

# Legislative Analysis

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## LIQUOR LICENSE FOR NONPUBLIC CONTINUING CARE RETIREMENT CENTER

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**House Bill 6007 with committee amendments**

**Sponsor: Rep. Hugh Crawford**

**Committee: Regulatory Reform**

**Complete to 7-1-10**

### **A SUMMARY OF HOUSE BILL 6007 AS REPORTED BY COMMITTEE 6-30-10**

The bill would create a new on-premise liquor license category that would allow certain retirement centers to sell beer, wine, and spirits for consumption on the premises and would also establish license fees for the new license category. The number of nonpublic continuing care retirement center liquor licenses that could be issued by the LCC would be capped at 20.

House Bill 6007 would amend the Michigan Liquor Control Code to include a "nonpublic continuing care retirement center" in the classes of vendors that may sell alcoholic liquor at retail, and allow a licensed center to sell beer, wine, and spirits for on-premises consumption. The license fee for a nonpublic continuing care retirement center license would be \$600. The bill would require the Liquor Control Commission (LCC) to grant a nonpublic continuing care retirement center license to an applicant that complied with the bill's requirements (subject to the cap).

The license would allow a nonpublic continuing care retirement center to serve beer, wine, mixed spirit drink, mixed wine drink, and spirits on the licensed premises to residents and their guests only for consumption on the licensed premises.

Under the bill, "nonpublic continuing care retirement center" would mean a residential community that, as determined by the LCC, meets both of the following:

- Provides full-time residential housing predominantly for individuals over 62 years of age.
- Is registered as a "facility" under the Living Care Disclosure Act (i.e., an adult foster care facility, nursing home, retirement home, home for the aged, or a place that undertakes to provide care to an individual for more than one year).

MCL 436.1525 and 436.1537

### **FISCAL IMPACT:**

According to the 2009 annual report of the Office of Financial and Insurance Regulation, as of the end of 2009, there were 25 facilities licensed under the Living Care Disclosure

Act. Allowing such facilities to obtain a liquor license (\$600) would generate, at most, \$15,000 in liquor license revenue annually. Under the Liquor Control Code, 41.5% of liquor license revenue is credited to the Liquor Control Commission (\$6,225), 55% is credited to the appropriate local unit of government (\$8,250), and 3.5% is used for alcohol abuse prevention and treatment programs (\$525). Otherwise, the bill would have no material staffing/cost impact on the Liquor Control Commission.

## **BACKGROUND INFORMATION:**

"Lifecare" or "continuing care" retirement centers or communities are communities limited to seniors that generally charge a one-time "up-front" fee to live in that community. There are typically additional monthly rental or service fees to cover such things as utilities, meals, and social activities. Many, but not all, provide various levels of care that range from independent living to skilled nursing care. In general, a person is allowed to stay in the community even if he or she runs out of money. Some, such as Fox Run Village in Novi, can be quite large; Fox Run is so large that it constitutes its own voting precinct.

Many individuals living in continuing care retirement centers no longer enjoy the mobility they once did. Many centers provide most or all of what residents need in the way of on-site restaurants, entertainment, and exercise facilities, and so it is not uncommon for residents to live totally within the facility or community. Apparently, there is interest by residents of some communities to be able to purchase alcohol with their meals. However, continuing care retirement centers do not fit into current licensing categories for any of the on-premises liquor licenses.

The bill would address the issue by creating a new category specifically for continuing care retirement centers. The license would allow the communities to serve beer, wine, mixed spirit drinks, mixed wine drinks, and spirits only on the licensed premises and only to residents and their guests. Alcohol could not be sold or served to the general public. In addition, only 20 licenses would be created. Once all were issued, no more could be issued without legislative approval. On-premise liquor licenses attach to a specific location and owner; thus, if a facility or community closed down or moved, the liquor license would expire. In addition, all on-premise liquor licenses are subject to local governmental input.

Supporters of the proposal point out that the residents are largely restricted by age or mobility issues from going off site, and therefore have no access to restaurants or bars in the area if they want to enjoy an occasional cocktail or glass of beer or wine. In fact, unless they have a relative or friend who can purchase and deliver alcohol for them, they have no access at all. The new liquor licenses are not expected to negatively impact retail bars and restaurants in the area since the residents of the retirement centers are not frequenting local establishments now.

On a negative note, this is a population in which many are dependent on maintenance medications and who have memory impairments or balance issues. The question must be

raised if it is wise to have alcohol easily available at meals if, by so doing, there could be an increase of dangerous interactions with medications or an increase in slip and falls related to alcohol consumption.

**POSITIONS:**

A representative of Fox Run Village testified in support of the bill. (6-30-10)

The Michigan Municipal League indicated support for the bill. (6-30-10)

The Michigan Licensed Beverage Association indicated a neutral position on the bill. (6-30-10)

The Michigan Liquor Control Commission indicated a neutral position on the bill. (6-30-10)

The Michigan Restaurant Association indicated a neutral position on the bill. (6-30-10)

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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.