

MICHIGAN LIQUOR CONTROL CODE OF 1998 (EXCERPT)
Act 58 of 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