

SENATE BILL No. 1316

June 20, 2000, Introduced by Senator BULLARD and referred to the Committee on Economic Development, International Trade and Regulatory Affairs.

A bill to amend 1998 PA 58, entitled "Michigan liquor control code of 1998," by amending section 521 (MCL 436.1521), as amended by 1998 PA 282.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 521. (1) In addition to any licenses for the sale of
2 alcoholic liquor for consumption on the premises that may be
3 available in the local governmental unit under section 531(1),
4 and the resort and resort economic development licenses autho-
5 rized in section 531(2), (3), and (4), the commission may issue
6 not more than 50 tavern or class C licenses to persons who oper-
7 ate businesses that meet all of the following conditions:
8 (a) The business is a full service restaurant, is open to
9 the public, and prepares food on the premises.

1 (b) The business is open for food service not less than
2 10 hours per day, 5 days a week.

3 (c) At least 50% of the gross receipts of the business are
4 derived from the sale of food for consumption on the premises.
5 For purposes of this subdivision, food does not include beer and
6 wine.

7 (d) The business has dining facilities to seat not less than
8 25 persons.

9 (e) The business is located in a development district with a
10 population of not more than 50,000, in which the authority, after
11 a public hearing, has found that the issuance of the license
12 would prevent further deterioration within the development dis-
13 trict and promote economic growth within the development
14 district. The commission shall not issue the license unless the
15 local unit of government within which the authority is located,
16 after holding a public hearing, passes a resolution concurring in
17 the findings of the authority.

18 (2) The individual signing the application for the license
19 shall state and demonstrate that the applicant attempted to
20 secure an appropriate on-premise escrowed license or quota
21 license issued under section 531 and that, to the best of his or
22 her knowledge, an on-premise license or quota license issued
23 under section 531 is not readily available within the local unit
24 of government in which the applicant proposes to operate.

25 (3) If in any licensing year the sale of food for consump-
26 tion on the premises of the business represents less than 50% of
27 the gross receipts for the business, the commission, after due

1 notice and proper hearing, shall revoke the license issued under
2 subsection (1).

3 (4) Not more than 1 license IN EACH DEVELOPMENT DISTRICT
4 shall be issued under subsection (1) to any individual, partner-
5 ship, limited partnership, limited liability company, corpora-
6 tion, or any combination of any of the above, including stock-
7 holders, general partners, or limited partners. THIS SUBSECTION
8 DOES NOT PROHIBIT THE ISSUANCE OF A LICENSE UNDER SUBSECTION (1)
9 TO ANY INDIVIDUAL, PARTNERSHIP, LIMITED PARTNERSHIP, LIMITED
10 LIABILITY COMPANY, CORPORATION, OR ANY COMBINATION OF THE ABOVE
11 THAT MAY BE IDENTICAL OR SIMILAR IN COMPOSITION OR OWNERSHIP, OR
12 BOTH, TO AN INDIVIDUAL, PARTNERSHIP, LIMITED PARTNERSHIP, LIMITED
13 LIABILITY COMPANY, CORPORATION, OR ANY COMBINATION OF THE ABOVE
14 ALREADY ISSUED A LICENSE IN A PARTICULAR DEVELOPMENT DISTRICT SO
15 LONG AS THE APPLICANT SEEKS LICENSURE OF ACTIVITY LOCATED IN A
16 DIFFERENT DEVELOPMENT DISTRICT. A license issued under this sec-
17 tion is transferable as to ownership or location only within the
18 PARTICULAR development district.

19 (5) The commission shall not issue a specially designated
20 merchant license, specially designated distributor license, or
21 any other license that allows the sale of alcoholic liquor for
22 consumption off the premises in conjunction with a license issued
23 under subsection (1) or at the premises for which a license
24 has been issued under subsection (1).

25 (6) The commission shall not issue a license under this sec-
26 tion if the local governmental unit within which the development
27 district is located has not issued all appropriate on-premise

1 licenses available under section 531(1) or if an appropriate
2 on-premise escrowed license is readily available in any local
3 unit of government in which the development district is located.
4 The commission shall not issue more than 2 licenses authorized
5 under this section in any city or municipality with a population
6 greater than 50,000. If an applicant's proposed location is
7 within more than 1 development district, the applicant shall
8 obtain the approval of both or all of the applicable local units
9 of government or development districts.

10 (7) The commission may issue the licenses under this section
11 without regard to the order in which the applications for the
12 licenses are received.

13 (8) The commission shall annually report to the legislature
14 the names of the businesses issued licenses under this section
15 and their locations.

16 (9) As used in this section:

17 (a) "Development district" means any of the following:

18 (i) An authority district established under the tax incre-
19 ment finance authority act, 1980 PA 450, MCL 125.1801 to
20 125.1830.

21 (ii) An authority district established under the local
22 development financing act, 1986 PA 281, MCL 125.2151 to
23 125.2174.

24 (iii) A downtown district established under 1975 PA 197, MCL
25 125.1651 to 125.1681.

26 (iv) A principal shopping district established under 1961 PA
27 120, MCL 125.981 to 125.987, before January 1, 1996.

1 (b) "Escrowed license" means a license in which the rights
2 of the licensee in the license or to the renewal of the license
3 are still in existence and are subject to renewal and activation
4 in the manner provided for in R 436.1107 of the Michigan adminis-
5 trative code.

6 (c) "Readily available" means available under a standard of
7 economic feasibility, as applied to the specific circumstances of
8 the applicant, that includes but is not limited to the
9 following:

10 (i) The fair market value of the license, if determinable.

11 (ii) The size and scope of the proposed operation.

12 (iii) The existence of mandatory contractual restrictions or
13 inclusions attached to the sale of the license.