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CONFERENCE CENTER LIQUOR LICENSE

House Bill 4520 as introduced First Analysis (4-9-97)

Sponsor: Rep. Bob Emerson
Committee: Regulatory Affairs

THE APPARENT PROBLEM:

Generally, under the Liquor Control Act, liquor licenses for on-premise consumption are limited in number and subject to a population quota provision and approval by the local governmental unit. However, the act offers several exceptions to these restrictions, including an exemption for certain conference centers that are operated by the governing boards of two- or four-year state-supported colleges or universities.

Recently, Mott Community College in Flint has seen an expansion in its culinary arts program and the establishment of the Applewood Cafe. The cafe provides a hands-on, clinical experience for the students in both food and wine service. In addition, the cafe is open for lunch daily and used for special events and college functions. The college has expressed an interest in a liquor license for on-premise sales and consumption to be used in conjunction with college events. Legislation has been proposed to add the Marie Prah! College Center at Mott Community College to the list of college and university conference centers eligible under the act to receive a liquor license for on-premise consumption.

THE CONTENT OF THE BILL:

In general, the Liquor Control Act restricts the issuance of liquor licenses for on-premise consumption to one license per 1,500 of population. Certain specified college- or university-operated conference centers are exempted from the population quota requirement. Other requirements are that the governing board of the college or university operates the center, and alcohol is sold only at regularly scheduled conference center activities. House Bill 4520 would amend the act to add the Marie Prah! College Center at Mott Community College to the list of conference centers that are eligible to receive an on-premise liquor license.

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FISCAL IMPLICATIONS:

The House Fiscal Agency reports that the bill would not have a state or local fiscal impact. (3-27-97)

ARGUMENTS:

For:

The bill would enable the Marie Prah! College Center at Mott Community College to do what many of its counterparts on other campuses have done and obtain a license for on-premise sales and consumption of alcoholic beverages. In general, permitting a college conference center to obtain an on-premise liquor license has increased a center's ability to attract convention business, thus adding to the local economy and creating jobs. Some college centers, such as the Waterman Campus Center at Schoolcraft College, function primarily as academic laboratories for teaching culinary arts. Reportedly, Mott Community College intends to utilize an on-premise liquor license to further expand its culinary arts program and provide better training for future chefs and sommeliers by offering a wider array of services for college events.

Against:

From time to time, the Liquor Control Act has been amended to increase the number of college conference centers eligible to obtain on-premise liquor licenses. In the past, opponents have argued that such a policy decreases the emphasis on education and increases the emphasis on entry into areas once reserved to the private sector. College conference centers enjoy the advantages of tax-exempt status and at the same time they compete with privately-owned restaurants, banquet halls, and lodging facilities for convention business, wedding receptions, and other functions. It has also been argued that since it is tough enough for entrepreneurs to make a success of a business, the state should not make it tougher by allowing taxpayer-subsidized businesses to flourish on college campuses at the expense of private enterprise.

Further, many have criticized the language of the act through the years, claiming that the statute's provision that liquor licenses granted to college conference centers be used only for the sale of alcoholic beverages at "regularly scheduled conference center activities" is unclear. It is agreed that this means a conference center, including the Applewood Cafe at Mott Community College, could not serve walk-in patrons as bars and restaurants may do. However, a wedding reception for a member of the community would not necessarily be a university function, but would still be a scheduled conference center activity. If the act is going to continue to be amended to add more and more college conference centers to the list of centers eligible for liquor licenses, then at the very least the act should be amended to clarify under which circumstances an on-premise liquor license could be utilized by a college conference center.

Response:

The Liquor Control Commission (LCC) has very strict regulations that dictate which functions and activities held at the college conference centers may include wine or liquor service. According to LCC staff, a college conference center may only use an on-premise liquor license for university- and education-related events. Therefore, a college center should not pose the economic threat that some maintain, as the private sector would be better suited to meet the needs of those planning personal or non-educational activities and events at which alcohol would be served.

Against:

It has long been held that permitting college conference centers to hold on-premise liquor licenses extends an inappropriate link between college and drinking. Licensed establishments in close proximity to college campuses constitute an invitation to underage drinking. By allowing various college conference centers to serve alcohol, the law and the bill indirectly encourage underage drinking.

POSITIONS:

Mott Community College submitted a letter in support of the bill. (3-19-97)

Analyst: S. Stutzky

■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.