

**SUBSTITUTE FOR
HOUSE BILL NO. 4573**

A bill to amend 1998 PA 58, entitled
"Michigan liquor control code of 1998,"
by amending sections 525 and 529 (MCL 436.1525 and 436.1529),
section 525 as amended by 2013 PA 236.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

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

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

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

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

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

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

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

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

8 (l) Hotels of class A selling beer and wine, a minimum fee of
9 \$250.00 and \$1.00 for each bedroom in excess of 20, but not more
10 than \$500.00 total.

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

16 (n) Taverns, selling beer and wine, \$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 shall 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 shall 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 a sworn affidavit 30 days before the closing of the

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

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

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

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

19 (t) Brandy manufacturer, \$100.00.

20 (u) Mixed spirit drink manufacturer, \$100.00.

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.

27 (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 (5) and
4 issued under subsection (6), \$300.00.

5 (2) The fees provided in this act for the various types of
6 licenses shall ~~not~~ be prorated **ON A QUARTERLY BASIS** for a portion
7 of the effective period of the license **BASED UPON THE APPROVAL DATE**
8 **OF THE APPLICATION. AN APPLICANT OR LICENSEE THAT HAS SUBMITTED AN**
9 **APPLICATION FOR A LICENSE THAT WILL BE EFFECTIVE FOR LESS THAN 9**
10 **MONTHS SHALL PAY A PRORATED LICENSE FEE AND SUBMIT THAT PRORATED**
11 **LICENSE FEE AFTER APPROVAL OF THE APPLICATION AND UPON ISSUANCE OF**
12 **THE LICENSE.** Notwithstanding subsection (1), the initial license
13 fee for any licenses issued under section 531(3) or (4) is
14 \$20,000.00. The renewal license fee shall be the amount described
15 in subsection (1). However, the commission shall not impose the
16 \$20,000.00 initial license fee for applicants whose license
17 eligibility was already approved on July 20, 2005.

18 (3) Except in the case of any resort or resort economic
19 development license issued under section 531(2), (3), (4), or (5)
20 or a license issued under section 521a, the commission shall issue
21 an initial or renewal license not later than 90 days after the
22 applicant files a completed application. The application is
23 considered to be received the date the application is received by
24 any agency or department of this state. If the commission
25 determines that an application is incomplete, the commission shall
26 notify the applicant in writing, or make the information
27 electronically available, within 30 days after receipt of the

1 incomplete application, describing the deficiency and requesting
2 the additional information. The determination of the completeness
3 of an application is not an approval of the application for the
4 license and does not confer eligibility upon an applicant
5 determined otherwise ineligible for issuance of a license. The 90-
6 day period is tolled for the following periods under any of the
7 following circumstances:

8 (a) If notice is sent by the commission of a deficiency in the
9 application, until the date all of the requested information is
10 received by the commission.

11 (b) For the time required to complete actions required by a
12 person, other than the applicant or the commission, including, but
13 not limited to, completion of construction or renovation of the
14 licensed premises; mandated inspections by the commission or by any
15 state, local, or federal agency; approval by the legislative body
16 of a local unit of government; criminal history or criminal record
17 checks; financial or court record checks; or other actions mandated
18 by this act or rule or as otherwise mandated by law or local
19 ordinance.

20 (4) If the commission fails to issue or deny a license within
21 the time required by this section, the commission shall return the
22 license fee and shall reduce the license fee for the applicant's
23 next renewal application, if any, by 15%. The failure to issue a
24 license within the time required under this section does not allow
25 the commission to otherwise delay the processing of the
26 application, and that application, upon completion, shall be placed
27 in sequence with other completed applications received at that same

1 time. The commission shall not discriminate against an applicant in
2 the processing of the application based upon the fact that the
3 license fee was refunded or discounted under this subsection.

4 (5) If, in addition to a completed application under this
5 section, an applicant submits a separate form requesting a
6 conditional license with an acceptable proof of financial
7 responsibility form under section 803, and an executed property
8 document, the commission shall, after considering the arrest and
9 conviction records or previous violation history in the management,
10 operation, or ownership of a licensed business, approve or deny a
11 conditional license to any of the following:

12 (a) An applicant seeking to transfer ownership of or interest
13 in an existing license at the same location under subsection (3) to
14 sell alcoholic liquor for consumption on or off the premises.

15 (b) An applicant seeking an initial license under subsection
16 (3), except for a specially designated distributor license or a
17 license for the sale of alcoholic liquor for consumption on the
18 premises.

19 (6) The commission shall issue a conditional license to
20 applicants approved under subsection (5) within 20 business days
21 after receipt of a completed application and a completed
22 conditional license request form and documentation for a
23 conditional license at a single location. The commission may take
24 up to 30 business days to issue conditional licenses to approved
25 applicants seeking conditional licenses at multiple locations.

26 (7) A conditional license approved under subsection (5) and
27 issued under subsection (6) is nontransferable and nonrenewable. A

1 conditional license approved under subsection (5) and issued under
2 subsection (6) expires when the commission issues an order of
3 denial of the license application that serves as the basis for the
4 conditional license after all administrative remedies before the
5 commission have been exhausted, expires 20 business days after the
6 commission issues an order of approval of the license application
7 that serves as the basis for the conditional license, expires when
8 the licensee or conditional licensee notifies the commission in
9 writing that the initial application should be canceled, or expires
10 1 year after the date the conditional license was issued, whichever
11 occurs first. If a conditionally approved licensee fails to
12 maintain acceptable proof of its financial responsibility, the
13 commission shall, after due notice and proper hearing, suspend the
14 conditional license until the licensee files an acceptable proof of
15 financial responsibility form under section 803. If a conditional
16 license is revoked, the conditional licensee shall not recover from
17 a unit of local government any compensation for property, future
18 income, or future economic loss due to the revocation.

19 (8) Upon issuing a conditional license under subsection (6),
20 the commission shall, until the conditional license expires under
21 subsection (7), place an existing license under subsection (3) in
22 escrow in compliance with R 436.1107 of the Michigan administrative
23 code. If the conditional license expires because a transfer of an
24 existing license was denied or because the license was not
25 transferred within the 1-year period, an existing licensee may do 1
26 of the following:

27 (a) Request that the commission release the license from

1 escrow.

2 (b) Keep the license in escrow. The escrow date for compliance
3 with R 436.1107 of the Michigan administrative code shall be the
4 date the conditional license expires.

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

11 (a) The number of initial and renewal applications the
12 commission received and completed within the 90-day time period
13 described in subsection (3).

14 (b) The number of applications denied.

15 (c) The number of applicants not issued a license within the
16 90-day time period and the amount of money returned to licensees
17 under subsection (4).

18 (10) As used in this section, "completed application" means an
19 application complete on its face and, **EXCEPT AS OTHERWISE PROVIDED**
20 **UNDER THIS SECTION**, submitted with any applicable licensing fees as
21 well as any other information, records, approval, security, or
22 similar item required by law or rule from a local unit of
23 government, a federal agency, or a private entity but not from
24 another department or agency of the state of Michigan.

25 Sec. 529. (1) A license or an interest in a license shall not
26 be transferred from 1 person to another without the prior approval
27 of the commission. For purposes of this section, the transfer in

1 the aggregate to another person during any single licensing year of
2 more than 10% of the outstanding stock of a licensed corporation or
3 more than 10% of the total interest in a licensed limited
4 partnership ~~shall be~~ **IS** considered to be a transfer requiring the
5 prior approval of the commission.

6 (2) Not later than July 1 of each year, each privately held
7 licensed corporation and each licensed limited partnership shall
8 notify the commission as to whether any of the shares of stock in
9 the corporation, or interest in the limited partnership, have been
10 transferred during the preceding licensing year. The commission may
11 investigate the transfer of any number of shares of stock in a
12 licensed corporation, or any amount of interest in a licensed
13 limited partnership, for the purpose of ensuring compliance with
14 this act and the rules promulgated under this act.

15 (3) Except as otherwise provided in subdivisions (a) through
16 (f), ~~upon~~ **AFTER** approval by the commission of a transfer subject to
17 subsection (1), ~~there shall be paid to~~ **AN APPLICANT OR LICENSEE**
18 **SHALL PAY** the commission a transfer fee equal to the fee provided
19 in this act for the class of license being transferred. A transfer
20 fee shall ~~not~~ be prorated **ON A QUARTERLY BASIS** for a portion of the
21 effective period of the license **BASED UPON THE APPROVAL DATE OF THE**
22 **APPLICATION. THE PRORATED TRANSFER FEE SHALL BE PAID UPON ISSUANCE**
23 **OF THE LICENSE.** If a person holding more than 1 license or more
24 than 1 interest in a license at more than 1 location, but in the
25 name of a single legal entity, transfers all of the licenses or
26 interests in licenses simultaneously to another single legal
27 entity, the transfers shall be considered 1 transfer for purposes

1 of determining a transfer fee, payable in an amount equal to the
2 highest license fee provided in this act for any of the licenses,
3 or interests in licenses, being transferred. A transfer fee shall
4 not be required in regard to any of the following:

5 (a) The transfer, in the aggregate, of less than 50% of the
6 outstanding shares of stock in a licensed corporation or less than
7 50% of the total interest in a licensed limited partnership during
8 any licensing year.

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

17 (c) The transfer of the interest in a licensed business of a
18 deceased licensee, a deceased stockholder, or a deceased member of
19 a general or limited partnership to the deceased person's spouse or
20 children.

21 (d) The removal of a member of a firm, a stockholder, a member
22 of a general partnership or limited partnership, or association of
23 licensees from a license.

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

26 (i) A licensed sole proprietor.

27 (ii) A stockholder in a licensed corporation.

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

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

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

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

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

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

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

12 (b) A request for approval of a transfer of ownership or
13 location of a license.

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

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

20 (5) An inspection fee shall be returned to the person ~~by whom~~
21 ~~it was paid~~ **WHO PAID THE FEE** if the purpose of the inspection was
22 to inspect the physical premises of the licensee, and the
23 inspection was not actually conducted. An inspection fee ~~shall not~~
24 ~~be~~ **IS NOT** required for any of the following:

25 (a) The issuance or transfer of a special license, salesperson
26 license, limited alcohol buyer license, corporate salesperson
27 license, hospital permit, military permit, or Sunday sale of

1 spirits permit.

2 (b) The issuance of a new permit, or the transfer of an
3 existing permit, if the permit is issued or transferred
4 simultaneously with the issuance or transfer of a license or an
5 interest in a license.

6 (c) The issuance of authorized but previously unissued
7 corporate stock to an existing stockholder of a licensed
8 corporation.

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

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

15 Enacting section 1. This amendatory act takes effect 90 days
16 after the date it is enacted into law.