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## MSU HOSPITALITY PROGRAM LIQUOR LICENSE

### Senate Bill 1200 as passed by the Senate First Analysis (5-23-00)

**Sponsor: Sen. John J. H. Schwarz, M.D.**  
**House Committee: Great Lakes and  
Tourism**  
**Senate Committee: Economic  
Development, International Trade and  
Regulatory Affairs**

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

Generally, under the Michigan Liquor Control Code, liquor licenses for on-premise consumption of alcoholic beverages are limited in number, and subject to a population quota provision and approval by the local governmental unit. In addition, the code also generally prohibits the Liquor Control Commission from issuing a license to sell alcoholic liquor, either on or off the premises, if the property or establishment to be covered by the license is situated in or on state owned land. However, the code lists exceptions to these restrictions, including an exemption for certain statutorily listed conference centers that are operated by the governing boards of two- or four-year state-supported colleges and universities (see BACKGROUND INFORMATION). The licenses are issued only for the sale of regularly scheduled conference center activities and are not subject to the code's quota provisions.

Michigan State University's "management educational center" in Troy is among the exemptions listed in the colleges and universities conference center section of the code, and MSU's Kellogg Center in East Lansing also holds a Class C license (which is a license to sell at retail beer, wine, mixed spirit drink, and spirits for consumption on the premises) that is limited to scheduled events. This means, however, that the restaurant – the State Room – in the Kellogg Center cannot serve alcoholic beverages to "walk in" customers, but only to participants in the scheduled events. MSU's School of Hospitality operates inside the Kellogg Center at MSU, using not only the center's classrooms and laboratories for teaching and research, but also the restaurant for internships for its students. Because of the center's limited liquor license, however, the school cannot train its students in the full range of hospitality services, which includes the serving of alcoholic beverages.

At MSU's request, legislation has been introduced to allow the school to obtain a liquor license.

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

The bill would amend the Liquor Control Code of 1998 to allow the Liquor Control Commission, subject to the code's quota system, to issue a "Class B Hotel" license (see BACKGROUND INFORMATION) to a hotel and conference center owned and operated by a university that met at least all of the following conditions:

- contained a hotel with at least 150 guest rooms;
- had a restaurant seating at least 125 guests that served a full-menu breakfast, lunch, and dinner;
- had over 30,000 square feet of flexible meeting space;
- was open year-round to provide services to the public and to serve the mission of the hospitality program; and
- had a hospitality program providing at least all of the following at the site of the hotel and conference center as part of that program: student education classrooms, a working hospitality laboratory setting, and utilization of rotational interns each semester or equivalent time period.

The bill would define "hospitality program" to mean a course of academic study that, at a minimum, was a nationally accredited program at baccalaureate and graduate levels in the hospitality business that required at least 120 credit hours or the equivalent for completion of the baccalaureate degree and that had a teaching and research staff predominated by individuals with at least doctoral degrees.

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In public areas of the hotel and conference center, the bill would limit the sale and consumption of alcoholic liquor to table service only unless the public areas were reserved for private functions.

(Note: The bill contains an incorrect reference. The bill says that “notwithstanding section 501,” such a license could be issued. According to the bill drafter, the reference should be to section 519, which prohibits liquor licenses, with certain exceptions, on state-owned land.)

### ***BACKGROUND INFORMATION:***

Definitions. The Liquor Control Code defines “Class B hotel” to mean “a hotel licensed by the commission to sell beer, wine, mixed spirit drink, and spirits for consumption on the premises only, which provides for the rental of, and maintains the availability for rental of, not less than 25 bedrooms if located in a local governmental unit with a population of less than 175,000 or not less than 50 bedrooms if located in a local governmental unit with a population of 175,000 or more.”

College or university “conference centers.” The Liquor Control Code has a section (section 513) that allows the Liquor Control Commission to issue to the governing board of a 2- or 4-year state college or university, without regard to the code’s quota provisions, a license to sell alcoholic liquor for consumption on the premises of a conference center operated by that governing board. These licenses can be used only at regularly scheduled conference center activities, and alcoholic liquor cannot be sold to unscheduled patrons or at unscheduled events. This section of the code defines “conference center,” and lists the college or university conference centers eligible for liquor licenses under this section of the code. A “conference center” means “a building or portion of a building, other than a student residence hall or student center, which has meeting rooms, banquet areas, social halls, overnight accommodations, and related facilities for special activities scheduled by the college or university, which in the judgement of the commission, has been regularly used for conferences and lodging of guests.” This section lists centers at the following colleges or universities that are considered conference centers under the code: Eastern Michigan University; Grand Valley State University; Western Michigan University; Michigan Technological University; Saginaw Valley State University; Ferris State University; Grand Rapids Junior College; Lake Michigan Community College; Wayne State University; Northern Michigan University; Lake

Superior State University, Mott Community College; the Michigan State University Management Educational Center; the conference center at Big Rapids; and the applied technology center at Grand Rapids.

### ***FISCAL IMPLICATIONS:***

According to the Senate Fiscal Agency, the bill would have no fiscal impact on state or local government. (5-2-00)

### ***ARGUMENTS:***

#### ***For:***

Michigan State University has the top school of hospitality in the nation, and the only full-fledged hospitality program in the state. MSU has had a hotel and restaurant management program since the 1920s, and about 50 years ago the program was moved into the university’s school of business, where it remains housed today as the School of Hospitality. The school uses MSU’s Kellogg Center, which has classrooms and research laboratories, as well as a restaurant (the State Room) and hotel open to the general public, to teach its students and to give them actual experience in all aspects of the hospitality profession. Upon graduation, MSU’s hospitality students are prepared to move into positions all over the world with the worlds’ best hotel and restaurant corporations.

However, although the Kellogg Center has a “Class C” liquor license, the license allows the serving of alcoholic beverages only for scheduled events. Consequently, the bill is needed in order for students in MSU’s School of Hospitality to be able to obtain real life training in the full range of hospitality services that includes serving, and managing the service of, alcoholic beverages. Since commercial hospitality frequently, if not usually, involves the serving of alcoholic beverages, allowing the School of Hospitality at MSU to have a liquor license would allow the school to include in its program education and training in serving such beverages.

The bill would not create a bar on MSU’s campus, but would limit the on-premises consumption of liquor to table service only. Nor would the granting of the license increase the access of students to alcoholic beverages in any way detrimental to the students or the community, since the State Room, in both atmosphere and in price range, reportedly generally does not and would not appeal to perhaps a majority of students, at least insofar as they might be interested only in

alcoholic beverages. Reportedly, also the conditions specified in the bill would limit its application to MSU only, which is the only state college or university with a full hospitality program (though some other state colleges or universities do offer individual cooking or catering classes), and so would not open up this kind of license to all state colleges and universities.

Finally, by allowing for the training of hospitality students in the full range of hospitality skills and knowledge, the bill would benefit not only the students at MSU, but also the hospitality industry in general and the community in particular. For, the variety and number of conferences at the Kellogg Center generates business for other hotels and restaurants in the surrounding area, thus providing a positive economic impact to the convention, tourism, and visitors' industry of the area.

***POSITIONS:***

The Michigan Licensed Beverage Association supports the bill. (5-22-00)

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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.