

ISSUANCE OF TEMPORARY LIQUOR LICENSE

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House Bill 5488

Sponsor: Rep. Ray A. Franz

Committee: Regulatory Reform

Complete to 3-27-12

A SUMMARY OF HOUSE BILL 5488 AS INTRODUCED 3-15-12

The bill would amend Section 525 of the Liquor Control Code (1998 PA 58) to provide for the issuance of a temporary, on or off-premises liquor license to an applicant for use during the application review process.

Specifically, the Liquor Control Commission (LCC) would be required to issue a temporary on or off-premises liquor license to an applicant seeking an initial license within 14 days after the application is submitted, provided the applicant (1) submits a completed temporary license application and (2) provides proof to the LCC that the applicant is not disqualified from holding a liquor license under the act.

Throughout the duration of the temporary license, the LCC could deny an application for licensure if it determined the applicant is not qualified or if the applicant's initial license is denied.

House Bill 5488 is similar to Senate Bill 1002, which provides for a temporary 60-day off-premises liquor license. As written, House Bill 5488 applies to both on and off-premises licenses and contains no expiration date.

MCL 436.1525

FISCAL IMPACT:

House Bill 5488 would have an indeterminate, yet likely insubstantial, fiscal impact on the Liquor Control Commission (LCC). The bill does not establish any new fees but does require the LCC to create an application form and standards for completion in order to issue a new Temporary License which would engender minor increased costs for the LCC. Further, additional indeterminate costs could result from the amendment if the LCC finds it necessary to promulgate new rules to effectively administer the provisions under the amendment.

BACKGROUND INFORMATION:

Section 525(3) of the Liquor Control Code requires the LCC to issue an initial or renewal license no later than 90 days after the applicant files a completed application. If an application is deemed incomplete, the LCC must notify the applicant within 30 days after

receiving the application, and describe the deficiency. The 90-day period to issue a license can be tolled, or stopped, for the following periods and under the following circumstances:

- If notice is sent by the LCC of a deficiency in the application, the process can be tolled until the date in which all of the requested information is received.
- For the time period required to complete certain actions required of the applicant, including: construction or completion of a licensed premises; mandatory inspections by the LCC or by any state, local, or federal agency; approval by the legislative body of a local unit of government; and criminal history and financial records checks.

If the LCC fails to make a determination on a license within the time requirements contained in Section 525(3), the license fee must be returned to the applicant and the license fee for the applicant's next renewal application would be reduced by 15%.

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