



HOUSE BILL No. 5379

November 7, 1995, Introduced by Rep. Bodem and referred to the Committee on Regulatory Affairs.

A bill to amend section 19c of Act No. 8 of the Public Acts of the Extra Session of 1933, entitled as amended "The Michigan liquor control act," as amended by Act No. 392 of the Public Acts of 1994, being section 436.19c of the Michigan Compiled Laws.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Section 19c of Act No. 8 of the Public Acts of
2 the Extra Session of 1933, as amended by Act No. 392 of the
3 Public Acts of 1994, being section 436.19c of the Michigan
4 Compiled Laws, is amended to read as follows:

5 Sec. 19c. (1) A public license shall not be granted for the
6 sale of alcoholic liquor for consumption on the premises in
7 excess of 1 license for each 1,500 of population or major
8 fraction thereof. ON-PREMISE ESCROWED LICENSES ISSUED UNDER THIS
9 SUBSECTION ARE AVAILABLE PURSUANT TO SECTION 17(3) TO AN

1 APPLICANT WHOSE PROPOSED OPERATION IS LOCATED WITHIN ANY LOCAL
2 GOVERNMENTAL UNIT IN THE COUNTY WITHIN WHICH THE FORMER
3 LICENSEE'S PREMISES WERE LOCATED. IF THE LOCAL GOVERNMENTAL UNIT
4 WITHIN WHICH THE FORMER LICENSEE'S PREMISES WERE LOCATED SPANS
5 MORE THAN 1 COUNTY, AN ESCROWED LICENSE IS AVAILABLE PURSUANT TO
6 SECTION 17(3) TO AN APPLICANT WHOSE PROPOSED OPERATION IS LOCATED
7 WITHIN ANY LOCAL GOVERNMENTAL UNIT IN EITHER COUNTY. This quota
8 does not bar the right of an existing licensee to renew a license
9 or transfer the license and does not bar the right of a tavern or
10 class A hotel from requesting reclassification of a license to
11 class C, unless local option laws prevent the sale of spirits and
12 mixed spirit drinks by those licensed premises, subject to the
13 consent of the commission. The upgrading of a license resulting
14 from a request under this subsection shall be approved by the
15 local governmental unit having jurisdiction.

16 (2) In a resort area, the commission may issue 1 or more
17 licenses for a period not to exceed 12 months without regard to a
18 limitation because of population, but not in excess of 550, and
19 with respect to the resort license the commission, by rule, shall
20 define and classify resort seasons by months and may issue 1 or
21 more licenses for resort seasons without regard to the calendar
22 year or licensing year.

23 (3) In addition to the resort licenses authorized in subsec-
24 tion (2), the commission may issue not more than 10 additional
25 licenses for the ~~year 1995~~ YEARS 1996 AND 1997 to establish-
26 ments whose business and operation, as determined by the
27 commission, is designed to attract and accommodate tourists and

1 visitors to the resort area, and whose primary purpose is not for
2 the sale of alcoholic liquor. In counties having a population of
3 less than 50,000, as determined by the last federal decennial
4 census or as determined pursuant to subsection (11), the commis-
5 sion shall not require the establishments to have dining facili-
6 ties to seat more than 50 persons. The commission may cancel the
7 license if the resort is no longer active or no longer qualifies
8 for the license. Before January 16 of each year the commission
9 shall transmit to the legislature a report giving details as to
10 the number of applications received under this subsection; the
11 number of licenses granted and to whom; the number of applica-
12 tions rejected and the reasons; and the number of the licenses
13 revoked, suspended, or other disciplinary action taken and
14 against whom and the grounds for revocation, suspension, or dis-
15 ciplinary action.

16 (4) In addition to any licenses for the sale of alcoholic
17 liquor for consumption on the premises that may be available in
18 the local governmental unit under subsection (1) and the resort
19 licenses authorized in subsections (2) and (3), the commission
20 may issue not more than 25 additional resort licenses for the
21 ~~year 1995~~ YEARS 1996 AND 1997 if all of the following condi-
22 tions are met:

23 (a) The establishment's business and operation, as deter-
24 mined by the commission, is designed to attract and accommodate
25 tourists and visitors to the resort area.

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

1 (c) The capital investment in real property, leasehold
2 improvement, fixtures, and inventory for the premises to be
3 licensed is in excess of \$1,000,000.00.

4 (5) In governmental units having a population of 50,000 per-
5 sons or less, as determined by the last federal decennial census
6 or as determined pursuant to subsection (11), in which the quota
7 of specially designated distributor licenses, as provided by com-
8 mission rule, has been exhausted, the commission may issue not
9 more than 10 additional specially designated distributor licenses
10 for the ~~year 1995~~ YEARS 1996 AND 1997 to established merchants
11 whose business and operation, as determined by the commission, is
12 designed to attract and accommodate tourists and visitors to the
13 resort area. A specially designated distributor license issued
14 pursuant to this subsection may be issued at a location within
15 2,640 feet of existing specially designated distributor license
16 locations. A specially designated distributor license issued
17 pursuant to this subsection shall not bar another specially des-
18 ignated distributor licensee from transferring location to within
19 2,640 feet of said licensed location.

20 (6) In addition to any licenses for the sale of alcoholic
21 liquor for consumption on the premises that may be available in
22 the local governmental unit under subsection (1), and the resort
23 licenses authorized in subsections (2), (3), and (4), and not-
24 withstanding section 17(4), the commission may issue not more
25 than 5 additional special purpose licenses in any calendar year
26 for the sale of beer and wine for consumption on the premises. A
27 special purpose license issued pursuant to this subsection shall

1 be issued only for events which are to be held from May 1 to
2 September 30, are artistic in nature, and which are to be held on
3 the campus of a public university with an enrollment of 30,000 or
4 more students. A special purpose license shall be valid for 30
5 days or for the duration of the event for which it is issued,
6 whichever is less. The fee for a special purpose license shall
7 be \$50.00. A special purpose license may be issued only to a
8 corporation which is all of the following:

9 (a) Is a nonprofit corporation organized pursuant to the
10 nonprofit corporation act, Act No. 162 of the Public Acts of
11 1982, being sections 450.2101 to 450.3192 of the Michigan
12 Compiled Laws.

13 (b) Has a board of directors constituted of members of whom
14 half are elected by the public university at which the event is
15 scheduled and half are elected by the local governmental unit.

16 (c) Has been in continuous existence for not less than 6
17 years.

18 (7) Notwithstanding the local legislative body approval pro-
19 vision of section 17(3) and notwithstanding the provisions of
20 section 17(5), the commission may issue, without regard to the
21 quota provisions of subsection (1) and with the approval of the
22 governing board of the university, either a tavern or class C
23 license which may be used only for regularly scheduled events at
24 a public university's established outdoor program or festival at
25 a facility on the campus of a public university having a head
26 count enrollment of 10,000 students or more. A license issued
27 under this subsection may only be issued to the governing board

1 of a public university, a person that is the lessee or
2 concessionaire of the governing board of the university, or
3 both. A license issued under this subsection is not transferable
4 as to ownership or location. A license issued under this subsec-
5 tion may not be issued at an outdoor stadium customarily used for
6 intercollegiate athletic events.

7 (8) In issuing a resort license under subsection (3), (4),
8 or (5) the commission shall consider economic development factors
9 of the area in the issuance of licenses to establishments
10 designed to stimulate and promote the resort and tourist
11 industry. The commission shall not transfer a resort license
12 issued under subsection (3), (4), or (5) to another location, and
13 if the licensee goes out of business the license shall be surren-
14 dered to the commission. IN THE CASE OF RESORT LICENSES ISSUED
15 UNDER SUBSECTIONS (3), (4), AND (5), THE COMMISSION SHALL RESPOND
16 IN WRITING TO THE APPLICANT WITHIN 21 DAYS AFTER RECEIPT OF THE
17 APPLICATION AS TO WHETHER THE APPLICATION IS CONSIDERED
18 COMPLETE. THE COMMISSION SHALL MAKE A FINAL WRITTEN DETERMINA-
19 TION TO THE APPLICANT BEFORE DECEMBER 31 OF EACH YEAR REGARDING
20 THE ISSUANCE OF THE LICENSE. THE COMMISSION SHALL STATE IN
21 DETAIL IN THE DENIAL OF THE ISSUANCE OF A LICENSE THE REASONS FOR
22 THE DENIAL.

23 (9) The limitations and quotas of this section shall not be
24 applicable to the issuance of a new license to a veteran of the
25 armed forces of the United States who was honorably discharged or
26 released under honorable conditions from the armed forces of the
27 United States and who had by forced sale disposed of a similar

1 license within 90 days before or after entering or while serving
2 in the armed forces of the United States, as a part of the
3 person's preparation for that service if the application for a
4 new license is made for the same governmental unit in which the
5 previous license was issued and within 60 days after the dis-
6 charge of the applicant from the armed forces of the United
7 States.

8 (10) The limitations and quotas of this section shall not be
9 applicable to the issuance of a new license or the renewal of an
10 existing license where the property or establishment to be
11 licensed is situated in or on land on which an airport owned by a
12 county or in which a county has an interest is situated.

13 (11) For purposes of implementing this section a special
14 state census of a local governmental unit may be taken at the
15 expense of the local governmental unit by the federal bureau of
16 census or the secretary of state under section 6 of Act No. 279
17 of the Public Acts of 1909, as amended, being section 117.6 of
18 the Michigan Compiled Laws. The special census shall be initi-
19 ated by resolution of the governing body of the local governmen-
20 tal unit involved. The secretary of state may promulgate addi-
21 tional rules necessary for implementing this section pursuant to
22 the administrative procedures act of 1969, Act No. 306 of the
23 Public Acts of 1969, being sections 24.201 to 24.328 of the
24 Michigan Compiled Laws.

25 (12) The limitations and quotas of this section shall not be
26 applicable to the issuance of a new license to the governing
27 board of a college or university pursuant to section 17h.

1 (13) The limitations and quotas of this section shall not be
2 applicable to the issuance of a national sporting event license
3 pursuant to section 17b.

4 (14) Before granting an approval as required in
5 section 17(3) for a license to be issued under subsection (2),
6 (3), or (4), a local legislative body shall disclose the avail-
7 ability of transferable licenses held in escrow for more than 1
8 licensing year within that respective local governmental unit.
9 Public notice of the meeting to consider the granting of the
10 license by the local governmental unit shall be made 2 weeks
11 before the meeting.

12 (15) THE COMMISSION SHALL NOT CONSIDER THE NUMBER OF
13 ESCROWED LICENSES AVAILABLE IN A LOCAL GOVERNMENTAL UNIT WHEN
14 DETERMINING THE NUMBER OF QUOTA LICENSES TO BE ISSUED UNDER
15 SUBSECTION (1).

16 (16) THE COMMISSION SHALL NOT ISSUE AN ON-PREMISE RESORT
17 LICENSE IF THE LOCAL GOVERNMENTAL UNIT WITHIN WHICH THE RESORT
18 LICENSE APPLICANT PROPOSES TO OPERATE HAS NOT ISSUED ALL
19 ON-PREMISE LICENSES AVAILABLE UNDER SUBSECTION (1) OR IF AN
20 ON-PREMISE ESCROWED LICENSE EXISTS AND IS READILY AVAILABLE
21 WITHIN THE LOCAL GOVERNMENTAL UNIT OR COUNTY IN WHICH THE APPLI-
22 CANT FOR THE ON-PREMISE RESORT LICENSE PROPOSES TO OPERATE. THE
23 COMMISSION MAY WAIVE THE PRESCRIPTIONS OF THIS SUBSECTION UPON A
24 SHOWING OF GOOD CAUSE.

25 (17) AS USED IN THIS SECTION, "ESCROWED LICENSE" MEANS A
26 LICENSE THAT IS NOT IN ACTIVE OPERATION BUT TO WHICH THE RIGHTS
27 OF THE LICENSEE IN THE LICENSE OR TO THE RENEWAL OF THE LICENSE

1 ARE STILL IN EXISTENCE AND ARE SUBJECT TO RENEWAL AND ACTIVATION
2 IN THE MANNER PROVIDED FOR IN R 436.1107 OF THE MICHIGAN ADMINIS-
3 TRATIVE CODE.