

SENATE BILL NO. 125

February 10, 2021, Introduced by Senator DALEY 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 525 (MCL 436.1525), as amended by 2016 PA 434.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

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

1 and rectifiers of wines containing 21% or less alcohol by volume,
2 \$1,000.00.

3 (b) Manufacturers of beer, \$50.00 per 1,000 barrels, or
4 fraction of a barrel, production annually with a maximum fee of
5 \$1,000.00, and in addition \$50.00 for each motor vehicle used in
6 delivery to retail licensees. A fee increase does not apply to a
7 manufacturer of less than 15,000 barrels production per year.

8 (c) Outstate seller of beer, delivering or selling beer in
9 this state, \$1,000.00.

10 (d) Wine makers, blenders, and rectifiers of wine, including
11 makers, blenders, and rectifiers of wines containing 21% or less
12 alcohol by volume, \$100.00. The small wine maker license fee is
13 \$25.00.

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

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

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

20 (h) Wholesale vendors other than manufacturers of beer,
21 \$300.00 for the first motor vehicle used in delivery to retail
22 licensees and \$50.00 for each additional motor vehicle used in
23 delivery to retail licensees.

24 (i) Watercraft, licensed to carry passengers, selling
25 alcoholic liquor, a minimum fee of \$100.00 and a maximum fee of
26 \$500.00 per year computed on the basis of \$1.00 per person per
27 passenger capacity.

28 (j) Specially designated merchants, for selling beer or wine
29 for consumption off the premises only but not at wholesale, \$100.00

1 for each location regardless of whether the location is part of a
2 system or chain of merchandising.

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

10 (l) Hotels of class A selling beer and wine, a minimum fee of
11 \$250.00 and \$1.00 for each bedroom in excess of 20, but not more
12 than \$500.00 total.

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

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

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

26 (p) Clubs selling beer, wine, mixed spirit drink, and spirits,
27 \$300.00 for clubs having 150 or fewer accredited members and \$1.00
28 for each member in excess of 150. Clubs shall submit a list of
29 members by an affidavit 30 days before the closing of the license

1 year. The affidavit must be used only for determining the license
2 fees to be paid under this subdivision. This subdivision does not
3 prevent the commission from checking a membership list and making
4 its own determination from the list or otherwise. The list of
5 members and additional members is not required of a club paying the
6 maximum fee. The maximum fee must not exceed \$750.00 for any 1
7 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 the license or permit issued to a bona fide nonprofit
12 association, organized and in continuous existence for 1 year
13 before the filing of its application, is \$25.00. The commission
14 shall not grant more than 12 special licenses to any organization,
15 including an 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.

28 (bb) Nonpublic continuing care retirement center license,
29 \$600.00.

1 (cc) Conditional license approved under subsection (6) and
2 issued under subsection (7), \$300.00.

3 (2) The fees provided in this act for the various types of
4 licenses must not be prorated for a portion of the effective period
5 of the license. **However, for a club license, the fee provided for**
6 **in this act must be prorated for the portion of the effective**
7 **period of the license that the licensee was prohibited to offer**
8 **indoor service under a qualified order.** Notwithstanding subsection
9 (1), the initial license fee for a license issued under section
10 531(3) or (4) is \$20,000.00. The renewal license fee is the amount
11 described in subsection (1). However, the commission shall not
12 impose the \$20,000.00 initial license fee for applicants whose
13 license eligibility was already approved on July 20, 2005.

14 (3) If the commission requires an applicant to submit
15 fingerprints, the applicant shall have the fingerprints taken by a
16 local law enforcement agency, the department of state police, or
17 any other person qualified to take fingerprints as determined by
18 the department of state police. The applicant shall submit the
19 fingerprints and the appropriate state and federal fees, which
20 shall be borne by the applicant, to the department of state police
21 and the Federal Bureau of Investigation for a criminal history
22 check. After conducting the criminal history check, the department
23 of state police shall provide the commission with a report of the
24 criminal history check. The report must include criminal history
25 record information concerning the person who is the subject of the
26 criminal history check that is maintained by the department of
27 state police. If a criminal arrest fingerprint card is subsequently
28 submitted to the department of state police and matches against a
29 fingerprint that was submitted under this act and stored in its

1 automated fingerprint identification system (AFIS) database, the
2 department of state police shall notify the commission.

3 (4) Except for a resort or resort economic development license
4 issued under section 531(2), (3), (4), or (5) or a license issued
5 under section 521a, the commission shall issue an initial or
6 renewal license not later than 90 days after the applicant files a
7 completed application. The application is considered to be received
8 the date the application is received by an agency or department of
9 this state. If the commission determines that an application is
10 incomplete, the commission shall notify the applicant in writing,
11 or make the information electronically available, within 30 days
12 after receipt of the incomplete application, describing the
13 deficiency and requesting the additional information. The
14 determination of the completeness of an application is not an
15 approval of the application for the license and does not confer
16 eligibility on an applicant determined otherwise ineligible for
17 issuance of a license. The 90-day period is tolled for the
18 following periods under any of the following circumstances:

19 (a) If notice is sent by the commission of a deficiency in the
20 application, until the date all of the requested information is
21 received by the commission.

22 (b) For the time required to complete actions required by a
23 person, other than the applicant or the commission, including, but
24 not limited to, completion of construction or renovation of the
25 licensed premises; mandated inspections by the commission or by any
26 state, local, or federal agency; approval by the legislative body
27 of a local unit of government; criminal history or criminal record
28 checks; financial or court record checks; or other actions mandated
29 by this act or rule or as otherwise mandated by law or local

1 ordinance.

2 (5) If the commission fails to issue or deny a license within
3 the time required by this section, the commission shall return the
4 license fee and shall reduce the license fee for the applicant's
5 next renewal application, if any, by 15%. The failure to issue a
6 license within the time required under this section does not allow
7 the commission to otherwise delay the processing of the
8 application, and the application, on completion, must be placed in
9 sequence with other completed applications received at that same
10 time. The commission shall not discriminate against an applicant in
11 the processing of the application because the license fee was
12 refunded or discounted under this subsection.

13 (6) If, in addition to a completed application under this
14 section, an applicant submits a separate form requesting a
15 conditional license with an acceptable proof of financial
16 responsibility form under section 803, an executed property
17 document, and, for an application to transfer the location of an
18 existing retailer license other than specially designated
19 distributor license, a church or school proximity affidavit on a
20 form prescribed by the commission attesting that the proposed
21 location is not within 500 feet of a church or school building
22 using the method of measurement required under section 503, the
23 commission shall, after considering the arrest and conviction
24 records or previous violation history in the management, operation,
25 or ownership of a licensed business, approve or deny a conditional
26 license. A conditional license issued under subsection (7) must
27 only include any existing permits and approvals held in connection
28 with the license, other than permits or approvals for which the
29 conditional applicant does not meet the requirements in this act or

1 rules promulgated under this act, or permits or approvals that the
2 conditional applicant has requested to cancel as part of the
3 application that serves as the basis for the conditional license.
4 The commission shall not issue a new permit with a conditional
5 license issued under subsection (7). The following applicants may
6 request a conditional license:

7 (a) An applicant seeking to transfer ownership of an existing
8 retailer license at the same location to sell alcoholic liquor for
9 consumption on or off the premises.

10 (b) An applicant seeking to transfer the ownership and
11 location of an existing retailer license, other than a specially
12 designated distributor license, to sell alcoholic liquor for
13 consumption on or off the premises.

14 (c) An applicant seeking a new specially designated merchant
15 license, other than a specially designated merchant license issued
16 under section 533(6), not to be held in conjunction with a license
17 for the sale of alcoholic liquor for consumption on the premises.

18 (7) The commission shall issue a conditional license to
19 applicants approved under subsection (6) within 20 business days
20 after receipt of a completed application and a completed
21 conditional license request form and documentation for a
22 conditional license at a single location. The commission may take
23 up to 30 business days to issue conditional licenses to approved
24 applicants seeking conditional licenses at multiple locations.
25 However, for an applicant described under this subsection that is
26 seeking a specially designated merchant license under section
27 533(7), the commission may take up to 45 business days to issue a
28 conditional license. Notwithstanding the applicant's submission of
29 a church or school proximity affidavit under subsection (6), if the

1 commission determines that a conditional license in conjunction
2 with an application to transfer the location of an existing
3 retailer license has been issued under this subsection at a
4 proposed location that is within 500 feet of a church or school
5 building, the commission shall suspend the conditional license and
6 notify the church or school of the proposed location under the
7 rules promulgated under this act. If the commission issues a
8 conditional license under this subsection based on a church or
9 school proximity affidavit under subsection (6) without knowledge
10 that the representations included in the affidavit are incorrect,
11 this state is not liable to any person for the commission's
12 issuance of the conditional license. The commission may assume
13 without inquiry the existence of the facts contained in the
14 affidavit.

15 (8) A conditional license approved under subsection (6) and
16 issued under subsection (7) is nontransferable and nonrenewable. A
17 conditional licensee is required to comply with the server training
18 requirements in section 501(1) beginning on the date a conditional
19 license is issued under subsection (7) regardless of whether the
20 conditional licensee is actively operating under the conditional
21 license.

22 (9) A conditional license approved under subsection (6) and
23 issued under subsection (7) expires when the first of the following
24 occurs:

25 (a) The commission issues an order of denial of the license
26 application that serves as the basis for the conditional license
27 and all administrative remedies before the commission have been
28 exhausted.

29 (b) The commission issues the license under subsection (4) for

1 which the applicant submitted the license application that serves
2 as the basis for the conditional license.

3 (c) The licensee or conditional licensee notifies the
4 commission in writing that the initial or conditional application
5 should be canceled.

6 (d) One year passes after the date the conditional license was
7 issued, notwithstanding any suspension of the conditional license
8 by the commission.

9 (10) If a conditional licensee fails to maintain acceptable
10 proof of its financial responsibility as required under section
11 803, the commission shall summarily suspend the conditional license
12 under section 92(2) of the administrative procedures act of 1969,
13 1969 PA 306, MCL 24.292, until the conditional licensee files an
14 acceptable proof of financial responsibility form under section
15 803. If a conditional license is revoked, the conditional licensee
16 shall not recover from this state or a unit of local government any
17 compensation for property, future income, or future economic loss
18 because of the revocation.

19 (11) On issuing a conditional license under subsection (7),
20 the commission shall, until the conditional license expires under
21 subsection (9), place the existing license under subsection (4) for
22 which the applicant submitted the application that serves as the
23 basis for the conditional license in escrow in compliance with R
24 436.1107 of the Michigan Administrative Code. If the conditional
25 license expires under subsection (9), an existing licensee may do 1
26 of the following:

27 (a) Request that the commission release the license from
28 escrow.

29 (b) Keep the license in escrow. The escrow date for compliance

1 with R 436.1107 of the Michigan Administrative Code is the date the
2 conditional license expires.

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

9 (a) The number of initial and renewal applications the
10 commission received and completed within the 90-day time period
11 described in subsection (4).

12 (b) The number of applications denied.

13 (c) The number of applicants not issued a license within the
14 90-day time period and the amount of money returned to licensees
15 under subsection (5).

16 (13) As used in this section: ~~7~~ "completed

17 (a) **"Completed** application" means an application complete on
18 its face and submitted with any applicable licensing fees as well
19 as any other information, records, approval, security, or similar
20 item required by law or rule from a local unit of government, a
21 federal agency, or a private entity but not from another department
22 or agency of this state.

23 (b) **"Qualified order"** means any of the following issued in
24 response to the COVID-19 epidemic:

25 (i) An emergency order under section 2253 of the public health
26 code, 1978 PA 368, MCL 333.2253.

27 (ii) A state of disaster or state of emergency declared under
28 the emergency management act, 1976 PA 390, MCL 30.401 to 30.421.