

# Legislative Analysis



## SOCIAL DISTRICTS

Phone: (517) 373-8080  
<http://www.house.mi.gov/hfa>

### House Bill 5090 (proposed substitute H-2)

**Sponsor: Rep. TC Clements**

**Committee: Regulatory Reform**

**Completed: 10-12-21**

Analysis available at  
<http://www.legislature.mi.gov>

## SUMMARY:

House Bill 5090 would amend the Michigan Liquor Control Code to eliminate the sunset (expiration date) on social district permits, to require the portion of a commons area to be used exclusively for a special licensee's event to be delineated from the rest of the commons area, to allow a person to enter premises in a social district that are licensed as a Class B hotel with alcohol bought from a social district permittee, and to change the hours during which alcohol may be consumed in the commons area of a social district.

### Social districts

Through January 1, 2025, the code allows a *qualified licensee* to obtain an annual permit to sell and dispense alcohol to customers for consumption in the *commons area* of a social district.

*Qualified licensee* means either of the following:

- A retailer that holds a license, other than a special license, to sell alcoholic liquor for consumption on the licensed premises.
- A manufacturer that has an on-premises tasting room permit, off-premises tasting room license, or joint off-premises tasting room license issued under the code.

*Commons area* means an area within a social district that is clearly designated and clearly marked by the governing body of the local governmental unit and is shared by and contiguous to the premises of at least two qualified licensees. The term does not include the licensed premises of a qualified licensee.

The bill would eliminate the January 1, 2025, expiration date, allowing the provisions of the code pertaining to social district permits to continue beyond that date.

### Special licenses

Currently, if the Michigan Liquor Control Commission (MLCC) issues a special license<sup>1</sup> to a special licensee located in a social district, the holder of a social district permit is prohibited from selling and serving alcohol in the commons area during the effective period of the special license.

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<sup>1</sup>A special license is a limited term license, generally only for one day, that can be issued to a nonprofit organization for fundraising purposes. It can be issued for beer, wine, and spirits sales and consumption and for a wine auction with wine donated by private individuals. An organization may only be issued 12 special licenses each calendar year. This is not a quota license. No local legislative approval is required for licensure, but police or sheriff approval is required. See [https://www.michigan.gov/documents/lara/licensetypes\\_666205\\_7.pdf](https://www.michigan.gov/documents/lara/licensetypes_666205_7.pdf)

The bill would revise this provision to instead provide that if MLCC issues a special license to a special licensee *whose event is to be held within a commons area* located in a social district, the governing body of the local unit of government must delineate the portion of the commons area to be used exclusively by the special licensee and the portion to be used exclusively by social district permittees. This would apply for the effective period of the special license and be subject to MLCC approval.

Removal of a container of alcohol from a social district

Currently, a purchaser may remove a container of alcohol sold by the holder of a social district permit from the licensed premises only if the purchaser does not remove the container from the commons area and if, while possessing the container, the purchaser does not enter the licensed premises of a different social district permittee.

The bill would additionally allow a purchaser, while possessing the container, to enter the licensed premises of a social district permittee whose licensed premises are a Class B hotel.

Hours during which alcohol may be consumed in a commons area

Currently, alcohol in an approved container sold by a social district permittee may only be consumed in a common area during the legal hours for the sale of alcohol by the social district permittee.

The bill instead would allow consumption to occur only during the hours of operation under the local management and maintenance plans established by the governing body of the local unit of government.

MCL 436.1551

**FISCAL IMPACT:**

House Bill 5090 would not have a significant fiscal impact on the MLCC or any other unit of state or local government.

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