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BILL



ANALYSIS

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Senate Bill 902 (as introduced 3-14-18)
Sponsor: Senator Curtis Hertel, Jr.
Committee: Regulatory Reform

Date Completed: 12-5-18

CONTENT

The bill would amend the Michigan Liquor Control Code to do the following:

- **Permit an on-premises licensee to apply for an extended hours permit from the Michigan Liquor Control Commission to sell or furnish liquor between 2 a.m. to 4 a.m. on a Saturday, Sunday, or a national or State holiday.**
- **Require a licensee to submit an application and permit fee, and obtain local legislative approval, in order to obtain a permit.**
- **Require a licensee to demonstrate to the Commission that the licensee would take certain security precautions, including having a security person and surveillance video.**
- **Require a local legislative body to approve or deny an application for a permit within 90 days after receiving it.**
- **Permit the Commission to issue a permit to a licensee that met the requirements prescribed in the bill, if a local legislative body did not approve or deny an application within 90 days.**
- **Create the "Extended Hours Permit Fund" within the State Treasury, and require the Department of Licensing and Regulatory Affairs to be the administrator of the Fund.**

Extended Hours Permit

Generally, the Code prohibits an on-premises licensee and an off-premises licensee from selling, furnishing, or giving away alcoholic liquor between 2 a.m. and 7 a.m. on any day.

Under the bill, if a city, village, or township with a population of 600,000 or more approved a resolution to allow on-premises licensees that were located within a central business district to sell or furnish alcoholic liquor between 2 a.m. and 4 a.m. on Saturday, Sunday, or a national or State holiday, the licensee could apply for an extended hours permit from the Commission to sell or furnish liquor during those periods. The Commission could not issue an extended hours permit unless the local legislative body in which the applicant's place of business was located had approved the applicant.

"Central business district" would mean a downtown district as established under Public Act 197 of 1975, which establishes, and prescribes the powers, privileges, and objectives of a downtown development authority.

Application Process

Under the bill, to obtain an extended hours permit, an on-premises licensee would have to do all of the following:

- Submit to the Commission a completed application and yearly permit fee of \$10,000.
- Obtain approval for the extended hours permit from the local legislative body in which the licensee's place of business was located, and include documentation of the approval.
- Maintain compliance with the Code and rules promulgated under it.

Additionally, an on-premises licensee would have to demonstrate to the Commission that the licensee would have all of the following:

- One security person for every 50 customers on the licensed premises, unless the licensee held a casino license.
- At least one security person at the licensed premises from 11 p.m. on Friday to 4 a.m. on Saturday and 11 p.m. on Saturday to 4 a.m. on Sunday, or from 11 p.m. on the day before a national or State holiday to 4 a.m. on a national or State holiday.
- 360-degree video surveillance on the inside and outside of the premises.

"Casino license" would mean a license issued under the Michigan Gaming Control and Revenue Act.

After receiving an application that had not yet been reviewed or approved by the local legislative body in which the applicant's place of business be located, the Commission would have to notify immediately the local legislative body and provide it with a copy. Within 90 days after receiving it, the local legislative body would have to approve or deny the application. If the local legislative body denied the application, it would have to notify the applicant, in writing, of the reasons for the denial. If the legislative body did not approve or deny the application within the 90 days, the Commission could issue the permit if it determined that the licensee met all of the above requirements.

The Commission would have to approve or deny an application within 90 days after the applicant filed a completed application or 90 days after the Commission had notified and provided a copy of the application to a local legislative body, whichever was later.

Extended Hours Permit Fund

The bill would create the Extended Hours Permit Fund, within the State Treasury. The State Treasurer could receive money or other assets from any source for deposit into the Fund. The State Treasurer would have to direct the investment of the Fund, and credit to it interest and earnings from Fund investments. Money in the Fund at the close of the fiscal year would remain in the Fund and would not lapse to the General Fund. The Department of Licensing and Regulatory Affairs would be the administrator of the Extended Hours Permit Fund for auditing purposes.

The Department of Treasury could spend the money from the Fund, upon appropriation, only as provided below.

The Department of Treasury would have to distribute all money collected and deposited in the Fund as follows:

- 5.0% for administration costs would have to be respectively disbursed based on the number of permits issued within each city, village, or township to those respective cities, villages, and townships where the extended hours permit were located. 85% for the

- purpose of enforcing the bill and promulgated rules respectively disbursed based on the number of permits issued within each city, village, or township to the police departments where the extended hours permits were located.
- 10% to the Commission for carrying out the administration and enforcement provisions of the bill.

MCL 436.2114 et al.

Legislative Analyst: Tyler VanHuyse

FISCAL IMPACT

The bill would have a positive fiscal impact on the Department of Licensing and Regulatory Affairs and on local government units. The bill would allow a current on-premises licensee to apply for an extended hours permit at a cost of \$10,000, paid to the Michigan Liquor Control Commission. The magnitude of the revenue received would depend on the number of licensees who applied for the permit. At present, only licensees within the City of Detroit would be able to apply.

Revenue would be deposited into the proposed Extended Hours Permit Fund within the State Treasury. Money in the Fund would not lapse to the General Fund at the close of the fiscal year and would be distributed as follows:

- 85.0% to the police departments of those cities, villages, and townships where extended hours permits were issued, in proportion to the number of permits issued within each.
- 10.0% to the Michigan Liquor Control Commission for the administration and enforcement of the permit requirements.
- 5.0% to the cities, villages, and townships where extended hours permits were issued, in proportion to the number of permits issued within each.

Fiscal Analyst: Elizabeth Raczkowski

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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.