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## CONFERENCE CENTER LIQUOR LICENSE

**House Bill 4396 as enrolled**  
**Public Act 400 of 1998**  
**Second Analysis (1-20-99)**

**Sponsor: Rep. Thomas Mathieu**  
**House Committee: Commerce**  
**Senate Committee: None**

### ***THE APPARENT PROBLEM:***

Generally, under the Michigan Liquor Control Code, liquor licenses for on-premise consumption are limited in number and subject to a population quota provision and approval by the local governmental unit. However, the act offers several exceptions to these restrictions, including an exemption for certain conference centers that are operated by the governing boards of two- or four-year state-supported colleges or universities. Ferris State University (FSU) already holds two such conference licenses. The first is for the university-owned franchise for the Holiday Inn of Big Rapids. Ferris State University also shares a conference center, the Applied Technology Center, with Grand Rapids Junior College in Grand Rapids and holds a second conference center on-premise liquor license for that center. The liquor license for the Applied Technology Center is used primarily for the culinary arts program offered by the university, which includes the operation of the Heritage Restaurant (located in the center) and a catering department. Ferris State University is now interested in acquiring a third conference center on-premise liquor license.

The university is currently in the process of merging with the Kendall School of Design in downtown Grand Rapids. Though the merger of the two schools will not be complete until the year 2000, FSU already owns the buildings that house Kendall. The Kendall School of Design is connected to the Ionia Building, which holds administrative offices for both Kendall and FSU, by the Atrium building. The Atrium has an art gallery and Kendall has an art center. Both Kendall and FSU hold lecture series in these facilities and in the greater Grand Rapids area. The schools also often host gallery celebrations and receptions for gallery openings, especially since the buildings are located across the street from the Grand Rapids Art Museum. In addition, numerous alumni functions are held in the buildings for both FSU and Kendall

graduates. Further, Ferris State University-Grand Rapids (FSU-GR) has expressed an interest in allowing various non-profit organizations to hold fund-raising activities in the facilities. Reportedly, a recent fund raiser held in the FSU-GR Conference Center raised over \$50,000 for AIDS and children's issues.

Recently, the Board of Trustees of Ferris State University adopted a resolution which stated that several inquiries had been received from third parties regarding the availability of University-owned facilities at FSU-GR "for use in connection with events and functions sponsored by such parties at which alcoholic beverages will be served . . ." According to the resolution, the trustees resolved to seek legislative designation of its property in Grand Rapids as a conference center under the provisions of the liquor code. Therefore, legislation has been offered to add the FSU-GR Conference Center to the list of university-operated conference centers eligible for on-premise liquor licenses.

### ***THE CONTENT OF THE BILL:***

In general, the Michigan Liquor Control Code restricts the issuance of liquor licenses for on-premise consumption to one license per 1,500 of population. Certain specified college- or university-operated conference centers are exempted from the population quota requirement. Other requirements are that the governing board of the college or university operates the center, and alcohol is sold only at regularly scheduled conference center activities. House Bill 4396 would amend the code to add the FSU-GR Conference Center to the definition of "conference center" contained in the code, making the center eligible for an on-premise liquor license.

MCL 436.1513

House Bill 4396 (1-20-99)

**FISCAL IMPLICATIONS:**

Fiscal information is not available.

**ARGUMENTS:****For:**

Some college centers, such as the Waterman Campus Center at Schoolcraft College and the Applied Technology Center at Grand Rapids Junior College, function primarily as academic laboratories for teaching culinary arts. In general, permitting a college conference center to obtain an on-premise liquor license has increased a center's ability to attract convention business, thus adding to the local economy and creating jobs. Reportedly, the plans for the FSU-GR Conference Center include hosting receptions for gallery openings. This would seem an appropriate use of the center since it is located on the grounds of a prestigious art school and across the street from an art museum. The opportunity would exist for students and residents to have greater exposure to prominent artists and lecturers at university-sponsored receptions and lecture series. In addition, the university could better serve alumni and community members alike by having greater flexibility in the types of services available for events held at the center. Recently, a fund raiser held at the center by a non-profit organization raised over \$50,000 for AIDS related activities and children's issues. According to administration staff, the university hopes that other groups would be able to utilize the facilities for such worthwhile events. It should also be remembered that there is community support for such an on-premise liquor license, as parties outside the university first approached the administration in support of this endeavor.

**Against:**

From time to time, the Liquor Control Act has been amended to increase the number of college conference centers eligible to obtain on-premise liquor licenses. In the past, opponents have argued that such a policy decreases the emphasis on education and increases the emphasis on entry into areas once reserved to the private sector. College conference centers enjoy the advantages of tax-exempt status and at the same time they compete with privately-owned restaurants, banquet halls, and lodging facilities for convention business, wedding receptions, and other functions. It has also been argued that since it is tough enough for entrepreneurs to make a success of a business, the state should not make it tougher by allowing taxpayer-subsidized businesses to flourish on college campuses at the expense of private enterprise.

Further, many have criticized the language of the act through the years, claiming that the statute's provision that liquor licenses granted to college conference centers be used only for the sale of alcoholic beverages at "regularly scheduled conference center activities" is unclear. It is agreed that this means a conference center, including the FSU-GR conference center, could not serve walk-in patrons as bars and restaurants may do. However, a wedding reception for a member of the community would not necessarily be a university function, but would still be a scheduled conference center activity. If the act is going to continue to be amended to add more and more college conference centers to the list of centers eligible for liquor licenses, then at the very least the act should be amended to clarify under which circumstances an on-premise liquor license could be utilized by a college conference center.

**Response:**

The Liquor Control Commission (LCC) has very strict regulations that dictate which functions and activities held at the college conference centers may include wine or liquor service. According to LCC staff, a college conference center may only use an on-premise liquor license for university- and education-related events. Therefore, a college center should not pose the economic threat that some maintain, as the private sector would be better suited to meet the needs of those planning personal or non-educational activities and events at which alcohol would be served.

**Rebuttal:**

Apparently, there are some grey areas in the administration of the provision of the code relating to college conference centers which has resulted in confusion for colleges and universities as to allowable activities. For example, some conference centers use the on-premise liquor licenses to serve alcohol at restaurants operated on the licensed premises. This practice would appear, though, to be a violation of the code because the intent of the original legislation was to exclude serving walk-in patrons as an allowable activity because such an activity does not fit the criteria of being a scheduled university function. Other people feel that the practice of some universities to allow members of the community to rent rooms for catered events such as wedding receptions at which alcohol is served is also outside the types of activities allowable under the conference center provision. However, since it would appear that some college and university conference centers may be conducting activities that are technically outside of current law,

clarification as to what exactly would constitute a violation should be made, and appropriate enforcement of the code should be taken by the commission.

***Against:***

It has long been held that permitting college conference centers to hold on-premise liquor licenses extends an inappropriate link between college and drinking. Licensed establishments in close proximity to college campuses constitute an invitation to underage drinking. By allowing various college conference centers to serve alcohol, the law and the bill indirectly encourage underage drinking.

Analyst: S. Stutzky

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■ 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.