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Senate Bill 247 (as enacted)  
Sponsor: Senator Sean McCann  
Senate Committee: Regulatory Affairs  
House Committee: Regulatory Reform

**PUBLIC ACT 96 of 2023**

Date Completed: 3-1-24

**RATIONALE**

In 2018, the National Collegiate Athletic Association (NCAA) permitted the sale of alcoholic beverages for championship events in athletic venues.<sup>1</sup> Since then, and before enactment of the bill, 11 out of 14 schools in the Big Ten Conference have allowed for the sale of alcohol at certain college sporting events. The University of Michigan, Michigan State University, and the University of Nebraska were the only schools that were barred from selling alcohol at their athletic venues. According to testimony before the Senate Committee on Regulatory Affairs, the schools that have elected to allow the sale of alcohol have noted a decrease in pre-game binge drinking and alcohol-related issues at games. It was suggested that Michigan law allow universities the opportunity to sell alcohol at intercollegiate athletic events to improve public safety and increase university revenue.

**CONTENT**

**The bill amended the Liquor Control Code to allow the Michigan Liquor Control Commission (MLCC) to issue the governing board of a public university a maximum of five tavern licenses, five class C licenses, or any combination of five tavern or class C licenses, to be used for scheduled events within the public area of an intercollegiate athletic event facility on university property if certain conditions are met.**

The bill took effect July 19, 2023.

The Code governs the issuance of licenses for the sale of alcoholic liquor in the State. Generally, the Code authorizes the MLCC to issue new licenses with approval from a local legislative body unless the city has a population of 600,000 or more. Among other prohibitions, the MLCC may not issue a license to a property situated on certain State-owned lands or issue a public license for the sale of alcoholic liquor for on-premises consumption if the license would result in a quota of more than one license for each 1,500 of population.

Under the bill, the MLCC may issue to a governing board of a public university, without regard to any of the provisions described above and with the approval of the governing board of the university, a maximum of five tavern licenses, five Class C licenses, or any combination of five tavern or class C licenses. The licenses are not transferable and may only be used for scheduled events within the public area of a facility on university property that is customarily used for intercollegiate athletics events if the following conditions are met:

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<sup>1</sup> Legislative Services Database, NCAA, *EXECUTIVE REGULATIONS -- ADMINISTRATION OF NCAA CHAMPIONSHIPS -- AVAILABILITY OF ALCOHOLIC BEVERAGES*, August 2018.

- The sales and service of alcoholic liquor are conducted by individuals who have successfully completed a server training program and who are not volunteers for an organization working during an event as part of a fund-raising activity for the organization.
- Subject to Sections 1114 and 1115, the sales and services of the alcoholic liquor are limited to one hour before the event and while the event is occurring, and the alcoholic liquor is consumed only up to one hour before the event, while the event is occurring, or up to 30 minutes after the event has ended.
- The MLCC issues a separate license for each facility on university property that is used customarily for intercollegiate athletic events.
- The sales and service of alcoholic liquor are conducted only at fixed locations within the licensed premises.
- Dispensing machines are prohibited on the premise of a license.

(Under the Code, a class C licensee may sell at retail beer, wine, mixed spirit drink, and spirits for on-premises consumption. A tavern licensee can sell at retail beer and wine for on-premises consumption. Generally, Section 1114 and 1115 prohibit licensees from selling or giving away alcohol between the hours of 2 AM and 7 AM on any day and require a licensee to obtain a special permit to sell spirits or mixed drinks between 12 PM on Sunday and 2 AM on Monday.)

Additionally, the licensee must provide, in writing to the MLCC, a list of the dates and times of the events for which each license will be used at least two weeks before the start of the event, subject to the following:

- The licenses must not be used for more than 100 days per calendar year in aggregate for all licenses combined for intercollegiate athletic scheduled events.
- The licenses must not be used for more than five days per calendar year in aggregate for all licenses combined for other scheduled events.

The bill allows the holder of a special license issued by the MLCC to sell and serve alcoholic liquor on the premises of a licensed public area of a facility used for intercollegiate athletic events on dates and times other than the dates and times provided to the MLCC. A licensee that has been issued a catering permit may deliver and serve alcoholic liquor at a private event on the premises on dates and times other than the dates and times provided to the MLCC.

(Under the Code, a special license is a limited term license that can be issued to a nonprofit organization for fundraising purposes and can be used for the sale of beer, wine, and spirits. A licensee with a catering permit can sell and deliver for sale beer, wine, and spirits to customers at a private event. Under a catering permit, alcohol must be sold to the host and served to guests at no charge.)

Under the bill, if applicable, the MLCC may issue only the following permits, permissions, or approvals to be held in conjunction with a liquor license described above:

- If the license is a class C license, additional bars under Section 525(1)(o).
- Dance permit
- Direct connection.
- Entertainment permit.
- Extended hours permit.
- Off-premises storage.
- Participation permit.
- Specific purpose permit.
- Sunday sales permit.

(Section 525(1)(o) allows the MLCC to issue licenses on the payment of certain license fees. A class C license is subject to a \$600 fee for one bar and a \$350 fee for each additional bar.)

Under the bill, the MLCC must not approve an outdoor service area under R 436.1419 of the Michigan Administrative Code. The outdoor portion of an outdoor facility on university property that is customarily used for intercollegiate athletic events issued a license under the bill must not be considered an outdoor service area.

(R 436.1419 of the Michigan Liquor Control Code Administrative Rules prohibits an on-premises licensee from having outdoor service without prior written approval of the MLCC.)

MCL 436.1531

### **PREVIOUS LEGISLATION**

*(This section does not provide a comprehensive account of previous legislative efforts on this subject matter.)*

The bill is a reintroduction of Senate Bill 1125 of the 2021-2022 Legislative Session.

### **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**

Before the bill's enactment, individuals in VIP boxes and suites at intercollegiate athletic events could drink alcoholic beverages while individuals in the stands could not. This represented an inequality between patrons who bought regular tickets and patrons who bought more expensive tickets. The bill remedies that inequality.

#### **Opposing Argument**

Allowing the sale of alcohol at intercollegiate athletic events may negatively affect student and attendee safety. According to testimony before the Senate Committee on Regulatory Affairs, there are no peer-reviewed research articles that indicate a reduction in binge drinking after the NCAA's policy change allowing alcohol sales at intercollegiate athletic events. Reportedly, most available research articles indicate increases in crime, assaults, vandalism, drunk driving, liquor law violations, and other negative behaviors. In addition, the National Institute of Alcohol Abuse and Alcoholism's (NIAAA's) College Alcohol Intervention Matrix evaluates policy and prevention strategies against these negative behaviors. There are currently 39 approaches labelled as "environmental-level practices" for changing alcohol use on campuses and in communities for the benefit of the student body.<sup>2</sup> One of those 39 practices is to prohibit alcohol use and sales at campus sporting events.<sup>3</sup> The NIAAA specifies that this recommended prohibition has five or more longitudinal studies that confirm its positive impact on reducing student alcoholism.<sup>4</sup> Increasing alcohol availability at intercollegiate athletic events will increase alcohol use on campuses without addressing the alcohol-related problems in Michigan's college student populations.

Legislative Analyst: Eleni Lionas

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<sup>2</sup> College Alcohol Intervention Matrix, National Institute on Alcohol Abuse and Alcoholism, *Planning Alcohol Interventions Using College Alcohol Intervention Matrix*, 2019.

<sup>3</sup> *Id.*

<sup>4</sup> *Id.*

## **FISCAL IMPACT**

The bill will have an indeterminate fiscal impact on State government and no significant fiscal impact on local units of government.

Under the bill, universities may obtain a class C license, a tavern license, or some combination of both, with a maximum of five licenses. The revenue generated from license fees will not have a significant fiscal impact on the MLCC. The fee revenue will be used to conduct the MLCC's regulatory activities.

It is possible that the bill will result in increased tax revenue of an unknown magnitude. This would occur if the availability of alcohol for purchase at intercollegiate events as described in the bill were to result in an overall increase in alcohol sales when compared to the present consumption volume. It is not possible to predict whether any significant increase in purchases, and therefore tax revenue, will occur to a degree sufficient to have a meaningful impact on State revenue. The potential for increased revenue to the State also will be affected by the number of eligible universities granted a license, the number of persons attending intercollegiate events, and other factors.

It is also possible that the availability of alcoholic beverages at these events may affect the types of alcohol consumed. As beer, wine, distilled spirits, and mixed spirits drinks are subject to different specific taxes, this may result in minor changes to the magnitude and type of revenue generated; however, it is unlikely that such changes will have a significant fiscal impact due to the large overall volume of alcohol sales in the State compared to the volume likely to be sold under the specific circumstances described in the bill.

If purchases of alcoholic beverages were to increase because of the bill, the affected funds potentially will include the General Fund, Convention Facilities Fund, and the School Aid Fund. The 6% sales tax also applies to these purchases. Sales tax revenue is directed to several specific purchases under statute, including the School Aid Fund, the General Fund, local revenue sharing, and the Comprehensive Transportation Fund.

Finally, the bill may have a positive fiscal impact on universities that choose to pursue a license under the bill through revenue generated by alcohol sales at sporting events. The amount of revenue will depend on myriad factors that will vary significantly by institution, with game attendance likely being the largest factor. Financial statements required by the NCAA do not require alcohol sales to be separately itemized from other concessions revenue, but various media sources have reported that net revenue from the sale of alcoholic beverages at athletic events at the University of Minnesota and the Ohio State University average between \$1.0 and \$1.5 million annually.

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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.