

Legislative Analysis



LIQUOR DISTRIBUTOR OPERATING MOTOR FUEL PUMPS

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House Bill 4276 as reported from committee
Sponsor: Rep. Will Snyder
Committee: Regulatory Reform
Complete to 5-13-25

SUMMARY:

House Bill 4276 would amend the Michigan Liquor Control Code to modify the conditions for a holder of a specially designated distributor (SDD) license to own or operate motor vehicle fuel pumps on or adjacent to the licensed premises or for the holder of a specially designated merchant (SDM) license to qualify for a secondary location permit.

Owning and Operating Motor Vehicle Pumps

Currently, the act generally prohibits the Michigan Liquor Control Commission (MLCC) from allowing an SDD licensee or applicant to own or operate motor vehicle fuel pumps on or adjacent to the licensed premises *unless* the site where alcoholic liquor is selected and paid for is at least five feet from the point where motor vehicle fuel is dispensed *and* one or both of the following apply:

- The applicant or licensee is located in a neighborhood shopping center.
- The applicant or licensee maintains a minimum inventory on the premises, excluding alcoholic liquor and motor vehicle fuel, of at least \$250,000, at cost, of goods and services customarily marketed by approved types of businesses.

The act also provides specific circumstances, largely based on population, under which the commission *cannot* prohibit SDD licensees or applicants from owning and operating motor vehicle fuel pumps on or adjacent to the licensed premises.

The bill would eliminate the requirements and conditions described above and instead provide that the commission cannot prohibit an SDD applicant or licensee from owning and operating motor vehicle fuel pumps on or adjacent to the licensed premises as long as the site where alcoholic liquor is selected and paid for is at least five feet from the point where motor vehicle fuel is dispensed. However, this provision would not apply to an SDD license or SDM license issued to a marina under section 539 of the act.¹

Secondary Location Permit

The act also allows for the issuance of a secondary location permit for the sale of wine and beer at a secondary location if a specially designated merchant's licensed premises are a *primary location*. To be considered a primary location, the licensed premises must meet the conditions listed above (neighborhood shopping center, minimum inventory, five feet).

¹ <http://legislature.mi.gov/doc.aspx?mcl-436-1539>

The bill would eliminate the inventory requirement to be eligible for a secondary location permit, but an applicant or licensee would still need to be located in a neighborhood shopping center to qualify, and the site where alcoholic liquor is selected and paid for would still have to be at least five feet from the point where motor vehicle fuel is dispensed. In addition, the bill would specifically allow a secondary location permit to allow for the sale of mixed spirit drinks.

Codifying Administrative Rules

The bill would also rescind R 436.1003 and 436.1105(3) of the Michigan Administrative Code and instead codify the provisions of these rules in the Liquor Control Code.^{2,3}

These provisions require licensees to comply with state and local building, plumbing, zoning, fire, sanitation, and health laws, rules, and ordinances.

MCL 436.1541

BACKGROUND AND DISCUSSION:

According to committee testimony, the bill is intended to eliminate the inventory requirement, which supporters described as unnecessary and something that ties up the time and resources of both businesses and the MLCC.

The bill is substantially similar to House Bill 4865 of the 2023-24 legislative session as it was passed by the House.⁴

FISCAL IMPACT:

House Bill 4276 would have little to no fiscal impact on the Michigan Liquor Control Commission. The number of specially designated distributor (SDD) licenses is limited by local government unit quotas, and the MLCC has indicated that there are only a small number of unissued licenses in the state. Although the bill may result in more businesses qualifying for an SDD license, any potential increases in the number of licenses issued and revenue generated would be small.

POSITIONS:

Representatives of the following entities testified in support of the bill (4-24-25):

- Michigan Petroleum Association
- Wesco, Inc.

² <https://ars.apps.lara.state.mi.us/AdminCode/DownloadAdminCodeFile?FileName=R%20436.1001%20to%20R%20436.1063.pdf&ReturnHTML=True>

³ https://ars.apps.lara.state.mi.us/AdminCode/DownloadAdminCodeFile?FileName=1702_2017-025LR_AdminCode.pdf&ReturnHTML=True

⁴ <https://www.legislature.mi.gov/Bills/Bill?ObjectName=2023-HB-4865>

The following entities indicated support for the bill:

- Midwest Independent Retailers Association (5-1-25)
- National Federation of Independent Businesses (4-24-25)
- Kwik Trip (4-24-25)

The Michigan Liquor Control Commission indicated a neutral position on the bill.
(4-24-25)

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