

Legislative Analysis



INCREASE ALCOHOLIC LIQUOR DISCOUNT

Phone: (517) 373-8080
<http://www.house.mi.gov/hfa>

House Bill 4757 as introduced
Sponsor: Rep. Samantha Steckloff

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

House Bill 4758 as introduced
Sponsor: Rep. Graham Filler

Committee: Regulatory Reform
Complete to 12-10-24

SUMMARY:

House Bill 4757 would amend the Michigan Liquor Control Code to increase the amount that on-premises licensees can deduct from the price of alcoholic liquor bought from the state. Currently, these licenses are entitled to a 17% discount for eligible purposes.¹ Under the bill, this discount would be increased to 35%.

MCL 436.1233

House Bill 4758 would amend the Michigan Liquor Control Code to prohibit the Michigan Liquor Control Commission (MLCC) from considering a *qualified violation* that is older than two years when making a decision regarding issuing, denying, suspending, or revoking a *license*. The two-year threshold would be calculated from the date of the act that resulted in the qualified violation.

A *qualified violation* would mean a violation of the act other than a *crime* or a state civil infraction.

A *crime* would mean an act or omission forbidden by law that is not designated as a civil infraction and is punishable upon conviction by one or more of the following:

- Imprisonment.
- A fine not designated a civil fine.
- Removal from office.
- Disqualification to hold an office of trust, honor, or profit under the state.
- Other penal discipline.

License is defined in the code as a contract between the MLCC and the licensee that grants that licensee the authority to manufacture and sell, sell, or warehouse alcoholic liquor in the manner provided by the code.

Proposed MCL 436.1910

The bills are tie-barred, which means that neither can take effect unless both are enacted.

¹ Under a provision enacted during the COVID-19 pandemic, the discount was temporarily increased to 23% from July 1, 2020 until July 1, 2021.

FISCAL IMPACT:

House Bill 4757 would significantly reduce general fund revenues from the Liquor Purchase Revolving Fund (LPRF). Pursuant to statute, the LPRF transfers net income to the state general fund at the end of each fiscal year.

Based on the most recent financial report available (FY 2022), the existing 17% licensee discount totaled \$323.8 million. Increasing the licensee discount to 35% would increase the licensee discount payment by approximately \$341.3 million. In FY 2022, the transfer to the state general fund totaled \$327.4 million, so the provisions of the bill would result in a revenue loss (\$341.3 million) that more than offset the net income transfer to the general fund (\$327.4 million), which would presumably necessitate additional reductions in Liquor Control Commission operations.

House Bill 4758 would have an indeterminate fiscal impact on the Michigan Liquor Control Commission, housed within the Department of Licensing and Regulatory Affairs (LARA). The bill would not allow the MLCC to consider violations that occurred at least two years ago when making licensing determinations. The number of applicable violations is unknown, though would likely be small. The bill is likely to have minimal to no impact on license volumes and associated department revenues and costs. The bill would have no fiscal impact on any other units of state or local government.

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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.