

**SUBSTITUTE FOR
HOUSE BILL NO. 4573**

A bill to amend 1998 PA 58, entitled
"Michigan liquor control code of 1998,"
by amending sections 501 and 529 (MCL 436.1501 and 436.1529),
section 501 as amended by 2012 PA 82.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 501. (1) The commission may issue licenses as provided
2 in this act upon the payment of the fees provided in section 525
3 and the filing of the bonds required in section 801 or liability
4 insurance as provided in section 803. The commission shall
5 provide a notification of the ability of the purchaser or
6 transferee to obtain a tax clearance certificate, as provided in
7 subsection (6). Subject to section 906(2) and (3), the commission
8 shall not issue a new on premises license or transfer more than

1 50% interest in an existing on premises license unless the
2 applicant or transferee offers proof acceptable to the commission
3 that he or she has employed or has present on the licensed
4 premises, at a minimum, supervisory personnel on each shift and
5 during all hours in which alcoholic liquor is served who have
6 successfully completed a server training program described in
7 section 906. The commission may consider an individual enrolled
8 and actively participating in a server training program as having
9 successfully completed the program for the time the individual is
10 participating. The commission may allow an applicant or a
11 conditionally approved licensee at least 180 days, or more upon a
12 showing of good cause, to meet the minimum personnel training
13 requirements of this subsection. The commission may suspend the
14 license of a conditionally approved licensee if that licensee
15 does not comply with this subsection. The commission may waive
16 the server training requirements of this subsection ~~on the basis~~
17 ~~of~~ **BASED ON** either of the following circumstances:

18 (a) The licensee's responsible operating experience or
19 training.

20 (b) The person's demonstration of an acceptable level of
21 responsible operation either as a licensee during the preceding 3
22 years or as a manager with substantial experience in serving
23 alcoholic liquor.

24 (2) ~~A~~ **EXCEPT AS OTHERWISE PROVIDED UNDER THIS SUBSECTION, A**
25 full-year license issued by the commission shall expire on April
26 30 following the date of issuance or the date fixed by the
27 commission. **BEGINNING 6 MONTHS AFTER THE EFFECTIVE DATE OF THE**

1 AMENDATORY ACT THAT ADDED THIS SENTENCE, A FULL-YEAR LICENSE
2 ISSUED BY THE COMMISSION IS VALID FOR A 1-YEAR PERIOD AND SHALL
3 EXPIRE ON THE DATE THE LICENSE WAS ISSUED IN THE FOLLOWING YEAR.

4 A license issued under this act is a contract between the
5 commission and the licensee and shall be signed by both parties.
6 If a licensee dies, the commission may approve ~~the operation of~~
7 ~~the establishment by~~ a personal representative or independent
8 personal representative duly appointed by a court of competent
9 jurisdiction **TO OPERATE THE ESTABLISHMENT**, pending the settlement
10 of the estate of the deceased licensee. The commission may
11 approve a receiver or trustee appointed by a court of competent
12 jurisdiction to operate the licensed establishment of a licensee.
13 The commission may grant a part-year license for a proportionate
14 part of the license fee specified in section 525. In a resort
15 area the commission shall grant a license for a period of time as
16 short as 3 months. A license may be transferred with the consent
17 of the commission. A class C or specially designated distributor
18 license obtained in a manner other than by transfer shall not be
19 transferred within 3 years after ~~its issuance~~ **IT IS ISSUED** except
20 under circumstances where the licensee clearly and convincingly
21 demonstrates that unusual hardship will result if the transfer
22 does not receive the consent of the commission. An application
23 for a license to sell alcoholic liquor for consumption on the
24 premises, except in a city having a population of 600,000 or
25 more, shall be approved by the local legislative body in which
26 the applicant's place of business is located before the license
27 is granted by the commission, except that in the case of an

1 application for renewal of an existing license, if an objection
2 to a renewal has not been filed with the commission by the local
3 legislative body not less than 30 days before the date of
4 expiration of the license, the approval of the local legislative
5 body is not required. The commission shall provide the local
6 legislative body and the local chief of police with the name,
7 home and business addresses, and home and business phone numbers
8 to accomplish the local legislative reviews of new and
9 transferred license applications required by this subsection.
10 Upon request of the local legislative body after due notice and
11 proper hearing by the local legislative body and the commission,
12 the commission shall revoke the license of a licensee granted a
13 license to sell alcoholic liquor for consumption on the premises
14 or any permit held in conjunction with that license.

15 (3) A local legislative body, by resolution, may request
16 that the commission revoke the license of a licensee granted a
17 license to sell alcoholic liquor for consumption off the premises
18 whose place of business is located within the local legislative
19 body's jurisdiction and that has been determined in commission
20 violation hearings to have sold or furnished alcoholic liquor, on
21 at least 3 separate occasions in a consecutive 12-month period,
22 to a minor if those violations did not involve the use of
23 falsified or fraudulent identification by the minor. If the
24 commission verifies that the licensee who is the subject of the
25 resolution has been found to have committed the violations as
26 prescribed in this subsection, the commission may suspend or
27 revoke the licensee's license and any permit held in conjunction

1 with that license.

2 (4) This act does not prohibit a hotel that is or was the
3 holder of a license authorizing the retail sale of alcoholic
4 liquor for consumption on the premises from applying for and
5 receiving under this act any other and different type of license
6 authorizing the retail sale of alcoholic liquor for consumption
7 on the premises. ~~and the~~ **THE** application for the license shall
8 not be considered a new application for a license if the total
9 number of public licenses for consumption on the premises does
10 not exceed the authorized total established in this act and the
11 sale of alcoholic liquor is approved by the electors. ~~The~~
12 ~~commission may divide the state into 3 zones and establish for~~
13 ~~each zone an anniversary date for renewal of full year retail~~
14 ~~licenses in the licensing year.~~ The commission shall promulgate
15 rules pursuant to the administrative procedures act of 1969, 1969
16 PA 306, MCL 24.201 to 24.328, for the effective administration of
17 the renewal of licenses.

18 (5) The commission, with the written approval of the
19 department of agriculture and rural development for the Michigan
20 state fairgrounds and the Upper Peninsula state fairgrounds, may
21 issue without regard to the quota provision of section 531 a
22 tavern license to a person as concessionaire leasing or renting a
23 portion of either the Upper Peninsula state fairgrounds or the
24 state fairgrounds, or both, to service the licensed area in use
25 for recreational or exhibition purposes other than at the time of
26 the annual Upper Peninsula state fair under section 2 of 1927 PA
27 89, MCL 285.142. A license issued under this subsection is not

1 transferable.

2 (6) The application for initial licensure or for a transfer
3 of a license shall contain a notice in substantial compliance
4 with the following:

5 When purchasing a license, a buyer can be held liable
6 for tax debts incurred by the previous owner. Prior to
7 committing to the purchase of any license or establishment,
8 the buyer should request a tax clearance certificate
9 from the seller that indicates that all taxes have been
10 paid up to the date of issuance. Obtaining sound
11 professional assistance from an attorney or accountant
12 can be helpful to identify and avoid any pitfalls
13 and hidden liabilities when buying even a portion
14 of a business.

15 Sellers can make a request for the tax clearance
16 certificate through the Michigan department of treasury.

17 Sec. 529. (1) A license or an interest in a license shall
18 not be transferred from 1 person to another without the prior
19 approval of the commission. For purposes of this section, the
20 transfer in the aggregate to another person during any single
21 licensing year of more than 10% of the outstanding stock of a
22 licensed corporation or more than 10% of the total interest in a
23 licensed limited partnership ~~shall be~~ **IS** considered to be a
24 transfer requiring the prior approval of the commission.

25 (2) Not later than July 1 of each year, each privately held
26 licensed corporation and each licensed limited partnership shall
27 notify the commission as to whether any of the shares of stock in

1 the corporation, or interest in the limited partnership, have
2 been transferred during the preceding licensing year. The
3 commission may investigate the transfer of any number of shares
4 of stock in a licensed corporation, or any amount of interest in
5 a licensed limited partnership, for the purpose of ensuring
6 compliance with this act and the rules promulgated under this
7 act.

8 (3) Except as otherwise provided in subdivisions (a) through
9 (f), upon approval by the commission of a transfer subject to
10 subsection (1), ~~there shall be paid to~~ **THE APPLICANT OR LICENSEE**
11 **SHALL PAY** the commission a transfer fee equal to the fee provided
12 in this act for the class of license being transferred **AND**
13 **BEGINNING 6 MONTHS AFTER THE EFFECTIVE DATE OF THE AMENDATORY ACT**
14 **THAT ADDED THIS SENTENCE, THE LICENSE BEING TRANSFERRED IS VALID**
15 **FOR A 1-YEAR PERIOD FROM THE DATE OF TRANSFER.** A transfer fee
16 shall not be prorated for a portion of the effective period of
17 the license. ~~If~~ **EXCEPT AS OTHERWISE PROVIDED IN THIS SUBSECTION,**
18 **IF** a person holding more than 1 license or more than 1 interest
19 in a license at more than 1 location, but in the name of a single
20 legal entity, transfers all of the licenses or interests in
21 licenses simultaneously to another single legal entity, the
22 transfers shall be considered 1 transfer for purposes of
23 determining a transfer fee, payable in an amount equal to the
24 highest license fee provided in this act for any of the licenses,
25 or interests in licenses, being transferred. **BEGINNING 6 MONTHS**
26 **AFTER THE EFFECTIVE DATE OF THE AMENDATORY ACT THAT ADDED THIS**
27 **SENTENCE, IF A PERSON HOLDING MORE THAN 1 LICENSE OR MORE THAN 1**

1 INTEREST IN A LICENSE AT MORE THAN 1 LOCATION, BUT IN THE NAME OF
2 A SINGLE ENTITY, TRANSFERS ALL OF THE LICENSES OR INTERESTS IN
3 LICENSES SIMULTANEOUSLY TO ANOTHER SINGLE LEGAL ENTITY, THE
4 APPLICANT OR LICENSEE SHALL PAY A TRANSFER FEE EQUAL TO THE SUM
5 OF THE FEES PROVIDED IN THIS ACT FOR THE CLASS OF EACH LICENSE
6 BEING TRANSFERRED AND THOSE LICENSES ARE VALID FOR A 1-
7 YEAR PERIOD FROM THE DATE OF TRANSFER. A transfer fee shall not
8 be required in regard to any of the following:

9 (a) The transfer, in the aggregate, of less than 50% of the
10 outstanding shares of stock in a licensed corporation or less
11 than 50% of the total interest in a licensed limited partnership
12 during any licensing year.

13 (b) The exchange of the assets of a licensed sole
14 proprietorship, licensed general partnership, or licensed limited
15 partnership for all outstanding shares of stock in a corporation
16 in which either the sole proprietor, all members of the general
17 partnership, or all members of the limited partnership are the
18 only stockholders of that corporation. An exchange under this
19 subdivision shall not be considered an application for a license
20 for the purposes of section 501.

21 (c) The transfer of the interest in a licensed business of a
22 deceased licensee, a deceased stockholder, or a deceased member
23 of a general or limited partnership to the deceased person's
24 spouse or children.

25 (d) The removal of a member of a firm, a stockholder, a
26 member of a general partnership or limited partnership, or
27 association of licensees from a license.

1 (e) The addition to a license of the spouse, son, daughter,
2 or parent of any of the following:

3 (i) A licensed sole proprietor.

4 (ii) A stockholder in a licensed corporation.

5 (iii) A member of a licensed general partnership, licensed
6 limited partnership, or other licensed association.

7 (f) The occurrence of any of the following events:

8 (i) A corporate stock split of a licensed corporation.

9 (ii) The issuance to a stockholder of a licensed corporation
10 of previously unissued stock as compensation for services
11 performed.

12 (iii) The redemption by a licensed corporation of its own
13 stock.

14 (4) A nonrefundable inspection fee of \$70.00 shall be paid
15 to the commission by an applicant or licensee at the time of
16 filing any of the following:

17 (a) An application for a new license or permit.

18 (b) A request for approval of a transfer of ownership or
19 location of a license.

20 (c) A request for approval to increase or decrease the size
21 of the licensed premises, or to add a bar.

22 (d) A request for approval of the transfer in any licensing
23 year of any of the shares of stock in a licensed corporation from
24 1 person to another, or any part of the total interest in a
25 licensed limited partnership from 1 person to another.

26 (5) An inspection fee shall be returned to the person ~~by~~
27 ~~whom it was paid~~ **WHO PAID THE FEE** if the purpose of the

1 inspection was to inspect the physical premises of the licensee,
2 and the inspection was not actually conducted. An inspection fee
3 ~~shall not be~~ **IS NOT** required for any of the following:

4 (a) The issuance or transfer of a special license,
5 salesperson license, limited alcohol buyer license, corporate
6 salesperson license, hospital permit, military permit, or Sunday
7 sale of spirits permit.

8 (b) The issuance of a new permit, or the transfer of an
9 existing permit, if the permit is issued or transferred
10 simultaneously with the issuance or transfer of a license or an
11 interest in a license.

12 (c) The issuance of authorized but previously unissued
13 corporate stock to an existing stockholder of a licensed
14 corporation.

15 (d) The transfer from a corporation to an existing
16 stockholder of any of the corporation's stock that is owned by
17 the corporation itself.

18 (6) All inspection fees collected under this section shall
19 be deposited in the special fund in section 543 for carrying out
20 of the licensing and enforcement provisions of this act.