



Senate Fiscal Agency
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BILL ANALYSIS

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House Bill 5730 (as reported without amendment)
House Bill 5731 (Substitute S-3 as reported)
Sponsor: Representative Shelley Taub (H.B. 5730)
Representative Bill McConico (H.B. 5731)
House Committee: Regulatory Reform
Senate Committee: Economic Development, Small Business and Regulatory Reform

Date Completed: 6-7-04

RATIONALE

The Michigan Liquor Control Commission is permitted to issue up to 40 special liquor licenses for major national and international sporting events held in cities with populations of more than 70,000. The city of Bloomfield Hills is hosting the 2004 Ryder Cup golf match, but has a population of roughly 3,600, which means that the Commission is unable to issue licenses for this event. The Ryder Cup is considered one of the most prestigious events in professional golf, and visitors from around the world are expected to attend the event itself, as well as numerous related events in Bloomfield Hills. The city, as well as event organizers, would like special, 30-day licenses to be issued so liquor could be sold for on-premises consumption at various venues during the tournament.

It has been suggested that the Commission be authorized to issue liquor licenses for national and international sporting events, without regard to the host city's population, in order to accommodate both the Ryder Cup and other upcoming events such as the Super Bowl and college basketball's Final Four.

CONTENT

House Bills 5730 and 5731 (S-3) would amend the Michigan Liquor Control Code to permit the Liquor Control Commission to issue sporting event licenses for the sale of alcoholic liquor for consumption on the premises in connection with national and international sporting events hosted by

a governmental unit. Under both bills, the license fee would be \$1,000.

The bills are tie-barred to each other, and are described in detail below.

Currently, Section 517 of the Code allows the Commission to issue a national or international sporting event license if the premises to be licensed are 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. The premises to be licensed must be located in a theme area; the event must be expected to attract a substantial number of tourists from outside the State; and the applicant must hold a valid Michigan license for the sale of alcoholic liquor for on-premises consumption or be the promoter of the event. The current fee is \$100.

House Bill 5730 would amend Section 517 to permit the Commission to issue international sporting event licenses for the sale of alcoholic liquor for consumption on the premises in connection with an international golf tournament to be conducted during the 2004 calendar year. The bill would delete the requirement that the premises to be licensed be in the central business district of a city with a population of 70,000 or more.

House Bill 5731 (S-3) would add Section 517a to permit the Commission to issue national sporting event licenses for the sale of alcoholic liquor for on-premises consumption concerning a national sporting event. "National sporting event" would

mean a sports-related event considered of national prominence, and would include only the following:

- The Major League Baseball all-star game during 2005.
- The National Football League super bowl during 2006.
- The Professional Golfers Association championship during 2008.
- The National College Athletic Association final four games during 2009.

Under both bills, the licenses could be issued if the Commission found that the following circumstances existed:

- The local governmental unit in which the sporting event was to be conducted was the host unit for that event.
- The premises to be licensed were 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 were operated in conjunction with that event.
- The sporting event would attract a substantial number of tourists from outside the State.
- The sporting event was conducted under the auspices of a national or international sanctioning body.

In addition, the applicant would have to be one of the following: a Michigan licensee for the sale of alcoholic liquor for consumption on the premises; the promoter of the international sporting event or an affiliate of the promoter; a person who had entered into a written concession or catering agreement with the promoter of the event or its affiliate, which agreement had been approved by the Commission; or an organization qualified for licensure as a special licensee under Section 111(10) of the Act and the rules of the Commission. (Under Section 111(10), a "special license" may be granted only for a period of time determined by the Commission to a person or organization able to demonstrate an existence separate from an affiliated umbrella organization.)

A license issued under either bill would not be subject to Section 503 of the Code, which requires the Commission to deny a license if the premises are located within 500 feet of a church or school building.

Currently, under Section 517, sporting event licenses may be issued for not more than 30 consecutive days and are not transferable as to ownership or location. A license must be for specific designated time periods that include the sporting event and activities associated with it. Not more than 40 licenses may be issued for use at the same time in a theme area or areas. In addition, the governing body of the host governmental unit must give the Commission for its review a list containing the names of applicants and the locations of the premises to be licensed. The governing body must recommend the number of licenses to be issued in the theme area or areas, and the Commission may not issue any licenses that are not recommended by the governing body. The governing body of the host governmental unit also must give the Commission written certification that all premises to be licensed comply with applicable State and local building, safety, and health laws, rules, and regulations.

House Bill 5730 would retain these provisions in Section 517, and House Bill 5731 (S-3) would include them in Section 517a.

MCL 436.1517 (H.B. 5730)
Proposed MCL 436.1517a (H.B. 5731)

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 Liquor Control Code's requirements regarding the Commission's issuance of national or international sporting event licenses were last amended in 1993 in anticipation of Pontiac's hosting several World Cup soccer matches and the Great Lakes Grand Prix. An amendment adopted the following year removed a December 31, 1994, sunset on these provisions, to enable promoters, sponsors, and participants to plan ahead for national and international sporting events. Special sporting event liquor licenses are expected to help assure the success of both the events themselves and the myriad other tourism and promotional activities that accompany major sporting competitions, which can produce considerable income for everyone involved.

The Ryder Cup tournament, itself, is expected to pump as much as \$200 million into the State's economy. The two bills would update the Code to allow for issuance of international sporting event licenses in Bloomfield Hills for the Ryder Cup and national event licenses for the Super Bowl, Major League Baseball All-Star Game, PGA championship, and the Final Four.

Legislative Analyst: J.P. Finet

FISCAL IMPACT

The bills would increase the fee from \$100 to \$1,000. This license revenue is split between the State (45%) and local governments (55%). If additional licenses were issued, additional revenue would be raised at both levels of government.

Fiscal Analyst: Maria 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.