

MOTORSPORTS EVENT LIQUOR LICENSE

Mitchell Bean, Director
Phone: (517) 373-8080
<http://www.house.mi.gov/hfa>

Senate Bill 216 (Substitute S-7)

Sponsor: Sen. Jason E. Allen

Senate Committee: Economic Development and Regulatory Reform

House Committee: Regulatory Reform

Complete to 12-2-10

A SUMMARY OF SENATE BILL 216 AS PASSED BY THE HOUSE 12-1-10

The bill would amend the Liquor Control Code's provisions concerning special motorsports event licenses issued to the owners of a motorsports event complex.¹ Under the Code, the motorsports event license allows for the sale for on-premise consumption of beer and wine only.² Senate Bill 216 would also allow the sale of spirits and mixed-spirit drinks. In addition, the bill specifies that for the purpose of determining the amount of the license fee, individual concession stands selling alcohol located within the complex would not be considered to be an additional bar requiring an additional fee.

Currently the license fee is \$250. (There isn't an additional fee for each individual concession stand selling alcohol.) The bill specifies that the license fee for selling beer and wine only would be \$250, while the license fee for selling beer, wine, mixed spirit drinks, and spirits would be \$600.

The bill also contains amendments to Section 525, adding a \$600 license fee for nonpublic continuing care facilities. Those amendments are technical in nature, making the bill conform to the provisions of House Bill 6224 (recently enacted as 213 of 2010).

FISCAL IMPACT:

Currently there are only four motorsports event licensees. Allowing these four to sell spirits and mixed-spirit drinks (with payment of an additional fee) would generate an additional \$1,400. Allowing sales of spirits and mixed-spirit drinks could also result in a minimal increase in the sale of spirits, which are subject to the LCC's mark-up through its role as the wholesaler of spirits (net revenue credited to the Liquor Purchase Revolving Fund) as well as a series of specific taxes credited to the LPRF, the Convention Facilities

¹ As introduced, SB 216 would have created a new liquor license for nonpublic continuing care centers. The contents of that version, which was identical to HB 6007 as introduced, were incorporated into HB 6224 (2010 PA 213), an omnibus liquor bill.

² Section 537 of the Liquor Control Code lists the various classes of vendors that are permitted to sell alcoholic beverages at retailers (and lists the types of alcoholic beverages that may be sold). The section notes that motorsports event licensees may sell beer and wine only, to match the section of the code (amended here) that creates that license. The bill doesn't amend Section 537 to specify that motorsports event licensees may sell spirits and mixed-spirit drinks. Given the apparent conflict within the Code, Section 537 should be amended as well at some point so that it conforms to Sec. 518, as amended by SB 216.

Development Fund, the School Aid Fund, and the General Fund. (Additional license revenue could also be generated through the 15% Sunday sales license fee and the \$160 Sunday-morning sales license fee.)

The Michigan International Speedway (MIS) currently possesses a Class C license, the base cost of which is \$600. (MIS does not possess a motorsports event license. The bill confusingly conflates the two otherwise distinct classes of license.) As a Class C licensee, MIS is also subject to an additional fee of \$350 for each concession stand that sells alcoholic liquor. According to the LCC there are 52 concession stands selling beer and wine at the speedway, resulting in an additional \$20,527.50 in additional licensing fee revenue to the commission (\$17,850 from the additional concession stand fee and \$2,677.50 from the 15% Sunday sales fee.) As a Class C licensee, MIS can sell spirits and mixed-spirit drinks, something it would be permitted to do under the amended provisions of the motorsports event license. The bill could prompt MIS to escrow or sell its Class C license and instead sell alcohol at the speedway under a motorsports event license. This would allow MIS to avoid the fee for additional concession stands, thereby lowering the amount of liquor license fees paid to the LCC. Under the Code, retail liquor license fee revenue is credited to the LCC for administration (41.5%), to the local unit of government for enforcement (55%), and for alcohol abuse prevention programs (3.5%).

Fiscal Analyst: Mark Wolf

■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.