

# HOUSE BILL No. 6130

May 5, 2010, Introduced by Reps. Johnson and Meekhof 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 521a (MCL 436.1521a), as added by 2006 PA 501.

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

1           Sec. 521a. (1) In order to allow cities to enhance the quality  
2 of life for their residents and visitors to their communities, the  
3 commission may issue public on-premises licenses in addition to  
4 those quota licenses allowed in cities under section 531(1). The  
5 licenses under this section shall be issued to businesses that meet  
6 1 of the following conditions:

7           (a) Are located in a city redevelopment project area meeting  
8 the criteria described in subsections (3) and (4) and are engaged  
9 in activities determined by the commission to be related to dining,  
10 entertainment, or recreation.

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

3 (i) An authority district established under the tax increment  
4 finance authority act, 1980 PA 450, MCL 125.1801 to 125.1830.

5 (ii) A development area established under the corridor  
6 improvement authority act, 2005 PA 280, MCL 125.2871 to ~~125.2898~~  
7 **125.2899**.

8 (iii) A downtown district established under 1975 PA 197, MCL  
9 125.1651 to 125.1681.

10 (iv) A principal shopping district established under 1961 PA  
11 120, MCL 125.981 to 125.990m.

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

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

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

19 (c) Presents verification of redevelopment project area status  
20 to the commission that shall include the following:

21 (i) A resolution of the governing body of the city establishing  
22 its status as a redevelopment project area.

23 (ii) An affidavit from the assessor, as certified by the city  
24 clerk, stating the total amount of investment in real and personal  
25 property within the redevelopment project area of the city during  
26 the preceding 3 years. ~~In the case of an applicant seeking a~~  
27 ~~license under this section within the first license cycle after the~~

1 ~~effective date of this section, the time period described in this~~  
2 ~~subdivision may be up to 5 years, or 7 years for a city having a~~  
3 ~~population between 80,000 and 85,000 according to the 2000 federal~~  
4 ~~decennial census and the application is submitted within the first~~  
5 ~~6 months after the effective date of this section.~~

6 (iii) An affidavit from the assessor, as certified by the city  
7 clerk, separately stating the amount of investment money expended  
8 for manufacturing, industrial, residential, and commercial  
9 development within the redevelopment project area of the city  
10 during the preceding 3 years. ~~In the case of an applicant seeking a~~  
11 ~~license under this section within the first license cycle after the~~  
12 ~~effective date of this section, the time period described in this~~  
13 ~~subdivision may be up to 5 years, or 7 years for a city having a~~  
14 ~~population between 80,000 and 85,000 according to the 2000 federal~~  
15 ~~decennial census and the application is submitted within the first~~  
16 ~~6 months after the effective date of this section.~~

17 (3) Relative to the licenses issued under subsection (1)(a),  
18 the amount of commercial investment in the redevelopment project  
19 area within the city shall constitute not less than 25% of the  
20 total investment in real and personal property in that  
21 redevelopment project area as evidenced by an affidavit of the city  
22 assessor. This subsection does not prevent the city from realigning  
23 the redevelopment project area in the presentment of verification  
24 provided for under subsection (2)(c).

25 (4) In relation to a license issued under subsection (1)(a),  
26 an applicant shall be located in a city that meets at least 1 of  
27 the investment requirements of subsection (1)(a) during the 3 years

1 preceding the submission of its application. ~~, or within the~~  
2 ~~preceding 5 years in the case of an applicant applying during the~~  
3 ~~first license cycle after the effective date of this section.~~ The  
4 total investment in real and personal property in the redevelopment  
5 project area within the city over the appropriate time period  
6 described in this subsection shall be at least 1 of the following,

7 **AS APPLICABLE:**

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

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

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

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

18 (a) The amount expended for the rehabilitation or restoration  
19 of the building that housed the licensed premises shall be not less  
20 than \$75,000.00 over a period of ~~the preceding 5 years~~ **BEFORE**  
21 **SUBMISSION OF THE APPLICATION** or a commitment for a capital  
22 investment of at least that amount in the building that houses the  
23 licensed premises, which must be expended before the issuance of  
24 the license.

25 (b) The total amount of public and private investment in real  
26 and personal property within the qualified redevelopment project  
27 area shall not be less than \$200,000.00 over a period of ~~the~~

1 ~~preceding~~ 5 years **BEFORE SUBMISSION OF THE APPLICATION** as verified  
2 to the commission by means of an affidavit from the assessor, as  
3 certified by the clerk of the local governmental unit.

4 (c) The licensed business is engaged in dining, entertainment,  
5 or recreation, is open to the general public, and has a seating  
6 capacity of not less than ~~50~~ 25 persons.

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

11 (8) The commission shall not transfer a license issued under  
12 this section to another location. If the licensee goes out of  
13 business, the licensee shall surrender the license to the  
14 commission. The governing body of the local governmental unit may  
15 approve another applicant within a city redevelopment project area  
16 to replace a licensee who has surrendered the license issued under  
17 this section provided the new applicant's business meets the  
18 requirements of this section but without regard to subsections  
19 (2)(c), (3), and (4) or subsection (6)(b).

20 (9) The individual signing the application for the license  
21 shall state and demonstrate that the applicant attempted to secure  
22 an appropriate on-premise escrowed license or quota license issued  
23 under section 531 and that, to the best of his or her knowledge, an  
24 on-premise license or quota license issued under section 531 is not  
25 readily available within the local unit of government in which the  
26 applicant proposes to operate.

27 (10) As used in this section:

1           (a) "City" means a city established under either of the  
2 following:

3           (i) The home rule city act, 1909 PA 279, MCL 117.1 to 117.38.

4           (ii) The fourth class city act, 1895 PA 215, MCL 81.1 to  
5 113.20.

6           (b) "Escrowed license" means a license in which the rights of  
7 the licensee in the license or to the renewal of the license are  
8 still in existence and are subject to renewal and activation in the  
9 manner provided for in R 436.1107 of the Michigan administrative  
10 code.

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

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

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

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