Senate Fiscal Agency
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BILL ANALYSIS

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Senate Bill 320 (as introduced 5-15-19)
Sponsor: Senator Peter MacGregor
Committee: Regulatory Reform

Date Completed: 6-18-19

CONTENT

The bill would amend the Michigan Liquor Control Code to delete the bonding requirement that must be fulfilled before the approval and granting, or renewal, of a license under the Code.

The Code authorizes the Michigan Liquor Control Commission to issue licenses as provided in the Act on the payment of listed fees and the filing of the bonds required in the Code under Section 801 (described below) or liability insurance as provided in the Code. The bill would delete the reference to the bond requirement in Section 801.

Section 801 specifies that, except as otherwise provided, before the approval and granting, or renewal, of a license, the following licensees or applicants for that license must make, execute, and deliver to the Commission a bond executed by a surety company authorized to do business in Michigan or, in the discretion of the Commission, by approved personal surety running to the people of the State, in the following amounts:

-- For a manufacturer of beer, wine, or mixed spirit drink, and an outstate seller of beer, wine, or mixed spirit drink, a bond in an amount equal to 1/12 of the total beer, mixed spirit drink, or wine excise tax paid to the State in the last calendar year or a bond in the sum of $1,000, whichever is greater, for the faithful performance of the conditions of the license issued and for compliance with the Code.
-- For a special license authorizing the sale of beer, mixed spirit drink, wine, or spirits for consumption on the premises, a bond in the sum of $1,000, which must remain in effect for 60 days after the special license expires (although a bond is not required for a church or school).

The bill would delete these provisions from Section 801.

The Code also specifies that it does not apply to the purchase of alcoholic liquor for use in the manufacture of toilet, medicinal, or antiseptic preparations or solutions, or any flavoring extract or patent or proprietary medicines or preparations, by a manufacturer using alcoholic liquor exclusively for the manufacturing purposes and licensed by the Commission (which license expires on May 1 following the date of its issuance.) A license issued for this use is predicated on the payment of an annual fee of $10, and the furnishing of a bond or bonds as the Commission requires running to the people of the State, for the faithful performance of the conditions of the license and compliance with the Code. The bill would delete the bond requirement.

MCL 436.1207 et al. Legislative Analyst: Drew Krogulecki

FISCAL IMPACT

The bill likely would have a minor positive fiscal impact on the Department of Licensing and Regulatory Affairs and no fiscal impact on local government. The Michigan Liquor Control Commission could experience cost savings of indeterminate, but minimal, magnitude as it no longer would have to collect and administer the bonds.

Fiscal Analyst: Elizabeth Raczkowski

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