

# SENATE BILL No. 587

October 27, 2015, Introduced by Senators HERTEL, HORN, MACGREGOR and KNOLLENBERG 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

1 delivery to retail licensees. A fee increase does not apply to a  
2 manufacturer of less than 15,000 barrels production per year.

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

5 (d) Wine makers, blenders, and rectifiers of wine, including  
6 makers, blenders, and rectifiers of wines containing 21% or less  
7 alcohol by volume, \$100.00. The small wine maker license fee is  
8 \$25.00.

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

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

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

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

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

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

27 (k) Specially designated distributors licensed by the

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

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

10 (m) Hotels of class B selling beer, wine, mixed spirit drink,  
11 and spirits, a minimum fee of \$600.00 and \$3.00 for each bedroom in  
12 excess of 20. If a hotel of class B sells beer, wine, mixed spirit  
13 drink, and spirits in more than 1 public bar, a fee of \$350.00  
14 ~~shall~~**MUST** be paid for each additional public bar, other than a  
15 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~~**MUST** be paid for each additional  
21 bar. In municipally owned or supported facilities in which  
22 nonprofit organizations operate concession stands, a fee of \$100.00  
23 ~~shall~~**MUST** be 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~~**MUST** 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 **MAY** 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~~**THE** 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 organization,  
15 including an auxiliary of the organization, in a calendar year.

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

19 (t) Brandy manufacturer, \$100.00.

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

21 (v) Brewpub, \$100.00.

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

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

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

26 (z) Small distiller, \$100.00.

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

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

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

5 (DD) **HOME FOR THE AGED LICENSE, \$600.00.**

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

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

1 criminal arrest fingerprint card is subsequently submitted to the  
2 department of state police and matches against a fingerprint that  
3 was submitted ~~pursuant to~~ **UNDER** this act and stored in its  
4 ~~automated fingerprint identification system~~ **AUTOMATED FINGERPRINT**  
5 **IDENTIFICATION SYSTEM** (AFIS) database, the department of state  
6 police shall notify the commission.

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

24 (a) If notice is sent by the commission of a deficiency in the  
25 application, until the date all of the requested information is  
26 received by the commission.

27 (b) For the time required to complete actions required by a

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

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

21 (6) If, in addition to a completed application under this  
22 section, an applicant submits a separate form requesting a  
23 conditional license with an acceptable proof of financial  
24 responsibility form under section 803, and an executed property  
25 document, the commission shall, after considering the arrest and  
26 conviction records or previous violation history in the management,  
27 operation, or ownership of a licensed business, approve or deny a

1 conditional license. A conditional license issued under subsection  
2 (7) for the transfer of an existing license at the same location  
3 ~~shall~~**MUST** include any existing permits and approvals held in  
4 connection with that license. The following applicants may request  
5 a conditional license:

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

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

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

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



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

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

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

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

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

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

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

7 (b) The number of applications denied.

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

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

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

19 Enacting section 2. This amendatory act does not take effect  
20 unless all of the following bills of the 98th Legislature are  
21 enacted into law:

22 (a) Senate Bill No. 586.

23

24 (b) Senate Bill No. 585.

25

26 (c) Senate Bill No. 584.

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