

# Ask the Experts

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**Q** *“My business holds a liquor license and we want to add new owners. Do we need to report the change to the Michigan Liquor Control Commission (MLCC) and/or the municipality in which we do business?”*



**A** In all instances, a licensed entity, whether it is a limited liability company or a corporation, must report any change in ownership to the MLCC, but in different ways. The Liquor Control Code states at MCL 436.1529(1):

“A license or an interest in a license shall not be transferred from one person to another without the prior approval of the MLCC. For purposes of this section, the transfer in the aggregate to another person during any single licensing year of more than 10 percent of the outstanding stock of a licensed corporation or more than 10 percent of the total interest in a licensed

partnership shall be considered to be a transfer requiring prior approval of the MLCC.”

The MLCC interprets this section of the Code to also apply to limited liability companies. Therefore, if your business wishes to transfer more than 10 percent of its interest in the company to a new individual, prior approval of the MLCC is required. To request the MLCC’s

approval, you must first have a written agreement between the individual or the company transferring the ownership interest. This agreement must clearly set forth the following:

1. The amount of interest being transferred.
2. The amount of money, or other consideration, the person receiving the interest is paying for the interest.
3. That the agreement is conditioned upon the prior approval of the MLCC.

In many instances, the company is required to pay a transfer fee to the MLCC. The request

to transfer is assigned to an MLCC Investigator, who requests various documents from the company and the new owner, and investigates the source of any funds being paid for the interest. Once the report is submitted to the MLCC, the MLCC will consider the request.

While the local municipality’s approval of the transfer is not required by the MLCC, the MLCC’s approval order will state that the company must comply with all local ordinances. Many municipalities require prior approval of a transfer of ownership. Therefore, you must be careful to review the municipality’s regulations and/or contact counsel to assist with the transfer process.

If, on the other hand, you want to transfer 10 percent or less of your licensed company, then you must only notify the MLCC of the change no later than July 1st of each year. The form for this notification can be found at the MLCC’s website, [michigan.gov/lara](http://michigan.gov/lara).