

# SENATE BILL NO. 230

March 11, 2021, Introduced by Senators MCBROOM, BARRETT, HORN, STAMAS, BUMSTEAD, JOHNSON, VICTORY, MACDONALD, OUTMAN, THEIS, DALEY, VANDERWALL and RUNESTAD 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 233 and 525 (MCL 436.1233 and 436.1525),  
section 233 as amended by 2020 PA 126 and section 525 as amended by  
2016 PA 434.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1       Sec. 233. (1) The commission shall establish uniform prices  
2       for the sale of alcoholic liquor by specially designated  
3       distributors. The prices must return a gross profit to the  
4       commission of not less than 51% and not greater than 65%. If

1 alcoholic liquor purchased by the commission has not met sales  
2 standards established by the commission for 6 months, the  
3 commission may sell the alcoholic liquor at a price to be approved  
4 by the state administrative board.

5 (2) Notwithstanding subsection (1), the commission may  
6 establish by rule prices for the sale of alcoholic liquor to  
7 hospitals, charitable institutions, and military establishments  
8 located in this state.

9 (3) Except as otherwise provided in this subsection, specially  
10 designated distributors and on-premises licensees are entitled to a  
11 17% discount from the uniform prices described in subsection (1) on  
12 alcoholic liquor purchased from this state. Beginning ~~with the~~  
13 ~~enactment date of the amendatory act that added this sentence~~ **July**  
14 **1, 2020** ~~until 12 months after the enactment date,~~ **through December**  
15 **31, 2023,** on-premises licensees are entitled to a 23% discount from  
16 the uniform prices described in subsection (1) on alcoholic liquor  
17 purchased from this state.

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

22 (a) Manufacturers of spirits, not including makers, blenders,  
23 and rectifiers of wines containing 21% or less alcohol by volume,  
24 \$1,000.00.

25 (b) Manufacturers of beer, \$50.00 per 1,000 barrels, or  
26 fraction of a barrel, production annually with a maximum fee of  
27 \$1,000.00, and in addition \$50.00 for each motor vehicle used in  
28 delivery to retail licensees. A fee increase does not apply to a  
29 manufacturer of less than 15,000 barrels production per year.

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

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

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

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

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

13 (h) Wholesale vendors other than manufacturers of beer,  
14 \$300.00 for the first motor vehicle used in delivery to retail  
15 licensees and \$50.00 for each additional motor vehicle used in  
16 delivery to retail licensees.

17 (i) Watercraft, licensed to carry passengers, selling  
18 alcoholic liquor, a minimum fee of \$100.00 and a maximum fee of  
19 \$500.00 per year computed on the basis of \$1.00 per person per  
20 passenger capacity.

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

25 (k) Specially designated distributors licensed by the  
26 commission to distribute spirits and mixed spirit drink in the  
27 original package for the commission for consumption off the  
28 premises, \$150.00 per year, and an additional fee of \$3.00 for each  
29 \$1,000.00 or major fraction of that amount in excess of \$25,000.00

1 of the total retail value of merchandise purchased under each  
2 license from the commission during the previous calendar year.

3 (l) Hotels of class A selling beer and wine, a minimum fee of  
4 \$250.00 and \$1.00 for each bedroom in excess of 20, but not more  
5 than \$500.00 total.

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

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

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

19 (p) Clubs selling beer, wine, mixed spirit drink, and spirits,  
20 \$300.00 for clubs having 150 or fewer accredited members and \$1.00  
21 for each member in excess of 150. Clubs shall submit a list of  
22 members by an affidavit 30 days before the closing of the license  
23 year. The affidavit must be used only for determining the license  
24 fees to be paid under this subdivision. This subdivision does not  
25 prevent the commission from checking a membership list and making  
26 its own determination from the list or otherwise. The list of  
27 members and additional members is not required of a club paying the  
28 maximum fee. The maximum fee must not exceed \$750.00 for any 1  
29 club.

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

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

9 (s) Airlines licensed to carry passengers in this state that  
10 sell, offer for sale, provide, or transport alcoholic liquor,  
11 \$600.00.

12 (t) Brandy manufacturer, \$100.00.

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

14 (v) Brewpub, \$100.00.

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

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

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

19 (z) Small distiller, \$100.00.

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

21 (bb) Nonpublic continuing care retirement center license,  
22 \$600.00.

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

25 (2) The fees provided in this act for the various types of  
26 licenses must not be prorated for a portion of the effective period  
27 of the license. Notwithstanding subsection (1), the initial license  
28 fee for a license issued under section 531(3) or (4) is \$20,000.00.  
29 The renewal license fee is the amount described in subsection (1).

1 However, the commission shall not impose the \$20,000.00 initial  
2 license fee for applicants whose license eligibility was already  
3 approved on July 20, 2005.

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

22 (4) Except for a resort or resort economic development license  
23 issued under section 531(2), (3), (4), or (5) or a license issued  
24 under section 521a, the commission shall issue an initial or  
25 renewal license not later than 90 days after the applicant files a  
26 completed application. The application is considered to be received  
27 the date the application is received by an agency or department of  
28 this state. If the commission determines that an application is  
29 incomplete, the commission shall notify the applicant in writing,

1 or make the information electronically available, within 30 days  
2 after receipt of the incomplete application, describing the  
3 deficiency and requesting the additional information. The  
4 determination of the completeness of an application is not an  
5 approval of the application for the license and does not confer  
6 eligibility on an applicant determined otherwise ineligible for  
7 issuance of a license. The 90-day period is tolled for the  
8 following periods under any of the following circumstances:

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

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

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

1 the processing of the application because the license fee was  
2 refunded or discounted under this subsection.

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

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

29 (b) An applicant seeking to transfer the ownership and



1 location of an existing retailer license, other than a specially  
2 designated distributor license, to sell alcoholic liquor for  
3 consumption on or off the premises.

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

8 (7) The commission shall issue a conditional license to  
9 applicants approved under subsection (6) within 20 business days  
10 after receipt of a completed application and a completed  
11 conditional license request form and documentation for a  
12 conditional license at a single location. The commission may take  
13 up to 30 business days to issue conditional licenses to approved  
14 applicants seeking conditional licenses at multiple locations.  
15 However, for an applicant described under this subsection that is  
16 seeking a specially designated merchant license under section  
17 533(7), the commission may take up to 45 business days to issue a  
18 conditional license. Notwithstanding the applicant's submission of  
19 a church or school proximity affidavit under subsection (6), if the  
20 commission determines that a conditional license in conjunction  
21 with an application to transfer the location of an existing  
22 retailer license has been issued under this subsection at a  
23 proposed location that is within 500 feet of a church or school  
24 building, the commission shall suspend the conditional license and  
25 notify the church or school of the proposed location under the  
26 rules promulgated under this act. If the commission issues a  
27 conditional license under this subsection based on a church or  
28 school proximity affidavit under subsection (6) without knowledge  
29 that the representations included in the affidavit are incorrect,

1 this state is not liable to any person for the commission's  
2 issuance of the conditional license. The commission may assume  
3 without inquiry the existence of the facts contained in the  
4 affidavit.

5 (8) A conditional license approved under subsection (6) and  
6 issued under subsection (7) is nontransferable and nonrenewable. A  
7 conditional licensee is required to comply with the server training  
8 requirements in section 501(1) beginning on the date a conditional  
9 license is issued under subsection (7) regardless of whether the  
10 conditional licensee is actively operating under the conditional  
11 license.

12 (9) A conditional license approved under subsection (6) and  
13 issued under subsection (7) expires when the first of the following  
14 occurs:

15 (a) The commission issues an order of denial of the license  
16 application that serves as the basis for the conditional license  
17 and all administrative remedies before the commission have been  
18 exhausted.

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

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

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

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

1 803, the commission shall summarily suspend the conditional license  
2 under section 92(2) of the administrative procedures act of 1969,  
3 1969 PA 306, MCL 24.292, until the conditional licensee files an  
4 acceptable proof of financial responsibility form under section  
5 803. If a conditional license is revoked, the conditional licensee  
6 shall not recover from this state or a unit of local government any  
7 compensation for property, future income, or future economic loss  
8 because of the revocation.

9 (11) On issuing a conditional license under subsection (7),  
10 the commission shall, until the conditional license expires under  
11 subsection (9), place the existing license under subsection (4) for  
12 which the applicant submitted the application that serves as the  
13 basis for the conditional license in escrow in compliance with R  
14 436.1107 of the Michigan Administrative Code. If the conditional  
15 license expires under subsection (9), an existing licensee may do 1  
16 of the following:

17 (a) Request that the commission release the license from  
18 escrow.

19 (b) Keep the license in escrow. The escrow date for compliance  
20 with R 436.1107 of the Michigan Administrative Code is the date the  
21 conditional license expires.

22 (12) The chair of the commission shall submit a report by  
23 December 1 of each year to the standing committees and  
24 appropriations subcommittees of the senate and house of  
25 representatives concerned with liquor license issues. The chair of  
26 the commission shall include all of the following information in  
27 the report concerning the preceding fiscal year:

28 (a) The number of initial and renewal applications the  
29 commission received and completed within the 90-day time period

1 described in subsection (4).

2 (b) The number of applications denied.

3 (c) The number of applicants not issued a license within the  
4 90-day time period and the amount of money returned to licensees  
5 under subsection (5).

6 **(13) Notwithstanding anything in this act to the contrary, all**  
7 **of the following annual renewal fees are waived for the 2021**  
8 **renewal:**

9 (a) The fees required in subsections (1)(i), (l), (m), (n),  
10 (o), (p), (v), (w), (x), (y), and (bb).

11 (b) The fee required for the license described in subsection  
12 (1)(j) if the license is held in conjunction with an on-premises  
13 license.

14 (c) The fees required in section 536.

15 (d) The fees required in sections 522, 547, and 1115 for  
16 permits issued to on-premises retailers and manufacturers with  
17 permits or licenses issued under section 536.

18 **(14) ~~(13)~~**As used in this section, "completed application"  
19 means an application complete on its face and submitted with any  
20 applicable licensing fees as well as any other information,  
21 records, approval, security, or similar item required by law or  
22 rule from a local unit of government, a federal agency, or a  
23 private entity but not from another department or agency of this  
24 state.