

**SUBSTITUTE FOR  
SENATE BILL NO. 874**

A bill to amend 1998 PA 58, entitled  
"Michigan liquor control code of 1998,"  
by amending section 501 (MCL 436.1501), as amended by 2006 PA  
547.

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

1           Sec. 501. (1) The commission may issue licenses as provided  
2 in this act upon the payment of the fees provided in section 525  
3 and the filing of the bonds required in section 801 or liability  
4 insurance as provided in section 803. The commission shall  
5 provide a notification of the ability of the purchaser or  
6 transferee to obtain a tax clearance certificate, ~~in the manner~~  
7 **AS** provided ~~for~~ in subsection (6). Subject to section 906(2) and  
8 (3), the commission shall not issue a new on premises license or  
9 transfer more than 50% interest in an existing on premises

1 license unless the applicant or transferee offers proof  
2 acceptable to the commission that he or she has employed or has  
3 present on the licensed premises, at a minimum, supervisory  
4 personnel on each shift and during all hours in which alcoholic  
5 liquor is served who have successfully completed a server  
6 training program ~~as further~~ described in section 906. The  
7 commission may consider an individual enrolled and actively  
8 participating in a server training program as having successfully  
9 completed the program for ~~such~~ **THE** time ~~as~~ the individual is  
10 participating. The commission may allow an applicant or a  
11 conditionally approved licensee at least 180 days, or more upon a  
12 showing of good cause, to meet the minimum personnel training  
13 requirements of this subsection. The commission may suspend the  
14 license of a conditionally approved licensee ~~for failure to~~ **IF**  
15 **THAT LICENSEE DOES NOT** comply with this subsection. The  
16 commission may waive the server training requirements of this  
17 subsection on the basis of either of the following circumstances:  
18 (a) The licensee's responsible operating experience or  
19 training.  
20 (b) The person's demonstration of an acceptable level of  
21 responsible operation either as a licensee during the preceding 3  
22 years or as a manager with substantial experience in serving  
23 alcoholic liquor.  
24 (2) A full-year license issued by the commission shall  
25 expire on April 30 following the date of issuance or the date  
26 fixed by the commission. A license issued under this act ~~shall be~~  
27 ~~construed as~~ **IS** a contract between the commission and the

1 licensee and shall be signed by both parties. If a licensee dies,  
2 the commission may approve the operation of the establishment by  
3 a personal representative or independent personal representative  
4 duly appointed by a court of competent jurisdiction, pending the  
5 settlement of the estate of the deceased licensee. The commission  
6 may approve a receiver or trustee appointed by a court of  
7 competent jurisdiction to operate the licensed establishment of a  
8 licensee. The commission may grant a part-year license for a  
9 proportionate part of the license fee specified in section 525.

10 In a resort area the commission shall grant a license for a  
11 period of time as short as 3 months. A license may be transferred  
12 with the consent of the commission. A class C or specially  
13 designated distributor license obtained in a manner other than by  
14 transfer shall not be transferred within 3 years after its  
15 issuance except under circumstances where the licensee clearly  
16 and convincingly demonstrates that unusual hardship will result  
17 if the transfer does not receive the consent of the commission.

18 An application for a license to sell alcoholic liquor for  
19 consumption on the premises, except in a city having a population  
20 of ~~750,000~~ **600,000** or more, shall be approved by the local  
21 legislative body in which the applicant's place of business is  
22 located before the license is granted by the commission, except  
23 that in the case of an application for renewal of an existing  
24 license, if an objection to a renewal has not been filed with the  
25 commission by the local legislative body not less than 30 days  
26 before the date of expiration of the license, the approval of the  
27 local legislative body ~~shall~~ **IS** not ~~be~~ required. The commission

1 shall provide the local legislative body and the local chief of  
2 police with the name, home and business addresses, and home and  
3 business phone numbers to accomplish the local legislative  
4 reviews of new and transferred license applications required by  
5 this subsection. Upon request of the local legislative body after  
6 due notice and proper hearing by the local legislative body and  
7 the commission, the commission shall revoke the license of a  
8 licensee granted a license to sell alcoholic liquor for  
9 consumption on the premises or any permit held in conjunction  
10 with that license.

11 (3) A local legislative body, by resolution, may request  
12 that the commission revoke the license of a licensee granted a  
13 license to sell alcoholic liquor for consumption off the premises  
14 whose place of business is located within the local legislative  
15 body's jurisdiction and ~~who~~**THAT** has been determined ~~pursuant to~~  
16 **IN** commission violation hearings to have sold or furnished  
17 alcoholic liquor, on at least 3 separate occasions in a ~~single~~  
18 ~~calendar year,~~**CONSECUTIVE 12-MONTH PERIOD**, to a minor if those  
19 violations did not involve the use of falsified or fraudulent  
20 identification by the minor. If the commission verifies that the  
21 licensee who is the subject of the resolution has been found to  
22 have committed the violations as prescribed in this subsection,  
23 the commission may suspend or revoke the licensee's license and  
24 any permit held in conjunction with that license.

25 (4) This act does not prohibit a hotel ~~which~~**THAT** is or was  
26 the holder of a license authorizing the retail sale of alcoholic  
27 liquor for consumption on the premises from applying for and

1 receiving under this act any other and different type of license  
2 authorizing the retail sale of alcoholic liquor for consumption  
3 on the premises, and the application for the license shall not be  
4 considered a new application for a license ~~so long as~~ **IF** the  
5 total number of public licenses for consumption on the premises  
6 does not exceed the authorized total established in this act and  
7 the sale of alcoholic liquor is approved by the electors. The  
8 commission may divide the state into 3 zones and establish for  
9 each zone an anniversary date for renewal of full-year retail  
10 licenses in the licensing year. The commission shall promulgate  
11 rules pursuant to the administrative procedures act of 1969, 1969  
12 PA 306, MCL 24.201 to 24.328, for the effective administration of  
13 the renewal of licenses.

14 (5) The commission, with the written approval of the  
15 department of agriculture ~~in the case of~~ **AND RURAL DEVELOPMENT**  
16 **FOR** the Michigan state fairgrounds and the Upper Peninsula state  
17 fairgrounds, may issue without regard to the quota provision of  
18 section 531 a tavern license to a person as concessionaire  
19 leasing or renting a portion of either the Upper Peninsula state  
20 fairgrounds or the state fairgrounds, or both, to service the  
21 licensed area in use for recreational or exhibition purposes  
22 other than at the time of the annual Upper Peninsula state fair  
23 under section 2 of 1927 PA 89, MCL 285.142. A license issued  
24 under this subsection is not transferable.

25 (6) The application for initial licensure or for a transfer  
26 of a license shall contain a notice in substantial compliance  
27 with the following:

1       When purchasing a license, a buyer can be held liable  
2       for tax debts incurred by the previous owner. Prior to  
3       committing to the purchase of any license or establishment,  
4       the buyer should request a tax clearance certificate  
5       from the seller that indicates that all taxes have been  
6       paid up to the date of issuance. Obtaining sound  
7       professional assistance from an attorney or accountant  
8       can be helpful to identify and avoid any pitfalls  
9       and hidden liabilities when buying even a portion  
10      of a business.  
11      Sellers can make a request for the tax clearance  
12      certificate through the Michigan department of treasury.