

# HOUSE BILL NO. 4518

April 25, 2019, Introduced by Reps. Steven Johnson, LaFave and Bellino and referred to the Committee on Regulatory Reform.

A bill to amend 1998 PA 58, entitled  
"Michigan liquor control code of 1998,"  
by amending sections 525 and 529 (MCL 436.1525 and 436.1529),  
section 525 as amended by 2016 PA 434.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

- 1       Sec. 525. (1) Except as otherwise provided in this section,
- 2       the following license fees must be paid at the time of filing
- 3       applications or as otherwise provided in this act and are subject
- 4       to allocation under section 543:
- 5       (a) Manufacturers of spirits, not including makers, blenders,



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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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



1 year. The affidavit must be used only for determining the license 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.

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

10 (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.

16 (s) Airlines licensed to carry passengers in this state that sell, offer for sale, provide, or transport alcoholic liquor, \$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 determined under section 518(2).

26 (z) Small distiller, \$100.00.

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

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



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

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

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



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

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



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

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

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

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

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





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

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

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

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

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



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

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

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

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

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

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

Sec. 529. (1) A license or an interest in a license ~~shall~~**must** 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~~**is** 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



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

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

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

28 (b) The exchange of the assets of a licensed sole  
 29 proprietorship, licensed general partnership, or licensed limited



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

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

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

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

16 (i) A licensed sole proprietor.

17 (ii) A stockholder in a licensed corporation.

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

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

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

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

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

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

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

29 (b) A request for approval of a transfer of ownership or



1 location of a license.

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

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

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

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

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

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

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

27 (6) All inspection fees collected under this section ~~shall~~  
28 **must** be deposited in the special fund ~~in~~**required under** section 543  
29 for carrying out of the licensing and enforcement provisions of



1 this act.

