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BILL ANALYSIS

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House Bill 5853 (Substitute H-3 as passed by the House)
Sponsor: Representative Rick Jones
House Committee: Regulatory Reform
Senate Committee: Economic Development, Small Business and Regulatory Reform

Date Completed: 12-6-06

CONTENT

The bill would amend the Michigan Liquor Control Code to allow the Liquor Control Commission to grant up to 12, rather than five, special licenses to a nonprofit organization in a calendar year.

The Code defines "special license" as a contract between the Commission and the special licensee granting authority to the licensee to sell beer, wine, mixed spirit drink, or spirits. The license may be granted only to a person or organization that is able to demonstrate an existence separate from an affiliated umbrella organization. The fee for a special license is $50 per day, except that the fee for a license or permit issued to a bona fide nonprofit organization, duly organized and in continuous existence for one year before its application is filed, is $25.

Not more than five special licenses may be granted to any organization, including an auxiliary of the organization, in a calendar year. The bill would increase that number to 12.

MCL 436.1525 Legislative Analyst: Suzanne Lowe

FISCAL IMPACT

The bill would increase the revenue and expenses of the Liquor Control Commission within the Department of Labor and Economic Growth. Under the bill, the number of the special, one-day liquor licenses that could be issued to any nonprofit group would increase from five to 12 per year. Assuming that the number of special, one-day licenses doubled, the number of licenses issued would increase from approximately 5,000 to 10,000 per year, and license revenue would increase by an estimated $125,000 annually. Revenue from the license fees would be distributed according to the statutory formula for retail liquor license fees. This formula allocates retail liquor license revenue as follows: 55% for liquor law enforcement grants to local units of government, 41.5% for licensing and enforcement by the Liquor Control Commission, and 3.5% to the Department of Community Health for prevention and treatment of alcoholism.

The expenses for administering the special license program would increase. Staff from the Liquor Control Commission have indicated that 2.0 full-time equivalent employees (FTEs) are needed currently to process these licenses. A significant increase in the number of license applications could require additional staff. The Liquor Control Commission's administrative expenses are funded with revenue from liquor licenses and the Liquor Purchase Revolving Fund. Increased demands on the Liquor Purchase Revolving Fund would reduce the annual transfer from that fund to the General Fund.

Fiscal Analyst: Elizabeth Pratt/Maria Tyszkiewicz

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