



STATE OF MICHIGAN  
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS  
LIQUOR CONTROL COMMISSION

\* \* \* \* \*

In the matter of  
**The Provisions of Administrative Rule R 436.1047** )  
**Regarding Placing A License Into Escrow** )  
**During Coronavirus State-of-Emergency** )  
\_\_\_\_\_ )

At the March 31, 2020 meeting of the Michigan Liquor Control Commission (Commission) in Lansing, Michigan.

PRESENT: Pat Gagliardi, Chair  
Dennis Olshove, Commissioner  
Geraldyn A. Lasher, Commissioner

**ADMINISTRATIVE ORDER NO. 2020-11**  
**THE PROVISIONS OF ADMINISTRATIVE RULE R 436.1047 REGARDING PLACING A LICENSE INTO ESCROW DURING THE CORONAVIRUS STATE OF EMERGENCY**

Article IV, Section 40, of the Michigan Constitution (1963), permits the legislature to establish a Liquor Control Commission, which shall exercise complete control of the alcoholic beverage traffic within this state, including the retail sales thereof, subject to statutory limitations. MCL 436.1201(2) provides the Commission with the sole right, power, and duty to control the alcoholic beverage traffic and traffic in other alcoholic liquor within this state, including the manufacture, importation, possession, transportation and sale thereof.

Based on the ongoing emergency posed by the novel coronavirus (COVID-19), Governor Whitmer issued Executive Order 2020-9 on March 16, 2020, directing all places of public accommodation to close, including “bars, taverns, brew pubs, breweries, microbreweries, distilleries, wineries, tasting rooms, special licensees, clubs, and other places of public accommodation offering alcoholic beverages for on-premises consumption.” On March 22, 2020, that order was rescinded and replaced with Executive

Order 2020-20, which extended the closing of places of public accommodation for on-premises consumption until April 13, 2020. Executive Order 2020-20 also directs the Commission to “issue orders and directives and take other actions pursuant to law as necessary to implement this order.” The Governor subsequently issued Executive Order 2020-21, “direct[ing] residents to remain at home or in their place of residence to the maximum extent feasible.”

Due to the ongoing emergency, which has closed places of public accommodation to the public and directed residents to stay home as much as feasible, the Commission finds that many licensees may not be able to continue active operation of their licensed businesses for extended periods during the state of emergency. Under Mich Admin Code, R 436.1047, a licensee that ceases active operation for more than 30 days must place its license into escrow with the Commission.

Due to the extraordinary circumstances created by the state of emergency, and to fully implement Executive Order 2020-20, the Commission finds that the phrase “ceases active operation” in administrative rule R 436.1047 does not apply to licensees that have closed because of the current Executive Orders. Thus, the Commission finds that any licensee that does not actively operate for more than 30 days because of Executive Orders related to COVID-19 is not required to place its license into escrow. A licensee that is closed due to the COVID-19 emergency, but does not place its license into escrow pursuant to this order, must still maintain active proof of financial responsibility (liquor liability insurance), as required in MCL 436.1803.

**THEREFORE, IT IS ORDERED THAT:**

- A. The phrase “ceases active operation” in administrative rule R 436.1047 does not apply to licensees that have closed because of Executive Orders 2020-5, 2020-9, and 2020-20, and 2020-21 or any subsequent Executive Order placing the same requirements on places of public accommodation or Michigan residents. Therefore, such licensees are not required to place their licenses into escrow if they have been closed for more than 30 days.
- B. A licensee closed for more than 30 days because of Executive Orders 2020-5, 2020-9, 2020-20, or 2020-21 or any subsequent Executive Order placing the

same requirements on places of public accommodation or Michigan residents must maintain active proof of financial responsibility (liquor liability insurance), as required in MCL 436.1803, if it does not place its license into escrow.

- C. This order is effective immediately and will remain effective until 30 days following the expiration of the previously mentioned Executive Orders or any subsequent Executive Order placing the same requirements on places of public accommodation or Michigan residents, whichever is later.

MICHIGAN LIQUOR CONTROL COMMISSION



---

Pat Gagliardi, Chairman



---

Dennis Olshove, Commissioner



---

GERALYN A. LASHER, Commissioner