Senate Fiscal Agency
P. O. Box 30036
Lansing, Michigan 48909-7536

BILL ANALYSIS

Telephone: (517) 373-5383
Fax: (517) 373-1986

Senate Bill 846 (as introduced 3-4-14)
Sponsor: Senator Dave Hildenbrand
Committee: Regulatory Reform

Date Completed: 5-7-14

CONTENT

The bill would amend the Michigan Liquor Control Code to allow the Liquor Control Commission (LCC) to issue a public on-premises license, in addition to the allowed quota licenses, to a business located in a redevelopment project area or development district in a village or township, as well as one located in a city.

Under the Code, a public license for the sale of alcoholic liquor for consumption on the premises may not be granted in excess of one license for each 1,500 people, but the LCC may issue various types of additional on-premises licenses if local units or licensees meet certain criteria. These include licenses for businesses that are located in a city redevelopment project area or in a development district or area that is 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.
-- A principal shopping district.

An applicant for this type of license must give the Commission verification of the redevelopment project area status, as well as an affidavit from the local assessor regarding the amount of investment money spent within the city's redevelopment area, which must meet a threshold based on the city's population. The amount spent to rehabilitate or restore the building that houses the licensed premises also must reach a certain level, and the applicant must verify that the business provides activities related to dining, entertainment, or recreation at least five days a week, and is open to the public at least 10 hours per day. In addition, the business must have a minimum seating capacity of 25 people.

Under the bill, the LCC could issue redevelopment project liquor licenses described above to businesses located in redevelopment project areas in cities, villages, and townships, rather than just in cities.

MCL 436.1521a

Legislative Analyst: Patrick Affholter

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. Liquor license revenue is the primary fund source for the issuance of licenses by the LCC, so it expected that additional costs to LARA associated with issuing additional licenses would be offset by the revenue received with those license applications. On the local level, the Code requires 55% of liquor license revenue to be credited to county sheriff departments for the enforcement of the Code. Issuing additional licenses would increase the amount of license revenue granted to county sheriff departments, but it is not clear whether the additional revenue would be sufficient to cover increased law enforcement costs that may be associated with additional licensed premises.

Fiscal Analyst: Josh Sefton