

MODIFY LIQUOR CODE FINES

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House Bill 4935

Sponsor: Rep. Kurt Heise

Committee: Regulatory Reform

Complete to 9-22-14

A SUMMARY OF HOUSE BILL 4935 AS INTRODUCED 8-28-13

House Bill 4935 would modify fines associated with certain violations of the Michigan Liquor Control Code in the following ways.

The bill would amend Section 903 of the code. Currently, a fine levied under Section 903 is not to exceed \$300 for each violation of the act or of rules promulgated under the act, except for violations involving furnishing alcohol to a minor, which have a maximum fine of \$1,000. The bill would (1) change the basic fine amount to not less than \$100 but not more than \$750 per violation of the act or rules promulgated under the act; and (2) remove a maximum fine of \$1,000 for violations of Section 801(2), furnishing alcohol to a minor, and instead create a new penalty structure for furnishing alcohol to a minor and other *critical violations* based upon the number of infractions over a certain time period.

Critical violations would be defined as a violation of the following sections of the Liquor Code: Section 801(2) (Furnishing alcohol to a minor); Section 203 (Sale, delivery, or importation of alcoholic liquor or wine); Section 217(1), (2), or (3) (Cooperating with commission investigations); Section 901(1) (General compliance with act); Section 916(1), (2), or (3) (Entertainment on licensed premises); Section 1114(2) (Sunday liquor sales); or Section 1115(1) (Sale of spirits or mixed spirit drink on Sunday).

The definition would also apply to violations of the following rules in the Michigan Administrative Code: R 436.1011(1), (2), or (4) (Prohibited conduct of licensees, agents, or employees); R 436.1031(1) (Selling alcohol while license suspended); or R 436.1527 (Requirements for delivery of liquor to persons of legal age).

Potential penalties for *critical violations* are as follows:

- A first violation: a fine of \$1,000-\$2,000 and/or a license revocation or suspension for 1-10 days.
- A second violation within 24 months: a fine of \$2,000-\$3,000 and/or a license revocation or suspension for 11-20 days.
- A third violation within 24 months: a fine of \$3,000-\$4,000 and/or a license revocation or suspension for 21-30 days.
- A fourth or subsequent violation within 24 months: a license revocation or suspension for 60 days.

The commission would be required to hold a hearing and order the suspension or revocation of a license if the licensee has been found liable for three or more separate incidents of furnishing alcohol to a minor which occurred on different occasions within a 24-month period, unless such violations for the sale, furnishing, or giving of alcoholic liquor to a minor were discovered by the licensee and disclosed to an appropriate law enforcement agency immediately upon discovery.

There would be *enhanced penalties* for a retail licensee who sells, furnishes, or gives alcoholic liquor to a minor who is less than 17 years of age, upon due notice and proper hearing. Those penalties would be:

- A first violation: a fine of \$2,000-\$3,000 and/or a license revocation or suspension for 1-10 days.
- A second violation within 24 months: a fine of \$3,000-\$4,000 and/or a license revocation or suspension for 11-20 days.
- A third violation within 24 months: a fine of \$4,000-\$5,000 and/or a license revocation or suspension for 21-30 days.
- A fourth or subsequent violation within 24 months: a license revocation or suspension for 60 days.

MCL 436.1903

FISCAL IMPACT:

House Bill 4935, as introduced, would have a positive fiscal impact on the General Fund (GF/GP) of the state to the extent that the increased monetary penalties result in increased collection of penalty revenue. However, collection of penalty revenue could, though likely not substantially, be reduced to the extent that the increased monetary penalties result in increased compliance with the Liquor Control Code of 1998 and rules promulgated under the Code. As of the drafting of this analysis, data were not available to estimate the approximate increase in penalty revenue that would result from HB 4935.

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