

# Legislative Analysis



## ALLOW RESTAURANT LIQUOR LICENSE ON LAND OWNED BY WAYNE STATE UNIV.

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**Senate Bill 432 as passed by the Senate**  
**Sponsor: Sen. Hansen Clarke**  
**House Committee: Regulatory Reform**  
**Senate Committee: Economic Development and Regulatory Reform**

**Complete to 5-22-09**

### A SUMMARY OF SENATE BILL 432 AS REPORTED BY HOUSE COMMITTEE

The bill would allow, under certain conditions and subject to the quota restrictions within the liquor code, a liquor license to be granted to a private entity for a restaurant located on property owned by Wayne State University.

In general, under the Michigan Liquor Control Code, an on-premises liquor license can be issued to owners of bars and restaurants subject to a quota restriction that limits the number of such licenses in a municipality to no more than one license for each 1,500 of population. On premises liquor licenses are generally prohibited for establishments located on state-owned property, although there are several exceptions. For instance, the Liquor Control Commission (LCC) is allowed to issue a license to a hotel operated by a private entity but located on property owned by Central Michigan University.

Senate Bill 432 would amend the Michigan Liquor Control Code (MCL 436.1513) to also permit the LCC to issue a liquor license, subject to the quota provisions of Section 531, to a private entity for the sale of liquor for consumption on the licensed premises of a restaurant located on land owned by Wayne State University if both of the following conditions were met:

- The land was leased or subleased at fair market value to a private entity that owned, leased, or subleased the restaurant.
- The restaurant was located within an area designated for industrial, research, or commercial development by the governing board of the university.

### FISCAL IMPACT:

The bill would have a minimal fiscal impact on the state or local units of government.

### BACKGROUND INFORMATION:

South Village is a residential and retail complex built, owned, and operated by Prime Development, Inc. on land owned by Wayne State University in Detroit along Woodward Avenue between Forest and Canfield. The bill seeks to remedy a problem realized after

Starter's Bar & Grill, one of the tenants in the complex, secured a private market liquor license that is subject to the liquor code's population quota system. Because WSU is a state university, the South Village Complex sits on state-owned land. Under the liquor laws, the Liquor Control Commission is prohibited from issuing a liquor license for on-premises consumption to an establishment that is located on state-owned land without specific legislative authority. Several other exceptions to this restriction have been passed by the Legislature through the years.

Starter's Bar & Grill is a successful family-owned enterprise that employs about 140 people in each of two other locations. They expect to hire about 130 people for the new restaurant, contingent on issuance of the liquor license, which will bring in much needed state and local revenue in the form of business taxes, sales taxes, and income taxes. Supporters emphasize that the bill does not represent the creation of a new liquor license; the license in question is a previously issued license that had been escrowed. Therefore, the bill simply allows the LCC to transfer a privately-held, market-based license to a privately-owned enterprise on university property. Should the business close or be sold in the future, the code's provisions regarding license transfers and the sale or escrow of an on-premises liquor license would prevail; however, the wording of the bill would limit the type of business that would be eligible to have an on-premises license at the South Village Complex to a restaurant. For example, if a future owner wanted to convert the restaurant into a comedy club, the license would be revoked.

#### **POSITIONS:**

A representative of Wayne State University testified in support of the bill. (5-20-09)

A representative of Prime Development, Inc. testified in support of the bill. (5-20-09)

The owners of Starter's Bar & Grill testified in support of the bill. (5-20-09)

The Michigan Restaurant Association indicated support for the bill. (5-20-09)

The Michigan Licensed Beverage Association indicated a position of neutrality. (5-20-09)

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Fiscal Analyst: Mark Wolf

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■ 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.