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**BILL ANALYSIS**

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Senate Bill 257 (as reported without amendment)

Sponsor: Senator Bev Hammerstrom

Committee: Economic Development, Small Business and Regulatory Affairs

CONTENT

The bill would amend the Michigan Liquor Control Code to extend through the years 2005 and 2006 the authority of the Liquor Control Commission (LCC) to issue additional resort licenses, resort economic development licenses, and specially designated distributor (SDD) licenses in resort areas. (Resort licenses allow the sale of alcoholic liquor for on-premises consumption. An SDD is a person engaged in an established business licensed by the LCC to distribute packaged liquor for off-premises consumption.)

Under the Code, the Commission may issue up to 550 resort licenses without regard to the Code's population-based limitation on the number of licenses allowed. In addition to these, the LCC has been authorized to issue a limited number of resort licenses and SDD licenses for specific years. As permitted for 2003 and 2004, the bill would allow the LCC to issue the following additional licenses per year for 2005 and 2006:

- Up to 10 resort licenses to establishments whose business and operation are designed to attract and accommodate tourists and visitors to the resort area, whose primary purpose is not the sale of alcoholic liquor, and whose capital investment in real property, leasehold improvement, and fixtures for the premises is \$75,000 or more.
- Up to 20 resort economic development licenses to establishments whose business and operation are designed to attract and accommodate tourists and visitors to the resort area, whose primary business is not the sale of liquor, whose capital investment, leasehold improvement, fixtures, and inventory for the premises exceed \$1.5 million, and that does not allow casino gambling on the premises.
- Up to 10 additional SDD licenses to established merchants whose business and operation are designed to attract and accommodate tourists and visitors to the resort area, in governmental units having a population of 50,000 or less, in which the quota of SDD licenses has been exhausted.

MCL 436.1531

Legislative Analyst: J.P. Finet

FISCAL IMPACT

The revenue from these additional resort license fees is approximately \$7,500 per year. It is distributed by a statutory formula for retail liquor license revenue that allots 41.5% to the Liquor Control Commission for regulation and enforcement, 3.5% through the Department of Community Health for prevention and treatment of alcoholism, and 55% to local governments for liquor-related law enforcement. Without the extension, State and local liquor license revenue will be reduced.

Date Completed: 4-21-05

Fiscal Analyst: Elizabeth Pratt

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