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

BILL ANALYSIS

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

House Bill 5140 (Substitute S-2 as reported)
Sponsor: Representative John Walsh
House Committee: Regulatory Reform
Senate Committee: Regulatory Reform

CONTENT

The bill would amend the Michigan Liquor Control Code to do the following:

-- Allow an escrowed specially designated distributor (SDD) license to be transferred to an applicant whose proposed operation was located within any local unit in the county in which the SDD license was located, with the consent of the Liquor Control Commission.
-- If an SDD license were activated in a local unit other than the one in which it was originally issued, require the Commission to count the activated license against the original local unit's quota.
-- Limit the number of SDD licenses that could be approved for transfer within a county each year to 10 in 2014, 20 in 2015, and 30 in 2016; and specify that the number of transfers would be unlimited after December 31, 2016.
-- Exempt an intracounty SDD transfer under the bill from a rule that prohibits the Commission from approving the transfer of the location of an SDD license outside the governmental unit for which it was issued, except upon a showing of good cause by the applicant (R 436.1135(8)).
-- Increase from 10 to 15 the number of additional SDD licenses that the Commission may issue in a local unit having a population of 50,000 or less to an established merchant whose business and operation are designed to accommodate tourists and visitors to a resort area.
-- Require a person applying for a resort SDD license to state that the person attempted to secure an escrowed SDD license or quota license, which was not readily available in the county in which the applicant proposed to operate.

The Code defines "specially designated distributor" as a person engaged in an established business licensed by the Commission to distribute spirits and mixed spirit drink in the original package for consumption off the premises.

MCL 436.1531 Legislative Analyst: Patrick Affholter

FISCAL IMPACT

The bill would have a neutral fiscal impact on both the State and local units of government. Under the bill, the Liquor Control Commission would be allowed to issue more specially designated distributor licenses each year. The issuance of additional licenses would increase costs for both the Commission and local units of government, but increased license fee revenue from the license applications would likely mitigate these additional costs.

Date Completed: 12-12-13 Fiscal Analyst: Josh Sefton