

HOUSE BILL NO. 5579

March 14, 2024, Introduced by Reps. Snyder, Scott, Glanville, Rogers, Filler, Fitzgerald, Grant, Liberati, McKinney, Skaggs, Conlin and Slagh 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 533 (MCL 436.1533), as amended by 2020 PA 308.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 533. (1) Subject to subsection (12), the commission shall
2 not issue a new specially designated merchant license or transfer
3 an existing specially designated merchant license unless the
4 applicant is an approved type of business. An applicant is not an
5 approved type of business unless the applicant meets 1 or more of
6 the following conditions:

7 (a) The applicant holds and maintains a retail food

1 establishment license issued under the food law, 2000 PA 92, MCL
2 289.1101 to 289.8111. As used in this subdivision, "retail food
3 establishment" means that term as defined in section 1111 of the
4 food law, 2000 PA 92, MCL 289.1111.

5 (b) The applicant holds and maintains an extended retail food
6 establishment license issued under the food law, 2000 PA 92, MCL
7 289.1101 to 289.8111. As used in this subdivision, "extended retail
8 food establishment" means that term as defined in section 1107 of
9 the food law, 2000 PA 92, MCL 289.1107.

10 (c) The applicant holds or the commission approves the
11 issuance of a specially designated distributor license to the
12 applicant.

13 (d) The applicant holds or the commission approves the
14 issuance of a class C license to the applicant.

15 (e) The applicant holds or the commission approves the
16 issuance of a class A hotel license to the applicant.

17 (f) The applicant holds or the commission approves the
18 issuance of a class B hotel license to the applicant.

19 (g) The applicant holds or the commission approves the
20 issuance of a club license to the applicant.

21 (h) The applicant holds or the commission approves the
22 issuance of a tavern license to the applicant.

23 (i) The applicant holds or the commission approves the
24 issuance of a class G-1 license to the applicant.

25 (j) The applicant holds or the commission approves the
26 issuance of a class G-2 license to the applicant.

27 (2) A specially designated distributor may apply for a license
28 as a specially designated merchant.

29 (3) A specially designated distributor license issued under

1 subsection (4) or section 531(5) may be held in conjunction with
2 any of the following licenses:

3 (a) A specially designated merchant license.

4 (b) Subject to subsection (13), a class B hotel license.

5 (c) Subject to subsection (13), a class C license.

6 (d) Subject to subsection (13), a combination of licenses in
7 subdivisions (a) and (b) or (a) and (c).

8 (4) ~~In~~**Except as otherwise provided in this section, in**
9 cities, incorporated villages, or townships, the commission shall
10 issue only 1 specially designated distributor license for each
11 3,000 of population, or fraction of 3,000. The commission may waive
12 the quota requirement under this subsection if there is no existing
13 specially designated distributor licensee within 2 miles of the
14 applicant, measured along the nearest traffic route. **The quota**
15 **under this subsection does not apply to an applicant for or the**
16 **holder of a specially designated distributor license that meets all**
17 **of the following conditions:**

18 (a) **The licensed establishment has at least 25,000 square feet**
19 **of sales floor area.**

20 (b) **The licensed establishment offers for sale to the public**
21 **all of the following products:**

22 (i) **Unprocessed meat and poultry products inspected by the**
23 **United States Department of Agriculture or that carry the United**
24 **States Department of Agriculture organic seal.**

25 (ii) **Fresh fruit.**

26 (iii) **Fresh vegetables.**

27 (iv) **Dairy products.**

28 (c) **At least 25% of the retail sales floor area of the**
29 **licensed establishment is allocated to the sale of the products in**

1 **subdivision (b).**

2 (5) Except as otherwise provided in this section, in cities,
3 incorporated villages, or townships, the commission shall issue
4 only 1 specially designated merchant license for each 1,000 of
5 population, or fraction of 1,000. The quota under this subsection
6 does not apply to any of the following:

7 (a) An applicant for a specially designated merchant license
8 that is an applicant for or the holder of a license listed in
9 subsection (1)(d) to (j).

10 (b) An applicant for or the holder of a specially designated
11 merchant license whose licensed establishment meets 1 or more of
12 the following conditions:

13 (i) Meets both of the following conditions:

14 (A) The licensed establishment is at least 20,000 square feet.

15 (B) The licensed establishment's gross receipts derived from
16 the sale of food are at least 20% of the total gross receipts.

17 (ii) The licensed establishment is also a pharmacy as that term
18 is defined in section 17707 of the public health code, 1978 PA 368,
19 MCL 333.17707.

20 (c) A secondary location permit issued to a specially
21 designated merchant under section 541.

22 (d) A specially designated merchant license issued under
23 subsection (7).

24 (e) A specially designated merchant license issued to a marina
25 under section 539.

26 (6) The commission may waive the quota under subsection (5) if
27 there is no existing specially designated merchant within 2 miles
28 of the applicant, measured along the nearest traffic route.

29 (7) The commission shall waive the quota under subsection (5)

1 if both of the following apply:

2 (a) The applicant applies for the specially designated
3 merchant license within 60 days after January 4, 2017.

4 (b) The applicant is a retail dealer that holds a license
5 issued under section 6(1) of the motor fuels quality act, 1984 PA
6 44, MCL 290.646. The applicant shall include a copy of the license
7 described in this subdivision with the applicant's application
8 under this subsection. As used in this subdivision, "retail dealer"
9 means that term as defined in section 2 of the motor fuels quality
10 act, 1984 PA 44, MCL 290.642.

11 (8) A specially designated merchant license issued under this
12 section may be transferred to an applicant whose proposed operation
13 is located within any local governmental unit in a county in which
14 the specially designated merchant license was located. If the local
15 governmental unit within which the former licensee's premises were
16 located spans more than 1 county, a specially designated merchant
17 license may be transferred to an applicant whose proposed operation
18 is located within any local governmental unit in either county. If
19 a specially designated merchant license is transferred to a local
20 governmental unit other than that local governmental unit within
21 which the specially designated merchant license was originally
22 issued, the commission shall count that transferred specially
23 designated merchant license against the local governmental unit
24 originally issuing the specially designated merchant license.

25 (9) Except as otherwise provided in subsection (10), the quota
26 under subsection (5) does not bar the right of an existing
27 specially designated merchant to renew the specially designated
28 merchant license or transfer the specially designated merchant
29 license. This subsection applies to a specially designated merchant

1 license issued or renewed before, on, or after January 4, 2017.

2 (10) A specially designated merchant license issued after
3 January 4, 2017 to a person described in subsection (5) (a) or (b)
4 or to a specially designated merchant license issued under
5 subsection (6) may not be transferred to another location.

6 (11) An applicant for or the holder of a specially designated
7 merchant license that owns or operates a motor vehicle fuel pump on
8 or adjacent to the licensed premises is not required to meet the
9 conditions under section 541 as that section existed before January
10 4, 2017.

11 (12) For a marina that maintains motor vehicle fuel pumps on
12 or adjacent to the licensed premises, or maintains a financial
13 interest in any motor vehicle fuel pumps, the commission may only
14 issue a special designated merchant license to the marina under
15 section 539.

16 (13) License fees for a specially designated distributor
17 license held in conjunction with a class B hotel license or a class
18 C license as described in subsection (3) must be calculated under
19 section 525(1)(k) based on the total retail value of merchandise
20 purchased from the commission under the specially designated
21 distributor license during the previous calendar year plus the
22 total retail value of the merchandise purchased from the commission
23 under either the class B hotel license or the class C license.

24 **(14) A specially designated distributor license issued to a**
25 **person described in subsection (4) (a) to (c) must not be**
26 **transferred to another location.**

27 (15) ~~(14)~~—For purposes of this section, population is
28 determined by the latest federal decennial census, by a special
29 census under section 6 of the home rule city act, 1909 PA 279, MCL

1 117.6, or section 7 of the Glenn Steil state revenue sharing act of
2 1971, 1971 PA 140, MCL 141.907, or by the latest census and
3 corrections published by the United States Department of Commerce,
4 Bureau of the Census, whichever is later.