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SFA BILL ANALYSIS

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Senate Bill 512 (as introduced 5-20-97)
Sponsor: Senator Walter H. North
Committee: Economic Development, International Trade and Regulatory Affairs

Date Completed: 5-21-97

## CONTENT

**The bill would amend the Michigan Liquor Control Act to prescribe the responsibilities of authorized distribution agents (ADAs) concerning the delivery of spirits to a retailer in a location inaccessible to a motor vehicle.** An ADA would have to comply with the following delivery procedures:

-- The ADA would have to contact a retailer to confirm the quantity of cases or bottles, or both, and the exact dollar total of the order, after the order was processed.
-- The ADA would be responsible for coordinating the date and time a driver was scheduled to deliver the order to a ferry transport dock, arranging any ferry, drayage, or other appropriate service, and picking up the retailer's payment at that time.
-- The ferry transport company or other conveyance company would take the retailer's payment to the mainland dock and give it to the ADA's driver.
-- The ferry transport company or other transport company would bring the order to the drayage or other appropriate company at the island dock for immediate delivery to the retailer.
-- The drayage or other appropriate company would deliver the order to the retailer.

Further, the ADA would be responsible for the payment of all transportation and delivery charges, breakages, and shortages whether attributable to the ferry, drayage, or other company until the order was delivered to the retailer's establishment. This provision, however, would not prevent the ADA from seeking reimbursement or damages from any company conveying the ADA's product.

(Under the Act, an authorized distribution agent is a person authorized by the Liquor Control Commission (LCC) to store spirits owned by a supplier of spirits or the LCC; deliver spirits sold by the LCC to retail licensees; and/or perform any function needed to store or deliver spirits.)

MCL 436.3a Legislative Analyst: N. Nagata

## FISCAL IMPACT

This bill would require ADAs to provide delivery to those areas inaccessible to motor vehicles by contracting with another transportation company. These contracts would be an additional cost to the ADA, which would be responsible for reimbursing the transportation companies for this service. Currently, the ADAs are reimbursed $5.67 per case by the State for the warehousing and delivery of liquor products, which will result in a loss of revenue to the State of approximately $3.8 million. Should the ADAs request an increase in this per case fee to cover those additional costs, then there would be an additional loss of revenue to the State depending on the level at which the fee was set.

Fiscal Analyst: M. Tyszkiewicz

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