

HOUSE BILL NO. 6428

October 11, 2022, Introduced by Rep. Hauck 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~~ **The** commission
2 shall not issue a new specially designated merchant license or
3 transfer an existing specially designated merchant license unless
4 the applicant is an approved type of business. An applicant is not
5 an approved type of business unless the applicant meets 1 or more
6 of the following conditions:

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

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

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

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

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

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

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

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

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

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

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

1 (3) A specially designated distributor license issued under
2 subsection (4) or section 531(5) may be held in conjunction with
3 any of the following licenses:

4 (a) A specially designated merchant license.

5 (b) Subject to subsection ~~(13)~~, **(12)**, a class B hotel license.

6 (c) Subject to subsection ~~(13)~~, **(12)**, a class C license.

7 (d) Subject to subsection ~~(13)~~, **(12)**, a combination of
8 licenses in subdivisions (a) and (b) or (a) and (c).

9 (4) In cities, incorporated villages, or townships, the
10 commission shall issue only 1 specially designated distributor
11 license for each 3,000 of population, or fraction of 3,000. The
12 commission may waive the quota requirement under this subsection if
13 there is no existing specially designated distributor licensee
14 within 2 miles of the applicant, measured along the nearest traffic
15 route. **A specially designated distributor license for which the
16 quota requirement is waived under this subsection is not
17 transferrable.**

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

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

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

29 (i) Meets both of the following conditions:

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

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

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

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

9 (d) A specially designated merchant license issued under
10 subsection (7).

11 ~~(e) A specially designated merchant license issued to a marina~~
12 ~~under section 539.~~

13 (6) The commission may waive the quota **requirement** under
14 subsection (5) if there is no existing specially designated
15 merchant within 2 miles of the applicant, measured along the
16 nearest traffic route. **A specially designated merchant license for**
17 **which the quota requirement is waived under this subsection must**
18 **not be transferred to another location.**

19 (7) The commission shall waive the quota under subsection (5)
20 if both of the following apply:

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

23 (b) The applicant is a retail dealer that holds a license
24 issued under section 6(1) of the motor fuels quality act, 1984 PA
25 44, MCL 290.646. The applicant shall include a copy of the license
26 described in this subdivision with the applicant's application
27 under this subsection. As used in this subdivision, "retail dealer"
28 means that term as defined in section 2 of the motor fuels quality
29 act, 1984 PA 44, MCL 290.642.

1 (8) A specially designated merchant license issued under this
2 section may be transferred to an applicant whose proposed operation
3 is located within any local governmental unit in a county in which
4 the specially designated merchant license was located. If the local
5 governmental unit within which the former licensee's premises were
6 located spans more than 1 county, a specially designated merchant
7 license may be transferred to an applicant whose proposed operation
8 is located within any local governmental unit in either county. If
9 a specially designated merchant license is transferred to a local
10 governmental unit other than that local governmental unit within
11 which the specially designated merchant license was originally
12 issued, the commission shall count that transferred specially
13 designated merchant license against the local governmental unit
14 originally issuing the specially designated merchant license.

15 (9) Except as otherwise provided in subsection (10), the quota
16 under subsection (5) does not bar the right of an existing
17 specially designated merchant to renew the specially designated
18 merchant license or transfer the specially designated merchant
19 license. This subsection applies to a specially designated merchant
20 license issued or renewed before, on, or after January 4, 2017.

21 (10) A specially designated merchant license issued after
22 January 4, 2017 to a person described in subsection (5) (a) or (b)
23 ~~or to a specially designated merchant license issued under~~
24 ~~subsection (6) may~~ **must** not be transferred to another location.

25 (11) An applicant for or the holder of a specially designated
26 merchant license **or specially designated distributor license** that
27 owns or operates a motor vehicle fuel pump on or adjacent to the
28 licensed premises is not required to meet the conditions under
29 section 541 as that section existed before ~~January 4, 2017.~~ **the**

1 **effective date of the amendatory act that repealed section 539.**

2 ~~(12) For a marina that maintains motor vehicle fuel pumps on~~
3 ~~or adjacent to the licensed premises, or maintains a financial~~
4 ~~interest in any motor vehicle fuel pumps, the commission may only~~
5 ~~issue a special designated merchant license to the marina under~~
6 ~~section 539.~~

7 **(12)** ~~(13)~~ License fees for a specially designated distributor
8 license held in conjunction with a class B hotel license or a class
9 C license as described in subsection (3) must be calculated under
10 section 525(1)(k) based on the total retail value of merchandise
11 purchased from the commission under the specially designated
12 distributor license during the previous calendar year plus the
13 total retail value of the merchandise purchased from the commission
14 under either the class B hotel license or the class C license.

15 **(13)** ~~(14)~~ For purposes of this section, population is
16 determined by the latest federal decennial census, by a special
17 census under section 6 of the home rule city act, 1909 PA 279, MCL
18 117.6, or section 7 of the Glenn Steil state revenue sharing act of
19 1971, 1971 PA 140, MCL 141.907, or by the latest census and
20 corrections published by the United States Department of Commerce,
21 Bureau of the Census, whichever is later.

22 Enacting section 1. This amendatory act does not take effect
23 unless Senate Bill No. ____ or House Bill No. 6429 (request no.
24 06485'22 *) of the 101st Legislature is enacted into law.