



**House  
Legislative  
Analysis  
Section**

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## SUNSET EXTENSION

House Bill 4700 as enrolled  
Public Act 272 of 1993  
Second Analysis (1-25-95)

Sponsor: Rep. Charlie Harrison, Jr.  
House Committee: Liquor Control  
Senate Committee: State Affairs and  
Military/Veteran Affairs

### **THE APPARENT PROBLEM:**

Under the Liquor Control Act, licenses for the on-premises consumption of alcoholic beverages are generally limited by population; only one such license per 1,500 people can be issued within any governmental unit. One significant exception is the issuance of "resort licenses" above and beyond the quota. The rules do prohibit the issuing of a resort license where an on-premise license remains under the quota system, although this requirement can be waived. In 1952, 550 resort licenses were made available statewide and a fixed number have been made available each year since 1964. Currently, the Liquor Control Commission (LCC) may issue 10 additional resort licenses each year to establishments whose business and operation, as determined by the commission, are designed to attract and accommodate tourists and visitors to the resort area, and whose primary purpose is not the sale of alcoholic beverages. Additionally, the commission may issue another 25 resort licenses to businesses with a capital investment of over \$1 million and whose primary purpose is not the sale of alcoholic beverages. The LCC may also issue 10 package liquor licenses in local governmental units with a population under 50,000 people. These additional licenses have been made available partly in recognition of the fact that the fixed population of an area does not always accurately reflect the volume of economic activity, particularly in areas where there is a sizable seasonal population. With the commission's authority to issue additional resort licenses set to expire at the end of 1993, legislation has been proposed to extend the authority through 1994.

### **THE CONTENT OF THE BILL:**

The bill would amend the Michigan Liquor Control Act to extend through 1994 the authority of the

LCC to issue a limited number of resort licenses each year, as follows:

\*\* Up to 10 licenses for establishments whose business and operation are designed to attract and accommodate tourists to a resort area, and whose primary business is not the sale of liquor.

\*\* Up to 25 licenses for businesses with a capital investment of \$1 million, whose primary business is not the sale of alcohol, and whose operation is designed to attract and accommodate visitors to a resort area.

\*\* Up to 10 specially-designated distributor (package liquor) licenses in local units of governments with populations under 50,000 in which the package liquor license quota has been exhausted. The licenses could only be issued to merchants whose business and operation are designed to attract and accommodate tourists and visitors to a resort area.

In addition, the bill would require that a local legislative body, before it granted approval for a license issued under the bill, disclose the availability of transferable licenses held in escrow for more than one licensing year within that local governmental unit. Public notice of the meeting to consider the granting of the license would be made two weeks before the meeting.

MCL 436.19c

### **FISCAL IMPLICATIONS:**

The LCC reports the bill would have no fiscal implications for the commission. (1-25-95)

## **ARGUMENTS:**

### ***For:***

Continuing the practice of issuing resort licenses would help boost the tourism and recreation industries throughout the state, particularly in northern Michigan, and thus create jobs for Michigan people. Without these licenses being available, the quota system would inhibit business expansion in some areas where all the quota licenses have been allocated. Both large and small businesses would benefit by the bill. It would free up licenses for smaller business by allowing a set of licenses specifically for large-scale facilities, which would promote economic development. This provision would make it more likely that licenses were available to other businesses that currently do not qualify or have a low priority in the judgment of the commission.

### ***Against:***

Some persons believe that increasing the availability of alcohol leads to an increase in alcohol-related problems. The bill represents a further erosion of the liquor law's restrictions on the availability of on-premises licenses and runs contrary to the public policy that lies behind a population quota system for liquor licenses. Further, there are those who feel that there simply isn't any need for any more resort licenses, and that continuing to allow additional resort licenses for another year would only take away from existing business.