

Legislative Analysis



LIQUOR DISTRIBUTOR OPERATING MOTOR FUEL PUMPS

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<http://www.house.mi.gov/hfa>

House Bill 4865 (H-1) as reported from committee

Sponsor: Rep. Will Snyder

Committee: Regulatory Reform

Complete to 10-14-23

Analysis available at
<http://www.legislature.mi.gov>

SUMMARY:

House Bill 4865 would amend the Michigan Liquor Control Code to modify the conditions for a holder of a specially designated distributor (SDD) license to own or operate motor vehicle fuel pumps on or adjacent to the licensed premises or for the holder of a specially designated merchant (SDM) license to qualify for a secondary location permit.

Owning and Operating Motor Vehicle Pumps

Currently, the act generally prohibits the Liquor Control Commission from allowing an SDD licensee or applicant to own or operate motor vehicle fuel pumps on or adjacent to the licensed premises *unless* the site where alcoholic liquor is selected and paid for is at least five feet from the point where motor vehicle fuel is dispensed *and* one or both of the following apply:

- The applicant or licensee is located in a neighborhood shopping center.
- The applicant or licensee maintains a minimum inventory on the premises, excluding alcoholic liquor and motor vehicle fuel, of at least \$250,000, at cost, of goods and services customarily marketed by approved types of businesses.

The act also provides specific circumstances, largely based on population, under which the commission *cannot* prohibit SDD licensees or applicants from owning and operating motor vehicle fuel pumps on or adjacent to the licensed premises.

The bill would eliminate the requirements and conditions described above and instead provide that the commission cannot prohibit an SDD applicant or licensee from owning and operating motor vehicle fuel pumps on or adjacent to the licensed premises as long as the site where alcoholic liquor is selected and paid for is at least five feet from the point where motor vehicle fuel is dispensed. However, this provision would not apply to an SDD license or SDM license issued to a marina under section 539 of the act.¹

Secondary Location Permit

The act also allows for the issuance of a secondary location permit for the sale of wine and beer at a secondary location if a specially designated merchant's licensed premises are a *primary location*. To be considered a primary location, the licensed premises must meet the conditions listed above (neighborhood shopping center, minimum inventory, five feet).

The bill would eliminate the inventory requirement to be eligible for a secondary location permit, but an applicant or licensee would still need to be located in a neighborhood shopping center to qualify, and the site where alcoholic liquor is selected and paid for would still have

¹ <http://legislature.mi.gov/doc.aspx?mcl-436-1539>

to be at least five feet from the point where motor vehicle fuel is dispensed. In addition, the bill would specifically allow a secondary location permit to allow for the sale of mixed spirit drinks.

MCL 436.1541

BRIEF DISCUSSION:

According to committee testimony, the bill is intended to eliminate the inventory requirement, described as onerous, because it does not apply to any other industry and can exclude small businesses from obtaining a license.

FISCAL IMPACT:

House Bill 4865 would not have a direct fiscal impact on any state or local government units.

POSITIONS:

Representatives of the following entities testified in support of the bill (9-26-23):

- Wesco
- Michigan Petroleum Association
- Michigan Association of Convenience Stores

The following entities indicated support for the bill:

- National Federation of Independent Businesses (9-26-23)
- Midwest Independent Retailers Association (10-3-23)

The Liquor Control Commission indicated a neutral position on the bill. (10-3-23)

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■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations and does not constitute an official statement of legislative intent.