

Report to the Legislature per P.A. 252 of 2014

The Michigan Liquor Control Commission (Commission) is providing the following information in response to Public Act 252 of 2014, Section 248. Attached to this narrative are several charts, graphs and other pages of statistics that document the activities of the Commission.

Financial Management Division Information

Under P.A. 252 of 2014, section 248 (2)(a)

We do not specifically record liquor license fee revenues and/or expenditures by the type of liquor license. However, some of the revenues are kept track of by general category. All of the expenditures related to the issuance of the various liquor licenses are recorded together.

Following these pages are two pages from the MLCC's FY 2014 annual financial report. The page titled "Unaudited Comparative Comprehensive Schedule of Revenue Collected" shows the amounts of liquor license fee revenue received by general category. The page titled "Unaudited Comparative Comprehensive Schedule of Expenses by Type and Account" shows the licensing expenditures under the Licensing & Enforcement column heading.

Licensing Division Information

Under P.A. 252 of 2014, Section 248(2)(b), (c), (d), & (e)

The Licensing Division does not specifically record the number of applications, applications approved, or applications denied for each regulatory product. However, certain figures are kept track of by general on or off premises categories.

Following these pages are documents maintained by the Licensing Division for various processes and functions:

“Licensing Activity Report” reports comparisons for calendar year functions completed.

“Transactions Processed (within 5 business days)” reports the number of licensing transactions processed within 5 business days after the application is administratively complete.

“Applications Processed (within 90 business days)” reports those initial applications that are required under MCL 436.1525 to be issued within 90 days after submission of a completed application.

“New Licenses Issued” reports the number of new licenses issued by quarter, for all On-Premise, Off-Premise, Conditional, and Manufacturer and Wholesale licenses.

“Transactions Processed” reports the number of licensing transactions processed, excluding renewal applications and issuance of new licenses.

“On Premises Licenses in Escrow” reports the number of outstanding escrowed licenses processed.

“Transactions Processed” reports the number of On-Premise and Off-Premise applications authorized for investigation.

“Retail Renewal” reports the number of retail renewal applications released and renewed.

Enforcement Division Information

Under P.A. 252 of 2014, section 248 (2)(f), (g), (h), (i), (j) & (k)

The Enforcement Division of the Michigan Liquor Control Commission does not nor do they have a means to record specific revenues and expenditures for related activities. We do not specifically record liquor license fee revenues and/or expenditures by the type of liquor license given the man hours involved in the licensing process. Enforcement does, however, keep track of specific activities and

statistics are available for those activities as far as tasks completed and performed, but not from a monetary perspective.

Any costs or expenditures relative to the Enforcement Division are managed through the Financial Division of the MLCC.

Enforcement is involved in both the enforcement of the Michigan Liquor Control Code and Rules as well as front end investigative work relating to licensing, but we do not have nor maintain specific statistical information as to how many man hours each task represents as it varies in each instance and would be impossible to maintain given the number and variety of tasks performed.

Following these pages are documents that give an annual accounting of some of the statistical information compiled by the Enforcement Division.

Executive Services Division Information

Under P.A. 252 of 2014, Section 248(2)(l) & (m)

The Executive Services Division does not specifically record the number of administrative hearings or adjudications that pertain to each regulated activity. However, certain figures are kept track of by general category.

Following these pages is a document that provides some annual statistical information compiled by the Executive Services Division.

MICHIGAN LIQUOR CONTROL COMMISSION
UNAUDITED COMPARATIVE COMPREHENSIVE SCHEDULE OF REVENUE COLLECTED
FISCAL YEARS ENDED SEPTEMBER 30

GENERAL FUND - GENERAL PURPOSE	<u>2014</u>	<u>2013</u>	<u>INCREASE (DECREASE)</u>
Excise Tax, Beer	\$38,994,566	\$38,511,053	\$483,513
Specific Tax, Liquor 4%	45,952,005	43,842,594	2,109,411
Excise Tax, Wine	12,254,604	12,164,846	89,758
Excise Tax, Mixed Spirit Drink	461,987	523,261	(61,274)
Sunday Sales Fees (7am-12pm)	1,376,281	1,331,634	44,647
Fines & Costs	671,156	673,450	(2,294)
Miscellaneous Revenue	91,030	74,461	16,569
TOTAL GENERAL FUND - GENERAL PURPOSE	<u>\$99,801,629</u>	<u>\$97,121,299</u>	<u>\$2,680,330</u>

GENERAL FUND - RESTRICTED

RETAIL LICENSE FEES:			
55% To Local Governments	\$6,713,098	\$6,523,255	\$189,843
41.5% To Licensing & Enforcement	5,087,625	4,998,607	89,018
3.5% To Alcoholism Prevention Programs	429,076	421,153	7,923
Additional Resort License Fees	193,300	57,500	135,800
Direct Shipper License Fees	100,363	90,608	9,755
License Transfer Fees	635,058	743,189	(108,131)
Sunday Sales Fees	1,610,949	1,596,809	14,140
License Permit Fees	43,192	31,998	11,194
Non-Retail License Fees-Wine Industry Council	927,898	687,683	240,215
Liquor Control Act Sales	3,885	3,055	830
Inspection Fees	354,381	321,678	32,703
Specific Tax, Liquor 4%-Tourism & Conv. Facility	46,177,154	43,992,702	2,184,452
Miscellaneous Revenue	61,570	68,691	(7,121)
TOTAL GENERAL FUND - RESTRICTED	<u>\$62,337,549</u>	<u>\$59,536,928</u>	<u>\$2,800,621</u>

SCHOOL AID FUND

Specific Tax, Liquor 4%	\$45,952,005	\$43,842,594	\$2,109,411
TOTAL SCHOOL AID FUND	<u>\$45,952,005</u>	<u>\$43,842,594</u>	<u>\$2,109,411</u>
OTHER FUNDS REVENUE	\$208,091,183	\$200,500,821	\$7,590,362
Income From Operations (Excluding Taxes & Grants) (1)	<u>171,506,959</u>	<u>162,637,353</u>	<u>8,869,606</u>
TOTAL CURRENT EARNINGS AND REVENUE	<u><u>\$379,598,142</u></u>	<u><u>\$363,138,174</u></u>	<u><u>\$16,459,968</u></u>

(1) Income from Operations (Page 26) after all operating expenses including General Fund portion of Licensing and Enforcement

MICHIGAN LIQUOR CONTROL COMMISSION
UNAUDITED COMPREHENSIVE SCHEDULE OF EXPENSES BY TYPE AND ACCOUNT
FISCAL YEARS ENDED SEPTEMBER 30

	2014				TOTAL 2013
	COMMISSION AND DLARA ADMINISTRATION(1)	MANAGEMENT SUPPORT	LICENSING & ENFORCEMENT	TOTAL 2014	
MLCC APPROPRIATED EXPENSES					
Salaries & Wages	\$407,732	\$2,116,946	\$6,257,472	\$8,782,150	\$8,689,268
Longevity & Insurance		529,674	1,538,531	2,068,205	1,953,088
Retirement & FICA		1,397,499	3,834,977	5,232,476	4,921,892
SUBTOTAL	\$407,732	\$4,044,119	\$11,630,980	\$16,082,831	\$15,564,248
Communications	\$0	\$84,472	\$168,085	\$252,557	\$157,627
Travel	0	50,337	248,545	298,982	291,472
Utilities	0	337	3,113	3,450	11,947
Contractual Services	0	173,174	711,250	884,424	841,163
Supplies & Materials	0	94,322	188,417	282,739	306,322
Equipment Replacement, Additions & Rentals	0	54,906	205,395	260,801	267,167
Misc - Unemployment Insurance Claims	0	0	1,448	1,448	190
SUBTOTAL	\$0	\$457,548	\$1,526,353	\$1,984,401	\$1,875,888
TOTAL MLCC APPROPRIATED EXPENSES	\$407,732	\$4,501,667	\$13,157,333	\$18,067,232	\$17,440,136
TRANSFERS OUT & OTHER EXPENSES					
Rent and Building Occupancy (2)	\$0	\$121,209	\$473,320	\$594,529	\$568,576
Other Transfers Out (3)	0	0	0	11,059,781	10,928,357
TOTAL TRANSFERS OUT & OTHER EXPENSES	\$0	\$121,209	\$473,320	\$11,654,310	\$11,496,933
GRAND TOTAL	\$407,732	\$4,622,876	\$13,631,153	\$29,721,542	\$28,937,069

Notes:

(1) Fringe benefits and other expenses are reported in Management Support as appropriated by the Legislature.

(2) Rent and Building Occupancy amounts are appropriated in Management Services, Department of Licensing and Regulatory Affairs.

(3) Transfer amounts are appropriated in other departments and bureaus. They are not allocated to the divisions but are included in the totals.

**INTEROFFICE
MEMORANDUM**

LICENSING DIVISION

Michigan Liquor Control Commission

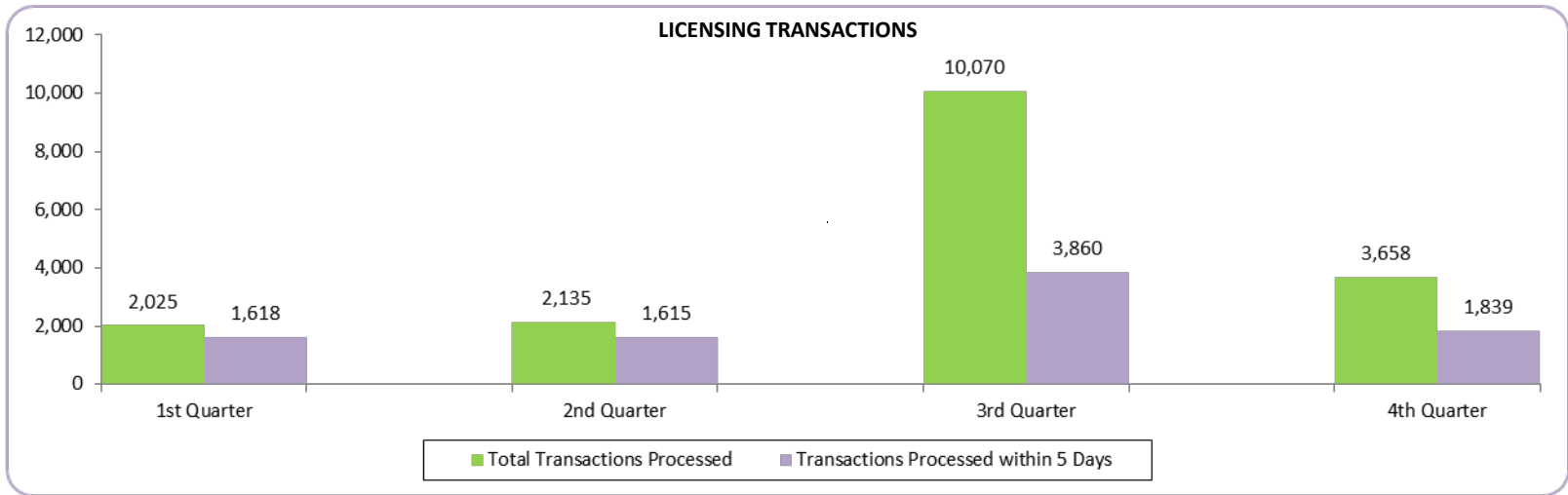
To: Andrew J. Deloney, Chairman
From: Sharon Martin, Director
 Licensing Division
Subject: LICENSING ACTIVITY REPORT FOR DECEMBER 2014

		COMPARISONS			
		Dec 2014	Dec 2013	YTD 2014	YTD 2013
Transfer and Other Applications Received		171	219	2,745	3,651
New Retail Licenses Requested		59	44	686	612
	Quota On Premises 13				
	Quota SDD 8				
	SDM 30				
	On Premise Resort 1				
	Watercraft 1				
	SDD Resort 3				
	Brewpub 2				
	DDA [MCL 1521a(1)b] 1				
Conditional Licenses Requested		33	0	230	0
Applications Authorized for Investigation		123	89	2,116	1,686
	On Premises 62				
	Off Premises 41				
	M & W 20				
Applications on Administrative Dockets		367	381	7,113	9,558
License Application Denials		26	18	149	169
Licensing Appeals Requested		4	4	51	98
Licensing Transactions Processed		828	687	10,448	9,213
	On Premises 335				
	Off Premises 304				
	M & W 189				
New Licenses Issued		234	142	3,161	2,461
	On Premises 14				
	Off Premises 71				
	Conditional 29				
	M & W 120				
Requests to Place Licenses in Escrow		75	55	758	716
	On Premises 58				
	Off Premises 17				
Requests for Extension of Licenses in Escrow		0	3	78	67
Product Registrations Approvals		327	788	4,757	9,478
Emergency Suspension Orders		581	455	7,377	6580
MCL 436.1803 Financial Responsibility					
Special Licenses Issued		308	231	7,254	7,138

Transactions Processed (within 5 business days)

*(excludes renewal transactions)

OUTPUTS/EFFECTIVENESS



Objective: To process 95% of transactions within 5 working days after the application is administratively complete.

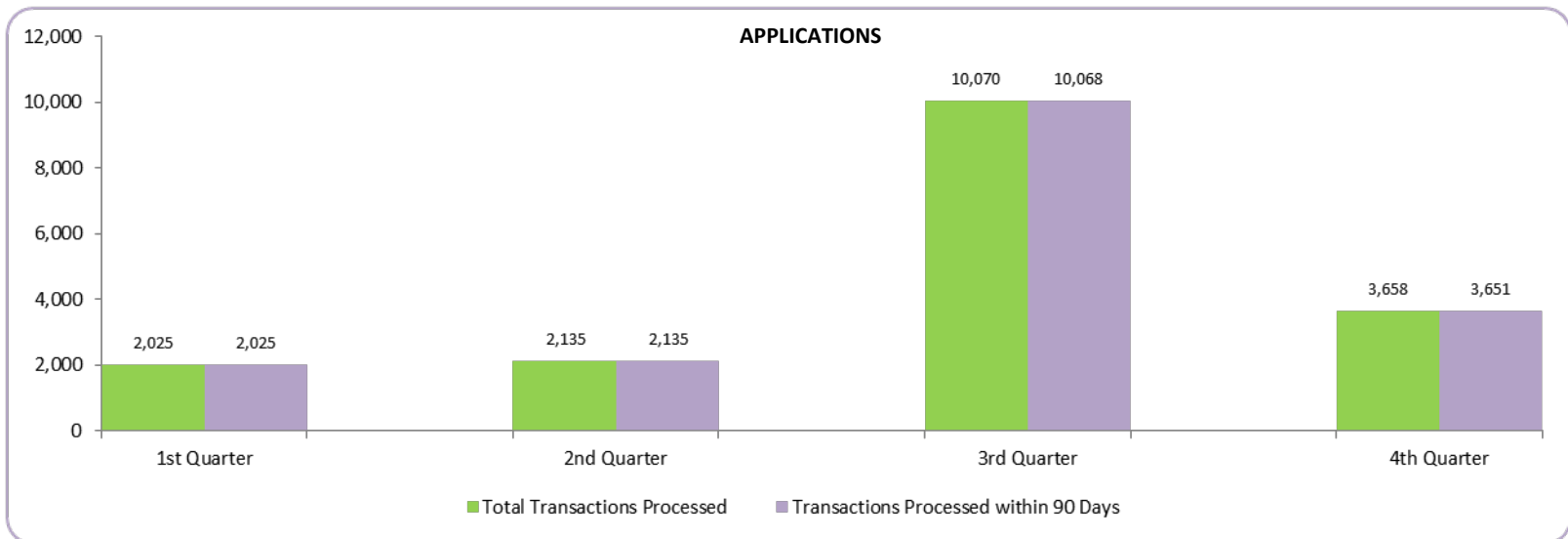
Outcome: 50% of transactions were processed within 5 working days after the application was administratively complete.

Note: Due to the volume of applications received, on-going process changes and training requirements it was not possible to meet this goal.

Applications Processed (within 90 business days)

*(only includes those which require license fees)

OUTPUTS/EFFECTIVENESS



Objective: To process all applications within 90 working days after the application is received.

Outcome: 99.94% of transactions were processed within 90 working days after a completed application was received.



CUSTOMER DRIVEN. BUSINESS MINDED.

New Licenses Issued

OUTPUTS

	1st Quarter		2nd Quarter		3rd Quarter		4th Quarter		TOTAL	
	FY 2014	FY 2013	FY 2014	FY 2013	FY 2014	FY 2013	FY 2014	FY 2013	FY 2014	FY 2013
On Premise Licenses*	25	40	23	35	38	32	79	40	165	147
Off Premise Licenses**	91	153	97	75	84	80	78	106	350	414
Conditional Licenses***	0	0	0	0	6	0	86	0	92	0
Manufacturers and Wholesalers Licenses	445	221	312	379	1,004	573	636	590	2,397	1,763
TOTAL	561	414	432	489	1132	685	879	736	3,004	2,324

* Excluding on premise resort licenses, development district authority licenses and other special acts licenses

** Excluding off premise resort licenses

*** The first conditional license was issued in June 2014



Transactions Processed

OUTPUTS

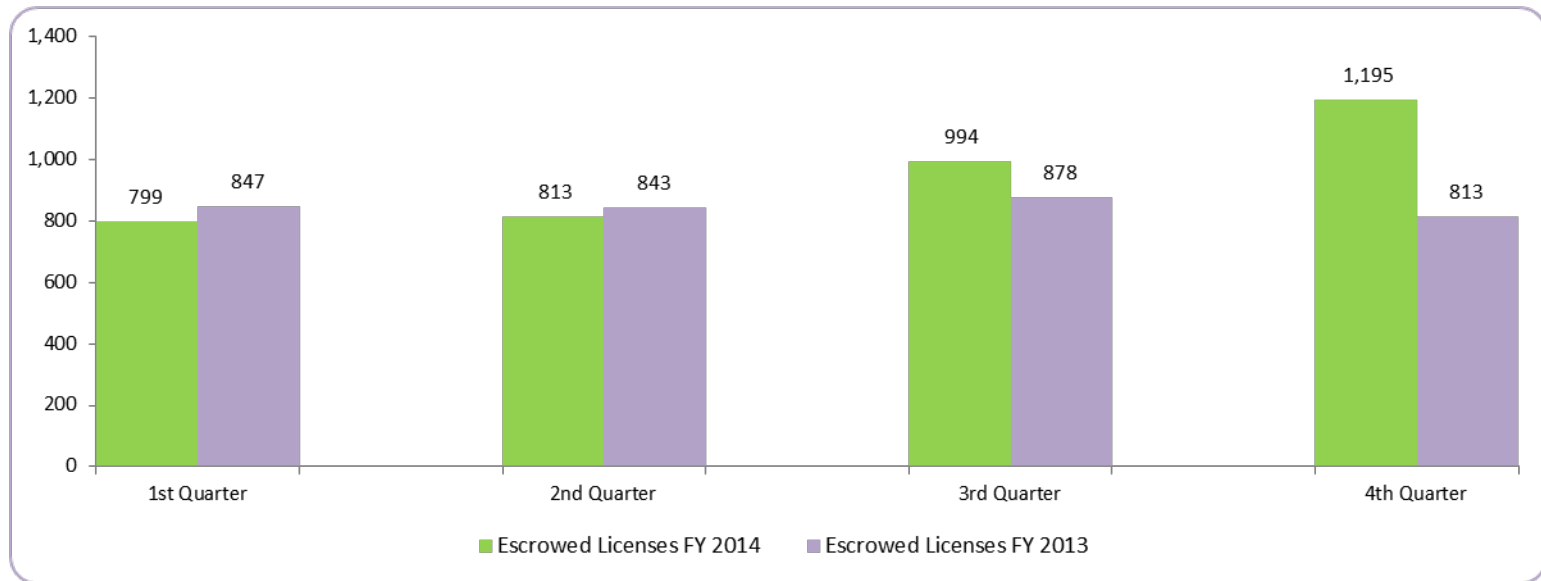
	1st Quarter		2nd Quarter		3rd Quarter		4th Quarter		TOTAL	
	FY 2014	FY 2013	FY 2014	FY 2013	FY 2014	FY 2013	FY 2014	FY 2013	FY 2014	FY 2013
Retail Transfers of Ownership	205	256	201	286	255	313	202	271	863	1,126
New Retail Permits	366	427	303	453	624	268	444	495	1,737	1,643
Other Retail*	801	644	674	724	903	834	383	609	2,761	2,811
Manufacturers and Wholesalers	189	117	1,102	216	363	179	250	141	1,904	653
TOTAL	1,561	1,444	2,280	1,679	2,145	1,594	1,279	1,516	7,265	6,233

* Including transfers of stock, appointment and discharge of fiduciary, add/drop space, change name/corrections, cancellations, revocations, escrow renewals, release from escrow, duplicate licenses and duplicate permits. Excluding processing of renewal applications and issuance of new licenses.



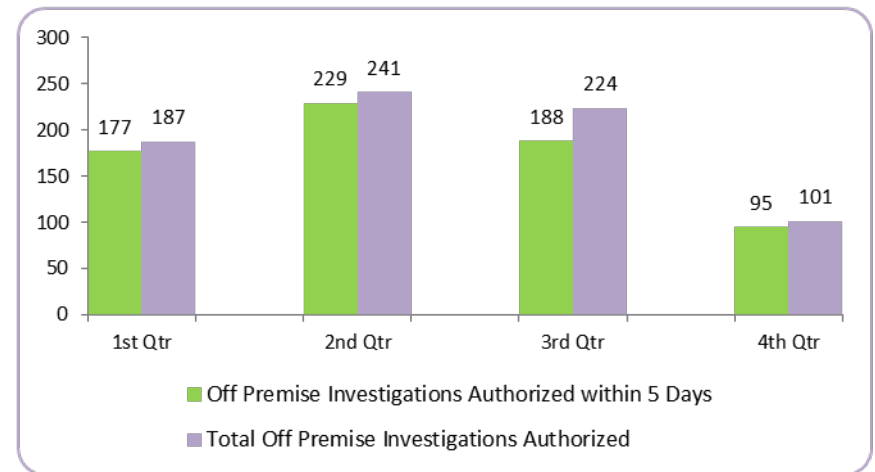
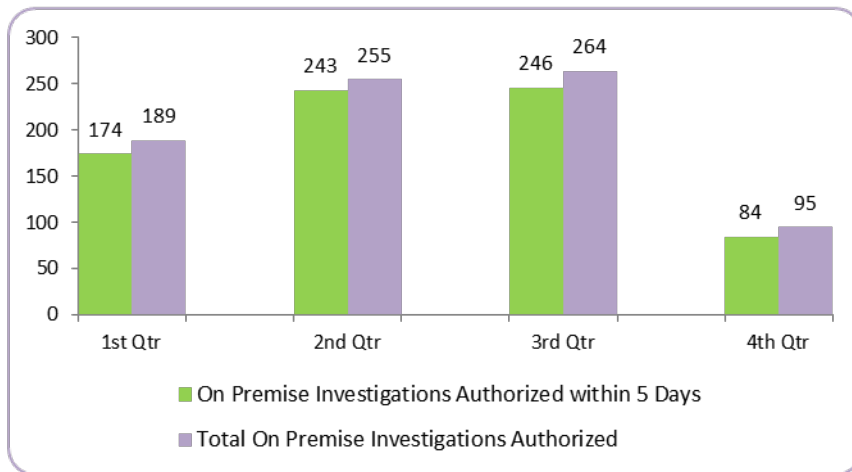
Retail Licenses In Escrow

OUTPUTS/EFFECTIVENESS



Transactions Processed

OUTPUTS:



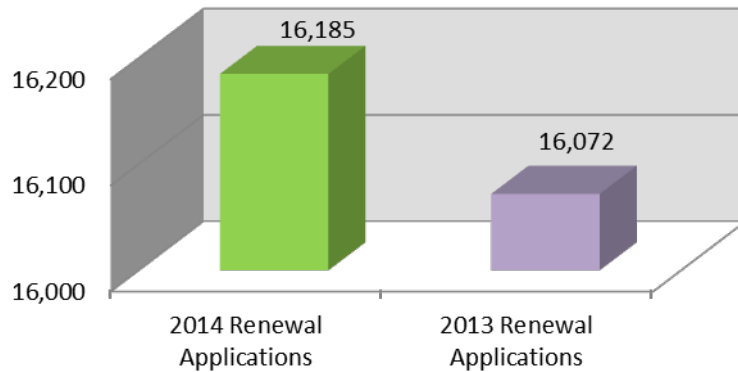
Objective: To authorize 90% of applications for investigations within 5 working days after all necessary documents have been received.

Outcome: 93% of On Premise applications and 91.5% of Off Premise applications were authorized for Investigation within 5 working days after all necessary documents were received.

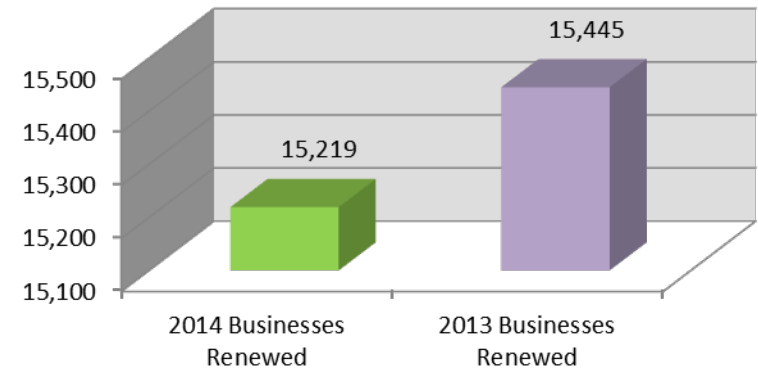
Retail Renewal

OUTPUTS/EFFECTIVENESS

Retail Renewal Applications Received



Retail Businesses Renewed



MLCC

Interoffice Communication

MICHIGAN LIQUOR CONTROL COMMISSION

Date: January 15, 2015

To: Commission

From: Tom Hagan, Director
Enforcement Division

Subject: Audit Statement for the Month of December, 2014

	Dec-13	Dec-14	Total to date 2013	Total to date 2014
Violations Reported:				
Enforcement	126	135	1576	1635
Local Enforcement Officers	36	54	584	492
Joint Reports	0	0	3	4
Complaints Investigated	146	226	2367	2772
Policing Investigations	628	651	9707	10361
Controlled Buy Activity:				
Number of Stops	110	148	2275	2526
Number of Violations	13	19	284	360
% in Violations	12%	13%	12%	14%
Violation after ID Checked	6	9	180	239
% Violations after ID Check	46%	47%	63%	66%
License Application Investigations	6	120	1901	1878
Local Agency Contacts	6	8	110	106
Total Licensing & Enforcement Contacts by Enforcement Officers	1248	1486	20431	19859

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VIOLATION STATISTICS FOR THE MONTH OF December, 2014

	Month To Date	Year To Date	Previous Year
VIOLATION ACTIVITY			
Violation Hearings Held	38	848	808
Violation Complaints Pending Scheduling	408		
Violation Complaints Pending Dispositions	111		
VIOLATION DISPOSITIONS			
TOTAL Number Licenses Penalized	175	1,973	1,923
Hearings	76	779	706
Acknowledgements	99	1,194	1,217
TOTAL Number Cases Dismissed	7	149	194
Hearing Commissioner	6	104	133
Nolle Prosequi	1	45	61
APPEAL HEARINGS			
Appeal Hearings Held	4	9	12
Appeal Hearings Pending	5		70
Appeal Decisions	4	6	10
Affirmed	0	1	4
Modified	0	1	5
Rescinded	0	0	1
Remanded	4	4	0
PENALTY HEARINGS			
Penalty Hearing Held	1	8	12
SELECTED STATISTICS			
Licenses Revoked	0	4	7
Licenses Revoked/Terminated Unless Transferred	0	3	1
Licensed Establishments Suspended	1	15	17
Total Days Suspension Ordered	1	76	98
Licensed Establishments Fined	176	1,945	1,858
Total Fines Assessed	\$ 59,285.00	\$ 678,176.00	\$ 635,666.00
VIOLATIONS SUBMITTED			
Enforcement Division	135	1,646	1,603
Michigan State Police	1	20	39
Sheriff Department	9	123	120
Detroit Police Department	7	91	102
Joint Report	0	5	2
Other Police Departments	37	266	334
	189	2,151	2,200

