

# Report to the Legislature per P.A. 59 of 2013

The Michigan Liquor Control Commission (Commission) is providing the following information in response to Public Act 59 of 2013, Section 368. 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. 59 of 2013, section 368 (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 2013 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. 59 of 2013, Section 368(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.

“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 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. 59 of 2013, section 368 (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.

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

	PRELIMINARY		INCREASE (DECREASE)
	2013	2012	
<b>GENERAL FUND - GENERAL PURPOSE</b>			
Excise Tax, Beer	\$38,511,053	\$39,726,452	(\$1,215,399)
Specific Tax, Liquor 4%	43,842,594	41,266,229	2,576,365
Excise Tax, Wine	12,164,846	11,101,232	1,063,614
Excise Tax, Mixed Spirit Drink	523,261	515,800	7,461
Sunday Sales Fees (7am-12pm)	1,331,634	1,196,167	135,467
Fines & Costs	673,450	853,787	(180,337)
Miscellaneous Revenue	74,461	74,908	(447)
<b>TOTAL GENERAL FUND - GENERAL PURPOSE</b>	<b>\$97,121,299</b>	<b>\$94,734,575</b>	<b>\$2,386,724</b>
<b>GENERAL FUND - RESTRICTED</b>			
<b>RETAIL LICENSE FEES:</b>			
55% To Local Governments	\$6,523,255	\$6,647,626	(\$124,371)
41.5% To Licensing & Enforcement	4,998,607	5,089,668	(91,061)
3.5% To Alcoholism Prevention Programs	421,153	429,253	(8,100)
Additional Resort License Fees	57,500	76,900	(19,400)
Direct Shipper License Fees	90,608	85,673	4,935
License Transfer Fees	743,189	910,943	(167,754)
Sunday Sales Fees	1,596,809	1,628,582	(31,773)
License Permit Fees	31,998	2,400	29,598
Non-Retail License Fees-Wine Industry Council	687,683	650,311	37,372
Liquor Control Act Sales	3,055	2,994	61
Inspection Fees	321,678	356,408	(34,730)
Specific Tax, Liquor 4%-Tourism & Conv. Facility	43,992,702	41,304,739	2,687,963
Miscellaneous Revenue	68,691	59,037	9,654
<b>TOTAL GENERAL FUND - RESTRICTED</b>	<b>\$59,536,928</b>	<b>\$57,244,534</b>	<b>\$2,292,394</b>
<b>SCHOOL AID FUND</b>			
Specific Tax, 4%	\$43,842,594	\$41,266,229	\$2,576,365
<b>TOTAL SCHOOL AID FUND</b>	<b>\$43,842,594</b>	<b>\$41,266,229</b>	<b>\$2,576,365</b>
<b>OTHER FUNDS REVENUE</b>	<b>\$200,500,821</b>	<b>\$193,245,338</b>	<b>\$7,255,483</b>
LPRF Specific Tax, Liquor 1.85% (Off Premise)	0	15,736,953	(15,736,953)
Income From Operations (Excluding Taxes & Grants) (1)	162,637,353	153,559,455	9,077,898
<b>TOTAL CURRENT EARNINGS AND REVENUE</b>	<b>\$363,138,174</b>	<b>\$362,541,746</b>	<b>\$596,428</b>

**Note:**

(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**

PRELIMINARY

	2013				TOTAL 2012
	COMMISSION AND DLARA ADMINISTRATION(1)	MANAGEMENT SUPPORT	LICENSING & ENFORCEMENT	TOTAL 2013	
<b>MLCC APPROPRIATED EXPENSES</b>					
Salaries & Wages	\$413,017	\$1,431,843	\$6,844,408	\$8,689,268	\$8,579,403
Longevity & Insurance		453,046	1,500,042	1,953,088	2,163,338
Retirement & FICA		1,055,209	3,866,683	4,921,892	4,674,502
<b>SUBTOTAL</b>	<u>\$413,017</u>	<u>\$2,940,098</u>	<u>\$12,211,133</u>	<u>\$15,564,248</u>	<u>\$15,417,243</u>
Communications	\$0	\$27,352	\$130,275	\$157,627	\$151,965
Travel	0	45,398	246,074	291,472	301,229
Utilities	0	8,772	3,175	11,947	17,979
Contractual Services	0	282,552	558,611	841,163	532,467
Supplies & Materials	0	68,578	237,744	306,322	380,362
Equipment Replacement, Additions & Rentals	0	150,016	117,151	267,167	252,707
Misc - Unemployment Insurance Claims	0	0	190	190	8,415
<b>SUBTOTAL</b>	<u>\$0</u>	<u>\$582,668</u>	<u>\$1,293,220</u>	<u>\$1,875,888</u>	<u>\$1,645,124</u>
<b>TOTAL MLCC APPROPRIATED EXPENSES</b>	<u>\$413,017</u>	<u>\$3,522,766</u>	<u>\$13,504,353</u>	<u>\$17,440,136</u>	<u>\$17,062,367</u>
<b>TRANSFERS OUT &amp; OTHER EXPENSES</b>					
Rent and Building Occupancy (2)	\$0	\$120,478	\$448,098	\$568,576	\$803,461
Other Transfers Out (3)	0	0	0	10,928,357	9,431,713
<b>TOTAL TRANSFERS OUT &amp; OTHER EXPENSES</b>	<u>\$0</u>	<u>\$120,478</u>	<u>\$448,098</u>	<u>\$11,496,933</u>	<u>\$10,235,174</u>
<b>GRAND TOTAL</b>	<u>\$413,017</u>	<u>\$3,643,244</u>	<u>\$13,952,451</u>	<u>\$28,937,069</u>	<u>\$27,297,541</u>

**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

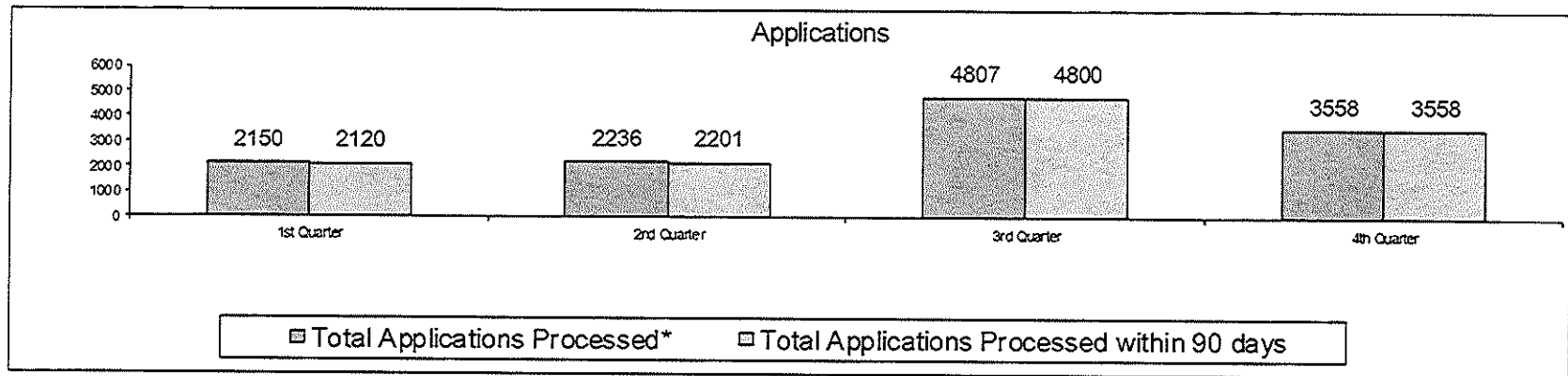
**To:** Andrew J. Deloney, Chairman  
**From:** Sharon Martin, Director  
 Licensing Division  
**Subject:** LICENSING ACTIVITY REPORT FOR DECEMBER 2013

		<b>COMPARISONS</b>			
		Dec 2013	Dec 2012	YTD 2013	YTD 2012
Transfer and Other Applications Received		219	160	3,651	3,447
New Retail Licenses Requested		44	54	612	888
Quota On Premises	8				
Quota SDD	8				
SDM	25				
SDD Resort	0				
On Premise Resort	0				
DDA [MCL 1521a(1)b]	2				
Special Act	0				
Aircraft	1				
Applications Authorized for Investigation		89	80	1,686	2,038
On Premises	42				
Off Premises	42				
M & W	5				
Applications on Administrative Dockets		381	620	9,558	15,423
License Application Denials		18	14	169	110
Licensing Appeals Requested		4	6	98	68
Licensing Transactions Processed		687	646	9,213	8,897
On Premises	273				
Off Premises	246				
M & W	168				
New Licenses Issued		142	164	2,461	2,925
On Premises	10				
Off Premises	36				
M & W	96				
Requests to Place Licenses in Escrow		55	60	716	786
On Premises	33				
Off Premises	22				
Requests for Extension of Licenses in Escrow		3	8	67	112
Product Registrations Approvals		788	926	9,478	12,289
Emergency Suspension Orders MCL 436.1803 Financial Responsibility		455	464	6580	6,573
Special Licenses Issued		231	287	7,138	7,412
Annual Visitor Count		283	Not Reported	4,396	4,709

# 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: 99.54% of transactions were processed within 90 working days after a completed application was received.



CUSTOMER DRIVEN BUSINESS MINDED

# New Licenses Issued

## OUTPUTS

	1 <sup>st</sup> Quarter		2 <sup>nd</sup> Quarter		3 <sup>rd</sup> Quarter		4 <sup>th</sup> Quarter		Total	
	FY 2013	FY 2012	FY 2013	FY 2012	FY 2013	FY 2012	FY 2013	FY 2012	FY 2013	FY 2012
On Premises Licenses	*40	*27	*35	*22	*32	*44	*40	*26	*147	119*
Off Premises Licenses	**153	**78	**75	**53	**80	**221	**106	**151	**414	**503
Manufacturers and Wholesale Licenses	221	343	379	407	573	707	590	641	1,763	2,098
Total	414	448	489	482	685	972	736	818	2,324	2,720

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

\*\* Excluding resort off premises licenses



CUSTOMER DRIVEN BUSINESS MINDED



# Transactions Processed

## OUTPUTS

	1 <sup>st</sup> Quarter		2 <sup>nd</sup> Quarter		3 <sup>rd</sup> Quarter		4 <sup>th</sup> Quarter		Total	
	FY 2013	FY 2012	FY 2013	FY 2012	FY 2013	FY 2012	FY 2013	FY 2012	FY 2013	FY 2012
Retail Transfers of Ownership	256	195	286	151	313	201	271	302	1,126	849
New Retail Permits	427	576	453	360	268	797	495	531	1,643	2,264
Other Retail *	644	602	724	494	834	830	609	542	2,811	2,468
Manufacturers and Wholesale	117	85	216	332	179	134	141	98	653	649
Total	1,444	1,458	1,679	1,337	1,594	1,962	1,516	1,473	6,233	6,230

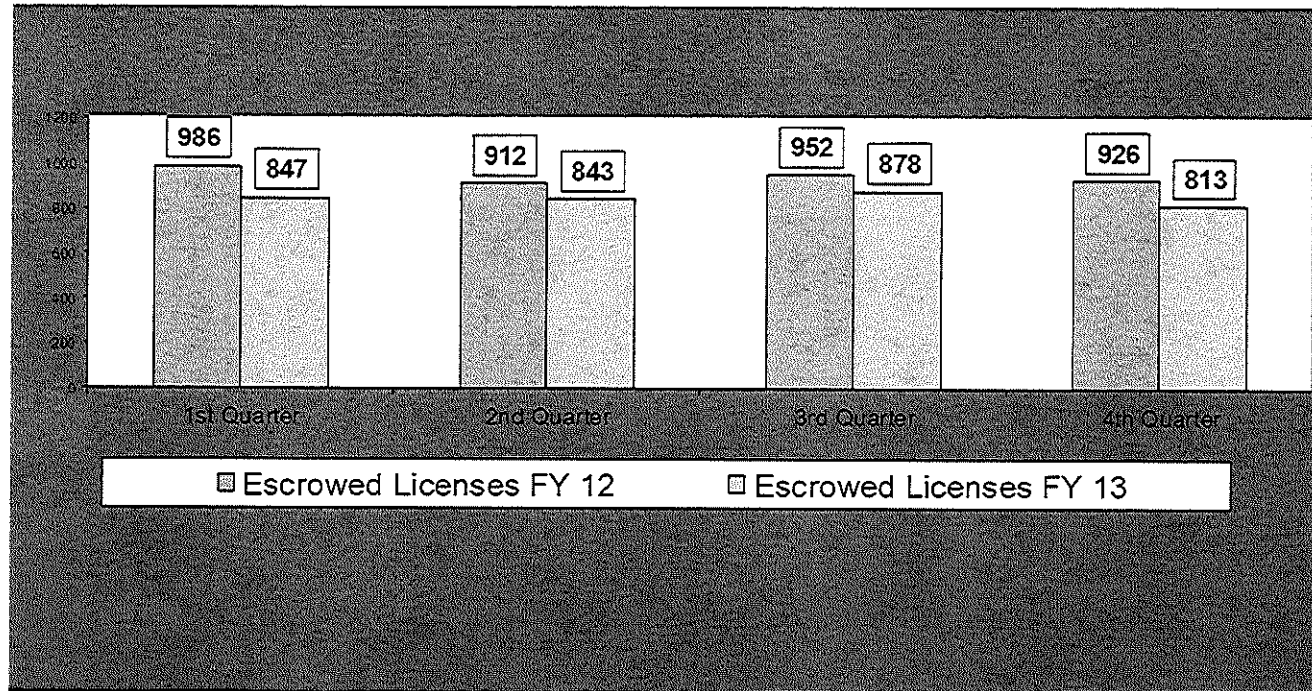
\* Including transfers of stock, appointment and discharge of fiduciary, add/drop space, change name/corrections, cancellations, revocations, escrow renewals, release from escrow, duplicate licenses and duplicate permits. Excluding processing of renewal applications and issuance of new licenses.



CUSTOMER DRIVEN BUSINESS MINDED

# On Premises Licenses In Escrow

## OUTPUTS/EFFECTIVENESS



Objective: To reduce the number of on premises escrowed licenses by 5% to spur license availability to an going business concepts.

Outcome: On Premises licenses in escrow decreased by Approximately 9% from FY 12.

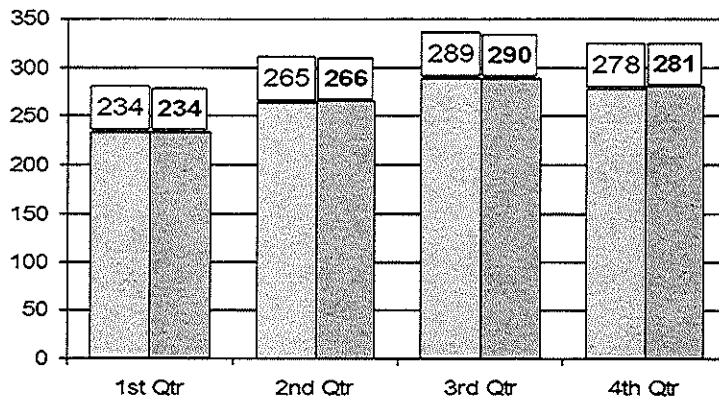


CUSTOMER DRIVEN BUSINESS MINDED

# Transactions Processed

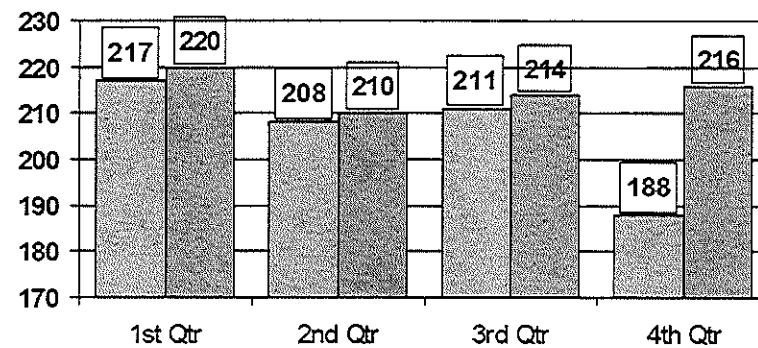
## OUTPUTS:

On Premises Investigations Authorized



On Premises Investigations Authorized within 5 Days  
 Total On Premises Investigations Authorized

Off Premises Investigations Authorized



Off Premises Investigations Authorized within 5 days  
 Total Off Premises Investigations Authorized

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

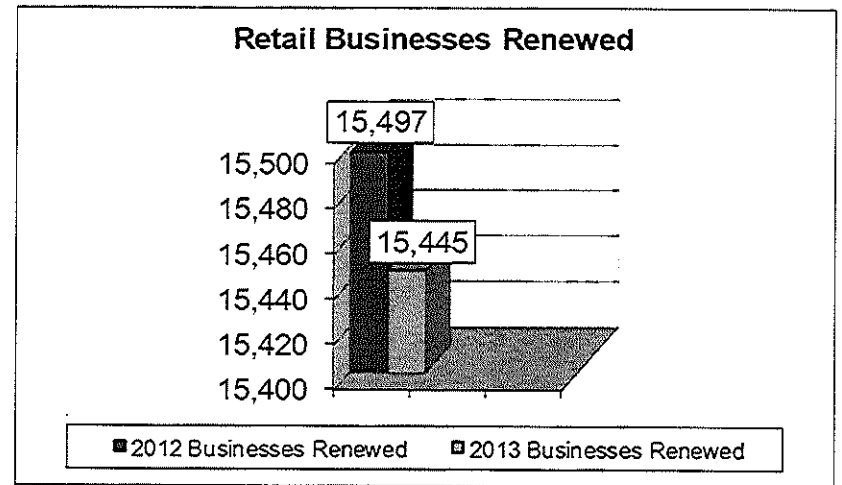
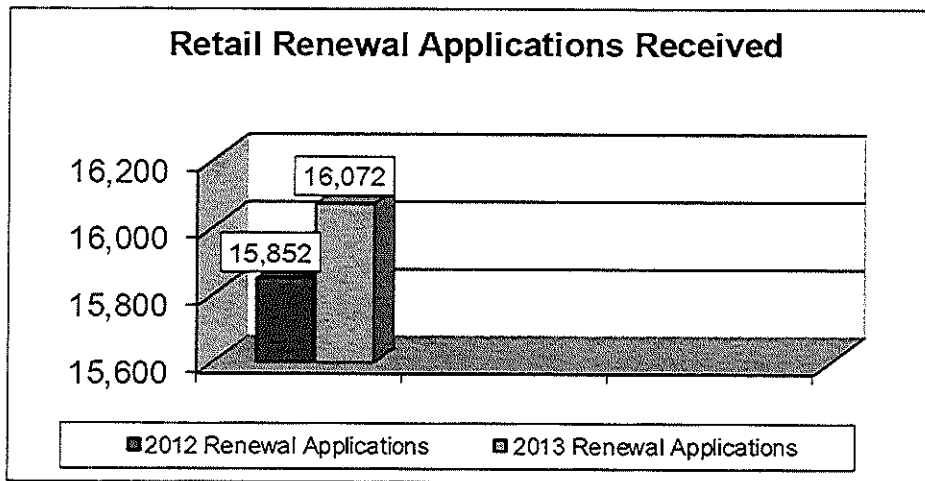
Outcome: 95.9% of Off Premises applications and 99.5% of On Premises applications were authorized for Investigation within 5 working days after all necessary documents were received.



CUSTOMER DRIVEN BUSINESS MINDED

# Retail Renewal

## OUTPUTS/EFFECTIVENESS



In March 2013 a total of 16,072 retail Renewal Applications were released. As of June 2013 a total of 15,445 active businesses were renewed.



CUSTOMER DRIVEN BUSINESS MINDED

# MLCC

## Interoffice Communication

### MICHIGAN LIQUOR CONTROL COMMISSION

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Date: January 16, 2014

To: Commission

From: Tom Hagan, Director  
Enforcement Division

Subject: Audit Statement for the Month of December, 2013

	Dec-13	Dec-12	Total to date 2013	Total to date 2012
Violations Reported:				
Enforcement	126	80	1576	1344
Local Enforcement Officers	36	37	584	763
Joint Reports	0	0	3	13
Complaints Investigated	146	124	2367	2211
Policing Investigations	628	346	9707	8832
Controlled Buy Activity:				
Number of Stops	110	69	2275	2224
Number of Violations	13	11	284	298
% in Violations	12%	16%	12%	13%
Violation after ID Checked	6	4	180	138
% Violations after ID Check	46%	36%	63%	46%
License Application Investigations	6	156	1901	2332
Local Agency Contacts	6	7	110	109
Total Licensing & Enforcement Contacts by Enforcement Officers	1248	920	20431	19077

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