

**HOUSE SUBSTITUTE FOR
SENATE BILL NO. 929**

A bill to amend 1998 PA 58, entitled "Michigan liquor control code of 1998," by amending sections 525, 533, 539, 541, and 543 (MCL 436.1525, 436.1533, 436.1539, 436.1541, and 436.1543), section 525 as amended by 2016 PA 315, section 533 as amended by 2016 PA 137, section 541 as amended by 2016 PA 84, and section 543 as amended by 2010 PA 213, and by adding section 903b.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 525. (1) Except as otherwise provided in this section,
2 the following license fees must be paid at the time of filing
3 applications or as otherwise provided in this act and are subject
4 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,

1 \$1,000.00.

2 (b) Manufacturers of beer, \$50.00 per 1,000 barrels, or
3 fraction of a barrel, production annually with a maximum fee of
4 \$1,000.00, and in addition \$50.00 for each motor vehicle used in
5 delivery to retail licensees. A fee increase does not apply to a
6 manufacturer of less than 15,000 barrels production per year.

7 (c) Outstate seller of beer, delivering or selling beer in
8 this state, \$1,000.00.

9 (d) Wine makers, blenders, and rectifiers of wine, including
10 makers, blenders, and rectifiers of wines containing 21% or less
11 alcohol by volume, \$100.00. The small wine maker license fee is
12 \$25.00.

13 (e) Outstate seller of wine, delivering or selling wine in
14 this state, \$300.00.

15 (f) Outstate seller of mixed spirit drink, delivering or
16 selling mixed spirit drink in this state, \$300.00.

17 (g) Dining cars or other railroad or Pullman cars selling
18 alcoholic liquor, \$100.00 per train.

19 (h) Wholesale vendors other than manufacturers of beer,
20 \$300.00 for the first motor vehicle used in delivery to retail
21 licensees and \$50.00 for each additional motor vehicle used in
22 delivery to retail licensees.

23 (i) Watercraft, licensed to carry passengers, selling
24 alcoholic liquor, a minimum fee of \$100.00 and a maximum fee of
25 \$500.00 per year computed on the basis of \$1.00 per person per
26 passenger capacity.

27 (j) Specially designated merchants, for selling beer or wine

1 for consumption off the premises only but not at wholesale, \$100.00
2 for each location regardless of whether the location is part of a
3 system or chain of merchandising.

4 (k) Specially designated distributors licensed by the
5 commission to distribute spirits and mixed spirit drink in the
6 original package for the commission for consumption off the
7 premises, \$150.00 per year, and an additional fee of \$3.00 for each
8 \$1,000.00 or major fraction of that amount in excess of \$25,000.00
9 of the total retail value of merchandise purchased under each
10 license from the commission during the previous calendar year.

11 (l) Hotels of class A selling beer and wine, a minimum fee of
12 \$250.00 and \$1.00 for each bedroom in excess of 20, but not more
13 than \$500.00 total.

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

19 (n) Taverns, selling beer and wine, \$250.00.

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

27 (p) Clubs selling beer, wine, mixed spirit drink, and spirits,

1 \$300.00 for clubs having 150 or fewer accredited members and \$1.00
2 for each member in excess of 150. Clubs shall submit a list of
3 members by an affidavit 30 days before the closing of the license
4 year. The affidavit must be used only for determining the license
5 fees to be paid under this subdivision. This subdivision does not
6 prevent the commission from checking a membership list and making
7 its own determination from the list or otherwise. The list of
8 members and additional members is not required of a club paying the
9 maximum fee. The maximum fee must not exceed \$750.00 for any 1
10 club.

11 (q) Warehouse, to be fixed by the commission with a minimum
12 fee for each warehouse of \$50.00.

13 (r) Special licenses, a fee of \$50.00 per day, except that the
14 fee for the license or permit issued to a bona fide nonprofit
15 association, organized and in continuous existence for 1 year
16 before the filing of its application, is \$25.00. The commission
17 shall not grant more than 12 special licenses to any organization,
18 including an auxiliary of the organization, in a calendar year.

19 (s) Airlines licensed to carry passengers in this state that
20 sell, offer for sale, provide, or transport alcoholic liquor,
21 \$600.00.

22 (t) Brandy manufacturer, \$100.00.

23 (u) Mixed spirit drink manufacturer, \$100.00.

24 (v) Brewpub, \$100.00.

25 (w) Class G-1, \$1,000.00.

26 (x) Class G-2, \$500.00.

27 (y) Motorsports event license, the amount as described and

1 determined under section 518(2).

2 (z) Small distiller, \$100.00.

3 (aa) Wine auction license, \$50,000.00.

4 (bb) Nonpublic continuing care retirement center license,
5 \$600.00.

6 (cc) Conditional license approved under subsection (6) and
7 issued under subsection (7), \$300.00.

8 (2) The fees provided in this act for the various types of
9 licenses must not be prorated for a portion of the effective period
10 of the license. Notwithstanding subsection (1), the initial license
11 fee for a license issued under section 531(3) or (4) is \$20,000.00.
12 The renewal license fee is the amount described in subsection (1).
13 However, the commission shall not impose the \$20,000.00 initial
14 license fee for applicants whose license eligibility was already
15 approved on July 20, 2005.

16 (3) If the commission requires an applicant to submit
17 fingerprints, the applicant shall have the fingerprints taken by a
18 local law enforcement agency, the department of state police, or
19 any other person qualified to take fingerprints as determined by
20 the department of state police. The applicant shall submit the
21 fingerprints and the appropriate state and federal fees, which
22 shall be borne by the applicant, to the department of state police
23 and the Federal Bureau of Investigation for a criminal history
24 check. After conducting the criminal history check, the department
25 of state police shall provide the commission with a report of the
26 criminal history check. The report must include criminal history
27 record information concerning the person who is the subject of the

1 criminal history check that is maintained by the department of
2 state police. If a criminal arrest fingerprint card is subsequently
3 submitted to the department of state police and matches against a
4 fingerprint that was submitted under this act and stored in its
5 automated fingerprint identification system (AFIS) database, the
6 department of state police shall notify the commission.

7 (4) Except for a resort or resort economic development license
8 issued under section 531(2), (3), (4), or (5) or a license issued
9 under section 521a, the commission shall issue an initial or
10 renewal license not later than 90 days after the applicant files a
11 completed application. The application is considered to be received
12 the date the application is received by an agency or department of
13 this state. If the commission determines that an application is
14 incomplete, the commission shall notify the applicant in writing,
15 or make the information electronically available, within 30 days
16 after receipt of the incomplete application, describing the
17 deficiency and requesting the additional information. The
18 determination of the completeness of an application is not an
19 approval of the application for the license and does not confer
20 eligibility on an applicant determined otherwise ineligible for
21 issuance of a license. The 90-day period is tolled for the
22 following periods under any of the following circumstances:

23 (a) If notice is sent by the commission of a deficiency in the
24 application, until the date all of the requested information is
25 received by the commission.

26 (b) For the time required to complete actions required by a
27 person, other than the applicant or the commission, including, but

1 not limited to, completion of construction or renovation of the
2 licensed premises; mandated inspections by the commission or by any
3 state, local, or federal agency; approval by the legislative body
4 of a local unit of government; criminal history or criminal record
5 checks; financial or court record checks; or other actions mandated
6 by this act or rule or as otherwise mandated by law or local
7 ordinance.

8 (5) If the commission fails to issue or deny a license within
9 the time required by this section, the commission shall return the
10 license fee and shall reduce the license fee for the applicant's
11 next renewal application, if any, by 15%. The failure to issue a
12 license within the time required under this section does not allow
13 the commission to otherwise delay the processing of the
14 application, and the application, on completion, must be placed in
15 sequence with other completed applications received at that same
16 time. The commission shall not discriminate against an applicant in
17 the processing of the application because the license fee was
18 refunded or discounted under this subsection.

19 (6) If, in addition to a completed application under this
20 section, an applicant submits a separate form requesting a
21 conditional license with an acceptable proof of financial
22 responsibility form under section 803, an executed property
23 document, and, for an application to transfer the location of an
24 existing retailer license other than specially designated
25 distributor license, a church or school proximity affidavit on a
26 form prescribed by the commission attesting that the proposed
27 location is not within 500 feet of a church or school building

1 using the method of measurement required under section 503, the
2 commission shall, after considering the arrest and conviction
3 records or previous violation history in the management, operation,
4 or ownership of a licensed business, approve or deny a conditional
5 license. A conditional license issued under subsection (7) must
6 only include any existing permits and approvals held in connection
7 with the license, other than permits or approvals for which the
8 conditional applicant does not meet the requirements in this act or
9 rules promulgated under this act, or permits or approvals that the
10 conditional applicant has requested to cancel as part of the
11 application that serves as the basis for the conditional license.
12 The commission shall not issue a new permit with a conditional
13 license issued under subsection (7). The following applicants may
14 request a conditional license:

15 (a) An applicant seeking to transfer ownership of an existing
16 retailer license at the same location to sell alcoholic liquor for
17 consumption on or off the premises.

18 (b) An applicant seeking to transfer the ownership and
19 location of an existing retailer license, other than a specially
20 designated distributor license, to sell alcoholic liquor for
21 consumption on or off the premises.

22 (c) An applicant seeking a new specially designated merchant
23 license, **OTHER THAN A SPECIALLY DESIGNATED MERCHANT LICENSE ISSUED**
24 **UNDER SECTION 533(6)**, not to be held in conjunction with a license
25 for the sale of alcoholic liquor for consumption on the premises.

26 (7) The commission shall issue a conditional license to
27 applicants approved under subsection (6) within 20 business days

1 after receipt of a completed application and a completed
2 conditional license request form and documentation for a
3 conditional license at a single location. The commission may take
4 up to 30 business days to issue conditional licenses to approved
5 applicants seeking conditional licenses at multiple locations.
6 **HOWEVER, FOR AN APPLICANT DESCRIBED UNDER THIS SUBSECTION THAT IS**
7 **SEEKING A SPECIALLY DESIGNATED MERCHANT LICENSE UNDER SECTION**
8 **533(7), THE COMMISSION MAY TAKE UP TO 45 BUSINESS DAYS TO ISSUE A**
9 **CONDITIONAL LICENSE.** Notwithstanding the applicant's submission of
10 a church or school proximity affidavit under subsection (6), if the
11 commission determines that a conditional license in conjunction
12 with an application to transfer the location of an existing
13 retailer license has been issued under this subsection at a
14 proposed location that is within 500 feet of a church or school
15 building, the commission shall suspend the conditional license and
16 notify the church or school of the proposed location under the
17 rules promulgated under this act. If the commission issues a
18 conditional license under this subsection based on a church or
19 school proximity affidavit under subsection (6) without knowledge
20 that the representations included in the affidavit are incorrect,
21 this state is not liable to any person for the commission's
22 issuance of the conditional license. The commission may assume
23 without inquiry the existence of the facts contained in the
24 affidavit.

25 (8) A conditional license approved under subsection (6) and
26 issued under subsection (7) is nontransferable and nonrenewable. A
27 conditional licensee is required to comply with the server training

1 requirements in section 501(1) beginning on the date a conditional
2 license is issued under subsection (7) regardless of whether the
3 conditional licensee is actively operating under the conditional
4 license.

5 (9) A conditional license approved under subsection (6) and
6 issued under subsection (7) expires when the first of the following
7 occurs:

8 (a) The commission issues an order of denial of the license
9 application that serves as the basis for the conditional license
10 and all administrative remedies before the commission have been
11 exhausted.

12 (b) The commission issues the license under subsection (4) for
13 which the applicant submitted the license application that serves
14 as the basis for the conditional license.

15 (c) The licensee or conditional licensee notifies the
16 commission in writing that the initial or conditional application
17 should be canceled.

18 (d) One year passes after the date the conditional license was
19 issued, notwithstanding any suspension of the conditional license
20 by the commission.

21 (10) If a conditional licensee fails to maintain acceptable
22 proof of its financial responsibility as required under section
23 803, the commission shall summarily suspend the conditional license
24 under section 92(2) of the administrative procedures act of 1969,
25 1969 PA 306, MCL 24.292, until the conditional licensee files an
26 acceptable proof of financial responsibility form under section
27 803. If a conditional license is revoked, the conditional licensee

1 shall not recover from this state or a unit of local government any
2 compensation for property, future income, or future economic loss
3 because of the revocation.

4 (11) On issuing a conditional license under subsection (7),
5 the commission shall, until the conditional license expires under
6 subsection (9), place the existing license under subsection (4) for
7 which the applicant submitted the application that serves as the
8 basis for the conditional license in escrow in compliance with R
9 436.1107 of the Michigan Administrative Code. If the conditional
10 license expires under subsection (9), an existing licensee may do 1
11 of the following:

12 (a) Request that the commission release the license from
13 escrow.

14 (b) Keep the license in escrow. The escrow date for compliance
15 with R 436.1107 of the Michigan Administrative Code is the date the
16 conditional license expires.

17 (12) The chair of the commission shall submit a report by
18 December 1 of each year to the standing committees and
19 appropriations subcommittees of the senate and house of
20 representatives concerned with liquor license issues. The chair of
21 the commission shall include all of the following information in
22 the report concerning the preceding fiscal year:

23 (a) The number of initial and renewal applications the
24 commission received and completed within the 90-day time period
25 described in subsection (4).

26 (b) The number of applications denied.

27 (c) The number of applicants not issued a license within the

1 90-day time period and the amount of money returned to licensees
2 under subsection (5).

3 (13) As used in this section, "completed application" means an
4 application complete on its face and submitted with any applicable
5 licensing fees as well as any other information, records, approval,
6 security, or similar item required by law or rule from a local unit
7 of government, a federal agency, or a private entity but not from
8 another department or agency of this state.

9 Sec. 533. (1) ~~A person may apply for a specially designated~~
10 ~~merchant license without holding or applying for any other license~~
11 ~~under this act.~~ **SUBJECT TO SUBSECTION (12), THE COMMISSION SHALL NOT**
12 **ISSUE A NEW SPECIALLY DESIGNATED MERCHANT LICENSE OR TRANSFER AN**
13 **EXISTING SPECIALLY DESIGNATED MERCHANT LICENSE UNLESS THE APPLICANT**
14 **IS AN APPROVED TYPE OF BUSINESS. AN APPLICANT IS NOT AN APPROVED**
15 **TYPE OF BUSINESS UNLESS THE APPLICANT MEETS 1 OR MORE OF THE**
16 **FOLLOWING CONDITIONS:**

17 (A) THE APPLICANT HOLDS AND MAINTAINS A RETAIL FOOD
18 ESTABLISHMENT LICENSE ISSUED UNDER THE FOOD LAW, 2000 PA 92, MCL
19 289.1101 TO 289.8111. AS USED IN THIS SUBDIVISION, "RETAIL FOOD
20 ESTABLISHMENT" MEANS THAT TERM AS DEFINED IN SECTION 1111 OF THE
21 FOOD LAW, 2000 PA 92, MCL 289.1111.

22 (B) THE APPLICANT HOLDS AND MAINTAINS AN EXTENDED RETAIL FOOD
23 ESTABLISHMENT LICENSE ISSUED UNDER THE FOOD LAW, 2000 PA 92, MCL
24 289.1101 TO 289.8111. AS USED IN THIS SUBDIVISION, "EXTENDED RETAIL
25 FOOD ESTABLISHMENT" MEANS THAT TERM AS DEFINED IN SECTION 1107 OF
26 THE FOOD LAW, 2000 PA 92, MCL 289.1107.

27 (C) THE APPLICANT HOLDS OR THE COMMISSION APPROVES THE

1 ISSUANCE OF A SPECIALLY DESIGNATED DISTRIBUTOR LICENSE TO THE
2 APPLICANT.

3 (D) THE APPLICANT HOLDS OR THE COMMISSION APPROVES THE
4 ISSUANCE OF A CLASS C LICENSE TO THE APPLICANT.

5 (E) THE APPLICANT HOLDS OR THE COMMISSION APPROVES THE
6 ISSUANCE OF A CLASS A HOTEL LICENSE TO THE APPLICANT.

7 (F) THE APPLICANT HOLDS OR THE COMMISSION APPROVES THE
8 ISSUANCE OF A CLASS B HOTEL LICENSE TO THE APPLICANT.

9 (G) THE APPLICANT HOLDS OR THE COMMISSION APPROVES THE
10 ISSUANCE OF A CLUB LICENSE TO THE APPLICANT.

11 (H) THE APPLICANT HOLDS OR THE COMMISSION APPROVES THE
12 ISSUANCE OF A TAVERN LICENSE TO THE APPLICANT.

13 (I) THE APPLICANT HOLDS OR THE COMMISSION APPROVES THE
14 ISSUANCE OF A CLASS G-1 LICENSE TO THE APPLICANT.

15 (J) THE APPLICANT HOLDS OR THE COMMISSION APPROVES THE
16 ISSUANCE OF A CLASS G-2 LICENSE TO THE APPLICANT.

17 (2) ~~An applicant for a class C, class A hotel, class B hotel,~~
18 ~~class G-1, class G-2, tavern, or A~~ specially designated distributor
19 ~~license or a retailer licensed under this act to sell alcoholic~~
20 ~~liquor~~ may apply for a license as a specially designated merchant.

21 (3) An applicant for a specially designated merchant license
22 not in conjunction with an on-premises license, except as provided
23 in section 229(1), or a person licensed under this act as a
24 specially designated merchant only or a class B hotel may apply for
25 a license as a specially designated distributor.

26 (4) In cities, incorporated villages, or townships, the
27 commission shall issue only 1 specially designated distributor

1 license for each 3,000 of population, or fraction of 3,000. The
2 commission may waive the quota requirement **UNDER THIS SUBSECTION** if
3 there is no existing specially designated distributor licensee
4 within 2 miles of the applicant, measured along the nearest traffic
5 route.

6 (5) **EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION, IN CITIES,**
7 **INCORPORATED VILLAGES, OR TOWNSHIPS, THE COMMISSION SHALL ISSUE**
8 **ONLY 1 SPECIALLY DESIGNATED MERCHANT LICENSE FOR EACH 1,000 OF**
9 **POPULATION. THE QUOTA UNDER THIS SUBSECTION DOES NOT APPLY TO ANY**
10 **OF THE FOLLOWING:**

11 (A) **AN APPLICANT FOR A SPECIALLY DESIGNATED MERCHANT LICENSE**
12 **THAT IS AN APPLICANT FOR OR THE HOLDER OF A LICENSE LISTED IN**
13 **SUBSECTION (1) (D) TO (J).**

14 (B) **AN APPLICANT FOR OR THE HOLDER OF A SPECIALLY DESIGNATED**
15 **MERCHANT LICENSE WHOSE LICENSED ESTABLISHMENT MEETS 1 OR MORE OF**
16 **THE FOLLOWING CONDITIONS:**

17 (i) **MEETS BOTH OF THE FOLLOWING CONDITIONS:**

18 (A) **THE LICENSED ESTABLISHMENT IS AT LEAST 20,000 SQUARE FEET.**

19 (B) **THE LICENSED ESTABLISHMENT'S GROSS RECEIPTS DERIVED FROM**
20 **THE SALE OF FOOD ARE AT LEAST 20% OF THE TOTAL GROSS RECEIPTS.**

21 (ii) **THE LICENSED ESTABLISHMENT IS ALSO A PHARMACY AS THAT**
22 **TERM IS DEFINED IN SECTION 17707 OF THE PUBLIC HEALTH CODE, 1978 PA**
23 **368, MCL 333.17707.**

24 (C) **A SECONDARY LOCATION PERMIT ISSUED TO A SPECIALLY**
25 **DESIGNATED MERCHANT UNDER SECTION 541.**

26 (D) **A SPECIALLY DESIGNATED MERCHANT LICENSE ISSUED UNDER**
27 **SUBSECTION (7).**

1 (E) A SPECIALLY DESIGNATED MERCHANT LICENSE ISSUED TO A MARINA
2 UNDER SECTION 539.

3 (6) THE COMMISSION MAY WAIVE THE QUOTA UNDER SUBSECTION (5) IF
4 THERE IS NO EXISTING SPECIALLY DESIGNATED MERCHANT WITHIN 2 MILES
5 OF THE APPLICANT, MEASURED ALONG THE NEAREST TRAFFIC ROUTE.

6 (7) THE COMMISSION SHALL WAIVE THE QUOTA UNDER SUBSECTION (5)
7 IF BOTH OF THE FOLLOWING APPLY:

8 (A) THE APPLICANT APPLIES FOR THE SPECIALLY DESIGNATED
9 MERCHANT LICENSE WITHIN 60 DAYS AFTER THE EFFECTIVE DATE OF THE
10 AMENDATORY ACT THAT ADDED SUBSECTION (5).

11 (B) THE APPLICANT IS A RETAIL DEALER THAT HOLDS A LICENSE
12 ISSUED UNDER SECTION 6(1) OF THE MOTOR FUELS QUALITY ACT, 1984 PA
13 44, MCL 290.646. THE APPLICANT SHALL INCLUDE A COPY OF THE LICENSE
14 DESCRIBED IN THIS SUBDIVISION WITH THE APPLICANT'S APPLICATION
15 UNDER THIS SUBSECTION. AS USED IN THIS SUBDIVISION, "RETAIL DEALER"
16 MEANS THAT TERM AS DEFINED IN SECTION 2 OF THE MOTOR FUELS QUALITY
17 ACT, 1984 PA 44, MCL 290.642.

18 (8) A SPECIALLY DESIGNATED MERCHANT LICENSE ISSUED UNDER THIS
19 SECTION MAY BE TRANSFERRED TO AN APPLICANT WHOSE PROPOSED OPERATION
20 IS LOCATED WITHIN ANY LOCAL GOVERNMENTAL UNIT IN A COUNTY IN WHICH
21 THE SPECIALLY DESIGNATED MERCHANT LICENSE WAS LOCATED. IF THE LOCAL
22 GOVERNMENTAL UNIT WITHIN WHICH THE FORMER LICENSEE'S PREMISES WERE
23 LOCATED SPANS MORE THAN 1 COUNTY, A SPECIALLY DESIGNATED MERCHANT
24 LICENSE MAY BE TRANSFERRED TO AN APPLICANT WHOSE PROPOSED OPERATION
25 IS LOCATED WITHIN ANY LOCAL GOVERNMENTAL UNIT IN EITHER COUNTY. IF
26 A SPECIALLY DESIGNATED MERCHANT LICENSE IS TRANSFERRED TO A LOCAL
27 GOVERNMENTAL UNIT OTHER THAN THAT LOCAL GOVERNMENTAL UNIT WITHIN

1 WHICH THE SPECIALLY DESIGNATED MERCHANT LICENSE WAS ORIGINALLY
2 ISSUED, THE COMMISSION SHALL COUNT THAT TRANSFERRED SPECIALLY
3 DESIGNATED MERCHANT LICENSE AGAINST THE LOCAL GOVERNMENTAL UNIT
4 ORIGINALLY ISSUING THE SPECIALLY DESIGNATED MERCHANT LICENSE.

5 (9) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (10), THE QUOTA
6 UNDER SUBSECTION (5) DOES NOT BAR THE RIGHT OF AN EXISTING
7 SPECIALLY DESIGNATED MERCHANT TO RENEW THE SPECIALLY DESIGNATED
8 MERCHANT LICENSE OR TRANSFER THE SPECIALLY DESIGNATED MERCHANT
9 LICENSE. THIS SUBSECTION APPLIES TO A SPECIALLY DESIGNATED MERCHANT
10 LICENSE ISSUED OR RENEWED BEFORE, ON, OR AFTER THE EFFECTIVE DATE
11 OF THE AMENDATORY ACT THAT ADDED SUBSECTION (5).

12 (10) A SPECIALLY DESIGNATED MERCHANT LICENSE ISSUED AFTER THE
13 EFFECTIVE DATE OF THE AMENDATORY ACT THAT ADDED SUBSECTION (5) TO A
14 PERSON DESCRIBED IN SUBSECTION (5) (A) OR (B) OR TO A SPECIALLY
15 DESIGNATED MERCHANT LICENSE ISSUED UNDER SUBSECTION (6) MAY NOT BE
16 TRANSFERRED TO ANOTHER LOCATION.

17 (11) AN APPLICANT FOR OR THE HOLDER OF A SPECIALLY DESIGNATED
18 MERCHANT LICENSE THAT OWNS OR OPERATES A MOTOR VEHICLE FUEL PUMP ON
19 OR ADJACENT TO THE LICENSED PREMISES IS NOT REQUIRED TO MEET THE
20 CONDITIONS UNDER SECTION 541 AS THAT SECTION EXISTED BEFORE THE
21 EFFECTIVE DATE OF THE AMENDATORY ACT THAT ADDED SUBSECTION (5).

22 (12) FOR A MARINA THAT MAINTAINS MOTOR VEHICLE FUEL PUMPS ON
23 OR ADJACENT TO THE LICENSED PREMISES, OR MAINTAINS A FINANCIAL
24 INTEREST IN ANY MOTOR VEHICLE FUEL PUMPS, THE COMMISSION MAY ONLY
25 ISSUE A SPECIAL DESIGNATED MERCHANT LICENSE TO THE MARINA UNDER
26 SECTION 539.

27 (13) FOR PURPOSES OF THIS SECTION, POPULATION IS DETERMINED BY

1 THE LATEST FEDERAL DECENNIAL CENSUS, BY A SPECIAL CENSUS UNDER
 2 SECTION 6 OF THE HOME RULE CITY ACT, 1909 PA 279, MCL 117.6, OR
 3 SECTION 7 OF THE GLENN STEIL STATE REVENUE SHARING ACT OF 1971,
 4 1971 PA 140, MCL 141.907, OR BY THE LATEST CENSUS AND CORRECTIONS
 5 PUBLISHED BY THE UNITED STATES DEPARTMENT OF COMMERCE, BUREAU OF
 6 THE CENSUS, WHICHEVER IS LATER.

7 Sec. 539. A marina that is situated on 1 of the Great Lakes,
 8 on that part of an inland waterway or tributary connected to and
 9 navigable to 1 of the Great Lakes, or on a Great Lakes connecting
 10 waterway may be issued a license as a specially designated merchant
 11 or specially designated distributor, notwithstanding the fact that
 12 the marina maintains motor vehicle fuel pumps on or adjacent to the
 13 licensed premises, or maintains a financial interest in any motor
 14 vehicle fuel pumps, if ~~both~~**ALL** of the following conditions are
 15 met:

16 (a) The marina's primary business is the sale of boats or the
 17 provision of services and supplies to recreational power cruisers
 18 and sailboats of the type that typically travel on the Great Lakes.

19 (b) The fuel pumps are used for dispensing fuel only to boats
 20 described in subdivision (a).

21 **(C) THE MARINA IS AN APPROVED TYPE OF BUSINESS AS PROVIDED IN**
 22 **SECTION 533(1) .**

23 Sec. 541. (1) Except as provided in **SECTION 539 OR** subsections
 24 (2) to ~~(6)~~, **(5)**, the commission shall not allow an applicant for or
 25 the holder of a specially designated distributor license ~~or~~
 26 ~~specially designated merchant license from owning or operating~~ **TO**
 27 **OWN OR OPERATE** motor vehicle fuel pumps on or adjacent to the

1 licensed premises, unless both of the following conditions are met:

2 (a) One or both of the following conditions exist:

3 (i) The applicant or licensee is located in a neighborhood
4 shopping center.

5 (ii) ~~Subject to subsection (9), the~~ **THE** applicant or licensee
6 maintains a minimum inventory on the premises, excluding alcoholic
7 liquor and motor vehicle fuel, of not less than \$250,000.00, at
8 cost, of those goods and services customarily marketed by approved
9 types of businesses.

10 (b) The site of payment **OF ALCOHOLIC LIQUOR** and selection of
11 alcoholic liquor is not less than 5 feet from that point where
12 motor vehicle fuel is dispensed.

13 (2) The commission shall not prohibit an applicant for or the
14 holder of a specially designated distributor license ~~or specially~~
15 ~~designated merchant license~~ from owning or operating motor vehicle
16 fuel pumps on or adjacent to the licensed premises, if all of the
17 following conditions are met:

18 (a) The applicant is located in a township with a population
19 of 7,000 or less that is not contiguous with any other township.
20 For purposes of this subdivision, a township is not considered
21 contiguous by water.

22 (b) The applicant or licensee maintains a minimum inventory on
23 the premises, excluding alcoholic liquor and motor vehicle fuel, of
24 not less than \$12,500.00, at cost, of those goods and services
25 customarily marketed by approved types of businesses.

26 (c) The applicant has the approval of the township, as
27 evidenced by a resolution ~~duly~~ adopted by the township and

1 submitted with the application to the commission.

2 ~~—— (3) The commission shall not prohibit an applicant for or the~~
3 ~~holder of a specially designated merchant license from owning or~~
4 ~~operating motor vehicle fuel pumps on or adjacent to the licensed~~
5 ~~premises if both of the following conditions are met:~~

6 ~~—— (a) The applicant or licensee is located in any of the~~
7 ~~following:~~

8 ~~—— (i) A city, incorporated village, or township with a~~
9 ~~population of 3,500 or less and a county with a population of~~
10 ~~31,000 or more.~~

11 ~~—— (ii) A city, incorporated village, or township with a~~
12 ~~population of 4,000 or less and a county with a population of less~~
13 ~~than 31,000.~~

14 ~~—— (iii) A township in which the applicant or licensee is the~~
15 ~~only person that owns or operates motor fuel pumps within the~~
16 ~~township on the date of application. The commission shall not~~
17 ~~revoke a license that was granted under this subparagraph if a~~
18 ~~second person that owns or operates motor fuel pumps opens within~~
19 ~~the township after the original application was filed.~~

20 ~~—— (b) The applicant or licensee maintains a minimum inventory on~~
21 ~~the premises, excluding alcoholic liquor and motor vehicle fuel, of~~
22 ~~not less than \$10,000.00, at cost, of those goods and services~~
23 ~~customarily marketed by approved types of businesses.~~

24 **(3)** ~~(4)~~—The commission shall not prohibit an applicant for or
25 the holder of a specially designated distributor license from
26 owning or operating motor vehicle fuel pumps on or adjacent to the
27 licensed premises if both of the following conditions are met:

1 (a) The applicant or licensee is located in either of the
2 following:

3 (i) A city, incorporated village, or township with a
4 population of 3,500 or less and a county with a population of
5 31,000 or more.

6 (ii) A city, incorporated village, or township with a
7 population of 4,000 or less and a county with a population of less
8 than 31,000.

9 (b) The applicant or licensee maintains a minimum inventory on
10 the premises, excluding alcoholic liquor and motor vehicle fuel, of
11 not less than \$12,500.00, at cost, of those goods and services
12 customarily marketed by approved types of businesses.

13 **(4)** ~~(5)~~—A person that was issued a specially designated
14 merchant license or specially designated distributor license at a
15 location at which another person owned, operated or maintained
16 motor vehicle fuel pumps at the same location may have or acquire
17 an interest in the ownership, operation or maintenance of those
18 motor vehicle fuel pumps.

19 **(5)** ~~(6)~~—The commission may transfer ownership of a specially
20 designated merchant license or specially designated distributor
21 license to a person that owns or is acquiring an interest in motor
22 vehicle fuel pumps already in operation at the same location at
23 which the license is issued.

24 **(6) THE COMMISSION SHALL NOT PROHIBIT AN APPLICANT FOR OR THE**
25 **HOLDER OF A SPECIALLY DESIGNATED MERCHANT LICENSE FROM OWNING OR**
26 **OPERATING MOTOR VEHICLE FUEL PUMPS ON OR ADJACENT TO THE LICENSED**
27 **PREMISES IF THE SITE OF PAYMENT OF ALCOHOLIC LIQUOR AND SELECTION**

1 OF ALCOHOLIC LIQUOR IS NOT LESS THAN 5 FEET FROM THAT POINT WHERE
2 MOTOR VEHICLE FUEL IS DISPENSED. THIS SUBSECTION DOES NOT APPLY TO
3 A SPECIALLY DESIGNATED MERCHANT LICENSE ISSUED TO A MARINA UNDER
4 SECTION 539.

5 (7) If a specially designated merchant's licensed premises are
6 a primary location, the commission may issue a secondary location
7 permit to the specially designated merchant, as an extension of the
8 specially designated merchant's license, for the sale of beer,
9 wine, or both, at the secondary location. The commission shall
10 issue a secondary location permit only to a specially designated
11 merchant to which both of the following apply:

12 (a) The holder of the specially designated merchant license
13 for the primary location premises or a subsidiary or affiliate of
14 the license holder owns or leases the secondary location.

15 (b) The holder of the specially designated merchant license
16 for the primary location or a subsidiary or affiliate of the
17 license holder owns or operates motor vehicle fuel pumps at the
18 secondary location. ~~under subsection (1).~~

19 (8) An applicant for a secondary location permit shall submit
20 an application to the commission in a format provided by the
21 commission and accompanied by an application and initial permit fee
22 of \$100.00. The application must include a diagram of the secondary
23 location with building dimensions and a depiction of the distance
24 measurement described in subsection ~~(1)(b)~~. **(6)**. The secondary
25 location permit expires on the same date as the specially
26 designated merchant license and may be renewed in conjunction with
27 the specially designated merchant license. The secondary location

1 permit holder may renew the secondary location permit by submitting
2 a permit renewal fee of \$100.00 and a completed renewal
3 application.

4 ~~— (9) After a specially designated merchant is issued a~~
5 ~~secondary location permit under subsection (7) and if the specially~~
6 ~~designated merchant's licensed premises are a primary location that~~
7 ~~is not a neighborhood shopping center, for purposes of determining~~
8 ~~the minimum inventory condition described in subsection (1) (a) (ii),~~
9 ~~the primary location and the secondary location are considered 1~~
10 ~~premises.~~

11 (9) ~~(10)~~ After a specially designated merchant is issued a
12 secondary location permit under subsection (7), if a subsidiary or
13 affiliate of the specially designated merchant owns or operates the
14 secondary location and the subsidiary or affiliate shares the same
15 ultimate controlling party of the specially designated merchant,
16 the secondary location may receive and sell beer, wine, or both
17 under the specially designated merchant's license.

18 (10) ~~(11)~~ The holder of a secondary location permit shall
19 prominently display the secondary location permit at the secondary
20 location in the point-of-sale area.

21 (11) ~~(12)~~ As used in this section:

22 (a) "Neighborhood shopping center" means 1 commercial
23 establishment, or a group of commercial establishments organized or
24 operated as a unit, that is related in location, size, and type of
25 shop to the trade area that the unit serves, and consists of not
26 less than 50,000 square feet of leasable retail space, and has
27 access to off-street parking spaces.

1 (b) "Primary location" means licensed premises that ~~meet~~ **MEETS**
2 **BOTH OF** the **FOLLOWING** conditions: ~~under subsection (1).~~

3 (i) **ONE OR BOTH OF THE FOLLOWING CONDITIONS EXIST:**

4 (A) **THE APPLICANT OR LICENSEE IS LOCATED IN A NEIGHBORHOOD**
5 **SHOPPING CENTER.**

6 (B) **THE APPLICANT OR LICENSEE MAINTAINS A MINIMUM INVENTORY ON**
7 **THE PREMISES, EXCLUDING ALCOHOLIC LIQUOR AND MOTOR VEHICLE FUEL, OF**
8 **NOT LESS THAN \$250,000.00, AT COST, OF THOSE GOODS AND SERVICES**
9 **CUSTOMARILY MARKETED BY APPROVED TYPES OF BUSINESSES.**

10 (ii) **THE SITE OF PAYMENT OF ALCOHOLIC LIQUOR AND SELECTION OF**
11 **ALCOHOLIC LIQUOR IS NOT LESS THAN 5 FEET FROM THAT POINT WHERE**
12 **MOTOR VEHICLE FUEL IS DISPENSED.**

13 (c) "Secondary location" means a business operation of the
14 holder of a specially designated merchant license for a primary
15 location, or a subsidiary or affiliate of that license holder, that
16 takes place on real property, that includes at least 1 building and
17 1 or more motor vehicle fuel pumps, and that is located on or
18 adjacent to the primary location. ~~Upon~~ **ON** commission approval of
19 the secondary location permit, the secondary location is considered
20 licensed premises and an extension of the licensed primary
21 location.

22 Sec. 543. (1) Quarterly, ~~upon~~ **ON THE COMMISSION'S**
23 ~~recommendation, of the commission,~~ the state shall pay pursuant to
24 appropriation in the manner prescribed by law to the city, village,
25 or township in which a full-time police department or full-time
26 ordinance enforcement department is maintained or, if a police
27 department or full-time ordinance enforcement department is not

1 maintained, to the county, to be credited to the sheriff's
2 department of the county in which the licensed premises are
3 located, 55% of the amount of the proceeds of the retailers'
4 license fees and license renewal fees collected in that
5 jurisdiction, for the specific purpose of enforcing this act and
6 the rules promulgated under this act. Forty-one and one-half
7 percent of the amount of the proceeds of retailers' license and
8 license renewal fees collected ~~shall~~**MUST** be deposited in a special
9 fund to be annually appropriated to the commission for carrying out
10 the licensing and enforcement provisions of this act. Any
11 unencumbered or uncommitted money in the special fund ~~shall~~**MUST**
12 revert to the general fund of ~~the~~**THIS** state 12 months after the
13 end of each fiscal year in which the ~~funds were~~**MONEY WAS**
14 collected. The legislature shall appropriate 3-1/2% of the amount
15 of the proceeds of retailers' license and license renewal fees
16 collected to be credited to a special fund in the state treasury
17 for the purposes of promoting and sustaining programs for the
18 prevention, rehabilitation, care, and treatment of alcoholics. This
19 subsection does not apply to retail license fees collected for
20 railroad or Pullman cars, watercraft, aircraft, or wine auctions or
21 to the transfer fees provided in section 529.

22 (2) All license and license renewal fees, other than retail
23 license and license renewal fees **AND WHOLESALE VENDOR LICENSE AND**
24 **LICENSE RENEWAL FEES**, ~~shall~~**MUST** be credited to the grape and wine
25 industry council created in section 303, to be used as provided in
26 section 303. Money credited to the grape and wine industry council
27 ~~shall~~**MUST** not revert to the ~~state~~ general fund at the close of the

1 fiscal year, but ~~shall~~**MUST** remain in the account to which it was
2 credited to be used as provided in section 303.

3 (3) All retail license fees collected for railroad or Pullman
4 cars, watercraft, or aircraft and the transfer fees provided in
5 section 529 ~~shall~~**MUST** be deposited in the special fund created in
6 subsection (1) for carrying out the licensing and enforcement
7 provisions of this act.

8 (4) The license fee enhancement imposed for licenses issued
9 under section 531(3) and (4) ~~shall~~**MUST** be deposited into a special
10 fund to be annually appropriated to the commission for enforcement
11 and other related projects determined appropriate by the
12 commission. The money representing that amount of the license fees
13 for identical licenses not issued under section 531(3) and (4)
14 ~~shall~~**MUST** be allocated and appropriated under subsection (1).

15 (5) The license fee imposed on direct shipper licenses and any
16 violation fines imposed by the commission ~~shall~~**MUST** be deposited
17 into the direct shipper enforcement revolving fund. The direct
18 shipper enforcement revolving fund is created within the state
19 treasury. The state treasurer shall direct the investment of the
20 fund. The state treasurer shall credit to the fund interest and
21 earnings from fund investments. Money in the fund at the close of
22 the fiscal year ~~shall~~**MUST** remain in the fund and ~~shall~~**MUST** not
23 lapse to the general fund. The commission shall expend money from
24 the fund, ~~upon~~**ON** appropriation, only for enforcement of the
25 provisions of section 203 and related projects.

26 (6) One hundred percent of the wine auction license fee
27 imposed in section 525(1)(aa) ~~shall~~**MUST** be deposited into the

1 general fund.

2 ~~—— (7) As used in this section, "license fee enhancement" means~~
3 ~~the money representing the difference between the license fee~~
4 ~~imposed for a license under section 525(1) and the additional~~
5 ~~amount imposed for resort and resort economic development licenses~~
6 ~~under section 525(2).~~

7 (7) ~~(8)~~ Notwithstanding any other provision of this section,
8 the additional \$160.00 license fee imposed ~~upon any~~ **ON A** licensee
9 selling alcoholic liquor between the hours of 7 a.m. on Sunday and
10 12 noon on Sunday is allocated to the general fund.

11 (8) **WHOLESALE VENDOR LICENSE FEES AND LICENSE RENEWAL FEES**
12 **MUST BE DEPOSITED INTO THE LIQUOR CONTROL ENFORCEMENT AND LICENSE**
13 **INVESTIGATION REVOLVING FUND CREATED UNDER SUBSECTION (9).**

14 (9) **THE LIQUOR CONTROL ENFORCEMENT AND LICENSE INVESTIGATION**
15 **REVOLVING FUND IS CREATED WITHIN THE STATE TREASURY. THE STATE**
16 **TREASURER SHALL DIRECT THE INVESTMENT OF THE FUND. THE STATE**
17 **TREASURER SHALL CREDIT TO THE FUND INTEREST AND EARNINGS FROM FUND**
18 **INVESTMENTS. MONEY IN THE FUND AT THE CLOSE OF THE FISCAL YEAR MUST**
19 **REMAIN IN THE FUND AND MUST NOT LAPSE TO THE GENERAL FUND. THE**
20 **COMMISSION SHALL EXPEND MONEY FROM THE FUND, ON APPROPRIATION, ONLY**
21 **FOR ENFORCEMENT OF THIS ACT AND THE RULES PROMULGATED UNDER THIS**
22 **ACT AND FOR LICENSE INVESTIGATIONS. THE COMMISSION SHALL NOT USE**
23 **MORE THAN 35% OF THE MONEY APPROPRIATED TO THE FUND UNDER THIS**
24 **SUBSECTION TO CARRY OUT THE LICENSING PROVISIONS OF THIS ACT.**

25 (10) **AS USED IN THIS SECTION, "LICENSE FEE ENHANCEMENT" MEANS**
26 **THE MONEY REPRESENTING THE DIFFERENCE BETWEEN THE LICENSE FEE**
27 **IMPOSED FOR A LICENSE UNDER SECTION 525(1) AND THE ADDITIONAL**

1 AMOUNT IMPOSED FOR RESORT AND RESORT ECONOMIC DEVELOPMENT LICENSES
2 UNDER SECTION 525(2).

3 SEC. 903B. A RETAILER VIOLATES THIS ACT IF THE RETAILER OR THE
4 RETAILER'S CLERK, SERVANT, AGENT, OR EMPLOYEE MAKES A PAYMENT TO A
5 WHOLESALE, THE COMMISSION, OR THIS STATE BY ANY MEANS THAT HAS
6 BEEN DISHONORED BY A FINANCIAL INSTITUTION FOR LACK OF SUFFICIENT
7 FUNDS.

8 Enacting section 1. This amendatory act takes effect January
9 1, 2017.