

Senate Fiscal Agency
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SFA

BILL ANALYSIS

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Senate Bill 527 (Substitute S-1 as reported by the Committee of the Whole)
Sponsor: Senator Shirley Johnson
Committee: Economic Development, International Trade and Regulatory Affairs

CONTENT

The bill would amend the Michigan Liquor Control Code to require the Liquor Control Commission, by January 1, 2003, to provide for an integrated on-line ordering system for retail liquor licensees to place orders for spirits from authorized distribution agents (ADAs). The system would have to allow retail licensees to order all brands and types of spirits from the Commission and provide the order to the appropriate ADAs.

The Commission could enter into any agreements or contracts with private or other public entities, as provided for or allowed by law, to establish the integrated on-line ordering system. A licensee or ADA could not have a direct or indirect interest in a person with whom the Commission contracted or entered into an agreement to establish the system.

The Code requires that an authorized distribution agent deliver to each retailer located in its assigned distribution area on at least a weekly basis, if the order meets minimum requirements. An ADA must provide retailers access to a computer application that includes the capability to determine whether certain spirits are currently available for delivery; under the bill, this requirement would apply until the on-line ordering system was activated. Beginning on the date the system was established, the Commission would have to provide for an integrated on-line ordering system for spirits and require any ordering system that existed on the bill's effective date to continue. The bill also would allow the Commissioner, in weeks accompanying a State holiday, to order a modified delivery schedule that did not require a retailer to wait more than nine days between deliveries.

Currently, an ADA who becomes licensed as a wholesaler may not be appointed to sell or distribute a brand of wine in an area for which a wholesaler has been assigned or authorized to sell or distribute that brand under an agreement required by the Code. A wholesaler who becomes an ADA may not be appointed to sell or distribute a brand of wine to a retailer in an area for which another wholesaler has been assigned to sell or distribute that brand, if the wholesaler was not selling or distributing that brand in that area on or before September 24, 1996. The bill generally would retain these restrictions in regard to selling a brand of wine; the bill would delete references to distributing.

MCL 436.1205 et al.

Legislative Analyst: S. Lowe

FISCAL IMPACT

The cost of the proposed on-line ordering system, which is unknown at this time, would be covered with Liquor Purchase Revolving Fund revenue. As the balance of this Fund is deposited into the General Fund, any additional expenditures would reduce the amount deposited at the end of the year.

Date Completed: 12-5-01

Fiscal Analyst: M. Tyszkiewicz