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BILL ANALYSIS



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House Bill 5500 (Substitute S-1 as reported by the Committee of the Whole)

Sponsor: Representative Tom Casperson

House Committee: Regulatory Reform

Senate Committee: Economic Development, Small Business and Regulatory Reform

Date Completed: 5-5-04

RATIONALE

The Michigan Liquor Control Code and administrative rules dictate the times of day when alcoholic beverages may be sold, but make no reference to time zones. As a result, liquor-serving establishments in the four counties located in the Central Time Zone open an hour later than those in neighboring counties in the Eastern Time Zone on Sundays, when the sale of alcohol before noon is prohibited. The four counties (Dickinson, Gogebic, Iron, and Menominee) are located in the western part of the Upper Peninsula and border on Wisconsin, which also is in the Central Time Zone. Alcohol-serving establishments in Wisconsin, however, are permitted to begin serving liquor to their customers at 11 a.m. on Sundays.

Some people believe that the bars and restaurants located in Dickinson, Gogebic, Iron, and Menominee Counties lose business on Sundays to those that are located in nearby Michigan counties in the Eastern Time Zone or in Wisconsin. The problem is believed to be especially acute on Sundays when the Green Bay Packers are playing home games, which begin at noon Central Time, because many people who go to bars and restaurants to watch football games evidently prefer the option of purchasing liquor before kickoff and may choose to patronize other establishments that can begin serving alcohol earlier.

CONTENT

The bill would amend the Michigan Liquor Control Code to provide for Eastern Standard Time (EST) to apply to the hours during which liquor may be sold on Sunday throughout the State.

Under the bill, notwithstanding R 436.1403 (which regulates the hours and days of operation of on-premises licensees) of the Michigan Administrative Code, and except as otherwise provided by the Code or rule of the Liquor Control Commission, an on-premises licensee could not sell, give away, or furnish alcoholic liquor between 2 a.m. and 7 a.m. on any day, or between 2 a.m. and noon, EST, on Sunday. Also, an on-premises liquor license would not be permitted to sell, give away, or furnish spirits between 2 a.m. and 12 midnight, EST, on Sunday unless issued a Sunday sales permit by the Commission that allowed the licensee to sell spirits between 12 noon, EST, and 12 midnight, EST. (The Code defines "alcoholic liquor" as "any spirituous, vinous, malt, or fermented liquor, liquids and compounds...containing ½ of 1% or more of alcohol by volume...". "Spirits" means "a beverage that contains alcohol obtained by distillation, mixed with potable water or other substances, or both, in solution, and includes wine containing an alcoholic content of more than 21% by volume...".)

The bill specifies that, for purposes of R 426.1403, 12 noon on Sunday would be considered 12 noon on Sunday EST, for any licensee located in the Central Time Zone. (Under R 436.1403, an on-premises licensee may not sell, give away, or furnish alcoholic liquor between 2 a.m. and 7 a.m. on any day or between 2 a.m. and 12 noon on Sunday. An on-premises licensee also may not sell, give away, or furnish spirits between 2 a.m. and 12 midnight on Sunday, unless the Commission issues a Sunday sales permit that allows the licensee to sell

spirits on Sunday between noon and midnight.)

The bill states that any reference to the time of day under the Code or a Commission rule would include daylight savings time, when observed.

The bill also would refer to Eastern Standard Time in provisions under which the legislative body of a county, or a county's electors, may permit the retail sale of spirits after noon on Sunday in a licensed establishment in which the gross receipts from food and other goods exceed 50% of the total gross receipts, and may permit the sale of alcohol after noon on Sunday for off-premises consumption.

MCL 436.2113

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

Allowing alcohol-serving establishments to begin serving alcoholic beverages at 12 noon EST (or 11 a.m. Central Time) on Sundays in Dickinson, Gogebic, Iron, and Menominee Counties is simply a matter of fairness, because it would allow the bars and restaurants located in those counties to compete with nearby establishments in the Eastern Time Zone and in Wisconsin. These operations currently suffer a competitive disadvantage because they open an hour later than their neighbors on a day when many people are looking for an establishment serving alcohol before the start of major sporting events, which often begin at noon Central Time on Sundays.

Legislative Analyst: J.P. Finet

FISCAL IMPACT

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

Fiscal Analyst: Maria Tyszkiewicz

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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.