



Michigan Department of Licensing and Regulatory Affairs  
Liquor Control Commission (MLCC)  
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## **Conditional Licensing Requirements & General Information**

A conditional license allows an applicant for the transfer of ownership of a retailer license (Class C, Tavern, B-Hotel, A-Hotel, Specially Designated Distributor, or Specially Designated Merchant) to operate the business before final approval of the permanent license transfer. A conditional license may be issued to an applicant requesting to transfer ownership and location of qualifying on-premises retailer licenses and Specially Designated Merchant licenses. A conditional license may also be issued to an applicant requesting a new standalone Specially Designated Merchant license.

All the permits and permissions that are currently issued with the license to be transferred will be included with the conditional license, but no new permits will be allowed to be added to the conditional license. Permits or permissions that the applicant has requested to be cancelled upon the transfer of the license will be excluded from the conditional license and any permits or permission for which the applicant may not qualify will be excluded from the conditional license.

Conditional licenses cannot be issued for requests for a new on-premises retailer licenses or Specially Designated Distributor licenses or for requests for ownership and location transfers of Specially Designated Distributor licenses.

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### **How to Apply**

Applicants requesting a conditional license in conjunction with the transfer of an existing retail license or a new Specially Designated Merchant license must submit the following information:

- **Application Form** – [Retail License & Permit Application \(Form LCC-100\)](#)
- **Conditional Application Form:**
  - [Conditional License Application – Ownership Transfers \(LCC-103\)](#)
  - [Conditional License Application – Ownership & Location Transfer \(LCC-103a\)](#)
  - [Conditional License Application – New SDM \(LCC-104\)](#)
- **Inspection Fee** - A \$70.00 nonrefundable inspection fee is required for each license requested in an application. For example, if an applicant has requested to transfer a Class C license that has a Specially Designated Merchant license in conjunction, the inspection fee would be \$140.00. The inspection fees are only charged for the permanent license request, as the Conditional license has its own \$300.00 application fee.

- **License & Permit Fees** – The regular fees for a licenses and permits are required, plus an additional \$300.00 Conditional license fee. The regular fees vary based upon the type of license and whether additional licenses and permits are requested in conjunction with the license.
- **Conditional License Fee** – In addition to the fees above, a request for a Conditional license requires the payment of a \$300.00 Conditional license fee.
- **Proof of Financial Responsibility** – Liquor liability coverage is required by Michigan law for a conditional license. This must be submitted at the time of application for a conditional license. The amount of liability coverage must be at least \$50,000. It may be in the form of cash, unencumbered securities, liquor liability insurance, constant value bond, or membership in a group self-insurance pool authorized by law that provides security for liability under MCL 436.1803 of the Liquor Control Code - [Proof of Financial Responsibility form \(Form LC-95\)](#).
- **Livescan Fingerprints** – Applicants that have never been licensed through the Michigan Liquor Control Commission must submit fingerprints through the Livescan fingerprinting process - [Livescan Fingerprint Background Request Form](#).
- **Purchase Agreement** – Applicants requesting to transfer a license from another licensee must submit an executed purchase agreement or other documentation signed by both the applicant and the current licensee, which details the sale of the liquor license(s) and other business assets.
  - Purchase agreements must specifically indicate that the liquor license is being sold and provide the purchase price and terms of the sale.
  - Purchasers of on-premises licenses must have at least 10% of the purchase price of the business, excluding real estate.
  - Purchase agreements that are not for cash only sales and include real estate must list the personal property, including the licenses, and real estate with the terms and price for each.
  - If the personal property and real estate are being purchased by separate people or entities, the purchase agreement must indicate those names and who is purchasing which items.
  - If the applicant will not pay the full purchase price at closing, the balance due may be covered by a security agreement or promissory note. Alcoholic beverage inventory cannot be included on a security agreement or promissory note.
- **Property Document** – Applicants must provide documentation that demonstrates they will have control over the property that comprises the proposed licensed premises. Property documents include deeds, land contracts, and lease agreements.
  - A provision to reassign the license in the event of a default on a land contract or termination of a lease agreement may be included, but may only provide for the reassignment subject to Commission approval.
  - If the applicant is a company and its members or stockholders own the real estate as individuals or under another company, a lease agreement is needed.

- If the applicant is an individual and he or she owns the real estate with a spouse or someone else who will not be named on the license, a lease between the applicant and the owners of the real estate is needed.

**In addition to the documents required by all applicants:**

**Corporations** must submit the following information per Administrative Rule R 436.1109:

- Copy of current, filed Articles of Incorporation.
- Current Certificate of Good Standing from the state where incorporated and Certificate of Authority to Do Business in Michigan, if incorporated outside of this state.
- Certified copy of the minutes of a meeting of its board of directors or a statement signed by an officer of the corporation naming the persons authorized by corporate resolution to sign the application and other documents required by the Commission (or Part 3 of Form LCC-301).
- [Report of Stockholders/Members/Partners \(Form LCC-301\)](#)

**Limited Liability Companies (LLC)** must submit the following information pursuant to Administrative Rule R 436.1110:

- Copy of Articles of Organization and copies of any amendments to the Articles of Organization.
- Current Certificate of Authority to Do Business in Michigan, if the LLC is a non-Michigan LLC.
- Copy of Operating Agreement entered into by members.
- Copy of most recent annual statement filed with the Corporations Division, if an existing LLC.
- Statement signed by a manager of the limited liability company or by at least 1 member if management is reserved to the members naming the person authorized to sign the application and other documents required by the Commission (or Part 3 of Form LCC-301).
- [Report of Stockholders/Members/Partners \(Form LCC-301\)](#)

**Partnerships** must submit the following information per Administrative Rule R 436.1111:

- Partnership Agreement, if a Limited Partnership.
- [Report of Stockholders/Members/Partners \(Form LCC-301\)](#)

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**Churches & Schools**

Pursuant to MCL 436.1525(6), an applicant seeking a conditional license in conjunction with the transfer of ownership and location of an existing retailer license must attest on a Church or School Proximity Affidavit that the proposed location for the license is not within 500 feet of a church or school. The method of measurement for determining the proximity

to a church or school shall be the method of measurement required under MCL 436.1503. This method of measurement is described on the Church or School Proximity Affidavit located on page 2 of the Conditional License Application – Ownership & Location Transfer (LCC-103a)

**A proposed location within 500 feet of a church or school does not qualify for a conditional license in conjunction with the transfer of ownership and location pursuant to MCL 436.1525(6) even if the church or school does not object to the license being transferred to the proposed location.**

Pursuant to MCL 436.1525(7), if the Commission determines that a conditional license has been issued in conjunction with a request to transfer ownership and location at a new location that is within 500 feet of a church or school, the Commission shall suspend the conditional license and notify the church or school of the proposed location under the administrative rules. The State of Michigan is not liable for the issuance of a conditional license based on a Church or School Proximity Affidavit that contains incorrect information about the proximity to a church or school.

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## **Licensing Process**

The Licensing Division reviews the application and corresponding documents for completeness and verifies the appropriate fees have been received. If additional documents, fees, or corrections to documents are needed, Licensing will notify the applicant. Once all the necessary documents have been received Licensing will submit the request to the Enforcement Division for its investigation for the permanent license investigation. The conditional license request is prepared for the Commission to consider and placed on a docket for an upcoming licensing meeting.

The Commission considers the request for a conditional license, including the liquor license operating history of the applicant (if a current or prior licensee), the arrest and conviction record of the applicant, whether the applicant meets the requirements for a license, and the opinions of the local legislative body or police department, if received. The Commission will approve or deny the request based on these factors. Occasionally, the Commission will request more information from the applicant before making a final decision.

After the Commission makes a decision on the conditional license request, the file is returned to Licensing for final processing. Approval orders are sent to the applicant requesting any final items before the issuance of the license. Denial orders are sent to the applicant and the applicant may appeal the decision. When all the final items are received by Licensing, the completed request is forwarded to the Renewal Unit for the issuance of the physical license documents.

Conditional licenses expire 20 business days after the issuance of the approval order for the permanent license to the applicant or after all appeals of a permanent license denial

have been exhausted. Conditional licenses also expire after one year if the permanent license request has not been completed. Conditional licenses cannot be renewed.