



Liquor Licenses for Redevelopment **By Paul K. Bidwell, MAI, CCIM**

In late 1996 Public Act 501 was signed by the Governor signed into law a new type of redevelopment liquor license. This license is most beneficial to municipalities that need new businesses in downtown areas controlled by Development Districts or City Redevelopment Project Areas.

Certain specific steps are necessary for Liquor Licenses for Redevelopment

- The municipality must pass a resolution approving the applicant for the license
- The business owner then fills out an application for a liquor license.
- The applicant will need to demonstrate to the Liquor Control Commission that it has attempted to secure an on-premise escrowed license or quota license and that one is not readily available within the local government.
- The applicant will have to pay a \$20,000 fee for the license once it has been approved.

There are two distinct types of licenses granted under this new Public Act which include Development Authority Districts and City Redevelopment Project Areas with both having separate compliance requirements.

Development Authority Districts

This specific license requires the business applicant to be engaged in a dining, recreation or entertainment establishment that has at least 50 persons.

The applicant also must either expend at least \$75,000 for the rehabilitation or restoration of the building occupying the business over a period of the *preceding* five years or commit to a capital investment of at least \$75,000 before the license is issued.

Also, proof must be submitted that the applicant business is located in a development authority district and the total amount of the private/public investment in real and personal property in this district is at least \$200,000 for the preceding 5 years.

City Redevelopment Project Areas

This specific license applicant must indicate to the LCC that it is engaged in dining, entertainment or recreation activities at least 5 days a week and is opened to the public at least 10 hours per day, 5 days per week.

Also the applicant must have verification that a resolution has passed by the city which has a designated Redevelopment Project Area; proof that commercial investment in the Redevelopment Project Area is 25% or more of the total investment in real & personal property in the City Redevelopment Project Area and also the total investment over the last 3 years at least \$50 million in cities having a population of 50,000 or more or at least \$1 million per 1,000 people in cities of less than 50,000.

It should be noted that the licenses created under this Act are not transferable by the business owner to another location. If the business goes out of business the license is surrendered to the LCC.

If you have any further questions please contact the Michigan Municipal League or contact Swisher Commercial so we can help you with any questions you might have on this new development potential opportunity.