

HOUSE BILL No. 4573

April 17, 2013, Introduced by Reps. Dianda, Haugh, Kelly, McBroom, Yonker, Stanley, Driskell, Cochran, Kivela, Dillon, Howrylak, Rendon, Lauwers, LaVoy, Franz, Irwin and Oakes and referred to the Committee on Regulatory Reform.

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 2010 PA 279.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 525. (1) Except as otherwise provided for in this
2 section, the following license fees shall be paid at the time of
3 filing applications or as otherwise provided in this act and are
4 subject to allocation under section 543:

5 (a) Manufacturers of spirits, ~~but~~ not including makers,
6 blenders, and rectifiers of wines containing 21% or less alcohol by
7 volume, \$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 ~~the fact that~~ **WHETHER** the location
27 ~~may be a~~ **IS** part of a 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 ~~, for all bedrooms in excess of 20,~~ \$1.00 for each
10 ~~additional bedroom~~ **IN EXCESS OF 20**, but not more than \$500.00
11 **TOTAL.**

12 (m) Hotels of class B selling beer, wine, mixed spirit drink,
13 and spirits, a minimum fee of \$600.00 and ~~, for all bedrooms in~~
14 ~~excess of 20,~~ \$3.00 for each ~~additional bedroom~~ **IN EXCESS OF 20**. If
15 a hotel of class B sells beer, wine, mixed spirit drink, and
16 spirits in more than 1 public bar, ~~the fee entitles the hotel to~~
17 ~~sell in only 1 public bar, other than a bedroom, and a license~~
18 ~~shall be secured~~ **A FEE OF \$350.00 SHALL BE PAID** for each additional
19 public bar, other than a bedroom. ~~, the fee for which is \$350.00.~~

20 (n) Taverns, selling beer and wine, \$250.00.

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

1 (p) Clubs selling beer, wine, mixed spirit drink, and spirits,
2 \$300.00 for clubs having 150 or fewer duly accredited members and
3 \$1.00 for each additional member **IN EXCESS OF 150**. ~~The membership~~
4 ~~list for the purpose only of determining the license fees to be~~
5 ~~paid under this subdivision shall be the accredited~~ **CLUBS SHALL**
6 **SUBMIT A** list of members ~~as determined by a sworn affidavit 30 days~~
7 before the closing of the license year. **THE SWORN AFFIDAVIT SHALL**
8 **BE USED ONLY FOR DETERMINING THE LICENSE FEES TO BE PAID UNDER THIS**
9 **SUBDIVISION**. This subdivision does not prevent the commission from
10 checking a membership list and making its own determination from
11 the list or otherwise. The list of members and additional members
12 is not required of a club paying the maximum fee. The maximum fee
13 shall not exceed \$750.00 for any 1 club.

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

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

22 (s) Airlines licensed to carry passengers in this state that
23 sell, offer for sale, provide, or transport alcoholic liquor,
24 \$600.00.

25 (t) Brandy manufacturer, \$100.00.

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

27 (v) Brewpub, \$100.00.

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

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

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

5 (z) Small distiller, \$100.00.

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

7 (bb) Nonpublic continuing care retirement center license,
8 \$600.00.

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

17 (3) ~~Beginning July 23, 2004, and except~~ **EXCEPT** in the case of
18 any resort or resort economic development license issued under
19 section 531(2), (3), (4), or (5) or a license issued under section
20 ~~521, 521A~~, the commission shall issue an initial or renewal license
21 not later than 90 days after the applicant files a completed
22 application. ~~Receipt of the~~ **THE** application is considered **TO BE**
23 **RECEIVED** the date the application is received by any agency or
24 department of ~~the state of Michigan.~~ **THIS STATE.** If the **COMMISSION**
25 **DETERMINES THAT AN** application is ~~considered incomplete, by the~~
26 ~~commission,~~ the commission shall notify the applicant in writing,
27 or make the information electronically available, within 30 days

1 after receipt of the incomplete application, describing the
2 deficiency and requesting the additional information. The
3 determination of the completeness of an application ~~does not~~
4 ~~operate as~~ **IS NOT** an approval of the application for the license
5 and does not confer eligibility upon an applicant determined
6 otherwise ineligible for issuance of a license. The 90-day period
7 is tolled **FOR THE FOLLOWING PERIODS** under any of the following
8 circumstances:

9 (a) ~~Notice~~ **IF NOTICE IS** sent by the commission of a deficiency
10 in the application until the date all of the requested information
11 is received by the commission.

12 (b) ~~The~~ **FOR THE** time period ~~during which~~ **REQUIRED TO COMPLETE**
13 actions required by a ~~party~~ **PERSON**, other than the applicant or the
14 commission, ~~are completed that include,~~ **INCLUDING**, but ~~are not~~
15 limited to, completion of construction or renovation of the
16 licensed premises; mandated inspections by the commission or by any
17 state, local, or federal agency; approval by the legislative body
18 of a local unit of government; criminal history or criminal record
19 checks; financial or court record checks; or other actions mandated
20 by this act or rule or as otherwise mandated by law or local
21 ordinance.

22 (4) If the commission fails to issue or deny a license within
23 the time required by this section, the commission shall return the
24 license fee and shall reduce the license fee for the applicant's
25 next renewal application, if any, by 15%. The failure to issue a
26 license within the time required under this section does not allow
27 the commission to otherwise delay the processing of the

1 application, and that application, upon completion, shall be placed
2 in sequence with other completed applications received at that same
3 time. The commission shall not discriminate against an applicant in
4 the processing of the application based upon the fact that the
5 license fee was refunded or discounted under this subsection.

6 (5) ~~Beginning October 1, 2005, the~~ **THE** chair of the commission
7 shall submit a report by December 1 of each year to the standing
8 committees and appropriations subcommittees of the senate and house
9 of representatives concerned with liquor license issues. The chair
10 of 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 (3).

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 (4).

19 (6) As used in this section, "completed application" means an
20 application complete on its face and submitted with any applicable
21 licensing fees as well as any other information, records, approval,
22 security, or similar item required by law or rule from a local unit
23 of 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 approval by the commission of a transfer subject to
17 subsection (1), ~~there shall be paid to~~ **THE 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. If a person holding more than 1
22 license or more than 1 interest in a license at more than 1
23 location, but in the name of a single legal entity, transfers all
24 of the licenses or interests in licenses simultaneously to another
25 single legal entity, the transfers shall be considered 1 transfer
26 for purposes of determining a transfer fee, payable in an amount
27 equal to the highest license fee provided in this act for any of

1 the licenses, or interests in licenses, being transferred. A
2 transfer fee shall not be required in regard to any of the
3 following:

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

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

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

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

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

25 (i) A licensed sole proprietor.

26 (ii) A stockholder in a licensed corporation.

27 (iii) A member of a licensed general partnership, licensed

1 limited partnership, or other licensed association.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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