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COLLEGES: LIQUOR LICENSES

Senate Bill 83 (Substitute H-1)
First Analysis (7-21-93)

Sponsor: Sen. Harry Gast
Senate Committee: State Affairs and
Military/Veterans Affairs
House Committee: Liquor Control

THE APPARENT PROBLEM:

The Liquor Control Act generally prohibits the sale of alcoholic beverages on state property, but makes a number of exceptions to this, many of which allow college or university conference centers to obtain liquor licenses. Eleven such conference centers may now obtain licenses for on-premises consumption of alcohol; licenses are issued by the Liquor Control Commission and are not subject to the quota provisions that would otherwise apply. Several additional college or university facilities are seeking exemptions that would allow them to obtain licenses.

THE CONTENT OF THE BILL:

The bill would amend the Liquor Control Act (MCL 436.17h) to allow the Liquor Control Commission to issue licenses for on-premises consumption of alcoholic beverages to the Corporate Education Center at Eastern Michigan University, the Waterman Campus Center at Schoolcraft College, and the Mendel Center at Lake Michigan Community College. As with licenses issued to other college and university "conference centers," the licenses would not be subject to quota provisions that would otherwise apply.

HOUSE COMMITTEE ACTION:

The House Liquor Control Committee adopted a substitute bill that differed from the Senate-passed version in not including provisions for the Macomb Center for the Performing Arts at Macomb Community College and the Potter Center at Jackson Community College.

FISCAL IMPLICATIONS:

According to the Liquor Control Commission, the bill has no significant fiscal implications. (7-20-93)

ARGUMENTS:

For:

The bill would enable several college or university conference centers to do as many of their counterparts on other campuses have done and obtain licenses for on-premises sales and consumption of alcoholic beverages. Such conference centers in general attract visitors and convention business to an area; they bring in tourist dollars and create jobs. Without a liquor license, a conference center's potential for success is limited, as the conference and convention market is highly competitive and most clients are interested obtaining a full range of services. Of the conference centers identified by the bill, both the Corporate Education Center at Eastern Michigan University and the Mendel Center at Lake Michigan Community College offer the potential to increase business for local establishments; both are conference centers providing a wide range of meeting and convention programs, and neither has lodging. Both enjoy broad support from their local business communities in their efforts to obtain liquor licenses, including the Radisson that shares a building with EMU's Corporate Education Center. The situation at Schoolcraft College is somewhat different, but equally justifies a license: there, the Waterman Campus Center functions primarily as an academic laboratory for teaching culinary arts. With a liquor license, the center could provide better training for future chefs and sommeliers.

Against:

College and university conference centers manifest a growing problem with the state's institutions of higher education: a decreasing emphasis on education coupled with an increasing emphasis on entry into areas once reserved to the private sector. College conference centers enjoy the advantages of tax-exempt status at the same time they compete with privately-owned restaurants, banquet halls, and lodging facilities for convention business, wedding

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receptions, and other functions. Anecdotes abound of all sorts of local businesses--restaurants, motels, florists, printers, dance studios--being adversely affected by competition based on nearby college campuses. It is tough enough for an entrepreneur to make a success of a business; the state should not make it tougher by allowing taxpayer-subsidized businesses to flourish on college campuses at the expense of private enterprise. The bill, by expanding the list of college conference centers that may obtain liquor licenses, would make a bad situation worse. At a minimum, the bill should at least restrict the use of college conference center liquor licenses, so that conference centers may not profit from liquor sales at functions that have no relation to education or university business.

Against:

The bill would do nothing to resolve confusion over the meaning of current law. Statute says that licenses granted to college conference centers may be used only for the sale of alcoholic beverages at "regularly scheduled conference center activities." Clearly, this means that the conference center is not to function as a restaurant or bar, serving walk-in patrons. But does it mean, as many seem to think, that conference centers are not to sell alcohol at nonuniversity functions? Basically, any event held at a conference center will be scheduled, so the language does not seem to exclude much. On the other hand, what does "regularly" scheduled mean? Are one-time events thus excluded? There needs to be a determination of what conference centers may and may not do, and this determination needs to be incorporated into the law.

Against:

The bill would further extend an inappropriate link between college and drinking. Licensed establishments in close proximity to college campuses constitute an invitation to underage drinking. By allowing various college conference centers to serve alcohol, the law and the bill indirectly encourage underage drinking.

POSITIONS:

Eastern Michigan University supports the bill. (7-19-93)

Lake Michigan College supports the bill. (7-19-93)

Schoolcraft College supports the bill. (7-19-93)

The Michigan Community College Association supports the bill, but preferred the Senate-passed version, which included additional college facilities. (7-15-93)

The Liquor Control Commission does not oppose the concept of licensing additional facilities on college campuses, providing the legislature clarifies what the law means by "regularly scheduled conference center activities." (7-15-93)

The Michigan Restaurant Association could support the bill if restrictions on the use of the liquor licenses are put in place. (7-16-93)

The Michigan Travel and Tourism Association could support the bill if restrictions on the use of the liquor licenses are put in place. (7-16-93)

Businesses and Associations for a Strong Economy (BASE) opposes the bill. (7-16-93)

The National Federation of Independent Business opposes the bill. (7-15-93)