



Senate Fiscal Agency
P.O. Box 30036
Lansing, Michigan 48909-7536



Telephone: (517) 373-5383
Fax: (517) 373-1986

House Bill 4557 (Substitute H-2 as passed by the House)
House Bill 4558 (Substitute H-1 as passed by the House)
House Bill 4559 (Substitute H-1 as passed by the House)
House Bill 4560 (Substitute H-1 as passed by the House)
House Bill 4561 (as passed by the House)

Sponsor: Representative Pauline Wendzel (H.B. 4557)
Representative Annette Glenn (H.B. 4558)
Representative Andrew Fink (H.B. 4559)
Representative Beth Griffin (H.B. 4560)
Representative John R. Roth (H.B. 4561)

House Committee: Regulatory Reform
Senate Committee: Regulatory Reform

Date Completed: 9-14-21

CONTENT

House Bill 4557 (H-2) would amend the Michigan Liquor Control Code to waive certain annual liquor license renewal fees for the 2022 renewal.

House Bills 4558 (H-1), 4559 (H-1), and 4560 (H-1) would amend the Public Health Code, the State License Fee Act, and the Skilled Trades Regulation Act, respectively, to require the Department of Licensing and Regulatory Affairs (LARA) to offer a credit for or prorate the fee that would otherwise be required under each respective act for an initial license or registration or a renewal of a license or registration 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 under the Emergency Management Act or an emergency order issued under Section 2253 of the Public Health Code.

House Bill 4561 would amend the Food Law to allow for certain fees to be subject to a refund if a licensee met certain conditions during the preceding licensing year.

House Bill 4457 (H-2) would take effect on August 23, 2021. House Bills 4559 (H-1) and 4560 (H-1) would apply retroactively beginning January 1, 2020.

House Bills 4557 (H-2) and 4561 are discussed in greater detail below.

House Bill 4557 (H-2)

The Liquor Control Code requires license renewal fees to be paid for certain liquor licenses, including the following:

-- Watercraft, licensed to carry passengers, selling alcoholic liquor.

- Hotels of class A selling beer, wine, and mixed spirit drink.
- Hotels of class B selling beer, wine, mixed spirit drink, and spirits.
- Taverns, selling beer, wine, and mixed spirit drink.
- Class C establishments selling beer, wine, mixed spirit drink, and spirits.
- Clubs selling beer, wine, mixed spirit drink, and spirits.
- Brewpubs.
- Class G-1 and G-2.
- Motorsports events.
- Nonpublic continuing care retirement centers.
- Specially designated merchants, for selling beer, wine, or mixed spirit drink, for off-premises consumption only but not at wholesale, if the license is held in conjunction with an on-premises license.
- On-premises and off-premises tasting rooms.
- Banquet facility permits, catering permits, and Sunday sales permits issued to on-premises retailers and manufacturers with permits or licenses issued under Section 536.

Notwithstanding anything in the Code to the contrary, the bill would waive the above annual license renewal fees for the 2022 renewal.

House Bill 4561

Section 2125 of the Food Law requires the Department of Agriculture and Rural Development (MDARD) to charge certain fees for the following services: 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 Federal Food Code.

Section 3119 requires an applicant for a food service establishment license to pay to the local health department having jurisdiction the required fees under Section 2444 of the Public Health Code and certain additional State license fees. (Under Section 2444 of the Public Health Code, a local governing entity, or in the case of a district the district board of health, may fix and require the payment of fees for services authorized or required to be performed by the local health department.)

Section 4111 of the Law requires MDARD to impose certain license fees for the following: retail grocery, extended retail food establishment, food processor, limited food processor, mobile food establishment, temporary food establishment, special transitory food unit, mobile food establishment commissary, and food warehouse or vending company base location licenses, and food service establishment.

Section 4113 requires MDARD to impose certain late fees for a license renewal application and a new application submitted after an establishment has opened for business.

Section 4115 requires a water bottle or water dispensing machine owner to register with MDARD each brand of bottled water with a unique declaration of identity before the sale or offering for sale of the water. The application for registration must be made on a form prescribed by MDARD and include the proposed label or placard for the water and a prescribed registration fee.

Section 6137 generally governs the licensure of a special transitory food unit. Among other thing, a special transitory food unit license holder must, while in operation, request and receive two evaluations per licensing year spaced generally over the span of the operating season. A local health department and MDARD must charge a \$90 fee for such an evaluation.

Under the bill, the fees charged and paid under Sections 2125, 3119, 4111, 4113, 4115, and 6137 would be subject to a refund under Section 4118, which the bill would add.

The bill would add Section 4118 to the Law, which would require MDARD to refund a fee charged during the preceding licensing year under Section 2125, 3119, 4111, 4113, 4115, or 6137, if both of the following conditions were met: a) during the preceding licensing year a food establishment, shellfish dealer, water bottler, or water dispensing machine owner was subject to a qualified order and b) as a result of the qualified order, the food establishment, shellfish dealer, water bottler, or water dispensing machine owner experienced a 25% or more reduction in revenue during any quarter of the preceding licensing year.

"Licensing year" would mean the annual duration of the validity of a food establishment license, shellfish dealer certificate, and water bottler or water dispensing machine owner registration.

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

The Department of Agriculture and Rural Development would have to prescribe the form and manner in which a refund could be claimed.

Section 4118 would apply only to fees retained by MDARD. 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.

MCL 436.1525 (H.B. 4557)

Legislative Analyst: Christian Schmidt

Proposed MCL 333.16307a (H.B. 4558)

Proposed MCL 338.2204a (H.B. 4559)

Proposed MCL 339.5417a (H.B. 4560)

MCL 289.2125 et al. (H.B. 4561)

FISCAL IMPACT

House Bill 4557 (H-2)

The bill would have a significant negative fiscal impact on State and local units of government. The waiver of renewal fees for the 2022 renewal period would result a revenue loss of approximately \$9.0 million based on fiscal year 2019-20 data. Distribution of this revenue varies by license type. If the revenue were collected, approximately \$3.9 million would be distributed to local units of government and about \$3.0 million would be retained by the Michigan Liquor Control Commission for licensing and enforcement activities. Approximately \$1.25 million would fund alcoholism treatment programs, about \$680,000 in Sunday sales permits (AM) would be directed to the General Fund, and about \$12,000 would be directed to the Michigan Craft Beverage Council.

House Bill 4558 (H-1)

The bill would have a significant negative fiscal impact on State government and no fiscal impact on local units of government. Based on currently available data on license renewal fees, the waiver of fees for Public Health Code licenses under the bill would result in a loss of approximately \$8.9 million in fees. The loss would affect several restricted funds related to the regulation and licensing of the affected professions.

House Bill 4559 (H-1)

The bill would have a significant negative fiscal impact on State government and no fiscal impact on local units of government. Based on currently available data on license renewal fees, the waiver of fees for licenses under the bill would result in a loss of approximately \$17.7 million in fees. The loss would affect the Licensing and Regulation Fund.

House Bill 4560 (H-1)

The bill would have a significant negative fiscal impact on State government and no fiscal impact on local units of government. Based on currently available data on license renewal fees, the waiver of fees for licenses under the bill would result in a loss of approximately \$1.5 million in fees. The loss would affect a variety of restricted funds related to the regulation and licensing of the affected professions.

House Bill 4561

The bill would reduce fee revenue for credit to MDARD's State restricted Dairy and Food Safety Fund, in an amount that cannot be determined at this time. The amount of lost revenue would depend on the number of refund applications under the bill and the fee totals that met the bill's refund requirements. Licensing fees generate approximately \$5.0 million per year in revenue for the Fund and is appropriated to support MDARD Food Safety and Quality Assurance programs. Thus, a loss in revenue would have a varying degree of impact on MDARD's ability to fully sustain those programs.

Fiscal Analyst: Bruce Baker
Elizabeth Raczkowski

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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.