



Senate Fiscal Agency  
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## BILL ANALYSIS

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House Bill 5562 (Substitute S-1)

Sponsor: Representative Kevin Elsenheimer

House Committee: Regulatory Reform

Senate Committee: Economic Development, Small Business and Regulatory Reform

Date Completed: 5-31-06

**CONTENT**

**The bill would amend the Michigan Liquor Control Code to provide that the Liquor Control Commission (LCC) could not prohibit an applicant for or the holder of a specially designated distributor or merchant license from owning or operating fuel pumps on or adjacent to the premises if the applicant were located in a township with a population of 7,000 or less and met other conditions. Additionally, the bill would increase the maximum size of the city, incorporated village, or township where the holder of a specially designated merchant license may not be prohibited from owning or operating fuel pumps.**

Under the Act, with certain exceptions, the holder of a specially designated merchant (SDM) license or a specially designated distributor (SDD) license is prohibited from owning or operating motor vehicle fuel pumps on or adjacent to the licensed premises.

Under the bill, the LCC could not prohibit an applicant or the holder of an SDD or SDM license from owning or operating motor vehicle fuel pumps on or adjacent to the licensed premises, if all of the following conditions were met:

- The applicant was located in a township with a population of 7,000 or less, which was not contiguous with any other township. A township would not be considered contiguous by water.
- The applicant or licensee maintained a minimum inventory on the premises, excluding alcoholic liquor and motor vehicle fuel, of at least \$12,500 at cost, of those goods and services customarily marketed by approved types of businesses.
- The applicant had the approval of the township, as evidenced by a resolution duly adopted by the township and submitted with the application to the LCC.

Under the Code, the Commission may not prohibit an applicant for or the holder of an SDM license from owning or operating motor vehicle fuel pumps on or adjacent to the licensed premises if both of the following conditions are met:

- The applicant or licensee is located either in a city, incorporated village, or township with a population of 3,000 or less and a county with a population of 31,000 or more; or in a city, incorporated village, or township with a population of 3,500 or less and a county with a population under 31,000.
- The applicant or licensee maintains a minimum inventory on the premises, excluding alcoholic liquor and motor vehicle fuel, of not less than \$10,000, at cost, of those goods and services customarily marketed by approved types of businesses.

Under the bill, the applicant or licensee would have to be located either in a city, incorporated village, or township with a population of 3,500 or less in a county with a population of 31,000 or more; or in a city, incorporated village, or township with a population of 4,000 or less in a county with a population under 31,000.

The Code defines "specially designated merchant" as a person to whom the Commission grants a license to sell beer or wine, or both, at retail for consumption off the licensed premises. "Specially designated distributor" means 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.

MCL 436.1541

Legislative Analyst: J.P. Finet

### **FISCAL IMPACT**

The current license fees for these license categories are: specially designated distributor \$150 annual fee and a \$2 fee for each \$1,000 of purchases over \$25,000, and specially designated merchant \$100 annual fee. The amount of revenue that would be generated would depend on the number of establishments that would become available under this population change. This revenue is used by the Liquor Control Commission to offset the cost of regulation.

Fiscal Analyst: Elizabeth Pratt  
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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.