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Senate Bill 141 (as passed by the Senate)  
Sponsor: Senator Mallory McMorrow  
Committee: Regulatory Affairs

*(enacted version)*

Date Completed: 6-7-23

## **RATIONALE**

The COVID-19 pandemic and resulting lockdown had a significant effect on Michigan businesses, resulting in lost revenue and employees. A May 2020 study by EntryPoint, a nonprofit research group, found that two-thirds of Washtenaw County businesses had lost more than 50% of their revenue since February.<sup>1</sup> From March to April 2020, Michigan overall lost 1,009,000 jobs.<sup>2</sup> Workers in hospitality were particularly harmed. Areas with a greater share of employment comprised of accommodations/food service (AFS) workers experienced greater percentage reductions in the labor force than areas with a smaller share of AFS employment.<sup>3</sup> In response, the Michigan Liquor Control Code was amended to provide alternative means for businesses to generate revenue, such as allowing qualified licensees to sell alcoholic liquor for the purposes of off-the-premises consumption. Initially, there were safety concerns with how this legislation could affect drunk driving rates or possession of alcohol by minors. Evidently, off-the-premises consumption has not resulted in these safety issues, and so it has been suggested that the sunset on these provisions be eliminated.

## **CONTENT**

The bill would amend the Michigan Liquor Control Code to eliminate a January 1, 2026, sunset on provisions that allow a qualified licensee to fill and sell qualified containers with alcoholic liquor for the purpose of off-the-premises consumption and to deliver alcoholic liquor to a consumer in the State if the qualified licensee meets certain conditions.

MCL 436.1537a

## **PREVIOUS LEGISLATION**

*(Please note: This section does not provide a comprehensive account of all previous legislative efforts on the relevant subject matter.)*

The bill is a companion bill to House Bill 4201, which passed the House and was referred to the Senate.

## **ARGUMENTS**

*(Please note: The arguments contained in this analysis originate from sources outside the Senate Fiscal Agency. The Senate Fiscal Agency neither supports nor opposes legislation.)*

### **Supporting Argument**

Removing the sunset on provisions that allow a qualified licensee to sell alcohol for off-premises consumption would allow restaurants to remain flexible and generate revenue.

<sup>1</sup> EntryPoint, *Washtenaw County: Business Impact Report*, p. 13, May 2020.

<sup>2</sup> Austin, John C., et al., "Why COVID-19 hit Michigan so hard", *Brookings Institution*, June 4, 2020.

<sup>3</sup> Zin, David, "What's Down with the Unemployment Rate Since COVID-19?", Senate Fiscal Agency, *State Notes*, Summer 2021.

According to testimony before the Senate Committee on Regulatory Affairs, takeout and delivery services, including for alcoholic beverages, provided many restaurants a lifeline during the COVID-19 lockdown. Though the lockdown is over, staff shortages, supply chain disruptions, and inflation continue to harm restaurants.<sup>4</sup> Consumers have become used to alcohol to-go, providing restaurants an additional source of revenue that could help them continue to recover post-pandemic. Additionally, according to testimony, takeout drinks could continue to support restaurants if factors such as impending inclement weather slowed business. Allowing qualified licensees to sell alcohol for off-premises consumption would help restaurants and other businesses recover from the pandemic and continue operating flexibly, in accordance with the needs of the market.

### **Opposing Argument**

Allowing retailers to sell alcohol for off-premises consumption indefinitely would be irresponsible. This ability was granted to retailers so that they could recoup revenue lost during the COVID-19 pandemic and lockdown. Now that most businesses offer in-person service, selling alcohol for off-premises consumption is no longer necessary and may be dangerous. During 2020, alcohol sales surged—as did hospital admissions for alcohol-related liver diseases.<sup>5</sup> While this increase cannot be directly attributed to the ability of consumers to order alcohol to-go, the policy should not be extended indefinitely without proof that the two are not correlated.

Legislative Analyst: Eleni Lionas

### **FISCAL IMPACT**

The bill would have no fiscal impact on State or local government.

Fiscal Analyst: Jonah Houtz

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<sup>4</sup> Ainsworth, Amber, "Cocktails to-go forever? Michigan Senate approves takeout booze permanently", *Fox 2 Detroit*, Nov. 11, 2022.

<sup>5</sup> Wells, Kate, "Michigan hospitals saw 50% spike in alcohol-related liver disease during early COVID pandemic", Michigan Radio, Mar. 6, 2023.

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.