

# Legislative Analysis



## ALLOW CLUBS TO HAVE BANQUET FACILITY PERMIT

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**House Bill 5853**

**Sponsor: Rep. Rick Jones**

**Committee: Regulatory Reform**

**Complete to 6-5-06**

### A SUMMARY OF HOUSE BILL 5853 AS INTRODUCED 3-14-06

The Michigan Liquor Control Commission issues several types of licenses for the legal sale of alcohol for on-premises consumption. A club license allows the licensee to sell beer, wine, mixed spirit drink, and spirits only to bona fide members of the club who are at least 21 years of age. The liquor code also allows the commission to issue one banquet facility permit to an on-premise licensee (i.e., a restaurant which has a hall in a location separate from the restaurant property), as an extension of that on-premise license, for the serving of alcohol only on the permitted premises. A banquet facility can only be used for scheduled functions and events, not have regular service, and cannot be generally open to the public. However, holders of a club license do not currently meet the requirements for a banquet facility permit.

House Bill 5853 would amend the Michigan Liquor Control Code (MCL 436.1522 and 436.1532) to make several revisions to these provisions as follows:

- Allow a club licensee to sell alcohol, for consumption on the premises, to those who lease the facilities who are at least 21 years of age, **if** the club also holds a banquet facility permit.
- Require the holder of a banquet facility permit to furnish the alcohol and provide personnel to serve the alcohol.
- Exempt a club licensee from a provision requiring the commission to issue a banquet facility permit only to a licensee that demonstrates that at least 50 percent of its gross receipts come from the sale of food and non-alcoholic beverages prepared on the premises.

Currently, an applicant for a banquet facility permit must demonstrate a preexisting ownership or lease interest in the banquet facility. The bill would also require demonstrating proof of ownership or lease of the club facility.

### FISCAL IMPACT:

This bill should increase State of Michigan restricted revenue through the creation of a new club permit with a \$600 annual fee in addition to the existing license fee. However, the number of clubs who will be required to purchase this permit is unknown, and so the amount of this increase is indeterminate at this time.

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