

Legislative Analysis



ALLOW DISCOUNT LIQUOR PRICES

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Senate Bill 456

Sponsor: Sen. Alan Sanborn

House Committee: Regulatory Reform

Senate Committee: Economic Development, Small Business and Regulatory Reform

Complete to 9-26-05

A SUMMARY OF SENATE BILL 456 AS PASSED BY THE SENATE 6-22-05

Spirits (such as vodka, whiskey, or gin) sold for off-premises consumption must be sold at a state-established minimum retail price, fixed by the Michigan Liquor Control Commission. Senate Bill 456 would provide for an exception to allow licensees to sell spirits below the minimum retail price "in order to dispose of inventory," with the approval of the LCC. Licensees who sell spirits for off-premises consumption are known as specially designated distributors, or SDDs.

Under the bill, the LCC could, by rule or order, allow an SDD to sell alcoholic liquor at less than the minimum retail selling price in order to dispose of inventory at a price and under conditions and procedures established through that rule or order.

MCL 436.1229

FISCAL IMPACT:

Since the demand for liquor is relatively unresponsive to price changes, a price decrease should result in lower State of Michigan sales tax revenue. However, this bill would simply reinstate a practice that had been in place until amendments to the Michigan Liquor Control Code of 1998 took effect on November 29, 2004. Therefore, there is not enough sales history under the current law to indicate its true impact compared to allowing discounting below the minimum price. This analysis is preliminary and will be revised as new information becomes available.

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