



MICHIGAN LIQUOR CONTROL COMMISSION

The Michigan Liquor Control Commission was created by the Legislature in a special session in December 1933 upon the repeal of Prohibition.

The Michigan Constitution of 1963 and the Liquor Control Code empower the Commission to regulate alcoholic beverage traffic within the State of Michigan.



Under Article IV,
Section 40 of the
**Michigan Constitution
of 1963**, the
Commission shall
exercise complete
control of the
alcoholic beverage
traffic within this state,
subject to statute.



The **Michigan Liquor Control Commission** is a **Type I agency** housed within the **Department of Licensing and Regulatory Affairs (LARA)**.



Local Governmental Units (LGUs)

- Cities
 - 1,776 LGUs In Michigan
- Villages
 - 238 Prohibit On-Premises Spirit Sales & Service
- Townships
 - 5 Prohibit All Alcohol Sales
 - 38 Prohibit Sunday Sales in Some Form



Local Governmental Units And Licensing Requirements Under The Michigan Liquor Control Code

- **Legalization of On-Premises Spirit Sales**
- **Limitations on Sunday Sales**
- **Approval of New Licenses or Permits that Allow On-Premises Sales and Service of Alcohol:**
 - On-Premises Retailers (Class C, B-Hotel, etc.)
 - Banquet Facility Permits
 - On-Premises Tasting Room Permits
 - Off-Premises Tasting Room Licenses
- **Establishment of DDA/RDA Areas for Licenses Under MCL 436.1521a**

- **Local Legislative Approval is Required** for New Licenses or Permits to Sell Alcoholic Liquor for **On-Premises Consumption** – MCL 436.1501(2), MCL 436.1522, and MCL 436.1536
- **All Licensees Must Comply with All State and Local Building, Plumbing, Zoning, Sanitation, and Health Laws, Rules, and Ordinances** Regardless of Whether or Not the License Type Requires Initial Local Government Approval Above – Administrative Rule R 436.1003

Local Licensing Quotas And License Types

- **On-Premises Quota:** 1 for 1,500 or Major Fraction
New Requires Local Approval (Class C, B-Hotel, etc.)
- **DDA/RDA Quota:** Based on Investment Amounts
New Requires Local Approval
- **SDD Quota:** 1 for 3,000 or Fraction of 3,000
No Local Approval Required
- **SDM Quota:** 1 for 1,000 or Fraction of 1,000
No Local Approval Required
- **Manufacturer Tasting Rooms:** No Quota Limit
New Requires Local Approval



On-Premises Retailer Licenses

- **Quota License:** Issued Out of LGU's Population-Based Quota. May Transfer Location to Another LGU in Same County, But Still Count Against the Issuing LGU's Quota.
- **Resort License:** A Limited Number of New Resort Licenses May Be Issued Each Year Throughout Michigan. Not Limited by Local Quota. Most are Non-Transferable by Location.
- **DDA/RDA License:** Number of New Licenses Limited on Investment Amounts in DDA/RDA Area. All Are Non-Transferable by Location. On-Premises Licenses Only.

On-Premises Retailer Licenses

May Be Quota, Resort, DDA/RDA, or Special Act:

- **Class C** (Beer, Wine, & Spirits)
- **B-Hotel** (Beer, Wine, & Spirits)
- **Tavern** (Beer & Wine Only)
- **A-Hotel** (Beer & Wine Only)

May Be Quota Only:

- **G-1** (Beer, Wine, & Spirits)
- **G-2** (Beer & Wine Only)

Off-Premises Retailer Licenses

➤ **Specially Designated Distributor (SDD)**

May Sell Spirits and Mixed Spirit Drinks for Off-Premises Consumption Only. No Local Approval Required. Commission May Issue Up To 15 New Resort SDDs Each Year. Quota Limit May Be Waived if No Other SDD Within 2 Miles.

➤ **Specially Designated Merchant (SDM)**

May Sell Beer and Wine for Off-Premises Consumption Only. No Local Approval Required. Quota Limit May Be Waived if No Other SDM Within 2 Miles. Several Non-Quota SDMs Also Allowed Based on Certain Qualification Requirements.

Manufacturer Licenses

➤ **Manufacturer License**

No Local Approval Required for Manufacturing Only

➤ **On-Premises Tasting Room Permit**

Licensee May Sell Alcohol It Manufactured at the Location with the Permit for Consumption On or Off the Premises. Local Approval Required.

➤ **Off-Premises Tasting Room License**



Wine or Spirits Manufacturing Licensee May Sell Wine or Spirits It Manufactured at Its Manufacturing Location for Consumption On or Off the Premises. Local Approval Required. Licensee May Only Have 5 Locations Where It Sells and Serves Full Drinks.

Liquor Licenses under MCL 436.1521a

Two Types of Licenses

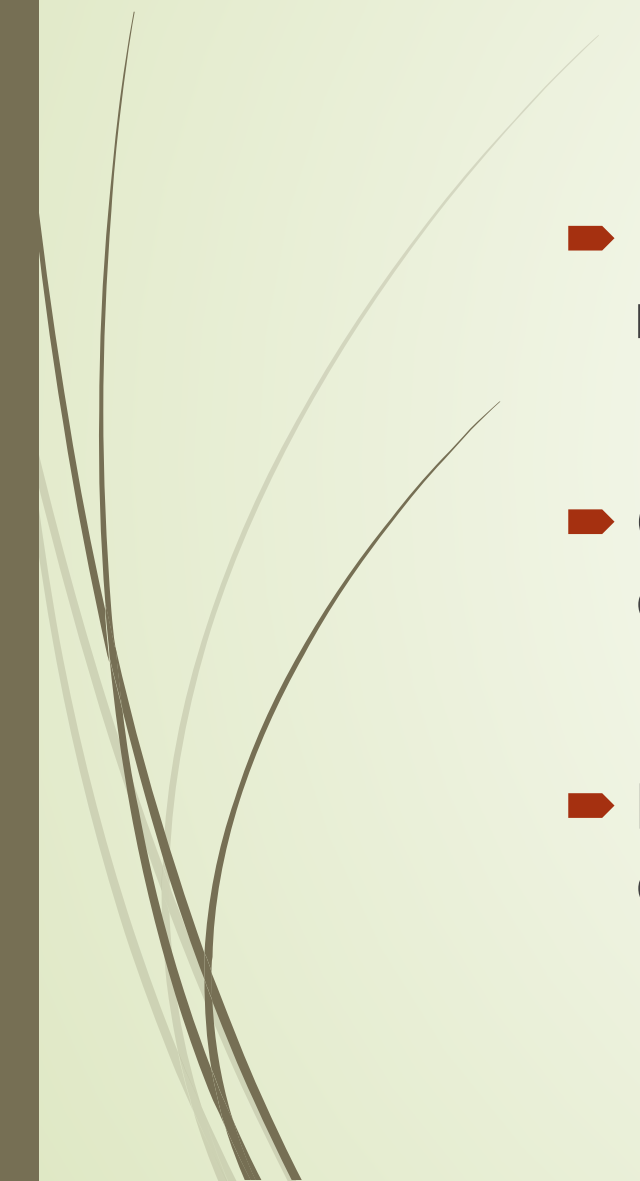
Redevelopment Licenses (RDA) – MCL 436.1521a(1)(a)


Downtown Development Licenses (DDA) – MCL 436.1521a(1)(b)

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- Under MCL 436.1521a, in an effort to allow cities, villages, and townships to enhance the quality of life for their residents and visitors to their communities, the Commission may issue public on-premises licenses in addition to those allowed under the quota.
 - There are two (2) types of licenses that may be issued under MCL 436.1521a – each with specific requirements with regard to investment, type of business, etc.



RDA Licenses - MCL 436.1521a(1)(a)

- ▶ Engaged in activities related to dining, entertainment, or recreation
 - ▶ Open to the public not less than 10 hours per day, 5 days per week
 - ▶ Located in a redevelopment project area as designated by the city, township, or village
- 



In order to qualify for issuance of an RDA license, the investment in the area over the preceding three (3) years must meet at least one of the following requirements:

- ▶ Investment of not less than \$50,000,000 in cities, townships, or villages having a population of 50,000 or more
- ▶ Investment of not less than an amount equal to \$1,000,000 per 1,000 people in cities, townships, or villages having a population of less than 50,000 (for example: a city with a population of 18,000 would be required to have a minimum investment of 18 million)



Items required to apply for an RDA license:

- ▶ Resolution from the governing body of the city, township, or village establishing its status as a redevelopment project area.
- ▶ Legible map of the redevelopment project area which clearly labels all street names.
- ▶ Resolution from the city, village, or township with a recommendation for the issuance of a “new Class C license issued under the provisions of MCL 436.1521a(1)(a)”. The resolution must specifically state the applicant’s name and the proposed licensed address.

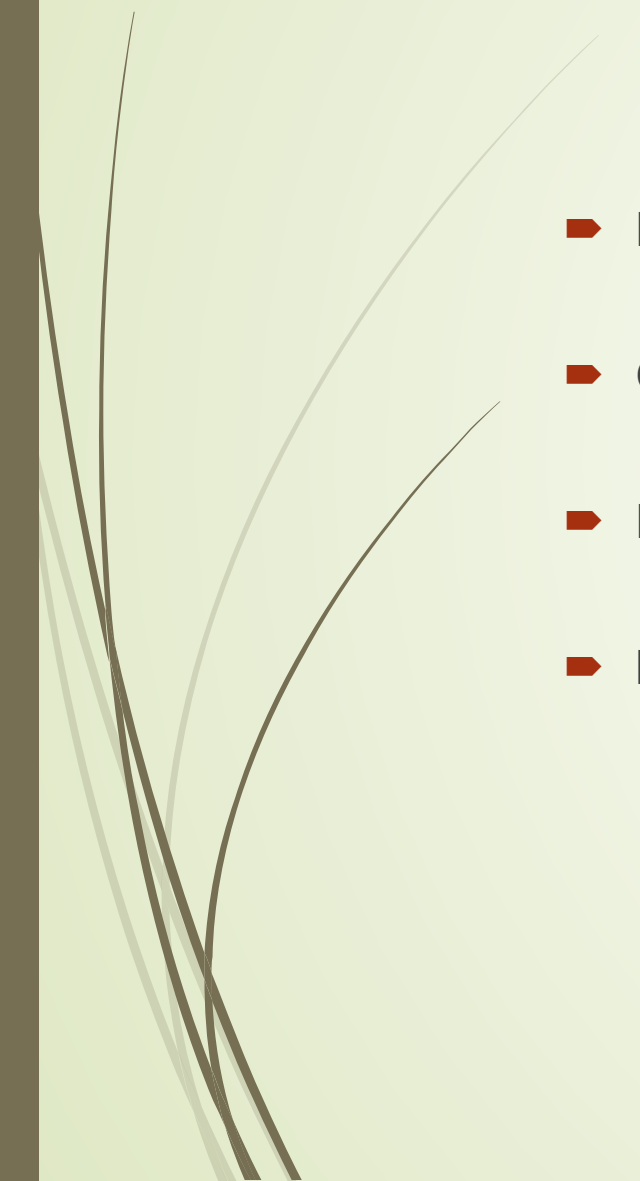


Items required to apply for an RDA license, continued:

- ▶ Affidavit from the assessor, certified by the city clerk, which states the following:
 1. The total amount of investment in real and personal property within the redevelopment project area of the city, village, or township during the preceding 3 years.
 2. The amount of investment money expended for manufacturing, industrial, residential, and commercial development (separately stated) within the redevelopment project area during the preceding three (3) years (must specifically state start and end dates for the investment, i.e. January 1, 2013, to December 31, 2015).
 3. Statement that the amount of commercial investment in the redevelopment project area constitutes not less than 25% of the total investment in real and personal property in the area.



DDA Licenses – MCL 436.1521a(1)(b)

- ▶ Engaged in dining, entertainment, or recreation
 - ▶ Open to the general public
 - ▶ Have a seating capacity of not less than 25 persons
 - ▶ Located in a development district or area that is any of the following:
 - ▶ Tax Increment Finance Authority (TIFA)
 - ▶ Corridor Improvement Authority
 - ▶ Downtown District (DDA)
 - ▶ Principal Shopping District (PSD)
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DDA Licenses, continued

- ▶ In order to qualify for issuance of a DDA license, the total public and private investment in real and personal property over the preceding five (5) years must be not less than \$200,000.
- ▶ The amount expended for the rehabilitation or restoration of the building that will house the licensed premises must be at least \$75,000 over the preceding five (5) years or a commitment for a capital investment of at least that amount must be expended prior to issuance of the license.
- ▶ **NOTE: A NEW building does not qualify for this type of license.**



Items required to apply for a DDA license:


- ▶ A resolution establishing the development district or area which specifically references the statute under which the area was established (see MCL 436.1521a(1)(b)(i), (ii), (iii), and/or (iv)).
- ▶ Affidavit from the assessor, certified by the city clerk, which states the following:
 - ▶ The total amount of public and private investment in real and personal property within the development district or area over a period of the preceding five (5) years (must specifically state start and end dates for the investment, i.e. January 1, 2011, to December 31, 2015).
- ▶ Legible map of the development district area which clearly labels all street names.
- ▶ Resolution from the city, village, or township with a recommendation for the issuance of a “new Class C license issued under the provisions of MCL 436.1521a(1)(b)”. The resolution must specifically state the applicant’s name and the proposed licensed address.



Escrow Responses

(Required for both types of licenses)
under MCL 436.1521a(9)

- Applicants will be provided a Licensee Listing Report from the MLCC which lists all on-premises escrowed licensee for the county. Applicant is required to contact all licensees on the report effective as of the date the application is filed with the MLCC.
- Applicant must send certified letters of inquiry as to the availability of the license to each licensee either at the business address or (if applicable) escrow contact address listed on the report.
- Applicant must submit copies of the letters sent, certified tags, signed certified return receipts, any envelopes returned by the USPS, and copies of any correspondence received from the licensees.
- Applicant must provide dates, the name of the person contacted, and a synopsis of the conversation if escrowed licensees are contacted by telephone.



Escrow Responses, continued:

- ▶ Applicant must provide documentation regarding the fair market value of the license based on where the applicant will be located, if determinable, the size and scope of the proposed operation, and/or the existence of mandatory contractual restrictions or inclusion attached to the sale of the license when indicating to the MLCC that purchase of a license is not economically feasible or the license is not readily available.
- ▶ Applicant must provide a notarized affidavit outlining all attempts and responses (or lack thereof) to secure a readily available license.



Additional Licensing Information

- ▶ Licenses issued under MCL 436.1521a cannot transfer to another location. If the licensee goes out of business, the license must be surrendered to the Commission.
- ▶ Licenses may transfer ownership as long as the business continues to operate.
- ▶ The Commission may issue one (1) license for each monetary threshold (for both RDA & DDA licenses), and, after reaching the initial threshold, one (1) additional license for each major fraction thereof.
- ▶ Initial enhanced licensing fee is \$20,000.00.
- ▶ NOTE: Initial fee for Sunday Sales Permit (P.M.) is 15% of the initial licensing fee (\$3,000).
- ▶ ALL documents must be provided for EACH application filed with the Commission.
- ▶ The Commission will accept an assessor's affidavit for one year from the initial date of the affidavit.
- ▶ It is acceptable to use the same RDA/DDA area documentation that was provided for another application as long as it is within the one year time frame. However, the documents must be resubmitted with EACH application.

MLCC Local Governmental Unit Resource Website:

<https://tinyurl.com/mlcc-local-govt>

- Forms
- Quota Look Up
- Law Enforcement Resources
- Finance Information



Questions?

Do not hesitate to contact:

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