



**Senate Fiscal Agency**  
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**BILL ANALYSIS**



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Senate Bill 538 (as enrolled)

**PUBLIC ACT 138 of 1995**

Sponsor: Senator Don Koivisto

Senate Committee: Economic Development, International Trade and Regulatory Affairs

House Committee: Regulatory Affairs

Date Completed: 7-12-95

**RATIONALE**

In September 1995, K.I. Sawyer Air Force Base is scheduled for final closure. The base, located in a rural area in Marquette County in the Upper Peninsula, apparently has been a major source of employment and revenue for the civilian workers and local governments in the area. To facilitate the transfer of military installation operations to civilian activities, Public Act 159 of 1993 provided for the creation of the K.I. Sawyer Base Conversion Authority. Among its other duties, the base conversion authority evaluates proposals from businesses and others to reuse facilities on the base. For example, plans reportedly are under way to reuse the base bowling alley, operate a golf course, and convert the Officers' Club into a family restaurant.

In order to attract clientele, the bowling alley, golf clubhouse, and restaurant wish to obtain liquor licenses. The golf clubhouse, which is located on that portion of the base (about 50%) that is Federally owned, has applied for the one liquor license left to Sands Township under the license/population quota provisions of the Michigan Liquor Control Act. The locations for the restaurant and the bowling alley, however, have proven to be problematic for the issuance of liquor licenses. The restaurant would be located on land that is owned by the State, but that was leased to the Federal government, which is now leasing it back to the State ("a lease-back"). The bowling alley would be located on the dividing line between the land that is Federally owned and the land that is State-owned, but in a lease-back situation. The leased back property apparently is not scheduled to be converted totally to State ownership for a year or more. The Michigan Liquor Control Act prohibits the issuance of liquor licenses on State-owned land except in certain specified instances, such as on State fairgrounds.

Without the liquor licenses for the facilities that would be located on the lease-back property, however, some are concerned that businesses would not be as interested in developing the property, or as successful in those locations, as they otherwise would be.

A similar situation developed when Kincheloe Air Force Base in Chippewa County closed in 1979. Several establishments sought liquor licenses but were prohibited by statute from obtaining them. Public Act 185 of 1980 amended the Liquor Control Act to permit two licenses to be issued to establishments located on land that was once owned or leased by the Federal government and used for a military installation and that was transferred to the State. The licenses are exempt from the population quota restrictions of the Act. The provision, however, applies only to land that was transferred to the State before January 1, 1980. It was suggested, therefore, that the provision be extended to land transferred before December 31, 2000, to help facilitate the issuance of liquor licenses for establishments on K.I. Sawyer Air Force Base.

**CONTENT**

The bill amended the Michigan Liquor Control Act to specify that land located in the Upper Peninsula that was owned or leased by the Federal government, used as a military installation, and transferred to the State before December 31, 2000, is exempt from the prohibition against the issuance of liquor licenses, except special licenses, to establishments situated in or on State-owned land.

The bill also provides that the two additional licenses that the Liquor Control Commission may

issue to establishments on former military installation property, without regard to the license quota provisions, are subject to the recommendation of the base conversion authority established under Public Act 151 of 1978 or Public Act 159 of 1993. The authority's recommendation previously was not required.

MCL 436.17

## **ARGUMENTS**

*(Please note: The arguments contained in this analysis originate from sources outside the Senate Fiscal Agency. The Senate Fiscal Agency neither supports nor opposes legislation.)*

### **Supporting Argument**

The closure of the K.I. Sawyer Air Force Base in a rural area near Marquette may be devastating to the local economy. Any steps to draw potential businesses to the former base should be taken. Two businesses in particular are interested in using existing base facilities--one would reuse the bowling alley, and the other would convert the Officers' Club into a family restaurant. Both have expressed a need to obtain a liquor license in order to attract customers to their establishments. Without the licenses, they may not be able to generate enough revenue to keep the businesses operating. The jobs and other revenue created by these businesses would significantly help the local economy to offset the losses suffered by the closure of the base. The bill will facilitate the issuance of liquor licenses to these concerns.

**Response:** The provision in question could be read to mean that the exemption from the ban on liquor licenses for establishments on State-owned land will apply to land only after it has been transferred from the Federal government to the State. The restaurant and bowling alley intend to open for business by late September of this year, but the bill might not provide the necessary exemption if the land in question is currently in a lease-back situation and does not revert to State ownership for a year or more.

Legislative Analyst: L. Burghardt

## **FISCAL IMPACT**

The bill will not place any added fiscal burden on the Liquor Control Commission or on local government. Provisions in existing law provide for the reimbursement of any local enforcement expenses related to licenses provided through the authority granted by this bill.

Fiscal Analyst: K. Lindquist

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.