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House Bill 5090 (Substitute H-2 as passed by the House)
Sponsor: Representative TC Clements
House Committee: Regulatory Reform
Senate Committee: Regulatory Reform

Date Completed: 1-18-22

CONTENT

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

- **Require the governing board of a local unit of government to delineate a portion of a commons area to be used exclusively by a special licensee and a portion of the commons area to be used exclusively by social district permittees.**
- **Allow a person to enter premises in a social district that are licensed as a class B hotel with alcoholic liquor purchased from the social district permittee.**
- **Modify the hours during which alcoholic liquor may be consumed in the commons areas of a social district.**
- **Eliminate the January 1, 2025, sunset on provisions pertaining to social district permits.**

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 commons area if certain requirements are met.

If the Michigan Liquor Control Commission (MLCC) issues a special license to a special licensee located within a social district, the holder of the social district permit may not sell and serve alcoholic liquor during the effective period of the special licensee. Instead, under the bill, if the MLCC issues a special license to a special licensee whose event is to be held within a commons area located within a social district, for the effective period of the special license, and subject to the Commission's approval, the governing body of the local unit of government would have to delineate the portion of the commons area to be used exclusively by the special licensee and the portion of the commons area to be used exclusively by social district permittees.

Section 551 allows a purchaser to remove a container of alcoholic liquor sold by a holder of a social district permit from the social district permittee's licensed premises if both of the following conditions are met:

- The purchaser does not remove the container from the commons area.
- While possessing the container, the purchaser does not enter the licensed premises of social district permittee other than the permittee from which the purchaser purchased the container.

Under the bill, in addition to the current exception described above, while possessing a container of alcoholic liquor, the purchaser could not enter the licensed premises of a social district permittee other than a permittee whose licensed premises was a class B hotel.

Section 551 specifies that the consumption of alcoholic liquor from a container to be consumed in a commons area may occur only during the legal hours for the sale of alcoholic liquor by the social district permittee. Instead, under the bill, the consumption of alcoholic liquor from a container to be consumed in a commons area could occur only during the hours of operation under the local management and maintenance plans established by the governing board of a local unit of government.

Section 551 does not apply after January 1, 2025. The bill would delete this provision.

MCL 436.1551

Legislative Analyst: Stephen Jackson

FISCAL IMPACT

The bill would not have a significant fiscal impact on the State or on local units of government. The bill would remove the sunset provision on social district permits, which would allow the MLCC to continue to issue these licenses and to collect the accompanying revenue. Each permit is \$250. Licensees also must pay a \$70 inspection fee. It is unknown how many businesses would purchase a permit as a result of the removal of the sunset.

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.