

Legislative Analysis



EXPANDED HOURS FOR ON-PREMISES ALCOHOL SALES

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House Bill 4213 (H-1) as reported from committee

Sponsor: Rep. Ryan Berman

1st Committee: Regulatory Reform

2nd Committee: Ways and Means

Revised 1-27-21

Analysis available at
<http://www.legislature.mi.gov>

SUMMARY:

House Bill 4213 would amend the Michigan Liquor Control Code to allow a city, village, or township board to adopt a resolution to allow on-premises liquor licensees to sell alcoholic liquor between 2 a.m. and 4 a.m.

The code now generally prohibits both on-premises and off-premises licensees from selling or furnishing alcoholic liquor between 2 a.m. and 7 a.m.

Under the bill, the legislative body of a city, village, or township could approve a resolution allowing the sale of alcohol for consumption on the premises between 2 a.m. and 4 a.m.

The bill would allow the Liquor Control Commission to issue a late night permit for the sale of alcohol for consumption on the premises between 2 a.m. and 4 a.m. to a licensee that holds a license or permit to sell alcohol for consumption on the premises and that is located in a city, village, or township that approved such sales by resolution. The licensee could apply for a late night permit on a form prescribed by the commission. An initial and annual renewal fee for a late night permit would be \$250. A late night permit would expire on the same date as the on-premises license or permit and could be renewed in conjunction with that license or permit.

MCL 436.2114 and proposed MCL 436.2116

BRIEF DISCUSSION:

The bill would enable local governments to allow, by resolution, on-premises licensees to sell alcohol until 4 a.m. According to the bill sponsor, the legislation would provide a tool for local governments to help businesses offset sales lost due to the COVID-19 pandemic by bringing in extra business. Increased revenue to businesses would increase tax revenue to the state. In addition, not everyone is on the same work schedule; many shift workers may enjoy being able to stop for a drink on the way home from work. Allowing late night sales may also attract conferences to an area. Many large cities in other states have late night sales, and some states allow for 4 a.m. sales statewide. The bill appears to apply to the new social districts, which would mean those on-premises licensees who have a permit to sell alcohol for consumption off their licensed premises in a common area in a social district could sell alcohol until 4 a.m.

There was no committee testimony offered in opposition to the bill. However, legislation allowing for late night sales of alcohol has been proposed in several recent legislative sessions. It should be noted that previous legislation generally restricted the late night permit to specific times (e.g., Friday and Saturday nights) or places (e.g., downtown or resort areas). HB 4213

does not specify the days of the week late night sales would be allowed, and it is not clear whether a local government could restrict late night sales to certain days. In addition, the bill does not appear to allow a local government to restrict late night permits to establishments in a certain area or to have control over denying a late night permit to a bad actor. As written, and based on committee testimony, the bill appears only to allow a local government to opt in to late night alcohol sales, after which the late night permits would be available to any on-premises licensee that wanted one.

Opposition to similar bills in previous legislative sessions was based primarily on health and safety concerns. Drunk driving occurs at all hours of the day and night, but, according to the National Highway Traffic Safety Administration, the highest percentage of fatal vehicle accidents involving an impaired driver generally is between midnight and 3 a.m. and 3 a.m. and 6 a.m. Expanding the hours bars and restaurants can serve alcohol would likely increase the number of fatal crashes occurring during these hours. Law enforcement also raised concerns in the past regarding the potential for more fights or assaults due to increased alcohol consumption. Fees proposed in the past for late night permits have generally been higher (\$1,500 in one bill), to help with any related law enforcement or infrastructure costs.

FISCAL IMPACT:

House Bill 4213 would have an indeterminate fiscal impact on the Department of Licensing and Regulatory Affairs (LARA) and a minimal impact on local units of government. The bill would allow the Michigan Liquor Control Commission (MLCC), within LARA, to levy a \$250 initial and annual renewal fee for permits issued under the act. The amount of revenue raised by these fees would depend on the volume of permits issued. The bill would be unlikely to result in any appreciable costs for local units, and the impact on costs incurred by the MLCC is presently indeterminate and would depend on the volume of applications received.

POSITIONS:

The Michigan Restaurant and Lodging Association indicated support for the bill. (9-22-20)

The following entities indicated opposition to the bill:

- Michigan Council on Alcohol Problems (9-15-20)
- Huron County Recovery and Prevention Roundtable (9-16-20)
- Michigan Alcohol Policy Promoting Health and Safety (9-16-20)

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