



Senate Fiscal Agency
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BILL ANALYSIS

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House Bill 4706 (Substitute H-3 as reported without amendment)

Sponsor: Representative Jerry O. Kooiman

House Committee: Regulatory Reform

Senate Committee: Economic Development, Small Business and Regulatory Reform

Date Completed: 11-28-05

RATIONALE

Under the Michigan Liquor Control Code, liquor licensees that feature activities such as dancing, nonmusical performances, and closed-circuit television programs are allowed to conduct those activities only during the hours when the businesses may sell alcohol for on-premises consumption. Some people believe that a licensee also should be permitted to engage in those activities during times when the licensee is not serving alcohol.

television transmission from a Federally licensed station.

Under the Code, an on-premises licensee must obtain a permit from the Liquor Control Commission before allowing certain activities on the premises, and may not allow those activities at any time other than the legal hours for sale and consumption of alcoholic liquor. The activities that require a permit are:

CONTENT

The bill would amend the Michigan Liquor Control Code to provide for an extended hours permit that would allow an on-premises licensee to engage in certain activities, including public performances, at any time other than legal hours for the sale and consumption of liquor.

- Monologues, dialogues, motion pictures, still slides, closed circuit television, contests, or other performances for public viewing.
- Dancing by customers.
- Topless activity.
- A combination of dance-entertainment or topless activity-entertainment.

Specifically, an extended hours permit would be required for an on-premises licensee to engage in any of the following activities on the licensed premises at any time other than the legal hours for the sale and consumption of alcoholic liquor:

Under the bill, the Liquor Control Commission could issue an extended hours permit to either of the following:

- Monologues, dialogues, motion pictures, still slides, closed circuit television, contests, other performances for public viewing on the licensed premises, if holding a permit for those activities.
- Patron dancing, if holding a permit for that activity.
- The performance or playing of an orchestra, piano, or other types of musical instruments or singing or the viewing of any publicly broadcast

- A licensee not holding an entertainment, dance or combination dance-entertainment permit, who desired to host the performance or playing of an orchestra, piano, or other type of musical instrument, or singing; or any publicly broadcast television transmission from a Federally licensed station.
- A licensee who already held, or submitted an application for, an entertainment, dance, or combination dance-entertainment permit in order to conduct activities allowed by the permit.

As currently required for an on-premises performance permit, dancing permit, or

topless activity permit, an applicant for an extended hours permit would have to obtain local approval for the permit from the legislative body of the jurisdiction within which the premises were located (except in cities with a population of 1 million or more); and the chief law enforcement officer of the jurisdiction within which the premises were located or the entity contractually designated to enforce the law in that jurisdiction. An applicant for an extended hours permit who held an entertainment, dance, or combination dance-entertainment permit would have to obtain local approval for that permit as well as for the extended hours permit.

The Commission would have to waive the conditions contained in R 436.1437(1) of the Michigan Administrative Code relative to the application for an extended hours permit. (That rule applies to specific purpose permits that are available to on-premises licensees in some cases for activities outside of normal hours.)

An on-premises licensee issued an extended hours permit could not allow customers on the licensed premises during the time period provided by the extended hours permit unless the activity, and only that activity, allowed by the extended hours permit was occurring. The issuance of an extended hours permit would not authorize the following:

- Topless activity.
- Except as otherwise provided, gaming as that term is defined in the Michigan Gaming Control and Revenue Act.
- Keno or other gaming authorized under the Lottery Act.
- The extension of hours for the serving of alcoholic liquor.
- The extension of hours for the consumption of alcoholic liquor as provided for in R 436.1403 of the Michigan Administrative Code (which sets the hours and days of operation).

A licensee holding a casino license issued under the Michigan Gaming Control and Revenue Act could conduct gaming pursuant to the casino license only.

MCL 436.1916

ARGUMENTS

(Please note: The arguments contained in this analysis originate from sources outside the Senate Fiscal Agency. The Senate Fiscal Agency neither supports nor opposes legislation.)

Supporting Argument

The bill would create an extended hours permit to allow those establishments that provide such activities as nonmusical performances, dancing, and closed-circuit television programming to keep their premises open at times other than the legal hours for the sale and consumption of liquor. Currently, under R 436.1437 of the Michigan Administrative Code, the Liquor Control Commission may issue a specific purpose permit that allows the licensee to have the premises occupied by customers at times other than the legal hours for the sale and consumption of alcohol under limited circumstances; the establishment must be equipped with a full-service kitchen, provide rooms for the lodging of guests, or provide recreational facilities owned by the licensee on or adjacent to the licensed establishment. The bill would allow licensees that did not qualify for the specific purpose permit also to have customers on the premises for various activities at times when the licensees were not allowed to serve alcohol, which would expand their business opportunities. Also, by allowing intoxicated patrons to remain in an establishment after it stopped serving alcohol, the bill would give them additional time to sober up before driving.

Legislative Analyst: J.P. Finet

FISCAL IMPACT

There could be additional revenue generated if the Commission determined that a field inspection was necessary, in which case an inspection fee of \$70 would be charged as required under MCL 436.1529. The amount of revenue generated would depend on the number of permit applications filed and inspection fees charged.

Fiscal Analyst: Elizabeth Pratt

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.