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Senate Bill 559 (as enacted)
Sponsor: Senator Aric Nesbitt
Senate Committee: Regulatory Reform (discharged)
House Committee: Second Reading

PUBLIC ACT 64 of 2021

Date Completed: 3-29-23

CONTENT

The bill amended the Michigan Liquor Control Code to extend sunsets on provisions that allow licensees to fill and sell containers with alcoholic liquor for off-premises consumption and to allow a local government to designate a social district.

The Code allows a qualified licensee to fill and sell qualified containers with alcoholic liquor for off-premises consumption if certain conditions are satisfied. Formerly, this section did not apply after December 31, 2025. The bill extended the sunset to January 1, 2026.

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. Previously, Section 551 specified that it did not apply after December 31, 2024. The bill extended the sunset to January 1, 2025.

The bill took effect on July 13, 2021.

MCL 436.1518 et al.

Legislative Analyst: Jeff Mann

FISCAL IMPACT

The bill likely will have an indeterminate fiscal impact on State and local government. The extension of the social district permit program may result in an increased number of permit applications. The magnitude of the fiscal impact will depend on how many permits are requested, issued, and renewed each year. It is unknown whether the \$250 fee will sufficiently cover all costs associated with the administration of the program. Revenue from permit fees will 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 will 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 will be absorbed by existing appropriations. However, it is possible that local units may experience unknown cost increases related to regulation and enforcement. The magnitude of these costs will be determined by the number of permits issued and the subsequent implementation of the social district guidelines.

Fiscal Analyst: Jonah Houtz

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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.