

HOUSE BILL No. 4507

April 25, 2017, Introduced by Reps. Dianda, Hughes, Lucido, Chirkun, VanderWall, Crawford, Green and Elder and referred to the Committee on Regulatory Reform.

A bill to amend 1998 PA 58, entitled
"Michigan liquor control code of 1998,"
by amending sections 525 and 529 (MCL 436.1525 and 436.1529),
section 525 as amended by 2016 PA 315.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

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

5 (a) Manufacturers of spirits, not including makers, blenders,
6 and rectifiers of wines containing 21% or less alcohol by volume,
7 \$1,000.00.

8 (b) Manufacturers of beer, \$50.00 per 1,000 barrels, or
9 fraction of a barrel, production annually with a maximum fee of

1 \$1,000.00, and in addition \$50.00 for each motor vehicle used in
2 delivery to retail licensees. A fee increase does not apply to a
3 manufacturer of less than 15,000 barrels production per year.

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

6 (d) Wine makers, blenders, and rectifiers of wine, including
7 makers, blenders, and rectifiers of wines containing 21% or less
8 alcohol by volume, \$100.00. The small wine maker license fee is
9 \$25.00.

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

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

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

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

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

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

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

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

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

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

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

24 (p) Clubs selling beer, wine, mixed spirit drink, and spirits,
25 \$300.00 for clubs having 150 or fewer accredited members and \$1.00
26 for each member in excess of 150. Clubs shall submit a list of
27 members by an affidavit 30 days before the closing of the license

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

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

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

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

19 (t) Brandy manufacturer, \$100.00.

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

21 (v) Brewpub, \$100.00.

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

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

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

26 (z) Small distiller, \$100.00.

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

1 (bb) Nonpublic continuing care retirement center license,
2 \$600.00.

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

5 (2) The fees provided in this act for the various types of
6 licenses must ~~not~~ be prorated **ON A QUARTERLY BASIS** for a portion of
7 the effective period of the license **BASED ON THE APPROVAL DATE OF**
8 **THE APPLICATION. AN APPLICANT OR LICENSEE THAT HAS SUBMITTED AN**
9 **APPLICATION FOR A LICENSE THAT WILL BE EFFECTIVE FOR LESS THAN 9**
10 **MONTHS SHALL PAY A PRORATED LICENSE FEE AND SUBMIT THAT PRORATED**
11 **LICENSE FEE AFTER APPROVAL OF THE APPLICATION AND ON ISSUANCE OF**
12 **THE LICENSE.** Notwithstanding subsection (1), the initial license
13 fee for a license issued under section 531(3) or (4) is \$20,000.00.
14 The renewal license fee is the amount described in subsection (1).
15 However, the commission shall not impose the \$20,000.00 initial
16 license fee for applicants whose license eligibility was already
17 approved on July 20, 2005.

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

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

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

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

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

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

21 (6) If, in addition to a completed application under this
22 section, an applicant submits a separate form requesting a
23 conditional license with an acceptable proof of financial
24 responsibility form under section 803, an executed property
25 document, and, for an application to transfer the location of an
26 existing retailer license other than specially designated
27 distributor license, a church or school proximity affidavit on a

1 form prescribed by the commission attesting that the proposed
2 location is not within 500 feet of a church or school building
3 using the method of measurement required under section 503, the
4 commission shall, after considering the arrest and conviction
5 records or previous violation history in the management, operation,
6 or ownership of a licensed business, approve or deny a conditional
7 license. A conditional license issued under subsection (7) must
8 only include any existing permits and approvals held in connection
9 with the license, other than permits or approvals for which the
10 conditional applicant does not meet the requirements in this act or
11 rules promulgated under this act, or permits or approvals that the
12 conditional applicant has requested to cancel as part of the
13 application that serves as the basis for the conditional license.
14 The commission shall not issue a new permit with a conditional
15 license issued under subsection (7). The following applicants may
16 request a conditional license:

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

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

24 (c) An applicant seeking a new specially designated merchant
25 license not to be held in conjunction with a license for the sale
26 of alcoholic liquor for consumption on the premises.

27 (7) The commission shall issue a conditional license to

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

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

1 license.

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

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

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

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

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

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

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

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

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

14 (12) The chair of the commission shall submit a report by
15 December 1 of each year to the standing committees and
16 appropriations subcommittees of the senate and house of
17 representatives concerned with liquor license issues. The chair of
18 the commission shall include all of the following information in
19 the report concerning the preceding fiscal year:

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

23 (b) The number of applications denied.

24 (c) The number of applicants not issued a license within the
25 90-day time period and the amount of money returned to licensees
26 under subsection (5).

27 (13) As used in this section, "completed application" means an

1 application complete on its face and submitted with any applicable
2 licensing fees as well as any other information, records, approval,
3 security, or similar item required by law or rule from a local unit
4 of government, a federal agency, or a private entity but not from
5 another department or agency of this state.

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

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

23 (3) Except as otherwise provided in subdivisions (a) ~~through~~
24 **TO** (f), ~~upon~~ **AFTER** approval by the commission of a transfer subject
25 to subsection (1), ~~there shall be paid to~~ **AN APPLICANT OR LICENSEE**
26 **SHALL PAY** the commission a transfer fee equal to the fee provided
27 in this act for the class of license being transferred. A transfer

1 fee shall ~~not~~ be prorated **ON A QUARTERLY BASIS** for a portion of the
2 effective period of the license **BASED ON THE APPROVAL DATE OF THE**
3 **APPLICATION. THE PRORATED TRANSFER FEE MUST BE PAID ON ISSUANCE OF**
4 **THE LICENSE.** If a person holding more than 1 license or more than 1
5 interest in a license at more than 1 location, but in the name of a
6 single legal entity, transfers all of the licenses or interests in
7 licenses simultaneously to another single legal entity, the
8 transfers ~~shall be~~ **ARE** considered 1 transfer for purposes of
9 determining a transfer fee, payable in an amount equal to the
10 highest license fee provided in this act for any of the licenses,
11 or interests in licenses, being transferred. A transfer fee ~~shall~~
12 **IS** not ~~be~~ required in regard to any of the following:

13 (a) The transfer, in the aggregate, of less than 50% of the
14 outstanding shares of stock in a licensed corporation or less than
15 50% of the total interest in a licensed limited partnership during
16 any licensing year.

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

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

1 children.

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

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

7 (i) A licensed sole proprietor.

8 (ii) A stockholder in a licensed corporation.

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

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

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

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

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

18 (4) ~~A~~ **THE APPLICANT OR LICENSEE SHALL PAY A** nonrefundable
19 inspection fee of \$70.00 ~~shall be paid to the commission by an~~
20 ~~applicant or licensee~~ at the time of filing any of the following:

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

22 (b) A request for approval of a transfer of ownership or
23 location of a license.

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

26 (d) A request for approval of the transfer in any licensing
27 year of any of the shares of stock in a licensed corporation from 1

1 person to another, or any part of the total interest in a licensed
2 limited partnership from 1 person to another.

3 (5) An inspection fee shall be returned to the person ~~by whom~~
4 ~~it was paid~~ **THAT PAID THE FEE** if the purpose of the inspection was
5 to inspect the physical premises of the licensee, and the
6 inspection was not actually conducted. An inspection fee ~~shall not~~
7 ~~be~~ **IS NOT** required for any of the following:

8 (a) The issuance or transfer of a special license, salesperson
9 license, limited alcohol buyer license, corporate salesperson
10 license, hospital permit, military permit, or Sunday sale of
11 spirits permit.

12 (b) The issuance of a new permit, or the transfer of an
13 existing permit, if the permit is issued or transferred
14 simultaneously with the issuance or transfer of a license or an
15 interest in a license.

16 (c) The issuance of authorized but previously unissued
17 corporate stock to an existing stockholder of a licensed
18 corporation.

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

22 (6) All inspection fees collected under this section ~~shall~~
23 **MUST** be deposited in the special fund ~~in~~ **REQUIRED UNDER** section 543
24 for carrying out of the licensing and enforcement provisions of
25 this act.