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HOTEL LIQUOR LICENSES

House Bill 4826 (Substitute H-1) First Analysis (11-28-95)

Sponsor: Rep. Jim McBryde
Committee: Regulatory Affairs

THE APPARENT PROBLEM:

The Michigan Liquor Control Act requires that to be eligible for a hotel liquor license, a hotel must derive the major portion of its receipts from renting rooms and selling food, and it requires, generally speaking, that a hotel be able to serve meals to 100 people at a time in a cafeteria or dining room provided for that purpose. Some people say that this provision is outdated and serves no useful purpose. There is said to be a market trend toward hotels that do not operate their own dining facilities. In some cases, a restaurant operates on the hotel premises but is owned by another party; in other cases, there is no full-service food operation on the premises, although there are restaurants close by. Hotels of this sort, particularly when they host conferences, would like to be able to have liquor licenses, but face legal obstacles (even with the reported willingness of the Liquor Control Commission to be flexible on the issue). Legislation has been introduced that would alter the regulation of hotel liquor licenses.

THE CONTENT OF THE BILL:

The bill would amend the Michigan Liquor Control Act so that a hotel would not be required to provide food service to registered guests or to the public in order to hold a liquor license. Currently, hotels are required by the act to be adequately equipped to serve meals.

The bill would provide new definitions of the terms "hotel", "Class A hotel", and "Class B hotel." The essential distinctions of the current act would remain: a Class A hotel is one licensed to sell beer and wine, and a Class B hotel is one licensed to sell beer, wine, mixed spirit drinks, and spirits. For both, as now, a hotel in a local governmental unit with a population of less than 175,000 would be required to maintain at least 25 bedrooms, and a hotel in a larger local unit would be required to maintain at least 50 bedrooms. (Currently, the act applies the minimum-bed requirement to "cities", and the 25-bed minimum applies to cities of 50,000 population and less than

175,000 population. The bill makes no reference to the lower population figure.) Features of the old definition of "hotel" that would be deleted include the requirement that a hotel be adequately equipped to serve meals to at least 100 persons at a time (except in special cases). Also deleted would be the requirement that a hotel "must be prepared to show that the major portion of its receipts is derived from the renting of rooms and the sale of food."

In the bill, the term "hotel" would refer to "a building or group of buildings located on the same or adjoining pieces of real property, which provide lodging to travelers and temporary residents and which may also provide food service and other goods or services to registered guests and to the public." (The current term refers, among other things, to "a building . . . regularly used and kept open . . . for the feeding and lodging of guests, where all who conduct themselves properly and who are able and ready to pay for such services are received if there are accommodations for them.")

MCL 436.2h et al.

FISCAL IMPLICATIONS:

There is no information at present.

ARGUMENTS:

For:

The bill would permit a hotel to obtain a hotel liquor license even if it did not itself operate a restaurant. Such legislation would recognize changes in the hotel industry. Many hotels do not themselves operate full food-service operations, but rely on separately operated restaurants on or near their premises. Licenses would remain subject to approval by local and state officials. The requirement that a hotel maintain a full food service to be eligible for a liquor license is outdated and serves no useful purpose.

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Against:

Some people oppose any legislation that could increase the availability of alcohol, believing that increased availability leads to an increase in alcohol-related social problems.

POSITIONS:

The Michigan Liquor Control Commission supports the bill. (11-8-95)

The Michigan Hotel-Motel Resort Association supports the bill. (11-15-95)

■ 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.