

**SUBSTITUTE FOR
HOUSE BILL NO. 4595**

A bill to amend 1998 PA 58, entitled
"Michigan liquor control code of 1998,"
by amending section 533 (MCL 436.1533), as amended by 2020 PA 308.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 533. (1) Subject to subsection (12), the commission shall
2 not issue a new specially designated merchant license or transfer
3 an existing specially designated merchant license unless the
4 applicant is an approved type of business. An applicant is not an
5 approved type of business unless the applicant meets 1 or more of
6 the following conditions:

7 (a) The applicant holds and maintains a retail food
8 establishment license issued under the food law, 2000 PA 92, MCL
9 289.1101 to 289.8111. As used in this subdivision, "retail food

1 establishment" means that term as defined in section 1111 of the
2 food law, 2000 PA 92, MCL 289.1111.

3 (b) The applicant holds and maintains an extended retail food
4 establishment license issued under the food law, 2000 PA 92, MCL
5 289.1101 to 289.8111. As used in this subdivision, "extended retail
6 food establishment" means that term as defined in section 1107 of
7 the food law, 2000 PA 92, MCL 289.1107.

8 (c) The applicant holds or the commission approves the
9 issuance of a specially designated distributor license to the
10 applicant.

11 (d) The applicant holds or the commission approves the
12 issuance of a class C license to the applicant.

13 (e) The applicant holds or the commission approves the
14 issuance of a class A hotel license to the applicant.

15 (f) The applicant holds or the commission approves the
16 issuance of a class B hotel license to the applicant.

17 (g) The applicant holds or the commission approves the
18 issuance of a club license to the applicant.

19 (h) The applicant holds or the commission approves the
20 issuance of a tavern license to the applicant.

21 (i) The applicant holds or the commission approves the
22 issuance of a class G-1 license to the applicant.

23 (j) The applicant holds or the commission approves the
24 issuance of a class G-2 license to the applicant.

25 (2) A specially designated distributor may apply for a license
26 as a specially designated merchant.

27 (3) A specially designated distributor license issued under
28 subsection (4) or section 531(5) may be held in conjunction with
29 any of the following licenses:

1 (a) A specially designated merchant license.

2 (b) Subject to subsection (13), a class B hotel license.

3 (c) Subject to subsection (13), a class C license.

4 (d) Subject to subsection (13), a combination of licenses in
5 subdivisions (a) and (b) or (a) and (c).

6 (4) In cities, incorporated villages, or townships, the
7 commission shall issue only 1 specially designated distributor
8 license for each 3,000 of population, or fraction of 3,000. The
9 commission may waive the quota requirement under this subsection if
10 there is no existing specially designated distributor licensee
11 within 2 miles of the applicant, measured along the nearest traffic
12 route.

13 (5) Except as otherwise provided in this section, in cities,
14 incorporated villages, or townships, the commission shall issue
15 only 1 specially designated merchant license for each 1,000 of
16 population, or fraction of 1,000. The quota under this subsection
17 does not apply to any of the following:

18 (a) An applicant for a specially designated merchant license
19 that is an applicant for or the holder of a license listed in
20 subsection (1)(d) to (j).

21 (b) An applicant for or the holder of a specially designated
22 merchant license whose licensed establishment meets 1 or more of
23 the following conditions:

24 (i) Meets both of the following conditions:

25 (A) The licensed establishment is at least 20,000 square feet.

26 (B) The licensed establishment's gross receipts derived from
27 the sale of food are at least 20% of the total gross receipts.

28 (ii) The licensed establishment is also a pharmacy as that term
29 is defined in section 17707 of the public health code, 1978 PA 368,

1 MCL 333.17707.

2 (c) A secondary location permit issued to a specially
3 designated merchant under section 541.

4 (d) A specially designated merchant license issued under
5 subsection (7).

6 (e) A specially designated merchant license issued to a marina
7 under section 539.

8 (6) The commission may waive the quota under subsection (5) if
9 there is no existing specially designated merchant within 2 miles
10 of the applicant, measured along the nearest traffic route.

11 (7) The commission shall waive the quota under subsection (5)
12 if both of the following apply:

13 (a) The applicant applies for the specially designated
14 merchant license within 60 days after January 4, 2017.

15 (b) The applicant is a retail dealer that holds a license
16 issued under section 6(1) of the motor fuels quality act, 1984 PA
17 44, MCL 290.646. The applicant shall include a copy of the license
18 described in this subdivision with the applicant's application
19 under this subsection. As used in this subdivision, "retail dealer"
20 means that term as defined in section 2 of the motor fuels quality
21 act, 1984 PA 44, MCL 290.642.

22 (8) A specially designated merchant license issued under this
23 section may be transferred to an applicant whose proposed operation
24 is located within any local governmental unit in a county in which
25 the specially designated merchant license was located. If the local
26 governmental unit within which the former licensee's premises were
27 located spans more than 1 county, a specially designated merchant
28 license may be transferred to an applicant whose proposed operation
29 is located within any local governmental unit in either county. If

1 a specially designated merchant license is transferred to a local
2 governmental unit other than that local governmental unit within
3 which the specially designated merchant license was originally
4 issued, the commission shall count that transferred specially
5 designated merchant license against the local governmental unit
6 originally issuing the specially designated merchant license.

7 (9) Except as otherwise provided in subsection (10), the quota
8 under subsection (5) does not bar the right of an existing
9 specially designated merchant to renew the specially designated
10 merchant license or transfer the specially designated merchant
11 license. This subsection applies to a specially designated merchant
12 license issued or renewed before, on, or after January 4, 2017.

13 (10) A specially designated merchant license issued after
14 January 4, 2017 to a person described in subsection (5) (a) or (b)
15 or to a specially designated merchant license issued under
16 subsection (6) may not be transferred to another location.

17 (11) An applicant for or the holder of a specially designated
18 merchant license that owns or operates a motor vehicle fuel pump on
19 or adjacent to the licensed premises is not required to meet the
20 conditions under section 541 as that section existed before January
21 4, 2017.

22 (12) For a marina that maintains motor vehicle fuel pumps on
23 or adjacent to the licensed premises, or maintains a financial
24 interest in any motor vehicle fuel pumps, the commission may only
25 issue a special designated merchant license to the marina under
26 section 539.

27 (13) License fees for a specially designated distributor
28 license held in conjunction with a class B hotel license or a class
29 C license as described in subsection (3) must be calculated under

1 section 525(1)(k) based on the total retail value of merchandise
2 purchased from the commission under the specially designated
3 distributor license during the previous calendar year plus the
4 total retail value of the merchandise purchased from the commission
5 under either the class B hotel license or the class C license.

6 **(14) Subject to the quota requirements in subsection (4) or**
7 **(5), the commission may issue a specially designated merchant**
8 **license or specially designated distributor license, or both, to a**
9 **private entity that leases or subleases the licensed premises for**
10 **the operation of a grocery store located on land owned by**
11 **Schoolcraft College.**

12 **(15)** ~~(14)~~—For purposes of this section, population is
13 determined by the latest federal decennial census, by a special
14 census under section 6 of the home rule city act, 1909 PA 279, MCL
15 117.6, or section 7 of the Glenn Steil state revenue sharing act of
16 1971, 1971 PA 140, MCL 141.907, or by the latest census and
17 corrections published by the United States Department of Commerce,
18 Bureau of the Census, whichever is later.

19 Enacting section 1. This amendatory act does not take effect
20 unless House Bill No. 4282 of the 103rd Legislature is enacted into
21 law.