

Legislative Analysis



EXTENDED HOURS PERMIT FOR ENTERTAINMENT AFTER LIQUOR SALES END

Mitchell Bean, Director
Phone: (517) 373-8080
<http://www.house.mi.gov/hfa>

House Bill 4706 as passed by the House
Sponsor: Rep. Jerry O. Kooiman
Committee: Regulatory Reform

First Analysis (9-6-05)

BRIEF SUMMARY: The bill would create an extended hours permit to allow bars and other on-premise licensees to remain open and offer certain types of entertainment outside of the regular hours that liquor can be sold and consumed on the premises.

FISCAL IMPACT: A preliminary analysis suggests there is no fiscal impact on the State of Michigan or its local units of government. The change to the Michigan Liquor Control Code of 1998 should not result in any additional administrative cost to the Michigan Liquor Control Commission or local liquor law enforcement efforts.

THE APPARENT PROBLEM:

Under provisions of the state liquor law, bars and restaurants must stop serving alcohol by 2 a.m. and patrons cannot consume alcohol after 2:30 a.m. This creates a situation in which thousands of on-premises establishments across the state are requiring customers to leave and closing their doors at the same time. Some are concerned that this puts too many people who have been drinking on the roads before they are in a condition to drive safely. One solution that has been proposed is to allow those establishments to remain open past 2:30 a.m. if they provide entertainment such as dancing and serve food and non-alcoholic beverages.

THE CONTENT OF THE BILL:

House Bill 4706 would amend the Michigan Liquor Control Code (MCL 436.1916) so that an on-premises licensee could obtain an extended hours permit that would allow the licensee to engage in the following activities outside of the legal hours for the sale and consumption of alcoholic liquor:

- monologues, dialogues, motion pictures, still slides, closed circuit television, contests, other performances for public viewing (if holding a permit for those activities);
- patron dancing (if holding a permit for that activity); and
- the performance or playing of an orchestra, piano, or other types of musical instruments, or singing, or the viewing of any publicly broadcast television transmission from a federally licensed station.

The extended hours permit would not allow for:

- extended hours for the serving or consumption of alcohol;
- topless activity;
- gaming as defined in the Michigan Gaming Control and Revenue Act or keno or other gaming under the McCauley-Traxler-Bowman-McNeely Lottery Act. (A casino licensee could conduct gaming under a casino license.)

An extended hours permit could be issued to 1) a licensee that already holds or applies for an entertainment, dance, or combination dance-entertainment permit; or 2) a licensee who does not hold one of those permits but who only wishes to conduct musical performances or television broadcasts. Local approval would be required in either case.

The bill also specifies that the commission would waive the conditions contained in R 436.1437(1) of the administrative code, relative to the application. That rule applies to "specific purpose permits" that currently are available in some case for activities at on-premises licensees outside of normal hours.

[Under the Michigan Liquor Control Code, on-premises licensees (bars, taverns, and restaurants) must obtain permits if they wish to allow entertainment (movies, closed circuit television, monologues, contests, etc.), dancing by customers, or topless activity. Activities allowed by the permits can only be conducted during the hours that alcoholic beverages can be sold and consumed on the licensed premises. Generally, speaking, alcohol cannot be sold or furnished between 2 a.m. and 7 a.m. and cannot be consumed on the premises between 2:30 a.m. and 7 a.m. On Sunday, alcohol cannot be sold or furnished between 2 a.m. and 7 a.m. unless the licensee obtains a Sunday sales permit to allow the sale or furnishing of alcohol between noon and midnight.]

ARGUMENTS:

For:

Under the bill, an on-premises establishment could stay open past the current 2:30 a.m. mandatory closing time if it were issued an extended hours permit. The permit would allow certain types of entertainment such as dancing and comedy shows, but would prohibit topless activity and gambling. In addition to approval by the Liquor Control Commission, an applicant for an extended hours permit would also have to have the approval of the local governing unit and the local law enforcement agency. Therefore, if nearby residents would be negatively affected by a particular establishment being open later, a municipality could deny a permit to that establishment, or could choose not to allow any extended hours permits to be issued.

The bill would allow restaurants and clubs to continue to serve customers food and non-alcoholic beverages past the current required closing time if entertainment were provided. A bar or restaurant that did not have a dance floor or a club-type setting could also

benefit under the bill as even a small rural or urban bar where patrons gather to watch sporting events or listen to folk music would be eligible to apply for an extended hours permit. The bill could thus increase business for some establishments and attract tourists, which would help the local and state economy. Most importantly, people who had consumed alcohol up to the 2:30 a.m. quit time would not be forced to leave immediately, but could continue to enjoy the entertainment. The benefit would be that fewer intoxicated people would be walking or driving, thereby decreasing alcohol-related traffic accidents or fights occurring outside the establishment between people still under the effects of alcohol.

POSITIONS:

The Michigan Restaurant Association supports the bill. (6-28-05)

The Michigan Liquor Control Commission does not oppose the bill. (6-28-05)

Legislative Analyst: Susan Stutzky
Fiscal Analyst: Richard Child

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