



Senate Fiscal Agency  
P. O. Box 30036  
Lansing, Michigan 48909-7536

BILL



ANALYSIS

Telephone: (517) 373-5383  
Fax: (517) 373-1986  
TDD: (517) 373-0543

Senate Bill 216 (Substitute S-1 as reported)  
Sponsor: Senator Jason E. Allen  
Committee: Economic Development and Regulatory Reform

Date Completed: 5-12-09

### **RATIONALE**

Residential continuing care facilities for retirees have become increasingly popular throughout Michigan and the country. Whether they are retirement centers, homes for the aged, or assisted living facilities, these operations provide senior citizens with an opportunity to live free of typical home maintenance responsibilities and to receive a continuing level of custodial and/or medical care as their personal needs change. The facilities typically incorporate services for health care, housing, dining, banking, and other lifestyle needs and choices. Within some of these facilities, dining establishments function as the senior residents' own dining rooms, but these establishments cannot sell and serve alcoholic beverages to the residents along with their meals. Some people believe that a limited number of special liquor licenses should be available to nonpublic continuing care retirement centers for the sale and service of beer, wine, and spirits to residents and their guests.

### **CONTENT**

**The bill would amend the Michigan Liquor Control Code to do all of the following:**

- 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 and serve beer, wine, and spirits to residents and their guests for on-premises consumption.**
- Establish a \$600 license fee for a nonpublic continuing care retirement center license.**

- 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.**
- Limit to 20 the number of retirement center licenses that could be issued, and allow the LCC to transfer the license of a retirement center that went out of business.**
- Require the LCC to publish a notice if an applicant had not existed for at least 10 years before the bill's effective date.**

The Code lists the classes of vendors that may sell alcoholic liquor at retail in Michigan. The bill would include in that list a nonpublic continuing care retirement center, where beer, wine, mixed spirit drink, mixed wine drink, and spirits could be sold at retail and served on the licensed premises to residents and bona fide guests accompanying residents, for consumption only on the licensed premises.

The Code also specifies license fees for the various licenses issued under it. The fees must be paid at the time applications are filed or as otherwise provided. The bill would establish a \$600 fee for a nonpublic continuing care retirement center license.

Upon submission of a completed application and upon demonstrating compliance with any applicable public notice requirements, the LCC would have to grant a nonpublic continuing care retirement center license to an applicant. The total number of licenses issued under the bill could not exceed 20. If

a licensee went out of business, the license would have to be surrendered to the LCC, which could transfer the license to a new business owner upon transfer of the owner's interest in the business.

In the case of the issuance of an initial license for an applicant that had not been in existence for at least 10 years before the bill's effective date, the LCC would have to publish a notice of intent to issue the license in a newspaper of general circulation in the county in which the applicant was located. The notice would have to be published at least 10 days before the proposed date of issuance of the license. The notice requirement would not apply to the renewal of a license.

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 et al.

## **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**

Continuing care retirement centers provide an opportunity for many of Michigan's older residents to continue to live an active lifestyle without the burdens of maintaining a household and with the security of having easy access to needed custodial or medical care. These retirement centers typically include dining facilities for residents and their guests to enjoy a good meal in a convenient location. If residents of the centers or their guests wish to have an aperitif in the dining room or enjoy a glass of wine or beer with their meal, however, they have to leave the facility to eat at a restaurant away from home. Some continuing care facilities would like to

provide full meal and beverage service to residents and their guests at the dining establishment within the facilities, but the Michigan Liquor Control Code does not allow them to have liquor licenses. By establishing a new type of liquor license specifically for a nonpublic continuing care retirement center and authorizing the LCC to issue up to 20 of those licenses, the bill would accommodate residents of the centers and their guests.

### **Opposing Argument**

With few exceptions, Michigan's liquor licensing system is based on a local quota. Section 531 of the Code prohibits the granting of an on-premises license in excess of one license for each 1,500 of population and provides for the transfer of on-premises escrowed licenses. The bill would establish a special class of licensure under which up to 20 new liquor licenses would be available regardless of the local allotment of licenses. Applicants for those licenses at least should be subject to the quota system the same as any other business that seeks a license for the on-premises consumption of beer, wine, and spirits.

**Response:** The quota restriction in Section 531 applies only to public licenses. The bill proposes a new type of nonpublic license, under which on-premises consumption would be limited to residents and their guests.

Legislative Analyst: Patrick Affholter

### **FISCAL IMPACT**

The bill would increase the revenue to the Liquor Control Commission within the Department of Energy, Labor, and Economic Growth by an unknown amount due to the issuance of a new type of retail liquor license for nonpublic continuing care retirement centers. Retail liquor license revenue is distributed as follows: 41.5% is retained by the LCC for the costs of administration, 55.0% is distributed to local units of government as liquor law enforcement grants, and 3.5% is used for State programs for alcoholism prevention and treatment.

Assuming that 20 new licenses authorized by the bill were issued, revenue of approximately \$12,000 annually would be available for distribution, increasing revenue to the LCC by an estimated \$5,000, increasing liquor law enforcement grants by

\$6,600, and increasing State revenue to the Department of Community Health for alcoholism treatment by \$400.

Fiscal Analyst: Elizabeth Pratt  
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.