

# HOUSE BILL No. 5877

September 11, 2012, Introduced by Rep. Denby 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 amended by 2010 PA 369.

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

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

8           (a) Are located in a ~~city~~ redevelopment project area meeting

1 the criteria described in subsections (3) and (4) and are engaged  
 2 in activities determined by the commission to be related to dining,  
 3 entertainment, or recreation.

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

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

8 (ii) A development area established under the corridor  
 9 improvement authority act, 2005 PA 280, MCL 125.2871 to 125.2899.

10 (iii) A downtown district established under 1975 PA 197, MCL  
 11 125.1651 to 125.1681.

12 (iv) A principal shopping district established under 1961 PA  
 13 120, MCL 125.981 to 125.990m.

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

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

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

21 (c) Presents verification of redevelopment project area status  
 22 to the commission that ~~shall include~~ **INCLUDES** the following:

23 (i) A resolution of the governing body of the ~~city~~ **MUNICIPALITY**  
 24 establishing its status as a redevelopment project area.

25 (ii) An affidavit from the assessor, as certified by the ~~city~~  
 26 clerk **OF THE MUNICIPALITY**, stating the total amount of investment  
 27 in real and personal property within the redevelopment project area

1 ~~of the city during the preceding 3 years. In the case of an~~  
2 ~~applicant seeking a license under this section within the first~~  
3 ~~license cycle after December 29, 2006, the time period described in~~  
4 ~~this subdivision may be up to 5 years, or 7 years for a city having~~  
5 ~~a population between 80,000 and 85,000 according to the 2000~~  
6 ~~federal decennial census and the application is submitted within~~  
7 ~~the first 6 months after December 29, 2006.~~

8 (iii) An affidavit from the assessor, as certified by the ~~city~~  
9 clerk **OF THE MUNICIPALITY**, separately stating the amount of  
10 investment money expended for manufacturing, industrial,  
11 residential, and commercial development within the redevelopment  
12 project area of the ~~city~~ **MUNICIPALITY** during the preceding 3 years.  
13 ~~In the case of an applicant seeking a license under this section~~  
14 ~~within the first license cycle after December 29, 2006, the time~~  
15 ~~period described in this subdivision may be up to 5 years, or 7~~  
16 ~~years for a city having a population between 80,000 and 85,000~~  
17 ~~according to the 2000 federal decennial census and the application~~  
18 ~~is submitted within the first 6 months after December 29, 2006.~~

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

1           (4) In relation to a license issued under subsection (1) (a),  
2 an applicant shall be located in a ~~city~~ **MUNICIPALITY** that meets at  
3 least 1 of the investment requirements of subsection (1) (a) during  
4 the 3 years preceding the submission of its application. ~~, or~~  
5 ~~within the preceding 5 years in the case of an applicant applying~~  
6 ~~during the first license cycle after December 29, 2006.~~ The total  
7 investment in real and personal property in the redevelopment  
8 project area within the ~~city~~ **MUNICIPALITY** over the appropriate time  
9 period described in this subsection shall be at least 1 of the  
10 following:

11           (a) Not less than \$50,000,000.00 in ~~cities~~ **MUNICIPALITIES**  
12 having a population of 50,000 or more.

13           (b) Not less than an amount reflecting \$1,000,000.00 per 1,000  
14 people in ~~cities~~ **MUNICIPALITIES** having a population of less than  
15 50,000.

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

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

22           (a) The amount expended for the rehabilitation or restoration  
23 of the building that housed the licensed premises shall be not less  
24 than \$75,000.00 over a period of the preceding 5 years or a  
25 commitment for a capital investment of at least that amount in the  
26 building that houses the licensed premises, which must be expended  
27 before the issuance of the license.

1 (b) The total amount of public and private investment in real  
2 and personal property within the qualified redevelopment project  
3 area shall not be less than \$200,000.00 over a period of the  
4 preceding 5 years as verified to the commission by means of an  
5 affidavit from the assessor, as certified by the clerk of the ~~local~~  
6 ~~governmental unit~~. **MUNICIPALITY**.

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

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

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

24 (9) The individual signing the application for the license  
25 shall state and demonstrate that the applicant attempted to secure  
26 an appropriate ~~on-premise~~ **ON-PREMISES** escrowed license or quota  
27 license issued under section 531 and that, to the best of his or

1 her knowledge, an ~~on-premise~~ **ON-PREMISES** license or quota license  
 2 issued under section 531 is not readily available within the ~~local~~  
 3 ~~unit of government~~ **MUNICIPALITY** in which the applicant proposes to  
 4 operate.

5 (10) As used in this section:

6 ~~(a) "City" means a city established under either of the~~  
 7 ~~following:~~

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

9 ~~(ii) The fourth class city act, 1895 PA 215, MCL 81.1 to~~  
 10 ~~113.20.~~

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

16 **(B) "MUNICIPALITY" MEANS A COUNTY, CITY, VILLAGE, OR TOWNSHIP.**

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

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

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

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