Legislative Analysis

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ALLOW REDEVELOPMENT DISTRICT LIQUOR LICENSES IN VILLAGES AND TOWNSHIPS, NOT JUST CITIES

Senate Bill 846 (without amendment)
Sponsor: Sen. Dave Hildenbrand
House Committee: Regulatory Reform
Senate Committee: Regulatory Reform

Complete to 6-9-14

A SUMMARY OF SENATE BILL 846 AS PASSED BY THE SENATE 5-21-14

Senate Bill 846 would amend Section 521a of the Michigan Liquor Control Code so that special public on-premises liquor licenses could be issued, without regard to the usual population quota restrictions, in redevelopment project areas and in certain development districts or areas located in villages and townships. Currently these licenses are only available in cities.

Senate Bill 846 would amend the provisions describing these licenses by adding "villages and townships" wherever there are currently references only to "cities."

The law, generally speaking, limits the number of liquor licenses for on-premises consumption at not more than one per 1,500 residents or fraction of 1,500 residents. However, the code contains a number of exceptions. In 2006, a new type of on-premises liquor license was created that can be issued to businesses located in a city redevelopment project area or development district or area if certain conditions apply, including meeting specified investment thresholds. There are also limitations on the businesses eligible for these licenses; generally, they must be engaged in activities related to dining, entertainment, or recreation, and be open to the general public. (The requirements differ somewhat based on whether the business is in a redevelopment project area or in a development district or area.)

Under the act, to qualify as *a redevelopment project area*, an area must meet various investment requirements over the three years preceding submission of an application. (An obsolete provision that allowed a five-year investment look-back period for a city with a population of between 80,000 and 85,000 for a limited period of time would be deleted by the bill.) *A development district or area* must be one of the following: a tax increment finance authority district, a development area established under the Corridor Improvement Authority Act, a downtown district established under the Downtown Development Authority Act, or a principal shopping district.

FISCAL IMPACT:

The bill would have a neutral fiscal impact on the Department of Licensing and Regulatory Affairs (LARA) and an indeterminate fiscal impact on local units of government. Additional costs to LARA associated with issuing additional licenses would be offset by the revenue received with those license applications since liquor license revenue is the primary fund source for the issuance of licenses. The Liquor Control Code allocates 55% of liquor license revenue to county sheriff departments for code enforcement, so additional licenses engender increased license revenue to county sheriff departments; however, it is not known if the additional revenue would cover increased law enforcement costs stemming from additional licensed premises.

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