



Senate Fiscal Agency  
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Senate Bill 88 (as reported without amendment)

Sponsor: Senator Roger Hauck

Committee: Regulatory Affairs

### **CONTENT**

The bill would amend the Liquor Control Code to prescribe administrative fees for a liquor retailer that made a dishonored payment to a wholesaler. Specifically, if a retailer made a dishonored payment to a wholesaler, the wholesaler would have to require the retailer to pay the wholesaler the following administrative fees:

- \$50 for the first dishonored payment.
- \$100 for a second dishonored payment within 12 months of the first.
- \$150 for a third dishonored payment within 12 months of the first.
- \$200 for a fourth dishonored payment within 12 months of the first.
- \$250 for a fifth or subsequent dishonored payment within 12 months of the first.

MCL 436.1903b

### **BRIEF RATIONALE**

According to testimony before the Senate Committee on Regulatory Affairs, an increasing number of incidents have been reported of liquor retailers bouncing checks or temporarily defaulting on electronic fund transfer payments as a regular part of doing business. This can hurt a wholesaler's ability to remit tax payments to the State. Some have argued that the State should deter retailers from defaulting by requiring them to pay a fee for each dishonored payment.

### **FISCAL IMPACT**

The bill would have no fiscal impact on State or local units of government. The bill would prescribe new penalties for dishonored payments to wholesalers, payable to those wholesalers. Currently, the Act also allows the Liquor Control Commission to assess a penalty, payable to the Commission and deposited in the General Fund, for any violation of Code, including dishonored payments to wholesalers. The penalty payable to the Commission is not changed.

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