



Michigan Department of Licensing & Regulatory Affairs
MICHIGAN LIQUOR CONTROL COMMISSION (MLCC)
7150 Harris Drive, P.O. Box 30005
Lansing, Michigan 48909-7505

Michigan Wine Maker & Small Wine Maker Requirements and General Information

A **“Wine Maker”** license is issued by the Michigan Liquor Control Commission (“Commission”) to a person located in Michigan to manufacture wine and to sell, at wholesale or retail, wine manufactured by that person.

- MCL 436.1113(9)

A **“Small Wine Maker”** means a Wine Maker that manufactures or bottles not more than 50,000 gallons of wine in 1 calendar year.

- MCL 436.1111(9)

A Wine Maker/Small Wine Maker License:

- May sell wine they manufacture to licensed Michigan wholesalers and to licensed Michigan retailers.
- May offer free or may include a charge for samples to consumers from the winery premises.
- May sell wine they manufacture directly to consumers for off-premises consumption (take-out) from the winery premises.
- May sell wine they manufacture to consumers for on-premises consumption at the winery in conjunction with a restaurant at the winery premises.
- Must obtain a “Wine Producer’s” Basic Permit from Alcohol, Tobacco Tax and Trade Bureau (“TTB”).
- \$100.00 annual license fee for Wine Maker; \$25.00 annual license fee for Small Wine Maker. License renews annually on May 1.

Applicants must submit the following documents:

- LICENSE APPLICATION - “Application for New License, or Application of Buyers for Transfer of Ownership or Interest in License” (Form LC-687). See pages 2 & 3 for additional documents required of corporate, LLC and partnership applicants.
- INSPECTION FEE - A \$70.00 nonrefundable inspection fee is required to authorize the field investigation.
- LICENSE FEE – License fee is due and payable at the time of filing the initial application. Small Wine Maker: \$25.00 Wine Maker: \$100.00. (Check payable to “State of Michigan”. You may submit one check for both the inspection and license fee.)
- BOND APPLICATION - Surety Bond (Form MW-816) executed by an insurance company authorized to do business in Michigan, in the amount of \$1,000.00 for the initial license. Subsequent year’s surety bond will be the greater of average monthly wine excise taxes or \$1,000.00. Bond application will be mailed to applicant upon Commission approval of application.
- PROOF OF FINANCIAL RESPONSIBILITY - Requirement to provide security for liability of not less than \$50,000. May be in the form of cash, unencumbered securities, liquor liability insurance, constant value bond, or membership in a group self-insurance pool authorized by law that provides security for liability under Section 436.1803 of the Liquor Control Code. Proof of Financial Responsibility (Form LC-95) will be mailed to applicant upon Commission approval of application.

- **FEDERAL BASIC PERMIT** – “Wine Producer’s” Basic Permit, issued by the Alcohol, Tobacco Tax and Trade Bureau (“TTB”). The Federal Basic Permit does not have to be submitted with the initial application. Issuance of this Permit by TTB will need to be verified prior to the Commission issuing a license.

For Basic Permit info contact:

Alcohol and Tobacco Tax and Trade Bureau
 550 Main St.
 Room 8002
 Cincinnati, OH 45202
 (513) 684-3337
 www.ttb.gov

CORPORATIONS must submit the following in addition to the preceding documents required by all applicants:

- Copy of current, filed Articles of Incorporation.
- Current "Certificate of Good Standing" from the state where incorporated, if incorporated outside of this state.
- “Report of Corporate Officers, Board of Directors & Stockholders” (Form LC-52).
- “Individual Stockholder/Corporate Stockholder Questionnaire” (Form LC-621), completed by each stockholder holding 10% or more stock interest.
- “Limited Partners, Stockholders & Members Statement” (Form LC-38), completed by each stockholder holding less than 10% stock interest.
- *Note:* All stockholders holding 10% or more corporate stock in applicant corporation will be required to be fingerprinted by local law enforcement agency. Enforcement Investigator will release necessary forms and instruct you to contact local law enforcement agency.

LIMITED LIABILITY COMPANIES (“LLC”) must submit the following in addition to the LC-687 and other documents required by all applicants:

- Copy of Articles of Organization and copies of any amendments to the Articles of Organization.
- Copy of Certificate of Authority to do business in Michigan, if the LLC is a non-Michigan LLC.
- Copy of Operating Agreement entered into by members.
- Copy of most recent annual statement filed with the Michigan Department of Licensing & Regulatory Affairs, Bureau of Commercial Services. Newly organized LLC’s will not have filed any such document yet.
- “Report of Limited Liability Company Members, Managers and Assignees” (Form LC-52A).
- “Individual Stockholder or Corporate Stockholder Questionnaire” Form (LC-621), completed by each member holding 10% or more of the total interest in LLC. Also, Form LC-621 should be completed for an assignee of a membership interest or a manager with a percentage distribution of 10% or more in the LLC.
- “Limited Partners, Stockholders or Members Statement” (Form LC-38), completed by member holding less than 10% of the total interest in the LLC. Also, Form LC-38 should be completed for an assignee of a membership interest or a manager with a percentage distribution of less than 10% in the LLC.
- *Note:* All members holding 10% or more interest in the LLC and assignees of membership interest or managers with 10% or more percentage distribution will be required to be fingerprinted by the local law enforcement agency. The Commission office will release the necessary forms and instruct you how to contact the appropriate agency.

PARTNERSHIPS must submit the following in addition to the preceding documents required by all applicants information.

- Partnership Agreement (required for limited partnerships).
- “Application for New Licenses or Application of Buyers for Transfer of Ownership or Interest in License” (Form LC-687) completed by each general partner.
- “Limited Partners, Stockholders or Members Statement” (Form LC-38), completed by each limited partner. In the case where the limited partner is a corporation or a limited liability company, an “Individual Stockholder or Corporate Stockholder Questionnaire” Form (LC-621), should be completed by each of the limited partners.

- *Note:* All general partners will be required to be fingerprinted by local law enforcement agency. The Commission office will release necessary forms and instruct you to contact local law enforcement agency.

Send all applications to: Michigan Liquor Control Commission
Manufacturers & Wholesalers Section
P.O. Box 30005
Lansing, MI 48909
(517) 322-1415
www.michigan.gov/lcc

Licensing Process:

An investigation for a new license or transfer of an existing license is initiated by the applicant submitting an "Application for New License, or Application of Buyers For Transfer of Ownership or Interest in License" (Form LC-687), and the appropriate corporate, LLC or partnership documents, along with a \$70.00 inspection fee for each license you are applying for. Upon receipt of this information, the Commission's Licensing Division will authorize an investigation and forward the file to the Commission's Enforcement Division. An investigator from the Commission's Enforcement Division will contact the applicant; advise them of the documentation necessary to be provided for review; and schedule an appointment with the applicant(s) to conduct the investigation. The investigation will cover a variety of areas including but not limited to: ownership structure; background of individuals; projected cost of the project/transaction; source of finances, including source of any money lender's finances; present ownership verification; and physical inspection of the facility, if the physical premises is built and available for inspection. Upon completion of the investigation, the investigator will submit a report to the Commission.

The Commission office will also release forms and fingerprint cards to the local law enforcement agency and a resolution form to the local governing body. The local law enforcement agency's investigation is independent of the Commission's investigation. It is the responsibility of the applicant to follow-up with the local law enforcement agency and the local governing body to ensure that their recommendations are forwarded to the Commission.

The Commission will issue a formal order approving, denying, or holding the application for additional information. The applicant will be advised of the Commission's decision and provided with a copy of the Commission Order. If approved, the applicant will be provided with a check sheet listing any additional requirements or documentation necessary to be submitted to the Commission prior to issuance of the license and a contract for signatures. If the application is denied, the applicant will have the opportunity to appeal the denial.

License Fees:

Wine Maker: \$100.00 Small Wine Maker: \$25.00

Licenses are renewed annually. Licensing year is May 1 - April 30. The license fee may not be prorated for part-year licensure. License fee is payable at the time of initial application.

- MCL 436.1525

Manufacturing & Labeling:

Wine must be manufactured and labeled in accordance with federal wine regulations published in the Code of Federal Regulations (CFR), Title 27, Part 4 and (CFR), Title 27, Part 24. Contact TTB for details.

- Rule 436.1707, Rule 436.1708

Label Registration:

Wine products must have all labels approved by the Commission prior to the wine being sold in Michigan. The Commission uses an on-line label registration process which requires prior registration with the TTB. Upon licensure, you will be provided with a password and instructions to access the on-line registration site. There is no fee for Michigan label registration.

- Rule 436.1719

Mandatory Label Information (Pursuant to TTB Regulations):

- Brand name listed.
- Class, type or, in lieu of, a truthful and adequate statement of composition shall appear on the brand label of the product.
- Name and address of bottler or packer and place (city/state) where bottled. Name must be preceded by "Bottled by" or "Packed by".
- Alcohol content must be listed. By definition, wine may contain ½ of 1% or more alcohol by volume but not more than 21% alcohol by volume. Table wine with alcoholic content of 11%-14% does not have to list the actual alcohol content. Listing "table wine" is adequate.
- Net contents.

Wine Excise Taxes & Monthly Reports:

Wine excise taxes apply to both wine and mixed wine drink. The Wine Maker or Small Wine Maker is responsible for paying the Michigan wine excise tax on all wine or mixed wine drink sold in this state. Sacramental wine sold to churches is exempt from taxes. Sales made by a Wine Maker/Small Wine Maker out-of-state are nontaxable.

A report of operations is due no later than the fifteenth day of the month for the preceding month's activity. Payment of the wine excise tax shall accompany the report. A supply of these monthly reporting forms and instructions will be mailed to you upon licensure.

Tax Rates: 16% or less alcohol by volume = \$.135 (13 ½ cents) per liter.
Over 16% - 21% alcohol by volume = \$.20 (20 cents) per liter

- MCL 436.1303, Rule 436.1725

Samples To Consumers:

A Wine Maker or Small Wine Maker may offer free or may include a charge for samples to consumers for on-premise tastings at the winery premises. The samples must be of products manufactured and sold under the Wine Maker or Small Wine Maker license.

- MCL 436.1537 (3), MCL 436.2025

Sales To Consumers From Winery:

A Wine Maker or Small Wine Maker is authorized to sell wine manufactured by the Wine Maker or Small Wine Maker from the winery premises to consumers for off-premises consumption (take-out sales) with no additional license.

A Wine Maker or Small Wine Maker may also sell wine they manufacture by the glass for consumption on the premises in a restaurant at their winery premises that is owned by the Wine Maker or Small Wine Maker or is leased to another person. Only wine manufactured by the Wine Maker or Small Wine Maker may be sold by the glass in a winery restaurant.

- MCL 436.1111(9), MCL 436.1113(9), MCL 436.1537(2)

Direct Shipping/Deliveries to Consumers:

A Direct Shipper license is required for in-state and out-of-state wineries to ship **domestic** wine directly to Michigan consumers. This license does not allow direct shipment of imported wines. License fee is \$100.00 annually (renewable May 1) and allows total annual shipment to Michigan consumers of 13,500 liters (1,500 9-liter cases). Direct Shippers must pay Michigan excise taxes (quarterly) and Michigan sales tax. The age of the person placing the order must be verified by obtaining a copy of a photo identification issued by a state or the federal government of the person placing the order, or by utilizing an identification service approved by the Commission. You must record and maintain records of the name, address, date of birth and telephone number of the person placing the order on the order form. The Direct Shipper must stamp, print, or label on the outside of the shipping container that the package "Contains Alcohol. Must be delivered to a person 21 years of age or older." A label must be placed on the top panel of the shipping container listing the Direct Shipper license number, order number, the name and address of the individual placing the order, and the name of the designated recipient if different from the name of the individual placing the order. The person delivering the alcohol shall verify the person accepting delivery is of legal age.

Tasting Room License:

Licensed Wine Makers/Small Wine Makers may apply for a Tasting Room license located off the winery licensed premises. The Wine Maker/ Small Wine Maker may offer free or may include a charge for tastings to the consumer and may sell for off premise consumption only, wine made by the Wine Maker/Small Wine

Maker. As with other tastings & sales, only wine made by the Wine Maker/Small Wine Maker may be sampled or sold with the Tasting Room license. Under no circumstances may any other alcoholic beverage products other than those produced by the Wine Maker/Small Wine Maker be sampled in the Tasting Room. Wine can not be sold by the glass for consumption at the tasting room premises. Only samples may be provided. An annual license fee of \$100.00 per location shall be paid for the Tasting Room license.

- MCL 436.1537(4)

Other Manufacturing licenses:

A Wine Maker/Small Wine Maker may obtain other manufacturing licenses including a Brandy Manufacturer, Micro Brewer/Brewer, Manufacturer of Spirits, Manufacturer of Mixed Spirit Drink or a Small Distiller which allows the manufacture and sale of wine, brandy, mixed spirit drinks or distilled spirits.

- MCL 436.1111(9), MCL 436.1109 (6), MCL 436.1113(9)

Beer and Wine Sampling Permit:

A Wine Maker/Small Wine Maker may obtain a Beer and Wine Sampling Permit which allows beer and wine tastings to be conducted on licensed off-premises accounts that hold a Specially Designated Merchant (SDM) license. There is a one time \$70.00 fee for this permit. Upon issuance of this permit notification of sampling events must be received at least 10 days prior to the event and all employees or licensed agents conducting the sampling event must have successfully completed a server training program approved by the MLCC.

- MCL 436.1537

Sales To Wholesalers and Territory Agreements:

A Wine Maker or Small Wine Maker may sell their products to licensed Michigan wholesalers who in turn may resell the wine to licensed Michigan retailers. A Wine Maker or Small Wine Maker must grant each of their wholesalers a written agreement specifying the brand or brands to be distributed and the territory where sales are granted. Wholesalers are prohibited from selling alcoholic beverages outside of their assigned sales territories. Beginning June 1, 2010, Michigan statute prohibits a manufacturer from assigning the right to sell a specific brand or brands of wine to more than one wine wholesaler in the same sales territory. However, a manufacturer may continue an agreement that was in effect on June 1, 2010, which assigned the distribution rights to more than one wine wholesaler for a specified brand of wine in the same sales territory. All sales to wholesalers must be for cash only. Quantity discounts to wholesalers are legal as long as the discount is nondiscriminatory.

- MCL 436.1305, MCL 436.1307

Sales To Retailers:

A Wine Maker or Small Wine Maker is authorized to sell their wines to licensed retailers. A Wine Maker or Small Wine Maker selling their wines to retailers must file with the Commission in Lansing, before January 1, April 1, July 1, and October 1 of each year, a schedule of the net cash prices to retail licensees. The net cash price shall not be changed during the quarter without first notifying the Commission in writing of the price changes. "Post offs" (price reductions) shall **not** be granted for periods of less than 14 consecutive calendar days in duration. Quantity discounts to retailers are prohibited. All sales to retailers must be for cash only.

- MCL 436.1111(9), MCL 436.1113(9), Rule 436.1726

Interest In Another License:

Michigan statute strictly prohibits a Wine Maker/Small Wine Maker from holding any interest, directly or indirectly, in a wholesale or retail license. Examples of prohibited interests include: stock ownership, leasing real estate to/from a wholesale or retail licensee; interlocking officers or directors between licensees; financial interest such as a moneylender with a wholesale or retail licensee. The Commission may approve a Wine Maker or Small Wine Maker participating with 1 or more Wine Makers or Small Wine Makers in an alternating proprietor operation subject to the written approval of the United States Department of Treasury, Alcohol and Tobacco Tax and Trade Bureau, in accordance with 27 CFR part 25, subpart F, section 25.52.

- MCL 436.1603(9)

Rebates, Special Purchase Allowances, & Quantity Discounts:

A Wine Maker or Small Wine Maker is prohibited from rebating any money to wholesalers. A special purchase allowance may be offered to wholesalers as long as the allowance is offered to all wholesalers and is based on the wholesaler purchases at the time of the allowance and not based on past sales. A Wine Maker or Small Wine Maker may offer quantity discounts to their wholesalers but may not offer free merchandise to their wholesalers.

- MCL 436.1609

Bulk Wine Used For Blending:

A Wine Maker or Small Wine Maker may purchase bulk wine to be used for blending purposes from a licensed Outstate Seller of Wine. A shipment of bulk wine to a Wine Maker or Small Wine Maker must be accompanied by a "Release of Alcohol or Alcoholic Beverages for Commercial Use" (LC/MW 836) approved by the Commission.

- Rule 436.1721

Salesperson License:

Any person employed by a Wine Maker or Small Wine Maker to sell, deliver, promote, or otherwise assist in the sale of alcoholic liquor in this state is required to hold a Salesperson license issued by the Commission. Office staff and winery personnel who work exclusively at the winery premises and have no personal contact with retailers or consumers off the winery premises do not need a Salesperson license. Salesperson's must be 18 years of age or older. Salesperson licenses are \$35.00 for three-year licensing period. Licensed salespersons are prohibited from being employed by a retail licensee on a paid or any other basis. Licensed truck drivers or delivery persons are prohibited from consuming alcoholic beverages while on duty.

- Rule 436.1853

Aid and Assistance:

Section 609 of the Code, being MCL 436.1609, and Rule 436.1035 prohibit alcoholic beverage manufacturers, suppliers or wholesalers from aiding or assisting any other licensee by giving them anything of value. Further, a licensee is prohibited from accepting aid and assistance from another industry member. Alcoholic beverage suppliers are prohibited from giving anything of value to their wholesalers or retailers. Likewise, alcoholic beverage wholesalers are prohibited from giving anything of value to their retailers. This principle is the cornerstone of Michigan's trade practices regulatory structure. It is designed to provide a level playing field for all industry members. Suppliers and wholesalers are prohibited from giving anything of value to retail licensees, including but not limited to: alcoholic beverages, merchandise, furniture, fixtures, equipment, uniforms, cash or loans, labor, etc. While wholesalers and suppliers may provide point-of-sale materials such as posters, banners, table tents, flyers, etc., to retailers promoting their brands and prices, they are prohibited from providing anything that has any secondary use, value or purpose, other than actual advertising value to retailers without prior Commission approval. This same principle prohibits suppliers and wholesalers from providing free advertising, incentive programs, free or discounted product, draft system installation and maintenance, etc. Violations in the aid and assistance statute will result in all participants (retailer, wholesaler and supplier) being cited before the Commission.

- MCL 436.1609, Rule 436.1035

Record Retention:

All licensees are required to maintain all sales, purchase and salesperson expense records for a minimum of four (4) years. Records may be maintained electronically or otherwise as long as a hard copy of the record can be created upon demand.

- Rule 436.1007, Rule 436.1641, Rule 436.1865

Sales For Cash Only:

The Liquor Control Code requires the sale and purchase of all alcoholic beverages to be for cash only, at the time of delivery to wholesalers or retailers. Consumers may use bona-fide credit cards to pay for purchases from the winery.

- MCL 436.2013

Inspection of Premises and Books & Records:

A licensee must make the licensed premises available for inspection and search by a Commission Investigator or any law enforcement officer empowered to enforce the Commission's rules and code during regular business hours or when the premises is occupied. The Commission or its duly authorized agent may examine the books, records or papers of a licensee.

- MCL 436.1217, Rule 436.1645

Samples:

Wine Makers and Small Wine Makers are allowed to sample their products with on-premises or off-premises retail licensees and the retailer's employees. Sample tastings may not be offered to consumers by the wine maker at a licensed on-premises or off-premises account. All containers used to sample products with retailers must be marked with the word "Sample" in lettering at least ½-inch high. While Wine Makers and Small Wine Makers may offer tasting samples to retailers from multiple beverages, only one (1) sample container of 750 ml size or smaller may be left with a retail licensee for sampling by the retailer and their staff. A sample container must be removed from the premises within 24 hours and again may not be sampled by

consumers.

- Rule 436.1001, Rule 436.1421, Rule 436.1511, Rule 436.1513, Rule 436.1863

Purchasing Drinks For Consumers:

A licensed Salesperson of a manufacturer of wine, for promotional purposes, may purchase one (1) drink for each customer of an on-premises retail licensee only. The drink shall be purchased from the on-premises licensee and shall be of a brand represented by the salesperson.

- Rule 436.1865

Advertising and Promotions:

Inside advertising signs must be unilluminated and no more than 3,500 square inches in dimension. Advertising that promotes anything other than or in addition to your alcoholic beverage product requires prior commission approval. Point-of-sale advertising may not contain the name of any retail licensee or promote anything other than your products. Advertising on anything having any secondary value, use or purpose other than advertising, requires prior Commission approval.

- Rule 436.1301 – Rule 436.1339

Compliance with Laws, Zoning & Ordinances:

A Wine Maker or Small Wine Maker must comply with all state and local building, plumbing, zoning, sanitation, and health laws, rules and ordinances.

- Rule 436.1003, Rule 436.1105(3), Rule 436.1702

Permits:

There are additional permits that a Wine Maker or Small Wine Maker might want to apply for to be held in conjunction with their primary license.

- **Outdoor Service Permit** - Permit allows the sale and consumption of alcoholic beverage in outdoor patio areas. The area must be under the control of the licensee.
- **Direct Connection** - Technically this is not a Permit but rather permission from the Commission to maintain a direct connection between licensed premises and nonlicensed premises. This permission will be required if your operations include multiple license holders who maintain inside connections to either nonlicensed premises or licensed premises under the control of another licensee.
- **Living Quarters Permit** - Permit required when living quarters are directly connected to the licensed premises.
- **Dance, Entertainment or Dance/Entertainment Permit** – Permit required to allow customer dancing or entertainment such as monologues, dialogues, motion pictures, still slides, closed circuit television, contests and other performances for public viewing. (The performance or playing of an orchestra, piano, or other types of musical instruments or singing or the viewing of any publicly broadcast television of a federally licensed station does not require an Entertainment Permit.)

Food Establishment License:

The Michigan Food Law (Act 92, P.A. of 2000) requires all food establishments, including processing operations such as wineries and breweries, to obtain a food establishment of one type or another. Contact the Michigan Department of Agriculture (“MDA”) for details on the specific food establishment license required for your operation.

MDA
525 West Allegan St.
P.O. Box 30017
Lansing, MI 48909
(800) 292-3939

Website: www.michigan.gov/mda

How To Contact Tobacco Tax and Trade Bureau (“TTB”):

TTB may be contacted as follows: www.ttb.gov

Federal Basic Permits:

TTB
Technical Services
550 Main St., Rm. 6525
Cincinnati, OH 45202
(513) 684-3337

Federal Label Approvals:

TTB
Alcohol Labeling & Formulation
650 Massachusetts Ave., N.W.
Washington, DC 20226
(866) 927-2533

How to Contact the Michigan Liquor Control Commission:

Questions relating to Wine Maker/Small Wine Maker licenses and other non-retail licenses may be directed to:

Michigan Liquor Control Commission
Manufacturers & Wholesalers Section
P.O. Box 30005
Lansing, MI 48909

(517) 322-1415 (517) 322-5046 (fax)

E-mail: whiteheadt@michigan.gov **Website:** www.michigan.gov/lcc