



Senate Fiscal Agency
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Senate Bill 559 (as discharged)
Sponsor: Senator Aric Nesbitt
Committee: Regulatory Reform (discharged)

CONTENT

The bill would amend the Michigan Liquor Control Code to eliminate a December 31, 2024, sunset on provisions that allow a local government to designate a social district, and that allow holders of a social district permit to fill and sell qualified containers with alcoholic liquor for consumption off the premises and to deliver alcoholic liquor to a consumer in Michigan if certain conditions are met.

Specifically, Section 551 of the Code allows the governing body of a local governmental unit to designate a social district that contains a commons area that may be used by qualified licensees that obtain a social district permit. A social district permit allows the holder to sell and serve alcoholic liquor for consumption within the common area. Section 551 prescribes certain conditions that must be satisfied for the creation of a social district and for the use of a social district permit. Lastly, Section 551 specifies that it does not apply after December 31, 2024. The bill would eliminate this sunset.

MCL 436.1233 et al.

Legislative Analyst: Christian Schmidt

FISCAL IMPACT

The bill would have an indeterminate fiscal impact on State and local government. The extension of the social district permit program could result in an increased number of permit applications. The magnitude of the fiscal impact would depend on how many permits are requested, issued, and renewed each year. It is unknown whether the \$250 fee would sufficiently cover all costs associated with the administration of the program. Revenue from permit fees would continue to be deposited into the Liquor Control Enforcement and License Investigation Revolving Fund.

Any change in alcohol consumption patterns resulting from the bill likely would not be of sufficient magnitude to have a significant impact on tax revenue.

The costs associated with the designation of social districts and the permit approval process to local units of government would be absorbed by existing appropriations. However, it is possible that local units could experience unknown cost increases related to regulation and enforcement. The magnitude of these costs would be determined by the number of permits issued and the subsequent implementation of the social district guidelines.

Date Completed: 6-23-21

Fiscal Analyst: Elizabeth Raczkowski