



Senate Fiscal Agency
P. O. Box 30036
Lansing, Michigan 48909-7536



BILL ANALYSIS

Telephone: (517) 373-5383
Fax: (517) 373-1986
TDD: (517) 373-0543

Senate Bill 50 (as introduced 1-25-05)

Sponsor: Senator Shirley Johnson

Committee: Economic Development, Small Business and Regulatory Reform

Date Completed: 5-30-06

CONTENT

The bill would amend the Michigan Liquor Control Code to create an SDD-C permit and allow the Liquor Control Commission to issue an SDD-C permit to a public on-premises licensee, as a supplement to the on-premises license, to allow the sale and delivery of spirits in the original sealed container at locations other than the licensed premises and require the permit holder to provide for service of spirits at a private event where the alcoholic liquor was not resold to guests.

An applicant for an SDD-C permit would have to apply on a form approved by the Commission and pay an application and processing fee of \$70 and a SDD-C permit fee of \$300 at the time of issuance. The on-premises licensee also would have to pay the SDD-C permit fee at the time of renewing the on-premises license.

Spirits sold by an on-premises licensee under an SDD-C permit would have to be sold at the price fixed by the Commission for specially designated distributors. (A specially designated distributor is a person engaged in an established business licensed by the Commission to distribute spirits and mixed spirit drink in the original package for the Commission for off-premises consumption.)

The bill states that it would not limit the number of SDD-C permits the Commission could issue within any local unit of government. A holder would not be prevented from using the SDD-C permit at multiple locations and events during the same time period.

An on-premises licensee who was also the holder of an SDD-C permit would not be prohibited from selling spirits to a person who had obtained a special license under Section 527 (which allows the issuance of special licenses to nonprofit charitable organizations for the sale, at auction, of donated wine).

The bill would define "SDD-C permit" as a permit issued by the Commission to a public on-premises licensee who is licensed for the sale of spirits and also is licensed as a food service establishment under the Food Law, enabling the holder to sell and deliver spirits in the original sealed container to a person for off-premises consumption so long as the sale was not by the glass or drink and requiring the permit holder to provide the service of the spirits.

"Private event" would mean an event where no consideration, as defined in Section 913(5), is paid by the guests. (Section 913(5) defines "consideration" as any fee, cover charge, ticket purchase, the storage of alcoholic liquor, the sale of food, ice, mixers, or other liquids used with alcoholic liquor drinks, or the purchasing of any service and/or item; or the

furnishing of glassware or other containers for use in the consumption of alcoholic liquor in conjunction with the sale of food.)

Proposed MCL 436.1545

Legislative Analyst: J.P. Finet

FISCAL IMPACT

The bill would create a new licensing category for restaurants that provide catering services. The fees include a \$30 application fee and a \$300 permit fee. There are currently 7,500 Class C licensees that would be qualified for this. If 10% of these licensees took advantage of this provision, revenue to the Commission would increase by \$52,500 from the application fee and by \$225,000 from the renewable permit fee.

Fiscal Analyst: Elizabeth Pratt
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.