

MICHIGAN LIQUOR CONTROL CODE OF 1998 (EXCERPT)
Act 58 of 1998

436.1521a Public on-premises licenses; issuance to businesses; conditions; commercial investment in redevelopment project area; time period; total investment; number of licenses; requirements; fee; transfer of license prohibited; attempt to secure on-premises escrowed license or quota license; definitions.

Sec. 521a.

(1) In order to allow cities, villages, and townships to enhance the quality of life for their residents and visitors to their communities, the commission may issue public on-premises licenses in addition to those quota licenses allowed in cities, villages, and townships under section 531(1). The commission may issue a license under this section to a business that meets either of the following conditions:

(a) Is located in a redevelopment project area meeting the criteria described in subsections (3) and (4) and is engaged in activities determined by the commission to be related to dining, entertainment, or recreation.

(b) Is located in a development district or area that is any of the following:

(i) An authority district established under part 3 of the recodified tax increment financing act, 2018 PA 57, MCL 125.4301 to 125.4329.

(ii) A development area established under part 6 of the recodified tax increment financing act, 2018 PA 57, MCL 125.4602 to 125.4629.

(iii) A downtown district established under part 2 of the recodified tax increment financing act, 2018 PA 57, MCL 125.4201 to 125.4230.

(iv) A principal shopping district established under 1961 PA 120, MCL 125.981 to 125.990n.

(2) The commission shall not issue a license under subsection (1)(a) unless the applicant fulfills the following in relation to the licensed premises:

(a) Provides the activity described in subsection (1)(a) not less than 5 days per week.

(b) Is open to the public not less than 10 hours per day, 5 days per week.

(c) Presents verification of redevelopment project area status to the commission that includes the following:

(i) A resolution of the governing body of the city, village, or township establishing its status as a redevelopment project area.

(ii) An affidavit from the assessor, as certified by the clerk of the city, village, or township, stating the total amount of investment in real and personal property within the redevelopment project area of the city, village, or township during the preceding 3 years.

(iii) An affidavit from the assessor, as certified by the clerk of the city, village, or township, separately stating the amount of investment money expended for manufacturing, industrial, residential, and commercial development within the redevelopment project area of the city, village, or township during the preceding 3 years.

(3) Relative to the licenses issued under subsection (1)(a), the amount of commercial investment in the redevelopment project area within the city, village, or township must constitute not less than 25% of the total investment in real and personal property in that redevelopment project area as evidenced by an affidavit of the assessor of the city, village, or township. This subsection does not prevent the city, village, or township from realigning the redevelopment project area in the presentation of verification provided for under subsection (2)(c).

(4) In relation to a license issued under subsection (1)(a), an applicant must be located in a city, village, or township that meets at least 1 of the investment requirements of subsection (1)(a) during the 3 years preceding the submission of its application. The total investment in real and personal property in the redevelopment project area within the city, village, or township over the appropriate time period described in this subsection must be at least 1 of the following:

(a) Not less than \$50,000,000.00 in cities, villages, or townships having a population of 50,000 or more.

(b) Not less than an amount reflecting \$1,000,000.00 per 1,000 people in cities, villages, or townships having a population of less than 50,000.

(5) The commission may issue a license under subsection (1)(a) for each monetary threshold described in subsection (4)(a) and (b), and, after reaching the initial threshold, 1 additional license for each major fraction of the monetary threshold above that original threshold.

(6) The following apply to a license issued under subsection (1)(b):

(a) The amount expended for new construction, or to rehabilitate or restore the building that housed the licensed premises, must be not less than \$75,000.00 over a period of the preceding 5 years or a commitment for a capital investment of at least that amount in the building that houses or will house the licensed premises, that must be expended before the issuance of the license.

(b) The total amount of public and private investment in real and personal property within the development district or area must not be less than \$200,000.00 over a period of the preceding 5 years as verified to the commission by means of an affidavit from the assessor, as certified by the clerk of the city, village, or township.

(c) The licensed business is engaged in dining, entertainment, or recreation, is open to the general public, and has a seating capacity of not less than 25 persons.

(7) The commission may issue 1 license under subsection (1)(b) for each monetary threshold described in subsections (6)(a) and (6)(b), or for each major fraction of the monetary threshold. The initial enhanced license fee for a license issued under this section is \$20,000.00.

(8) The commission shall not transfer a license issued under this section to another location. If the licensee goes out of business, the licensee shall surrender the license to the commission. The governing body of the city, village, or township may approve another applicant within a redevelopment project area described in subsection (1)(a) or development district or area described in subsection (1)(b) to replace a licensee who has surrendered the license issued under this section provided the new applicant's business meets the requirements of this section but without regard to subsections (2)(c), (3), and (4) or subsection (6)(b).

(9) The individual signing the application for the license shall state and demonstrate that the applicant attempted to secure an appropriate on-premises escrowed license or quota license issued under section 531 and that, to the best of his or her knowledge, an on-premises escrowed license or quota license issued under section 531 is not readily available within the county in which the applicant proposes to operate.

(10) As used in this section:

(a) "Escrowed license" means a license in which the rights of the licensee in the license or to the renewal of the license are still in existence and are subject to renewal and activation in the manner provided for in R 436.1107 of the Michigan Administrative Code.

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

- (i) The fair market value of the license based on where the applicant will be located, if determinable.
- (ii) The size and scope of the proposed operation.
- (iii) The existence of mandatory contractual restrictions or inclusions attached to the sale of the license.

History: Add. 2006, Act 501, Imd. Eff. Dec. 29, 2006 ;-- Am. 2010, Act 369, Imd. Eff. Dec. 22, 2010 ;-- Am. 2014, Act 270, Imd. Eff. July 2, 2014 ;-- Am. 2022, Act 16, Imd. Eff. Feb. 23, 2022