



**House
Legislative
Analysis
Section**

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LIQUOR: HOTEL ON CMU PROP.

House Bill 4921 as enrolled
Public Act 222 of 1993
Second Analysis (1-23-95)

Sponsor: Rep. Jim McBryde
House Committee: Liquor Control
Senate Committee: State Affairs and
Military/Veteran Affairs

THE APPARENT PROBLEM:

Central Michigan University (CMU) has established an industrial park on university-owned land. The park is to include a conference center fully owned and operated by a Comfort Inn that has opened on the property. The Comfort Inn has sought a liquor license for the conference center, but state law generally forbids a liquor license from being issued for an establishment on state-owned land (a number of exceptions to this have been made, however). Thus, if the conference center is to be able to have its liquor license, either the land on which it sits must be transferred or the law must be changed to grant an exception for the conference center. Legislation has been proposed to make an exception for the conference center.

THE CONTENT OF THE BILL:

The bill would amend the Liquor Control Act to allow the Liquor Control Commission to issue a license to a private entity for the sale of alcoholic liquor for consumption on the premises of a hotel located on land owned by Central Michigan University, if (1) the land was leased or subleased at fair market value to a private entity that owned, leased, or subleased the building and fixtures, and (2) the hotel and land were located within an industrial, research, or commercial development park established by the university's governing board.

MCL 436.17h

FISCAL IMPLICATIONS:

The Senate Fiscal Agency has reported that the bill would not affect the regulatory workload or the fiscal requirements of the Liquor Control Commission, or have a fiscal impact on local governments contiguous to Central Michigan University. (10-4-93)

ARGUMENTS:

For:

The bill would enable the Comfort Inn conference center in Mount Pleasant to seek and obtain a liquor license for on-premises sales and consumption of alcoholic beverages. The bill would not create a special license for the center, but rather would simply let the center out from under a statutory prohibition on licensed establishments on state land; the center would still be subject to local quota provisions. The conference center is expected to attract visitors and create jobs; without a liquor license, the prospects for the center's success would be considerably dimmer than if the conference center was able to serve alcoholic beverages. The bill would help the development and promotion of the conference center to go forward as planned.

Against:

The conference center, like the industrial park that contains it, is perceived by many to be a manifestation of a growing problem with the state's universities: a decreasing emphasis on education coupled with an increasing emphasis on entry into areas once reserved to the private sector. Of particular concern is that the conference center will enjoy a competitive advantage over other area businesses through its association with the university and its use of land leased from the university. Local support for the project is by no means unanimous: several owners of businesses near universities, including liquor license holders from Mount Pleasant, testified against the bill in committee, citing concerns that the conference center will drain customers from existing businesses. The bill should leave well enough alone and allow local businesses to compete on a level playing field.

Response:

The bill would not create an uneven playing field. The Comfort Inn was reported to have leased its

15 acres from CMU for \$15,000 per year, with built-in increases for inflation. The only role CMU plays in the entire matter is that of landlord. The conference center will succeed or fail based on the business acumen of its managers, not because of any links to the public sector. Moreover, the industrial park was situated on land that had already been acquired and held by CMU for some time; when the Comfort Inn was built, the parcel went from generating no tax revenue to generating about \$150,000 per year in personal property taxes.

Against:

The bill would establish an inappropriate link between a state university and drinking. Licensed establishments in close proximity to college campuses constitute an invitation to underage drinking. By facilitating the situating of a licensed establishment near CMU, the bill would indirectly encourage underage drinking.

Response:

The conference center site is some distance away from campus. The university already has a liquor license for its on-campus university center, and there are a number of bars closer to campus than the conference center. The bill would not affect the drinking habits of students.