

## CONDITIONAL LIQUOR LICENSE REQUIREMENTS

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<http://www.house.mi.gov/hfa>

**Senate Bill 981 (passed by the Senate as S-1)**

**Sponsor: Sen. Wayne Schmidt**

**House Committee: Regulatory Reform**

**Senate Committee: Regulatory Reform**

**Complete to 9-20-16**

Analysis available at  
<http://www.legislature.mi.gov>

### SUMMARY:

Senate Bill 981 would require that an applicant for a conditional liquor license submit a signed affidavit that the proposed licensed location meets minimum distance requirements in relation to a church or school building. If the Michigan Liquor Control Commission determines that this affidavit is false or fraudulent, the conditional liquor license application would be denied. The bill is an amendment to Section 525 of the Michigan Liquor Control Code (MCL 436.1525).

Senate Bill 981 would also making certain additional entities eligible to apply to the Commission for a conditional liquor license. Specifically, the bill would allow an applicant seeking a public on-premises license or a resort or resort economic development license to apply for a conditional license, provided they meet the same criteria presently in effect.

Public on-premises licenses are, generally, available as part of an economic redevelopment project or to promote tourism and must be located in either (1) a redevelopment project and be engaged in activities determined by the commission to be related to dining, entertainment, or recreation; or (2) in a development district, such as a downtown development district or principal shopping district, among others.

Presently, only the following can apply for a conditional license: (1) an applicant seeking to transfer ownership or an interest in an existing license at the same location to sell liquor for consumption on or off premises, or (2) an applicant seeking an initial license other than a specially designated distributor license or a license for the sale of alcoholic liquor on the premises can apply for a conditional license.

The bill would strike "at the same location" from that provision.

The bill would take effect 90 days after it is enacted into law.

### FISCAL IMPACT:

Senate Bill 981 would have an indeterminate, thought likely positive, fiscal impact on the Department of Licensing and Regulatory Affairs and on local units of government. The bill allows applicants seeking a public on-premises license, a resort license, or a resort economic development license to apply for a conditional liquor license. The current fee associated with a conditional liquor license is \$300.00. In CY 2015 there were 328

applications for conditional liquor licenses and at present in CY 2016 there have been 202. It is a safe assumption that increasing the number of license types eligible to receive a conditional liquor license will increase total applications for conditional liquor licenses, although it is not known by how much. The department would likely see a small increase in administrative costs associated with the increased volume of conditional liquor licenses that would need to be processed.

Local law enforcement agencies receive 55% of the revenue generated by retail liquor licensure fees collected within their jurisdictions. This is accomplished through Liquor Law Enforcement Grants administered by the Michigan Liquor Control Commission. If total revenues for liquor licenses increased, local governments would receive more from these grants. Without knowing how many additional licenses will be awarded, it is difficult to accurately predict the magnitude of the fiscal impact on local governments, though local governments will likely benefit from this bill.

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■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.