Senate Fiscal Agency
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BILL ANALYSIS

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Senate Bill 247 (Substitute S-2 as reported)
Sponsor: Senator Sean McCann
Committee: Regulatory Affairs

CONTENT

The bill would amend the Liquor Control Code to allow the Michigan Liquor Control Commission (MLCC) to issue the governing board of a public university a maximum of five tavern licenses, five class C licenses, or a combination of five tavern or five class C licenses, to be used for scheduled events within the public area of an intercollegiate athletic event facility on university property if certain conditions were met.

MCL 436.1531

BRIEF RATIONALE

Currently, more than half of the Big Ten Conference allows for the sale of alcohol at certain college sporting events. According to testimony, the schools that have elected to allow the sale of alcohol have noted a decrease in pre-game binge drinking and alcohol related issues at games. It has been suggested that Michigan law allow universities the opportunity to sell alcohol at intercollegiate athletic events.

Legislative Analyst: Eleni Lionas

FISCAL IMPACT

The bill would have an indeterminate fiscal impact on State government and no significant fiscal impact on local units of government.

Under the bill, universities would be able to obtain a class C license, a tavern license, or some combination of both, with a maximum of five licenses. The revenue generated from license fees would have no significant fiscal impact on the MLCC. The fee revenue would be used to conduct the MLCC's regulatory activities.

It is possible that the bill would result in increased tax revenue of an unknown magnitude. This would occur if the availability of alcohol for purchase at intercollegiate events as described in the bill were to result in an overall increase in alcohol sales when compared to the present consumption volume. It is not possible to predict whether any significant increase in purchases, and therefore tax revenue, would occur to a degree sufficient to have a meaningful impact on State revenue. The potential for increased revenue to the State also would be affected by the number of eligible universities granted a license, the number of persons attending intercollegiate events, and other factors.

It is also possible that the availability of alcoholic beverages at these events could affect the types of alcohol consumed. As beer, wine, distilled spirits, and mixed spirits drinks are subject to different specific taxes, this could result in minor changes to the magnitude and type of revenue generated; however, it is unlikely that such changes would have a significant fiscal impact due to the large overall volume of alcohol sales in the State compared to the volume likely to be sold under the specific circumstances described in the bill.

If purchases of alcoholic beverages were to increase as a result of the bill, the affected funds potentially would include the General Fund, Convention Facilities Fund, and the School Aid Fund. The 6.0% sales tax also would apply to these purchases. Sales tax revenue is directed to several specific funds under statute, including the School Aid Fund, the General Fund, local revenue sharing, and the Comprehensive Transportation Fund.

Finally, the bill could have a positive fiscal impact on universities that choose to pursue a license under the bill through revenue generated by alcohol sales at sporting events. The amount of revenue would depend on myriad factors that would vary significantly by institution, with game attendance likely being the largest factor. Financial statements required by the National Collegiate Athletic Association (NCAA) do not require alcohol sales to be separately itemized from other concessions revenue, but various media sources have reported that net revenue from the sale of alcoholic beverages at athletic events at the University of Minnesota and Ohio State University average between $1.0 and $1.5 million annually.

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