

# HOUSE BILL No. 4073

January 27, 2015, Introduced by Reps. Dianda, Greig, Liberati and Howrylak 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 2014 PA 353.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1           Sec. 525. (1) Except as otherwise provided in this section,  
2 the following license fees shall 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  
15 shall 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 shall 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 shall 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 a sworn affidavit 30 days before the closing of the

1 license year. The sworn affidavit shall be used only for  
2 determining the license fees to be paid under this subdivision.  
3 This subdivision does not prevent the commission from checking a  
4 membership list and making its own determination from the list or  
5 otherwise. The list of members and additional members is not  
6 required of a club paying the maximum fee. The maximum fee shall  
7 not exceed \$750.00 for any 1 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 ~~that~~ **A SPECIAL** license ~~or permit~~ issued to ~~any~~ **A** bona fide  
12 nonprofit association, duly organized and in continuous existence  
13 for 1 year before the filing of its application, is \$25.00. Not  
14 more than 12 special licenses may be granted to ~~any~~ **AN**  
15 organization, including an auxiliary of the organization, in a  
16 calendar year.

17 (s) Airlines licensed to carry passengers in this state that  
18 sell, offer for sale, provide, or transport alcoholic liquor,  
19 \$600.00.

20 (t) Brandy manufacturer, \$100.00.

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

22 (v) Brewpub, \$100.00.

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

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

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

27 (z) Small distiller, \$100.00.

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

2 (bb) Nonpublic continuing care retirement center license,  
3 \$600.00.

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

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

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

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

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

27 (a) If notice is sent by the commission of a deficiency in the

1 application, until the date all of the requested information is  
2 received by the commission.

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

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

23 (6) If, in addition to a completed application under this  
24 section, an applicant submits a separate form requesting a  
25 conditional license with an acceptable proof of financial  
26 responsibility form under section 803, and an executed property  
27 document, the commission shall, after considering the arrest and

1 conviction records or previous violation history in the management,  
2 operation, or ownership of a licensed business, approve or deny a  
3 conditional license. A conditional license issued under subsection  
4 (7) for the transfer of an existing license at the same location  
5 ~~shall~~**MUST** include any existing permits and approvals held in  
6 connection with that license. The following applicants may request  
7 a conditional license:

8 (a) An applicant seeking to transfer ownership of or interest  
9 in an existing license at the same location to sell alcoholic  
10 liquor for consumption on or off the premises.

11 (b) An applicant seeking an initial license other than a  
12 specially designated distributor license or a license for the sale  
13 of alcoholic liquor for consumption on the premises.

14 (7) The commission shall issue a conditional license to  
15 applicants approved under subsection (6) within 20 business days  
16 after receipt of a completed application and a completed  
17 conditional license request form and documentation for a  
18 conditional license at a single location. The commission may take  
19 up to 30 business days to issue conditional licenses to approved  
20 applicants seeking conditional licenses at multiple locations.

21 (8) A conditional license approved under subsection (6) and  
22 issued under subsection (7) is nontransferable and nonrenewable. A  
23 conditional license approved under subsection (6) and issued under  
24 subsection (7) expires when the commission issues an order of  
25 denial of the license application that serves as the basis for the  
26 conditional license after all administrative remedies before the  
27 commission have been exhausted, expires 20 business days after the



1 commission issues an order of approval of the license application  
2 that serves as the basis for the conditional license, expires when  
3 the licensee or conditional licensee notifies the commission in  
4 writing that the initial application should be canceled, or expires  
5 1 year after the date the conditional license was issued, whichever  
6 occurs first. If a conditionally approved licensee fails to  
7 maintain acceptable proof of its financial responsibility, the  
8 commission shall, after due notice and proper hearing, suspend the  
9 conditional license until the licensee files an acceptable proof of  
10 financial responsibility form under section 803. If a conditional  
11 license is revoked, the conditional licensee shall not recover from  
12 a unit of local government any compensation for property, future  
13 income, or future economic loss due to the revocation.

14 (9) Upon issuing a conditional license under subsection (7),  
15 the commission shall, until the conditional license expires under  
16 subsection (8), place an existing license under subsection (4) in  
17 escrow in compliance with R 436.1107 of the Michigan administrative  
18 code. If the conditional license expires because a transfer of an  
19 existing license was denied or because the license was not  
20 transferred within the 1-year period, an existing licensee may do 1  
21 of the following:

22 (a) Request that the commission release the license from  
23 escrow.

24 (b) Keep the license in escrow. The escrow date for compliance  
25 with R 436.1107 of the Michigan administrative code shall be the  
26 date the conditional license expires.

27 (10) The chair of the commission shall submit a report by

1 December 1 of each year to the standing committees and  
2 appropriations subcommittees of the senate and house of  
3 representatives concerned with liquor license issues. The chair of  
4 the commission shall include all of the following information in  
5 the report concerning the preceding fiscal year:

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

9 (b) The number of applications denied.

10 (c) The number of applicants not issued a license within the  
11 90-day time period and the amount of money returned to licensees  
12 under subsection (5).

13 (11) As used in this section, "completed application" means an  
14 application complete on its face and submitted with any applicable  
15 licensing fees as well as any other information, records, approval,  
16 security, or similar item required by law or rule from a local unit  
17 of government, a federal agency, or a private entity but not from  
18 another department or agency of ~~the-THIS~~ state. ~~of Michigan.~~

19 Sec. 529. (1) A license or an interest in a license shall not  
20 be transferred from 1 person to another without the prior approval  
21 of the commission. For purposes of this section, the transfer in  
22 the aggregate to another person during any single licensing year of  
23 more than 10% of the outstanding stock of a licensed corporation or  
24 more than 10% of the total interest in a licensed limited  
25 partnership ~~shall be-~~ **IS** considered to be a transfer requiring the  
26 prior approval of the commission.

27 (2) Not later than July 1 of each year, each privately held

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

9 (3) Except as otherwise provided in subdivisions (a) ~~through~~  
10 ~~TO~~ (f), ~~upon~~ **AFTER** approval by the commission of a transfer subject  
11 to subsection (1), ~~there shall be paid to~~ **AN APPLICANT OR LICENSEE**  
12 **SHALL PAY** the commission a transfer fee equal to the fee provided  
13 in this act for the class of license being transferred. A transfer  
14 fee shall ~~not~~ be prorated **ON A QUARTERLY BASIS** for a portion of the  
15 effective period of the license **BASED UPON THE APPROVAL DATE OF THE**  
16 **APPLICATION. THE PRORATED TRANSFER FEE SHALL BE PAID ON ISSUANCE OF**  
17 **THE LICENSE.** If a person holding more than 1 license or more than 1  
18 interest in a license at more than 1 location, but in the name of a  
19 single legal entity, transfers all of the licenses or interests in  
20 licenses simultaneously to another single legal entity, the  
21 transfers ~~shall be~~ **ARE** considered 1 transfer for purposes of  
22 determining a transfer fee, payable in an amount equal to the  
23 highest license fee provided in this act for any of the licenses,  
24 or interests in licenses, being transferred. A transfer fee ~~shall~~  
25 **IS** not be required in regard to any of the following:

26 (a) The transfer, in the aggregate, of less than 50% of the  
27 outstanding shares of stock in a licensed corporation or less than

1 50% of the total interest in a licensed limited partnership during  
2 any licensing year.

3 (b) The exchange of the assets of a licensed sole  
4 proprietorship, licensed general partnership, or licensed limited  
5 partnership for all outstanding shares of stock in a corporation in  
6 which either the sole proprietor, all members of the general  
7 partnership, or all members of the limited partnership are the only  
8 stockholders of that corporation. An exchange under this  
9 subdivision ~~shall~~**IS** not ~~be~~ considered an application for a license  
10 for the purposes of section 501.

11 (c) The transfer of the interest in a licensed business of a  
12 deceased licensee, a deceased stockholder, or a deceased member of  
13 a general or limited partnership to the deceased person's spouse or  
14 children.

15 (d) The removal of a member of a firm, a stockholder, a member  
16 of a general partnership or limited partnership, or association of  
17 licensees from a license.

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

20 (i) A licensed sole proprietor.

21 (ii) A stockholder in a licensed corporation.

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

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

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

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

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

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

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

6 (b) A request for approval of a transfer of ownership or  
7 location of a license.

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

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

14 (5) An inspection fee shall be returned to the person ~~by whom~~  
15 ~~it was paid~~ **WHO PAID THE FEE** if the purpose of the inspection was  
16 to inspect the physical premises of the licensee, and the  
17 inspection was not actually conducted. An inspection fee ~~shall not~~  
18 ~~be~~ **IS NOT** required for any of the following:

19 (a) The issuance or transfer of a special license, salesperson  
20 license, limited alcohol buyer license, corporate salesperson  
21 license, hospital permit, military permit, or Sunday sale of  
22 spirits permit.

23 (b) The issuance of a new permit, or the transfer of an  
24 existing permit, if the permit is issued or transferred  
25 simultaneously with the issuance or transfer of a license or an  
26 interest in a license.

27 (c) The issuance of authorized but previously unissued

1 corporate stock to an existing stockholder of a licensed  
2 corporation.

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

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