



Senate Fiscal Agency
P.O. Box 30036
Lansing, Michigan 48909-7536



Telephone: (517) 373-5383
Fax: (517) 373-1986

Senate Bill 942 (Substitute S-2 as reported)
Sponsor: Senator Aric Nesbitt
Committee: Regulatory Reform

CONTENT

The bill would amend the Michigan Liquor Control Code to do the following:

- Modify a provision allowing a specially designated distributor to sell to an on-premises retail licensee up to nine liter for spirits during any one month, to refer to an "on-premises retail licensee" instead of a "specially designated distributor" and to increase the current limit of spirits an on-premises retail licensee may sell to an on-premises licensee, from nine liters during any one month to 225 liters during any 12-month period.
- Provide on-premises licensees a 30% discount from uniform prices on alcoholic liquor purchased from the State, beginning on the bill's effective date through December 31, 2021.
- Allow on-premises licensees to fill and sell qualified containers with beer, wine, mixed spirit drink, a mixed drink, or spirits for consumption off the premises under certain conditions.
- Allow an on-premises licensee to deliver beer, wine, mixed spirit drink, a mixed drink, or spirits to a consumer in Michigan if the licensee met certain requirements.
- Allow an on-premises licensee that had written approval from the Michigan Liquor Control Commission (MLCC) to have outdoor service in an outdoor service area to add seating or a bar to that area without the approval of the MLCC or the governing body of the local unit of government in which the licensed premises was located until December 31, 2021.
- Allow the governing body of a local unit of government to designate a social district that contained a commons area that could be used by on-premises licensees that obtained a social district permit.
- Prescribe rules and regulations pertaining to the use and designation of a social district and its common area.
- Require the MLCC to develop an application for a social district permit and charge a fee of \$250 for the permit, and require the fee to be deposited into the Liquor Control Enforcement and License Investigation Revolving Fund.
- Require the MLCC to refund or replace spirits for a on-premises licensee.
- Prohibit an on-premises licensee from selling, offering to sell, or advertising the sale of three, instead of two, or more identical drinks containing alcoholic liquor to an individual for the individual's consumption for one price.

MCL 436.1205 et al.

Legislative Analyst: Stephen Jackson

FISCAL IMPACT

The bill would have a negative fiscal impact on State government and no fiscal impact on local government units.

The proposed discount of 30% would have a significant negative fiscal impact on the General Fund. The MLCC calculated the losses from a similar proposal using Fiscal Year (FY) 2017-18 and 2018-19 figures at about \$30.0 million per fiscal year. Under the bill, the increased discount would last only from the effective date of the Act to December 31, 2021.

The cost of developing an application for the social district permit likely would be covered by existing appropriations. However, the fee of \$250 would not fully cover the cost of developing or administering the program. It is unclear at this time how many licensees would apply for such a permit.

The cost of replacing liquor and refunding licensees is unknown and would depend upon the volume.

The costs associated with the designation of social districts and the permit approval process to local government units would be absorbed by existing appropriations.

Date Completed: 6-8-20

Fiscal Analyst: Elizabeth Raczkowski