

Legislative Analysis



ALLOW ALCOHOL CONSUMPTION IN SOCIAL DISTRICT

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House Bill 5781 as introduced
Sponsor: Rep. Michael Webber
Committee: Regulatory Reform
Revised 6-2-20

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

SUMMARY:

House Bill 5781 would amend the Michigan Liquor Control Code to allow on-premises liquor licensees to obtain a permit to sell and dispense alcohol to customers for consumption in the commons area of a social district.

Currently, an on-premises license allows the licensee to sell alcohol for consumption only on the licensed premises. The bill would add a new section to the code to allow the governing body of a local unit of government to designate a social district containing a *commons area* that could be used by an on-premises licensee that obtained a social district permit.

Commons area would mean an area within a social district designated by the governing body of the local unit of government that is shared by and abuts the premises of at least two on-premises licensees.

Social district

A governing body would have to define and clearly mark the commons area of the social district in a manner prescribed by the Liquor Control Commission (LCC). The social district designation could be revoked by the governing body at any time if it determined that the commons area threatens the health, safety, or welfare of the public or has become a public nuisance. A designation or a revocation would have to be filed with the LCC.

Social district permit

An on-premises licensee that is adjacent to a commons area in a designated social district could obtain an annual social district permit. A social district permit would allow a permit holder to sell alcohol for consumption on the premises within the confines of a commons area. Alcohol consumption in the commons area would be limited to the legal hours for the sale of alcohol by the permittee. Only the permit holder or its employees could sell or dispense alcohol in the commons area.

A permittee could sell alcohol to be consumed in the commons area only in a container prominently displaying the permittee's trade name or logo or some other mark unique to the permittee under the permittee's on-premises license. In addition, the permittee could not allow alcohol to leave the commons area or its licensed premises.

A social district permit would have to be issued for the same period and be renewed in the same manner as an applicant's on-premises license. The LCC would be required to develop

an application for a social district permit. The fee would be \$250. The LCC would have to verify the designation of a social district and that the location listed on the application is adjacent to and qualifies for a social district permit by notifying the governing body of the local unit of government in which the applicant's place of business is located. The governing body would have to approve a permit before it could be granted by the LCC. The LCC would have to provide the governing body and the local chief of police with the applicant's name, business address, and business telephone number to accomplish the required review.

Proposed MCL 436.1551

FISCAL IMPACT:

House Bill 5781 would be unlikely to have a significant fiscal impact on the Department of Licensing and Regulatory Affairs (LARA) or on local units of government. The bill would require the Michigan Liquor Control Commission (MLCC), within LARA, to issue social district permits. The bill would establish a \$250 fee for the social district permit. Revenues from this fee would be distributed in accordance with MCL 436.1543, which earmarks 55% of revenues for distribution to local and county law enforcement for enforcement of the liquor control code; 41.5% of revenues for the MLCC; and 3.5% for programs for prevention, rehabilitation, care, and treatment of alcoholism. The bill would also create administrative responsibilities for local governments in approving applications for social district permits. Given the scope of the responsibilities under the bill, it is unlikely that significant costs would be incurred by LARA or local governments.

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