

Legislative Analysis



LICENSE OR REGISTRATION FEES: PROVIDE FOR CERTAIN REFUNDS

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

House Bill 4557 as reported from committee
Sponsor: Rep. Pauline Wendzel

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

House Bill 4558 (H-1) as reported
Sponsor: Rep. Annette Glenn

House Bill 4560 (H-1) as reported
Sponsor: Rep. Beth Griffin

House Bill 4559 (H-1) as reported
Sponsor: Rep. Andrew Fink

House Bill 4561 as reported
Sponsor: Rep. John R. Roth

Committee: Regulatory Reform
Revised 6-16-21

SUMMARY:

The bills would amend different acts to require or allow the Department of Licensing and Regulatory Affairs (LARA) and the Michigan Department of Agriculture and Rural Development (MDARD) to refund or prorate certain fees, such as license or registration fees, imposed during specified time periods or under certain conditions relating to the impact of an emergency declaration or order.

House Bill 4557 would amend the Michigan Liquor Control Code to waive the annual license renewal fees of the following license categories for the 2021 renewal period:

- Watercraft licensed to carry passengers.
- Class A and Class B hotel licenses.
- Tavern and Class C licenses (e.g., restaurant).
- Club license.
- Brewpub license.
- Class G-1 and Class G-2 licenses (golf courses).
- Motorsports event license.
- Nonpublic continuing care retirement center license.
- Specially designated merchant (SDM) if held in conjunction with an on-premises license.
- On-premises tasting room permit and off-premises tasting room license.
- Banquet facility permit, catering permit, and Sunday sales permit issued to on-premises retailers and manufacturers with permits or licenses for on-premises or off-premises tasting rooms.

MCL 436.1525

House Bills 4558, 4559, and 4560 would add a new section to three different acts to require LARA to offer a credit for or prorate the fee otherwise required for an initial license or registration or a license or registration renewal for the portion of the effective period of the license or registration that the licensee or registrant was temporarily unable to engage in the

practice of his or her health profession as a result of a state of emergency or disaster declared by the governor under the Emergency Management Act or any other applicable law or an emergency order issued under section 2253 of the Public Health Code. As stated in the respective bills, each new section is intended to be retroactive and would apply retroactively beginning January 1, 2020.

House Bill 4558 would add the new section to Article 15 (Occupations) of the Public Health Code. (Proposed MCL 333.16307a)

House Bill 4559 would add the new section to the State License Fee Act. (Proposed MCL 338.2204a)

House Bill 4560 would add the new section to the Skilled Trades Regulation Act. (Proposed MCL 339.5417a)

House Bill 4561 would amend the Food Law to allow for certain fees to be subject to a refund. The bill would require MDARD to refund a fee charged during the preceding licensing year under the sections listed below if both of the following conditions were met:

- A food establishment, shellfish dealer, water bottler, or water dispensing machine owner was subject to a *qualified order* during the preceding *licensing year*.
- As a result of the qualified order, the licensees described above experienced a 25% or more reduction in revenue during any quarter of the preceding licensing year.

Qualified order would mean either an emergency order issued by the director of the Department of Health and Human Services under section 2253 of the Public Health Code or a state of disaster or state of emergency declared under the Emergency Management Act.

Licensing year would mean the annual duration of validity of a food establishment license under Chapter IV (Licensing), a shellfish dealer certificate under section 4114, and a water bottler or water dispensing machine owner registration under section 4115.

Fees could be refunded under the following sections:

- Section 2125—Reissuance of a duplicate license, free-sale letter, certain evaluations of a food establishment, shellfish dealer’s certificate, review and approval of training materials, special transitory food unit plan review, and other plan review under section 8-201.11 of the Food Code.
- Section 3119—Application for a food service establishment license.
- Section 4111—Various license fees (e.g., retail grocery, food processor, and mobile food establishment).
- Section 4113—Late fee for a license renewal application and new application submitted after the establishment opened for business.
- Section 4115—Registration fee for water bottler or water dispensing machine owner.
- Section 6137—Special transitory food unit license.

MDARD would be required to prescribe the form and manner in which a refund could be claimed. The refund would only apply to fees retained by the department. Any fee or portion

of a fee charged or retained by or remitted to a local health department in accordance with the act would not be eligible to be refunded under the bill.

MCL 289.2125 et al.

FISCAL IMPACT:

House Bill 4557 would have a significant fiscal impact on LARA and various state funds by reducing fee revenue from various classes of licenses under the Liquor Control Code. Based on 2020-2021 license revenue information received from LARA, the magnitude of the revenue reduction for each fund/source would be as is reflected in the table below. The department indicated that a more accurate estimate for 2021-2022 will not be available until all 2021-2022 renewals have been submitted, which will not occur until the end of July.

Fund/Revenue Recipient	Revenue as Reported by LARA for 2020-2021
Alcoholism Treatment Programs through MDHHS	\$1,059,469
General Fund	\$679,840
Liquor Enforcement and License Investigation Revolving Fund	\$103,300
Local/County Government	\$3,878,543
Michigan Craft Beverage Council Fund	\$11,100
Michigan Liquor Control Commission	\$2,935,432
Programs for the prevention and treatment of alcoholism	\$246,816
Total	\$8,914,500

*Numbers are approximate, due to statutory distribution formulas

House Bill 4558 would, in all probability, have a significant fiscal impact on LARA by reducing fee revenue collected from licenses issued under Article 15 of the Public Health Code. License fees that would be impacted include fees for professions including, but not limited to: chiropractors, dentists, audiologists, doctors, nurses, optometrists, physical therapists, counselors, psychologists, social workers, respiratory therapists, and veterinarians. The primary state fund that would be adversely impacted by any resulting revenue reduction is the Health Professions Regulatory Fund, which is a restricted fund used to support LARA’s responsibilities under articles 7, 8, and 15 of the Public Health Code. A detailed analysis of the magnitude of the impact is in progress.

House Bill 4559 would, in all probability, have a significant fiscal impact on LARA by reducing fee revenue from license fees collected under the State License Fee Act, which are primarily deposited into the Licensing and Regulation Fund. Licenses for the following professions would be impacted by the bill: public accounting, architecture, professional engineering, land surveying, landscape architecture, barbering, collections, cosmetology,

hearing aid dealing, real estate, appraising, residential building, and mortuary science. The Licensing and Regulation fund, which is a state restricted utilized to offset LARA's costs, would be adversely impacted by this revenue reduction. A detailed analysis of the magnitude of the impact is in progress.

House Bill 4560 would, in all probability, have a significant fiscal impact on LARA by reducing fee revenue from license fees collected under the Skilled Trades Regulation Act. The reduction in revenue would adversely impact the Construction Code Fund, which is a state restricted fund utilized to support the Bureau of Construction Codes within LARA and to offset LARA overhead costs. The bill would impact license fees related to electricians, mechanical contractors, boiler professionals, building inspectors, and plumbers. A detailed analysis of the magnitude of the impact is in progress.

House Bill 4561 would reduce fee revenue for credit to the state restricted Dairy and Food Safety Fund established in section 4117 of the Food Law. The amount of revenue reduction cannot be readily estimated at this time. Any potential revenue reduction would depend on the number of applications meeting the bill's refund requirements as well as the number of applicants who applied for a refund. The various licensing fees established under the Food Law generate approximately \$5.0 million per year in revenue for credit to the fund. Fund revenue is appropriated to support MDARD Food Safety and Quality Assurance programs. A material reduction in fund revenue would affect MDARD's ability to sustain Food Safety and Quality Assurance programs

POSITIONS:

A representative of the Michigan Licensed Beverage Association testified in support of HBs 4557 and 4561. (6-8-21)

The following entities indicated support for the bills (6-8-21):

- NFIB
- Michigan Realtors

The Michigan Restaurant and Lodging Association indicated support for HB 4557. (6-8-21)

The Michigan Liquor Control Commission indicated opposition to HB 4557. (5-25-21)

The Department of Licensing and Regulatory Affairs (LARA) indicated opposition to HBs 4558, 4559, and 4560. (5-25-21)

The Department of Agriculture and Rural Development (MDARD) indicated opposition to HB 4561. (6-8-21)

Legislative Analyst: Susan Stutzky
Fiscal Analysts: Marcus Coffin
William E. Hamilton

■ 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.