

HALF-MILE RULE: CODIFY

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House Bill 4504 as introduced
Sponsor: Rep. Michael Webber
Committee: Regulatory Reform
Complete to 10-3-17

Analysis available at
<http://www.legislature.mi.gov>

SUMMARY:

House Bill 4504 would amend the Michigan Liquor Control Code to codify what is referred to as the "half-mile rule", an administrative rule that in general requires Specially Designated Distributor (SDD) licensees to be located more than a half mile apart. With some changes, the bill would also codify the current 5 exceptions for which the Michigan Liquor Control Commission may waive the half-mile rule.

An SDD license allows a business to sell spirits and mixed spirit drink for consumption off the licensed premises (e.g., a package or party store). Often an SDD licensee also holds a Specially Designated Merchant (SDM) license which allows the licensee to sell beer and/or wine.

Currently, the number of SDD licenses that may be issued by the commission are subject to statutory quota restrictions based on population with 1 SDD license issued to a city, village, or township for each 3,000 of population. An existing SDD license may be transferred anywhere in the same county. The commission may waive the quota requirement if there is no existing SDD within 2 miles of an application for an SDD license.

In addition, R 436.1133 of the Michigan Administrative Code prohibits a new SDD license to be issued or an existing SDD license to be transferred if the proposed location would be within 2,640 feet (1/2 mile) of 1 or more existing SDD licensees. However, Rule 1133 also allows the commission to waive the 1/2 mile rule under any of 5 specific situations. The bill would place the 1/2 mile rule and the 5 circumstances under which it could be waived within statute, subject to the provisions of Section 531(5) of the code. (Section 531(5) provides an exception to the population quota and the 1/2 mile rule for certain resort areas.) The bill would also require the distance between SDD licensees to be measured by a digital global positioning system.

The 5 circumstances (and the proposed revisions) are as follows:

- The existing SDD licensee purchased less than \$100,000 (increased from less than \$10,000) in spirits from the commission during the last full calendar year. As specified in the bill, the commission would also be required, beginning January 1, 2018, to annually adjust the dollar amount for inflation.
- The existing SDD licensee holds a Class A hotel license or Class B hotel license.
- The proposed location and the existing SDD establishment are separated by a major thoroughfare of not fewer than 4 lanes of traffic.

- Both of the following apply:
 - The proposed location is in a neighborhood shopping center that does not have an existing SDD establishment. (The term would mean 1 commercial establishment, or a group of commercial establishments organized or operated as a unit, that is related in location, size, and type of shop to the trade area that the unit serves, and consists of not less than 50,000 square feet of leasable retail space, and has access to off-street parking spaces.)
 - The proposed location is located not less than 1,000 feet from an existing SDD's licensed establishment.
- An existing SDD licensee located within 2,640 feet (1/2 mile) of 1 or more other SDD licensees, on a showing of good cause, requested a transfer of location within 2,640 feet of the same SDD licensees.

MCL 436.1533

FISCAL IMPACT:

House Bill 4504 does not appear to have any significant fiscal impacts for any units of state or local government.

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■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.