does not apply to a license issued under this subsection.

(8) A community college or university that holds a liquor license under this section shall not obtain a catering permit under section 547.

(9) As used in this section:

(a) "Community college" means a community college established under the community college act of 1966, 1966 PA 331, MCL 389.1 to 389.195.

(b) "University" means a public university described in section 4, 5, or 6 of article VIII of the state constitution of 1963.

History: Add. 2011, Act 249, Imd. Eff. Dec. 8, 2011.

436.1514 Hotel and conference center owned and operated by university; issuance of class B hotel license; conditions; limitation; "hospitality program" defined.

Sec. 514. (1) Notwithstanding section 501 and subject to the quota system under this act, the commission may issue a class B hotel license to a hotel and conference center owned and operated by a university meeting at least all of the following:

(a) Contains a hotel with at least 150 guest rooms.

(b) Has a restaurant seating at least 125 guests that serves a full-menu breakfast, lunch, and dinner.

(c) Has over 30,000 square feet of flexible meeting space.

(d) Is open year-round to provide services to the public and to serve the mission of the hospitality program.

(e) Has a hospitality program providing at least all of the following at the site of the hotel and conference center as part of that program:

(i) Student education classrooms.

(ii) A working hospitality laboratory setting.

(iii) Utilization of rotational interns each semester or equivalent time period.

(2) In public areas of the hotel and conference center, the sale and consumption of alcoholic liquor is limited to table service only unless the public areas are reserved for private functions.

(3) As used in this section, "hospitality program" means a course of academic study that, at a minimum, is

a nationally accredited program at baccalaureate and graduate levels in the hospitality business that requires at least 120 semester credits or the equivalent for completion of the baccalaureate degree and that has a teaching and research staff predominated by individuals with at least doctoral degrees.

History: Add. 2000, Act 166, Imd. Eff. June 20, 2000.

436.1514a Hotel and conference center owned and operated by university; issuance of class B hotel license; conditions; limitation; “hospitality program” defined.

Sec. 514a. (1) Notwithstanding section 501 and subject to the quota system under this act, the commission may issue a class B hotel license to a hotel and conference center owned and operated by a university that holds a class B hotel license issued under section 514 and meets at least all of the following:

- (a) Contains a hotel with at least 45 guest rooms.
- (b) Has a restaurant seating at least 90 guests that serves a full-menu breakfast, lunch, and dinner.
- (c) Has over 13,000 square feet of flexible meeting space.
- (d) Is open year-round to provide services to the public and to serve the mission of the hospitality program.
- (e) Has a hospitality program providing at least 2 of the following at the site of the hotel and conference center as part of that program:

- (i) Student education classrooms.
- (ii) A working hospitality laboratory setting.
- (iii) Utilization of rotational interns each semester or during the summer.

(2) In public areas of the hotel and conference center, the sale and consumption of alcoholic liquor is limited to table service only unless the public areas are reserved for private functions.

(3) As used in this section, “hospitality program” means a course of academic study that, at a minimum, is a nationally accredited program at baccalaureate and graduate levels in the hospitality business that requires at least 120 semester credits or the equivalent for completion of the baccalaureate degree and that has a teaching and research staff predominated by individuals with at least doctoral degrees.

History: Add. 2004, Act 194, Imd. Eff. July 8, 2004.

436.1515 Class “C” license or tavern license for certain golf courses; transfer of license to another location prohibited; surrender of license.

Sec. 515. (1) The commission may issue in a county with a population of 1,000,000 or more, without regard to the quota provisions of section 531, a class C license for a golf course that is owned by a county, city, village, or township and is open to the public.

(2) The commission may issue in a county with a population of between 500,000 and 700,000, without regard to the quota provisions of section 531, 1 tavern license for a golf course that is owned by a city with a population of over 190,000 but under 300,000 and is open to the public.

(3) The commission shall not transfer a license issued under this section to another location. If a licensee who receives a license under this section goes out of business, the license issued under this section shall be surrendered to the commission.

History: 1998, Act 58, Imd. Eff. Apr. 14, 1998;—Am. 2004, Act 192, Imd. Eff. July 8, 2004.

436.1517 International sporting event licenses; issuance in connection with international golf tournament; circumstances; duration; limitation; list; recommendation by governing body; certification of compliance; fee.

Sec. 517. (1) The commission may issue international sporting event licenses for the sale of alcoholic liquor for consumption on the premises in connection with an international golf tournament conducted during calendar year 2004 if all of the following circumstances are found by the commission to exist:

(a) The local governmental unit in which the international sporting event is to be conducted is the host governmental unit for that event.

(b) The premises to be licensed are located in a theme area or theme areas designated by the governing body of the host governmental unit in connection with the international sporting event or are operated in conjunction with that event.

(c) The commission determines that the international sporting event will attract a substantial number of tourists from outside this state.

(d) The international sporting event is conducted under the auspices of a national or international sanctioning body.

(e) The applicant is any of the following:

- (i) A Michigan licensee for the sale of alcoholic liquor for consumption on the premises.
- (ii) The promoter of the international sporting event or an affiliate of the promoter.

(iii) A person who has entered into a written concession or catering agreement with the promoter of the international sporting event or its affiliate, which agreement has been approved by the commission.

(iv) An organization qualified for licensure as a special licensee under section 111(13) and the rules of the commission.

(2) Licenses issued under this section must be for a period of not more than 30 consecutive days and are not transferable as to ownership or location. The license must be for specific designated time periods that include the international sporting event and activities associated with the event.

(3) Not more than 40 licenses shall be issued under this section for use at the same time in a theme area or theme areas.

(4) The governing body of a host governmental unit described in subsection (1) shall supply to the commission for the commission's review a list containing the names of applicants and the locations of the premises to be licensed under this section. The governing body of the host governmental unit shall recommend the number of licenses to be issued pursuant to this section in the theme area or theme areas. The commission shall not issue any licenses pursuant to this section that are not recommended by the governing body of the host governmental unit.

(5) The governing body of the host governmental unit shall provide, in conjunction with the list described in subsection (4), written certification to the commission that all premises to be licensed under this section comply with applicable state and local building, safety, and health laws, rules, and regulations.

(6) A license issued pursuant to this section is not subject to section 503.

(7) An applicant for a license under this section shall pay to the commission a license fee of \$1,000.00 at the time of application.

History: 1998, Act 58, Imd. Eff. Apr. 14, 1998;—Am. 2004, Act 169, Imd. Eff. June 24, 2004;—Am. 2018, Act 412, Imd. Eff. Dec. 19, 2018.

436.1517a National sporting event license; issuance; circumstances; duration; limitation on number of licenses issued; recommendation of governing body of host governmental unit; certification of compliance with applicable laws, rules, and regulations; fee; "national sporting event" defined.

Sec. 517a. (1) The commission may issue national sporting event licenses for the sale of alcoholic liquor for consumption on the premises concerning a national sporting event, if the commission determines that all of the following circumstances exist:

(a) The local governmental unit in which the national sporting event is to be conducted is the host governmental unit for the national sporting event.

(b) The premises to be licensed are located in a theme area or theme areas designated by the governing body of the host governmental unit in connection with the national sporting event or are operated in conjunction with the national sporting event.

(c) The national sporting event will attract a substantial number of tourists from outside this state.

(d) The national sporting event is conducted under the auspices of a national sanctioning body.

(e) The applicant is any of the following:

(i) A Michigan licensee for the sale of alcoholic liquor for consumption on the premises.

(ii) The promoter of the national sporting event or an affiliate of the promoter.

(iii) A person who has entered into a written concession or catering agreement with the promoter of the national sporting event or its affiliate, which agreement has been approved by the commission.

(iv) An organization qualified for licensure as a special licensee under section 111(13) and the rules of the commission.

(2) A license issued under this section must be for a period of not more than 30 consecutive days and is not transferable as to ownership or location. The license must be for specific designated time periods that include the national sporting event and activities associated with the national sporting event.

(3) The commission shall not issue more than 40 licenses under this section for use at the same time in a theme area or theme areas.

(4) The governing body of a host governmental unit described in subsection (1) shall supply to the commission for the commission's review a list containing the names of applicants and the locations of the premises to be licensed under this section. The governing body of the host governmental unit shall recommend the number of licenses to be issued under this section in the theme area or theme areas. The commission shall not issue a license under this section that is not recommended by the governing body of the host governmental unit.

(5) The governing body of the host governmental unit shall provide, in conjunction with the list described in subsection (4), written certification to the commission that all premises to be licensed under this section

comply with applicable state and local building, safety, and health laws, rules, and regulations.

(6) A license issued under this section is not subject to section 503.

(7) An applicant for a license under this section shall pay to the commission a license fee of \$1,000.00 at the time of application.

(8) As used in this section, "national sporting event" means a sports related event considered of national prominence and includes only the following:

(a) The Major League Baseball All-Star Game during calendar year 2005.

(b) The National Football League Super Bowl during calendar year 2006.

(c) The Professional Golfers' Association Championship during calendar year 2008.

(d) The National Collegiate Athletic Association Final Four games during calendar year 2009.

(e) The United States Golf Association Amateur Championship during calendar year 2016.

(f) The Professional Golfers' Association Tour Champions Tournament.

(g) The Ladies Professional Golf Association Tour Champions Tournament during the following calendar years:

(i) 2019.

(ii) 2020.

(iii) 2021.

(iv) 2022.

(v) 2023.

History: Add. 2004, Act 170, Imd. Eff. June 24, 2004;—Am. 2016, Act 180, Imd. Eff. June 14, 2016;—Am. 2018, Act 110, Imd. Eff. Apr. 24, 2018;—Am. 2018, Act 411, Imd. Eff. Dec. 19, 2018;—Am. 2018, Act 472, Imd. Eff. Dec. 27, 2018;—Am. 2020, Act 319, Eff. Mar. 24, 2021.

436.1518 Definitions; issuance of motorsports event licenses; consumption and possession of beer and wine in motorsports entertainment complex; civil liability.

Sec. 518. (1) As used in this section:

(a) "Motorsports entertainment complex" means a closed-course motorsports facility and its ancillary grounds that comply with all of the following:

(i) Has at least 1,500 fixed seats for race patrons.

(ii) Has at least 2 scheduled days of motorsports events each calendar year.

(iii) Serves food and beverages at the facility during sanctioned motorsports events each calendar year through concession outlets, which may be staffed by individuals who represent or are members of 1 or more nonprofit civic or charitable organizations that directly financially benefit from the concession outlets' sales.

(iv) Engages in tourism promotion.

(b) "Motorsports event" means a motorsports race and its ancillary activities that have been sanctioned by a sanctioning body.

(c) "Owner" means a person that owns and operates a motorsports entertainment complex.

(d) "Sanctioning body" means the American Motorcycle Association (AMA); Auto Racing Club of America (ARCA); IndyCar; International Motor Sports Association (IMSA); National Association for Stock Car Auto Racing (NASCAR); National Hot Rod Association (NHRA); Sports Car Club of America (SCCA); United States Auto Club (USAC); Michigan State Promoters Association; or any successor organization or any other nationally or internationally recognized governing body of motorsports that establishes an annual schedule of motorsports events and grants rights to conduct the events, that has established and administers rules and regulations governing all participants involved in the events and all persons conducting the events, and that requires certain liability assurances, including insurance.

(2) Notwithstanding the quota provisions of section 531, the commission may issue motorsports event licenses for the sale of beer and wine or beer, wine, mixed spirit drink, and spirits for consumption on the premises to the owner of a motorsports entertainment complex for use during sanctioned motorsports events only. The sale of beer, wine, mixed spirit drink, and spirits at concession outlets or additional locations within the motorsports entertainment complex during motorsports sanctioned events are not considered additional bars for the purpose of determining a license fee under section 525(1)(o). An applicant for a license under this section that elects to sell beer and wine only shall pay to the commission a license fee of \$250.00. An applicant for a license under this section that elects to sell beer, wine, mixed spirit drink, and spirits shall pay to the commission a license fee of \$600.00.

(3) For a period of time not to exceed 7 consecutive days during which public access is permitted to a motorsports entertainment complex in connection with a motorsports event, members of the general public at least 21 years or older may bring beer and wine not purchased at the licensed motorsports entertainment complex into the motorsports entertainment complex and possess and consume that beer and wine. Possession

and consumption of beer and wine under this section are allowed only in portions of the motorsports entertainment complex open to the general public that are also part of the licensed premises of a retail licensee under both of the following circumstances:

- (a) The licensed premises are located within the motorsports entertainment complex.
- (b) The retail licensee holds a license for consumption on the licensed premises of the motorsports entertainment complex.
- (4) A person holding a license for the sale of alcoholic liquor for consumption on the premises at a motorsports entertainment complex is subject to the civil liability provisions of section 801 if the civil action is brought by or on behalf of an individual who suffers damage or is personally injured by a minor or visibly intoxicated person by reason of the unlawful consumption of alcoholic liquor on the licensed premises by that minor or visibly intoxicated person if the unlawful consumption is proven to be a proximate cause of the damage, injury, or death of the individual, whether the alcoholic liquor was sold or furnished by the licensee or was brought onto the licensed premises under subsection (3).

History: Add. 2002, Act 725, Imd. Eff. Dec. 30, 2002;—Am. 2005, Act 166, Imd. Eff. Oct. 6, 2005;—Am. 2010, Act 279, Imd. Eff. Dec. 16, 2010;—Am. 2021, Act 29, Eff. (sine die);—Am. 2021, Act 64, Imd. Eff. July 13, 2021.

436.1519 Property or establishment situated in or on state owned land.

Sec. 519. (1) Except as otherwise provided in this act, the commission shall not issue a license to sell alcoholic liquor, either on or off the premises, if the property or establishment to be covered by the license is situated in or on state owned land.

(2) Subsection (1) does not apply to a special license that has been approved by the governing authority of that state owned land.

(3) Subsection (1) does not apply to any of the following:

- (a) The Michigan state fairgrounds.
- (b) The Upper Peninsula state fairgrounds.
- (c) Armories, air bases, and naval installations owned or leased by this state or provided by the federal government by either lease, license, or use permit and used by outside parties of a nonmilitary or nonstate governmental nature.
- (d) Land that was under lease to a person licensed in the calendar year 1954 and on which a licensed establishment is presently located.

(e) Land located in the Upper Peninsula that was owned or leased by the federal government, used as a military installation, and transferred to this state before December 31, 2000 under 1978 PA 151, MCL 3.551 to 3.561, or 1993 PA 159, MCL 3.571 to 3.580. The commission may issue 2 additional licenses under this subdivision for establishments located on this state land without regard to or without an effect on the quota provisions of section 531 in the local governmental unit in which the license will be issued subject to the recommendation of the authority established under 1978 PA 151, MCL 3.551 to 3.561, or 1993 PA 159, MCL 3.571 to 3.580. A person issued a license under this subdivision may renew the license and transfer ownership of the license, without regard to or without an effect on the quota provisions of section 531, if title to the property covered by the license is transferred from this state to another person or to another governmental unit. The commission shall not transfer a license issued under this subdivision to another location. Before the issuance of a license, and annually thereafter before the issuance of a license for a new licensing period, the applicant for a license shall submit to the commission a certificate from the department or agency charged with control of the land setting forth that the issuance of a license is not incompatible with the objects and purposes entrusted to that department or agency under the law establishing control of the land in the department or agency. This subsection does not prohibit the issuance of a license under section 513.

(f) Property owned by the Michigan state waterways commission and leased to persons under part 791 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.79101 to 324.79118. The commission may issue a license under this subdivision to a lessee without regard to the quota provisions of section 531. However, the commission shall not issue a license under this subdivision without the written approval of the Michigan state waterways commission or its designee. A license issued under this subdivision is not transferable as to ownership or location, and, if the licensee goes out of business, the license must be surrendered to the commission.

(g) Property owned by the state treasurer of this state when acting in the capacity of custodian of the assets of the state retirement systems created by the public school employees retirement act of 1979, 1980 PA 300, MCL 38.1301 to 38.1437; the state employees' retirement act, 1943 PA 240, MCL 38.1 to 38.69; the state police retirement act of 1986, 1986 PA 182, MCL 38.1601 to 38.1675; and the judges retirement act of 1992, 1992 PA 234, MCL 38.2101 to 38.2670.

(h) A building to which all of the following apply:

- (i) The building is owned by this state.
- (ii) The land on which the building is located is owned by this state.
- (iii) The building is more than 1,000,000 square feet.
- (iv) Space within the building is leased to a private entity to which both of the following apply:
 - (A) In the building, the private entity provides services to the general public.
 - (B) The private entity holds a license to sell alcoholic liquor as provided by this act.

History: 1998, Act 58, Imd. Eff. Apr. 14, 1998;—Am. 2018, Act 158, Imd. Eff. May 23, 2018;—Am. 2018, Act 683, Imd. Eff. Dec. 28, 2018.

436.1521 Limitation on tavern or class C licenses; renewal of license; conditions; revocation; transfer of license; "development district" defined.

Sec. 521. (1) Beginning December 29, 2006, the commission shall not issue a tavern or class C licenses under this section. However, those licenses issued under this section before December 29, 2006 remain valid and may be renewed if in compliance with this section. The commission shall renew licenses issued under this section before December 29, 2006 for persons who operate businesses that meet all of the following conditions:

- (a) The business is a full service restaurant, is open to the public, and prepares food on the premises.
- (b) The business is open for food service not less than 10 hours per day, 5 days a week.
- (c) At least 50% of the gross receipts of the business are derived from the sale of food for consumption on the premises. For purposes of this subdivision, food does not include beer and wine.
- (d) The business has dining facilities to seat not less than 25 persons.
- (e) The business is located in a development district with a population of not more than 50,000, in which the district, after a public hearing, has found that the issuance of the license would prevent further deterioration within the development district and promote economic growth within the development district.

(2) If in any licensing year the sale of food for consumption on the premises of the business represents less than 50% of the gross receipts for the business, the commission, after due notice and proper hearing, shall revoke the license issued under subsection (1).

(3) A license issued under this section is transferable as to ownership or location only within the development district.

(4) As used in this section, "development district" means any of the following:

- (a) An authority district established under part 3 of the recodified tax increment financing act, 2018 PA 57, MCL 125.4301 to 125.4329.
- (b) An authority district established under part 4 of the recodified tax increment financing act, 2018 PA 57, MCL 125.4401 to 125.4420.
- (c) A downtown district established under part 2 of the recodified tax increment financing act, 2018 PA 57, MCL 125.4201 to 125.4230.
- (d) A principal shopping district established under 1961 PA 120, MCL 125.981 to 125.990n, before January 1, 1996.

History: 1998, Act 58, Imd. Eff. Apr. 14, 1998;—Am. 1998, Act 282, Imd. Eff. July 27, 1998;—Am. 2006, Act 502, Imd. Eff. Dec. 29, 2006;—Am. 2021, Act 19, Eff. Aug. 23, 2021.

436.1521a Public on-premises licenses; issuance to businesses; conditions; commercial investment in redevelopment project area; time period; total investment; number of licenses; requirements; fee; transfer of license prohibited; attempt to secure on-premises escrowed license or quota license; definitions.

Sec. 521a. (1) In order to allow cities, villages, and townships to enhance the quality of life for their residents and visitors to their communities, the commission may issue public on-premises licenses in addition to those quota licenses allowed in cities, villages, and townships under section 531(1). The commission may issue a license under this section to a business that meets either of the following conditions:

(a) Is located in a redevelopment project area meeting the criteria described in subsections (3) and (4) and is engaged in activities determined by the commission to be related to dining, entertainment, or recreation.

(b) Is located in a development district or area that is any of the following:

- (i) An authority district established under part 3 of the recodified tax increment financing act, 2018 PA 57, MCL 125.4301 to 125.4329.
- (ii) A development area established under part 6 of the recodified tax increment financing act, 2018 PA 57, MCL 125.4602 to 125.4629.
- (iii) A downtown district established under part 2 of the recodified tax increment financing act, 2018 PA 57, MCL 125.4201 to 125.4230.

(iv) A principal shopping district established under 1961 PA 120, MCL 125.981 to 125.990n.

(2) The commission shall not issue a license under subsection (1)(a) unless the applicant fulfills the following in relation to the licensed premises:

(a) Provides the activity described in subsection (1)(a) not less than 5 days per week.

(b) Is open to the public not less than 10 hours per day, 5 days per week.

(c) Presents verification of redevelopment project area status to the commission that includes the following:

(i) A resolution of the governing body of the city, village, or township establishing its status as a redevelopment project area.

(ii) An affidavit from the assessor, as certified by the clerk of the city, village, or township, stating the total amount of investment in real and personal property within the redevelopment project area of the city, village, or township during the preceding 3 years.

(iii) An affidavit from the assessor, as certified by the clerk of the city, village, or township, separately stating the amount of investment money expended for manufacturing, industrial, residential, and commercial development within the redevelopment project area of the city, village, or township during the preceding 3 years.

(3) Relative to the licenses issued under subsection (1)(a), the amount of commercial investment in the redevelopment project area within the city, village, or township must constitute not less than 25% of the total investment in real and personal property in that redevelopment project area as evidenced by an affidavit of the assessor of the city, village, or township. This subsection does not prevent the city, village, or township from realigning the redevelopment project area in the presentment of verification provided for under subsection (2)(c).

(4) In relation to a license issued under subsection (1)(a), an applicant must be located in a city, village, or township that meets at least 1 of the investment requirements of subsection (1)(a) during the 3 years preceding the submission of its application. The total investment in real and personal property in the redevelopment project area within the city, village, or township over the appropriate time period described in this subsection must be at least 1 of the following:

(a) Not less than \$50,000,000.00 in cities, villages, or townships having a population of 50,000 or more.

(b) Not less than an amount reflecting \$1,000,000.00 per 1,000 people in cities, villages, or townships having a population of less than 50,000.

(5) The commission may issue a license under subsection (1)(a) for each monetary threshold described in subsection (4)(a) and (b), and, after reaching the initial threshold, 1 additional license for each major fraction of the monetary threshold above that original threshold.

(6) The following apply to a license issued under subsection (1)(b):

(a) The amount expended for new construction, or to rehabilitate or restore the building that housed the licensed premises, must be not less than \$75,000.00 over a period of the preceding 5 years or a commitment for a capital investment of at least that amount in the building that houses or will house the licensed premises, that must be expended before the issuance of the license.

(b) The total amount of public and private investment in real and personal property within the development district or area must not be less than \$200,000.00 over a period of the preceding 5 years as verified to the commission by means of an affidavit from the assessor, as certified by the clerk of the city, village, or township.

(c) The licensed business is engaged in dining, entertainment, or recreation, is open to the general public, and has a seating capacity of not less than 25 persons.

(7) The commission may issue 1 license under subsection (1)(b) for each monetary threshold described in subsections (6)(a) and (6)(b), or for each major fraction of the monetary threshold. The initial enhanced license fee for a license issued under this section is \$20,000.00.

(8) The commission shall not transfer a license issued under this section to another location. If the licensee goes out of business, the licensee shall surrender the license to the commission. The governing body of the city, village, or township may approve another applicant within a redevelopment project area described in subsection (1)(a) or development district or area described in subsection (1)(b) to replace a licensee who has surrendered the license issued under this section provided the new applicant's business meets the requirements of this section but without regard to subsections (2)(c), (3), and (4) or subsection (6)(b).

(9) The individual signing the application for the license shall state and demonstrate that the applicant attempted to secure an appropriate on-premises escrowed license or quota license issued under section 531 and that, to the best of his or her knowledge, an on-premises escrowed license or quota license issued under section 531 is not readily available within the county in which the applicant proposes to operate.

(10) As used in this section:

(a) "Escrowed license" means a license in which the rights of the licensee in the license or to the renewal of the license are still in existence and are subject to renewal and activation in the manner provided for in R 436.1107 of the Michigan Administrative Code.

(b) "Readily available" means available under a standard of economic feasibility, as applied to the specific circumstances of the applicant, that includes, but is not limited to, the following:

- (i) The fair market value of the license based on where the applicant will be located, if determinable.
- (ii) The size and scope of the proposed operation.
- (iii) The existence of mandatory contractual restrictions or inclusions attached to the sale of the license.

History: Add. 2006, Act 501, Imd. Eff. Dec. 29, 2006;—Am. 2010, Act 369, Imd. Eff. Dec. 22, 2010;—Am. 2014, Act 270, Imd. Eff. July 2, 2014;—Am. 2022, Act 16, Imd. Eff. Feb. 23, 2022.

436.1522 Banquet facility permits.

Sec. 522. (1) The commission may issue 1 banquet facility permit to an on-premise licensee, as an extension of that on-premise license, for the serving of alcoholic liquor only on the permitted premises. This section does not limit the number of banquet facility permits that the commission may issue within any local unit of government. The banquet facility shall be used only for scheduled functions and events, shall not have regular meal service, and shall not be generally open to the public. The applicant shall provide documentation that demonstrates a preexisting ownership or lease interest in the banquet facility.

(2) The commission shall charge an initial permit issuance fee and, upon renewal of the permit, a permit renewal fee sufficient to cover the cost of administering the issuance and renewal of the permit. The fees shall be \$600.00.

(3) The banquet facility permit expires on the same date as the on-premise license and may be renewed in conjunction with that license. The commission shall issue the permit only to a licensee to which the following apply:

(a) The licensee does not have a record of any prior offenses or violations that the commission considers to be of such a nature as to pose a threat to the general public if a permit is issued.

(b) The licensee has demonstrated to the commission that at least 50% of the gross receipts of the on-premise license are derived from the sale of food and nonalcoholic beverages prepared for consumption on the licensed premises.

(4) The licensee shall apply on forms provided by the commission and provide information considered necessary by the commission to protect the public interest and welfare including, but not limited to, a diagram of the premises and evidence that the premises meets local safety, building, and health codes.

(5) The commission shall not issue a banquet facility permit unless issuance is approved through adoption of a resolution of the legislative body of the local unit of government within which the permitted facility is located.

History: Add. 1998, Act 282, Imd. Eff. July 27, 1998;—Am. 1998, Act 416, Imd. Eff. Dec. 21, 1998.

Administrative rules: R 436.1501 et seq. of the Michigan Administrative Code.

436.1523 Liquor licenses; ineligibility of law enforcement officers; exception; "law enforcement personnel" defined.

Sec. 523. (1) A person who holds or whose spouse holds, either by appointment or election, a public office which involves the duty to enforce any of the penal laws of the United States, or the penal laws of this state, or a penal ordinance or resolution of any municipal subdivision of the state, except civil defense volunteer police, mayors or council members of cities, or village presidents, or mayors of home rule cities whose law enforcement authority under the city charter is restricted to emergency situations, or the state treasurer of this state when acting in the capacity of custodian of the assets of the state retirement systems created by the public school employees retirement act of 1979, 1980 PA 300, MCL 38.1301 to 38.1437; the state employees' retirement act, 1943 PA 240, MCL 38.1 to 38.69; the state police retirement act of 1986, 1986 PA 182, MCL 38.1601 to 38.1675; and the judges retirement act of 1992, 1992 PA 234, MCL 38.2101 to 38.2670, and members of these state retirement systems only if the state treasurer makes an investment in the name of the respective retirement system to which the members belong, must not be issued a license, or have an interest, directly or indirectly, in a license if the activity regulated by the license occurs in the same local unit of government within which the person enforces those state or local penal laws unless the official is contractually prohibited from enforcing this act. This subsection does not apply to a spouse of an appointed or elected official holding an office which involves the duty to enforce a penal law described in this subsection if the spouse held a license or an interest in a license for not less than 3 years before marrying the appointed or elected official or if the spouse has voting rights in a public or private club holding the license, which voting rights are derived from ownership of shares to the club, and the spouse participates as a member in good

standing of the public or private club or of an advisory board but does not participate in the day-to-day operation of the club. For a licensee excepted from the general prohibition under this section, the commission may periodically review all circumstances of the licensee and his or her spouse regarding the exception. The commission may review and monitor any complaints it receives regarding inappropriate enforcement of this act by or against a person excepted from this section. However, a nonprofit fraternal organization incorporated under the laws of this state, whose membership is not totally composed of law enforcement personnel or public officeholders charged with the duty of enforcing any penal laws or ordinances of a governmental body, may be issued a club liquor license if the organization is otherwise qualified.

(2) As used in this section, "law enforcement personnel" does not include the mayor of a city or the state treasurer of this state when acting in the capacity of custodian of the assets of the state retirement systems created by the public school employees retirement act of 1979, 1980 PA 300, MCL 38.1301 to 38.1437, the state employees' retirement act, 1943 PA 240, MCL 38.1 to 38.69, the state police retirement act of 1986, 1986 PA 182, MCL 38.1601 to 38.1675, and the judges retirement act of 1992, 1992 PA 234, MCL 38.2101 to 38.2670, and members of these state retirement systems only if the state treasurer makes an investment in the name of the respective retirement system to which the members belong.

History: 1998, Act 58, Imd. Eff. Apr. 14, 1998;—Am. 2018, Act 683, Imd. Eff. Dec. 28, 2018.

436.1525 License fees; fingerprints; criminal history check; filing completed application; issuance of license within certain period of time; conditional license; report; "completed application" defined.

Sec. 525. (1) Except as otherwise provided in this section, the following license fees must be paid at the time of filing applications or as otherwise provided in this act and are subject to allocation under section 543:

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

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

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

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

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

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

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

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

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

(j) Specially designated merchants, for selling beer, wine, or mixed spirit drink for consumption off the premises only but not at wholesale, \$100.00 for each location regardless of whether the location is part of a system or chain of merchandising.

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

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

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

(n) Taverns, selling beer, wine, and mixed spirit drink, \$250.00.

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

(p) Clubs selling beer, wine, mixed spirit drink, and spirits, \$300.00 for clubs having 150 or fewer accredited members and \$1.00 for each member in excess of 150. Clubs shall submit a list of members by an affidavit 30 days before the closing of the license year. The affidavit must be used only for determining the

license fees to be paid under this subdivision. This subdivision does not prevent the commission from checking a membership list and making its own determination from the list or otherwise. The list of members and additional members is not required of a club paying the maximum fee. The maximum fee must not exceed \$750.00 for any 1 club.

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

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

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

(t) Brandy manufacturer, \$100.00.

(u) Mixed spirit drink manufacturer, \$100.00. A mixed spirit drink manufacturer must pay \$50.00 for each motor vehicle used for delivery of mixed spirit drink to retailers under section 203b.

(v) Brewpub, \$100.00.

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

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

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

(z) Small distiller, \$100.00. A qualified small distiller must pay \$50.00 for each motor vehicle used for delivery to retailers under section 203(20).

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

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

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

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

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

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

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

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

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

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

(6) If, in addition to a completed application under this section, an applicant submits a separate form requesting a conditional license with an acceptable proof of financial responsibility form under section 803, an executed property document, and, for an application to transfer the location of an existing retailer license other than specially designated distributor license, a church or school proximity affidavit on a form prescribed by the commission attesting that the proposed location is not within 500 feet of a church or school building using the method of measurement required under section 503, the commission shall, after considering the arrest and conviction records or previous violation history in the management, operation, or ownership of a licensed business, approve or deny a conditional license. A conditional license issued under subsection (7) must only include any existing permits and approvals held in connection with the license, other than permits or approvals for which the conditional applicant does not meet the requirements in this act or rules promulgated under this act, or permits or approvals that the conditional applicant has requested to cancel as part of the application that serves as the basis for the conditional license. The commission shall not issue a new permit with a conditional license issued under subsection (7). The following applicants may request a conditional license:

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

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

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

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

(8) A conditional license approved under subsection (6) and issued under subsection (7) is nontransferable and nonrenewable. 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 and all administrative remedies before the commission have been exhausted.

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

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

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

(10) If a conditional licensee fails to maintain acceptable proof of its financial responsibility as required

under section 803, the commission shall summarily suspend the conditional license under section 92(2) of the administrative procedures act of 1969, 1969 PA 306, MCL 24.292, until the conditional 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 this state or a unit of local government any compensation for property, future income, or future economic loss because of the revocation.

(11) On issuing a conditional license under subsection (7), the commission shall, until the conditional license expires under subsection (9), place the existing license under subsection (4) for which the applicant submitted the application that serves as the basis for the conditional license in escrow in compliance with R 436.1107 of the Michigan Administrative Code. If the conditional license expires 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 is the date the conditional license expires.

(12) 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) 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 private entity but not from another department or agency of this state.

History: 1998, Act 58, Imd. Eff. Apr. 14, 1998;—Am. 2002, Act 76, Imd. Eff. Mar. 15, 2002;—Am. 2004, Act 266, Imd. Eff. July 23, 2004;—Am. 2005, Act 97, Imd. Eff. July 20, 2005;—Am. 2005, Act 166, Imd. Eff. Oct. 6, 2005;—Am. 2006, Act 539, Imd. Eff. Dec. 29, 2006;—Am. 2008, Act 218, Imd. Eff. July 16, 2008;—Am. 2010, Act 175, Imd. Eff. Sept. 30, 2010;—Am. 2010, Act 213, Imd. Eff. Nov. 17, 2010;—Am. 2010, Act 279, Imd. Eff. Dec. 16, 2010;—Am. 2013, Act 236, Eff. May 22, 2014;—Am. 2014, Act 353, Imd. Eff. Oct. 17, 2014;—Am. 2016, Act 315, Eff. Feb. 1, 2017;—Am. 2016, Act 434, Imd. Eff. Jan. 4, 2017;—Am. 2021, Act 19, Eff. Aug. 23, 2021.

Constitutionality: In *Granholm v Heald*, 544 US 460 (2005), the United States Supreme Court held that Michigan laws regulating direct shipment of alcohol to in-state consumers discriminated against interstate commerce in violation of clause 3 of section 8 of article 1 of the United States Constitution, and that the powers granted to states under the 21st Amendment to the United States Constitution do not authorize violation of other constitutional provisions.

436.1526 Beer festival; issuance of special license; limitation; buying directly from licensed brewpub; showcasing beer; serving age requirement; "beer festival" defined.

Sec. 526. (1) The commission may issue a special license under this section to an organization conducting a beer festival. The application must conform to the following:

(a) Be submitted by a nonprofit entity composed primarily of brewers, micro brewers, and brewpubs, as determined by the commission.

(b) Involve an event having for its primary purpose the showcasing of beer and its production.

(c) Be accompanied by a fee of \$25.00 per day of the event.

(2) The special license must not allow more than 6 events per calendar year conforming to the requirements of subsection (1). For purposes of this subsection, a beer festival that spans 2 or more consecutive days is considered 1 event.

(3) A holder of a special license issued under this section may buy a quantity of beer directly from any licensed brewpub or wholesaler or directly from a micro brewer eligible to self-distribute to the beer festival for consumption only at the licensed event.

(4) Beer that is dispensed to consumers for showcasing beer at a beer festival is considered a sample. A holder of a special license issued under this section may offer beer described in this subsection without consideration.

(5) A member, who is 18 years of age or older, of an organization that holds a special license issued under this section may serve beer at the event.

(6) As used in this section and section 413, "beer festival" means an event at which the various types and kinds of beer and the production of that beer are showcased to the general public and at which the general public can purchase and sample the beer being showcased for consumption on the licensed premises.

History: Add. 2008, Act 258, Imd. Eff. Aug. 4, 2008;—Am. 2020, Act 111, Imd. Eff. July 1, 2020.

436.1527 Special license for nonprofit charitable organization; issuance; nontransferable; fee; auction.

Sec. 527. (1) The commission may issue a special license to a nonprofit charitable organization that is exempt from the payment of taxes under the internal revenue code for the purpose of allowing the organization to sell, at auction, wine donated to the organization.

(2) A special license issued pursuant to subsection (1) is not transferable. The organization applying for the special license shall pay the fee required under section 525(1)(r).

(3) An auction permitted under subsection (1) may occur upon premises which are otherwise licensed under this act to allow the sale of alcoholic liquor for consumption on the licensed premises.

History: 1998, Act 58, Imd. Eff. Apr. 14, 1998.

436.1529 Transfer of license or interest in license; notice of transfer of stock in licensed corporation or licensed limited partnership; investigation to ensure compliance; approval; transfer fee; inspection fee.

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

(2) Not later than July 1 of each year, each privately held licensed corporation and each licensed limited partnership shall notify the commission as to whether any of the shares of stock in the corporation, or interest in the limited partnership, have been transferred during the preceding licensing year. The commission may investigate the transfer of any number of shares of stock in a licensed corporation, or any amount of interest in a licensed limited partnership, for the purpose of ensuring compliance with this act and the rules promulgated under this act.

(3) Except as otherwise provided in subdivisions (a) through (f), upon approval by the commission of a transfer subject to subsection (1), there shall be paid to the commission a transfer fee equal to the fee provided in this act for the class of license being transferred. A transfer fee shall not be prorated for a portion of the effective period of the license. If a person holding more than 1 license or more than 1 interest in a license at more than 1 location, but in the name of a single legal entity, transfers all of the licenses or interests in licenses simultaneously to another single legal entity, the transfers shall be considered 1 transfer for purposes of determining a transfer fee, payable in an amount equal to the highest license fee provided in this act for any of the licenses, or interests in licenses, being transferred. A transfer fee shall not be required in regard to any of the following:

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

(b) The exchange of the assets of a licensed sole proprietorship, licensed general partnership, or licensed limited partnership for all outstanding shares of stock in a corporation in which either the sole proprietor, all members of the general partnership, or all members of the limited partnership are the only stockholders of that corporation. An exchange under this subdivision shall not be considered an application for a license for the purposes of section 501.

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

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

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

(i) A licensed sole proprietor.

(ii) A stockholder in a licensed corporation.

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

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

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

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

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

(4) A nonrefundable inspection fee of \$70.00 shall be paid to the commission by an applicant or licensee at the time of filing any of the following:

- (a) An application for a new license or permit.
 - (b) A request for approval of a transfer of ownership or location of a license.
 - (c) A request for approval to increase or decrease the size of the licensed premises, or to add a bar.
 - (d) A request for approval of the transfer in any licensing year of any of the shares of stock in a licensed corporation from 1 person to another, or any part of the total interest in a licensed limited partnership from 1 person to another.
- (5) An inspection fee shall be returned to the person by whom it was paid if the purpose of the inspection was to inspect the physical premises of the licensee, and the inspection was not actually conducted. An inspection fee shall not be required for any of the following:
- (a) The issuance or transfer of a special license, salesperson license, limited alcohol buyer license, corporate salesperson license, hospital permit, military permit, or Sunday sale of spirits permit.
 - (b) The issuance of a new permit, or the transfer of an existing permit, if the permit is issued or transferred simultaneously with the issuance or transfer of a license or an interest in a license.
 - (c) The issuance of authorized but previously unissued corporate stock to an existing stockholder of a licensed corporation.
 - (d) The transfer from a corporation to an existing stockholder of any of the corporation's stock that is owned by the corporation itself.
- (6) All inspection fees collected under this section shall be deposited in the special fund in section 543 for carrying out of the licensing and enforcement provisions of this act.

History: 1998, Act 58, Imd. Eff. Apr. 14, 1998.

436.1531 Public license and resort license; on-premises escrowed license; limitations and quotas; additional licenses for certain establishments; license for certain events at public university; outdoor stadium; economic development factors; exceptions as to certain veterans and airports; special state census of local governmental unit; rules; availability of transferable licenses held in escrow; on-premises escrowed or quota license; issuance of available licenses; report; hotels; escrowed specially designated distributor license; transfer; applicability of administrative rule; definitions.

Sec. 531. (1) The commission shall not issue a public license for the sale of alcoholic liquor for consumption on the premises if the issuance would result in more than 1 license for each 1,500 of population or major fraction of 1,500 population. An on-premises escrowed license issued under this subsection may be transferred, subject to local legislative approval under section 501(2), to an applicant whose proposed operation is located within any local governmental unit in a county in which the escrowed license was located. If the local governmental unit within which the former licensee's premises were located spans more than 1 county, an escrowed license may be transferred, subject to local legislative approval under section 501(2), to an applicant whose proposed operation is located within any local governmental unit in either county. If an escrowed license is activated within a local governmental unit other than that local governmental unit within which the escrowed license was originally issued, the commission shall count that activated license against the local governmental unit originally issuing the license. The quota under this subsection does not bar the right of an existing licensee to renew a license or transfer the license and does not bar the right of an on-premises licensee of any class to reclassify to another class of on-premises license in a manner not in violation of law or this act, subject to the consent of the commission. The upgrading of a license resulting from a request under this subsection is subject to approval by the local governmental unit having jurisdiction.

(2) In a resort area, the commission may issue no more than 550 licenses for a period not to exceed 12 months without regard to a limitation because of population and with respect to the resort license the commission, by rule, shall define and classify resort seasons by months and may issue 1 or more licenses for resort seasons without regard to the calendar year or licensing year.

(3) In addition to the resort licenses authorized in subsection (2), the commission may issue not more than 5 additional licenses per year to establishments whose business and operation, as determined by the commission, is designed to attract and accommodate tourists and visitors to the resort area, whose primary purpose is not for the sale of alcoholic liquor, and whose capital investment in real property, leasehold improvement, and fixtures for the premises to be licensed is \$75,000.00 or more. Further, the commission shall issue 1 license under this subsection per year to an applicant located in a rural area that has a poverty rate, as defined by the latest decennial census, greater than the statewide average, or that is located in a rural area that has an unemployment rate higher than the statewide average for 3 of the 5 preceding years. In counties having a population of less than 50,000, as determined by the last federal decennial census or as determined under subsection (15) and subject to subsection (20) for a class A hotel or a class B hotel, the

commission shall not require the establishments to have dining facilities to seat more than 50 persons. The commission may cancel the license if the resort is no longer active or no longer qualifies for the license. Before January 16 of each year the commission shall transmit to the legislature a report giving details as to all of the following:

- (a) The number of applications received under this subsection.
- (b) The number of licenses granted and to whom.
- (c) The number of applications rejected and the reasons they were rejected.
- (d) The number of the licenses revoked, suspended, or as to which other disciplinary action was taken, the names of the licensees, and the grounds for revocation, suspension, or disciplinary action.

(4) In addition to any licenses for the sale of alcoholic liquor for consumption on the premises that may be available in the local governmental unit under subsection (1) and the resort licenses authorized in subsections (2) and (3), the commission may issue not more than 15 resort economic development licenses per year. A person is eligible to apply for a resort economic development license under this subsection on submitting an application to the commission and demonstrating all of the following:

- (a) The establishment's business and operation, as determined by the commission, is designed to attract and accommodate tourists and visitors to the resort area.
- (b) The establishment's primary business is not the sale of alcoholic liquor.
- (c) The capital investment in real property, leasehold improvement, fixtures, and inventory for the premises to be licensed is in excess of \$1,500,000.00.
- (d) The establishment does not allow or permit casino gambling on the premises.

(5) In governmental units having a population of 50,000 or less, as determined by the last federal decennial census or as determined under subsection (15), in which the quota of specially designated distributor licenses, as provided by section 533, has been exhausted, the commission may issue not more than a total of 15 additional specially designated distributor licenses per year to established merchants whose business and operation, as determined by the commission, is designed to attract and accommodate tourists and visitors to the resort area. A specially designated distributor license issued under this subsection may be issued at a location within 2,640 feet of existing specially designated distributor license locations. A specially designated distributor license issued under this subsection does not bar another specially designated distributor licensee from transferring location to within 2,640 feet of that licensed location. A specially designated distributor license issued under section 533 may be located within 2,640 feet of a specially designated distributor license issued under this subsection. The person signing the application for a specially designated distributor license under this subsection shall state that the person attempted to secure an escrowed specially designated distributor license or quota license and that, to the best of the person's knowledge, an escrowed specially designated distributor license or quota license is not readily available within the county in which the applicant for the specially designated distributor license under this subsection proposes to operate.

(6) In addition to any licenses for the sale of alcoholic liquor for consumption on the premises that may be available in the local governmental unit under subsection (1), and the resort or resort economic development licenses authorized in subsections (2), (3), and (4), and notwithstanding section 519, the commission may issue not more than 5 additional special purpose licenses in any calendar year for the sale of beer and wine for consumption on the premises. The commission may issue a special purpose license under this subsection only for events that are to be held from May 1 to September 30, are artistic in nature, and that are to be held on the campus of a public university with an enrollment of 30,000 or more students. A special purpose license is valid for 30 days or for the duration of the event for which it is issued, whichever is less. The fee for a special purpose license is \$50.00. A special purpose license may be issued only to a corporation that meets all of the following requirements:

(a) The corporation is a nonprofit corporation organized under the nonprofit corporation act, 1982 PA 162, MCL 450.2101 to 450.3192.

(b) The corporation has a board of directors constituted of members of whom half are elected by the public university at which the event is scheduled and half are elected by the local governmental unit.

(c) The corporation has been in continuous existence for not less than 6 years.

(7) Notwithstanding the local legislative body approval requirement of section 501(2) and notwithstanding section 519, the commission may issue, without regard to the quota requirement of subsection (1) and with the approval of the governing board of the university, either a tavern or class C license that may be used only for regularly scheduled events at a public university's established outdoor program or festival at a facility on the campus of a public university having a head count enrollment of 10,000 students or more. The commission may issue a license under this subsection only to the governing board of a public university, a person that is the lessee or concessionaire of the governing board of the university, or both. A license issued under this subsection is not transferable as to ownership or location. Except as otherwise provided in this subsection, a

license issued under this subsection may not be issued at an outdoor stadium customarily used for intercollegiate athletic events. A license may be issued at an outdoor stadium customarily used for intercollegiate athletic events for not more than 30 consecutive days to a concessionaire of an entity granted exclusive use of a public university's property in conjunction with a hockey game sanctioned by an unincorporated not-for-profit association that operates a major professional ice hockey league consisting of teams located in Canada and in the United States or in conjunction with a professional international soccer match between 2 international soccer clubs as part of a tournament sanctioned by a not-for-profit association that is the governing body for soccer in the United States and organized and promoted by a match agent that is licensed by the international governing body for soccer if the concessionaire has entered into an agreement granting it control of the licensed premises for the purposes of complying with this act and rules promulgated under this act regarding the sale of alcoholic liquor. A nationally televised game between 2 professional hockey teams or 2 professional international soccer clubs played outdoors is considered an established outdoor program for the purposes of this subsection. Notwithstanding any provision of this act or any rule promulgated under this act, a concessionaire obtaining a license under this subsection may share the profits generated from that license with an unincorporated not-for-profit association that operates a major professional ice hockey league consisting of teams located in Canada and in the United States or an affiliated entity under a written contract reviewed by the commission or with a licensed match agent and a promoter that organizes and promotes international soccer matches under a written contract reviewed by the commission. If the established outdoor program is a nationally televised game between 2 professional hockey teams or 2 professional international soccer clubs, the commission may allow the promotion and advertising of alcoholic liquor brands on the campus of a public university where a concessionaire has been issued a license under this subsection for the duration of the license.

(8) Notwithstanding the local legislative body approval requirement of section 501(2) and notwithstanding section 519, and subject to subsection (10), the commission may issue to the governing board of a public university, without regard to the quota requirement of subsection (1) and with the approval of the governing board of the university, not more than 5 tavern licenses, 5 class C licenses, or any combination of tavern or class C licenses, not to exceed 5 licenses total, which are not transferrable, that may be used for scheduled events within the public area of a facility on university property that is customarily used for intercollegiate athletic events if all of the following conditions are met:

(a) The sales and service of alcoholic liquor conducted under the licenses are conducted by individuals who have successfully completed a server training program as provided for in section 906 and who are not volunteers for an organization working during an event as part of a fund-raising activity for the organization.

(b) Subject to sections 1114 and 1115, the sales and service of alcoholic liquor are limited to 1 hour before the event and while the event is occurring. Consumption of alcoholic liquor purchased on the licensed premises is limited to 1 hour before the event, while the event is occurring, and 30 minutes after the event has ended.

(c) The commission issues a separate license for each facility on university property that is customarily used for intercollegiate athletic events.

(d) The licensee provides in writing to the commission a list of the dates and times of events for which each license issued will be used at least 2 weeks before the start of the events, subject to the following:

(i) The licenses issued under this subsection must not be used for more than 100 days per calendar year in aggregate for all licenses combined for intercollegiate athletic scheduled events.

(ii) The licenses issued under this subsection is not used for more than 5 days per calendar year in aggregate for all licenses combined for other scheduled events.

(e) The sales and service of alcoholic liquor are conducted only at fixed locations within the licensed premises.

(f) Dispensing machines described in section 552 are prohibited on the premises of a license issued under this subsection.

(9) The holder of a special license issued by the commission may sell and serve alcoholic liquor on the premises of a license issued under subsection (8) on dates and times other than the dates and times provided to the commission as required in subsection (8)(d). A licensee that has been issued a catering permit under section 547 may deliver and serve alcoholic liquor at a private event on the premises of a license issued under subsection (8) on dates and times other than the dates and times provided the commission as required in subsection (8)(d).

(10) If applicable, the commission may issue only the following permits, permissions, or approvals to be held in conjunction with a license issued under subsection (8):

(a) If the license is a class C license, additional bars under section 525(1)(o).

(b) Dance permit.

- (c) Direct connection.
- (d) Entertainment permit.
- (e) Extended hours permit.
- (f) Off-premises storage.
- (g) Participation permit.
- (h) Specific purpose permit.
- (i) Sunday sales permit.

(11) The commission shall not approve an outdoor service area under R 436.1419 of the Michigan Administrative Code for a license issued under subsection (8). The outdoor portion of an outdoor facility on university property that is customarily used for intercollegiate athletic events issued a license under subsection (8) is not considered an outdoor service area.

(12) In issuing a resort or resort economic development license under subsection (3), (4), or (5), the commission shall consider economic development factors of the area in issuing licenses to establishments designed to stimulate and promote the resort and tourist industry. The commission shall not transfer a resort or resort economic development license issued under subsection (3), (4), or (5) to another location. If the licensee goes out of business the license must be surrendered to the commission.

(13) The limitations and quotas of this section are not applicable to issuing a new license to a veteran of the Armed Forces of the United States who was honorably discharged or released under honorable conditions from the Armed Forces of the United States and who had by forced sale disposed of a similar license within 90 days before or after entering or while serving in the Armed Forces of the United States, as a part of the person's preparation for that service if the application for a new license is submitted for the same governmental unit in which the previous license was issued and within 60 days after the discharge of the applicant from the Armed Forces of the United States.

(14) The limitations and quotas of this section are not applicable to issuing a new license or renewing an existing license where the property or establishment to be licensed is situated in or on land on which an airport owned by a county or in which a county has an interest is situated.

(15) For purposes of implementing this section a special state census of a local governmental unit may be taken at the expense of the local governmental unit by the federal Census Bureau or the secretary of state under section 6 of the home rule city act, 1909 PA 279, MCL 117.6. The special census must be initiated by resolution of the governing body of the local governmental unit involved. The secretary of state may promulgate additional rules necessary for implementing this section under the administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328.

(16) Before granting an approval as required in section 501(2) for a license to be issued under subsection (2), (3), or (4), a local legislative body shall disclose the availability of transferable licenses held in escrow for more than 1 licensing year within that respective local governmental unit. The local governmental unit shall provide public notice of the meeting to consider the granting of the license by the local governmental unit 2 weeks before the meeting.

(17) The person signing the application for an on-premises resort or resort economic development license shall state and verify that the person attempted to secure an on-premises escrowed license or quota license and that, to the best of the person's knowledge, an on-premises escrowed license or quota license is not readily available within the county in which the applicant for the on-premises resort or resort economic development license proposes to operate.

(18) The commission shall not issue an on-premises resort or resort economic development license if the county within which the resort or resort economic development license applicant proposes to operate has not issued all on-premises licenses available under subsection (1) or if an on-premises escrowed license exists and is readily available within the local governmental unit in which the applicant for the on-premises resort or resort economic development license proposes to operate. The commission may waive the provisions of this subsection on a showing of good cause.

(19) The commission shall annually report to the legislature the names of the businesses issued licenses under this section and their locations.

(20) The commission shall not require a class A hotel or a class B hotel licensed under subsection (2), (3), or (4) to provide food service to registered guests or to the public.

(21) Subject to the limitation and quotas in subsection (1) and to local legislative approval under section 501(2), the commission may approve the transfer of ownership and location of an on-premises escrowed license within the same county to a class G-1 or class G-2 license or may approve the reclassification of an existing on-premises license at the location to be licensed to a class G-1 license or to a class G-2 license, subject to subsection (1). Resort or economic development on-premises licenses created under subsection (3) or (4) may not be issued as, or reclassified to, a class G-1 or class G-2 license.

(22) An escrowed specially designated distributor license may be transferred, with the consent of the commission, to an applicant whose proposed operation is located within any local governmental unit in a county in which the specially designated distributor license is located. If the local governmental unit within which the escrowed specially designated distributor license is located spans more than 1 county, the license may be transferred to an applicant whose proposed operation is located within any local governmental unit in either county. If the specially designated distributor license is activated within a local governmental unit other than that local governmental unit within which the specially designated distributor license was originally issued, the commission shall count that activated license against the local governmental unit originally issuing the specially designated distributor license.

(23) Subrule (8) of R 436.1135 of the Michigan Administrative Code does not apply to a transfer under subsection (22).

(24) As used in this section:

(a) "Escrowed license" means a license in which the rights of the licensee in the license or to the renewal of the license are still in existence and are subject to renewal and activation in the manner provided for in R 436.1107 of the Michigan Administrative Code.

(b) "Readily available" means available under a standard of economic feasibility, as applied to the specific circumstances of the applicant, that includes, but is not limited to, the following:

(i) The fair market value of the license, if determinable.

(ii) The size and scope of the proposed operation.

(iii) The existence of mandatory contractual restrictions or inclusions attached to the sale of the license.

History: 1998, Act 58, Imd. Eff. Apr. 14, 1998;—Am. 1998, Act 282, Imd. Eff. July 27, 1998;—Am. 1998, Act 416, Imd. Eff. Dec. 21, 1998;—Am. 1999, Act 91, Imd. Eff. June 30, 1999;—Am. 2000, Act 399, Imd. Eff. Jan. 8, 2001;—Am. 2001, Act 223, Eff. Mar. 22, 2002;—Am. 2002, Act 725, Imd. Eff. Dec. 30, 2002;—Am. 2004, Act 191, Imd. Eff. July 8, 2004;—Am. 2005, Act 97, Imd. Eff. July 20, 2005;—Am. 2012, Act 212, Imd. Eff. June 27, 2012;—Am. 2013, Act 237, Imd. Eff. Dec. 26, 2013;—Am. 2014, Act 135, Imd. Eff. May 27, 2014;—Am. 2023, Act 96, Imd. Eff. July 19, 2023.

436.1532 "Bona fide member" defined; issuance of club license; public notice; annual filing by club; conduct of club affairs and management.

Sec. 532. (1) A club license allows the licensee to sell, for consumption on the licensed premises, beer, wine, mixed spirit drink, and spirits only to bona fide members of the club who have attained the age of 21 years. As used in this subsection, "bona fide member" means an individual admitted as a charter member or admitted in accordance with the bylaws of the club, who maintains current membership by the payment of annual dues, whose name and address is entered on the list of members, and who has voting rights to regularly elect the board of directors, officers, executive committee, or similar body that conducts the affairs and management of the club. For an incorporated or unincorporated nonprofit veterans' organization that is a branch or chapter of a national organization or an organization chartered by the United States Congress, a bona fide member includes a member of another branch or chapter who possesses an identification card indicating current membership in the same national or congressionally chartered veterans' organization. For a branch, chapter, lodge, aerie, or other local unit of a national fraternal nonprofit association that is exempt from federal income taxes under section 501(c)(8) or 501(c)(10) of the internal revenue code, 26 USC 501, a bona fide member includes a member of another branch, chapter, lodge, aerie, or local unit who possesses an identification card indicating current membership in the same national fraternal nonprofit association.

(2) Except as otherwise provided in subsection (3), the commission shall not issue a license to a club unless the club has been in existence for a period of not less than 2 years before the application for the license.

(3) A club shall give public notice of the intent of the commission to issue the club a club license by publication in a newspaper published or in general circulation within the local governmental unit at least 10 days before the commission issues the license. A club that is a chapter of a national organization that has had a license for 10 or more years may apply for a license without a waiting period. Public notice of the commission's intent to renew the club license is not required.

(4) Except for a club paying a maximum fee, within 10 days after February 1 of each year the club shall file with the commission a list of names and residences of its members and make a similar filing of the name and residence with the commission within 10 days after the election of an additional member. The annual filing must also include a statement that the club's annual aggregate membership fees or dues and other income, exclusive of the proceeds from the sale of alcoholic liquor, are sufficient to defray the annual rental of its leased or rented premises or, if the premises are owned by the club, are sufficient to meet the taxes, insurance, repairs, and interest on a mortgage on the premises.

(5) The affairs and management of the club must be conducted by a board of directors, executive committee, or similar body chosen by the members. A member, officer, agent, or employee of the club must

not be paid, or directly or indirectly receive in the form of salary or other compensation, profits from the disposition of alcoholic liquor to the club or to the members of the club, beyond the amount of salary fixed and voted at meetings by the members or by its directors or other governing body and as reported by the club to the commission, within 3 months after the meeting.

History: Add. 2001, Act 223, Eff. Mar. 22, 2002;—Am. 2018, Act 104, Eff. July 4, 2018.

436.1533 Specially designated merchant license; specially designated distributor license; issuance; quota; waiver; transfer; limitation; owner or operator of motor vehicle fuel pump on or adjacent to licensed premises; issuance to marina; license fees; determination of population.

Sec. 533. (1) Subject to subsection (12), the commission shall not issue a new specially designated merchant license or transfer an existing specially designated merchant license unless the applicant is an approved type of business. An applicant is not an approved type of business unless the applicant meets 1 or more of the following conditions:

(a) The applicant holds and maintains a retail food establishment license issued under the food law, 2000 PA 92, MCL 289.1101 to 289.8111. As used in this subdivision, "retail food establishment" means that term as defined in section 1111 of the food law, 2000 PA 92, MCL 289.1111.

(b) The applicant holds and maintains an extended retail food establishment license issued under the food law, 2000 PA 92, MCL 289.1101 to 289.8111. As used in this subdivision, "extended retail food establishment" means that term as defined in section 1107 of the food law, 2000 PA 92, MCL 289.1107.

(c) The applicant holds or the commission approves the issuance of a specially designated distributor license to the applicant.

(d) The applicant holds or the commission approves the issuance of a class C license to the applicant.

(e) The applicant holds or the commission approves the issuance of a class A hotel license to the applicant.

(f) The applicant holds or the commission approves the issuance of a class B hotel license to the applicant.

(g) The applicant holds or the commission approves the issuance of a club license to the applicant.

(h) The applicant holds or the commission approves the issuance of a tavern license to the applicant.

(i) The applicant holds or the commission approves the issuance of a class G-1 license to the applicant.

(j) The applicant holds or the commission approves the issuance of a class G-2 license to the applicant.

(2) A specially designated distributor may apply for a license as a specially designated merchant.

(3) A specially designated distributor license issued under subsection (4) or section 531(5) may be held in conjunction with any of the following licenses:

(a) A specially designated merchant license.

(b) Subject to subsection (13), a class B hotel license.

(c) Subject to subsection (13), a class C license.

(d) Subject to subsection (13), a combination of licenses in subdivisions (a) and (b) or (a) and (c).

(4) In cities, incorporated villages, or townships, the commission shall issue only 1 specially designated distributor license for each 3,000 of population, or fraction of 3,000. The commission may waive the quota requirement under this subsection if there is no existing specially designated distributor licensee within 2 miles of the applicant, measured along the nearest traffic route.

(5) Except as otherwise provided in this section, in cities, incorporated villages, or townships, the commission shall issue only 1 specially designated merchant license for each 1,000 of population, or fraction of 1,000. The quota under this subsection does not apply to any of the following:

(a) An applicant for a specially designated merchant license that is an applicant for or the holder of a license listed in subsection (1)(d) to (j).

(b) An applicant for or the holder of a specially designated merchant license whose licensed establishment meets 1 or more of the following conditions:

(i) Meets both of the following conditions:

(A) The licensed establishment is at least 20,000 square feet.

(B) The licensed establishment's gross receipts derived from the sale of food are at least 20% of the total gross receipts.

(ii) The licensed establishment is also a pharmacy as that term is defined in section 17707 of the public health code, 1978 PA 368, MCL 333.17707.

(c) A secondary location permit issued to a specially designated merchant under section 541.

(d) A specially designated merchant license issued under subsection (7).

(e) A specially designated merchant license issued to a marina under section 539.

(6) The commission may waive the quota under subsection (5) if there is no existing specially designated

merchant within 2 miles of the applicant, measured along the nearest traffic route.

(7) The commission shall waive the quota under subsection (5) if both of the following apply:

(a) The applicant applies for the specially designated merchant license within 60 days after January 4, 2017.

(b) The applicant is a retail dealer that holds a license issued under section 6(1) of the motor fuels quality act, 1984 PA 44, MCL 290.646. The applicant shall include a copy of the license described in this subdivision with the applicant's application under this subsection. As used in this subdivision, "retail dealer" means that term as defined in section 2 of the motor fuels quality act, 1984 PA 44, MCL 290.642.

(8) A specially designated merchant license issued under this section may be transferred to an applicant whose proposed operation is located within any local governmental unit in a county in which the specially designated merchant license was located. If the local governmental unit within which the former licensee's premises were located spans more than 1 county, a specially designated merchant license may be transferred to an applicant whose proposed operation is located within any local governmental unit in either county. If a specially designated merchant license is transferred to a local governmental unit other than that local governmental unit within which the specially designated merchant license was originally issued, the commission shall count that transferred specially designated merchant license against the local governmental unit originally issuing the specially designated merchant license.

(9) Except as otherwise provided in subsection (10), the quota under subsection (5) does not bar the right of an existing specially designated merchant to renew the specially designated merchant license or transfer the specially designated merchant license. This subsection applies to a specially designated merchant license issued or renewed before, on, or after January 4, 2017.

(10) A specially designated merchant license issued after January 4, 2017 to a person described in subsection (5)(a) or (b) or to a specially designated merchant license issued under subsection (6) may not be transferred to another location.

(11) An applicant for or the holder of a specially designated merchant license that owns or operates a motor vehicle fuel pump on or adjacent to the licensed premises is not required to meet the conditions under section 541 as that section existed before January 4, 2017.

(12) For a marina that maintains motor vehicle fuel pumps on or adjacent to the licensed premises, or maintains a financial interest in any motor vehicle fuel pumps, the commission may only issue a special designated merchant license to the marina under section 539.

(13) License fees for a specially designated distributor license held in conjunction with a class B hotel license or a class C license as described in subsection (3) must be calculated under section 525(1)(k) based on the total retail value of merchandise purchased from the commission under the specially designated distributor license during the previous calendar year plus the total retail value of the merchandise purchased from the commission under either the class B hotel license or the class C license.

(14) For purposes of this section, population is determined by the latest federal decennial census, by a special census under section 6 of the home rule city act, 1909 PA 279, MCL 117.6, or section 7 of the Glenn Steil state revenue sharing act of 1971, 1971 PA 140, MCL 141.907, or by the latest census and corrections published by the United States Department of Commerce, Bureau of the Census, whichever is later.

History: 1998, Act 58, Imd. Eff. Apr. 14, 1998;—Am. 1998, Act 416, Imd. Eff. Dec. 21, 1998;—Am. 2016, Act 137, Eff. Aug. 24, 2016;—Am. 2016, Act 434, Imd. Eff. Jan. 4, 2017;—Am. 2018, Act 386, Imd. Eff. Dec. 19, 2018;—Am. 2020, Act 308, Eff. Mar. 24, 2021.

436.1534 Small distiller license.

Sec. 534. (1) Upon application in a manner acceptable to the commission and payment of the appropriate license fee, the commission shall issue a small distiller license to a person annually manufacturing in this state spirits in an amount not exceeding 60,000 gallons, of all brands combined.

(2) A small distiller may have an approved tasting room and sell at retail in accordance with sections 536 and 537.

(3) This section does not allow the sale of spirits transacted or caused to be transacted by means of any mail order, internet, telephone, computer, device, or other electronic means.

History: Add. 2008, Act 218, Imd. Eff. July 16, 2008;—Am. 2018, Act 410, Imd. Eff. Dec. 19, 2018.

436.1535 Vendor as authorized to do business.

Sec. 535. A vendor shall be a person authorized to do business under the laws of this state.

History: 1998, Act 58, Imd. Eff. Apr. 14, 1998.

436.1536 Multiple manufacturing licenses; eligibility requirements; operating multiple tasting

rooms; compliance requirements; limitations; sale of alcoholic liquor under certain circumstances; samples; earmark for liquor control enforcement and license investigation revolving fund; local approval exceptions; samples of mixed spirit drink.

Sec. 536. (1) Except as provided in section 105(13), the commission shall allow a person to be licensed as more than 1 type of manufacturer in this state.

(2) A person that holds more than 1 type of manufacturing license in this state shall meet all applicable provisions of this act for each type of manufacturing license the person holds.

(3) Subject to the requirements of this section and section 537, the commission may approve a licensed manufacturer to operate 1 or more tasting rooms.

(4) Brewers and micro brewers shall not have more approved tasting rooms than allowed in section 411.

(5) A tasting room may be jointly operated by 2 or more manufacturers if either of the following conditions is met:

(a) The manufacturers are owned by the same person and their manufacturing premises share the same address.

(b) The manufacturers are not owned by the same person and their manufacturing premises do not share the same address.

(6) A tasting room is treated as licensed premises for purposes of this act.

(7) An approved tasting room located on the manufacturing premises of 1 or more manufacturers that are owned by the same person and whose manufacturing premises share the same address must comply with all of the following:

(a) The commission must approve and issue an on-premises tasting room permit to the manufacturer or manufacturers.

(b) The manufacturer or manufacturers must pay the \$100.00 initial permit fee, which is renewable annually.

(c) The manufacturer or manufacturers must be approved for the on-premises tasting room permit by the local legislative body in which the proposed licensed premises will be located, except in a city having a population of 600,000 or more or as provided in subsection (18).

(d) The manufacturer or manufacturers must comply with the server training requirements of section 906.

(e) The manufacturer or manufacturers must file with the commission proof of financial responsibility providing security for liability under section 801(2) of not less than \$50,000.00 as provided in section 803.

(f) A separate on-premises tasting room permit is not required for each license type for a person licensed by the commission under any combination of brewer, micro brewer, wine maker, small wine maker, distiller, small distiller, brandy manufacturer, or mixed spirit drink manufacturer licenses issued to that person at the same manufacturing premises.

(g) The commission shall not issue to a manufacturer or manufacturers a Sunday sales permit, catering permit, dance permit, entertainment permit, specific purpose permit, extended hours permit, or authorization for outdoor service unless the commission has issued an on-premises tasting room permit to the manufacturer or manufacturers. A Sunday sales permit, catering permit, dance permit, entertainment permit, specific purpose permit, extended hours permit, or authorization for outdoor service may be issued concurrently with the issuance of an on-premises tasting room permit.

(h) A brewer, micro brewer, wine maker, small wine maker, distiller, small distiller, brandy manufacturer, or mixed spirit drink manufacturer may own and operate a restaurant or allow another person to operate a restaurant as part of the on-premises tasting room on the manufacturing premises. If the brewer, micro brewer, wine maker, small wine maker, distiller, small distiller, brandy manufacturer, or mixed spirit drink manufacturer allows another person to operate a restaurant on the manufacturing premises, the brewer, micro brewer, wine maker, small wine maker, distiller, small distiller, brandy manufacturer, or mixed spirit drink manufacturer must hold a participation permit naming as a participant the other person. The other person must meet the requirements for a participant in R 436.1041(3) of the Michigan Administrative Code.

(8) Subject to subsection (10), an approved tasting room located off the manufacturing premises of 1 or more manufacturers, other than a brewer, micro brewer, or mixed spirit drink manufacturer, that are owned by the same person and whose manufacturing premises share the same address must comply with all of the following:

(a) The commission must approve and issue an off-premises tasting room license to the manufacturer or manufacturers.

(b) The manufacturer or manufacturers must pay the \$100.00 initial license fee, which is renewable annually.

(c) The manufacturer or manufacturers must be approved for the off-premises tasting room license by the

local legislative body in which the proposed licensed premises will be located, except in a city having a population of 600,000 or more or as provided in subsection (18).

(d) The manufacturer or manufacturers must comply with the server training requirements of section 906 at the off-premises tasting room.

(e) The manufacturer or manufacturers must file with the commission proof of financial responsibility providing security for liability under section 801(2) of not less than \$50,000.00 as provided in section 803 for the off-premises tasting room.

(f) A separate off-premises tasting room license is not required for each license type for a person licensed by the commission under any combination of wine maker, small wine maker, distiller, small distiller, or brandy manufacturer licenses issued to that person at the same manufacturing premises.

(g) The commission shall not issue to a manufacturer or manufacturers a Sunday sales permit, catering permit, dance permit, entertainment permit, specific purpose permit, extended hours permit, authorization for outdoor service, or permission to maintain a direct connection to unlicensed premises unless the commission has issued an off-premises tasting room license to the manufacturer or manufacturers. A Sunday sales permit, catering permit, dance permit, entertainment permit, specific purpose permit, extended hours permit, authorization for outdoor service, or permission to maintain a direct connection to unlicensed premises may be issued concurrently with the issuance of an off-premises tasting room license.

(9) Subject to subsection (10), an approved jointly operated tasting room located off the manufacturing premises of 2 or more manufacturers, other than a brewer, micro brewer, or mixed spirit drink manufacturer, that are not owned by the same person and whose manufacturing premises do not share the same address must comply with all of the following:

(a) The commission must approve and issue a joint off-premises tasting room license to each of the manufacturers.

(b) Each manufacturer must pay the \$100.00 initial license fee, which is renewable annually.

(c) Each manufacturer must be approved for a joint off-premises tasting room license by the local legislative body in which the proposed licensed premises will be located, except in a city having a population of 600,000 or more or as provided in subsection (18).

(d) Each manufacturer must comply with the server training requirements of section 906 at the jointly operated off-premises tasting room.

(e) Each manufacturer must file with the commission proof of financial responsibility providing security for liability under section 801(2) of not less than \$50,000.00 as provided in section 803 for the jointly operated off-premises tasting room.

(f) Any management agreements with an unlicensed manager of the jointly operated off-premises tasting room must comply with the requirements of R 436.1041 of the Michigan Administrative Code and all the manufacturers must hold a participation permit naming as a participant the unlicensed manager. The unlicensed manager must meet the requirements for a participant in R 436.1041(3) of the Michigan Administrative Code.

(g) A Sunday sales permit, dance permit, entertainment permit, specific purpose permit, extended hours permit, authorization for outdoor service, or permission to maintain a direct connection to unlicensed premises may be issued in conjunction with a jointly operated off-premises tasting room. All manufacturers licensed at the jointly operated off-premises tasting room location must hold the same permits, permissions, and authorizations at the location.

(h) A violation of this act or the administrative rules by any manufacturer on the premises of the jointly operated off-premises tasting room is a violation by all the manufacturers licensed at the jointly operated off-premises tasting room.

(10) Approved off-premises tasting rooms or jointly operated off-premises tasting rooms described in subsections (8) and (9) must comply with all of the following:

(a) A wine maker, small wine maker, distiller, small distiller, or brandy manufacturer may have 1 of the following:

(i) No more than 5 off-premises tasting room licenses issued under subsection (8) under which alcoholic liquor manufactured by the wine maker, small wine maker, distiller, small distiller, or brandy manufacturer may be sold by the glass for consumption on the premises or samples may be sold or given away for consumption on the premises as provided in subsection (14)(b) and (c).

(ii) No more than 5 joint off-premises tasting room licenses issued under subsection (9) under which alcoholic liquor manufactured by the wine maker, small wine maker, distiller, small distiller, or brandy manufacturer may be sold by the glass for consumption on the premises or samples may be sold or given away for consumption on the premises as provided in subsection (14)(b) and (c).

(iii) A combination of no more than 5 off-premises tasting room licenses issued under subsection (8) and

joint off-premises tasting room licenses issued under subsection (9) under which alcoholic liquor manufactured by the wine maker, small wine maker, distiller, small distiller, or brandy manufacturer may be sold by the glass for consumption on the premises or samples may be sold or given away for consumption on the premises as provided in subsection (14)(b) and (c).

(iv) No more than the equivalent number of off-premises tasting room licenses issued under subsection (8), joint off-premises tasting room licenses issued under subsection (9), or a combination of off-premises tasting room licenses issued under subsection (8) and joint off-premises tasting room licenses issued under subsection (9) that were issued before October 1, 2018 under which alcoholic liquor manufactured by the wine maker, small wine maker, distiller, small distiller, or brandy manufacturer may be sold by the glass for consumption on the premises or samples may be sold or given away for consumption on the premises as provided in subsection (14)(b) and (c).

(b) Notwithstanding the limitation in subdivision (a), a wine maker, small wine maker, distiller, small distiller, or brandy manufacturer may have any number of off-premises tasting room licenses or joint off-premises tasting room licenses under which alcoholic liquor manufactured by the wine maker, small wine maker, distiller, small distiller, or brandy manufacturer may only be sold or given away as samples for consumption on the premises as provided in subsection (14)(d).

(c) A wine maker, small wine maker, distiller, small distiller, or brandy manufacturer must designate at the time of application whether the tasting room location for which the off-premises tasting room license or the joint off-premises tasting room license application is being made will sell by the glass as provided in subdivision (a) or provide only samples as provided in subdivision (b). The designation made for the off-premises tasting room license or the joint off-premises tasting room license must not be changed after the license has been issued.

(d) All wine makers, small wine makers, distillers, small distillers, or brandy manufacturers licensed at the same approved jointly operated off-premises tasting room must have an identical designation under subdivision (c).

(e) A wine maker, small wine maker, distiller, small distiller, or brandy manufacturer that has an off-premises tasting room or jointly operated off-premises tasting room location that was approved by the commission before December 19, 2018 must submit to the commission in writing a designation as required under subdivision (c) by April 1, 2019.

(11) A wine maker, small wine maker, brewer, micro brewer, distiller, small distiller, brandy manufacturer, or mixed spirit drink manufacturer may add a nonalcoholic mixing ingredient or an alcoholic mixing ingredient manufactured by the wine maker, small wine maker, brewer, micro brewer, distiller, small distiller, brandy manufacturer, or mixed spirit drink manufacturer to sampled or purchased alcoholic liquor if the sampled or purchased alcoholic liquor is consumed on the premises of the approved tasting room.

(12) A manufacturer is not a retailer under this act merely because the manufacturer has a tasting room.

(13) A manufacturer with an approved tasting room may sample and sell alcoholic liquor only as specifically allowed in this act.

(14) A manufacturer may do all of the following:

(a) Sell alcoholic liquor it manufactured for consumption off the premises in an approved tasting room under subsections (7) to (9).

(b) Subject to subsection (10)(a), sell alcoholic liquor it manufactured by the glass for consumption on the premises of an approved tasting room under subsections (7) to (9).

(c) Subject to subsection (10)(a), sell or give away samples of any size of alcoholic liquor it manufactured for consumption on the premises of an approved tasting room under subsections (7) to (9).

(d) Subject to subsection (10)(b), sell or give away samples of alcoholic liquor it manufactured for consumption on the premises of an approved tasting room under subsections (8) and (9) under all of the following conditions:

(i) A wine maker or small wine maker may offer samples of wine that do not exceed 3 ounces per sample.

(ii) A brandy manufacturer may offer samples of brandy that do not exceed 1/2 ounce per sample.

(iii) A distiller or small distiller may offer samples of spirits or mixed drinks that do not exceed 1/2 ounce per sample.

(15) An on-premises tasting room permit issued under subsection (7) and an off-premises tasting room license issued under subsection (8) may be held in conjunction at the same location by the same person if either of the following conditions is met:

(a) The person holds the on-premises tasting room permit issued under subsection (7) in conjunction with a brewer or micro brewer license only and no other manufacturing license, and the off-premises tasting room license issued under subsection (8) at the same location.

(b) Both of the following conditions are met:

(i) The person holds an on-premises tasting room permit issued under subsection (7) in conjunction with a micro brewer, small distiller, or small wine maker license, or any combination of micro brewer, small distiller, or small wine maker licenses, and the off-premises tasting room license issued under subsection (8) at the same location.

(ii) The commission issued to the person both the permit and applicable licenses described in subparagraph (i), or their equivalent at the time of issuance, before October 1, 2018.

(16) A manufacturer issued a license before December 19, 2018 that intends to sell for consumption off its licensed premises or sell, serve, and allow consumption on its licensed premises of alcoholic liquor as allowed under this section and section 537 must comply with this section by April 1, 2019.

(17) The revenue received from subsection (7) must be deposited into the liquor control enforcement and license investigation revolving fund under section 543(9).

(18) Local approval under subsection (7)(c), (8)(c), or (9)(c) is not required for a tasting room that was in existence before December 19, 2018.

(19) A small distiller or distiller that also holds a mixed spirit drink manufacturer license may do all of the following:

(a) Sell mixed spirit drink it manufactured for consumption off the licensed premises of an approved tasting room under subsections (8) and (9).

(b) Subject to subsection (10)(a), sell mixed spirit drink it manufactured for consumption on the premises of an approved tasting room under subsections (8) and (9).

(c) Subject to subsection (10)(a), sell or give away samples of any size of mixed spirit drink it manufactured for consumption on the premises of an approved tasting room under subsections (8) and (9).

(d) Subject to subsection (10)(b), sell or give away samples that do not exceed 3 ounces per sample of mixed spirit drink it manufactured for consumption on the premises of an approved tasting room under subsections (8) and (9).

History: Add. 2018, Act 408, Imd. Eff. Dec. 19, 2018;—Am. 2019, Act 131, Imd. Eff. Nov. 21, 2019;—Am. 2020, Act 126, Imd. Eff. July 1, 2020;—Am. 2021, Act 20, Imd. Eff. June 3, 2021.

Compiler's note: Enacting section 1 of Act 347 of 2020 provides:

"Enacting section 1. This amendatory act does not take effect unless all of the following bills of the 100th Legislature are enacted into law:

(a) Senate Bill No. 1138.

(b) Senate Bill No. 1139.

(c) Senate Bill No. 1140."

Senate Bill Nos. 1138, 1139, and 1140, referred to in enacting section 1, were pocket vetoed by the governor on January 5, 2021. Act 347 of 2020 does not go into effect.

436.1537 Classes of vendors permitted to sell alcoholic liquor at retail; beer and wine drink tastings; filling and selling growlers with beer; sale of nonalcoholic beverages; definitions.

Sec. 537. (1) The following classes of vendors may sell alcoholic liquor at retail as provided in this section:

(a) Taverns, where beer, wine, and mixed spirit drink may be sold for consumption on the premises only.

(b) Class C licensee, where beer, wine, mixed spirit drink, and spirits may be sold for consumption on the premises.

(c) Clubs, where beer, wine, mixed spirit drink, and spirits may be sold for consumption on the premises only to bona fide members if consumption is limited to these members and their bona fide guests, who are 21 years of age or older.

(d) Direct shippers, where wine may be sold and shipped directly to the consumer.

(e) Hotels of class A, where beer, wine, and mixed spirit drink may be sold for consumption on the premises and in the rooms of bona fide registered guests. Hotels of class B where beer, wine, mixed spirit drink, and spirits may be sold for consumption on the premises and in the rooms of bona fide registered guests.

(f) Specially designated merchants, where beer, wine, and mixed spirit drink may be sold for consumption off the premises only.

(g) Specially designated distributors, where spirits may be sold for consumption off the premises only.

(h) Special licensee, where beer and wine or beer, wine, mixed spirit drink, and spirits may be sold for consumption on the premises only.

(i) Dining cars or other railroad or Pullman cars, watercraft, or aircraft, where alcoholic liquor may be sold for consumption on the premises only, subject to rules promulgated by the commission.

(j) Brewpubs, where beer manufactured on the premises by the licensee may be sold for consumption on or off the premises by any of the following licensees:

(i) Class C.

- (ii) Tavern.
- (iii) Class A hotel.
- (iv) Class B hotel.

(k) Micro brewers and brewers, where beer manufactured by the micro brewer or brewer may be sold in an approved tasting room under section 536 to a consumer for consumption on or off the manufacturing premises.

(l) Class G-1 licensee, where beer, wine, mixed spirit drink, and spirits may be sold for consumption on the premises only to members required to pay an annual membership fee and consumption is limited to these members and their bona fide guests.

(m) Class G-2 licensee, where beer and wine may be sold for consumption on the premises only to members required to pay an annual membership fee and consumption is limited to these members and their bona fide guests.

(n) Motorsports event licensee, where beer, wine, mixed spirit drink, and spirits may be sold for consumption on the premises during sanctioned motorsports events only.

(o) Wine maker or small wine maker, where wine manufactured by the wine maker or small wine maker may be sold in any of the following ways:

- (i) By direct shipment as provided in section 203.
- (ii) At retail for consumption on or off the premises in an approved tasting room under section 536.
- (iii) As otherwise provided for in this act.

(p) Small wine maker, where wine bottled by the small wine maker may be sold in any of the following ways:

- (i) By direct shipment as provided in section 203.
- (ii) At retail for consumption on or off the premises in an approved tasting room under section 536.
- (iii) As otherwise provided for in this act.
- (q) Wine maker or small wine maker, where shiners may be sold in any of the following ways:
 - (i) By direct shipment as provided in section 203.
 - (ii) At retail for consumption on or off the premises in an approved tasting room under section 536.
 - (iii) As otherwise provided for in this act.

(r) Distiller or small distiller, where spirits manufactured by the distiller or small distiller may be sold to the consumer at retail for consumption on or off the premises in an approved tasting room under section 536.

(s) Nonpublic continuing care retirement center license, where beer, wine, mixed spirit drink, mixed wine drink, and spirits may be sold at retail and served on the licensed premises to residents and bona fide guests accompanying the resident for consumption only on the licensed premises.

(t) A small wine maker or an out-of-state entity that is the substantial equivalent of a small wine maker, that holds a farmer's market permit, where wine manufactured or bottled by the small wine maker and shiners may be sampled and sold at a farmers' market for consumption off the licensed premises.

(u) A brandy manufacturer where brandy manufactured by the brandy manufacturer may be sold at retail for consumption on or off the premises in an approved tasting room under section 536 located on the manufacturing premises of the brandy manufacturer.

(v) A mixed spirit drink manufacturer where mixed spirit drink manufactured by the mixed spirit drink manufacturer may be sold at retail for consumption on or off the premises in an approved tasting room under section 536.

(2) Notwithstanding section 1025(1), an outstate seller of beer, an outstate seller of wine, a wine maker, a brewer, a micro brewer, or a specially designated merchant, or an agent of any of those persons, that does not hold a license allowing the consumption of alcoholic liquor on the premises at the same licensed address, may conduct beer and wine tastings on the licensed premises of a specially designated merchant under the following conditions:

- (a) A customer is not charged for the tasting of beer or wine.
- (b) The tasting samples provided to a customer do not exceed 3 servings at up to 3 ounces per serving of beer or 3 servings at up to 2 ounces of wine. A customer shall not be provided more than a total of 3 samples of beer or wine within a 24-hour period per licensed premises.
- (c) The specially designated merchant, outstate seller of beer, outstate seller of wine, wine maker, micro brewer, or brewer has first obtained an annual beer and wine tasting permit approved by the commission.
- (d) The commission is notified, in writing, a minimum of 10 working days before the event, regarding the date, time, and location of the event.

(3) While a beer or wine tasting is conducted under subsection (2), a specially designated merchant, outstate seller of beer, outstate seller of wine, wine maker, micro brewer, or brewer, or its agent or employee who has successfully completed a server training program as provided for in section 906, shall devote full

time to the beer and wine tasting activity and shall not perform other duties, including the sale of alcoholic liquor for consumption off the licensed premises. Beer and wine used for the tasting must come from the specially designated merchant's inventory, and all open bottles must be removed from the premises on the same business day or resealed and stored in a locked, separate storage compartment on the licensed premises when not being used for the activities allowed by the permit.

(4) A wholesaler shall not conduct or participate in beer and wine tastings allowed under a permit issued under subsection (2).

(5) A beer and wine tasting under subsection (2) may only be conducted during the legal hours for the sale of alcoholic liquor by the licensee.

(6) An eligible merchant may fill and sell growlers with beer for consumption off the premises under the following conditions:

(a) The premises where the filling of growlers takes place comply with the requirements for food service establishments under the food law, 2000 PA 92, MCL 289.1101 to 289.8111.

(b) The growler is sealed and has a label affixed to it that includes at least the brand name of the beer, the class of the beer, the net contents of the container, and the name of the retailer filling the growler. The label conditions described in this subdivision do not apply to either of the following:

(i) A brewpub described in subsection (1)(j), but only as to beer that the brewpub produces.

(ii) A micro brewer or brewer described in subsection (1)(k).

(c) The eligible merchant or his or her agent or employee does not fill a growler in advance of the sale.

(d) The eligible merchant or his or her agent or employee only uses containers that have a capacity of 5 gallons or more to fill a growler.

(e) The beer to be dispensed has received a registration number from the commission and has been approved for sale by the commission. The registration condition described in this subdivision does not apply to either of the following:

(i) A brewpub described in subsection (1)(j), but only as to beer that the brewpub produces.

(ii) A micro brewer or brewer described in subsection (1)(k).

(f) The eligible merchant complies with all applicable rules promulgated by the commission.

(7) A wine maker, brandy manufacturer, small distiller, micro brewer, brewer, or brewpub shall provide water, and may, in the sole discretion of the wine maker, brandy manufacturer, small distiller, micro brewer, brewer, or brewpub, sell or provide other nonalcoholic beverages, for consumption on or off the premises where the wine maker, brandy manufacturer, small distiller, micro brewer, brewer, or brewpub is licensed.

(8) As used in this section:

(a) "Eligible merchant" means a person that holds a specially designated merchant license.

(b) "Growler" means any clean, refillable, resealable container that is exclusively intended, and used only, for the sale of beer for consumption off the premises and that has a liquid capacity that does not exceed 1 gallon.

History: 1998, Act 58, Imd. Eff. Apr. 14, 1998;—Am. 2001, Act 223, Eff. Mar. 22, 2002;—Am. 2005, Act 166, Imd. Eff. Oct. 6, 2005;—Am. 2005, Act 269, Imd. Eff. Dec. 16, 2005;—Am. 2008, Act 218, Imd. Eff. July 16, 2008;—Am. 2010, Act 213, Imd. Eff. Nov. 17, 2010;—Am. 2011, Act 298, Imd. Eff. Dec. 22, 2011;—Am. 2013, Act 101, Imd. Eff. July 2, 2013;—Am. 2016, Act 514, Eff. Apr. 9, 2017;—Am. 2018, Act 40, Eff. May 29, 2018;—Am. 2018, Act 413, Imd. Eff. Dec. 19, 2018;—Am. 2018, Act 560, Imd. Eff. Dec. 28, 2018;—Am. 2020, Act 117, Imd. Eff. July 1, 2020;—Am. 2021, Act 19, Eff. Aug. 23, 2021.

436.1537a Sale of alcoholic liquor for off the premises consumption; requirements; delivery of alcoholic liquor within this state; original package prohibited; definitions.

Sec. 537a. (1) Notwithstanding anything in this act to the contrary, a qualified licensee may fill and sell qualified containers with alcoholic liquor for consumption off the premises under the following conditions:

(a) The qualified licensee or his or her agent or employee does not fill the qualified container in advance of the sale.

(b) The qualified licensee complies with all applicable rules promulgated by the commission.

(c) The qualified licensee or his or her agent seals the qualified container.

(2) Notwithstanding anything in this act to the contrary, a qualified licensee may deliver alcoholic liquor to a consumer in this state if all of the following conditions are met:

(a) The qualified licensee complies with all laws of this state, including, but not limited to, the prohibition on sales to minors.

(b) The qualified licensee stamps, prints, or labels on the outside of the qualified container "Contains Alcohol. Must be delivered to a person 21 years of age or older.". The recipient at the time of the delivery shall provide identification verifying his or her age.

(c) The qualified licensee or his or her agent seals the qualified container.

(d) If the qualified licensee is a retailer, the alcoholic liquor is delivered by the qualified licensee's employee or a third party facilitator service, as that term is defined in section 203.

(e) If the qualified licensee is a manufacturer, the alcoholic liquor is delivered by the qualified licensee's employee.

(3) Except as otherwise allowed under this act, a qualified licensee shall not sell alcoholic liquor in its original package under this section.

(4) As used in this section:

(a) "Consumer" means that term as defined in section 203.

(b) "Qualified container" means a clean, sealable container that is for the sale of alcoholic liquor for consumption off the premises, that has a liquid capacity that does not exceed 1 gallon, and that, after it is filled, is sealed with a device or material that is used to fully close off the container securely with no perforations or straw holes.

(c) "Qualified licensee" means any of the following:

(i) A retailer that holds a license, other than a special license, to sell alcoholic liquor for consumption on the licensed premises.

(ii) A manufacturer with an on-premises tasting room permit issued under section 536.

(iii) A manufacturer that holds an off-premises tasting room license issued under section 536.

(iv) A manufacturer that holds a joint off-premises tasting room license issued under section 536.

History: Add. 2020, Act 125, Imd. Eff. July 1, 2020;—Am. 2021, Act 64, Imd. Eff. July 13, 2021;—Am. 2023, Act 95, Imd. Eff. July 19, 2023.

436.1539 Marina as specially designated merchant or specially designated distributor; license; conditions.

Sec. 539. A marina that is situated on 1 of the Great Lakes, on that part of an inland waterway or tributary connected to and navigable to 1 of the Great Lakes, or on a Great Lakes connecting waterway may be issued a license as a specially designated merchant or specially designated distributor, notwithstanding the fact that the marina maintains motor vehicle fuel pumps on or adjacent to the licensed premises, or maintains a financial interest in any motor vehicle fuel pumps, if all of the following conditions are met:

(a) The marina's primary business is the sale of boats or the provision of services and supplies to recreational power cruisers and sailboats of the type that typically travel on the Great Lakes.

(b) The fuel pumps are used for dispensing fuel only to boats described in subdivision (a).

(c) The marina is an approved type of business as provided in section 533(1).

History: 1998, Act 58, Imd. Eff. Apr. 14, 1998;—Am. 2016, Act 434, Imd. Eff. Jan. 4, 2017.

436.1541 Motor vehicle fuel pumps.

Sec. 541. (1) Except as provided in section 539 or subsections (2) to (5), the commission shall not allow an applicant for or the holder of a specially designated distributor license to own or operate motor vehicle fuel pumps on or adjacent to the licensed premises, unless both of the following conditions are met:

(a) One or both of the following conditions exist:

(i) The applicant or licensee is located in a neighborhood shopping center.

(ii) The applicant or licensee maintains a minimum inventory on the premises, excluding alcoholic liquor and motor vehicle fuel, of not less than \$250,000.00, at cost, of those goods and services customarily marketed by approved types of businesses.

(b) The site of payment of alcoholic liquor and selection of alcoholic liquor is not less than 5 feet from that point where motor vehicle fuel is dispensed.

(2) The commission shall not prohibit an applicant for or the holder of a specially designated distributor license from owning or operating motor vehicle fuel pumps on or adjacent to the licensed premises, if all of the following conditions are met:

(a) The applicant is located in a township with a population of 7,000 or less that is not contiguous with any other township. For purposes of this subdivision, a township is not considered contiguous by water.

(b) The applicant or licensee maintains a minimum inventory on the premises, excluding alcoholic liquor and motor vehicle fuel, of not less than \$12,500.00, at cost, of those goods and services customarily marketed by approved types of businesses.

(c) The applicant has the approval of the township, as evidenced by a resolution adopted by the township and submitted with the application to the commission.

(3) The commission shall not prohibit an applicant for or the holder of a specially designated distributor license from owning or operating motor vehicle fuel pumps on or adjacent to the licensed premises if both of the following conditions are met:

- (a) The applicant or licensee is located in either of the following:
- (i) A city, incorporated village, or township with a population of 3,500 or less and a county with a population of 31,000 or more.
 - (ii) A city, incorporated village, or township with a population of 4,000 or less and a county with a population of less than 31,000.
- (b) The applicant or licensee maintains a minimum inventory on the premises, excluding alcoholic liquor and motor vehicle fuel, of not less than \$12,500.00, at cost, of those goods and services customarily marketed by approved types of businesses.
- (4) A person that was issued a specially designated merchant license or specially designated distributor license at a location at which another person owned, operated or maintained motor vehicle fuel pumps at the same location may have or acquire an interest in the ownership, operation or maintenance of those motor vehicle fuel pumps.
- (5) The commission may transfer ownership of a specially designated merchant license or specially designated distributor license to a person that owns or is acquiring an interest in motor vehicle fuel pumps already in operation at the same location at which the license is issued.
- (6) The commission shall not prohibit an applicant for or the holder of a specially designated merchant license from owning or operating motor vehicle fuel pumps on or adjacent to the licensed premises if the site of payment of alcoholic liquor and selection of alcoholic liquor is not less than 5 feet from that point where motor vehicle fuel is dispensed. This subsection does not apply to a specially designated merchant license issued to a marina under section 539.
- (7) If a specially designated merchant's licensed premises are a primary location, the commission may issue a secondary location permit to the specially designated merchant, as an extension of the specially designated merchant's license, for the sale of beer, wine, or both, at the secondary location. The commission shall issue a secondary location permit only to a specially designated merchant to which both of the following apply:
- (a) The holder of the specially designated merchant license for the primary location premises or a subsidiary or affiliate of the license holder owns or leases the secondary location.
 - (b) The holder of the specially designated merchant license for the primary location or a subsidiary or affiliate of the license holder owns or operates motor vehicle fuel pumps at the secondary location.
- (8) An applicant for a secondary location permit shall submit an application to the commission in a format provided by the commission and accompanied by an application and initial permit fee of \$100.00. The application must include a diagram of the secondary location with building dimensions and a depiction of the distance measurement described in subsection (6). The secondary location permit expires on the same date as the specially designated merchant license and may be renewed in conjunction with the specially designated merchant license. The secondary location permit holder may renew the secondary location permit by submitting a permit renewal fee of \$100.00 and a completed renewal application.
- (9) After a specially designated merchant is issued a secondary location permit under subsection (7), if a subsidiary or affiliate of the specially designated merchant owns or operates the secondary location and the subsidiary or affiliate shares the same ultimate controlling party of the specially designated merchant, the secondary location may receive and sell beer, wine, or both under the specially designated merchant's license.
- (10) The holder of a secondary location permit shall prominently display the secondary location permit at the secondary location in the point-of-sale area.
- (11) As used in this section:
- (a) "Neighborhood shopping center" means 1 commercial establishment, or a group of commercial establishments organized or operated as a unit, that is related in location, size, and type of shop to the trade area that the unit serves, and consists of not less than 50,000 square feet of leasable retail space, and has access to off-street parking spaces.
 - (b) "Primary location" means licensed premises that meets both of the following conditions:
 - (i) One or both of the following conditions exist:
 - (A) The applicant or licensee is located in a neighborhood shopping center.
 - (B) The applicant or licensee maintains a minimum inventory on the premises, excluding alcoholic liquor and motor vehicle fuel, of not less than \$250,000.00, at cost, of those goods and services customarily marketed by approved types of businesses.
 - (ii) The site of payment of alcoholic liquor and selection of alcoholic liquor is not less than 5 feet from that point where motor vehicle fuel is dispensed.
 - (c) "Secondary location" means a business operation of the holder of a specially designated merchant license for a primary location, or a subsidiary or affiliate of that license holder, that takes place on real property, that includes at least 1 building and 1 or more motor vehicle fuel pumps, and that is located on or

adjacent to the primary location. On commission approval of the secondary location permit, the secondary location is considered licensed premises and an extension of the licensed primary location.

History: 1998, Act 58, Imd. Eff. Apr. 14, 1998;—2006, Act 253, Imd. Eff. July 3, 2006;—Am. 2008, Act 489, Imd. Eff. Jan. 13, 2009;—Am. 2016, Act 84, Eff. July 11, 2016;—Am. 2016, Act 434, Imd. Eff. Jan. 4, 2017.

436.1543 Disposition and use of license and license renewal fees; liquor control enforcement and license investigation revolving fund; "license fee enhancement" defined.

Sec. 543. (1) Quarterly, on the commission's recommendation, this state shall pay pursuant to appropriation in the manner prescribed by law to the city, village, or township in which a full-time police department or full-time ordinance enforcement department is maintained or, if a police department or full-time ordinance enforcement department is not maintained, to the county, to be credited to the sheriff's department of the county in which the licensed premises are located, 55% of the amount of the proceeds of the retailers' license fees and license renewal fees collected in that jurisdiction, for the specific purpose of enforcing this act and the rules promulgated under this act. Forty-one and one-half percent of the amount of the proceeds of retailers' license and license renewal fees collected must be deposited in a special fund to be annually appropriated to the commission for carrying out the licensing and enforcement provisions of this act. Any unencumbered or uncommitted money in the special fund must revert to the general fund of this state 12 months after the end of each fiscal year in which the money was collected. The legislature shall appropriate 3-1/2% of the amount of the proceeds of retailers' license and license renewal fees collected to be credited to a special fund in the state treasury for the purposes of promoting and sustaining programs for the prevention, rehabilitation, care, and treatment of alcoholics. This subsection does not apply to retail license fees collected for railroad or Pullman cars, watercraft, aircraft, or wine auctions or to the transfer fees provided in section 529.

(2) All license and license renewal fees, other than retail license and license renewal fees and wholesale vendor license and license renewal fees, must be credited to the Michigan craft beverage council fund created in section 303a. On the effective date of the 2018 amendatory act that amended this section, any money in the former grape and wine industry council account is transferred to the Michigan craft beverage council fund.

(3) All retail license fees collected for railroad or Pullman cars, watercraft, or aircraft and the transfer fees provided in section 529 must be deposited in the special fund created in subsection (1) for carrying out the licensing and enforcement provisions of this act.

(4) The license fee enhancement imposed for licenses issued under section 531(3) and (4) must be deposited into a special fund to be annually appropriated to the commission for enforcement and other related projects determined appropriate by the commission. The money representing that amount of the license fees for identical licenses not issued under section 531(3) and (4) must be allocated and appropriated under subsection (1).

(5) The license fee imposed on direct shipper licenses and any violation fines imposed by the commission must be deposited into the direct shipper enforcement revolving fund. The direct shipper enforcement revolving fund is created within the state treasury. The state treasurer shall direct the investment of the fund. The state treasurer shall credit to the fund interest and earnings from fund investments. Money in the fund at the close of the fiscal year must remain in the fund and must not lapse to the general fund. The commission shall expend money from the fund, on appropriation, only for enforcement of section 203 and related projects.

(6) One hundred percent of the wine auction license fee imposed in section 525(1)(aa) must be deposited into the general fund.

(7) Notwithstanding any other provision of this section, the additional \$160.00 license fee imposed on a licensee selling alcoholic liquor between the hours of 7 a.m. on Sunday and 12 noon on Sunday is allocated to the general fund.

(8) Wholesale vendor license fees and license renewal fees must be deposited into the liquor control enforcement and license investigation revolving fund created under subsection (9).

(9) The liquor control enforcement and license investigation revolving fund is created within the state treasury. The state treasurer shall direct the investment of the fund. The state treasurer shall credit to the fund interest and earnings from fund investments. Money in the fund at the close of the fiscal year must remain in the fund and must not lapse to the general fund. The commission shall expend money from the fund, on appropriation, only for enforcement of this act and the rules promulgated under this act and for license investigations. The commission shall not use more than 35% of the money appropriated to the fund under this subsection to carry out the licensing provisions of this act.

(10) As used in this section, "license fee enhancement" means the money representing the difference between the license fee imposed for a license under section 525(1) and the additional amount imposed for resort and resort economic development licenses under section 525(2).

History: 1998, Act 58, Imd. Eff. Apr. 14, 1998;—Am. 2005, Act 97, Imd. Eff. July 20, 2005;—Am. 2005, Act 269, Imd. Eff. Dec. 16, 2005;—Am. 2010, Act 175, Imd. Eff. Sept. 30, 2010;—Am. 2010, Act 213, Imd. Eff. Nov. 17, 2010;—Am. 2016, Act 434, Imd. Eff. Jan. 4, 2017;—Am. 2018, Act 155, Eff. Oct. 1, 2018.

436.1545 "Nonpublic continuing care retirement center" defined; license; limitation.

Sec. 545. (1) As used in this act, "nonpublic continuing care retirement center" means a residential community that, as determined by the commission, meets both of the following conditions:

(a) Provides full-time residential housing predominantly for individuals over the age of 62.

(b) Meets 1 of the following conditions:

(i) Is registered as a facility under former 1976 PA 440 or the continuing care community disclosure act, 2014 PA 448, MCL 554.901 to 554.993.

(ii) Is a home for the aged licensed under part 213 of the public health code, 1978 PA 368, MCL 333.21301 to 333.21335.

(2) The commission, on submission of a completed application, shall grant a nonpublic continuing care retirement center license to an applicant complying with this section. Subject to subsection (4), the commission shall not issue more than 25 licenses under this section. If the holder of a license issued under this section goes out of business, the license must be surrendered to the commission. The commission may allow the transfer of a surrendered license to a new business owner on transfer of the owner's interest in the business if the new business owner meets the same condition under subsection (1)(b) as the previous business owner.

(3) The holder of a nonpublic continuing care retirement center license may sell at retail and serve on the licensed premises beer, wine, mixed spirit drink, mixed wine drink, and spirits, for consumption by a resident or the bona fide guests accompanying the resident, only on the licensed premises.

(4) The commission shall not issue more than 20 licenses under this section to facilities described in subsection (1)(b)(i). The commission shall not issue more than 5 licenses under this section to homes for the aged described in subsection (1)(b)(ii).

History: Add. 2010, Act 213, Imd. Eff. Nov. 17, 2010;—Am. 2016, Act 328, Eff. Mar. 8, 2017.

436.1547 Definitions; catering permits.

Sec. 547. (1) As used in this section:

(a) "Private event" means an event where no consideration, as defined in section 913, is paid by the guests.

(b) "Catering permit" means a permit issued by the commission to a specially designated distributor, specially designated merchant, or holder of a public on-premises license for the sale of beer, wine, or spirits, or any combination thereof, that is also licensed as a food service establishment or retail food establishment under the food law of 2000, 2000 PA 92, MCL 289.1101 to 289.8111, which permit authorizes the permit holder to sell and deliver beer, wine, and spirits in the original sealed container to a person for off-premises consumption but only if the sale is not by the glass or drink and the permit holder serves the beer, wine, or spirits. The permit does not allow the permit holder to deliver, but not serve, the beer, wine, or spirits.

(2) Spirits sold by a specially designated distributor, specially designated merchant, or on-premises licensee under a catering permit shall not be sold at less than the minimum retail selling price fixed by the commission, including under rules promulgated by the commission for specially designated distributors under section 229.

(3) The commission may issue a catering permit to a specially designated distributor, specially designated merchant, or public on-premises licensee, as a supplement to that license, to allow the sale and delivery of beer, wine, or spirits in the original sealed container at locations other than the licensed premises and to require the catering permit holder to serve beer, wine, or spirits at the private event where the alcoholic liquor is not resold to guests. The commission shall not issue a catering permit to an applicant who delivers beer, wine, or spirits but does not serve the beer, wine, or spirits.

(4) This section does not limit the number of catering permits the commission may issue within any local unit of government.

(5) This section does not prevent a catering permit holder from using the catering permit at multiple locations and events during the same time period.

(6) This section does not prohibit a catering permit holder from selling beer, wine, or spirits to a person who has obtained a special license if that catering permit holder serves the beer, wine, or spirits and complies with all catering permit rules promulgated by the commission.

(7) An applicant for a catering permit shall apply on a form approved and provided by the commission and pay an application and processing fee of \$70.00 and a catering permit fee of \$100.00 on the issuance of the catering permit. The applicant shall also pay the catering permit fee on renewal of the specially designated

distributor, specially designated merchant, or on-premises licensee.

(8) The person delivering the beer, wine, or spirits under a catering permit shall verify that the individual accepting delivery is at least 21 years of age. The catering permit holder may utilize a third party that provides delivery service to municipalities in this state that are surrounded by water and inaccessible by motor vehicle to deliver beer, wine, or spirits to the designated location of the private event if the delivery service is approved by the commission and agrees to verify that the individual accepting delivery of the beer, wine, or spirits is at least 21 years of age.

(9) A catering permit holder providing the service, or an employee of the catering permit holder, shall successfully complete a server training program approved by the commission before providing the service.

(10) A catering permit holder delivering the beer, wine, or spirits, or an employee of the catering permit holder, shall have in his or her possession while delivering the beer, wine, or spirits documentation demonstrating that the beer, wine, or spirits being delivered are for a private event being conducted under this section.

(11) A catering permit holder who prepares food or drink for direct consumption through service on the premises or elsewhere shall comply with the requirements for food service establishments under the food law of 2000, 2000 PA 92, MCL 289.1101 to 289.8111.

(12) A catering permit holder is subject to all sanctions, liabilities, and penalties provided under this act or under law.

History: Add. 2011, Act 20, Imd. Eff. Apr. 20, 2011.

436.1548 Public swimming pool permit; fees; requirements; "public swimming pool" defined.

Sec. 548. (1) The commission may issue an on-premises public swimming pool permit to an on-premises licensee that is licensed to operate a public swimming pool under part 125 of the public health code, 1978 PA 368, MCL 333.12501 to 333.12546. The commission shall charge an initial and an annual fee for an on-premises public swimming pool permit of \$350.00. An on-premises public swimming pool permit issued under this section is not transferrable by location.

(2) A holder of an on-premises public swimming pool permit may sell and serve alcoholic liquor in a public swimming pool located on the licensed premises if both of the following conditions are met:

(a) The sales performed under the on-premises public swimming pool permit are made within an exclusive area that is well defined, clearly marked, and not accessible to minors. As an example, and not by way of limitation, an exclusive area is well defined and clearly marked if the exclusive area is delineated by a buoy line. An individual who purchased alcoholic liquor in the exclusive area described in this subdivision may possess alcoholic liquor sold by the holder of the on-premises public swimming pool permit only in the exclusive area and the licensed premises adjacent to the exclusive area.

(b) The sales are conducted by employees of the holder of the on-premises public swimming pool permit who have completed a server training program as provided for in section 906 and the rules promulgated by the commission.

(3) The commission shall develop an application for an annual on-premises public swimming pool permit allowing for licensed activities under this section.

(4) As used in this section, "public swimming pool" means that term as defined in section 12521 of the public health code, 1978 PA 368, MCL 333.12521.

History: Add. 2022, Act 100, Imd. Eff. June 14, 2022.

436.1551 Social district permit; local management and maintenance plans; revocation; notice; liquor sale requirements within district; special license; removal of container requirements; annual permit; fee; definitions.

Sec. 551. (1) The governing body of a local governmental unit may designate a social district that contains a commons area that may be used by qualified licensees that obtain a social district permit. A governing body of a local governmental unit shall not designate a social district that would close a road unless the governing body receives prior approval from the road authority with jurisdiction over the road. If the governing body of a local governmental unit designates a social district that contains a commons area under this section, the governing body must define and clearly mark the commons area with signs. The governing body shall establish local management and maintenance plans, including, but not limited to, hours of operation, for a commons area and submit those plans to the commission. The governing body shall maintain the commons area in a manner that protects the health and safety of the community. Subject to this subsection, the governing body may revoke the designation if it determines that the commons area threatens the health, safety, or welfare of the public or has become a public nuisance. Before revoking the designation, the governing body must hold at least 1 public hearing on the proposed revocation. The governing body shall give

notice as required under the open meetings act, 1976 PA 267, MCL 15.261 to 15.275, of the time and place of the public hearing before the public hearing. The governing body shall file the designation or the revocation of the designation with the commission. As used in this subsection:

(a) "Local road agency" means a county road commission or designated county road agency or city or village that is responsible for the construction or maintenance of public roads within this state.

(b) "Road authority" means a local road agency or the state transportation department.

(2) The holder of a social district permit may sell alcoholic liquor for consumption within the confines of a commons area if both of the following requirements are met:

(a) The holder of the social district permit sells and serves alcoholic liquor only on the holder's licensed premises.

(b) The holder of the social district permit serves alcoholic liquor to be consumed in the commons area only in a container to which all of the following apply:

(i) The container prominently displays the social district permittee's trade name or logo or some other mark that is unique to the social district permittee under the social district permittee's on-premises license.

(ii) The container prominently displays a logo or some other mark that is unique to the commons area.

(iii) The container is not glass.

(iv) The container has a liquid capacity that does not exceed 16 ounces.

(3) If the commission issues a special license to a special licensee whose event is to be held within a commons area located within a social district, for the effective period of the special license, and subject to the commission's approval, the governing body of the local unit of government shall delineate the portion of the commons area to be utilized exclusively by the special licensee and the portion of the commons area to be used exclusively by social district permittees.

(4) A purchaser may remove a container of alcoholic liquor sold by a holder of a social district permit under subsection (2) from the social district permittee's licensed premises if both of the following conditions are met:

(a) Except as otherwise provided in subdivision (b), the purchaser does not remove the container from the commons area.

(b) While possessing the container, the purchaser does not enter the licensed premises of a social district permittee other than any of the following:

(i) The social district permittee from which the purchaser purchased the container.

(ii) A social district permittee whose licensed premises is a class B hotel.

(5) The consumption of alcoholic liquor from a container described in subsection (2)(b) in the commons area as allowed under this section may occur only during the hours of operation under the local management and maintenance plans established by the governing body of the local unit of government under subsection (1).

(6) A qualified licensee whose licensed premises is shared by and contiguous to a commons area in a social district designated by the governing body of a local governmental unit under this section may obtain from the commission an annual social district permit as provided in this section. The social district permit must be issued for the same period and may be renewed in the same manner as the license held by the applicant. The commission shall develop an application for a social district permit and shall charge a fee of \$250.00 for a social district permit. An application for a social district permit must be approved by the governing body of the local governmental unit in which the applicant's place of business is located before the application is submitted to the commission and before the permit is granted by the commission. The \$250.00 permit fee under this subsection must be deposited into the liquor control enforcement and license investigation revolving fund under section 543(9).

(7) As used in this section:

(a) "Commons area" means an area within a social district clearly designated and clearly marked by the governing body of the local governmental unit that is shared by and contiguous to the premises of at least 2 other qualified licensees. Commons area does not include the licensed premises of any qualified licensee.

(b) "Local governmental unit" means a city, township, village, or charter authority.

(c) "Qualified licensee" means any of the following:

(i) A retailer that holds a license, other than a special license, to sell alcoholic liquor for consumption on the licensed premises.

(ii) A manufacturer with an on-premises tasting room permit issued under section 536.

(iii) A manufacturer that holds an off-premises tasting room license issued under section 536.

(iv) A manufacturer that holds a joint off-premises tasting room license issued under section 536.

History: Add. 2020, Act 124, Imd. Eff. July 1, 2020;—Am. 2021, Act 64, Imd. Eff. July 13, 2021;—Am. 2022, Act 27, Imd. Eff. Mar. 10, 2022.

436.1552 Alcohol dispensing machines; requirements and limitations; violations; penalties; rescission of R 436.1045; "on-premises licensee" defined.

Sec. 552. (1) Except as otherwise provided in this section, a licensee shall not allow on the licensed premises a machine that dispenses alcoholic liquor directly to a customer.

(2) Subsection (1) does not apply to a dispensing machine that is located in a bedroom or suite of a hotel of a class A or class B hotel licensee.

(3) Subsection (1) does not apply to a dispensing machine that is located at an on-premises licensed establishment if all of the following conditions are met:

(a) The dispensing machine is located at a customer's table or booth.

(b) The dispensing machine does not dispense more than 96 ounces of beer, wine, or mixed spirit drink in a single order.

(c) The dispensing machine does not dispense spirits.

(d) The customer orders the beer, wine, or mixed spirit drink from a clerk, servant, agent, or employee of the licensee.

(e) The on-premises licensee does not sell, offer to sell, or advertise the sale of an unlimited quantity of beer, wine, or mixed spirit drink from the dispensing machine.

(f) The on-premises licensee or a clerk, servant, agent, or employee of the on-premises licensee monitors the sale, service, and consumption of beer, wine, or mixed spirit drink from the dispensing machine to ensure compliance with this act and the rules promulgated under this act.

(4) Subsection (1) does not apply to a dispensing machine that is located at an on-premises licensed establishment if all of the following conditions are met:

(a) The dispensing machine is not located at a customer's booth or table.

(b) The customer activates the dispensing machine with a secure key card supplied by the on-premises licensee or a clerk, servant, agent, or employee of the on-premises licensee.

(c) The secure key card under subdivision (b) is attached to the customer at all times, either through a necklace or bracelet, or other means of securing the key card to the customer.

(d) For each serving, the dispensing machine does not dispense more than 16 ounces of beer, 12 ounces of wine, or 12 ounces of mixed spirit drink.

(e) The dispensing machine does not dispense more than 32 ounces of any alcoholic liquor before the secure key card under subdivision (b) is reactivated by the on-premises licensee or a clerk, servant, agent, or employee of the on-premises licensee.

(f) The dispensing machine does not dispense spirits.

(g) The on-premises licensee or a clerk, servant, agent, or employee of the on-premises licensee monitors the sale, service, and consumption of beer, wine, or mixed spirit drink from the dispensing machine to ensure compliance with this act and the rules promulgated under this act.

(5) An on-premises licensee or a clerk, servant, agent, or employee of the on-premises licensee that supplies a secure key card under subsection (4)(b) or reactivates a secure key card under subsection (4)(e) shall comply with section 801.

(6) If an on-premises licensee has a dispensing machine described in subsection (4) located at the on-premises licensed establishment, the commission or any commissioner or authorized agent of the commission designated by the chairperson of the commission may assess a penalty of not more than \$2,000.00 on the on-premises licensee for each violation of section 801(1) instead of assessing the penalty under section 903(1) if the on-premises licensee, or clerk, servant, or employee of the on-premises licensee violates section 801(1) regardless of whether the violation is associated with the dispensing machine. If the commission, or any commissioner or authorized agent of the commission designated by the chairperson of the commission assesses a penalty under this subsection, the commission may also suspend or revoke the on-premises licensee's license under section 903(1).

(7) R 436.1045 of the Michigan Administrative Code is rescinded.

(8) As used in this section, "on-premises licensee" means any of the following:

(a) A retailer that holds a license, other than a special license, to sell alcoholic liquor for consumption on the licensed premises.

(b) A manufacturer with an on-premises tasting room permit issued under section 536.

(c) A manufacturer that holds an off-premises tasting room license issued under section 536.

(d) A manufacturer that holds a joint off-premises tasting room license issued under section 536.

History: Add. 2022, Act 136, Imd. Eff. July 11, 2022.