



STATE OF MICHIGAN
EXECUTIVE OFFICE
LANSING

RICK SNYDER
GOVERNOR

BRIAN CALLEY
LT. GOVERNOR

December 26, 2014

Michigan House of Representatives
State Capitol Building
Lansing, Michigan 48913

Ladies and Gentlemen:

House Bill No. 4573 amends several sections of the Michigan Liquor Control Code of 1998 (Code).

First, it amends Section 525 and Section 529 to require the fees for the issuance of a new liquor license and the transfer of ownership or interest in an existing liquor license be prorated on a quarterly basis when that license that will be effective for less than nine months.

The bill then amends Section 541 of the Code to allow the holder of a Specially Designated Merchant (SDM) license at a primary location to also sell beer and wine at a secondary location under certain conditions.

The bill also amends Section 903 of the Code to limit the penalty for multiple and repeat violations for sale to a minor, sale to a visibly intoxicated person, or the purchase of alcoholic liquor by a licensee from other than the Liquor Control Commission (the Commission), the Commission's authorized agent or distributor, an authorized distribution agent, or a licensee of the Commission authorized to sell that alcoholic liquor to a retail licensee.

There are elements of this bill that I could support. Adoption of prorated fees for liquor licenses is a sensible reform. However, the Commission estimates that adoption of the bill's prorated fee system would result in a revenue reduction of between \$500,000 and \$600,000 annually. This bill fails to address that loss of revenue.

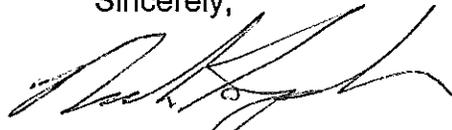
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I am also concerned about the impact of the amendment to Section 903 of the Code. Currently, this section requires the Commission to hold a hearing to suspend or revoke the license of a licensee that has been found liable for three or more violations of selling, furnishing, or giving alcoholic liquor to a minor or visibly intoxicated person, or other enumerated violations within a 24-month period. These are serious violations, and maintaining this type of review for repeat offenders is important to the health, safety, and welfare of the public.

The bill before me amends Section 903 to provide that predicate violations must occur "in the same building" before the Commission can hold a hearing to suspend or revoke the license. There are a large number of licensees that serve alcohol in more than one building. In those cases, three violations at one building would be required before a Section 903 hearing. As a result, a licensee with several service locations could accumulate more than three violations before being subject to a Section 903 hearing. That lessens the ability of the Commission to protect public health.

For these reasons I am vetoing HB 4573.

Sincerely,

A handwritten signature in black ink, appearing to read "Rick Snyder", with a stylized flourish extending to the right.

Rick Snyder
Governor