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SFA**BILL ANALYSIS**

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House Bill 4332 (Substitute H-3 as passed by the House)

Sponsor: Representative Beverly Bodem

House Committee: Regulatory Affairs

Senate Committee: Economic Development, International Trade and Regulatory Affairs

Date Completed: 5-19-98

CONTENT

The bill would amend the Michigan Liquor Control Act to extend through 1998 the authority of the Liquor Control Commission (LCC) to issue a limited number of resort licenses and designated distributor licenses each year; create a license issuance fee for additional resort licenses; and eliminate the provision that exempts the issuance of a national sporting event license from the license limitations and quotas.

Resort Licenses

The Act allows the LCC to issue up to 10 licenses on an annual basis through 1997, 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. The bill would allow up to 10 additional resort licenses for 1998, and would require a \$5,000 license issuance fee.

In addition to licenses for the sale of on-premises consumption that may be available in a local governmental unit and resort licenses otherwise authorized, the LCC may issue up to 25 resort licenses on an annual basis through 1997, 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.

The bill would require a payment of an initial issuance fee of \$10,000 before the LCC could issue up to 25 resort economic development licenses for 1998. All of the conditions described would have to be met except the capital investment in real property, leasehold improvement, fixtures, and inventory for the premises to be licensed would have to be in excess of \$1.5 million.

Specially Designated Distributor Licenses

In governmental units having a population up to 50,000 in which the quota of a specially designated distributor licenses has been exhausted, the LCC may issue up to 10 additional designated distributor licenses on an annual basis through 1997 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 additional specially designated distributor licenses

through 1998 and specify that a specially designated distributor license issued under the Michigan Administrative Code could be located within 2,640 feet of a specially designated distributor license issued under the bill.

MCL 436.19c

Legislative Analyst: N. Nagata

FISCAL IMPACT

The bill would establish two new license fees--a \$5,000 resort license issuance fee and a \$10,000 resort economic development license issuance fee. According to the Commission, these fees could generate as much as \$300,000 in new revenue if the maximum number of licenses were sold.

This bill would increase revenue to local governments as they receive 55% of the revenue generated from retail license fees.

Fiscal Analyst: M. Tyszkiewicz

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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.