



RICK SNYDER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS
MICHIGAN LIQUOR CONTROL COMMISSION
ANDREW J. DELONEY
CHAIRMAN

STEVEN H. HILFINGER
DIRECTOR

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DATE: February 28, 2012
TO: Holders of Escrowed Licenses and All Licensees
FROM: Michigan Liquor Control Commission
SUBJECT: Escrow Fees

This is an important notice concerning the payment of escrow fees for those licenses held in escrow with the Michigan Liquor Control Commission ("Commission"). Effective May 1, 2012 the Commission will be enforcing the fee requirements as set forth in administrative rule R 436.1107 regarding escrowed licenses.

Administrative rule R 436.1107 requires a license that is not in active operation to be placed in escrow. A licensee may place a license into escrow for a total of five (5) licensing years. During these five (5) years, the Commission must receive renewal information and payment for a license held in escrow in the same manner as an active license, including payment of all required license fees, each year by April 30.

If the license is not put into active operation within the five (5) years, then the Commission will terminate all rights to the license 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.

Upon receipt of written verification of court proceedings or of damage as described above, the Commission is authorized to extend the escrow beyond the five (5) years. If the Commission does extend the escrow beyond the five (5) years for these reasons, then the Commission must receive the license fees accruing beyond the five (5) years for each elapsed licensing year before the license can be placed in active operation.

[NOTE: The licensee does not need to pay the licensing fees for the period of elapsing time between the end of the initial five (5) years of escrow and during the pendency of the court proceedings or the repair of the damage. The Commission must receive payment of all accrued license fees before the license can be placed in active operation.]

Further, the Commission is authorized to extend the escrow period for a license after a showing of good cause by the licensee. If the Commission grants a “good cause” extension, then the Commission must receive renewal information and payment in the same manner as an active license, including payment of all required license fees, each year by April 30. The Commission will terminate all rights to a license if the license is not renewed in the same manner as an active license during the entire escrow period.

The Commission reminds licensees that if a license is placed in escrow, then the licensee has the responsibility to provide the Commission with current contact information, in writing, for all correspondence, which includes the name, mailing address, and telephone number.

Please contact the Commission’s Licensing Division at (866) 813-0011 if you have any questions.