

Legislative Analysis



QUARTERLY PRORATION OF CERTAIN LIQUOR FEES

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House Bill 4073 (Reported from committee as Substitute H-2)
Sponsor: Rep. Scott Dianda
Committee: Regulatory Reform
Complete to 3-4-15

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

SUMMARY:

House Bill 4073 would amend the Michigan Liquor Control Code to remove the current prohibition on prorating licensing and transfer fees. Instead, the bill would require those fees to be prorated on a quarterly basis for applications that would be effective for less than nine months; fees would be based on the approval date of the application. An applicant or licensee that has submitted an application for a license that would be effective for less than nine months would pay a prorated license fee. The prorated fee amount would be paid after approval of the application and upon issuance of license. The bill would go into effect on May 1, 2015.

MCL 436.1525 and 1529

BACKGROUND AND DISCUSSION:

Full-year liquor licenses issued by the Michigan Liquor Control Commission expire on April 30 following the date of issuance, or on a date fixed by the commission. Under current law, an individual receiving a license in January would pay the same fee amount as an individual receiving the same license under the same conditions the prior June.

Supporters of the proposed legislation say that prorating the fee is a matter of fairness, as individuals receiving their license in January are paying two years of fees in a span of less than four months. Opponents of the bill said they were concerned about the impact this would have on local law enforcement, which receives 55% of liquor licensing fees.

FISCAL IMPACT:

House Bill 4073 would have an indeterminate negative fiscal impact on the Michigan Liquor Control Commission (LCC) and on local law enforcement agencies (which receive 55.0% of liquor licensing fees) to the extent that the proposed quarterly proration of liquor licensing fees would reduce the amount of liquor licensing fees collected by the LCC and expended by the LCC for administrative purposes and distributed to local law enforcement agencies for the enforcement of the Liquor Control Code.

POSITIONS:

Support: Michigan Food and Beverage Association (2-18-15)
Michigan Petroleum Association (2-18-15)

Michigan Restaurant Association (2-18-15)
Michigan Grocers Association (2-18-15)
Michigan Licensed Beverage Association (2-18-15)
Michigan Beer and Wine Wholesalers (2-18-15)

Neutral: Michigan Liquor Control Commission (2-18-15)

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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.