

# Legislative Analysis



## **SPECIAL LIQUOR LICENSES FOR NATIONAL AND INTERNATIONAL SPORTING EVENTS**

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**House Bill 5730 as enrolled**  
**Public Act 169 of 2004**  
**Sponsor: Rep. Shelley Taub**

**House Bill 5731 as enrolled**  
**Public Act 170 of 2004**  
**Sponsor: Rep. Bill McConico**  
**House Committee: Regulatory Reform**  
**Senate Committee: Economic Development, Small Business and Regulatory Reform**

### **Second Analysis (12-29-04)**

**BRIEF SUMMARY:** The bills updated language in the Liquor Control Code allowing special liquor licenses to be issued for the duration of national or international sporting events. They applied to the 2004 Ryder Cup, and will apply to 2005 Major League All-Star Game, the 2006 Super Bowl, the 2008 PGA Championship, and the 2009 NCAA Men's Final Four. The bills were effective as of June 24, 2004.

**FISCAL IMPACT:** The increase in the special liquor license fee from \$100 to \$1,000 would result in a slight, but insignificant, increase in Department of Labor and Economic Growth revenues. Additional expenditures to administer a greater number of special licenses will also be insignificant, because of the infrequency of national and international sporting events conducted in Michigan. The additional workload can be handled by existing Liquor Control Commission staff.

### **THE APPARENT PROBLEM:**

Since 1982, state law has permitted the Liquor Control Commission (LCC) to issue special licenses related to major sporting events. Originally, the law permitted the LCC to issue 40 special licenses to certain nonprofit and charitable organizations to allow them to sell alcohol during a national sporting event. In 1993, in anticipation of several World Cup matches at the Pontiac Silverdome and the Great Lakes Grand Prix in Pontiac, state law was expanded to allow the LCC to issue national or international sporting event licenses for the sale of alcoholic liquor for on-premise consumption, as long as the licensed premises were located in the central business district of a city having a population of at least 70,000 and in a "theme area" (as designated by the city's governing body) in connection with a national or international sporting event.

In September of this year, Oakland Hills Country Club in Bloomfield Township hosted the 35<sup>th</sup> annual Ryder Cup golf match, which pits the best golfers from the United States against the best from Europe in a biennial match play tournament. The location of the event alternates between Europe and the United States and will be played in Ireland in

September 2006. Oakland Hills Country Club will also host the 2008 PGA Championship. In addition, in the coming years Detroit will host several national sporting events at Ford Field (Super Bowl XL in 2006 and the 2009 NCAA men's basketball championships) and Comerica Park (Major League Baseball's 2005 All-Star Game).

The old statutory language was largely based on the events in the City of Pontiac in 1994. Legislation was introduced to allow for the issuance of special liquor licenses related to the Ryder Cup, Super Bowl, and other large national and international sporting events.

### ***THE CONTENT OF THE BILLS:***

The bills amended the Michigan Liquor Control Code to allow the Liquor Control Commission to issue national and international sporting event licenses for on-premises consumption of alcoholic liquor under certain circumstances. Such licenses would be issued for not more than 30 consecutive days and would not be transferable. The application fee for a license would be \$1,000. The two bills were tie-barred to each other. House Bill 5730 addressed *international* sporting event licenses issued in connection with an international golf tournament held in 2004; House Bill 5731 addresses *national* sporting event licenses issued in connection with the 2005 Major League All-Star Game, the 2006 Super Bowl, the 2008 PGA Championship, and the 2009 NCAA Men's Final Four. Otherwise, the provisions of the two bills are substantially the same.

Under the bills, these special licenses could be issued if the LCC found the following circumstances to exist:

- (a) the governmental unit where the sporting event is to be conducted is the host governmental unit for the event;
- (b) the premises to be licensed are to be located in a theme area or theme areas designated by the governing body of the host governmental unit in connection with the sporting event or are operated in conjunction with that event;
- (c) the LCC determines that the event will attract a substantial number of tourists from outside the state;
- (d) the sporting event is conducted under auspices of an international or national sanctioning body; and
- (e) the applicant is either a current Michigan on-premise licensee, the promoter of the event or an affiliate of the promoter, a person who has entered into a written concession or catering agreement with the promoter or its affiliate, with the agreement approved by the LCC, or an organization qualified for licensure as a special licensee under Section 111 of the code and related commission rules.

Such a license would be for a period of not more than 30 consecutive days and would not be transferable as to owner or location. Each license would be for a specific designated time period that included the sporting event and activities associated with the event. No more than 40 national sporting event licenses and 40 international event licenses could be issued for use at the same time in a theme area or theme areas.

The governing body of a host local governmental unit would have to supply the LCC, for its review, a list of the applicants and locations of the premises to be licensed. The governing body would have to recommend the number of licenses to be issued in the theme area or areas. The LCC could not issue any licenses not recommended by the local unit. The local governing body would also have to provide written certification to the commission that all premises to be licensed comply with applicable state and local building, safety, and health laws, rules, and regulations. A licensee would not have to meet the usual requirements about proximity to a church or school.

Previously, allowed the LCC to issue national or international sporting event licenses for the sale of alcoholic liquor for consumption on the premises if all of the following circumstances were found to exist:

- (a) The premises to be licensed were located in the central business district of a city having a population of 70,000 or more and the city is an official host of a national or international sporting event.
- (b) The premises to be licensed were located in a theme area or theme areas designated by the governing body of the city in connection with the national or international sporting event.
- (c) It was reasonably expected that the national or international sporting event would attract a substantial number of tourists from outside this state to the city.
- (d) The applicant held a valid Michigan license for the sale of alcoholic liquor for consumption on the premises or was the promoter of the event.

MCL 436.1517 (House Bill 5730) and MCL 436.1517a (House Bill 5731)

## ***ARGUMENTS:***

### ***For:***

The bills updated language in the Liquor Control Code allowing special liquor licenses related to be issued in connection with international or national sporting events. This permits special licenses for a number of upcoming major events, such as the baseball all-star game and the NFL Super Bowl, and applied to last September's Ryder Cup matches at Oakland Hills Country Club in Bloomfield Township.

The bills also expanded the list of eligible licensees. Previously, an applicant had to hold a valid Michigan license for the sale of alcoholic liquor for on-premise consumption or be

the promoter of the event. The bills allow a license to be issued to a person who has entered into a LCC-approved written concession or catering agreement with the promoter or an affiliate.

In addition, the bills allow licensed premises to be located in areas in a municipality other than the “central business district”. Finally, the bill increases license fees from \$100 to \$1000.

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