

Legislative Analysis



SUSPENSION OR REVOCATION OF LIQUOR LICENSE FOR SELLING OR FURNISHING ALCOHOL TO A MINOR

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Senate Bill 874 (Reported from House committee without amendment)

Sponsor: Sen. Tory Rocca

House Committee: Regulatory Reform

Senate Committee: Regulatory Reform

First Analysis (3-25-12)

BRIEF SUMMARY: The bill would amend the Liquor Control Code to change the standard for the suspension or revocation of an off-premises liquor license for multiple occasions of selling or furnishing alcohol to a minor.

The bill would also amend a section that requires on-premises licenses to be approved by the local legislative body where the business is located. Currently, there is an exception to this requirement for any city with a population of at least 750,000. The bill would lower the population threshold to 600,000. If passed, the exception would still apply only to the city of Detroit, whose population fell below 750,000 in the most recent decennial census.

FISCAL IMPACT: Senate Bill 874 would not have a significant fiscal impact on state or local budgets. To the extent that the change from "single calendar year" to "consecutive 12-month period" results in additional off-premise liquor licenses being revoked by the Liquor Control Commission for violations of the Code, those licenses would become available for purchase by other retailers who would be required to pay applicable fees to the LCC.

THE APPARENT PROBLEM:

The bill seeks to address two distinct issues. The first has to do with the standard for the suspension or revocation of an off-premise liquor license, such as those held by convenience stores and supermarkets. Section 501 of the Liquor Control Code allows a local legislative body to request the LCC to revoke the license of an off-premises licensee within the local unit if the licensee has been determined in a LCC violation hearing to have sold or furnished alcohol to a minor on three separate occasions within a single calendar year. This provision does not apply if the violations involved the use of fraudulent or falsified identification by the minor. If the LCC verifies the licensee has been found to have committed violations as described above, the LCC can suspend or revoke the licensee's license and any permit held in conjunction with that license.

During testimony in the Senate, it was revealed a licensee had committed four separate violations of selling alcohol to a minor. However, the violations were not all committed within the same calendar year. For example, two violations occurred in November/December and the next two violations in January/February. Under current law

this would not result in the revocation of a license. It is thought this violates the spirit of the law. For this reason, the bill seeks to establish a rolling twelve month period for which three violations could result in the revocation of a license.

The second issue involves on-premises liquor licenses, such as bars and restaurants. Section 1501(2) of the Liquor Control Code requires applications for on-premises liquor licenses to be approved by the local legislative body where the business is located before a license can be granted by the Liquor Control Commission (LCC), except in cities with populations of at least 750,000. Based on 2010 census data, all governmental units in the state, including now the city of Detroit, have populations below 750,000. As such, state law now prevents the LCC from considering any on-premises application unless a Detroit City Council recommendation has been obtained. In order for licenses to continue to be processed as they have been in the past, a statutory change is needed to reduce the population threshold.

THE CONTENT OF THE BILL:

The bill would amend Section 501 of the Liquor Control Code to allow local units of government to petition the LCC to suspend or revoke the off-premises license of a licensee that has committed three separate violations of selling alcohol to a minor within a consecutive 12-month period, rather than a single calendar year.

Additionally, Section 501 requires applications for on-premises liquor licenses to be approved by the local legislative body where the business is located before a license can be granted by the LCC, except in cities with populations of at least 750,000. The bill would lower the population threshold from 750,000 to 600,000

MCL 436.1501

HOUSE COMMITTEE ACTION:

The House Regulatory Reform Committee reported the bill without amendment.

BACKGROUND INFORMATION:

2010 Census. As noted above, even with the reduction in the population threshold, the exception for local legislative approval for on-premises liquor licenses would still only apply to the city of Detroit. The state's top five most populous incorporated places and their 2010 Census data is listed below.

City	Population
Detroit	713,777
Grand Rapids	188,040
Warren	134,056
Sterling Heights	129,699
Lansing	114,297

ARGUMENTS:

For:

The bill provides a somewhat technical change to allow local units of government to petition the LCC to revoke an off-premises license for a licensee that has committed three separate violations of selling alcohol to a minor in a consecutive 12-month period, rather than a single calendar year. This addresses situations where a licensee has committed four or more separate violations of selling alcohol to a minor but where the violations were not all committed within the same calendar year. For example, two violations could have occurred in November/December and the next two violations could have occurred in January/February. Under current law this would not result in the revocation of a license. Many believe this violates the spirit of the law.

The bill also lowers the population threshold, from 750,000 to 600,000, to allow the city of Detroit to continue its current practice of having the Police Chief approve liquor license applications. Under current law, for any city below the population threshold, applications must be approved by the local legislative body (city council). This change is necessary as Detroit's population fell below 750,000 in the most recent decennial census. There has been concern expressed that if this change is not made and the City Council has to approve licenses, the process could slow dramatically.

Against:

There was concern as to why a particular city (in this instance, Detroit) is treated differently in statute when it comes to the liquor license application process. As a matter of fairness, all cities in the state should be treated the same and should follow the same process for liquor licenses.

POSITIONS:

Associated Food and Petroleum Dealers, Inc. support the bill. (3-14-12)

Michigan Alcohol Policy supports the bill. (3-14-12)

Michigan Municipal League supports the bill. (3-14-12)

Ypsilanti Township supports the bill. (3-14-12)

The Michigan Department of Licensing and Regulatory Affairs is neutral on the bill. (3-15-12)

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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.