

The public meeting will be held at the Marshall Fire Department, 1201 Arms Street, Marshall, MI 49068 and will also be available as a webinar using the ZOOM virtual meeting platform.

Register in advance for this webinar:

<https://us02web.zoom.us/j/88413167730?pwd=WU1tWFVJUjZ4QlN1c2h0QmZsWjI3dz09>

The public may participate in person or in the virtual meeting by using the link listed above. The public will be able to listen to all discussion by Council members and will be permitted to speak for up to 5 minutes during the public comment section of the agenda.

**MARSHALL CITY COUNCIL
SPECIAL MEETING AGENDA
THURSDAY – 7:00 P.M.
July 23, 2020**

- 1) **CALL TO ORDER**
- 2) **ROLL CALL**
- 3) **PLEDGE OF ALLEGIANCE**
- 4) **PUBLIC COMMENT ON AGENDA ITEMS** – Persons addressing Council are required to give their name and address for the record when called upon by the Mayor. Members of the public shall be limited to speaking for a maximum of five (5) minutes on any agenda item.
- 5) **REPORTS AND RECOMMENDATIONS**
 - A. **Creation of a Social District**

City Council will consider the recommendation to adopt a resolution which would create a Social District, set the boundaries of the common areas, approve the hours the district would be allowed to be open, and approve the maintenance and management plans.
 - B. **Local Government Approval for Social District Permits**
- 6) **PUBLIC COMMENT ON AGENDA ITEMS** – Persons addressing Council are required to give their name and address for the record when called upon by the Mayor. Members of the public shall be limited to speaking for a maximum of five (5) minutes on any agenda item.
- 7) **ADJOURNMENT**

Respectfully submitted,



Tom Tarkiewicz
City Manager



Administrative Report
July 23, 2020 – City Council Meeting

REPORT TO: Honorable Mayor and City Council Members

FROM: Eric Zuzga, Director of Special Projects
Tom Tarkiewicz, City Manager

SUBJECT: Creation of Marshall Social District

BACKGROUND: Under the newly signed Public Act 124 of 2020, local units of government are given the authority to create a district that allows for a commons area where licensed establishments could sell alcoholic beverages. Those buying beverages from licensed establishments would be allowed to proceed to a common area and consume the beverage without remaining in the establishment where the beverage was purchased. Each licensed institution would have to use a glass that both identified the place where the drink was purchased and has a distinctive social district brand for any drink that would be taken from their premises.

MAEDA staff and board members worked with the local business community to explore various options that would assist the businesses to remain viable. Other possible actions are still being discussed, but a tool to help restaurants, that have faced limits on their capacity to serve, is one of the most requested. The Social District tool is the quickest tool we can put in place with the least impact to the physical structure of downtown.

While the attached application, map, and resolution were designed around a specific proposal, Council has the ability to adjust the application around the following topics:

- Size of the Social District
- Location and number of common areas
- Operating hours of the common areas
- Year-round operations or seasonal
- Fees to be charged

RECOMMENDATION: Approve the attached resolution which would create the district, set the boundaries of the common areas, approve the hours the district would be allowed to be open, and approve the attached maintenance and management plans.

323 W. Michigan Ave.

Marshall, MI 49068

p 269.781.5183

F 269.781.3835

cityofmarshall.com

FISCAL EFFECTS: There will be an as yet to be determined expenses to install signs denoting the edge of the common areas and cost of maintaining the district.

ALTERNATIVES: Reduce the number and locations of the common areas, do not approve creation of the district, and do not approve the district, but allow restaurants on the Eagle to Jefferson alley to use the space for expanded outdoor seating.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Eric Zuzga'.

Eric Zuzga
Director of Special Projects

A handwritten signature in black ink, appearing to read 'Tom Tarkiewicz'.

Tom Tarkiewicz
City Manager

**CITY OF MARSHALL, MICHIGAN
RESOLUTION # 2020-**

**A RESOLUTION OF INTENT TO CREATE
THE MARSHALL SOCIAL DISTRICT**

WHEREAS, COVID-19 pandemic has created tremendous strain on the local business community and the City of Marshall desires to assist local businesses by providing available tools to help them remain successful; and

WHEREAS, Public Act 124 of 2020 provides for the creation of a social district that would allow licensed establishments to sell alcohol that would be consumed outside of the premise, but within the limits of the district; and

WHEREAS, pursuant to the Act, Council is required by resolution: a) to designate the boundaries of the district, b) set the operating hours of the district, and c) develop maintenance and management plans for the operation of the district.

THEREFORE, BE IT RESOLVED:

1. The Marshall City Council determines that it is necessary and in the best interest of the City to help support downtown businesses by authorizing the creation the Marshall Social District.
2. To comply with the Act, Marshall City Council designates the following boundaries of the development area (also as shown on the attached map):
3. The hours of operation of the Marshall Social District will be as established in the attached application (Appendix A).
4. The attached maintenance and management plans for the operation of the Social District are approved.

Voting For:

Voting Against:

Absent:

CERTIFICATION OF CITY CLERK

I hereby certify that the foregoing is a true and complete copy of a Resolution adopted by the City Council of the City of Marshall at a special meeting held on the 23rd day of July, 2020.

Trisha Nelson, City Clerk
7/23/20 Special Meeting

Date

Act No. 124
Public Acts of 2020
Approved by the Governor
July 1, 2020
Filed with the Secretary of State
July 1, 2020
EFFECTIVE DATE: July 1, 2020

**STATE OF MICHIGAN
100TH LEGISLATURE
REGULAR SESSION OF 2020**

Introduced by Reps. Webber, Sabo, Steven Johnson, Bollin, Slagh, Rendon, Paquette, Crawford, Hall, Huizenga, Kahle, Lightner, Meerman, Hood, Elder, Leutheuser and Reilly

ENROLLED HOUSE BILL No. 5781

AN ACT to amend 1998 PA 58, entitled "An act to create a commission for the control of the alcoholic beverage traffic within this state, and to prescribe its powers, duties, and limitations; to provide for powers and duties for certain state departments and agencies; to impose certain taxes for certain purposes; to provide for the control of the alcoholic liquor traffic within this state and to provide for the power to establish state liquor stores; to prohibit the use of certain devices for the dispensing of alcoholic vapor; to provide for the care and treatment of alcoholics; to provide for the incorporation of farmer cooperative wineries and the granting of certain rights and privileges to those cooperatives; to provide for the licensing and taxation of activities regulated under this act and the disposition of the money received under this act; to prescribe liability for retail licensees under certain circumstances and to require security for that liability; to provide procedures, defenses, and remedies regarding violations of this act; to provide for the enforcement and to prescribe penalties for violations of this act; to provide for allocation of certain funds for certain purposes; to provide for the confiscation and disposition of property seized under this act; to provide referenda under certain circumstances; and to repeal acts and parts of acts," by amending section 1021 (MCL 436.2021), as amended by 2013 PA 235, and by adding section 551.

The People of the State of Michigan enact:

Sec. 551. (1) The governing body of a local governmental unit may designate a social district that contains a commons area that may be used by qualified licensees that obtain a social district permit. A governing body of a local governmental unit shall not designate a social district that would close a road unless the governing body receives prior approval from the road authority with jurisdiction over the road. If the governing body of a local governmental unit designates a social district that contains a commons area under this section, the governing body must define and clearly mark the commons area with signs. The governing body shall establish local management and maintenance plans, including, but not limited to, hours of operation, for a commons area and submit those plans to the commission. The governing body shall maintain the commons area in a manner that protects the health and safety of the community. Subject to this subsection, the governing body may revoke the designation if it determines that the commons area threatens the health, safety, or welfare of the public or has become a public nuisance. Before revoking the designation, the governing body must hold at least 1 public hearing on the proposed revocation. The governing body shall give notice as required under the open meetings act, 1976 PA 267, MCL 15.261 to 15.275, of the time and place of the public hearing before the public hearing. The governing body shall file the designation or the revocation of the designation with the commission. As used in this subsection:

(a) "Local road agency" means a county road commission or designated county road agency or city or village that is responsible for the construction or maintenance of public roads within this state.

(b) "Road authority" means a local road agency or the state transportation department.

(2) Subject to subsection (3), the holder of a social district permit may sell alcoholic liquor for consumption within the confines of a commons area if both of the following requirements are met:

(a) The holder of the social district permit only sells and serves alcoholic liquor on the holder's licensed premises.

(b) The holder of the social district permit only serves alcoholic liquor to be consumed in the commons area in a container to which all of the following apply:

(i) The container prominently displays the social district permittee's trade name or logo or some other mark that is unique to the social district permittee under the social district permittee's on-premises license.

(ii) The container prominently displays a logo or some other mark that is unique to the commons area.

(iii) The container is not glass.

(iv) The container has a liquid capacity that does not exceed 16 ounces.

(3) If the commission issues a special license to a special licensee located in a social district, the holder of a social district permit shall not sell and serve alcoholic liquor under subsection (2) during the effective period of the special license.

(4) A purchaser may remove a container of alcoholic liquor sold by a holder of a social district permit under subsection (2) from the social district permittee's licensed premises if both of the following conditions are met:

(a) Except as otherwise provided in subdivision (b), the purchaser does not remove the container from the commons area.

(b) While possessing the container, the purchaser does not enter the licensed premises of a social district permittee other than the social district permittee from which the purchaser purchased the container.

(5) The consumption of alcoholic liquor from a container described in subsection (2)(b) in the commons area as allowed under this section may only occur during the legal hours for the sale of alcoholic liquor by the social district permittee.

(6) A qualified licensee whose licensed premises is shared by and contiguous to a commons area in a social district designated by the governing body of a local governmental unit under this section may obtain from the commission an annual social district permit as provided in this section. The social district permit must be issued for the same period and may be renewed in the same manner as the license held by the applicant. The commission shall develop an application for a social district permit and shall charge a fee of \$250.00 for a social district permit. An application for a social district permit must be approved by the governing body of the local governmental unit in which the applicant's place of business is located before the application is submitted to the commission and before the permit is granted by the commission. The \$250.00 permit fee under this subsection must be deposited into the liquor control enforcement and license investigation revolving fund under section 543(9).

(7) This section does not apply after December 31, 2024.

(8) As used in this section:

(a) "Commons area" means an area within a social district clearly designated and clearly marked by the governing body of the local governmental unit that is shared by and contiguous to the premises of at least 2 other qualified licensees. Commons area does not include the licensed premises of any qualified licensee.

(b) "Local governmental unit" means a city, township, village, or charter authority.

(c) "Qualified licensee" means any of the following:

(i) A retailer that holds a license, other than a special license, to sell alcoholic liquor for consumption on the licensed premises.

(ii) A manufacturer with an on-premises tasting room permit issued under section 536.

(iii) A manufacturer that holds an off-premises tasting room license issued under section 536.

(iv) A manufacturer that holds a joint off-premises tasting room license issued under section 536.

Sec. 1021. (1) The commission shall not require a licensee to sell or serve food to a purchaser of alcoholic liquor. The commission shall not require a class A hotel or class B hotel to provide food services to registered guests or to the public.

(2) Except as otherwise provided in section 551 and subsection (3), a purchaser shall not remove alcoholic liquor sold by a vendor for consumption on the premises from those premises.

(3) A vendor licensed to sell wine on the premises may allow an individual who has purchased a meal and who has purchased and partially consumed a bottle of wine with the meal, to remove the partially consumed bottle from the premises on departure. This subsection does not allow the removal of any additional unopened bottles of wine unless the vendor is licensed as a specially designated merchant. The licensee or the licensee's clerk, agent, or employee shall cap the bottle or reinsert a cork so that the top of the cork is level with the lip of the bottle. The

transportation or possession of the partially consumed bottle of wine shall be in compliance with section 624a of the Michigan vehicle code, 1949 PA 300, MCL 257.624a.

(4) This act and rules promulgated under this act do not prevent a class A or B hotel designed to attract and accommodate tourists and visitors in a resort area from allowing its invitees or guests to possess or consume, or both, on or about its premises alcoholic liquor purchased by the invitee or guest from an off-premises retailer and does not prevent a guest or invitee from entering and exiting the licensed premises with alcoholic liquor purchased from an off-premises retailer.

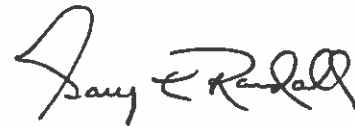
(5) Notwithstanding section 901(6), an on-premises licensee may, in a manner as determined by that licensee, allow for the consumption of wine that is produced by a wine maker, a small wine maker, or an out-of-state entity that is the substantial equivalent of a wine maker or small wine maker and that is brought into the licensed premises in its original sealed container by a consumer who is not prohibited under this act from possessing wine. The licensee shall not allow the consumer to remove a partially consumed bottle of wine brought by the consumer unless the licensee or the licensee's clerk, agent, or employee caps the bottle or reinserts the cork so that the top of the cork is level with the lip of the bottle. The licensee may charge a corkage fee for each bottle of wine brought by the consumer and opened on the premises by the licensee or the licensee's clerk, agent, or employee. This subsection does not exempt the licensee or the consumer from any other applicable requirements, responsibilities, or sanctions imposed under this act.

Enacting section 1. This amendatory act does not take effect unless all of the following bills of the 100th Legislature are enacted into law:

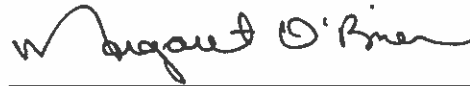
(a) Senate Bill No. 942.

(b) House Bill No. 5811.

This act is ordered to take immediate effect.



Clerk of the House of Representatives



Secretary of the Senate

Approved _____

Governor

Legislative Analysis



LIQUOR CONTROL CODE AMENDMENTS

Phone: (517) 373-8080
<http://www.house.mi.gov/hfa>

House Bill 5781 (H-3) as passed by the House
Sponsor: Rep. Michael Webber

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

House Bill 5811 (H-6) as passed by the House
Sponsor: Rep. Sarah Anthony

1st Committee: Regulatory Reform
2nd Committee: Ways and Means

Senate Bill 942 (H-5) as passed by the House
Sponsor: Sen. Aric Nesbitt

House Committee: Ways and Means
Senate Committee: Regulatory Reform

(Enacted as Public Acts 124, 125, and 126 of 2020)

Complete to 6-27-20

SUMMARY:

House Bills 5781 and 5811 and Senate Bill 942 would amend the Michigan Liquor Control Code to do the following:

- Until December 31, 2024, allow certain on-premises licensees and manufacturers to obtain a permit to sell alcohol for consumption in the commons area of a social district. (HB 5781)
- Until December 31, 2025, allow certain on-premises licensees and manufacturers to fill and sell a qualified container with alcohol for consumption off the licensed premises and deliver a container to a Michigan consumer under certain conditions. (HB 5811)
- For spirits bought by on-premises retailers from specially designated distributors, change the allowable amount and the time period over which that amount is calculated, and require reports to the Michigan Liquor Control Commission (MLCC). (SB 942)
- Increase, from 17% to 23%, the discount allowed to on-premises licensees on liquor bought from the state, for the 12 months after the bill is enacted. (SB 942)
- Allow a mixed spirit manufacturer to sell or provide samples of its mixed spirit drink at certain off-premises tasting rooms under certain circumstances. (SB 942)
- Beginning March 1, 2020, allow manufacturers to refund or replace purchases of beer or wine by wholesalers when the beer or wine has gone out of date or when the wholesaler has refunded or replaced a retailer's purchase for similar reasons. (SB 942)
- Allow an on-premises licensee to sell and advertise two-drink specials. (SB 942)

House Bill 5781 would allow, through December 31, 2024, a *qualified licensee* to obtain a permit to sell and dispense alcohol to customers for consumption in the commons area of a social district.

Qualified licensee would mean either of the following:

- A retailer that holds a license, other than a special license, to sell alcoholic liquor for consumption on the licensed premises.
- A manufacturer that has an on-premises tasting room permit, off-premises tasting room license, or joint off-premises tasting room license issued under the code.

Commons area

Currently, an on-premises license allows the licensee to sell alcohol for consumption only on the licensed premises. The bill would allow the governing body of a *local governmental unit* to designate a social district containing a *commons area* that could be used by a qualified licensee that obtained a social district permit.

Local governmental unit would mean a city, township, village, or charter authority.

Commons area would mean an area within a social district that is clearly designated and clearly marked by the governing body of the local governmental unit and that is shared by and contiguous to the premises of at least two qualified licensees. A commons area would not include the licensed premises of any qualified licensee.

The governing body could not designate a social district that closed a road without the prior approval of the road authority with jurisdiction. The governing body of the local governmental unit would have to define and clearly mark the commons area with signs and submit to the MLCC local management and maintenance plans for the commons area, including hours of operation. The governing body would have to maintain the commons area in a way that protected the safety and health of the community. The governing body could revoke the social district designation, after at least one public hearing on the proposed revocation, if it determined that the commons area was a public nuisance or threatened the health, safety, or welfare of the public. A designation or a revocation would have to be filed with the MLCC.

Social district permit

A qualified licensee whose licensed premises were shared by and contiguous to a commons area in a designated social district could obtain an annual social district permit from the MLCC. A social district permit would allow the permittee to sell alcohol for consumption within the confines of a commons area as long as the permittee only sold and served alcoholic liquor on its licensed premises and only served alcohol to be consumed in the commons area in a container meeting all of the following:

- It is not glass.
- Its liquid capacity does not exceed 16 ounces.
- It prominently displays a logo or other mark unique to the commons area.

- It prominently displays the permittee's trade name or logo or some other mark unique to the permittee under its on-premises license.

A person who bought a container of alcoholic liquor from a social district permittee as described above could take the container from the permittee's premises and into the commons area but could not take it out of the commons area or onto the licensed premises of another social district permittee. Alcohol consumption in the commons area as allowed by the bill would be limited to the legal hours for the sale of alcohol by the permittee.

A social district permit would have to be issued for the same period and be renewed in the same manner as an applicant's on-premises license. The MLCC would have to develop an application for a social district permit. The permit fee would be \$250, which would be deposited into the Liquor Control Enforcement and License Investigation Revolving Fund. The governing body of the local governmental unit where the applicant's place of business is located would have to approve a permit before an application could be made to, or a permit granted by, the MLCC.

Finally, if the MLCC issued a special license to a special licensee located in a social district, the special licensee could not sell and serve alcohol under the special district permit while the special license was in effect.

The bill's provisions would no longer apply after December 31, 2024.

MCL 436.2021 and proposed MCL 436.1551

House Bill 5811 would allow a *qualified licensee* to fill and sell a container with alcoholic liquor for consumption off the licensed premises and to deliver the container to a consumer in Michigan under certain conditions. (*Qualified licensee* would have the same meaning as in HB 5781, above.)

Under the bill, notwithstanding anything in the code to the contrary, a qualified licensee could fill and sell *qualified containers* with *alcoholic liquor* for consumption off the premises under the following conditions:

- The qualified licensee or his or her agent or employee does not fill a qualified container in advance of the sale.
- The qualified licensee or his or her agent seals the qualified container.
- The qualified licensee complies with all applicable rules promulgated by the MLCC.

Qualified container would mean a clean, sealable container that is for the sale of alcoholic liquor for consumption off the premises, that has a liquid capacity that does not exceed one gallon, and that is sealed after filling with a substance or device that fully closes off the container securely with no perforations or straw holes.

Alcoholic liquor means any spirituous, vinous, malt, or fermented liquor, powder, liquids, and compounds, whether or not medicated, proprietary, or patented, and by whatever name called, containing 1/2 of 1% or more of alcohol by volume that are

fit for use as a food or a beverage as defined and classified by the MLCC according to alcoholic content as belonging to one of the varieties defined in chapter 1 of the code.

In addition, and also notwithstanding anything in the code to the contrary, a qualified licensee could deliver alcoholic liquor to a *consumer* in the state under all of the following conditions:

- The qualified licensee complies with all laws of the state, including the prohibition on alcohol sales to minors.
- The qualified licensee stamps, prints, or labels the outside of the qualified container with the words “Contains Alcohol. Must be delivered to a person 21 years of age or older.” (The recipient would have to provide identification to verify his or her age at the time of delivery.)
- The qualified licensee or his or her agent seals the qualified container.
- If the qualified licensee is a retailer, the alcoholic liquor is delivered by an employee of the qualified licensee or by a *third party facilitator service*.
- If the qualified licensee is a manufacturer, the alcoholic liquor is delivered by an employee of the qualified licensee.

Consumer would mean an individual who purchases beer, wine, or spirits for personal consumption and not for resale.

Third party facilitator service means a person licensed by the commission to deliver or facilitate the sale of beer or wine, or spirits, to a consumer on behalf of a retailer that holds a specially designated merchant license (for beer or wine) or a specially designated distributor license (for spirits) located in this state.

A qualified licensee could not sell alcoholic liquor in its original packaging under these provisions, except as otherwise allowed under the code.

The bill’s provisions would no longer apply after December 31, 2025.

Proposed MCL 436.1537a

Senate Bill 942 would amend the Michigan Liquor Control Code as described below.

Sales of spirits

Currently under the act, a specially designated distributor can sell up to 9 liters of spirits to an on-premises licensee in any one month, and an on-premises licensee can buy up to 9 liters of spirits collectively from specially designated distributors in any one month.

The bill would instead allow a specially designated distributor to sell up to 120 liters of spirits to an on-premises retailer during a calendar year and allow an on-premises retailer to buy up to 120 liters of spirits collectively from specially designated distributors in a calendar year.

An on-premises retailer would have to submit to the MLCC a report indicating the purchases the retailer made under the above provisions for each month in which such purchases were made. The MLCC would have to establish the method and form for electronic reporting of these purchases within 30 days after the effective date of the bill. The MLCC could not require a retailer to submit a report in less than monthly intervals and could not require a report for a month when such purchases were not made.

Discount

Currently, specially designated distributors and on-premises licensees can deduct 17% from the price of alcoholic liquor bought from the state. Under the bill, for 12 months after the bill's enactment date, on-premises licensees would be entitled to a 23% discount on those purchases.

Mixed spirit drink manufacturer tasting rooms

The bill would allow a small distiller¹ or distiller that also holds a mixed spirit drink manufacturer license to do all of the following, subject to the applicable limitations described in the code:

- Sell its mixed spirit drink for consumption off the licensed premises of an approved off-premises or joint off-premises tasting room.
- Sell its mixed spirit drink for consumption on the premises of an approved off-premises or joint off-premises tasting room.
- Sell or give away samples of any size of its mixed spirit drink for consumption on the licensed premises of an approved off-premises or joint off-premises tasting room.
- Sell or give away samples of up to three ounces of its mixed spirit drink for consumption on the premises of an approved off-premises or joint off-premises tasting room.

Outdated beer or wine

Beginning March 1, 2020, a manufacturer could refund to a wholesaler up to the amount the wholesaler paid for beer or wine, or replace the beer or wine, for either of the following reasons:

- The beer or wine the wholesaler bought from the manufacturer has gone out of date while in the wholesaler's possession.
- The wholesaler bought the beer or wine from the manufacturer and refunded to a retailer the amount paid by the retailer for that beer or wine, or replaced it, under provisions that allow for such refund or replacement when, among other reasons, the beer or wine is outdated, defective, misdelivered, discontinued, or likely to spoil.

Two-drink specials

Currently, an on-premises licensee cannot sell, offer to sell, or advertise the sale of two or more identical drinks containing alcohol to an individual for his or her consumption for one price. If two or more identical drinks are served at one time, the second must cost the same as the first.

¹ A small distiller is a manufacturer of spirits that annually manufactures in Michigan not more than 60,000 gallons of spirits, of all brands combined.

The bill would amend the above prohibition to apply to the sale or advertisement of three or more identical drinks and provide that if three or more drinks are served at one time, the third must cost the same as the first. Under the bill, an on-premises licensee could sell, offer to sell, or advertise the sale of two drinks for one price or sell the second identical drink for a different price than the first. However, except on prior written order by the MLCC, the licensee could not sell alcoholic liquor to an individual under these provisions for a price that is less than the licensee's cost for the alcoholic liquor.

MCL 436.1205 et seq.

The three bills are tie-barred to one another, and SB 942 is also tie-barred to HB 5343. A bill cannot take effect unless every bill to which it is tie-barred is also enacted.

FISCAL IMPACT:

House Bill 5781 would have an indeterminate fiscal impact on the Department of Licensing and Regulatory Affairs (LARA) and local units of government. The bill would require the MLCC, within LARA, to issue social district permits. A \$250 fee would be established for the social district permit. Revenues from this fee would be deposited to the Liquor Control Enforcement and License Investigation Revolving Fund, which is appropriated for the MLCC's enforcement of the Michigan Liquor Control Code and associated rules and for license investigations. It is unclear what the costs of administration would be for the MLCC, so the net fiscal impact is presently indeterminate. The bill would create administrative responsibilities for local governments that choose to designate a social district, requiring the establishment of local management and maintenance plans, maintenance of commons areas, commons area signage, and approval of social district permit applications. The magnitude of these costs for local units of government is presently indeterminate.

House Bill 5811 would not have a significant fiscal impact on LARA.

Senate Bill 942 would have a significant fiscal impact on LARA and on state funds. The MLCC, within LARA, would be responsible for establishing a reporting method and form for on-premises retailers that purchase spirits from specially designated distributors under the bill. This action is not expected to result in any significant cost for the MLCC.

The bill would increase the amount of the existing 17% discount given to on-premises licensees on uniform liquor prices. Under the bill, the discount would be increased to 23% for the 12 months following the bill's enactment date. The increased discount would reduce revenues to the Liquor Purchase Revolving Fund, which is the state's enterprise fund for the wholesaling of liquor. The net revenue of the LPRF lapses to the state's general fund (GF/GP), so the bill would ultimately result in a reduction to GF/GP revenue. The exact amount of this reduction is presently indeterminate.

The impact of refunds to wholesalers by liquor manufacturers would be indeterminate, as it would depend on the volume of liquor subject to refund.

POSITIONS:

A representative of the Michigan Restaurant and Lodging Association testified in support of the bills. (6-17-20)

The following entities indicated support for the bills (6-17-20):

- Michigan Licensed Beverage Association
- Bedrock
- Michigan Spirits Association

Representatives of the following entities testified in support of HB 5781:

- Cotton Brewing (6-17-20)
- Grand Rapids Chamber (6-3-20)
- Barfly Ventures (6-3-20)
- Downtown Grand Rapids, Inc. (6-3-20)

The following entities indicated support for HBs 5781 and 5811:

- City of Grand Rapids (6-17-20)
- Detroit Regional Chamber (6-17-20)
- Traverse City Tourism (6-17-20)
- Saginaw Chamber of Commerce (6-17-20)
- Northern Michigan Chamber Alliance (6-17-20)
- Bay Area Chamber of Commerce (6-17-20)
- Lansing Regional Chamber (6-17-20)
- Southwest Michigan First (6-17-20)
- Midwest Independent Retailers Association (6-3-20)

The following entities indicated support for HB 5781:

- Michigan West Coast Chamber of Commerce (6-17-20)
- Muskegon Lakeshore Chamber of Commerce (6-17-20)
- Lakeshore Advantage (6-17-20)
- The Chamber of Grand Haven, Spring Lake & Ferrysburg (6-17-20)
- Midland Business Alliance (6-17-20)
- City of Muskegon DDA (6-17-20)
- Michigan Municipal League (6-3-20)
- City of Muskegon ("in concept" 6-3-20)
- Michigan Downtown Association (6-3-20)
- Michigan Chamber of Commerce (6-3-20)
- Oakland Community College (6-3-20)
- Ilitch Holdings (6-3-20)

The following entities indicated support for HB 5811:

- Downtown Grand Rapids, Inc. (6-17-20)
- Grand Rapids Chamber (6-17-20)
- R Street Institute (6-3-20)

The Michigan Liquor Control Commission indicated a neutral position on the bills.
(6-17-20)

The Michigan Council on Alcohol Problems indicated opposition to HBs 5781 and 5811.
(6-3-20)

Michigan Alcohol Policy indicated opposition to HB 5781. (6-3-20)

Legislative Analyst: Susan Stutzky
Fiscal Analyst: Marcus Coffin

■ 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.



**City of Marshall Downtown Social District
Application
July 2020**

Marshall Social District Overview

Pursuant to MCL 436.1551, the City of Marshall has designated a Social District ("District") within the city's downtown (see Appendix A). The District includes several Commons areas. Qualified licensees whose licensed premises are contiguous to the designated Commons areas within the District, and that have been approved for and issued a Social District Permit by the Michigan Liquor Control Commission ("MLCC"), may sell alcoholic liquor (beer, wine, mixed spirit drink, spirits, or mixed drinks) on their licensed premises to customers who may then consume the alcoholic liquor within the Commons areas of the Social District. A designated Commons area is not considered part of the licensed premises for any of the licensees that hold a Social District Permit.

The term commons area is defined by MCL 436.1551(8)(a): "Commons area" means an area within a social district clearly designated and clearly marked by the governing body of the local governmental unit that is shared by and contiguous to the premises of at least 2 other qualified licensees. A Commons area does not include the licensed premises of any qualified licensee.

The term qualified licensee is defined by MCL 436.1551(8)(c): "Qualified licensee" means any of the following:

- A retailer that holds a license, other than a special license, to sell alcoholic liquor for consumption on the licensed premises. (This includes the following license types: Class C, Tavern, A-Hotel, B-Hotel, Club, G-1, G-2, Brewpub.)
- A manufacturer with an on-premises tasting room permit issued under section 536.
- A manufacturer that holds an off-premises tasting room license issued under section 536.
- A manufacturer that holds a joint off-premises tasting room license issued under section 536.

Before applying to the MLCC for a Social District Permit, a Qualified licensee must first obtain approval from the governing body of the City of Marshall. Qualified licensees are required to submit a permit application to the City Clerk for processing. There is no application fee. The permit application form can be found at www.cityofmarshall.com.

Commons Area Specifications

Class-3 barricades, cones, and other decorative items such as planter boxes will delineate the perimeter of a Commons area. Barricades will separate patrons from pedestrian and vehicle traffic. All barriers will be of sufficient density to protect Commons area patrons from harm from vehicle traffic. Signage reading "No Alcoholic Beverage Allowed Beyond Barrier" will be posted at a conspicuous location at each exit point from a Commons area.

Commons areas will be configured so that they do not interfere with any public service facility, such as, but not limited to an accessible curb, drive lanes, fire hydrants, bike racks, mailbox or benches located on a sidewalk. The Commons areas will not adversely affect adjacent or nearby

residential, religious, educational, or commercial properties, and will be operated in conformance with all applicable codes and ordinances. As needed and where practical, structures or enclosures that accommodate the storage of accumulated garbage will be temporarily relocated at least 20 feet from any Commons area. All electrical wiring and fixtures will be installed and remain in conformance with appropriate codes.

Furnishings within a Commons area may consist of readily removable awnings, covers, railings, tables, chairs, planters containing plants and related accessories. Furnishings may not be attached, even in a temporary manner, to the sidewalk, pavement, or other public property, except that covers and railings may be secured by means of flush mounted anchors in a manner approved by the City.

Tables, chairs, umbrellas, and any other objects provided with the sidewalk café will be of quality design, materials, and workmanship both to ensure the public safety and convenience of users and to enhance the visual and aesthetic quality of the urban environment. While temporary, all such items will be adequately secured to prevent injury to persons or property during inclement weather.

Maintenance Plan

City personnel, Marshall Area Economic Development Alliance (MAEDA) personnel, and Social District permit holders will be responsible for the maintenance and upkeep of the common areas. Social District permit holders will aid the City with maintenance within the Commons area including emptying refuse containers in refuse bins identified by the City. Commons areas will be regularly monitored (multiple times daily) for cleanliness and kept free from any substance that may cause damage to the sidewalk, parking lot, or cause pedestrian injury. Social District permit holders and their employees will be responsible for supervising Common areas to ensure compliance with the terms of their Social District permit.

Establishments in the Marshall Social District that have permits to serve alcohol for consumption in the MSD shall maintain a trash receptacle of adequate size near each entrance.

Street Sweeping

The City of Marshall Department of Public Works operates street cleaning equipment and will continue to sweep the public streets in the MSD.

Public Safety Plan

The City of Marshall Police Department commits to the continued patrol and monitoring of Marshall's Downtown and the MSD as often as possible during times of MSD operation. The patrol of the area shall be tailored to be adequate and sufficient for public safety. The Police Division has adequate staffing to engage in random patrols within the downtown area at any given time.

It is understood that on-duty officers' first responsibility is to respond to citizen calls for service, reported or observed criminal activity and other public service obligations whether or not those incidents originate in the MSD. It is expected that this ordinance will be the basis for staffing during special downtown events as determined by the City Manager, Director of Public Safety, and Chief of Police.

This security plan will be reviewed on an ongoing basis. It may be updated with the coordination and approval of the City Council, City Manager, and Director of Public Safety with assistance and recommendations of the Chief of Police.

Liquor Establishments

Sec 551 (1) of Public Act 124 of 2020 states that a local governmental unit may designate a social district which allows for the public consumption of alcohol in an area that contains two or more qualified licensed establishments. A list of qualified licensees within or contiguous to the proposed social district's boundaries are as follows:

Establishment Name	Address	License Type	License Number
Schuler Restaurants	115 South Eagle Street	Class C	L-000002271
Stagecoach Inn	201 West Michigan Avenue	B-Hotel	L-000144442
Copper Athletic Club	133 West Michigan Avenue	Class C	L-000401148
Marshall's Broadway Grille	107 West Michigan Avenue	Class C	L-000225463
Grand River Brewery	101 West Michigan Avenue	Micro Brewer	L-000403044
Mike's Place	116 West Michigan Avenue	Class C	L-000218580
Warner Vineyards	116 East Michigan Avenue	On-Premises Tasting Room Permit	L-000417749
Bogar Theatre	223 East Michigan Avenue	Class C	L-000209542

Applications and resolutions from interested license holders are attached to this application.

Hours of Operation

The Marshall Social District shall be in effect year-round with following hours in effect each week:

Monday-Thursday	5:00 PM-10:00 PM
Friday-Saturday	12:00 PM-12:00 PM
Sunday	12:00 PM-8:00 PM

Note that the last sales shall occur no later than a half-hour before closing and all cups must be disposed of by closing time each day.

Alcohol Sales

All alcoholic beverages consumed within a Commons area will be prepared and distributed in compliance with the requirements of a Social District Permit. Only Qualified licensees with a Social District permit may provide alcohol for consumption within a Commons area. A licensee that has been issued a Social District Permit from the MLCC must make every effort to ensure that it does not sell alcoholic liquor to a minor or intoxicated person.

Any alcoholic liquor sold to customers for consumption in the commons area by a licensee with a Social District Permit from the MLCC must comply with all of the following:

- The serving container must prominently display the licensee's trade name or logo or some other mark that is unique to the licensee that sold the alcohol.
- The serving container must prominently display a logo or some other mark that is unique to the State Street Commons area.
- The serving container is not made of glass.
- The serving container does not have a liquid capacity over 16 ounces.

A customer that purchases alcoholic liquor for consumption in a commons area must not transport that alcoholic liquor onto the licensed premises of another licensee contiguous to the commons area from which the customer did not purchase the alcoholic liquor.

A licensee shall not allow alcoholic liquor purchased from another licensee onto its licensed premises.

A customer that purchases alcoholic liquor for consumption in a Commons area must not transport that alcoholic liquor outside of the Commons area.

The drinking of alcoholic beverages by a member of the public while a patron within a commons area will not be construed as a violation of any ordinance controlling open containers in a public area.

Administration

On premises licensees with a Social District permit are required to have the permit prominently displayed to the public and must provide the City with evidence of general liability insurance in the amount two million dollars (\$2,000,000) naming the City as an additional insured.

The City maintains the right to revoke the designation of a Social District and associated Commons area(s) if it determines that the commons area threatens the health, safety, or welfare of the public or has become a public nuisance. Before revoking the designation, the City will hold at least one public hearing on the proposed revocation. The governing body shall give notice as required under the open meetings act of the time and place of the public hearing before the public hearing.



Social District Permit Information



Local Governmental Approval Required Before You Apply

The city, township, or village where your business is located must have first designated a Social District before you may apply. Your licensed business must be contiguous to the commons area inside the Social District to qualify. Check with your local governmental unit to see if you qualify.

Your licensed business must also be approved individually by the city, township, or village before you apply for a Social District Permit. A local governmental unit approval form is attached to this application.

The governing body of a local governmental unit may designate a Social District within its jurisdiction that contains a commons area in which the patrons of qualified licensees may consume alcoholic liquor (beer, wine, mixed spirit drink, spirits, or mixed drinks/cocktails) in the commons area.

At least two (2) qualified licensees must have their licensed premises contiguous to a commons area for the area to qualify to be part of a social district.

The local governmental unit must define and clearly mark the commons area with signs. The local governmental unit must establish a management plan, including the hours of operation, for the commons area. These plans must be submitted to the Commission.

A qualified licensee may apply to the Commission for a Social District Permit using the attached application. The licensee must first obtain approval from the governing body of the local governmental unit before applying for the permit.

A licensee that has been issued a Social District Permit may sell alcoholic liquor for on-premises consumption on its licensed premises only, but then customers may remove the alcoholic liquor from the premises to be consumed in the commons area. A licensee must not sell alcoholic liquor in the commons area.

The commons area is not considered part of any licensee's licensed premises. Nevertheless, a licensee that has been issued a Social District Permit must make every effort to ensure that it does not sell alcoholic liquor to a minor or intoxicated person.

Any alcoholic liquor sold to customers for consumption in the commons area by a licensee with a Social District Permit must comply with all of the following:

- The serving container must prominently display the licensee's trade name or logo or some other mark that is unique to the licensee that sold the alcohol.
- The serving container must prominently display a logo or some other mark that is unique to the commons area.
- The serving container is not made of glass.
- The serving container does not have a liquid capacity over 16 ounces.

A customer that purchases alcoholic liquor to be consumed in a commons area must not transport that alcoholic liquor onto the licensed premises of another licensee contiguous to the commons area from which the customer did not purchase the alcoholic liquor. A licensee shall not allow alcoholic liquor purchased from another licensee to be brought onto its licensed premises.

A customer that purchases alcoholic liquor to be consumed in a commons area must not transport that alcoholic liquor outside of the commons area.

Qualified licensees for Social District Permits are:

- A retailer licensee that is licensed to sell alcoholic liquor for consumption on the premises, such as a Class C, Tavern, A-Hotel, B-Hotel, Club, G-1, or G-2. A Special License issued to a nonprofit organization is not a qualified licensee.
- A manufacturer with an On-Premises Tasting Room Permit.
- A manufacturer with an Off-Premises Tasting Room License or a Joint Off-Premises Tasting Room License. For Joint Off-Premises Tasting Room Licenses, all licensees that have licenses at that same location must be approved for and issued a Social District Permit.



Social District Permit Application

Part 1 - Licensee Information

Individuals, please state your legal name. Corporations or Limited Liability Companies, please state your name as it appears on your Articles of Incorporation / Organization.

Licensee name:		
Address:		
City:	State:	Zip Code:
Contact Name:	Phone:	Email:

Part 2 - Required Documents & Fees

<input type="checkbox"/> Local Governmental Unit Approval <input type="checkbox"/> Approval from the local governmental unit (city council, township board, village council) is required to be submitted with this application (See page 2 for approval form)	
<input type="checkbox"/> \$70.00 Inspection Fee (MLCC Fee Code 4036) <input type="checkbox"/> \$250.00 Social District Permit Fee (MLCC Fee Code 4081)	TOTAL DUE: <div style="border: 1px solid black; width: 100px; height: 30px; margin: 5px auto;"></div> <p>Make checks payable to State of Michigan</p>

Leave Blank - MLCC Use Only

Part 3 - Signature of Licensee

Under administrative rule R 436.1003, the licensee shall comply with all state and local building, plumbing, zoning, sanitation, and health laws, rules, and ordinances as determined by the state and local law enforcements officials who have jurisdiction over the licensee. Approval of this application by the Michigan Liquor Control Commission does not waive any of these requirements. The licensee must obtain all other required state and local licenses, permits, and approvals for this business before using this permit for the sale of alcoholic liquor on the licensed premises.

I certify that the information contained in this form is true and accurate to the best of my knowledge and belief. I agree to comply with all requirements of the Michigan Liquor Control Code and Administrative Rules. I also understand that providing **false** or **fraudulent** information is a violation of the Liquor Control Code pursuant to MCL 436.2003.

The person signing this form has demonstrated that they have authorization to do so and have attached appropriate documentation as proof.

Print Name of Licensee & Title

Signature of Licensee

Date

Please return this completed form and fees to:
Michigan Liquor Control Commission
Mailing address: P.O. Box 30005, Lansing, MI 48909
Hand deliveries: Constitution Hall - 525 W. Allegan Street, Lansing, MI 48933
Overnight deliveries: 2407 N. Grand River Avenue, Lansing, MI 48906
Fax with Credit Card Authorization to: 517-284-8557



Local Governmental Unit Approval For Social District Permit

Instructions for Governing Body of Local Governmental Unit:

A qualified licensee that wishes to apply for a Social District Permit must first obtain approval from the governing body of the local governmental unit where the licensee is located and for which the local governmental unit has designated a social district with a commons area that is clearly marked and shared by and contiguous to the licensed premises of at least two (2) qualified licensees, pursuant to MCL 436.1551. Complete this resolution or provide a resolution, along with certification from the clerk or adopted minutes from the meeting at which this request was considered.

At a _____ meeting of the _____ council/board
(regular or special) (name of city, township, or village)

called to order by _____ on _____ at _____
(date) (time)

the following resolution was offered:

Moved by _____ and supported by _____

that the application from _____
(name of licensee - if a corporation or limited liability company, please state the company name)

for a **Social District Permit** is _____ by this body for consideration for approval by the
(recommended/not recommended)

Michigan Liquor Control Commission.

If not recommended, state the reason: _____

Vote

Yeas: _____

Nays: _____

Absent: _____

I hereby certify that the foregoing is true and is a complete copy of the resolution offered and adopted by the _____
council/board at a _____ meeting held on _____
(regular or special) (date)

I further certify that the licensed premises of the aforementioned licensee are contiguous to the commons area designated by the council/board as part of a social district pursuant to MCL 436.1551.

Print Name of Clerk

Signature of Clerk

Date

Under Article IV, Section 40, of the Constitution of Michigan (1963), the Commission shall exercise complete control of the alcoholic beverage traffic within this state, including the retail sales thereof, subject to statutory limitations. Further, the Commission shall have the sole right, power, and duty to control the alcoholic beverage traffic and traffic in other alcoholic liquor within this state, including the licensure of businesses and individuals.



Michigan Department of Licensing and Regulatory Affairs
Finance and Administrative Services
Revenue Services

LARA Revenue Services **is not** a part of
the Michigan Liquor Control
Commission (see note below).

Credit Card Authorization Form

**** FAX COMPLETED FORM TO SECURE FAX LINE: 517-284-8557 ****

**** DO NOT EMAIL OR MAIL THIS FORM ****

Requests with credit card payments that are not faxed to the above secure fax line will be destroyed along with the credit card authorization in order to ensure the security of applicants' personal credit card numbers.

****IF YOU ARE NOT SUBMITTING AN APPLICATION FORM WITH THIS CREDIT CARD AUTHORIZATION, YOU MUST PROVIDE AN ITEMIZATION OF THE FEES FOR WHICH YOU ARE SUBMITTING PAYMENT OR YOUR PAYMENT WILL NOT BE PROCESSED****

Name: _____	Transaction Amount: _____
Address: _____	Card Number: _____
City: _____	Check One:
State: _____	<input type="radio"/> MasterCard <input type="radio"/> Visa <input type="radio"/> Discover
Zip Code: _____	Security Code/CVV Code: _____
Phone: _____	Expiration Date: _____
Applicant/Licensee Name: _____	Request or Business ID #: _____
Payment is for: _____	
Signature _____	

IF YOU ARE NOT SUBMITTING AN APPLICATION FORM WITH THIS CREDIT CARD AUTHORIZATION, YOU MUST PROVIDE AN ITEMIZATION OF THE FEES FOR WHICH YOU ARE SUBMITTING PAYMENT OR YOUR PAYMENT WILL NOT BE PROCESSED.

Credit Card Payment Itemization:

Fee Type	Fee Amount	MLCC Fee Code
<input type="checkbox"/> Inspection Fee:	_____	4036
<input type="checkbox"/> Social District Permit Fee:	_____	4081

LARA Revenue Services **is not** a part of the Michigan Liquor Control Commission (MLCC). Receipt of payment and application forms by LARA Revenue Services does not constitute receipt of an application by the MLCC. **Applications submitted through LARA Revenue Services may take up to two (2) additional business days to be received by the MLCC after receipt by LARA Revenue Services.**

For requests that require a timely receipt of an application by the MLCC to be processed, such as Special Licenses and temporary requests, please ensure that your application will be received in adequate time to be processed by the MLCC after the payment is received and processed by LARA Revenue Services.