

# HOUSE BILL No. 5127

October 17, 2017, Introduced by Reps. Cole, Liberati and Brann 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 533 (MCL 436.1533), as amended by 2016 PA 434.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1           Sec. 533. (1) Subject to subsection (12), the commission shall  
2 not issue a new specially designated merchant license or transfer  
3 an existing specially designated merchant license unless the  
4 applicant is an approved type of business. An applicant is not an  
5 approved type of business unless the applicant meets 1 or more of  
6 the following conditions:

7           (a) The applicant holds and maintains a retail food  
8 establishment license issued under the food law, 2000 PA 92, MCL  
9 289.1101 to 289.8111. As used in this subdivision, "retail food  
10 establishment" means that term as defined in section 1111 of the  
11 food law, 2000 PA 92, MCL 289.1111.

1 (b) The applicant holds and maintains an extended retail food  
2 establishment license issued under the food law, 2000 PA 92, MCL  
3 289.1101 to 289.8111. As used in this subdivision, "extended retail  
4 food establishment" means that term as defined in section 1107 of  
5 the food law, 2000 PA 92, MCL 289.1107.

6 (c) The applicant holds or the commission approves the  
7 issuance of a specially designated distributor license to the  
8 applicant.

9 (d) The applicant holds or the commission approves the  
10 issuance of a class C license to the applicant.

11 (e) The applicant holds or the commission approves the  
12 issuance of a class A hotel license to the applicant.

13 (f) The applicant holds or the commission approves the  
14 issuance of a class B hotel license to the applicant.

15 (g) The applicant holds or the commission approves the  
16 issuance of a club license to the applicant.

17 (h) The applicant holds or the commission approves the  
18 issuance of a tavern license to the applicant.

19 (i) The applicant holds or the commission approves the  
20 issuance of a class G-1 license to the applicant.

21 (j) The applicant holds or the commission approves the  
22 issuance of a class G-2 license to the applicant.

23 (2) A specially designated distributor may apply for a license  
24 as a specially designated merchant.

25 (3) An applicant for a specially designated merchant license  
26 not in conjunction with an on-premises license, except as provided  
27 in section 229(1), or a person licensed under this act as a

1 specially designated merchant only or a class B hotel may apply for  
2 a license as a specially designated distributor.

3 (4) In cities, incorporated villages, or townships, the  
4 commission shall issue only 1 specially designated distributor  
5 license for each 3,000 of population, or fraction of 3,000. The  
6 commission may waive the quota requirement under this subsection if  
7 there is no existing specially designated distributor licensee  
8 within 2 miles of the applicant, measured along the nearest traffic  
9 route.

10 (5) Except as otherwise provided in this section, in cities,  
11 incorporated villages, or townships, the commission shall issue  
12 only 1 specially designated merchant license for each 1,000 of  
13 population. The quota under this subsection does not apply to any  
14 of the following:

15 (a) An applicant for a specially designated merchant license  
16 that is an applicant for or the holder of a license listed in  
17 subsection (1)(d) to (j).

18 (b) An applicant for or the holder of a specially designated  
19 merchant license whose licensed establishment meets 1 or more of  
20 the following conditions:

21 (i) Meets both of the following conditions:

22 (A) The licensed establishment is at least ~~20,000~~**14,000**  
23 square feet.

24 (B) The licensed establishment's gross receipts derived from  
25 the sale of food are at least 20% of the total gross receipts.

26 (ii) The licensed establishment is also a pharmacy as that  
27 term is defined in section 17707 of the public health code, 1978 PA

1 368, MCL 333.17707.

2 (c) A secondary location permit issued to a specially  
3 designated merchant under section 541.

4 (d) A specially designated merchant license issued under  
5 subsection (7).

6 (e) A specially designated merchant license issued to a marina  
7 under section 539.

8 (6) The commission may waive the quota under subsection (5) if  
9 there is no existing specially designated merchant within 2 miles  
10 of the applicant, measured along the nearest traffic route.

11 (7) The commission shall waive the quota under subsection (5)  
12 if both of the following apply:

13 (a) The applicant applies for the specially designated  
14 merchant license within 60 days after ~~the effective date of the~~  
15 ~~amendatory act that added subsection (5)~~. **JANUARY 4, 2017.**

16 (b) The applicant is a retail dealer that holds a license  
17 issued under section 6(1) of the motor fuels quality act, 1984 PA  
18 44, MCL 290.646. The applicant shall include a copy of the license  
19 described in this subdivision with the applicant's application  
20 under this subsection. As used in this subdivision, "retail dealer"  
21 means that term as defined in section 2 of the motor fuels quality  
22 act, 1984 PA 44, MCL 290.642.

23 (8) A specially designated merchant license issued under this  
24 section may be transferred to an applicant whose proposed operation  
25 is located within any local governmental unit in a county in which  
26 the specially designated merchant license was located. If the local  
27 governmental unit within which the former licensee's premises were

1 located spans more than 1 county, a specially designated merchant  
2 license may be transferred to an applicant whose proposed operation  
3 is located within any local governmental unit in either county. If  
4 a specially designated merchant license is transferred to a local  
5 governmental unit other than that local governmental unit within  
6 which the specially designated merchant license was originally  
7 issued, the commission shall count that transferred specially  
8 designated merchant license against the local governmental unit  
9 originally issuing the specially designated merchant license.

10 (9) Except as otherwise provided in subsection (10), the quota  
11 under subsection (5) does not bar the right of an existing  
12 specially designated merchant to renew the specially designated  
13 merchant license or transfer the specially designated merchant  
14 license. This subsection applies to a specially designated merchant  
15 license issued or renewed before, on, or after ~~the effective date~~  
16 ~~of the amendatory act that added subsection (5)~~. **JANUARY 4, 2017.**

17 (10) A specially designated merchant license issued after ~~the~~  
18 ~~effective date of the amendatory act that added subsection (5)~~  
19 **JANUARY 4, 2017** to a person described in subsection (5) (a) or (b)  
20 or to a specially designated merchant license issued under  
21 subsection (6) may not be transferred to another location.

22 (11) An applicant for or the holder of a specially designated  
23 merchant license that owns or operates a motor vehicle fuel pump on  
24 or adjacent to the licensed premises is not required to meet the  
25 conditions under section 541 as that section existed before ~~the~~  
26 ~~effective date of the amendatory act that added subsection~~  
27 ~~(5)~~. **JANUARY 4, 2017.**

1           (12) For a marina that maintains motor vehicle fuel pumps on  
2 or adjacent to the licensed premises, or maintains a financial  
3 interest in any motor vehicle fuel pumps, the commission may only  
4 issue a special designated merchant license to the marina under  
5 section 539.

6           (13) For purposes of this section, population is determined by  
7 the latest federal decennial census, by a special census under  
8 section 6 of the home rule city act, 1909 PA 279, MCL 117.6, or  
9 section 7 of the Glenn Steil state revenue sharing act of 1971,  
10 1971 PA 140, MCL 141.907, or by the latest census and corrections  
11 published by the United States Department of Commerce, Bureau of  
12 the Census, whichever is later.