



Senate Fiscal Agency
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BILL  ANALYSIS

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Senate Bill 502 (Substitute S-1 as reported)
Sponsor: Senator Mike Nofs
Committee: Regulatory Reform

Date Completed: 8-31-11

RATIONALE

Some colleges and universities in Michigan have programs to teach students in the culinary arts or hospitality business. These programs aim to prepare students for careers as chefs or other food service professionals, such as restaurant managers. Some people believe that imparting knowledge about the use of alcohol in cooking, pairing wines with meals, and mixing cocktails is an important part of a culinary or hospitality education. Unless they are otherwise authorized by law to serve alcoholic beverages, however, universities that offer these programs may not use or serve alcohol because the Michigan Liquor Control Code generally prohibits the Liquor Control Commission (LCC) from issuing a license that would allow the sale of liquor on State land, which includes university property. The Code makes a number of exceptions to this prohibition, generally for specific conference centers and commercial operations such as hotels or restaurants located on school property. Although a community college may obtain a special liquor license for individual events, each event requires a separate license application, license fee, and approval of the sheriff or police chief, and not more than 12 special licenses may be issued to any organization per year. In order to ease these restrictions, it has been suggested that the LCC be allowed to issue a liquor license for limited purposes to a community college or public university that operates an accredited culinary or hospitality program.

CONTENT

The bill would amend the Michigan Liquor Control Code to allow the Liquor Control Commission to issue a liquor license to a community college or public university that operates an accredited culinary or hospitality program for consumption at the program's location, under certain circumstances.

Specifically, beginning October 1, 2011, the LCC could issue to the governing board of a community college or public university that is accredited by the Higher Learning Commission and that operates an accredited culinary or hospitality program a license to sell alcoholic liquor for consumption at the culinary or hospitality program's location, for activities that would further the college's or university's community or academic mission.

To obtain a license under the bill, a community college or public university would have to submit to the LCC documentation verifying that the school is accredited by the Higher Learning Commission, and either documentation that its culinary or hospitality program is accredited by a regionally recognized accrediting body, or a copy of the school's application for accreditation of the program. The LCC could revoke a license if the program were not accredited within two years after the school applied for the license.

A liquor license issued under the bill would have to be granted and registered to the community college's or university's culinary or hospitality program's location, and could be used only by the college or university and not by a private entity. A community college or university that held a liquor

license under the bill could not obtain a catering permit under the Code.

Proposed MCL 436.1513a

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

Culinary arts and hospitality industry programs, like those offered by Jackson Community College and Henry Ford Community College, prepare students for careers in the food service industry. Often these programs work with chefs and restaurateurs or caterers to train and place students in jobs in local businesses. It benefits the students and their potential employers for the culinary and hospitality programs to keep up with industry needs and trends. One aspect of preparation for work in the restaurant business is training in the use of alcohol. This includes cooking with alcohol, mixing and serving drinks, and pairing wine with food.

Most public universities and colleges, however, cannot use and serve alcohol on campus because the Michigan Liquor Control Code prohibits the LCC from allowing the sale of liquor on State-owned property. There are a few exceptions, allowing licensure for on-campus conference centers or hotels and privately operated businesses on some campus property, for instance. Also, obtaining a special license for individual events can be problematic and inefficient, and does not meet the needs of an ongoing course involving alcoholic beverages.

By allowing the LCC to issue a limited liquor license to an accredited community college or university that operates an accredited culinary or hospitality program, the bill would help Michigan schools to train their students appropriately for positions in the hospitality business.

Supporting Argument

In the past, the Michigan Restaurant Association and its members have had concerns about public colleges and universities being licensed under the Code because the schools could compete with private sector licensees. In recent years,

however, culinary programs at Michigan schools of higher education have developed working relationships with Association members and their chefs to help students find job placements and create new food service businesses. The bill would help to further those relationships.

In addition, the bill includes measures to ensure that a license issued under it would be used only for the purpose of operating a culinary or hospitality program. The school would have to be accredited by the Higher Learning Commission, and the culinary or hospitality program would have to be accredited by a regionally recognized accrediting body or verify that it was seeking accreditation. The bill also would prohibit the sale of alcohol at a site other than the program's location or at activities that did not further the school's community or academic mission, such as a meeting held at the school by an outside organization. The school could not assign the license to a private entity and could not obtain a catering permit under the Code. A program licensed under the bill, then, would not pose a competitive threat to private sector operations, but would dovetail with cooperative efforts already being pursued, and could help support local vintners and breweries.

Legislative Analyst: Patrick Affholter

FISCAL IMPACT

To the extent that the bill would increase sales of alcoholic beverages in Michigan, the Liquor Control Commission would receive some new revenue in the form of beer, wine, and liquor taxes as well as profit from liquor sales. Most of any new revenue generated would ultimately go to the General Fund, while some revenue collected from specific taxes on liquor would benefit the School Aid Fund and Convention Facility Development Fund. License fee revenue would benefit local governments, licensing and enforcement activities by the Commission, and alcoholism and prevention programs.

Fiscal Analyst: Josh Sefton

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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.