

PRORATE LIQUOR LICENSES QUARTERLY

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House Bill 4710 as introduced
Sponsor: Rep. Steven Johnson
Committee: Regulatory Reform
Revised 9-28-21

Analysis available at
<http://www.legislature.mi.gov>

SUMMARY:

House Bill 4710 would amend the Michigan Liquor Control Code to require the fee for the initial or transfer license of various liquor licenses to be prorated on a quarterly basis for a portion of the effective period of the license.

The Michigan Liquor Control Commission (MLCC) issues numerous types of liquor licenses for those who manufacture, deliver, or sell beer, wine, or spirits. Licenses in each class are valid for one year, from May 1 to April 30 of the following year, which means that every liquor license must be renewed by April 30 of each year.

Currently, the act requires an applicant for a new or renewal license, or an applicant who wishes to transfer a license to a new location or to a new owner, to submit the applicable license fee at the time of application for the license (whether original, renewal, or transfer). If approved, MLCC issues an order to the applicant that the license is approved along with instructions for completing the approval process, if needed. For example, a final inspection may be needed before the license can be issued. According to MLCC, once the approval is finalized, a licensee can pick up the license (or have it mailed) or delay the license's effective date. For instance, some applicants for a new or transfer license may choose to have the license be effective in early May if the final approval is close to the April 30 renewal deadline.

If the license or transfer request is denied, the fee is not refunded. In addition, the act specifically prohibits fees for the various types of licenses from being prorated for the effective period of the license. Thus, an applicant who submits a full license fee and receives an initial license close to the April 30 renewal deadline must still renew the license by that April 30.

MCL 436.1525 and 436.1529

BACKGROUND:

House Bill 4710 is similar to HB 4507 of the 2017-18 legislative session as that bill was reported from the House Regulatory Reform committee. HB 4507 differed from HB 4710 in providing that the license fee not be paid until *after* approval and upon issuance of the license.

FISCAL IMPACT:

House Bill 4710 would have a significant fiscal impact on state and local units, mainly by reducing revenues by an indeterminate amount. Revenues that the bill would impact are distributed to local governments, the Michigan Liquor Control Commission, alcoholism programming, and the Craft Beverage Council in the Michigan Department of Agriculture and Rural Development.

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■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations and does not constitute an official statement of legislative intent.