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

BILL ANALYSIS

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

Senate Bill 885 (as enacted) **PUBLIC ACT 328 of 2016**
Sponsor: Senator Peter MacGregor
Senate Committee: Regulatory Reform
House Committee: Regulatory Reform

Date Completed: 4-25-17

RATIONALE

Continuing care retirement communities, or CCRCs, are retirement facilities that may offer independent living, assisted living, and skilled nursing home facilities for their residents on the same campus. Public Act 279 of 2010 amended the Michigan Liquor Control Code to enable nonpublic CCRCs to apply for a liquor license to sell beer, wine, and spirits to residents and their guests. The Liquor Control Commission was authorized to issue a total of 20 such licenses. Some suggested increasing the maximum number of these licenses, as well as the types of communities considered eligible for a license.

CONTENT

The bill amended the Michigan Liquor Control Code to allow a total of 25, rather than 20, nonpublic continuing care retirement center licenses to be issued; and to expand the types of residential communities that may be eligible for a license.

The Code allows a nonpublic continuing care retirement center to acquire a nonpublic continuing care retirement center license, which allows that center to sell at retail and serve on the licensed premises beer, wine, mixed spirit drink, mixed wine drink, and spirits, for consumption by a resident or the bona fide guests accompanying the resident, on the licensed premises.

A "nonpublic continuing care retirement center" is a residential community that, as determined by the Liquor Control Commission, provides full-time residential housing predominately for individuals over the age of 62. Previously, the center also had to be registered as a facility under the Living Care Disclosure Act. The bill, instead, requires the center to meet one of the following:

-- Be registered as a facility under the former Living Care Disclosure Act, or the Continuing Care Community Disclosure Act.
-- Be a home for the aged licensed under Part 213 of the Public Health Code.

The bill also increases the maximum number of licenses to 25. The Commission may not issue more than 20 licenses to facilities considered eligible because they are registered as a facility under the former Living Care Disclosure Act (repealed in 2015) or the Continuing Care Community Disclosure Act, and may not issue more than five licenses to homes for the aged.

Under the Code if the holder of a license goes out of business, the license must be surrendered to the Commission. The Commission may allow the transfer of a surrendered license to a new business owner on transfer of the owner's interest in the business. Under the bill, the new business owner must meet the same eligibility condition to be considered a nonpublic continuing care retirement center as the previous business owner.

The bill took effect on March 8, 2017.

(Public Act 448 of 2014, which took effect on April 2, 2015, repealed the Living Care Disclosure Act and enacted the Continuing Care Community Disclosure Act. That Act defines "continuing care community" as a retirement community in which a person undertakes to provide or arrange for continuing care and that is one or more of the following:

-- An adult foster care facility.
-- A home for the aged.
-- An independent living unit.
-- A nursing home.
-- A home health care services agency.
-- Hospice.
-- A place that undertakes to provide care to a member (an individual who enters into a continuing care agreement) for more than one year.

The Public Health Code defines "home for the aged" as a supervised personal care facility, other than a hotel, adult foster care facility, hospital, nursing home, or county medical care facility that provides room, board, and supervised personal care to 21 or more unrelated, nontransient, individuals 60 years of age or older. The term includes a supervised personal care facility for 20 or fewer individuals 60 years of age or older if the facility is operated in conjunction with and as a distinct part of a licensed nursing home.)

MCL 436.1545

ARGUMENTS

(Please note: The arguments contained in this analysis originate from sources outside the Senate Fiscal Agency. The Senate Fiscal Agency neither supports nor opposes legislation.)

Supporting Argument

According to the *Boston Globe*, the U.S. senior housing and care market is considered a $330.0 billion industry, with CCRCs making up roughly 22% of the total number of senior housing and care properties nationwide, while representing a third of the industry's total value.[1] With the "Baby Boomer" generation reaching the age of retirement, the number of people older than 85 is expected to soar from 7.3 million in 2015 to more than 21.0 million by 2050.

The projected increase in potential clients has created a very competitive business environment. According to a December 2015 report of IBISWorld, which performs international market research, an aging population provides favorable growth trends for the retirement industry.[2] The report also predicts that industry operators will adjust services and facilities to attract more knowledgeable and educated residents through the incorporation of more technology and adaptation to new markets.

According to Regulatory Reform Committee testimony, many homes for the aged and continuing care retirement communities are evolving and becoming more vibrant to meet the needs of the Baby Boomer generation as it collectively approaches the age of retirement. For some retirement communities, this means giving their residents the ability to purchase alcoholic beverages, as many residents are used to having the freedom of, for example, enjoying a glass of wine with dinner. Not all facilities are interested in obtaining a liquor license, but those that are should have the opportunity to do so. By allowing five additional licenses to be issued to homes for the aged, the bill will provide more opportunity for the retirement community industry to cater to its residents throughout their stay.

Legislative Analyst: Drew Krogulecki

[1] "The old folks home goes upscale and ultra-competitive", bostonglobe.com, 1-28-2016.
[2] "Retirement Communities in the US: Market Research Report", IBISWorld, December 2015.

FISCAL IMPACT

The bill will have no fiscal impact on State or local government.

Fiscal Analyst: Josh Sefton

SAS\A1516\s885en