



Senate Fiscal Agency
P.O. Box 30036
Lansing, Michigan 48909-7536



Telephone: (517) 373-5383
Fax: (517) 373-1986

Senate Bill 732 (as introduced 2-28-24)
Sponsor: Senator Paul Wojno
Committee: Regulatory Affairs

Date Completed: 5-7-24

CONTENT

The bill would amend the Liquor Control Code to require the Liquor Control Commission to conduct a financial viability review of a liquor vendor under certain conditions.

Specifically, the Commission would have to conduct a review of the financial viability of a vendor if any of the following applied:

- The vendor failed to pay another vendor for the purchase of liquor three or more times in 12 consecutive months.
- The vendor failed to pay taxes in violation of the Code.
- The vendor sold or furnished alcoholic liquor to a minor two or more times in 12 consecutive months.
- The county, city, township, or village where the vendor was located requested by resolution approved by a majority of the municipality's legislative body that the Commission conduct a review.
- The vendor was convicted of a financial crime, including fraud, forgery, counterfeiting, embezzlement, or tax evasion.
- The vendor failed to pay sales tax.
- The vendor failed to pay property tax.
- The vendor refused to pay the cash refund for container deposits.

A financial review required under the bill would have to include a review of the vendor's balance sheets, income statements, cash flow statements, and tax returns for the three preceding years.

If the Commission determined that the vendor subject to a review was not financially viable, the Commission would have to suspend the license for one year and require the license to be placed in escrow. If the Commission determined that the vendor was financially viable, the vendor would have to pay a \$1,000 administrative fee to be deposited into the Liquor Control Enforcement and License Investigation Revolving Fund. If a vendor that was determined not financially viable proved that the vendor had become financially viable during the suspension, the Commission would have to reinstate the license at that time. If at the conclusion of the suspension the vendor remained not financially viable, the Commission would have to revoke the license.

As used in the bill, "financially viable" would mean the ability to pay for goods and services, make debt service payments, and pay other obligations as they are due.

Proposed MCL 436.1804

FISCAL IMPACT

The bill would have an indeterminate positive fiscal impact on State government and no fiscal impact on local units of government. The impact would depend on the number of vendors that meet the criteria listed by the bill and the administrative fees assessed. Fines paid for violations of the bill would be deposited into the Liquor Control Enforcement and License Investigation Revolving Fund, which is expended for the enforcement of the Code.

Fiscal Analyst: Nathan Leaman

SAS\S2324\s732sa

This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.