

Policy Brief: Alcohol License Quota System

Summary:

A recently introduced bill in Michigan would eliminate the quota system for maintaining limits on certain alcohol licenses. Currently, the quota system is based on population, and alcohol licenses for on-premise consumption are issued per 1,500 population or major fraction thereof. Specially Designated Distributor (SDD) licenses are issued per 3,000 population or major fraction thereof, and Specially Designated Merchant (SDM) licenses are issued per 1,000 population or major fraction thereof. If passed, this bill would eliminate the quota system, including limits on both SDD and SDM alcohol licenses.

Background:

Excessive drinking is related to numerous negative health outcomes including violent crime, motor vehicle crashes, and sexual assault.¹ In 2010, excessive alcohol consumption costs in Michigan exceeded 8.16 billion dollars, or roughly 826 dollars per person.² Alcohol-attributable healthcare and lost productivity costs were responsible for 82% of these expenses. A high density or concentration of alcohol outlets is a substantial public health concern and is associated with an increase in excessive drinking and alcohol-related harms.³

The quota system is included in the Michigan Liquor Control Code to limit the number of alcohol licenses that can be issued within specific geographic areas. This limit helps to regulate alcohol outlet density and prevent increases in areas that have a large number of licensed alcohol outlets. In 2017, there were roughly 7.7 million adults living in Michigan. In 2018, the liquor control commission issued nearly 50,000 alcohol licenses. That's roughly 1 license per 154 adults.

Conclusion:

The Michigan alcohol license quota system is meant to protect public health by setting limits on the number of alcohol licenses that can be issued in counties and cities throughout Michigan. Eliminating this system could significantly increase alcohol availability, and in turn, excessive alcohol consumption. This increase in excessive drinking could also lead to an increase in alcohol-related harms, such as opioid overdoses and alcohol-impaired driving, as well as the personal and social costs that are related to them.⁴

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¹ The Centers for Disease Control and Prevention. 2018. Fact sheets-binge drinking. Retrieved from: <https://www.cdc.gov/alcohol/fact-sheets/binge-drinking.htm>

² Sacks JJ, Gonzales KR, Bouchery EE, Tomedi LE, Brewer RD. 2010 National and State Costs of Excessive Alcohol Consumption. *Am J Prev Med* 2015; 49(5):e73–e79.

³ The Community Guide. Excessive Alcohol Consumption. Retrieved from: <https://www.thecommunityguide.org/findings/alcohol-excessive-consumption-regulation-alcohol-outlet-density>

⁴ Esser MB, Guy GP, Zhang K, Brewer RD. Binge drinking and prescription opioid misuse in the U.S., 2012-2014. *Am J Prev Med* 2019; e-pub ahead of print.