

HOUSE BILL No. 4654

May 27, 2015, Introduced by Rep. Franz and referred to the Committee on Regulatory Reform.

A bill to amend 1998 PA 58, entitled "Michigan liquor control code of 1998," by amending section 525 (MCL 436.1525), 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~~**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,
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
10 \$1,000.00, and in addition \$50.00 for each motor vehicle used in
11 delivery to retail licensees. A fee increase does not apply to a

1 manufacturer of less than 15,000 barrels production per year.

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

4 (d) Wine makers, blenders, and rectifiers of wine, including
5 makers, blenders, and rectifiers of wines containing 21% or less
6 alcohol by volume, \$100.00. The small wine maker license fee is
7 \$25.00.

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

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

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

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

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

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

26 (k) Specially designated distributors licensed by the
27 commission to distribute spirits and mixed spirit drink in the

1 original package for the commission for consumption off the
2 premises, \$150.00 per year, and an additional fee of \$3.00 for each
3 \$1,000.00 or major fraction of that amount in excess of \$25,000.00
4 of the total retail value of merchandise purchased under each
5 license from the commission during the previous calendar year.

6 (l) Hotels of class A selling beer and wine, a minimum fee of
7 \$250.00 and \$1.00 for each bedroom in excess of 20, but not more
8 than \$500.00 total.

9 (m) Hotels of class B selling beer, wine, mixed spirit drink,
10 and spirits, a minimum fee of \$600.00 and \$3.00 for each bedroom in
11 excess of 20. If a hotel of class B sells beer, wine, mixed spirit
12 drink, and spirits in more than 1 public bar, a fee of \$350.00
13 ~~shall~~**MUST** be paid for each additional public bar, other than a
14 bedroom.

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

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

23 (p) Clubs selling beer, wine, mixed spirit drink, and spirits,
24 \$300.00 for clubs having 150 or fewer accredited members and \$1.00
25 for each member in excess of 150. Clubs shall submit a list of
26 members by a sworn affidavit 30 days before the closing of the
27 license year. The sworn affidavit ~~shall~~**MUST** be used only for

1 determining the license fees to be paid under this subdivision.
2 This subdivision does not prevent the commission from checking a
3 membership list and making its own determination from the list or
4 otherwise. The list of members and additional members is not
5 required of a club paying the maximum fee. The maximum fee ~~shall~~
6 **MAY** not exceed \$750.00 for any 1 club.

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

9 (r) Special licenses, a fee of \$50.00 per day, except that the
10 fee for ~~that~~ **THE** license or permit issued to ~~any~~ **A** bona fide
11 nonprofit association, ~~duly~~ organized and in continuous existence
12 for 1 year before the filing of its application, is \$25.00. Not
13 more than 12 special licenses may be granted to any organization,
14 including an auxiliary of the organization, in a calendar year.

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

18 (t) Brandy manufacturer, \$100.00.

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

20 (v) Brewpub, \$100.00.

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

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

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

25 (z) Small distiller, \$100.00.

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

27 (bb) Nonpublic continuing care retirement center license,

1 \$600.00.

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

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

12 (3) If the commission requires an applicant to submit
13 fingerprints, the applicant shall have the fingerprints taken by a
14 local law enforcement agency, the department of state police, or
15 any other person qualified to take fingerprints as determined by
16 the department of state police. The applicant shall submit the
17 fingerprints and the appropriate state and federal fees, which
18 shall be borne by the applicant, to the department of state police
19 and the federal bureau of investigation for a criminal history
20 check. After conducting the criminal history check, the department
21 of state police shall provide the commission with a report of the
22 criminal history check. The report ~~shall~~**MUST** contain criminal
23 history record information concerning the person who is the subject
24 of the criminal history check that is maintained by the department
25 of state police. If a criminal arrest fingerprint card is
26 subsequently submitted to the department of state police and
27 matches against a fingerprint that was submitted ~~pursuant to~~**UNDER**

1 this act and stored in its automated fingerprint identification
2 system (AFIS) database, the department of state police shall notify
3 the commission.

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

21 (a) If notice is sent by the commission of a deficiency in the
22 application, until the date all of the requested information is
23 received by the commission.

24 (b) For the time required to complete actions required by a
25 person, other than the applicant or the commission, including, but
26 not limited to, completion of construction or renovation of the
27 licensed premises; mandated inspections by the commission or by any

1 state, local, or federal agency; approval by the legislative body
2 of a local unit of government; criminal history or criminal record
3 checks; financial or court record checks; or other actions mandated
4 by this act or rule or as otherwise mandated by law or local
5 ordinance.

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

18 (6) If, in addition to a completed application under this
19 section, an applicant submits a separate form requesting a
20 conditional license with an acceptable proof of financial
21 responsibility form under section 803, and an executed property
22 document, the commission shall, after considering the arrest and
23 conviction records or previous violation history in the management,
24 operation, or ownership of a licensed business, approve or deny a
25 conditional license. A conditional license issued under subsection
26 (7) for the transfer of an existing license ~~at the same location~~
27 ~~shall~~**MUST** include any existing permits and approvals held in

1 connection with that license. The following applicants may request
2 a conditional license:

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

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

9 (C) AN APPLICANT SEEKING A PUBLIC ON-PREMISES LICENSE UNDER
10 SECTION 521A.

11 (D) AN APPLICANT SEEKING A RESORT OR RESORT ECONOMIC LICENSE
12 UNDER SECTION 531(2), (3), OR (4).

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

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

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

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

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

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

26 (10) The chair of the commission shall submit a report by
27 December 1 of each year to the standing committees and

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

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

8 (b) The number of applications denied.

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

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

18 Enacting section 1. This amendatory act takes effect 90 days
19 after the date it is enacted into law.