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LIQUOR: HOTEL ON CMU PROP.

House Bill 4921 as introduced
First Analysis (7-8-93)

Sponsor: Rep. Jim McBryde
Committee: Liquor Control

THE APPARENT PROBLEM:

Central Michigan University (CMU) has established an industrial park on university-owned land. The park is to include a conference center, scheduled to open this fall, which will be fully owned and operated by a Comfort Inn that has opened on the property. The Comfort Inn is seeking a liquor license for the conference center, but state law generally forbids a liquor license from being issued for an establishment on state-owned land (a number of exceptions to this have been made, however). Thus, if the conference center is to be able to get its liquor license, either the land on which it sits must be transferred or the law must be changed to grant an exception for the conference center. Legislation has been proposed to make an exception for the conference center.

THE CONTENT OF THE BILL:

The bill would amend the Liquor Control Act to allow the Liquor Control Commission to issue a license to a private entity for the sale of alcoholic liquor for consumption on the premises of a hotel located on land owned by Central Michigan University, if the land was leased to a private entity that owned the building and fixtures, and the hotel and land were located within an industrial, research, or commercial development park established by the university's governing board.

MCL 436.17h

FISCAL IMPLICATIONS:

There is no fiscal information at present. (7-7-93)

ARGUMENTS:

For:

The bill would enable the Comfort Inn conference center in Mount Pleasant, which is to open this fall, to seek and obtain a liquor license for on-premises sales and consumption of alcoholic beverages. The

bill would not create a special license for the center, but rather would simply let the center out from under a statutory prohibition on licensed establishments on state land; the center would still be subject to local quota provisions. The conference center is expected to attract visitors and create jobs; without a liquor license, the prospects for the center's success would be considerably dimmer than if the conference center was able to serve alcoholic beverages. The bill would help the development and promotion of the conference center to go forward as planned.

Against:

The planned conference center, like the industrial park that contains it, is perceived by many to be a manifestation of a growing problem with the state's universities: a decreasing emphasis on education coupled with an increasing emphasis on entry into areas once reserved to the private sector. Of particular concern is that the conference center will enjoy a competitive advantage over other area businesses through its association with the university and its use of land leased from the university. Local support for the project is by no means unanimous: several owners of businesses near universities, including liquor license holders from Mount Pleasant, testified against the bill in committee, citing concerns that the conference center will drain customers from existing businesses. The bill should leave well enough alone and allow local businesses to compete on a level playing field.

Response:

The bill would not create an uneven playing field. The Comfort Inn has leased its 15 acres from CMU for \$15,000 per year, with built-in increases for inflation. The only role CMU plays in the entire matter is that of landlord. The conference center will succeed or fail based on the business acumen of its managers, not because of any links to the public sector. Moreover, the industrial park was situated on land that had already been acquired and held by CMU for some time; when the Comfort Inn was

built, the parcel went from generating no tax revenue to generating about \$150,000 per year in personal property taxes.

Against:

The bill would establish an inappropriate link between a state university and drinking. Licensed establishments in close proximity to college campuses constitute an invitation to underage drinking. By facilitating the situating of a licensed establishment near CMU, the bill would indirectly encourage underage drinking.

Response:

The conference center site is some distance away from campus. The university already has a liquor license for its on-campus university center, and there are a number of bars closer to campus than the conference center. The bill would not affect the drinking habits of students.

POSITIONS:

Central Michigan University supports the bill. (7-7-93)

The Michigan Restaurant Association supports the bill. (7-7-93)

The Liquor Control Commission does not oppose the bill. (7-7-93)

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

A representative of the Michigan Interfaith Council on Alcohol Problems testified in opposition to the bill. (7-7-93)