

Legislative Analysis



LIQUOR SALES AND GAS PUMPS

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House Bill 5851

Sponsor: Rep. Steven Lindberg

Committee: Regulatory Reform

Complete to 8-25-10

A SUMMARY OF HOUSE BILL 5851 AS INTRODUCED 2-23-10

The bill would amend the Michigan Liquor Control Code, generally speaking, to ease the requirements that determine whether an establishment can both sell alcoholic beverages on a takeout basis and have fuel pumps. Specifically, the bill will do the following:

(1) Revise the criteria for a beer and wine takeout license or spirits takeout license that coexists with fuel pumps located in a shopping center by (a) lowering the minimum inventory required for a license; (b) allowing the value of the fuel to be included in the inventory; and (c) eliminating the requirement that the gas pumps be at least 50 feet from the site of payment and selection of alcohol. (For licensing purposes, an establishment that sells beer and wine for takeout is referred to as a "specially designated merchant" or SDM, and a spirits takeout establishment is referred to as a "specially designated distributor" or SDD.)

(2) For applicants and holders of SDM and SDD licenses in certain municipalities, allow motor vehicle fuel to be included in the inventory as part of the criteria for determining if both alcoholic beverages and fuel can be sold together.

SDM and SDD Licensees in Shopping Centers. Currently, the Liquor Control Commission (LCC) cannot prohibit an applicant for or holder of an SDM or SDD license from owning or operating gas pumps on or adjacent to the licensed premises if both of the following apply:

** The applicant or licensee is located in a neighborhood shopping center composed of one or more commercial establishments organized or operated as a unit of the type and size specified in the act, and the applicant or licensee maintains a minimum inventory on the premises, excluding alcoholic liquor and motor fuel, of not less than \$250,000 at cost, of goods and services customarily marketed by approved types of businesses. **The bill** would delete the exclusion of motor fuel from inclusion in the inventory and reduce the amount of inventory required to be on the premises to \$50,000.

** The site of payment and selection of alcoholic liquor is not less than 50 feet from the point where motor vehicle fuel is dispensed. **The bill** would delete this provision.

SDM and SDD Licenses in Certain Townships. Currently, the LCC cannot prohibit an SDM or SDD from owning or operating motor vehicle fuel pumps if the applicant or licensee is located in (1) a township with a population of 7,000 or less and the township is

not contiguous with any other township; (2) a city, incorporated village, or township with a population of 3,500 or less in a county with a population of 31,000 or more; or (3) a city, incorporated village, or township with a population of 4,000 or less in a county of under 31,000. The licensee must maintain a specified minimum inventory that excludes alcoholic liquor and motor vehicle fuel. **The bill** would delete the exclusion of motor vehicle fuel from the inventory.

MCL 436.1541

FISCAL IMPACT:

The bill would likely result in an increase in the number of gas stations applying for and possessing an SDM (beer and wine) and/or SDD (spirits) off-premise liquor license, given the removal of the distance requirement for gas stations in larger communities and the lower inventory requirements for gas stations in both larger and smaller communities. Under the Liquor Control Code, the annual fee for a specially designated merchant (allowing for the sale of beer and wine for off-premise consumption) is \$100/year and the annual fee for a specially designated distributor (subject to the quota system, allowing for the sale of spirits for off-premise consumption) is \$150/year, plus an additional \$3 for each \$1,000 in spirits purchased from the Liquor Control Commission in excess of \$25,000. Additionally, the fee for Sunday sales permits is 15% of the SDD/SDM license fee.

Under Section 543 of the Liquor Control Code, revenue from retail liquor licenses is distributed as follows:

- 55% to the local unit of government where the licensee is located, for enforcement of the state's liquor laws. (In FY 2009, this amount totaled \$6.3 million from all retail licensee fees.)
- 41.5% to the Liquor Control Commission to support the LCC's administration and enforcement activities. (In FY 2009, this amount totaled \$4.8 million from all retail license fees.)
- 3.5% to support alcohol abuse and prevention programs. (In FY 2009, this amount totaled \$0.4 million from all retail license fees.)

Additionally, to the extent the bill would result in an increase in license applications, the bill would result in an increase in investigations by local law enforcement agencies to determine compliance with applicable building, plumbing, zoning, fire, sanitation, and health laws and ordinances, prior to issuance of a liquor license. The costs of these activities would be offset by the additional Liquor Law Enforcement Grants (the 55%) directed to local units of government.

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