

# HOUSE BILL NO. 4328

March 23, 2023, Introduced by Rep. Filler 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 531 (MCL 436.1531), as amended by 2014 PA 135.

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

1           Sec. 531. (1) ~~A~~**The commission shall not issue a public**  
2 license ~~shall not be granted~~ for the sale of alcoholic liquor for  
3 consumption on the premises **if the issuance would result in excess**  
4 ~~of more than~~ 1 license for each 1,500 of population or major  
5 fraction ~~thereof.~~**of 1,500 population.** An on-premises escrowed

1 license issued under this subsection may be transferred, subject to  
2 local legislative approval under section 501(2), to an applicant  
3 whose proposed operation is located within any local governmental  
4 unit in a county in which the escrowed license was located. If the  
5 local governmental unit within which the former licensee's premises  
6 were located spans more than 1 county, an escrowed license may be  
7 transferred, subject to local legislative approval under section  
8 501(2), to an applicant whose proposed operation is located within  
9 any local governmental unit in either county. If an escrowed  
10 license is activated within a local governmental unit other than  
11 that local governmental unit within which the escrowed license was  
12 originally issued, the commission shall count that activated  
13 license against the local governmental unit originally issuing the  
14 license. ~~This~~ **The quota under this subsection** does not bar the  
15 right of an existing licensee to renew a license or transfer the  
16 license and does not bar the right of an on-premises licensee of  
17 any class to reclassify to another class of on-premises license in  
18 a manner not in violation of law or this act, subject to the  
19 consent of the commission. The upgrading of a license resulting  
20 from a request under this subsection is subject to approval by the  
21 local governmental unit having jurisdiction.

22 (2) In a resort area, the commission may issue no more than  
23 550 licenses for a period not to exceed 12 months without regard to  
24 a limitation because of population and with respect to the resort  
25 license the commission, by rule, shall define and classify resort  
26 seasons by months and may issue 1 or more licenses for resort  
27 seasons without regard to the calendar year or licensing year.

28 (3) In addition to the resort licenses authorized in  
29 subsection (2), the commission may issue not more than 5 additional

1 licenses per year to establishments whose business and operation,  
 2 as determined by the commission, is designed to attract and  
 3 accommodate tourists and visitors to the resort area, whose primary  
 4 purpose is not for the sale of alcoholic liquor, and whose capital  
 5 investment in real property, leasehold improvement, and fixtures  
 6 for the premises to be licensed is \$75,000.00 or more. Further, the  
 7 commission shall issue 1 license under this subsection per year to  
 8 an applicant located in a rural area that has a poverty rate, as  
 9 defined by the latest decennial census, greater than the statewide  
 10 average, or that is located in a rural area that has an  
 11 unemployment rate higher than the statewide average for 3 of the 5  
 12 preceding years. In counties having a population of less than  
 13 50,000, as determined by the last federal decennial census or as  
 14 determined under subsection ~~(11)~~ **(14)** and subject to subsection  
 15 ~~(16) in the case of~~ **(19) for** a class A hotel or a class B hotel,  
 16 the commission shall not require the establishments to have dining  
 17 facilities to seat more than 50 persons. The commission may cancel  
 18 the license if the resort is no longer active or no longer  
 19 qualifies for the license. Before January 16 of each year the  
 20 commission shall transmit to the legislature a report giving  
 21 details as to all of the following:

22 (a) The number of applications received under this subsection.

23 (b) The number of licenses granted and to whom.

24 (c) The number of applications rejected and the reasons they  
 25 were rejected.

26 (d) The number of the licenses revoked, suspended, or **as to**  
 27 **which** other disciplinary action **was** taken, ~~and against whom the~~  
 28 **names of the licensees**, and the grounds for revocation, suspension,  
 29 or disciplinary action.

1           (4) In addition to any licenses for the sale of alcoholic  
2 liquor for consumption on the premises that may be available in the  
3 local governmental unit under subsection (1) and the resort  
4 licenses authorized in subsections (2) and (3), the commission may  
5 issue not more than 15 resort economic development licenses per  
6 year. A person is eligible to apply for a resort economic  
7 development license under this subsection ~~upon~~**on** submitting an  
8 application to the commission and demonstrating all of the  
9 following:

10           (a) The establishment's business and operation, as determined  
11 by the commission, is designed to attract and accommodate tourists  
12 and visitors to the resort area.

13           (b) The establishment's primary business is not the sale of  
14 alcoholic liquor.

15           (c) The capital investment in real property, leasehold  
16 improvement, fixtures, and inventory for the premises to be  
17 licensed is in excess of \$1,500,000.00.

18           (d) The establishment does not allow or permit casino gambling  
19 on the premises.

20           (5) In governmental units having a population of 50,000 or  
21 less, as determined by the last federal decennial census or as  
22 determined under subsection ~~(11)~~**(14)**, in which the quota of  
23 specially designated distributor licenses, as provided by section  
24 533, has been exhausted, the commission may issue not more than a  
25 total of 15 additional specially designated distributor licenses  
26 per year to established merchants whose business and operation, as  
27 determined by the commission, is designed to attract and  
28 accommodate tourists and visitors to the resort area. A specially  
29 designated distributor license issued under this subsection may be

1 issued at a location within 2,640 feet of existing specially  
 2 designated distributor license locations. A specially designated  
 3 distributor license issued under this subsection ~~shall~~**does** not bar  
 4 another specially designated distributor licensee from transferring  
 5 location to within 2,640 feet of that licensed location. A  
 6 specially designated distributor license issued under section 533  
 7 may be located within 2,640 feet of a specially designated  
 8 distributor license issued under this subsection. The person  
 9 signing the application for a specially designated distributor  
 10 license under this subsection shall state that ~~he or she~~**the person**  
 11 attempted to secure an escrowed specially designated distributor  
 12 license or quota license and that, to the best of ~~his or her~~**the**  
 13 **person's** knowledge, an escrowed specially designated distributor  
 14 license or quota license is not readily available within the county  
 15 in which the applicant for the specially designated distributor  
 16 license under this subsection proposes to operate.

17 (6) In addition to any licenses for the sale of alcoholic  
 18 liquor for consumption on the premises that may be available in the  
 19 local governmental unit under subsection (1), and the resort or  
 20 resort economic development licenses authorized in subsections (2),  
 21 (3), and (4), and notwithstanding section 519, the commission may  
 22 issue not more than 5 additional special purpose licenses in any  
 23 calendar year for the sale of beer and wine for consumption on the  
 24 premises. ~~A~~**The commission may issue a** special purpose license  
 25 ~~issued~~ under this subsection ~~shall be issued~~ only for events that  
 26 are to be held from May 1 to September 30, are artistic in nature,  
 27 and that are to be held on the campus of a public university with  
 28 an enrollment of 30,000 or more students. A special purpose license  
 29 is valid for 30 days or for the duration of the event for which it

1 is issued, whichever is less. The fee for a special purpose license  
 2 is \$50.00. A special purpose license may be issued only to a  
 3 corporation that meets all of the following requirements:

4 (a) ~~Is~~**The corporation is** a nonprofit corporation organized  
 5 under the nonprofit corporation act, 1982 PA 162, MCL 450.2101 to  
 6 450.3192.

7 (b) ~~Has~~**The corporation has** a board of directors constituted  
 8 of members of whom half are elected by the public university at  
 9 which the event is scheduled and half are elected by the local  
 10 governmental unit.

11 (c) ~~Has~~**The corporation has** been in continuous existence for  
 12 not less than 6 years.

13 (7) Notwithstanding the local legislative body approval  
 14 ~~provision~~**requirement** of section 501(2) and notwithstanding the  
 15 ~~provisions of~~ section 519, the commission may issue, without regard  
 16 to the quota ~~provisions~~**requirement** of subsection (1) and with the  
 17 approval of the governing board of the university, either a tavern  
 18 or class C license which may be used only for regularly scheduled  
 19 events at a public university's established outdoor program or  
 20 festival at a facility on the campus of a public university having  
 21 a head count enrollment of 10,000 students or more. ~~A~~**The**  
 22 **commission may issue a** license ~~issued~~ under this subsection ~~may~~  
 23 only ~~be issued~~ to the governing board of a public university, a  
 24 person that is the lessee or concessionaire of the governing board  
 25 of the university, or both. A license issued under this subsection  
 26 is not transferable as to ownership or location. Except as  
 27 otherwise provided in this subsection, a license issued under this  
 28 subsection may not be issued at an outdoor stadium customarily used  
 29 for intercollegiate athletic events. A license may be issued at an

1 outdoor stadium customarily used for intercollegiate athletic  
2 events for not more than 30 consecutive days to a concessionaire of  
3 an entity granted exclusive use of a public university's property  
4 in conjunction with a hockey game sanctioned by an unincorporated  
5 not-for-profit association that operates a major professional ice  
6 hockey league consisting of teams located in Canada and in the  
7 United States or in conjunction with a professional international  
8 soccer match between 2 international soccer clubs as part of a  
9 tournament sanctioned by a not-for-profit association that is the  
10 governing body for soccer in the United States and organized and  
11 promoted by a match agent that is licensed by the international  
12 governing body for soccer if the concessionaire has entered into an  
13 agreement granting it control of the licensed premises for the  
14 purposes of complying with this act and rules promulgated under  
15 this act regarding the sale of alcoholic liquor. A nationally  
16 televised game between 2 professional hockey teams or 2  
17 professional international soccer clubs played outdoors is  
18 considered an established outdoor program for the purposes of this  
19 subsection. Notwithstanding any provision of this act or any rule  
20 promulgated under this act, a concessionaire obtaining a license  
21 under this subsection may share the profits generated from that  
22 license with an unincorporated not-for-profit association that  
23 operates a major professional ice hockey league consisting of teams  
24 located in Canada and in the United States or an affiliated entity  
25 under a written contract reviewed by the commission or with a  
26 licensed match agent and a promoter that organizes and promotes  
27 international soccer matches under a written contract reviewed by  
28 the commission. If the established outdoor program is a nationally  
29 televised game between 2 professional hockey teams or 2

1 professional international soccer clubs, the commission may allow  
2 the promotion and advertising of alcoholic liquor brands on the  
3 campus of a public university where a concessionaire has been  
4 issued a license under this subsection for the duration of the  
5 license.

6 (8) Notwithstanding the local legislative body approval  
7 requirement of section 501(2) and notwithstanding section 519, and  
8 subject to subsection (9), the commission may issue to the  
9 governing board of a public university, without regard to the quota  
10 requirement of subsection (1) and with the approval of the  
11 governing board of the university, not more than 3 tavern licenses,  
12 3 class C licenses, or any combination of 3 tavern or 3 class C  
13 licenses, which are not transferrable, that may be used only for  
14 scheduled intercollegiate athletic events within the public area of  
15 the university's indoor basketball arena, indoor hockey arena, or  
16 outdoor football stadium if all of the following conditions are  
17 met:

18 (a) The public area is customarily used for intercollegiate  
19 athletic events at the public university.

20 (b) The sales and service of alcoholic liquor conducted under  
21 the licenses are conducted by individuals who have successfully  
22 completed a server training program as provided for in section 906  
23 and who are not volunteers for an organization working during an  
24 event as part of a fund-raising activity for the organization.

25 (c) Subject to sections 1114 and 1115, the sales and service  
26 of alcoholic liquor are limited to 1 hour before the event and  
27 while the event is occurring. Consumption of alcoholic liquor  
28 purchased on the licensed premises is limited to 1 hour before the  
29 event, while the event is occurring, and 30 minutes after the event



1 has ended.

2 (d) The commission issues a separate license for each indoor  
3 basketball arena, indoor hockey arena, or outdoor football stadium.

4 (e) A license issued under this subsection is not used for  
5 more than 50 days per year within the indoor basketball arena, 25  
6 days per year at the indoor hockey arena, and 10 days per year at  
7 the outdoor football stadium.

8 (f) The sales and service of alcoholic liquor are conducted  
9 only at fixed locations within the licensed premises.

10 (g) Dispensing machines described in section 552 are  
11 prohibited on the premises of a license issued under this  
12 subsection.

13 (9) If applicable, the commission may issue only the following  
14 permits, permissions, or approvals to be held in conjunction with a  
15 license issued under subsection (8):

16 (a) If the license is a class C license, additional bars under  
17 section 525(1) (o).

18 (b) Direct connection.

19 (c) Off-premises storage.

20 (d) Participation permit.

21 (e) Specific purpose permit.

22 (f) Sunday sales permit.

23 (10) The commission shall not approve an outdoor service area  
24 under R 436.1417 of the Michigan Administrative Code for a license  
25 issued under subsection (8). The outdoor portion of an outdoor  
26 football stadium issued a license under subsection (8) is not  
27 considered an outdoor service area.

28 (11) ~~(8)~~—In issuing a resort or resort economic development  
29 license under subsection (3), (4), or (5), the commission shall

1 consider economic development factors of the area in issuing  
 2 licenses to establishments designed to stimulate and promote the  
 3 resort and tourist industry. The commission shall not transfer a  
 4 resort or resort economic development license issued under  
 5 subsection (3), (4), or (5) to another location. If the licensee  
 6 goes out of business the license ~~shall~~**must** be surrendered to the  
 7 commission.

8       **(12)** ~~(9)~~—The limitations and quotas of this section are not  
 9 applicable to issuing a new license to a veteran of the ~~armed~~  
 10 ~~forces~~**Armed Forces** of the United States who was honorably  
 11 discharged or released under honorable conditions from the ~~armed~~  
 12 ~~forces~~**Armed Forces** of the United States and who had by forced sale  
 13 disposed of a similar license within 90 days before or after  
 14 entering or while serving in the ~~armed forces~~**Armed Forces** of the  
 15 United States, as a part of the person's preparation for that  
 16 service if the application for a new license is submitted for the  
 17 same governmental unit in which the previous license was issued and  
 18 within 60 days after the discharge of the applicant from the ~~armed~~  
 19 ~~forces~~**Armed Forces** of the United States.

20       **(13)** ~~(10)~~—The limitations and quotas of this section are not  
 21 applicable to issuing a new license or renewing an existing license  
 22 where the property or establishment to be licensed is situated in  
 23 or on land on which an airport owned by a county or in which a  
 24 county has an interest is situated.

25       **(14)** ~~(11)~~—For purposes of implementing this section a special  
 26 state census of a local governmental unit may be taken at the  
 27 expense of the local governmental unit by the ~~federal bureau of~~  
 28 ~~census~~**Federal Bureau of Census** or the secretary of state under  
 29 section 6 of the home rule city act, 1909 PA 279, MCL 117.6. The

1 special census ~~shall~~**must** be initiated by resolution of the  
2 governing body of the local governmental unit involved. The  
3 secretary of state may promulgate additional rules necessary for  
4 implementing this section ~~pursuant to~~**under** the administrative  
5 procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328.

6 (15) ~~(12)~~ Before granting an approval as required in section  
7 501(2) for a license to be issued under subsection (2), (3), or  
8 (4), a local legislative body shall disclose the availability of  
9 transferable licenses held in escrow for more than 1 licensing year  
10 within that respective local governmental unit. The local  
11 governmental unit shall provide public notice of the meeting to  
12 consider the granting of the license by the local governmental unit  
13 2 weeks before the meeting.

14 (16) ~~(13)~~ The person signing the application for an on-  
15 premises resort or resort economic development license shall state  
16 and verify that ~~he or she~~**the person** attempted to secure an on-  
17 premises escrowed license or quota license and that, to the best of  
18 ~~his or her~~**the person's** knowledge, an on-premises escrowed license  
19 or quota license is not readily available within the county in  
20 which the applicant for the on-premises resort or resort economic  
21 development license proposes to operate.

22 (17) ~~(14)~~ The commission shall not issue an on-premises resort  
23 or resort economic development license if the county within which  
24 the resort or resort economic development license applicant  
25 proposes to operate has not issued all on-premises licenses  
26 available under subsection (1) or if an on-premises escrowed  
27 license exists and is readily available within the local  
28 governmental unit in which the applicant for the on-premises resort  
29 or resort economic development license proposes to operate. The

1 commission may waive the provisions of this subsection ~~upon~~**on** a  
2 showing of good cause.

3 **(18)** ~~(15)~~—The commission shall annually report to the  
4 legislature the names of the businesses issued licenses under this  
5 section and their locations.

6 **(19)** ~~(16)~~—The commission shall not require a class A hotel or  
7 a class B hotel licensed under subsection (2), (3), or (4) to  
8 provide food service to registered guests or to the public.

9 **(20)** ~~(17)~~—Subject to the limitation and quotas ~~of~~**in**  
10 subsection (1) and to local legislative approval under section  
11 501(2), the commission may approve the transfer of ownership and  
12 location of an on-premises escrowed license within the same county  
13 to a class G-1 or class G-2 license or may approve the  
14 reclassification of an existing on-premises license at the location  
15 to be licensed to a class G-1 license or to a class G-2 license,  
16 subject to subsection (1). Resort or economic development on-  
17 premises licenses created under subsection (3) or (4) may not be  
18 issued as, or reclassified to, a class G-1 or class G-2 license.

19 **(21)** ~~(18)~~—An escrowed specially designated distributor license  
20 may be transferred, with the consent of the commission, to an  
21 applicant whose proposed operation is located within any local  
22 governmental unit in a county in which the specially designated  
23 distributor license is located. If the local governmental unit  
24 within which the escrowed specially designated distributor license  
25 is located spans more than 1 county, the license may be transferred  
26 to an applicant whose proposed operation is located within any  
27 local governmental unit in either county. If the specially  
28 designated distributor license is activated within a local  
29 governmental unit other than that local governmental unit within

1 which the specially designated distributor license was originally  
 2 issued, the commission shall count that activated license against  
 3 the local governmental unit originally issuing the specially  
 4 designated distributor license.

5 **(22)** ~~(19) Subsection~~ **Subrule** (8) of R 436.1135 of the Michigan  
 6 ~~administrative code~~ **Administrative Code** does not apply to a  
 7 transfer under subsection ~~(18)~~ **(21)**.

8 **(23)** ~~(20)~~ As used in this section:

9 (a) "Escrowed license" means a license in which the rights of  
 10 the licensee in the license or to the renewal of the license are  
 11 still in existence and are subject to renewal and activation in the  
 12 manner provided for in R 436.1107 of the Michigan ~~administrative~~  
 13 ~~code~~ **Administrative Code**.

14 (b) "Readily available" means available under a standard of  
 15 economic feasibility, as applied to the specific circumstances of  
 16 the applicant, that includes, but is not limited to, the following:

17 (i) The fair market value of the license, if determinable.

18 (ii) The size and scope of the proposed operation.

19 (iii) The existence of mandatory contractual restrictions or  
 20 inclusions attached to the sale of the license.