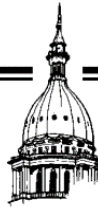




Senate Fiscal Agency
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BILL



ANALYSIS

Telephone: (517) 373-5383
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Senate Bill 502 (as enacted)
Sponsor: Senator Mike Nofs
Senate Committee: Regulatory Reform
House Committee: Regulatory Reform

PUBLIC ACT 249 of 2011

Date Completed: 8-20-13

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 have not been able to 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, typically 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 was 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.

In addition, an investment group reportedly hopes to locate an amateur minor league

baseball team on the grounds of Lake Michigan College. The organization evidently is willing to renovate the school's baseball facilities, but revenue from concessions would be a key component of the endeavor. Consequently, some people believe that the LCC should be allowed to issue a license for the sale of alcohol by a private entity at a stadium on the school's grounds.

CONTENT

The bill amended the Michigan Liquor Control Code to do the following:

- **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.**
- **Allow the LCC to issue a license to a private entity for the sale of alcohol for on-premises consumption at an outdoor stadium on land owned by Lake Michigan College and leased to the private entity.**

The bill took effect on December 8, 2011.

Culinary or Hospitality Program

Under the bill, as of October 1, 2011, the LCC may issue to the governing board of a community college or public university that is accredited by a nationally recognized accrediting agency (as determined by the

U.S. Secretary of Education) 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 further the college's or university's community or academic mission.

Except as provided for Lake Michigan College, the sale of alcohol to patrons at a location other than the community college's or university's culinary or hospitality program's location or at activities that do not further the school's community or academic mission, is prohibited.

To obtain a license under the bill, a community college or public university must submit to the LCC documentation verifying that the school is accredited as required by the bill. Also, the college or university must submit documentation that its culinary or hospitality program is accredited by a regionally recognized accrediting body or, within 180 days after the bill's effective date, the school had to submit a copy of its application for accreditation of the program. The LCC must cancel a license if the program is not accredited within two years of the school's application for the license, unless the school demonstrates good cause for an extension to obtain accreditation.

Except as provided for Lake Michigan College, a liquor license issued under the bill must be granted and registered to the community college's or university's culinary or hospitality program's location, and may be used only by the college or university and not by a private entity.

A community college or university that holds a liquor license under the bill may not obtain a catering permit under the Code.

Stadium at Lake Michigan College

Subject to local license quotas, the bill authorizes the LCC to issue a license to a private entity for the sale of alcohol for consumption on the premises of an outdoor stadium located on land owned by Lake Michigan College and leased to a private entity.

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, are unable to use and serve alcohol on campus because the Michigan Liquor Control Code generally 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, although community colleges may obtain a special license for individual events, doing so 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 will 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 might be able to 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 will help to further those relationships.

In addition, the bill includes measures to ensure that a license issued under it will be used only for the purpose of operating a culinary or hospitality program. The school must be accredited by a nationally recognized accrediting agency, and the culinary or hospitality program must be accredited by a regionally recognized accrediting body, or the school must have verified that it was seeking accreditation. The bill also generally prohibits the sale of alcohol at a site other than the program's location or at activities that do not further the school's community or academic mission, such as a meeting held at the school by an outside organization. The school may not obtain a catering permit under the Code and, except as allowed for Lake Michigan College, may not permit its license to be used by a private entity. A program licensed under the bill, then, will not pose a competitive threat to private sector operations, but will dovetail with cooperative efforts already being pursued, and may help support local vintners and breweries.

Supporting Argument

Lake Michigan College has the potential for a unique opportunity. A private investment group evidently is interested in renovating the school's baseball facilities and leasing its stadium in order to locate an amateur minor league team there. Since concessions are crucial to the deal, and alcohol sales are a boon to concessions revenue, the group and the school would like to have alcohol sales at the stadium. The bill allows for this possibility by including a specific and very narrow authorization for the licensure of a private entity that leases a stadium from that college.

Legislative Analyst: Patrick Affholter

FISCAL IMPACT

To the extent that the bill increases sales of alcoholic beverages in Michigan, the State will 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 ultimately will go to the General Fund, while some revenue collected from specific taxes on liquor will benefit the

School Aid Fund and Convention Facility Development Fund. License fee revenue benefits 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.