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## BILL ANALYSIS

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Senate Bill 56 (as introduced 1-24-07)

Sponsor: Senator John Pappageorge

Committee: Economic Development and Regulatory Reform

Date Completed: 5-1-07

**CONTENT**

**The bill would amend the Michigan Liquor Control Code to create a catering permit and allow the Liquor Control Commission to issue a catering permit to a public on-premises licensee, as a supplement to the on-premises license, allowing the sale and delivery of beer, wine, and spirits in the original sealed container at locations other than the licensed premises, and requiring the permit holder to provide for service of beer, wine, and spirits at a private event where the alcoholic liquor was not resold to guests. The Commission could not issue a catering permit to an applicant whose food service establishment delivered beer, wine, and spirits but did not provide for the service of the beer, wine, and spirits.**

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

Spirits sold by an on-premises licensee under a catering permit could not be sold at less than the minimum retail price fixed by the Commission and pursuant to rules promulgated 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 catering permits the Commission could issue within any local unit of government. A holder would not be prevented from using the catering permit at multiple locations and events during the same time period.

An on-premises licensee who also was the holder of a catering permit would not be prohibited from selling beer, wine, and 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).

A holder of a catering permit would be subject to all sanctions, liabilities, and penalties provided under the Code or under law.

The bill would define "catering permit" as a permit issued by the Commission to a public on-premises licensee who is licensed for the sale of beer, wine, and spirits and also is licensed as a food service establishment under the Food Law, enabling the holder to sell and deliver beer, wine, and 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 beer, wine, and spirits. Issuance of the permit would not allow the permit holder to deliver beer, wine, and spirits but not serve the beer, wine, and 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: Patrick Affholter

### **FISCAL IMPACT**

The bill would create a new catering permit for on-premises licensees. The application fee would be \$70 and the permit fee would be \$300. If 300 licensees, for example, used this new permit category, the amount of revenue generated would be \$121,000. These funds would be deposited directly into the General Fund.

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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.