

JENNIFER M. GRANHOLM  
GOVERNOR



STATE OF MICHIGAN  
**LIQUOR CONTROL COMMISSION**  
DEPARTMENT OF LABOR & ECONOMIC GROWTH  
DAVID C. HOLLISTER, DIRECTOR

NIDA R. SAMONA  
CHAIRPERSON

**BULLETIN # 3073-17**

DATE: April 26, 2004  
TO: Off and On Premises Retail Licensees with Licenses held in escrow  
FROM: Michigan Liquor Control Commission  
SUBJECT: Changes in the rule governing Escrowed Licenses

The Michigan Liquor Control Commission ("Commission") has made significant changes in its rule governing licenses that are not in active operation. A copy of this rule that went into effect on March 24, 2004 is provided for your reference on the back of this bulletin.

The purpose of this Bulletin is to provide information needed to maintain the rights to escrowed licenses.

1. A Licensee will have only **5** licensing years after the expiration date of the escrowed license to place the license into active operation. The license **will terminate** if it is not placed into active operation within 5 years after its expiration.
2. The Licensee must pay the required license renewal fee by April 30 each year to maintain the license in escrow for the **5** licensing years. This will eliminate the necessity of requesting an extension of time in which to renew the license.
3. The only exceptions to the termination of the license and the payment of the required license fees will be if documentation is provided to the Commission that the license or an interest in the license is the subject of litigation, is part of a bankruptcy estate, is part of a probate estate or was placed into escrow as a result of damage to the licensed premises by fire, flood, tornado or other natural event that makes the licensed premises unsuitable for the operation of the business and public accommodation. A Licensee must request an extension of time beyond April 30 each year if one of these exceptions has been met.
4. A Licensee will be responsible for providing the Commission with current contact information for each year the license is in escrow, which includes name, mailing address and telephone number.
5. All licenses currently held in escrow will begin the **5**-year period on the effective date of the rule if all required renewal fees are paid.

The Commission will provide all Licensees that currently have licenses in escrow with an Escrow Renewal detailing the required renewal fees that must be paid. During the first year of implementation of this rule, the escrow renewal fees will be due **AUGUST 1, 2004**. All subsequent renewal fees will be required to be paid by April 30 each year and the Commission will provide Licensees with an Escrow Renewal for each year of eligibility.

Failure to pay the required renewal fees will result in the termination of the license unless documentation is provided that one of the exceptions detailed in paragraph 3 has been met.

**R 436.1107 Renewal of license.**

Rule 7. (1) A license that is not in active operation shall be placed in escrow with the commission.

(2) A licensee shall have only 5 licensing years after the expiration date of the escrowed license to put the license into active operation. If the licensee fails to put the license into active operation within 5 licensing years after its expiration, then all rights to the license shall terminate unless the commission has received written verification of either of the following

(a) That the license or an interest in the license is the subject of litigation or estate or bankruptcy proceedings in a court of competent jurisdiction.

(b) That the license was placed into escrow as a result of damage to the licensed premises by fire, flood, tornado or other natural event that makes the licensed premises unsuitable for the operation of the business and unsafe for public accommodation.

(3) If the commission extends the length of time for which a licensee may renew the license during the pendency of litigation or estate or bankruptcy proceedings or as a result of damage to the licensed premises for the reasons as stated in subrule (2) of this rule, then the licensee shall pay the required license fee for each elapsed licensing year before placing the license in active operation.

(4) Except as provided in subrule (3) of this rule, a license held in escrow with the commission shall be renewed in the same manner as an active license, including payment of all required license fees, each year by April 30.

(5) A licensee who places a license in escrow with the commission shall be responsible for providing the commission with current contact information, in writing, for all correspondence, which includes the name, mailing address, and telephone number.

(6) Not later than 90 days after the effective date of this rule, the commission shall provide or attempt to provide each licensee whose license is in escrow with a copy of this rule.

(7) A license that is held in escrow with the commission on the effective date of this rule begins the 5-year period allowed by subrule (2) of this rule for a license to be held in escrow on the effective date of this rule.