



Senate Fiscal Agency
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Senate Bill 731 (Substitute S-2 as reported)
Sponsor: Senator Roger Hauck
Committee: Regulatory Affairs

CONTENT

The bill would amend the Liquor Control Code to prescribe fines for a liquor retailer that defaulted on tax payments or payments to wholesalers.

Currently, a retailer is in violation of the Code and subject to penalties if the retailer or the retailer's clerk, servant, agent, or employee makes a payment to a wholesaler, the Liquor Control Commission, or the State by any means that has been dishonored by a financial institution for lack of sufficient funds.

Under the bill, a retailer would be in violation of the Code if the retailer or the retailer's clerk, servant, agent, or employee made a payment to a wholesaler by any means that had been dishonored by a financial institution *for any reason*.

A wholesaler would have to require a retailer that made a dishonored payment to the wholesaler to pay the wholesaler an administrative fee as follows:

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

MCL 436.1903b

BRIEF RATIONALE

According to testimony, an increasing number of incidents have been reported of 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 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 violations of the bill and the number of repeated violations within a single year. 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.

Date Completed: 6-13-24

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