



House Bill 5379 (Substitute H-1)

Sponsor: Representative Beverly Bodem

House Committee: Regulatory Affairs

Senate Committee: Economic Development, International Trade and Regulatory Affairs

Date Completed: 12-6-95

SUMMARY OF HOUSE BILL 5379 (Substitute H-1) as passed by the House:

The bill would amend the Michigan Liquor Control Act to do all of the following:

- Extend through 1997 the authority of the Liquor Control Commission (LCC) to issue a limited number of resort licenses each year.
- Require an applicant for an on-premises resort license to verify that he or she first attempted to secure an on-premises escrowed or quota license, and that one was not readily available.
- Prohibit the LCC from issuing an on-premises resort license if the local governmental unit had not issued all quota licenses or if an on-premises escrowed license existed and were readily available.
- Allow an on-premises escrowed license to be issued to an applicant whose proposed operation was located within any local governmental unit in the county in which the escrowed license was located.

"Escrowed license" would mean a license in which the rights of the licensee in the license or to the renewal of the license were still in existence and were subject to renewal and activation in the manner provided in the Michigan Administrative Code (R 436.1107). "Readily available" would mean available under a standard of economic feasibility, as applied to the specific circumstances of the applicant, that included but would not be limited to the fair market value of the license, if determinable; the size and scope of the proposed operation; and the existence of mandatory contractual restrictions or inclusions attached to the sale of the license.

Resort Licenses

Additional Licenses. The Act allows the LCC to issue up to 10 licenses for the year 1995, in addition to resort licenses otherwise authorized, to establishments whose business and operation are designed to attract and accommodate tourists and visitors to the resort area and whose primary purpose is not the sale of alcohol.

In addition to licenses for on-premises consumption that may be available in a local governmental unit and resort licenses otherwise authorized, the LCC also may issue up to 25 resort licenses for the year 1995, if all of the following conditions are met:

- The establishment's business and operation are designed to attract and accommodate tourists and visitors to the resort area.
- The establishment's primary business is not the sale of alcohol.
- The capital investment in real property, leasehold improvement, fixtures, and inventory for the premises to be licensed is in excess of \$1 million.

In governmental units having a population up to 50,000 in which the quota of specially designated distributor (packaged liquor) licenses has been exhausted, the LCC may issue up to 10 additional packaged liquor licenses for the year 1995 to established merchants whose business and operation are designed to attract and accommodate tourists and visitors to the resort area.

The bill would extend the authority of the LCC to issue the additional licenses described above, on an annual basis, through 1997.

Issuance of Resort Licenses. A person signing an application for an on-premises resort license would have to state and verify that he or she attempted to secure an on-premises escrowed or quota license and that, to the best of his or her knowledge, an on-premises escrowed or quota license was not readily available within the local unit or county in which the applicant for the on-premises resort license proposed to operate.

The LCC could not issue an on-premises resort license if the local unit within which the resort license applicant proposed to operate had not issued all on-premises licenses available or if an on-premises escrowed license existed and were readily available within the local unit or county in which the applicant proposed to operate. The LCC could waive this provision upon a showing of good cause.

Escrowed Licenses

Under the bill, an on-premises escrowed license would be available to an applicant whose proposed operation was located within any local unit in the county in which the escrowed license was located. If the local unit within which the former licensee's premises were located spanned more than one county, an escrowed license would be available to an applicant whose proposed operation was located within any local unit in either county. If an escrowed license were activated within a local unit other than the local unit within which the escrowed license originally was issued, the LCC would have to count the activated license against the local unit originally issuing the license.

MCL 436.19c

Legislative Analyst: P. Affholter

FISCAL IMPACT

The bill would not have a direct fiscal impact on the State or local governmental units. Additional liquor sales realized through the new liquor establishments would generate added tax revenue, but the net revenue level cannot be estimated without estimated sales volume and local liquor law enforcement costs.

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.