



Senate Fiscal Agency  
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## BILL ANALYSIS

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House Bill 6449 (Substitute H-3 as passed by the House)  
Sponsor: Representative Jerry O. Kooiman  
House Committee: Regulatory Reform  
Senate Committee: Economic Development, Small Business and Regulatory Reform

Date Completed: 12-6-06

**CONTENT**

**The bill would amend the Michigan Liquor Control Code to require a liquor license application to contain a notice of the buyer's potential liability for the previous owner's tax debts, advising the buyer to request from the seller a tax clearance certificate indicating that all taxes had been paid, and stating that sellers could request a tax clearance certificate through the Department of Treasury.**

Specifically, the application for initial licensure or for a transfer of a license would have to contain a notice in substantial compliance with the following:

When purchasing a license, a buyer can be held liable for tax debts incurred by the previous owner. Prior to committing to the purchase of any license or establishment, the buyer should request a tax clearance certificate from the seller that indicates that all taxes have been paid up to the date of issuance. Obtaining sound professional assistance from an attorney or accountant can be helpful to identify and avoid any pitfalls and hidden liabilities when buying even a portion of a business.

Sellers can make a request for the tax clearance certificate through the Michigan Department of Treasury.

MCL 436.1501

Legislative Analyst: Suzanne Lowe

**FISCAL IMPACT**

The bill would have a minimal fiscal impact on State government. Staff from the Department of Labor and Economic Growth indicate that the notice required by the bill could be distributed with existing mailings at little additional cost. The Department of Treasury also would incur minimal costs for providing the tax clearance certificates. It is unlikely that the bill would have a significant impact on the Department of Treasury's collection of taxes attached to liquor licenses.

Fiscal Analyst: Elizabeth Pratt  
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