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House Bill 5062 (as passed by the House)
Sponsor: Representative Kyra Harris Bolden
House Committee: Regulatory Reform
Senate Committee: Regulatory Reform

Date Completed: 1-18-22

CONTENT

The bill would amend the Michigan Liquor Control Code to allow the Michigan Liquor Control Commission (MLCC) to issue an on-premises license to a newly constructed business located in a development district or area, and allow the MLCC to issue one development district license for each \$75,000, or major fraction of \$75,000, spent for new construction or to rehabilitate or restore the building that housed the licensed premises.

Under the Code, a public license for the sale of alcoholic liquor for consumption on the premises may not be granted in excess of one license for each 1,500 people; however, the MLCC may issue various types of additional on-premises licenses if local units or licensees meet certain criteria. These include licenses for businesses that are located in a development district or area that is one of the following:

- An authority district established under Part 2 (Downtown Development Authorities) of the Recodified Tax Increment Financing Act.
- A development area established under Part 3 (Tax Increment Finance Authorities) of the Recodified Tax Increment Financing Act.
- A downtown district established under Part 6 (Corridor Improvement Authorities) of the Recodified Tax Increment Financing Act.
- A principal shopping district established under Public Act 120 of 1961.

For this type of license, the total amount of public and private investment in real and personal property within the development district or area must be at least \$200,000 over a period of the preceding five years as verified to the MLCC by means of an affidavit from the assessor, as certified by the clerk of the city, village, or township. The licensed business also must be engaged in dining, entertainment, or recreation, be open to the general public, and have a minimum seating capacity of 25 people.

Additionally, the amount spent to rehabilitate or restore the building that houses the licensed premises must be at least \$75,000 over a period of the preceding five years or a commitment for a capital investment of at least \$75,000 in the building that housed the licensed premises, that must be spent before the license is issued. Instead, under the bill, the amount spent *for new construction*, or to rehabilitate or restore the building that housed the licensed premises, would have to be at least \$75,000 over a period of the preceding five years or a commitment for a capital investment of at least \$75,000 in the building that housed *or would house* the licensed premises, that would have to be spent before the license was issued.

The Code allows the MLCC to issue one development district license for each \$200,000 spent on public and private investment in real and personal property within the development district or area as described above. The bill also would allow the MLCC to issue one development district license for each \$75,000, or major fraction of \$75,000, spent for new construction or to rehabilitate or restore the building that housed the licensed premises.

MCL 436.1521a

Legislative Analyst: Stephen Jackson

FISCAL IMPACT

The bill would have an indeterminate, but likely positive, fiscal impact on the Department of Licensing and Regulatory Affairs and no significant fiscal impact on local units of government.

The bill would allow a business to obtain a development district license for a newly constructed building. The fee for a development district license is \$20,000. In addition to this fee, the business would have to pay the appropriate initial, renewal, and permit fees for its on-premises license class. Class C, B-Hotel, and A-Hotel licenses each have an initial and renewal fee of \$600, while a Tavern license is \$250. A business also may have to pay inspection fees. The revenue from each license would go to the MLCC and would be used for activities related to Liquor Code licensing and enforcement. It is unknown how many businesses would seek a development district license as a result of the changes proposed in the bill.

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.