

**SUBSTITUTE FOR
HOUSE BILL NO. 4557**

A bill to amend 1998 PA 58, entitled
"Michigan liquor control code of 1998,"
by amending section 525 (MCL 436.1525), as amended by 2021 PA 19.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 525. (1) Except as otherwise provided in this section,
2 the following license fees 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

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. A small wine maker must pay \$50.00 for each motor vehicle
10 used for delivery of wine to a retailer.

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

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

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

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

21 (i) Watercraft, licensed to carry passengers, selling
22 alcoholic liquor, a minimum fee of \$100.00 and a maximum fee of
23 \$500.00 per year computed on the basis of \$1.00 per person per
24 passenger capacity.

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

29 (k) Specially designated distributors licensed by the

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

7 (l) Hotels of class A selling beer, wine, and mixed spirit
8 drink, a minimum fee of \$250.00 and \$1.00 for each bedroom in
9 excess of 20, but not more 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 must
14 be paid for each additional public bar, other than a bedroom.

15 (n) Taverns, selling beer, wine, and mixed spirit drink,
16 \$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 must 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 must 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 an affidavit 30 days before the closing of the license
28 year. The affidavit must be used only for determining the license
29 fees to be paid under this subdivision. This subdivision does not

1 prevent the commission from checking a membership list and making
2 its own determination from the list or otherwise. The list of
3 members and additional members is not required of a club paying the
4 maximum fee. The maximum fee must not exceed \$750.00 for any 1
5 club.

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

8 (r) Special licenses, a fee of \$50.00 per day, except that the
9 fee for the license or permit issued to a bona fide nonprofit
10 association, organized and in continuous existence for 1 year
11 before the filing of its application, is \$25.00. The commission
12 shall not grant more than 12 special licenses to any organization,
13 including an auxiliary of the organization, in a calendar year.

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

17 (t) Brandy manufacturer, \$100.00.

18 (u) Mixed spirit drink manufacturer, \$100.00. A mixed spirit
19 drink manufacturer must pay \$50.00 for each motor vehicle used for
20 delivery of mixed spirit drink to retailers under section 203b.

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. A qualified small distiller must
27 pay \$50.00 for each motor vehicle used for delivery to retailers
28 under section 203(20).

29 (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) Outstate self-distributor license, \$300.00. An outstate
6 self-distributor must pay \$50.00 for each motor vehicle used for
7 delivery of alcoholic liquor to retailers under sections 203(20),
8 203a, or 203b.

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

17 (3) If the commission requires an applicant to submit
18 fingerprints, the applicant shall have the fingerprints taken by a
19 local law enforcement agency, the department of state police, or
20 any other person qualified to take fingerprints as determined by
21 the department of state police. The applicant shall submit the
22 fingerprints and the appropriate state and federal fees, which
23 shall be borne by the applicant, to the department of state police
24 and the Federal Bureau of Investigation for a criminal history
25 check. After conducting the criminal history check, the department
26 of state police shall provide the commission with a report of the
27 criminal history check. The report must include criminal history
28 record information concerning the person who is the subject of the
29 criminal history check that is maintained by the department of

1 state police. If a criminal arrest fingerprint card is subsequently
2 submitted to the department of state police and matches against a
3 fingerprint that was submitted under this act and stored in its
4 automated fingerprint identification system (AFIS) database, the
5 department of state police shall notify the commission.

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

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

25 (b) For the time required to complete actions required by a
26 person, other than the applicant or the commission, including, but
27 not limited to, completion of construction or renovation of the
28 licensed premises; mandated inspections by the commission or by any
29 state, local, or federal agency; approval by the legislative body

1 of a local unit of government; criminal history or criminal record
2 checks; financial or court record checks; or other actions mandated
3 by this act or rule or as otherwise mandated by law or local
4 ordinance.

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

16 (6) If, in addition to a completed application under this
17 section, an applicant submits a separate form requesting a
18 conditional license with an acceptable proof of financial
19 responsibility form under section 803, an executed property
20 document, and, for an application to transfer the location of an
21 existing retailer license other than specially designated
22 distributor license, a church or school proximity affidavit on a
23 form prescribed by the commission attesting that the proposed
24 location is not within 500 feet of a church or school building
25 using the method of measurement required under section 503, the
26 commission shall, after considering the arrest and conviction
27 records or previous violation history in the management, operation,
28 or ownership of a licensed business, approve or deny a conditional
29 license. A conditional license issued under subsection (7) must

1 only include any existing permits and approvals held in connection
2 with the license, other than permits or approvals for which the
3 conditional applicant does not meet the requirements in this act or
4 rules promulgated under this act, or permits or approvals that the
5 conditional applicant has requested to cancel as part of the
6 application that serves as the basis for the conditional license.
7 The commission shall not issue a new permit with a conditional
8 license issued under subsection (7). The following applicants may
9 request a conditional license:

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

13 (b) An applicant seeking to transfer the ownership and
14 location of an existing retailer license, other than a specially
15 designated distributor license, to sell alcoholic liquor for
16 consumption on or off the premises.

17 (c) An applicant seeking a new specially designated merchant
18 license, other than a specially designated merchant license issued
19 under section 533(6), not to be held in conjunction with a license
20 for the sale of alcoholic liquor for consumption on the premises.

21 (7) The commission shall issue a conditional license to
22 applicants approved under subsection (6) within 20 business days
23 after receipt of a completed application and a completed
24 conditional license request form and documentation for a
25 conditional license at a single location. The commission may take
26 up to 30 business days to issue conditional licenses to approved
27 applicants seeking conditional licenses at multiple locations.
28 However, for an applicant described under this subsection that is
29 seeking a specially designated merchant license under section

1 533(7), the commission may take up to 45 business days to issue a
2 conditional license. Notwithstanding the applicant's submission of
3 a church or school proximity affidavit under subsection (6), if the
4 commission determines that a conditional license in conjunction
5 with an application to transfer the location of an existing
6 retailer license has been issued under this subsection at a
7 proposed location that is within 500 feet of a church or school
8 building, the commission shall suspend the conditional license and
9 notify the church or school of the proposed location under the
10 rules promulgated under this act. If the commission issues a
11 conditional license under this subsection based on a church or
12 school proximity affidavit under subsection (6) without knowledge
13 that the representations included in the affidavit are incorrect,
14 this state is not liable to any person for the commission's
15 issuance of the conditional license. The commission may assume
16 without inquiry the existence of the facts contained in the
17 affidavit.

18 (8) A conditional license approved under subsection (6) and
19 issued under subsection (7) is nontransferable and nonrenewable. A
20 conditional licensee is required to comply with the server training
21 requirements in section 501(1) beginning on the date a conditional
22 license is issued under subsection (7) regardless of whether the
23 conditional licensee is actively operating under the conditional
24 license.

25 (9) A conditional license approved under subsection (6) and
26 issued under subsection (7) expires when the first of the following
27 occurs:

28 (a) The commission issues an order of denial of the license
29 application that serves as the basis for the conditional license

1 and all administrative remedies before the commission have been
2 exhausted.

3 (b) The commission issues the license under subsection (4) for
4 which the applicant submitted the license application that serves
5 as the basis for the conditional license.

6 (c) The licensee or conditional licensee notifies the
7 commission in writing that the initial or conditional application
8 should be canceled.

9 (d) One year passes after the date the conditional license was
10 issued, notwithstanding any suspension of the conditional license
11 by the commission.

12 (10) If a conditional licensee fails to maintain acceptable
13 proof of its financial responsibility as required under section
14 803, the commission shall summarily suspend the conditional license
15 under section 92(2) of the administrative procedures act of 1969,
16 1969 PA 306, MCL 24.292, until the conditional licensee files an
17 acceptable proof of financial responsibility form under section
18 803. If a conditional license is revoked, the conditional licensee
19 shall not recover from this state or a unit of local government any
20 compensation for property, future income, or future economic loss
21 because of the revocation.

22 (11) On issuing a conditional license under subsection (7),
23 the commission shall, until the conditional license expires under
24 subsection (9), place the existing license under subsection (4) for
25 which the applicant submitted the application that serves as the
26 basis for the conditional license in escrow in compliance with R
27 436.1107 of the Michigan Administrative Code. If the conditional
28 license expires under subsection (9), an existing licensee may do 1
29 of the following:

1 (a) Request that the commission release the license from
2 escrow.

3 (b) Keep the license in escrow. The escrow date for compliance
4 with R 436.1107 of the Michigan Administrative Code is the date the
5 conditional license expires.

6 (12) The chair of the commission shall submit a report by
7 December 1 of each year to the standing committees and
8 appropriations subcommittees of the senate and house of
9 representatives concerned with liquor license issues. The chair of
10 the commission shall include all of the following information in
11 the report concerning the preceding fiscal year:

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

15 (b) The number of applications denied.

16 (c) The number of applicants not issued a license within the
17 90-day time period and the amount of money returned to licensees
18 under subsection (5).

19 **(13) Notwithstanding anything in this act to the contrary, all**
20 **of the following annual renewal fees are waived for the 2022**
21 **renewal:**

22 (a) **The fees required in subsection (1)(i), (l), (m), (n), (o),**
23 **(p), (v), (w), (x), (y), and (bb).**

24 (b) **The fee required for the license described in subsection**
25 **(1)(j) if the license is held in conjunction with an on-premises**
26 **license.**

27 (c) **The fees required in section 536.**

28 (d) **The fees required in sections 522, 547, and 1115 for**
29 **permits issued to on-premises retailers and manufacturers with**

1 permits or licenses issued under section 536.

2 (14) ~~(13)~~—As used in this section, "completed application"
3 means an application complete on its face and submitted with any
4 applicable licensing fees as well as any other information,
5 records, approval, security, or similar item required by law or
6 rule from a local unit of government, a federal agency, or a
7 private entity but not from another department or agency of this
8 state.

9 Enacting section 1. This amendatory act takes effect August
10 23, 2021.