Gretchen Whitmer, Governor

Orlene Hawks, Director

Patrick Gagliardi, Chairperson

Michigan Liquor Control Commission

Club Licensee Information

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CLUB LICENSE

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CLUB LICENSE

This is a guide for club licensees. This brochure attempts to answer common questions regarding the liquor license and the licensed establishment, to whom and how alcoholic liquor beverages may be served and general business topics.

A comprehensive response to most questions may be found in the *Michigan Liquor Control Code, Administrative Rules and Related Laws governing the sale and manufacture of alcoholic beverages. This information is reprinted from The Michigan Compiled Laws (MCL) April 2011 (includes updates through December 2019)*.

The Code and Administrative Rules may be found by linking onto the website of the Michigan Liquor Control Commission at www.michigan.gov/lcc. A hard copy of the liquor control commission's Code and Rules may be obtained from the Michigan Department of Licensing and Regulatory Affairs, Liquor Control Commission, P.O. Box 30005, 525 W. Allegan, Lansing, MI 48933 at a cost of $15.00.

When is a liquor license required?

The sale, delivery and importation of alcoholic liquor are activities in Michigan that are limited[1] to the commission, the commission's authorized agent or distributor, those licensed by the commission, or by prior written order of the commission (MCL 436.1203.1).

Do we need a liquor license?

It is possible to consume alcoholic liquor in an unlicensed establishment, but there are two basic restrictions: if the drinking of alcoholic liquor is for consideration or it is a commercial establishment that sells food[2]. Consideration is defined as:

- any fee, cover charge, ticket purchase;
- the storage of alcoholic liquor;
- the sale of food, ice, mixers, or other liquids used with alcoholic liquor drinks;
- the purchasing of any service or item, or combination of service or item; and,
- furnishing glassware or other containers for use in the consumption of alcoholic liquor in conjunction with the sale of food.[3]

What this means is alcoholic liquor is not allowed in an unlicensed area where there is a form of consideration due, or where food is prepared on the premises and sold to the patrons.

On the other hand, alcoholic liquor is permitted in an unlicensed[4] hall that is rented out by the club to a tenant. For example, the club may have a hall it rents out to people who wish to use it for a reception for wedding parties. The tenant is usually the host of the event. It is not open to the public. Attendance is only by invitation or reservation (436.2014.3). The host provides the food and alcoholic liquor to the guests at no cost. Guests arrive and pay no form of consideration.

[1] Except as provided in Sections 203 and 301 of the Liquor Control Code.
[2] Does not apply to any hotel or any licensee under this act (MCL 436.2021.3).
[3] MCL 436.1913
[4] The licensee is prohibited from leasing, selling or transferring possession (renting) of a portion of the licensed premises without the prior written approval of the commission (Rule 436.1023.3).

The alcoholic liquor used in the unlicensed hall may only be derived from a liquor licensed retailer authorized [5] to sell it to them.

If the club wants to sell alcoholic liquor and allow its consumption on the premises, a Club liquor license must be issued to that club. If the club wants to allow take-out sales of beer and wine, an SDM license is to be issued in conjunction with the Club license.

Do we qualify?

The provisions of the Liquor Control Code of 1998 (Act 58 of 1998) defines a club as *a non-profit association, whether incorporated or unincorporated, organized for the promotion of some common purpose, the object of which is owning, hiring, or leasing a building, or space in a building, of an extent and character as in the judgment of the commission may be suitable and adequate for the reasonable and comfortable use and accommodation of its members and their guests, but does not include an association organized for a commercial or business purpose* (MCL 436.1107.5).

Qualifications

The bona-fide non-profit organization must have been in existence for not less than two years prior to making application for the liquor license. The waiting period is waived for a club that is a chapter of a national organization.

The applicant for the Club license must affirm to no racial disqualifications for membership or guest privileges contained in the charter, constitution, franchises, by-laws, membership application or related documents under which the club is currently operating. An affidavit[6] attesting to this must be submitted with the application.

Club licensees who are licensed to sell beer, wine and liquor may do so only to bona-fide club members who have attained the age of 21 for consumption on the licensed premises (MCL 436.1532.1; MCL 436.1537.1c). An SDM license issued to a club allows the sale of beer and wine only to bona-fide members who have attained the age of 21 for consumption off the licensed premises (Rule 436.1525; MCL 436.1533). Club licenses are not subject to the quota for the local unit of government.

The club must be self-supporting without the sale of alcoholic liquor (MCL 436.1532.3). Income from the club's aggregate membership fees or dues, and other income *exclusive of the proceeds from the sale of alcoholic liquor* must be sufficient to defray the annual rental of its leased or rented premises or, if the premises are owned by the club, are sufficient to meet the taxes, insurance, repairs, and interest on a mortgage on the premises.

A club applicant must file[7] with the commission:

- Certified copy of resolution requesting a license adopted at a bona-fide meeting.
- Copy of the constitution, charter and by-laws of the club.
- Affidavit of no racial discrimination LC-1178.
- Minutes of club meetings to be recorded in English and available for inspection.

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[5] An SDM licensee is able to sell beer and wine at retail for consumption off the licensed premises. An SDD licensee is able to distribute spirits and mixed spirit drink in the original package for consumption off the premises (MCL 436.1111.12). Club licensees with an SDM license may only sell to bona-fide members (Rule 436.1525).

[6] Affidavit Relative to Racial Discrimination, form LC-1178.

[7] Pursuant to licensing qualifications noted in Rule 436.1127.

Police Powers

Generally, a person who holds or whose spouse holds law enforcement powers to enforce the penal laws (local, state or federal) with certain exceptions *shall not be issued a license, or have an interest, directly or indirectly, in a license if the activity regulated by the license occurs in the same local unit of government within which the person enforces those state or local penal laws unless the person is contractually prohibited from enforcing this act.*[8] A non-profit fraternal organization…whose membership is not totally composed of law enforcement personnel or public officeholders charged with the duty of enforcing any penal laws or ordinances of a governmental body, may be issued a club liquor license if the organization is otherwise qualified.[9]

Additional requirements for a Club license application

If the proposed licensed premises are to be located within 500 feet of an existing church or school, the church or school has the right to object to the location (MCL 436.1503) and may present their objection at a hearing held by the commission.

The club is subject to state and local codes for building, plumbing, zoning, fire, sanitation, and health laws and ordinances (Rule 436.1003).

The commission may accept a temporary or permanent certificate of occupancy for public accommodation as evidence that the establishment is in compliance to state and local codes for building, plumbing, zoning, fire, sanitation, and health laws and ordinances (Rule 436.1105.3) when the application for the club liquor license is new, for any transfer of interest in an existing license or transferred to a new location.

At least ten days before the issuance of the license, the club must give public notice of the intent of the commission to issue the club license. The notice must be published in a newspaper in general circulation within the local governmental unit where the club licensed is to be issued (MCL 436.1532.2).

The affairs and management of the club shall be conducted by a board of directors, executive committee, or similar body chosen by the members (MCL 436.1532.4).

Sale of alcoholic liquor to bona-fide members only!

Club licensees may only sell alcoholic liquor to bona-fide members of their club, whether the alcoholic liquor is to be consumed on or off the licensed premises.

It does not matter if a guest registers at the club by signing a guest-register, as this does not make that person a bona-fide member. Alcoholic liquor beverages may be sold only to bona-fide members who have attained the age of 21 years (MCL 436.1537.1c).

The Liquor Control Commission does not regulate the sale of food or non-alcoholic liquor[10] beverages. Non-members of the club are not restricted in the purchase of these items, except by house rules of the club as long as it is non-discriminatory.

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[8] MCL 436.1523

[9] *ibid.*

[10] Alcoholic liquor is defined as containing ½ of 1% or more of alcohol by volume MCL 436.1105.3.

What is a bona-fide member?

A "bona fide member" is an individual admitted as a charter member or admitted in accordance with the bylaws of the club, who maintains current membership by the payment of annual dues, whose name and address is entered on the list of members, and who has voting rights to regularly elect the board of directors, officers, executive committee, or similar body that conducts the affairs and management of the club.

For an incorporated or unincorporated nonprofit veterans' organization that is a branch or chapter of a national organization or an organization chartered by the United States Congress, a bona fide member includes a member of another branch or chapter who possesses an identification card indicating current membership in the same national or congressionally chartered veterans' organization. For a branch, chapter, lodge, aerie, or other local unit of a national fraternal nonprofit organization that is exempt from federal income taxes under section 501(c)(8) or 501(c)(10) of the internal revenue code, 26 USC 501, a bona fide member includes a member of another branch, chapter, lodge, aerie, or local unit who possesses an identification card indicating current membership in the same national fraternal nonprofit association MCL 436.1532.1.

Many clubs have sub-groups such as auxiliary members. They would not actually be members of the core group of club members, but have a defined association within the club. Often, their meetings and group activities are kept separate from each other, making club-related voting a difficult process. In order for members of sub-groups to be qualified for 'bar privileges', and to be in compliance with MCL 436.1532.4, each sub-group of the club should have at least one collective club-related vote per licensing year. For example, the sub-group elects or appoints at least one person to sit on the club's board of directors, executive committee, or similar body chosen by the members. The incumbent then is afforded the opportunity to exercise their vote in matters of the club on behalf of their sub-group constituency to satisfy this requirement. As long as the sub-group has at least one collective club-related voting privilege, members of the sub-group would qualify as *bona-fide* members.

A member is expected to be an annual dues paying member in good standing with the club and eligible to vote. Daily or temporary memberships are not recognized as bona-fide memberships.

Special License

As a non-profit organization, clubs are eligible to apply for a Special License under MCL 436.1525.1r. The fee is $50 unless the organization has existed over one year, then $25 each, and limited to 12 special licenses per calendar year. This license allows for the retail sales to the general public of alcoholic liquor for consumption on the premises only for a limited period of time. (R436.572).

The Special License, commonly referred to as a 24-hour license, is valid for one day. It is available not only to a club, but also to an auxiliary of the club organization if a separate existence from the organization is demonstrated via separate organizational papers, separate bank account, and election of its own board of directors and officers. Special licenses are not transferable MCL 436.1527.2.

Applicants should submit their application for the Special License to the Liquor Control Commission at least 10 business days before the proposed event.

A Special License will allow the non-profit organization to sell beer, wine and spirits to the general public during approved hours within the 24-hour licensing period at the designated premises (Rule 436.529). A few additional points are:

- All profits derived from the sale of alcoholic liquor must go to the licensed organization, not to any individual.
- The application includes a resolution of the membership or board authorizing the application and an affidavit showing the length of time the non-profit organization has been in existence.

[11] Rule 436.574 restricts Special Licenses to non-profit organizations.

The written approval of the police chief or sheriff is required (Rule 436.577).

Purchase options for a special licensee are many. Spirits may be purchased from an SDD licensed retailer or a licensee holding a catering permit. Beer and wine may be purchased from an SDM licensed retailer, a licensed wholesaler, a qualified microbrewer, a licensee holding a catering permit, or a Michigan licensed wine-maker or small winemaker. Mixed spirit drinks may be purchased from either an SDD licensed retailer or a licensed wholesaler.[12] Alcoholic liquor that is on the licensed premises that has not been obtained from an approved source is in violation of MCL 436.1901.6.

Alcohol Samples

Licensed clubs are allowed to provide free samples of alcohol to its members. The samples provided cannot exceed two (2) servings of up to 3 ounces of beer **or** 2 ounces of wine **or** 1/2 ounce of spirits within a 24-hour period. There cannot be any charges for the samples. A club must charge for alcohol exceeding the two (2) allowable servings and alcohol exceeding the permitted sizes. A Special License must be issued if this type of activity is to take place for the general public. If providing samples under a Special License, the sampling event does not allow for the off-premises sale of alcoholic products.

Auctions

A Wine Auction Special License must be obtained for auctions of wine donated to the organization. All wine for a wine auction must be donated to the organization from someone's personal inventory and must be recorded on the Wine Auction Special License Wine Donation Record (436.1527). Donations **may not** be provided by a manufacturer, wholesaler or retail licensee. The auctioned wine **may not** be consumed on the liquor licensed premises. It must be removed from the establishment before it is opened.

A wine auction may occur upon premises licensed by the commission to allow the sale of alcoholic liquor for consumption on the licensed premises.

Children in the bar area

Frequently, club membership reports children who are allowed in the bar or lounge area of the club and wonder if it's allowed.

The Michigan Penal Code (Act 328 of 1931) addresses this issue in 750.141 where it states (A) *minor child under 17 years of age shall not be permitted to remain in a dance hall, saloon, barroom or any place where spirituous or intoxicating liquor, wine or beer, or any beverage, liquor or liquors containing spirituous or intoxicating liquor, beer or malt liquor is sold, given away or furnished for a beverage, unless the minor is accompanied by parent or guardian.* A violation of this by the proprietor, keeper or manager is a misdemeanor. The Michigan Penal Code is enforced by the local law enforcement agency and the local prosecutor.

If a parent or guardian is present with the child under 17 years of age, there is no infraction of the law regarding the child being inside the establishment. And, there is no state law or regulation that prohibits a child who is accompanied by the parent or guardian from sitting at the bar.

Children under 18 years of age are not allowed to work or entertain on the licensed premises, whether they are paid or doing so voluntarily, *unless the person is employed in compliance with the provisions of Act No. 90 of the Public Acts of 1978, being 409.101 et seq. of the Michigan Compiled Laws* (436.1707). An exception is made for young entertainers who are under the direct supervision and control of his or her parent or legal guardian.

[12] All sources of alcoholic liquor must be licensed by the Michigan Liquor Control Commission.

Minimum age to sell or serve alcoholic beverages

People under the age of 18 years are not allowed to sell or serve alcoholic liquor pursuant to MCL 436.1707. It doesn't matter if that person is related to a club member, is a volunteer, or in any other way deemed to be excused from this regulation. Only those who have attained the age of 18 years are legally able to sell or serve alcoholic beverages to patrons of the club.

Sale of alcoholic beverages to minors

Don't sell alcoholic beverages, (beer, wine or spirits) to anyone under the age of twenty-one years old. (MCL 436.1801.2). Do not allow anyone connected with the club, either directly or indirectly, to sell, furnish, or give alcoholic liquor to minors[13] (MCL 436.1701.1; MCL 436.1801.2). Minors are not allowed to consume alcoholic liquor or possess alcoholic liquor for personal consumption on the licensed premises (MCL 436.1707.5.6.7).

The wording *possess alcoholic liquor for personal consumption on the licensed premises* exempts the club's kitchen and cleaning staff (hostess/host, prep-staff, bussers and dish washers) and would allow them to remove containers of alcoholic liquor from the patron area and to deliver them to the dish washing area for cleaning purposes.

Exceptions to cash sales

Normally, the sale or purchase of alcoholic liquor is for cash only. One of the exceptions is a sale of alcoholic liquor by a private club to a bona-fide member (MCL 436.2013.f).

Hours and days of operation

The licensee shall not sell, give away or otherwise furnish alcoholic liquor except during legal hours.

An on-premises and off-premises licensees should not allow people to purchase alcoholic liquor:

- Between 2:00am and 7:00am, Monday through Saturday;
- Between 2:00am and 12 midnight on Sunday unless issued a Sunday Sales Permit (PM), which allows for the sale of alcoholic beverages between 12 noon and 12 midnight Sunday;
- Between 2:00 am and 12 noon on Sunday unless issued a Sunday Sales Permit (AM), which allows for the sale of alcoholic beverages between 7:00 am and 12 noon Sunday;
- Between 11:59pm on December 24th and 12:00 noon on December 25th
- Between 4:00 am and 7:00 am on January 1st, unless January 1st is on a Sunday when the permitted time becomes 12 noon, or 7:00 am with a Sunday Sales AM Permit.

An on-premises licensee should not allow people to consume [14] alcoholic liquor:

- Between 2:30 am to 7:00 am, Monday through Saturday;
- Between 2:30 am and 12 midnight on Sunday unless issued a Sunday Sales Permit (PM) for the consumption of the alcoholic beverages between 12 noon and 12 midnight on Sunday, and a Sunday Sales Permit (AM) for the consumption of alcoholic beverages between 7:00 am and 12 noon on Sunday;
- Between 11:59pm on December 24th and 12:00 noon on December 25th
- Between 4:30 am and 7:00 am on January 1st, unless January 1st is on a Sunday when the permitted time becomes 12 noon, or 7:00 am with a Sunday Sales AM Permit.

[13] MCL 436.1701.1 and MCL 436.1801.2 both address the prohibition against the sale of alcoholic liquor to a minor, defined as under 21 years of age MCL 436.1701.3.4 and 436.1707.5.

[14] This does not apply to the consumption of alcoholic liquor in the bedrooms or suites of registered guests of licensed hotels or in the bedrooms or suites of bona-fide members of licensed clubs.

Premises being occupied

The licensed on-premises establishment should not be occupied between 2:30 am and 7:00 am, Monday through Saturday or between 2:30 am and 12 noon on Sunday except by the on-premises licensee[15], bona-fide employees[16] of the on-premises licensee who are working, or bona-fide contractors and their employees who are working or unless issued a Sunday Sales Permit for the sale/consumption of alcoholic beverages between 7:00 am and 12 noon Sunday or if the licensee has obtained a Specific Purpose Permit.

Extended hours or Specific Purpose Permit

If an extended hours permit[17] or specific purpose permit[18] is issued by the commission, the premises may be occupied by patrons after 2:30 a.m. or before 7:00 a.m. weekdays and before 12:00 noon on Sundays.

Extended hours permit

This type of permit allows patrons to occupy the licensed premises before or after the legal hours for *specific activities*, but not for the sale or consumption of alcoholic liquor. Such activities[19] include:

- Entertainment for patrons
- Dancing by patrons
- Musical performance
- Viewing of publicly broadcast television

It does not allow the sale or consumption of alcoholic liquor after the legal hour.

A club licensee should not allow members on the licensed premises during the time provided by the extended hours permit unless the activity, and only that activity, allowed by the extended hours permit is occurring.

Specific Purpose Permit

This permit allows the premises to be occupied by club members to engage in a specific activity, such as the sale of food, golf, contests, karaoke competitions, meetings, etc. It does not allow the sale or consumption of alcoholic beverages before or after the legal hours.

The club licensee should not allow members on the licensed premises after 2:30 a.m. unless the activity, and only that activity, allowed by the specific purpose permit is occurring.

Removing alcoholic liquor from the building and outdoor service areas

A person to whom alcoholic liquor was sold for consumption on the licensed premises may not remove it from those premises (MCL 436.2021.2). That means that a beer, for example, sold to one of your members for the purpose of being consumed inside the establishment may not be taken out of the licensed building. Open

[15] For clubs, the licensee would be limited to the current officers and/or trustees.

[16] Many clubs use volunteers in lieu of paid employees. Here, bona-fide volunteers who are working would be permitted to remain on the licensed premises after-hours.

[17] MCL 436.1916

[18] Rule 436.1437

[19] See MCL 436.1916.

alcoholic liquor must remain inside. Sealed containers of beer and wine may only be removed if the club sold that beverage to a member under their SDM (beer and wine take-out) license.

The commission may approve your request for an outdoor service area. There are two types, permanent and temporary. The permanent one stays with your license for as long as the club intends, except by order of the commission. Or, the commission may issue up to twelve temporary outdoor service permits per calendar (Rule 436.1419).

If the outdoor service area is approved, *the club licensee shall not sell, or allow the consumption of, alcoholic liquor outdoor, except in the defined area.*[20]

Contests

Texas Hold'em: To award prizes[21] or not; that is the question.

With an entertainment permit issued by the Liquor Control Commission, clubs may allow Texas Hold'em if the prize is limited to a plaque or trophy. For other types of prizes, approval from the Michigan Gaming Control Board is necessary.

The Charitable Gaming Division of the Bureau of Lottery approved, by Directive No. 4.03.01 (May 14, 2004), Tournament Texas Hold'em as a millionaire party card game. Non-profit organizations may apply and obtain a Millionaire Party license and conduct Texas Hold'em on the club licensed premises. A specific date and location is required.

Further information is available by calling the Michigan Gaming Control Board at 517-335-5780.

You will also need to obtain a Special License if you want to allow the general public to purchase and consume alcoholic beverages during this event.

Euchre:

Euchre contests are allowed without commission approval if the following conditions are met:

- An entry fee is permissible.
- No ante/stake is permitted by contestants.
- Prizes may be awarded by the liquor licensee only.
- The prize[22] does not exceed $250 per business day unless prior commission approval has been granted.
- The liquor licensee must have an entertainment permit issued to them by the commission.

Pool and dart tournaments:

The following guidelines are provided:

- An entertainment permit is not required.
- The prize cannot exceed $250 per business day unless prior commission approval has been granted.
- Entry fees are allowed.

[20] Rule 436.1419.2.
[21] Cash, points or other item of value.
[22] Rule 436.1435.1.

Other points about contests:

A licensee shall not participate in or sponsor any contest that requires the use or consumption of alcoholic liquor or features alcoholic liquor as a prize in connection with a contest (Rule 436.1019); *nor shall an on-premises licensee allow a contest or tournament of any kind in which the sale, use, or consumption of alcoholic liquor is a necessary part of the contest or tournament or in which alcoholic liquor is given as a prize to the participants of the contest or tournament* (Rule 436.1435.2). But, an unopened bottle of alcoholic liquor having a value of less than $200 may be offered and awarded pursuant to a lawful fund raising event (MCL 436.2015).

There shall not be advertising of alcoholic liquor connected with offering a prize or award on the completion of a contest, except upon prior written approval of the commission (Rule 436.1321.1).

A club licensee *shall not allow contests in which the licensee or any other person gives away anything of value over $250 per day except upon written approval of the commission* (Rule 436.1435.1).

An on-premises licensee shall not allow…contests…unless the licensee has applied for and been granted an entertainment permit by the commission (MCL 436.1916.1).

Gambling and devices

Gambling is either legal or not. If the club licensee allows illegal gambling or gambling devices on the liquor licensed premises, it would be contrary to MCL 436.1901.2.

Illegal Gambling

MCL 436.1901.2 prohibits liquor licensees from allowing unlawful gambling on the licensed premises, and prohibits the licensee from allowing any gambling devices on the licensed premises that are prohibited by Michigan statutes.

In general, gambling requires proof of three elements: consideration, chance and reward.

- Consideration: A cost to enter and participate in the activity. It may include the requirement of a participant to physically go to a location to enter or participate.
- Chance: The winner is selected by random and not a result of skill.
- Reward: The winner receives a prize, which can be anything of value.

Internet Gambling

Internet gambling on liquor licensed premises is illegal per 1999 PA 235; MCL 750.145d. It is a violation of Michigan criminal law to use a computer, computer network, computer program or computer system to commit or solicit another person to commit illegal gambling as defined in the Michigan penal code and by the Michigan Gaming Control Act. The act is violated if the communications originates or terminates in this state.

Michigan Lottery Bureau and Michigan Gaming Control Board

The Michigan Lottery Bureau sanctions many forms of gambling at licensed club facilities (Bingo, raffles, pull tabs, etc.). They are located at 101 E. Hillsdale, P.O. Box 30023, Lansing, MI 48909. The Charitable Gaming Division may be reached at 517-335-5600.

The Michigan Gaming Control Board sanctions many forms of gambling (Casinos, Millionaire Parties, horse racing, etc.). They are located at 3062 W. Grand Blvd., Suite L-700, Detroit, MI 48202-6062. The Michigan Gaming Control Board may be reached at 517-456-4100.

Raffles

A licensed club is excused from the requirements of obtaining a small raffle license from the Lottery Bureau if the club is sponsoring a single gathering[23], conducts a raffle with no pre-selling of tickets, the prize is awarded during that gathering, and the total aggregate retail value of the prize for that day is $100 or less.

A club licensee may offer and award unopened alcoholic liquor having a value of less than $200 to a person 21 years of age or older in a drawing or raffle or as a door prize, pursuant to a lawful fund raising activity. The alcoholic liquor awarded shall not be consumed on the premises at which it is awarded (MCL 436.2015.1). The club may not award the alcoholic liquor to a person who is intoxicated (MCL 436.2015.3).

Club and SDM License Renewals and Membership Lists

The club liquor license is valid from May 1 through April 30 of each year. An application for renewal of the club liquor license for the licensing year is completed and issued by the commission if there are no holds or other reasons not to renew the club liquor license. The license fee is:

- $300 for clubs having 150 or fewer duly accredited members and $1.00 for each additional member.
- A membership list is to be submitted for the sole purpose of determining the correct license fees to be paid.
- The membership list shall be the accredited list of members as determined by a sworn affidavit 30 days before the closing of the licensing year.
- The membership list is not required by clubs that pay the maximum fee of $750 per licensed location.

An SDM[24] license fee is $100. (MCL 436.1525.1.j.p).

Add Bar permit – not required!

There may be more than one point of sale of alcoholic liquor (beer, wine and spirits) in a club licensed establishment without the necessity of an add-bar permit per Rule 436.1023 (2)(c). This means that a club licensee may have two or more separate bars operating within the licensed establishment at the same time without penalty.

What Records Do We Need To Keep?

Once the Club license has been issued, there are records of the licensed business that must be maintained for a period of four years[25]. The licensed club must maintain accurate records of alcoholic liquor (beer, wine and spirits) purchases and sales. It must maintain records sufficient to determine ownership of the licensed business and to whom the profits and losses accrue.

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[23] Single Gathering means one scheduled assembly or meeting with a specific beginning and ending time. The purpose of the meeting shall not be solely for conducting a raffle. Single gathering does not include regular operating hours of a club.

[24] Specially Designated Merchant of beer and wine retail sales to bona-fide members.

[25] Rule 436.1007.

Other records that the club licensee may wish to maintain are its' liquor license application documents, inclusive of a certified copy of the constitution, charter and by-laws of the club; the affidavit certifying that no racial disqualifications for membership exist; and, minutes of meetings being recorded in English.[26]

Club Audits

During a club audit by an investigator of the Liquor Control Commission, records to be reviewed are frequently the club minutes, membership records, financial records, corporate or limited liability company records (if applicable), and any other records to verify that the club is self-supporting without the sale of alcoholic beverages and that a true ownership exists in the name of the licensed club for the business, business operating (checking) account(s), and the licensed real estate.

The number of members should reflect the number the club reported at license renewal plus any other members added since that time. Credit is not given for members who have left the club for any reason. It should be inclusive of all members (also auxiliary, associate, honorary, etc.) that have bar privileges. Those members who have bar privileges must be able to vote, either individually or as a group. The club must maintain records of their members that have bar privileges so that the total and accurate number may be established.

To be self-supporting, the club must be able to pay the lease or mortgage, taxes, insurance, repairs and any mortgage interest for the licensed premises without relying upon the sale of alcoholic liquor.

An inspection[27] of the licensed premises will also take place during the club audit to verify that the club is in compliance to the Liquor Control Commission Act and Regulations.

This brochure was prepared[28] to address the most frequently asked questions about club licenses. Additional information may be available from the 1998 Liquor Control Code and Regulations; and questions may be directed to the MLCC enforcement division office closest to your location: Southfield (313-456-1170); Lansing (517-284-6330); Grand Rapids (616-447-2647); and, Escanaba (906-786-5553).

[26] Rule 436.1127.
[27] Pursuant to MCL 436.1217.2.3 and Rule 436.1011.4.
[28] Compiled by the Lansing district supervisors of the MLCC enforcement division.