SUBSTITUTE FOR

HOUSE BILL NO. 4573

A bill to amend 1998 PA 58, entitled "Michigan liquor control code of 1998," by amending sections 525 and 529 (MCL 436.1525 and 436.1529), section 525 as amended by 2013 PA 236.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

Sec. 525. (1) Except as otherwise provided in this section,
 the following license fees shall be paid at the time of filing
 applications or as otherwise provided in this act and are subject
 to allocation under section 543:

5 (a) Manufacturers of spirits, not including makers, blenders,
6 and rectifiers of wines containing 21% or less alcohol by volume,
7 \$1,000.00.

8 (b) Manufacturers of beer, \$50.00 per 1,000 barrels, or9 fraction of a barrel, production annually with a maximum fee of

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\$1,000.00, and in addition \$50.00 for each motor vehicle used in
 delivery to retail licensees. A fee increase does not apply to a
 manufacturer of less than 15,000 barrels production per year.

4 (c) Outstate seller of beer, delivering or selling beer in5 this state, \$1,000.00.

6 (d) Wine makers, blenders, and rectifiers of wine, including
7 makers, blenders, and rectifiers of wines containing 21% or less
8 alcohol by volume, \$100.00. The small wine maker license fee is
9 \$25.00.

10 (e) Outstate seller of wine, delivering or selling wine in11 this state, \$300.00.

12 (f) Outstate seller of mixed spirit drink, delivering or13 selling mixed spirit drink in this state, \$300.00.

14 (g) Dining cars or other railroad or Pullman cars selling15 alcoholic liquor, \$100.00 per train.

16 (h) Wholesale vendors other than manufacturers of beer, 17 \$300.00 for the first motor vehicle used in delivery to retail 18 licensees and \$50.00 for each additional motor vehicle used in 19 delivery to retail licensees.

(i) Watercraft, licensed to carry passengers, selling
alcoholic liquor, a minimum fee of \$100.00 and a maximum fee of
\$500.00 per year computed on the basis of \$1.00 per person per
passenger capacity.

(j) Specially designated merchants, for selling beer or wine
for consumption off the premises only but not at wholesale, \$100.00
for each location regardless of whether the location is part of a
system or chain of merchandising.

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1 (k) Specially designated distributors licensed by the 2 commission to distribute spirits and mixed spirit drink in the 3 original package for the commission for consumption off the 4 premises, \$150.00 per year, and an additional fee of \$3.00 for each 5 \$1,000.00 or major fraction of that amount in excess of \$25,000.00 6 of the total retail value of merchandise purchased under each 1 license from the commission during the previous calendar year.

8 (l) Hotels of class A selling beer and wine, a minimum fee of
9 \$250.00 and \$1.00 for each bedroom in excess of 20, but not more
10 than \$500.00 total.

(m) Hotels of class B selling beer, wine, mixed spirit drink, and spirits, a minimum fee of \$600.00 and \$3.00 for each bedroom in excess of 20. If a hotel of class B sells beer, wine, mixed spirit drink, and spirits in more than 1 public bar, a fee of \$350.00 shall be paid for each additional public bar, other than a bedroom. (n) Taverns, selling beer and wine, \$250.00.

(o) Class C license selling beer, wine, mixed spirit drink, and spirits, \$600.00. Subject to section 518(2), if a class C licensee sells beer, wine, mixed spirit drink, and spirits in more than 1 bar, a fee of \$350.00 shall be paid for each additional bar. In municipally owned or supported facilities in which nonprofit organizations operate concession stands, a fee of \$100.00 shall be paid for each additional bar.

(p) Clubs selling beer, wine, mixed spirit drink, and spirits,
\$300.00 for clubs having 150 or fewer accredited members and \$1.00
for each member in excess of 150. Clubs shall submit a list of
members by a sworn affidavit 30 days before the closing of the

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license year. The sworn affidavit shall be used only for
 determining the license fees to be paid under this subdivision.
 This subdivision does not prevent the commission from checking a
 membership list and making its own determination from the list or
 otherwise. The list of members and additional members is not
 required of a club paying the maximum fee. The maximum fee shall
 not exceed \$750.00 for any 1 club.

8 (q) Warehousers, to be fixed by the commission with a minimum9 fee for each warehouse of \$50.00.

(r) Special licenses, a fee of \$50.00 per day, except that the fee for that license or permit issued to any bona fide nonprofit association, duly organized and in continuous existence for 1 year before the filing of its application, is \$25.00. Not more than 12 special licenses may be granted to any organization, including an auxiliary of the organization, in a calendar year.

16 (s) Airlines licensed to carry passengers in this state that
17 sell, offer for sale, provide, or transport alcoholic liquor,
18 \$600.00.

- 19 (t) Brandy manufacturer, \$100.00.
- 20 (u) Mixed spirit drink manufacturer, \$100.00.
- **21** (v) Brewpub, \$100.00.
- 22 (w) Class G-1, \$1,000.00.
- 23 (x) Class G-2, \$500.00.

24 (y) Motorsports event license, the amount as described and25 determined under section 518(2).

- 26 (z) Small distiller, \$100.00.
- **27** (aa) Wine auction license, \$50,000.00.

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(bb) Nonpublic continuing care retirement center license,
 \$600.00.

3 (cc) Conditional license approved under subsection (5) and
4 issued under subsection (6), \$300.00.

5 (2) The fees provided in this act for the various types of licenses shall not be prorated ON A QUARTERLY BASIS for a portion 6 of the effective period of the license BASED UPON THE APPROVAL DATE 7 OF THE APPLICATION. AN APPLICANT OR LICENSEE THAT HAS SUBMITTED AN 8 APPLICATION FOR A LICENSE THAT WILL BE EFFECTIVE FOR LESS THAN 9 9 MONTHS SHALL PAY A PRORATED LICENSE FEE AND SUBMIT THAT PRORATED 10 11 LICENSE FEE AFTER APPROVAL OF THE APPLICATION AND UPON ISSUANCE OF 12 THE LICENSE. Notwithstanding subsection (1), the initial license fee for any licenses issued under section 531(3) or (4) is 13 14 \$20,000.00. The renewal license fee shall be the amount described in subsection (1). However, the commission shall not impose the 15 \$20,000.00 initial license fee for applicants whose license 16 17 eligibility was already approved on July 20, 2005.

18 (3) Except in the case of any resort or resort economic 19 development license issued under section 531(2), (3), (4), or (5) 20 or a license issued under section 521a, the commission shall issue an initial or renewal license not later than 90 days after the 21 22 applicant files a completed application. The application is 23 considered to be received the date the application is received by 24 any agency or department of this state. If the commission 25 determines that an application is incomplete, the commission shall 26 notify the applicant in writing, or make the information electronically available, within 30 days after receipt of the 27

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incomplete application, describing the deficiency and requesting the additional information. The determination of the completeness of an application is not an approval of the application for the license and does not confer eligibility upon an applicant determined otherwise ineligible for issuance of a license. The 90day period is tolled for the following periods under any of the following circumstances:

8 (a) If notice is sent by the commission of a deficiency in the
9 application, until the date all of the requested information is
10 received by the commission.

11 (b) For the time required to complete actions required by a 12 person, other than the applicant or the commission, including, but not limited to, completion of construction or renovation of the 13 14 licensed premises; mandated inspections by the commission or by any state, local, or federal agency; approval by the legislative body 15 of a local unit of government; criminal history or criminal record 16 17 checks; financial or court record checks; or other actions mandated by this act or rule or as otherwise mandated by law or local 18 19 ordinance.

(4) If the commission fails to issue or deny a license within 20 21 the time required by this section, the commission shall return the 22 license fee and shall reduce the license fee for the applicant's next renewal application, if any, by 15%. The failure to issue a 23 24 license within the time required under this section does not allow 25 the commission to otherwise delay the processing of the 26 application, and that application, upon completion, shall be placed 27 in sequence with other completed applications received at that same

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time. The commission shall not discriminate against an applicant in
 the processing of the application based upon the fact that the
 license fee was refunded or discounted under this subsection.

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4 (5) If, in addition to a completed application under this 5 section, an applicant submits a separate form requesting a conditional license with an acceptable proof of financial 6 responsibility form under section 803, and an executed property 7 document, the commission shall, after considering the arrest and 8 9 conviction records or previous violation history in the management, 10 operation, or ownership of a licensed business, approve or deny a 11 conditional license to any of the following:

(a) An applicant seeking to transfer ownership of or interest
in an existing license at the same location under subsection (3) to
sell alcoholic liquor for consumption on or off the premises.

(b) An applicant seeking an initial license under subsection (3), except for a specially designated distributor license or a license for the sale of alcoholic liquor for consumption on the premises.

19 (6) The commission shall issue a conditional license to 20 applicants approved under subsection (5) within 20 business days 21 after receipt of a completed application and a completed 22 conditional license request form and documentation for a 23 conditional license at a single location. The commission may take 24 up to 30 business days to issue conditional licenses to approved 25 applicants seeking conditional licenses at multiple locations.

26 (7) A conditional license approved under subsection (5) and
27 issued under subsection (6) is nontransferable and nonrenewable. A

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1 conditional license approved under subsection (5) and issued under 2 subsection (6) expires when the commission issues an order of denial of the license application that serves as the basis for the 3 4 conditional license after all administrative remedies before the commission have been exhausted, expires 20 business days after the 5 6 commission issues an order of approval of the license application that serves as the basis for the conditional license, expires when 7 the licensee or conditional licensee notifies the commission in 8 9 writing that the initial application should be canceled, or expires 1 year after the date the conditional license was issued, whichever 10 11 occurs first. If a conditionally approved licensee fails to 12 maintain acceptable proof of its financial responsibility, the 13 commission shall, after due notice and proper hearing, suspend the 14 conditional license until the licensee files an acceptable proof of financial responsibility form under section 803. If a conditional 15 license is revoked, the conditional licensee shall not recover from 16 17 a unit of local government any compensation for property, future 18 income, or future economic loss due to the revocation.

19 (8) Upon issuing a conditional license under subsection (6), 20 the commission shall, until the conditional license expires under 21 subsection (7), place an existing license under subsection (3) in escrow in compliance with R 436.1107 of the Michigan administrative 22 23 code. If the conditional license expires because a transfer of an 24 existing license was denied or because the license was not 25 transferred within the 1-year period, an existing licensee may do 1 26 of the following:

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(a) Request that the commission release the license from

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1 escrow.

2 (b) Keep the license in escrow. The escrow date for compliance
3 with R 436.1107 of the Michigan administrative code shall be the
4 date the conditional license expires.

5 (9) The chair of the commission shall submit a report by
6 December 1 of each year to the standing committees and
7 appropriations subcommittees of the senate and house of
8 representatives concerned with liquor license issues. The chair of
9 the commission shall include all of the following information in
10 the report concerning the preceding fiscal year:

(a) The number of initial and renewal applications the
commission received and completed within the 90-day time period
described in subsection (3).

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(b) The number of applications denied.

(c) The number of applicants not issued a license within the 90-day time period and the amount of money returned to licensees under subsection (4).

18 (10) As used in this section, "completed application" means an 19 application complete on its face and, EXCEPT AS OTHERWISE PROVIDED 20 UNDER THIS SECTION, submitted with any applicable licensing fees as 21 well as any other information, records, approval, security, or 22 similar item required by law or rule from a local unit of 23 government, a federal agency, or a private entity but not from 24 another department or agency of the state of Michigan.

Sec. 529. (1) A license or an interest in a license shall not
be transferred from 1 person to another without the prior approval
of the commission. For purposes of this section, the transfer in

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1 the aggregate to another person during any single licensing year of 2 more than 10% of the outstanding stock of a licensed corporation or 3 more than 10% of the total interest in a licensed limited 4 partnership shall be IS considered to be a transfer requiring the 5 prior approval of the commission.

(2) Not later than July 1 of each year, each privately held 6 7 licensed corporation and each licensed limited partnership shall notify the commission as to whether any of the shares of stock in 8 9 the corporation, or interest in the limited partnership, have been 10 transferred during the preceding licensing year. The commission may 11 investigate the transfer of any number of shares of stock in a 12 licensed corporation, or any amount of interest in a licensed limited partnership, for the purpose of ensuring compliance with 13 14 this act and the rules promulgated under this act.

(3) Except as otherwise provided in subdivisions (a) through 15 16 (f), upon AFTER approval by the commission of a transfer subject to 17 subsection (1), there shall be paid to AN APPLICANT OR LICENSEE 18 SHALL PAY the commission a transfer fee equal to the fee provided 19 in this act for the class of license being transferred. A transfer 20 fee shall not be prorated ON A QUARTERLY BASIS for a portion of the effective period of the license BASED UPON THE APPROVAL DATE OF THE 21 APPLICATION. THE PRORATED TRANSFER FEE SHALL BE PAID UPON ISSUANCE 22 23 OF THE LICENSE. If a person holding more than 1 license or more 24 than 1 interest in a license at more than 1 location, but in the 25 name of a single legal entity, transfers all of the licenses or 26 interests in licenses simultaneously to another single legal 27 entity, the transfers shall be considered 1 transfer for purposes

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of determining a transfer fee, payable in an amount equal to the
 highest license fee provided in this act for any of the licenses,
 or interests in licenses, being transferred. A transfer fee shall
 not be required in regard to any of the following:

5 (a) The transfer, in the aggregate, of less than 50% of the
6 outstanding shares of stock in a licensed corporation or less than
7 50% of the total interest in a licensed limited partnership during
8 any licensing year.

(b) The exchange of the assets of a licensed sole 9 10 proprietorship, licensed general partnership, or licensed limited 11 partnership for all outstanding shares of stock in a corporation in which either the sole proprietor, all members of the general 12 partnership, or all members of the limited partnership are the only 13 stockholders of that corporation. An exchange under this 14 subdivision shall not be considered an application for a license 15 for the purposes of section 501. 16

17 (c) The transfer of the interest in a licensed business of a
18 deceased licensee, a deceased stockholder, or a deceased member of
19 a general or limited partnership to the deceased person's spouse or
20 children.

(d) The removal of a member of a firm, a stockholder, a member
of a general partnership or limited partnership, or association of
licensees from a license.

(e) The addition to a license of the spouse, son, daughter, orparent of any of the following:

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(*i*) A licensed sole proprietor.

27 (*ii*) A stockholder in a licensed corporation.

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- (*iii*) A member of a licensed general partnership, licensed
 limited partnership, or other licensed association.
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(f) The occurrence of any of the following events:

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(i) A corporate stock split of a licensed corporation.

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(*ii*) The issuance to a stockholder of a licensed corporation of previously unissued stock as compensation for services performed.

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(iii) The redemption by a licensed corporation of its own stock.

8 (4) A nonrefundable inspection fee of \$70.00 shall be paid to
9 the commission by an applicant or licensee at the time of filing
10 any of the following:

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(a) An application for a new license or permit.

12 (b) A request for approval of a transfer of ownership or13 location of a license.

14 (c) A request for approval to increase or decrease the size of15 the licensed premises, or to add a bar.

16 (d) A request for approval of the transfer in any licensing 17 year of any of the shares of stock in a licensed corporation from 1 18 person to another, or any part of the total interest in a licensed 19 limited partnership from 1 person to another.

(5) An inspection fee shall be returned to the person by whom
it was paid WHO PAID THE FEE if the purpose of the inspection was
to inspect the physical premises of the licensee, and the
inspection was not actually conducted. An inspection fee shall not
be-IS NOT required for any of the following:

(a) The issuance or transfer of a special license, salesperson
license, limited alcohol buyer license, corporate salesperson
license, hospital permit, military permit, or Sunday sale of

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1 spirits permit.

2 (b) The issuance of a new permit, or the transfer of an
3 existing permit, if the permit is issued or transferred
4 simultaneously with the issuance or transfer of a license or an
5 interest in a license.

6 (c) The issuance of authorized but previously unissued
7 corporate stock to an existing stockholder of a licensed
8 corporation.

9 (d) The transfer from a corporation to an existing stockholder
10 of any of the corporation's stock that is owned by the corporation
11 itself.

(6) All inspection fees collected under this section shall be
deposited in the special fund in section 543 for carrying out of
the licensing and enforcement provisions of this act.

15 Enacting section 1. This amendatory act takes effect 90 days16 after the date it is enacted into law.