

## PROHIBIT LIQUOR CONTROL COMMISSION FROM USING CERTAIN VIOLATIONS OLDER THAN TWO YEARS IN LICENSING DECISIONS

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House Bill 5387 as reported from committee

Sponsor: Rep. TC Clements

Committee: Regulatory Reform

Complete to 11-9-22

### SUMMARY:

House Bill 5387 would amend the Michigan Liquor Control Code to prohibit the Michigan Liquor Control Commission (MLCC) from considering a *qualified violation* 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

### BACKGROUND AND DISCUSSION:

According to testimony provided by an industry group representing licensed retailers, because there is no timeline for when violations incurred by a licensed business no longer apply to licensing decisions, some licensees and prospective licensees are encountering issues in obtaining and transferring licenses due to older infractions that often predate their involvement in a business. Additionally, supporters of the bill note that many violations are the result of employee behavior and that, with turnover being high in their businesses, often the employees responsible for violations are no longer working at the licensee when the violations are brought up during a license renewal.

Those opposed to the bill voiced concern with the proposed time frame being only two years, arguing that it would become difficult for the MLCC to determine and respond to patterns of behavior if it can use only the prior two years in licensing decisions.

**FISCAL IMPACT:**

House Bill 5387 would not have a direct fiscal impact on any state or local governmental units.

**POSITIONS:**

A representative of the Michigan Petroleum Association testified in support of the bill.  
(9-20-22)

The following entities indicated support for the bill:

- Michigan Licensed Beverage Association (9-21-22)
- Michigan Retailers Association (9-20-22)
- Michigan Restaurant Association (9-20-22)
- Michigan Independent Retailers Association (9-20-22)

The Michigan Liquor Control Commission indicated opposition to the bill. (9-20-22)

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