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BILL ANALYSIS

Senate Fiscal Agency

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H.B. 4381 (5-26-87)

House Bill 4381 (as reported without amendment)

Sponsor: Representative Carl F. Gnodtke

House Committee: Liquor Control

Senate Committee: Regulatory Affairs

Date Completed: 5-26-87

RATIONALE

The Liquor Control Act contains a number of exceptions to its general requirement that all sales of alcoholic beverages be for cash. One of these exceptions allows restaurants to extend in-house credit for 30-day periods to professional and industrial accounts. This would apply, for example, to a business person who must entertain many clients. The law, however, does not permit nonprofessional individuals to have monthly accounts at restaurants. In order to allow restaurants to extend 30-day credit to anyone, it has been suggested that "professional" be defined to include all individuals and incorporate current limitations that restrict the use of such accounts to restaurants for 30-day periods.

CONTENT

The bill would amend the Liquor Control Act to define "professional account" as an extension of credit to a person for not more than 30 days by an establishment that is licensed to sell alcoholic beverages for consumption on premises, and has as its major business the sale of food.

MCL 436.2d

FISCAL IMPACT

The bill would have no fiscal impact on State or local government.

ARGUMENTS***Supporting Argument***

The bill would make the liquor law more equitable by allowing restaurants to extend credit to any individual customers they wished, not just those who are considered to be "professionals".

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