

# Legislative Analysis

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## PRICE OF ALCOHOLIC LIQUOR AT PUBLIC VERSUS PRIVATE FUNCTIONS

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

**House Bill 4432 (Substitute H-1)**  
**Sponsor: Rep. Lee Chatfield**  
**Committee: Regulatory Reform**  
**Complete to 4-27-15**

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.

**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.

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