

HOUSE BILL NO. 6419

September 22, 2022, Introduced by Reps. Yaroch, Markkanen, Allor, Harris and Bellino 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 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,

1 \$1,000.00.

2 (b) Manufacturers of beer, \$50.00 per 1,000 barrels, or
3 fraction of a barrel, production annually with a maximum fee of
4 \$1,000.00, and in addition \$50.00 for each motor vehicle used in
5 delivery to retail licensees. A fee increase does not apply to a
6 manufacturer of less than 15,000 barrels production per year.

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

9 (d) Wine makers, blenders, and rectifiers of wine, including
10 makers, blenders, and rectifiers of wines containing 21% or less
11 alcohol by volume, \$100.00. The small wine maker license fee is
12 \$25.00. A small wine maker must pay \$50.00 for each motor vehicle
13 used for delivery of wine to a retailer.

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

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

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

20 (h) Wholesale vendors other than manufacturers of beer,
21 \$300.00 for the first motor vehicle used in delivery to retail
22 licensees and \$50.00 for each additional motor vehicle used in
23 delivery to retail licensees.

24 (i) Watercraft, licensed to carry passengers, selling
25 alcoholic liquor, a minimum fee of \$100.00 and a maximum fee of
26 \$500.00 per year computed on the basis of \$1.00 per person per
27 passenger capacity.

28 (j) Specially designated merchants, for selling beer, wine, or
29 mixed spirit drink for consumption off the premises only but not at

1 wholesale, \$100.00 for each location regardless of whether the
2 location is part of a system or chain of merchandising.

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

10 (l) Hotels of class A selling beer, wine, and mixed spirit
11 drink, a minimum fee of \$250.00 and \$1.00 for each bedroom in
12 excess of 20, but not more than \$500.00 total.

13 (m) Hotels of class B selling beer, wine, mixed spirit drink,
14 and spirits, a minimum fee of \$600.00 and \$3.00 for each bedroom in
15 excess of 20. If a hotel of class B sells beer, wine, mixed spirit
16 drink, and spirits in more than 1 public bar, a fee of \$350.00 must
17 be paid for each additional public bar, other than a bedroom.

18 (n) Taverns, selling beer, wine, and mixed spirit drink,
19 \$250.00.

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

27 (p) Clubs selling beer, wine, mixed spirit drink, and spirits,
28 \$300.00 for clubs having 150 or fewer accredited members and \$1.00
29 for each member in excess of 150. Clubs shall submit a list of

1 members by an affidavit 30 days before the closing of the license
2 year. The affidavit must be used only for determining the license
3 fees to be paid under this subdivision. This subdivision does not
4 prevent the commission from checking a membership list and making
5 its own determination from the list or otherwise. The list of
6 members and additional members is not required of a club paying the
7 maximum fee. The maximum fee must not exceed \$750.00 for any 1
8 club.

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

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

17 (s) Airlines licensed to carry passengers in this state that
18 sell, offer for sale, provide, or transport alcoholic liquor,
19 \$600.00.

20 (t) Brandy manufacturer, \$100.00.

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

24 (v) Brewpub, \$100.00.

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

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

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

29 (z) Small distiller, \$100.00. A qualified small distiller must

1 pay \$50.00 for each motor vehicle used for delivery to retailers
2 under section 203(20).

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

4 (bb) Nonpublic continuing care retirement center license,
5 \$600.00.

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

8 (dd) Outstate self-distributor license, \$300.00. An outstate
9 self-distributor must pay \$50.00 for each motor vehicle used for
10 delivery of alcoholic liquor to retailers under sections 203(20),
11 203a, or 203b.

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

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

1 criminal history check. The report must include criminal history
2 record information concerning the person who is the subject of the
3 criminal history check that is maintained by the department of
4 state police. If a criminal arrest fingerprint card is subsequently
5 submitted to the department of state police and matches against a
6 fingerprint that was submitted under this act and stored in its
7 automated fingerprint identification system (AFIS) database, the
8 department of state police shall notify the commission.

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

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

28 (b) For the time required to complete actions required by a
29 person, other than the applicant or the commission, including, but

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

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

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

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

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

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

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

24 (7) The commission shall issue a conditional license to
25 applicants approved under subsection (6) within 20 business days
26 after receipt of a completed application and a completed
27 conditional license request form and documentation for a
28 conditional license at a single location. The commission may take
29 up to 30 business days to issue conditional licenses to approved

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

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

28 (9) A conditional license approved under subsection (6) and
29 issued under subsection (7) expires when the first of the following

1 occurs:

2 (a) The commission issues an order of denial of the license
3 application that serves as the basis for the conditional license
4 and all administrative remedies before the commission have been
5 exhausted.

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

9 (c) The licensee or conditional licensee notifies the
10 commission in writing that the initial or conditional application
11 should be canceled.

12 (d) One year passes after the date the conditional license was
13 issued, notwithstanding any suspension of the conditional license
14 by the commission.

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

25 (11) On issuing a conditional license under subsection (7),
26 the commission shall, until the conditional license expires under
27 subsection (9), place the existing license under subsection (4) for
28 which the applicant submitted the application that serves as the
29 basis for the conditional license in escrow in compliance with R

1 436.1107 of the Michigan Administrative Code. If the conditional
2 license expires under subsection (9), an existing licensee may do 1
3 of the following:

4 (a) Request that the commission release the license from
5 escrow.

6 (b) Keep the license in escrow. The escrow date for compliance
7 with R 436.1107 of the Michigan Administrative Code is the date the
8 conditional license expires.

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

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

18 (b) The number of applications denied.

19 (c) The number of applicants not issued a license within the
20 90-day time period and the amount of money returned to licensees
21 under subsection (5).

22 **(13) For an application for a permit whose duration does not**
23 **exceed 24 hours, the commission shall issue or deny the permit**
24 **within 14 days after the applicant files a completed application.**

25 **(14)** ~~(13)~~ As used in this section, "completed application"
26 means an application complete on its face and submitted with any
27 applicable licensing fees as well as any other information,
28 records, approval, security, or similar item required by law or
29 rule from a local unit of government, a federal agency, or a

1 private entity but not from another department or agency of this
2 state.