

Legislative Analysis



LIQUOR LICENSES FOR CULINARY ARTS & HOSPITALITY PROGRAMS

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House Bill 4744 without amendment

Sponsor: Rep. George Darany

Committee: Regulatory Reform

First Analysis: 6-28-11

BRIEF SUMMARY: House Bill 4744 would add Section 513a to the Liquor Control Code to allow accredited culinary arts and hospitality programs at a community college or university to obtain a liquor license to sell alcoholic liquor for consumption at the program's location.

FISCAL IMPACT: The bill would increase liquor license revenue by \$600 per license, which would be credited to the Liquor Control Commission (41.5%, or \$249) for administration, to local governments (55%, or \$330) for enforcement of liquor laws, and for alcohol abuse prevention programs (3.5%, or \$21).

THE APPARENT PROBLEM:

Culinary arts and hospitality educational programs are growing in popularity across Michigan. Many of them operate on-site restaurants for students to be able to gain real world experience in cooking and restaurant management. As part of the curriculum, programs want the ability to serve alcohol with prepared meals. This will provide students with the opportunity to learn, for example, how to pair different beer and wines with particular cuts of meat and other foods. Currently, students are allowed to sample alcohol when preparing meals if it is intended for an educational purpose. However, culinary arts and hospitality programs are not allowed to sell alcohol as part of a meal to members of the general public. This bill would create a new class of licenses to allow for these programs to sell alcohol for on premises consumption, provided the program is accredited.

THE CONTENT OF THE BILL:

The bill would add Section 513a to the Liquor Control Code to allow for the governing board of a community college or university that operates an accredited culinary or hospitality program to obtain a license to sell alcoholic liquor for consumption at the program's location. The license would be granted to the culinary or hospitality program's location, and as part of the application process, the program must submit documentation proving it is accredited by a regionally recognized accrediting body. These licenses would not be subject to the quota provisions in Section 531 (MCL 436.1531).

The sale of alcoholic liquor would have to further the community college or university's community or academic mission, and a school would be prohibited from selling liquor for

activities that do not do so. Additionally, sales could only take place at the program's location. Additionally, a community college or university holding a liquor license is prevented from obtaining a catering permit under Section 547 (MCL 436.1547).

MCL 436.1101 to 436.2303

BACKGROUND INFORMATION:

Overview of Programs Offered. According to data from the Workforce Development Agency there are 10 community colleges that offer culinary arts program.¹ Of those programs, Section 513 of the Liquor Control Code already provides a liquor license to the Oakland Community College Culinary Studies Institute. The bill further limits the granting of a liquor license to those community colleges with accredited culinary programs. Of those programs, the American Culinary Federation Education Foundation Accrediting Commission (ACFEFAC) lists seven community college culinary arts programs as being accredited.² There don't appear to be any culinary arts programs offered by state universities.

Additionally, the bill also provides a liquor license to accredited community college or university hospitality programs. According to the Workforce Development Agency and National Center for Education Statistics data, there are 11 community colleges that offer hospitality management programs.³ Additionally, the National Center for Education Statistics data indicates that six universities offer hospitality management programs.⁴ Of these schools, the Accreditation Commission for Programs in Hospitality Administration (ACPHA) lists Eastern Michigan University as being the only Michigan institution with a hospitality program accredited by the commission.⁵ All community colleges and universities are, however, accredited at the institutional level by the Higher Learning Commission.⁶

¹ See, <http://www.michigancc.net/ccdata/sd/pi.aspx>. Grand Rapids Community College, Henry Ford Community College, Jackson Community College, Macomb Community College, Monroe County Community College, Northwestern Michigan College, Oakland Community College, Schoolcraft College, and Washtenaw Community College. These colleges offer programs with Classification of Instructional Program (CIP) Codes 12.0503, 12.0504, and 12.0505.

² <http://www.acfchefs.org/Source/Schools/Postsecondary.cfm>. The seven colleges are Oakland Community College, Northwestern Michigan College, Henry Ford Community College, Macomb Community College, Schoolcraft College, Grand Rapids Community College, and Washtenaw Community College. In addition to the American Culinary Foundation accreditation, there may be other accrediting organizations.

³ See, <http://nces.ed.gov/ipeds>. See, also <http://www.michigancc.net/ccdata/sd/pi.aspx>. Bay de Noc Community College, Henry Ford Community College, Jackson Community College, Lake Michigan College, Lansing Community College, Macomb Community College, Mid-Michigan Community College, North Central Michigan College, Oakland Community College, Washtenaw Community College, and Wayne County Community College District.

⁴ <http://nces.ed.gov/ipeds/>. Michigan State University, Grand Valley State University, Ferris State University, Eastern Michigan University, Central Michigan University, and Northern Michigan University.

⁵ <http://www.acpha-cahm.org/>

⁶ <http://www.ncahlc.org/>

Inactivity Period. The Michigan Administrative Code requires for liquor licenses that are not active for a period more than 30 days to be placed in escrow with the Liquor Control Commission. It is possible licenses granted under this new section would need to be placed in escrow during summer sessions when class offerings are generally reduced or during semesters when particular classes may not be offered. The Administrative Code contains specific guidelines on how to get a license out of escrow, and contains penalties for not placing a license in escrow, when required. The following rules would apply during periods of inactivity:

- R 436.1107(1): "...A license that is not in active operation shall be placed in escrow with the Commission..."
- R 436.1047, Rule 47: "A licensee who ceases active operation of the licensed business for a period of more than 30 days shall return all current licenses and permits to the Commission."

ARGUMENTS:

For:

During committee testimony supporters expressed concern that students are missing out on an important part of a culinary education by not being able to pair drinks with prepared dishes. An integral part of a culinary arts program is utilizing alcohol in cooking, pairing, and tasting. This legislation will allow students to fully use these on-campus restaurants and gain valuable knowledge and experience. It was noted that culinary school graduates are the breeding ground for future restaurant professionals and this will continue to allow restaurants to stay on the cutting edge.

This legislation will also allow community colleges and universities that operate these programs to continue to serve the community's need for entertainment and the arts. As noted during testimony, Jackson Community College operates the George E. Potter Center that hosts many events, including the Jackson Symphony Orchestra. These events are seen as helping "advance the mission" of the college and supporters of this legislation would like for the ability to provide alcoholic beverages at these events. Currently, JCC is required to apply for a special one-day liquor license in order to be able to sell alcohol at its events. This bill will reduce the number of applications necessary and allow the school, and others in similar situations, to apply for a single license.

Against:

Section 513 (1) of the Liquor Control Code allows for colleges and universities to obtain a liquor license for consumption on the premises of a conference center. That section contains specific language allowing the university to only sell alcohol at regularly scheduled conference center activities. House Bill 4744 does not contain that provision. In order for the language to be consistent with liquor licenses that are alike, similar language would need to be added to this bill.

Some are opposed to this legislation simply because of the sheer number of liquor licenses already available. According to a recent special report by the Center for Michigan, there are currently 27 different types of liquor licenses currently available.⁷ They appear to be opposed to the LCC being able to grant any new type of license. Further, some believe that the greater the availability of alcohol, the greater the number of alcohol-related problems for individuals and society at large.

POSITIONS:

Representatives of Henry Ford Community College testified in support of the bill. (6-15-11)

Representatives of Jackson Community College testified in support of the bill. (6-15-11)

Washtenaw Community College supports the bill. (6-15-11)

Michigan Licensed Beverage Association is neutral on the bill. (6-15-11)

Michigan Restaurant Association is neutral on the bill. (6-15-11)

Michigan Alcohol Policy opposes the bill. (6-15-11)

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■ 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.

⁷ <http://www.thecenterformichigan.net/special-report-michigans-regulation-of-liquor-business-is-sobering/>