

Legislative Analysis



LICENSE SANCTIONS FOR FRAUDULENT FOOD ASSISTANCE PROGRAM BENEFIT TRANSACTIONS

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House Bill 4360

Sponsor: Rep. Gail Haines

House Bill 4361

Sponsor: Rep. Roger Victory

Committee: Regulatory Reform

Complete to 4-5-13

A SUMMARY OF HOUSE BILLS 4360 & 4361 AS INTRODUCED 3-5-13

The bills would allow the Liquor Control Commission and the Lottery Commissioner to sanction their respective licensees for fraudulent transactions for food assistance program benefits related to the sale of lottery tickets or alcoholic liquor. Licensees that are convicted or administratively disqualified would be subject to a 60-day license suspension for a first offense and revocation of a license for a second or subsequent offense.

House Bill 4360 would add a new Section 903a to the Liquor Control Code to require the Liquor Control Commission to impose penalties on licensees involved in fraudulent transactions for food assistance program benefits related to sale of alcoholic liquor.

Specifically, a licensee would be subject to penalty if convicted or found to be administratively disqualified as the result of an electronic transaction for food assistance program benefits involving an item other than eligible food and that is related to the sale of alcoholic liquor under the licensee's liquor license. Upon due notice and a proper hearing, the commission would be required to impose a 60-day license suspension for a first violation and revocation of a license for a second or subsequent violation. Sanctions imposed under the bill could be appealed as provided for in the act.

Proposed MCL 436.1903a

House Bill 4361 would add a new Section 24 to the State Lottery Act to require the Lottery Commissioner to impose penalties on licensees involved in fraudulent transactions for food assistance program benefits related to the sale of lottery tickets.

Specifically, a licensee would be subject to penalty if convicted or found to be administratively disqualified as the result of an electronic transaction for food assistance program benefits that involves an item other than eligible food and that is related to the sale of a lottery ticket under a lottery sales license. Upon due notice and a proper hearing, the Lottery Commissioner would be required to impose a 60-day license

suspension for a first isolation and revocation of a license for a second or subsequent violation. Sanctions imposed under the bill could be appealed as provided for in the act.

Proposed MCL 432.24

FISCAL IMPACT:

House Bill 4360 would have an indeterminate, yet likely minor, negative fiscal impact on the Liquor Control Commission (LCC) to the extent that the violations under House Bill 4360 occur. Such violations would increase administrative costs pertaining to hearings held to impose the sanctions under House Bill 4360 and hearings of licensees' appeals of the sanctions imposed under House Bill 4360.

House Bill 4361 will have an indeterminate fiscal impact on the Bureau of State Lottery. Any lottery revenue loss under the provisions of the bill is anticipated to be minimal. The Bureau of State Lottery will likely realize increased administrative and oversight costs; however, no estimate is available at this time.

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■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.