



**House
Legislative
Analysis
Section**

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**ADD TAVERN LICENSES FOR
DOWNTOWN AREAS**

House Bill 4821

Sponsor: Rep. David Gubow

Committee: Regulatory Affairs

Complete to 11-27-95

A SUMMARY OF HOUSE BILL 4821 AS INTRODUCED 5-11-95

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. There are, however, a number of exceptions. House Bill 4821 would amend the Liquor Control Act to allow for another such exception. The bill would allow the Liquor Control Commission (LCC) to grant up to 50 additional tavern licenses per year under certain circumstances. (A tavern license allows an establishment to sell only beer and wine, and only for consumption on the premises.) Under the bill, the additional tavern licenses could be granted to full service restaurants that prepare food on their premises, seat no less than 25 people, and are open to the public no less than ten hours a day, five days a week. In addition, a restaurant seeking such a license would have to be located in a development area of an existing downtown district development authority and the authority would have to hold a public hearing and conclude that issuing a tavern license to the business in question would promote economic growth and prevent further deterioration within the downtown district. The local unit of government would also have to hold a public hearing and pass a resolution which concurred with the authority's findings, before the LCC could issue a license under the bill. Finally, a business possessing a tavern license issued under the bill would not be allowed to contain a bar, and at least 50 percent of the business' gross receipts would have to come from the sale of food that was to be eaten on the restaurant's premises. In fact, the LCC could revoke a tavern license issued under the bill (after notice and a hearing) if, during any licensing year, the sales of food for consumption on the premises fell below 50 percent of the business' gross receipts.

The LCC would not be required to issue licenses under the bill in the order in which the applications were received. However, the LCC would be barred from issuing more than one license under the bill to any individual, partnership, limited partnership, limited liability company, corporation, or any combination thereof, including stockholders, general partners, or limited partners. Furthermore, a tavern license issued under the bill could not be reclassified to any license that would allow the sale of spirits for on-premise consumption, or held in escrow for more than one year, nor could it be transferred as to location or ownership. Further, the LCC would be barred from issuing any other license that would allow a business to sell liquor for consumption off premises to any business which already possessed a tavern license issued under the bill.

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