

Legislative Analysis



LIQUOR CATERING PERMIT

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Senate Bill 5 (Substitute S-2)

Sponsor: Sen. John Pappageorge

House Committee: Regulatory Reform

Senate Committee: Regulatory Reform

Complete to 3-22-11

A SUMMARY OF SENATE BILL 5 AS PASSED BY THE SENATE

The bill would amend the Liquor Control Code to create a new liquor permit that would allow the sale and delivery of beer, wine, and spirits for off-premise consumption at private events.

The permit holder would have to be a specially designated distributor, specially designated merchant, or a holder of a public on-premise license that is also licensed as a food service establishment.

The permit holder would be required to serve the alcohol, although the alcohol could not be resold to guests at the event, and, before providing the service, would have to successfully complete a server training program approved by the LCC.

Alcohol sold for the event could not be sold at less than the minimum retail selling price fixed by the LCC, and could not be resold (e.g. for consumption by the glass or drink) to guests at the event.

The person delivering the alcohol would have to verify that the individual accepting delivery is at least 21 years of age. The permit holder could utilize the services of a third party to deliver alcohol to private events held in municipalities that are surrounded by water and inaccessible by motor vehicle.

An applicant for a catering permit would be required to submit an application to the LCC and pay a \$70 application fee. The annual catering permit would be subject to a \$100 permit fee.

MCL 436.1547

FISCAL IMPACT:

The bill would increase state revenue by an indeterminate amount. The new permit is described as being a "catering permit" although it is not strictly limited to caterers per se, but is available to holders of an SDD license (sale of spirits for off-premise consumption), an SDM license (sale of beer and wine for off-premise consumption), and other public on-premise licensees. Census Bureau data, from 2007, indicates that there

are approximately 384 caterers in the state. Using that figure, the bill would result in at approximately \$27,000 in application fee revenue from establishments whose primary business is catering (assuming those businesses would already be licensed liquor retailers, although many may not be). This \$70 application fee would be in lieu of an existing \$70 inspection fee requirement of licensees under Section 529 of the Liquor Control Code upon submitting an application for a new permit. This revenue would be credited to the General Fund.¹ Additionally, the catering permit would also require an annual \$100 permit fee. (The permit would be renewable at the end of April along with other liquor licenses.) Revenue from the catering fee attributable to caterers alone would be around \$38,400. Under Section 543 of the Liquor Control Code, the LCC would retain 41.5% of this revenue (\$15,936), with 55% returned to the applicable local unit of government (\$21,120), and 3.5% remitted to the Department of Community Health for substance abuse prevention programs (\$1,344). With the Senate floor amendment to the bill allowing SDDs to obtain a catering permit, there are approximately 12,000 licensed retailers (on-premise and SDDs) that could be eligible for a catering permit, although the number those licensees that have (or would consider) catering operations isn't known.

Fiscal Analyst: Mark Wolf

■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.

¹ The bill doesn't specify a fund source for the application fee revenue. In contrast, the code specifically provides that revenue from the \$70 inspection fee would be credited to the special fund designated in Section 543 of the code and be used to support the LCC's licensing and enforcement activities under the act.