



## INFORMATION ON CHANGES MADE UNDER PUBLIC ACTS 16-19 OF 2021

This document is a brief overview of the changes to the Michigan Liquor Control Code that go into effect August 23, 2021, pursuant to Public Acts 16-19 of 2021.

Updated September 22, 2021

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### MIXED SPIRIT DRINK PRODUCTS

#### Ready-To-Drink Cocktails

- The definition of mixed spirit drink was updated to include products commonly referred to as ready-to-drink (RTD) cocktails or canned cocktails that have an alcohol content higher than the prior definition of mixed spirit drink.
- These products are made with distilled spirits and other ingredients, have an alcohol by volume of no more than 13.5%, and are packaged in metal cans. Mixed spirit drink products packaged in any other type of container may not exceed 10% alcohol by volume (ABV).
- Mixed spirit drink products between 10% and 13.5% ABV must be registered on the [Michigan Wholesale Product Registry \(MWPR\)](#) before being sold to Wholesaler licensees or self-distributed to retailer licensees.
- The mixed spirit drink products must conform to the bottle deposit requirements of [1976 IL 1, MCL 445.571 to 445.576, commonly referred to as the "Bottle Bill"](#), as applicable.
- The tax rate for mixed spirit drink products was reduced to 30 cents per liter. Revised mixed spirit drink tax forms for Mixed Spirit Drink Manufacturer, Outstate Seller of Mixed Spirit Drink, and Outstate Self-Distributor licensees [may be downloaded from the MLCC website](#).
- Mixed spirit drink products are prepackaged drinks in their original, unopened containers. Mixed spirit drink products should not be mistaken for mixed drinks or cocktails that are mixed by a bartender.
- Please refer to the TTB standards of fill under [27 CFR 5.47a](#) for allowable container sizes for products containing distilled spirits.

#### Self-Distribution of Mixed Spirit Drink Products

- A Mixed Spirit Drink Manufacturer licensee may now self-distribute mixed spirit drink products that it manufactures to retailer licensees in Michigan if it does not sell more than 31,000 gallons of mixed spirit drink in a calendar year.
- The mixed spirit drink products must conform to the bottle deposit requirements of [1976 IL 1, MCL 445.571 to 445.576, commonly referred to as the "Bottle Bill"](#), as applicable.
- The licensee must register the mixed spirit drink products on the [Michigan Wholesale Product Registry \(MWPR\)](#) and [must report and pay the applicable taxes on the products sold](#).
- The licensee cannot self-distribute to retailer licensees in a sales territory where it has granted exclusive rights to a Wholesaler licensee for the sale of any brand or brands of mixed spirit drink.
- The deliveries must be made by the licensee's own employees. The employees must be individually licensed with a Salesperson license, unless otherwise exempt under the law. Please visit the [Salesperson License Information webpage](#) on the MLCC website for more details on Salesperson license requirements.
- The deliveries must be made in vehicles owned by the licensee. These vehicles must have been issued a delivery vehicle decal by the MLCC. The licensee may apply for vehicle decals using the [Delivery Vehicle Decal Application \(LCC-351\)](#).

- An out-of-state entity that manufactures mixed spirit drink products may also self-distribute mixed spirit drink products in Michigan. It must first be licensed with an Outstate Self-Distributor license. An applicant for this license should complete and submit the [Outstate Self-Distributor License Application \(LCC-159\)](#). It must comply with all of the same requirements for a Mixed Spirit Drink Manufacturer licensee to self-distribute listed above.

### **Retailers That May Sell Mixed Spirit Drink Products**

- No new retailer license types are required to sell mixed spirit drink products to customers. Specially Designated Merchant (SDM), A-Hotel, and Tavern license holders may now sell mixed spirit drink products in addition to beer and wine. Class C, B-Hotel, and G-1 licensees may continue to sell beer, wine, mixed spirit drink, and spirits products.
- Specially Designated Distributor (SDD) licenses are no longer the license that sells mixed spirit drink products for off-premises consumption because SDM licenses are now the license type for the sale of mixed spirit drink products for off-premises consumption. However, most SDD licenses are held together with SDM licenses. A licensee that holds both SDD and SDM licenses does not need to obtain any additional licenses to continue to sell beer, wine, mixed spirit drink, and spirits products to customers, but may need an additional Sunday Sales Permit as noted below.
- SDM, A-Hotel, and Tavern licensees that wish to sell mixed spirit drink products on Sundays must hold a Sunday Sales Permit (AM) for sales between 7:00am and 12:00pm and a Sunday Sales Permit (PM) for sales after 12:00pm. A licensee with an existing Sunday Sales Permit (AM) for beer and wine sales on Sunday morning, does not need to apply for a new Sunday Sales Permit (AM) for mixed spirit drink sales. However, a Sunday Sales Permit (PM) would still be required for afternoon sales. A letter with an application form to apply for a Sunday Sales Permit (PM) was sent to all standalone SDM licensees and A-Hotel and Tavern licensees for those that wish to add this permit.

## **SPIRITS SELF-DISTRIBUTION**

### **Self-Distribution of Spirits Products by Small Distiller Licensees**

- A Small Distiller licensee may now self-distribute spirits products that it manufactures to retailer licensees in Michigan if it does not sell more than 3,000 gallons of spirits to retailers, whether in Michigan or another state, in a calendar year.
- The licensee cannot self-distribute spirits products that are listed in the Commission's price book.
- The licensee must register the spirit products in [EQuote](#) the same way that it registers products it sells exclusively in its tasting room. The licensee will choose "MI. SMALL DISTILLERS" from the ADA drop-down box in EQuote to register products for self-distribution. Any products that are already registered under "MI. SMALL DISTILLERS" for tasting room only sales, may also be self-distributed without registering them again.
- The licensee must comply with the uniform pricing set by the Commission for spirits products. The Commission will send the licensee the minimum shelf price after the products are registered through EQuote.
- The licensee must report and pay the applicable taxes on the products sold. After products are registered through EQuote, the Commission will send the licensee the tax rate schedules to use for calculating the taxes. The licensee must file, on a monthly basis, the [Michigan Small Distiller Monthly Self-Distribution Monthly Report of Sales \(LCC-820\)](#) for all self-distributed sales. If the licensee has no self-distributed sales, it must check the box listed on the [Michigan Small Distiller Monthly Tax Report \(LC-804\)](#) that says the licensee had no

self-distributed sales for that month. If the box for no-self-distributed sales is checked, form LCC-820 does not need to be submitted with the tax form, LC-804.

- The deliveries must be made by the licensee's own employees. The employees must be individually licensed with a Salesperson license, unless otherwise exempt under the law. Please visit the [Salesperson License Information webpage](#) on the MLCC website for more details on Salesperson license requirements.
- The deliveries must be made in vehicles owned by the licensee. These vehicles must have been issued a delivery vehicle decal by the MLCC. The licensee may apply for vehicle decals using the [Delivery Vehicle Decal Application \(LCC-351\)](#).
- A new Small Distiller licensee must obtain a Vendor Representative license, become a Vendor of Spirits, and obtain credentials to access EQuote. All new items must be quoted in EQuote and they will be taken to the Commission for consideration to list in Michigan.

### **Self-Distribution of Spirits Products by Outstate Self-Distributor Licensees**

- An entity that is the out-of-state equivalent of a Small Distiller licensee that has been issued an Outstate Self-Distributor license may self-distribute spirits products that it manufacturers to retailer licensees in Michigan if it does not sell more than 3,000 gallons of spirits to retailers, both in Michigan and in other states, in a calendar year. An applicant for this license should complete and submit the [Outstate Self-Distributor License Application \(LCC-159\)](#).
  - The licensee cannot self-distribute spirits products that are listed in the Commission's price book. If the licensee is registered as a Vendor of Spirits with the Commission it cannot self-distribute any of the products that may already be listed in the price book.
  - Once the licensee has been issued the Outstate Self-Distributor license, the MLCC will provide the licensee with credentials to access [EQuote](#), Michigan's system for registering spirits products.
  - When registering products, the licensee will choose "Outstate Self Distributor" from the ADA drop-down box in EQuote to register products for self-distribution.
  - The licensee must comply with the uniform pricing set by the Commission for spirits products. The Commission will send the licensee the minimum shelf price after the products are registered through EQuote.
  - The licensee must report and pay the applicable taxes on the products sold. After products are registered through EQuote, the Commission will send the licensee the tax rate schedules to use for calculating the taxes. The licensee must file, on a monthly basis, the [Outstate Self-Distributor Monthly Spirits Tax Report \(LCC-821\)](#) for all self-distributed sales. If the licensee has no self-distributed sales, it must check the box listed on the form that says the licensee had no self-distributed sales for that month. If there were self-distributed sales, the licensees must also submit the [Outstate Self-Distributor Monthly Report of Spirits Sales \(LCC-822\)](#). The retailer licensee's name and MLCC license number, invoice number and date, MLCC code number, and description and size and the number of bottles sold must be provided on this form.
  - The deliveries must be made by the licensee's own employees. The employees must be individually licensed with a Salesperson license, unless otherwise exempt under the law. Please visit the [Salesperson License Information webpage](#) on the MLCC website for more details on Salesperson license requirements.
  - The deliveries must be made in vehicles owned by the licensee. These vehicles must have been issued a delivery vehicle decal by the MLCC. The licensee may apply for vehicle decals using the [Delivery Vehicle Decal Application \(LCC-351\)](#).
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## BEER OR WINE SELF-DISTRIBUTION

### Self-Distribution of Wine By Michigan Wine Maker or Small Wine Maker Licensee

- A Wine Maker or Small Wine Maker licensee must now obtain a delivery vehicle decal for vehicles used to self-distribute wine to retailer licensees in Michigan. The licensee may apply for vehicle decals using the [Delivery Vehicle Decal Application \(LCC-351\)](#). No other changes to the law related to wine self-distribution by Michigan-based wineries were made.

### Self-Distribution of Beer Products by Outstate Self-Distributor Licensees

- An entity that is the out-of-state equivalent of a Micro Brewer licensee that has been issued an Outstate Self-Distributor license may self-distribute beer products that it manufacturers to retailer licensees in Michigan if it does not sell more than 2,000 barrels of beer a year, not including sales to consumers on the licensed premises. An applicant for this license should complete and submit the [Outstate Self-Distributor License Application \(LCC-159\)](#).
- The beer products must conform to the bottle deposit requirements of [1976 IL 1, MCL 445.571 to 445.576, commonly referred to as the "Bottle Bill"](#), as applicable.
- The licensee must register the beer products on the [Michigan Wholesale Product Registry \(MWPR\)](#) and [must report and pay the applicable taxes on the products sold](#).
- The licensee cannot self-distribute to retailer licensees in a sales territory where it has granted exclusive rights to a Wholesaler licensee for the sale of any brand or brands of beer.
- The deliveries must be made by the licensee's own employees. The employees must be individually licensed with a Salesperson license, unless otherwise exempt under the law. Please visit the [Salesperson License Information webpage](#) on the MLCC website for more details on Salesperson license requirements.
- The deliveries must be made in vehicles owned by the licensee. These vehicles must have been issued a delivery vehicle decal by the MLCC. The licensee may apply for vehicle decals using the [Delivery Vehicle Decal Application \(LCC-351\)](#).

### Self-Distribution of Wine Products by Outstate Self-Distributor Licensees

- An entity that is the out-of-state equivalent of a Small Wine Maker licensee that has been issued an Outstate Self-Distributor license may self-distribute wine products that it manufacturers to retailer licensees in Michigan if it does not manufacture more than 50,000 gallons of wine a year. An applicant for this license should complete and submit the [Outstate Self-Distributor License Application \(LCC-159\)](#).
  - The licensee must register the wine products on the [Michigan Wholesale Product Registry \(MWPR\)](#) and [must report and pay the applicable taxes on the products sold](#).
  - The licensee cannot self-distribute to retailer licensees in a sales territory where it has granted exclusive rights to a Wholesaler licensee for the sale of any brand or brands of wine.
  - The deliveries must be made by the licensee's own employees. The employees must be individually licensed with a Salesperson license, unless otherwise exempt under the law. Please visit the [Salesperson License Information webpage](#) on the MLCC website for more details on Salesperson license requirements.
  - The deliveries must be made in vehicles owned by the licensee. These vehicles must have been issued a delivery vehicle decal by the MLCC. The licensee may apply for vehicle decals using the [Delivery Vehicle Decal Application \(LCC-351\)](#).
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## OFF-PREMISES RETAILERS SHIPPING OR DELIVERING ALCOHOLIC LIQUOR

### Off-Premises Retailers Shipping Alcoholic Liquor Using Common Carrier

- A Specially Designated Merchant (SDM) licensee may ship beer, wine, or mixed spirit drink products directly to a consumer in Michigan using a common carrier, subject to the provisions listed below.
- A Specially Designated Distributor (SDD) licensee may ship spirits products to a consumer in Michigan using a common carrier, subject to the provisions listed below.
- In order to qualify to ship alcoholic liquor directly a consumer in Michigan, a SDM or SDD license must meet the following qualifications:
  1. The licensee must maintain physical licensed premises that are open to the general public for face-to-face transactions with consumers for the sale of alcoholic liquor, packaged food, and other products.
  2. At least 25% of the licensee's annual gross sales of alcoholic liquor must be from face-to-face sales with consumers on the licensed premises. Licensees with less than 15,000 square feet of total space for the licensed premises are exempt from this provision.
  3. The licensee must hold and maintain a Retail Food Establishment or Extended Retail Food Establishment license issued under the Food Law of 2000.
- If the licensee meets the requirements above, it may ship alcoholic liquor directly to consumers in Michigan via a common carrier if it complies with all of the following:
  1. The licensee must pay all applicable taxes to the Commission and Department of Treasury.
  2. The licensee must comply with all laws of this state, including, but not limited to, the prohibition on sales of alcoholic liquor to minors.
  3. The licensee must verify the age of the individual placing the order by obtaining a copy of the person's photo identification issued by the State of Michigan, another state, or the federal government, or by using an identification verification service. The person receiving and accepting an order on behalf of the licensee must record on the order form the name, address, date of birth, and telephone number of the individual placing the order. The licensee must provide a duplicate of the order form to the Commission.
  4. The licensee must stamp, print, or label the outside of the shipping container the following text: **Contains Alcohol. Must Be Delivered To A Person 21 Years Of Age Or Older.**
  5. At the time of delivery, the recipient of the order must provide identification verifying his or her age and sign for the delivery.
  6. If requested by the Commission, the licensee must provide the Commission any document used to verify the age of the individual ordering or receiving an order from the licensee.
  7. The licensee must place a label on the top panel of the shipping container that lists the name and address of the individual placing the order and the name of the designated recipient of the order if it is different from the name of the individual placing the order.
  8. If a licensee is licensed at 2 or more locations, the order must be fulfilled from the location nearest to the consumer unless that location does not have the product ordered in stock.

### Requirements for Off-Premises Retailers to Use Third Party Facilitator Service

- A Specially Designated Merchant (SDM) licensee may use a third party facilitator service, which must hold its own Third Party Facilitator Service (TPFS) license, to facilitate the sale and/or the delivery of beer, wine, or mixed spirit drink products to a consumer in Michigan subject to the provisions listed below.
- A Specially Designated Distributor (SDD) licensee may use a third party facilitator service, which must hold its own Third Party Facilitator Service (TPFS) license, to facilitate the sale and/or the delivery of spirits products to a consumer in Michigan, subject to the provisions listed below.

- In order to qualify to use a third party facilitator service to facilitate the sale and/or the delivery of alcoholic liquor to a consumer in Michigan, a SDM or SDD license must meet the following qualifications:
    1. The licensee must maintain physical licensed premises that are open to the general public for face-to-face transactions with consumers for the sale of alcoholic liquor, packaged food, and other products.
    2. At least 25% of the licensee's annual gross sales of alcoholic liquor must be from face-to-face sales with consumers on the licensed premises. Licensees with less than 15,000 square feet of total space for the licensed premises are exempt from this provision.
    3. The licensee must hold and maintain a Retail Food Establishment or Extended Retail Food Establishment license issued under the Food Law of 2000.
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### **DIRECT SHIPPER LICENSES**

- **Must be licensed as a wine manufacturer** - Pursuant to MCL 436.1203(10), a Direct Shipper license may only be issued to the following:
  1. Wine Maker. Wine Maker is defined in MCL 436.1113 and is a specific license type issued to wine manufacturers located in Michigan. It also includes Small Wine Maker licensees, which are also wine manufacturers located in Michigan. Wine Maker and Small Wine Maker licenses are not issued to wine manufacturers that are located in other states.
  2. A wine manufacturer located in another state that holds both a Federal Basic Permit issued by the TTB and a license to manufacture wine in its state of domicile.
- **Must manufacture and/or bottle wine** – Pursuant to MCL 436.1203(25)(i), a wine manufacturer issued a Direct Shipper license must do one of the following actions in relation to the wine it will ship directly to consumers in Michigan:
  1. Manufacture, bottle, label, and register with the Commission the wine to be shipped directly to consumers in Michigan.
  2. In compliance with MCL 436.1204a, purchase bulk wine from another wine manufacturer, further manufacture the bulk wine as described in the definition of “manufacturer” in MCL 436.1109(1), and bottle, label, and register with the Commission the wine to be shipped directly to consumers in Michigan.
  3. In compliance with MCL 436.1204a, purchase bulk wine from another wine manufacturer, bottle the bulk wine, and label and register with the Commission the wine to be shipped directly to consumers in Michigan.
  4. Pursuant to MCL 436.1203(25)(i) and in compliance with MCL 436.1204a, a wine manufacturer issued a Direct Shipper license may purchase shiners of wine as defined in MCL 436.1111(10) from another wine manufacturer and label and register with the Commission the wine to be shipped directly to consumers in Michigan. A Direct Shipper licensee may only ship wine to consumers under this option if it is also doing at least one of the actions in the requirements for manufacturing in options 1, 2, or 3 listed above, pursuant to MCL 436.1204a(2)(a)(ii).

For more detailed information on Direct Shipper licenses, [please visit the MLCC's frequently asked questions page regarding Direct Shipper licenses.](#)