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BILL ANALYSIS

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Senate Bill 125 (as introduced 2-10-21) *(Senate-passed version)*
Sponsor: Senator Kevin Daley
Committee: Regulatory Reform

Date Completed: 3-1-21

CONTENT

The bill would amend the Michigan Liquor Control Code to require that club license fees be prorated for the period of the license that the licensee was prohibited from offering indoor service under a qualified order.

The Code generally requires the license fees for various license types to be paid when the application is filed. This applies to clubs selling beer, wine, mixed spirit drinks, and spirits. A club license costs $300 if a club has 150 or fewer members, and $1 more for each member in excess of 150, up to $750. The Code prohibits the specified license fees, including those set for club licenses, from being prorated for a portion of the effective period of the license for any reason.

The bill would require club license fees to be prorated for the portion of the effective period of the license that the licensee was prohibited from offering indoor service under a qualified order. "Qualified order" would mean any of the following issued in response to the COVID-19 epidemic: a) an emergency order under Section 2253 of the Public Health Code, or b) a state of disaster or state of emergency declared under the Emergency Management Act.

MCL 436.1525 Legislative Analyst: Christian Schmidt

FISCAL IMPACT

The bill would have a negative fiscal impact on State government and on local units of government. The Michigan Liquor Control Commission (MLCC) collected approximately $460,000 in club license renewal fees for fiscal year (FY) 2019-20. The MLCC retains 41.5% of this revenue for licensing and enforcement and 55% is distributed to local units of government. The remaining 3.5% is used for alcoholism prevention programs.

Under the bill, the MLCC would have to prorate club license fees for approximately five months, the amount of time qualified orders were in effect. Based on FY 2019-20 collections, this would result in about $200,000 in total lost restricted fund revenue. In accordance with the distribution described above, this would result in about $110,000 less to local governments and about $85,000 less for licensing and enforcement activities. The exact amount of reduced revenue would depend upon the license renewals due and the specific length of time used to calculate the proration. The MLCC also could incur costs related to administration and processing; however, the costs associated with this activity likely would be accommodated by current appropriations.

Fiscal Analyst: Elizabeth Raczkowski