



**House
Legislative
Analysis
Section**

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PUBLIC GOLF COURSE LIQUOR LICENSES

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House Bill 4081 (Substitute H-1)
First Analysis (10-5-87)

OCT 15 1987

Sponsor: Rep. Gerald H. Law
Committee: Liquor Control

Mich. State Law Library

H.B. 4081 (10-5-87)

THE APPARENT PROBLEM:

Generally speaking, the Liquor Control Act imposes a quota on the number of on-premises liquor licenses available in the state; the limit is one per 1,500 people in a community. There are a number of exceptions, licenses that can be awarded outside the quota system. It has been recommended that an exception be made for municipal golf courses so that they can obtain "Class C" licenses without affecting the supply of on-premise licenses available to private interests. (A "Class C" license allows the sale of beer, wine, and spirits for on-premises consumption only.) Many municipalities see owning a golf course as an asset. The course often improves the area in which it is located, offers recreation to the public, and brings in revenues. In some communities, it is argued, a public golf course can only be successful if it has a liquor license; otherwise, it has difficulty competing. But liquor licenses are scarce. Some communities have used up their supply, and for those communities with licenses left, awarding a license to a municipal golf course would mean reducing the number available to private investors. Often it is not a fair competition when a city council or township board has to decide whether to issue a license to its own facility or to an applicant from the private sector.

THE CONTENT OF THE BILL:

The bill would amend the Liquor Control Act to allow the Liquor Control Commission to issue a Class C license to any golf course owned by a county, city, village, or township and open to the public, without regard to the population-based on-premises license quota. Such a license could not be transferred to another location and would have to be surrendered if "the licensee goes out of business." A Class C license allows the sale of beer, wine, and spirits for consumption on the premises.

MCL 436.17i

FISCAL IMPLICATIONS:

There do not appear to be any fiscal implications.

BACKGROUND INFORMATION:

Among the exceptions to the on-premises license quota already in the liquor law are those for municipal civic centers, university conference centers, publicly owned airports, and the state fairgrounds. Non-quota licenses are also available in Mackinac Island State Park, at the Presque Isle harbor marina, and at the site of the former Kincheloe Air Force base. Also available each year are a number of resort licenses; at present 50 such licenses are available each year, with half of those for major commercial ventures (so-called "million dollar" licenses).

A similar bill, House Bill 5050, passed the House during the 1985-86 legislative session.

ARGUMENTS:

For:

Operating a golf course can be an attractive proposition for a municipality, a way to provide recreation to the public while generating revenues. Sometimes a liquor license is needed to make operating a golf course worthwhile. The bill would allow public golf courses, operated by municipalities or counties, to obtain liquor licenses without diminishing the supply of licenses available to the private sector. Similar exceptions already exist in the liquor law. The proposal will not produce a dramatic increase in on-premises licenses but will, instead, reduce the likelihood of the private and public sectors competing for liquor licenses and of golf course licenses standing in the way of economically beneficial private developments.

Against:

The bill represents a further weakening of the population-based quota system that aims to limit the number of liquor outlets. Some people say that the state is already unable to adequately police the licensees it has and so should not encourage an increase in their number. Increasing the availability of alcohol means increasing the number of alcohol-related problems plaguing our society. It also means more state dollars spent on alcohol problems and more personal tragedy. The continual addition of exceptions threatens to make the on-premises quota meaningless, and, in turn, to make its appearance in the liquor law a kind of deception.

Against:

Some people are opposed in principle to the concept of the public sector competing with private business.

POSITIONS:

The Liquor Control Commission supports the bill with the committee amendments. (10-2-87)

The Michigan Interfaith Council on Alcohol Problems is opposed to the bill. (10-1-87)

Mothers Against Drunk Driving (MADD), State of Michigan Coordinating Committee, is opposed to the bill. (10-1-87)