

Legislative Analysis



PRICE OF ALCOHOLIC LIQUOR AT PUBLIC VERSUS PRIVATE FUNCTIONS

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House Bill 4432 (reported from committee as H-1)
Sponsor: Rep. Lee Chatfield
Committee: Regulatory Reform
Complete to 5-6-15

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

SUMMARY:

House Bill 4432 would amend the Michigan Liquor Control Code by adding a new section, Section 1014, which allows an on-premises licensee to advertise, sell, or offer to sell, an unlimited quantity of alcoholic liquor at a specific price if it is in connection with a private function. Currently, the code prohibits this practice.

(The term "alcoholic liquor" applies to beer, wine, and spirits.)

All of the following conditions must be met in order for an on-premises licensee to provide unlimited alcoholic liquor at a set price:

- The sale, offer, or advertisement is in connection with a private function.
- The on-premises licensee has entered into a written agreement with the organizer of the private function that states the date, time, and location of the event and the terms under which alcohol will be sold and served at the event.
- The licensee makes the agreement available to the Michigan Liquor Control Commission and local law enforcement, on notice.

A "private function" would be defined as an event that meets all of the following:

- It is a prearranged private party, private function, or private event for a specific social or business occasion.
- It is only by invitation or reservation.
- It is not open to the general public.
- The guests are served in an outdoor service area or room that is designated and used exclusively for the event.

The bill also would prohibit an on-premises licensee from advertising, selling, or offering to sell, two or more identical drinks containing alcoholic liquor to an individual for the individual's consumption for one price. If two or more identical drinks containing alcoholic liquor are served to an individual at one time, the price charged for the second and each additional drink must be the same as the price charged for the first drink. This is already prohibited by administrative rule (R 436.1438), and the bill's language mirrors that of the rule.

The bill would go into effect 90 days after the date it is enacted into law.

BACKGROUND AND DISCUSSION:

It is currently a violation of the Michigan Liquor Control Code for an on-premises licensee to offer more than one drink for the price of a single drink. However, according to testimony presented in committee, restaurants, banquet halls, and social organizations that offer space for rent for weddings and other private events cannot provide a price quote for a packaged liquor deal. Instead, they must quote a per-drink price, which licensees say leads to "sticker shock" after the event takes place, when the individuals who have booked the event see how much their attendees consumed.

By allowing tiers or levels of liquor packages to be offered, supporters of the bill say event organizers will be better able to budget for their events because licensees will be able to provide better estimates for services.

FISCAL IMPACT:

House Bill 4432 would not have a significant fiscal impact on the Liquor Control Commission (LCC) since HB 4432 merely adopts R 436.1438 of the Michigan Administrative Code, while adding the exemption for "private functions," on which the LCC had not vigorously enforced the prohibition.

POSITIONS:

The following have indicated support for the bill:

Michigan Liquor Control Commission (4-29-15)
Michigan State University (4-29-15)
Michigan Spirits Association (4-29-15)
Michigan Licensed Beverage (4-29-15)

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