

ALLOW ALCOHOL CONSUMPTION IN SOCIAL DISTRICT

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House Bill 5781 (proposed substitute H-1)

Sponsor: Rep. Michael Webber

Committee: Regulatory Reform

Complete to 6-3-20

Analysis available at
<http://www.legislature.mi.gov>

SUMMARY:

House Bill 5781 would amend the Michigan Liquor Control Code to allow on-premises liquor licensees to obtain a permit to sell and dispense alcohol to customers for consumption in the commons area of a social district.

Commons area

Currently, an on-premises license allows the licensee to sell alcohol for consumption only on the licensed premises. The bill would add a new section to the code to allow the governing body of a *local governmental unit* to designate a social district containing a *commons area* that could be used by an on-premises licensee that obtained a social district permit.

Local governmental unit would mean a county, city, township, village, or charter authority.

Commons area would mean an area within a social district clearly designated and clearly marked by the governing body of the local governmental unit that is shared by and contiguous to the premises of at least two on-premises licensees.

The governing body of the local governmental unit would have to define and clearly mark the commons area with signs and establish and submit to the Michigan Liquor Control Commission (MLCC) local management and maintenance plans for the commons area, including hours of operation. The governing body would have to maintain the commons area in a way that protected the safety and health of the community. The governing body could revoke the social district designation at any time if it determined that the commons area was a public nuisance or threatened the health, safety, or welfare of the public. A designation or a revocation would have to be filed with the MLCC.

Social district permit

An on-premises licensee whose licensed premises were shared by and contiguous to a commons area in a designated social district could obtain an annual social district permit. A social district permit would allow the permittee to sell alcohol for consumption within the confines of a commons area as long as the permittee only sold and served alcoholic liquor in its licensed premises and only served alcohol to be consumed in the commons area in a container meeting all of the following:

- It is not glass.
- It prominently displays a logo or other mark unique to the commons area.
- It prominently displays the permittee's trade name or logo or some other mark unique to the permittee under the permittee's on-premises license.

A person who bought a container of alcoholic liquor from a social district permittee as described above could take the container from the permittee's premises and into the commons area but could not take it out of the commons area or onto the licensed premises of another social district permittee (i.e., one other than the one that sold him or her the container of alcohol). Alcohol consumption in the commons area would be limited to the legal hours for the sale of alcohol by the permittee.

A social district permit would have to be issued for the same period and be renewed in the same manner as an applicant's on-premises license. The MLCC would be required to develop an application for a social district permit. The fee would be \$250, which would be deposited into the Liquor Control Enforcement and License Investigation Revolving Fund. Upon receipt of the application and fee, the MLCC would have to notify the governing body of the local governmental unit and verify the designation of a social district and that the location listed on the application is adjacent to and qualifies for a social district permit. The governing body of the local governmental unit where the applicant's place of business is located would have to approve a permit before it could be granted by the MLCC. The MLCC would have to provide the governing body and local chief of police with the applicant's name, business address, and business telephone number to accomplish the required review.

Proposed MCL 436.1551

FISCAL IMPACT:

House Bill 5781 would be unlikely to have a significant fiscal impact on the Department of Licensing and Regulatory Affairs (LARA) and would have an indeterminate fiscal impact on local units of government. The bill would require the MLCC, within LARA, to issue social district permits. The bill would establish a \$250 fee for the social district permit. Revenues from this fee would be deposited to the Liquor Control Enforcement and License Investigation Revolving Fund, which is appropriated for the MLCC's enforcement of the Michigan Liquor Control Code and associated rules and for license investigations. The bill would also create administrative responsibilities for local governments, requiring social district permit application approvals, maintenance of commons areas, and commons areas signage. The magnitude of these costs for local units of government is presently indeterminate.

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