



Michigan Department of Licensing & Regulatory Affairs
MICHIGAN LIQUOR CONTROL COMMISSION (MLCC)
525 W. Allegan P.O. Box 30005
Lansing, Michigan 48909

Michigan Brewer & Micro Brewer Requirements and General Information

A “Brewer” license, as defined by MCL 436.1105(11), is issued by the Michigan Liquor Control Commission to a person located in Michigan to manufacture and sell to licensed wholesalers, beer produced at the licensed brewery facility.

- May sell beer it manufactures to licensed Michigan wholesalers who may resell it to licensed Michigan retailers.
- May have multiple brewing facilities. Each brewing facility located in Michigan requires a separate Brewer license.
- A Brewer may sell to consumers for on-premises consumption at not more than two of the brewers licensed locations in Michigan.
- A Brewer that has more than one licensed brewery premises may sell for on-premises consumption beer that it has produced at one licensed brewery premise at any of its other licensed brewery locations
- May offer free samples to consumers from the brewery facility.
- May sell beer it manufactures to consumers for off-premises consumption (take-out) from the brewery premises with no additional license.
- May not sell beer directly to retail licensees. All distribution to retailers must be done through licensed wholesalers.
- Must enter into exclusive territory agreement with each wholesaler.
- Must obtain a “Brewer’s Notice” from the Alcohol, Tobacco, Tax & Trade Bureau (TTB).

A “Micro Brewer” license, as defined by MCL 436.1109(3), is issued by the Commission to a person located in Michigan to manufacturer no more than 60,000 barrels per year and sell to licensed wholesalers, beer produced at the licensed brewery facility.

- May sell beer it manufactures to licensed Michigan wholesalers who may resell it to licensed Michigan retailers.
- May have multiple brewing facilities. Each brewing facility located in Michigan requires a separate Micro Brewer license.
- In determining the 60,000-barrel limit for a Micro Brewer, the combined production of all brewing facilities, including those located outside Michigan shall be considered.
- A Micro Brewer that produces in total 30,000 barrels of beer or more per year may sell its beer for on-premises consumption at not more than three of the micro brewers licensed locations in Michigan.
- A Micro Brewer that has more than one licensed brewery premises may sell for on-premises consumption beer that it has produced at one licensed brewery premise at any of its other licensed brewery locations
- May offer free samples to consumers from the brewery facility.
- May sell beer it manufactures to consumers for on-premises consumption from the brewery premises without any additional license.
- May sell beer it manufactures to consumers for off-premises consumption (take-out) from the brewery premises with no additional license.
- May not sell beer directly to retail licensees. All distribution to retailers must be done through wholesalers unless Micro Brewer meets the definition of a “qualified micro brewer” under MCL 436.1203 (14)(j) who may self-distribute to retail accounts.
- Must enter into an exclusive territory agreement with each wholesaler.
- Must obtain a “Brewer’s Notice” from the Alcohol, Tobacco, Tax & Trade Bureau (TTB).

How To Apply For A License:

Please refer to the "Manufacturers & Wholesale License Application Process" information sheet for applicable forms and required documents.

All forms are available on our website at: www.michigan.gov/lcc ---> Commission Forms ---> Manufacturers & Wholesalers.

Licensing Requirements:

Federal Basic Permit:

Receipt of a Federal "Brewer's Notice" issued by the Alcohol and Tobacco Tax and Trade Bureau ("TTB") is required prior to the issuance of a Brewer/Micro Brewer license.

- Administrative rule R 436.1609(1)

For Brewer's Notice info contact: Alcohol and Tobacco Tax and Trade Bureau
550 Main St. Room 8002
Cincinnati, OH 45202
513-684-3337
www.ttb.gov

Bond Application:

A 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 first year licensed is required prior to issuance of the license. Each subsequent year of licensure bond amount is based upon an average of excise taxes paid in the last calendar year, with a minimum amount of \$1,000.00. Bond form (MW-816) & instructions can be found on our website. Bond does not need to be submitted until applicant has received notification from our office of approval for their license application by our Commission.

- MCL 436.1801 (1)(a)

Proof of Financial Responsibility:

A statutory 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 436.803 of the Liquor Control Code. Proof of Financial Responsibility Form LC-95 & instructions can be found on our website. Does not need to be submitted until applicant has received notification from our office of approval for their license application by our Commission.

- MCL 436.1803(1)

Server Training Requirement

A licensee authorized to sell or sample alcoholic beverages for on-premises consumption is required to have present on the licensed premises, at a minimum, supervisory personnel on each shift and during all hours in which alcoholic liquor is served who have successfully completed a server training program approved by the Commission. Server Training forms will be mailed upon Commission approval of the license application.

- MCL 436.1501(1), Administrative rule R 436.1060

License Fee:

The initial license fee for a Brewer or a Micro Brewer is \$50.00. The annual renewal fee for a Brewer or Micro Brewer will be \$50.00 for manufacturers of less than 15,000 barrels during the preceding calendar year. The renewal fee for manufacturers of more than 15,000 barrels during the preceding calendar year shall be \$50.00 per 1,000 barrels, or fraction of a barrel, produced annually with a maximum fee of \$1,000.00. Licensing year is May 1 - April 30. License fee may not be prorated for part year licensure and is payable at the time of initial application.

- MCL 436.1525

Food Establishment License

The Michigan Food Law (Act 92, P.A. of 2000) requires all food establishments, including processing operations such as wineries, breweries and distilleries to obtain a food establishment of one type or another. Contact the Michigan Department of Agriculture & Rural Development ("MDARD") for details on the specific food establishment license required for your operation. The MDARD may be contacted as follows:

MDARD Central Licensing
P.O. Box 30746
Lansing, MI 48909
800-292-3939
www.michigan.gov/mdard

General Information:

Age:

A person must be 21 years of age or older to have any ownership interest in a Brewer or Micro Brewer license. A person must be 18 years of age or older to sell, serve or promote alcoholic beverages for a Brewer or Micro Brewer.

- Administrative rule R 436.1105(1)(a)

Church and School:

A new application to sell alcoholic beverages at retail (including manufacturers), or a request to transfer location of an existing license, may be denied if the contemplated location is within 500' of a church or school. The Commission may waive the church/school provision if the church or school does not file an objection to the proposed license. If the church or school files an objection, the Commission will hold a hearing before making a decision on the issuance of the license.

- MCL 436.1503

Manufacturing & Labeling:

Beer must be manufactured in accordance with federal beer regulations published in the Code of Federal Regulations (CFR) Title 27, Part 25. Contact the TTB for details.

- Administrative rule R 436.1611

Label Registration:

All beer products sold in Michigan must have labels approved by the Commission prior to being sold. All beer sold in Michigan must be labeled in accordance with TTB regulations. 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.

- Administrative rule R 436.1611

Mandatory Label Information (Pursuant to TTB Regulations):

- Brand name.
- Class, type or, in lieu of, a truthful & adequate statement of composition shall appear on the brand label of the product.
- Name and address of bottler or packer where bottled or packed.
- Net contents.
- Government Warning Statement.
- Alcohol content by volume is optional.

For Federal Labeling information contact:

Alcohol and Tobacco Tax and Trade Bureau
Alcohol Labeling & Formulation
650 Massachusetts Ave., N.W.
Washington, DC 20226
866-927-2533
www.ttb.gov

Container Deposits:

Beer, mixed wine drink (wine coolers) & mixed spirit drink (spirit coolers) sold in containers of one (1) gallon or less must comply with the Beverage Container Act (Initiated Law of 1976) by requiring a deposit of not less than 10 cents per container when sold to consumers. Containers must be clearly labeled with the name of this state and the deposit amount. "MI" or "MICH" are acceptable abbreviations for Michigan. The wholesaler who sells the returnable containers to their retail customers initiates the container deposit.

- MCL 445.571 – MCL 445.576

Beer Excise Tax Reports:

Michigan beer excise tax rate is \$6.30 per barrel. A barrel contains 31 gallons. The excise tax equates to approximately 46 cents for a case containing 24/12 ounce containers. Brewers and Micro Brewers shall pay the Michigan beer excise tax or may designate a wholesaler to pay the tax on their behalf for all beer manufactured and sold in this state. Taxes are collected on a monthly basis (biweekly if your monthly tax liability averages \$50,000 or more). Sales and shipments made to military installations, Indian reservations or out-of-state by Brewers/Micro Brewers are nontaxable. Beer that is provided as samples in a hospitality room of a brewery or beer damaged in the process of brewing is also nontaxable. Beer that is sold for on-premise consumption by a Micro Brewer is subject to the beer excise tax and must be submitted by the brewer regardless if a wholesaler has been designated to pay tax on wholesale shipments to retailers.

A report of operations (copy of TTB - Report of Operations) is due in the Commission's Lansing office not later than the fifteenth day of the month for the preceding month's activity. Copies of invoices verifying sales to Michigan wholesalers or a summary report of wholesaler sales are submitted with your monthly beer excise tax report. Payment of the beer excise tax shall accompany the report. Monthly reporting forms are available on our web site at: www.michigan.gov/lcc.

Brewers & Micro Brewers who manufacture less than 50,000 barrels of beer per year, are eligible for a credit against future beer excise taxes in the amount of \$2.00 per barrel for the first 30,000 barrels per year.

- MCL 436.1409, administrative rule R 436.1621

For further questions relating to beer tax, please contact our Financial Management Division at: (517) 284-6352.

Sales to Wholesalers:

All sales must be made through licensed wholesalers. A Micro Brewer may self-distribute to a retail account if they meet the definition of a "qualified micro brewer" (noted below), under MCL 436.1203 (13).

Brewers and Micro Brewers must grant each of their wholesalers with an exclusive sales territory. A Brewer or Micro Brewer must give each of their wholesalers a written agreement specifying the brand or brands to be distributed and the territory where exclusive sales are granted. There can be no overlapping of sales territories between wholesalers of similar brands.

There is no prohibition against offering wholesalers quantity discounts as long as the discounts are uniformly offered to all wholesalers. All sales made to wholesalers must be for cash only.

- MCL 436.1105(11), MCL 436.1109(3), MCL 436.1401, MCL 436.1403

Self-Distribution to Retailers:

A "qualified micro brewer" or an out-of-state entity that is substantial equivalent of a micro brewer may sell and deliver beer to a retailer.

"Qualified micro brewer" means a micro brewer that produces less than 1,000 barrels of beer per year. All brands of the micro brewer, whether brewed in this state or outside of Michigan, shall be combined.

A micro brewer that self-distributes to retail licensees must comply with the following:

- 1) Must file a schedule of net cash prices to retailers with the Commission office.
- 2) Beer must be delivered by employees of the Micro Brewer.
- 3) Must obtain a delivery decal from the Commission office for any vehicles used to deliver beer to retailers. \$50.00 fee per vehicle.
- 4) Cannot deliver beer in a sales territory that the micro brewer has granted to a wholesaler.

- MCL 436.1203 (13)(14)(j)

Sale to Consumers by the Glass:

A Micro Brewer that produces less than 30,000 barrels of beer per year may sell beer it manufactures to consumers for on-premises consumption at any of its licensed brewery locations. A Micro Brewer that produces 30,000 barrels of beer or more per year may sell its beer to consumers for on-premises consumption at not more than three licensed locations in Michigan.

A Brewer may sell beer it manufactures to consumers for on-premises consumption at not more than two licensed locations in Michigan.

- MCL 436.1109, MCL 436.1411

Take-Out Sales from Brewery:

A Micro Brewer by definition may sell beer that it produces to consumers for off-premises consumption (take-out).

- MCL 436.1109(3), MCL 436.1537(k)

A Brewer may sell beer that it produces to consumers for off-premises consumption (take-out).

- MCL 436.1537 (k)

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. Consumers may use bona-fide credit cards to pay for purchases from the brewery.

- MCL 436.2013

Hospitality Room – Sampling by Consumers:

A Brewer or Micro Brewer may allow persons 21 years of age or older to sample beer manufactured by that brewery in a hospitality room located on the brewery premises. Beer may not be served to persons in an intoxicated condition.

- MCL 436.2025, administrative rule R 436.1613

Barrel Deposits:

Manufacturers of beer are required to collect a barrel deposit of \$30.00 for all barrels, 1/2 barrels and 1/4 barrels of beer sold to wholesalers. A refund of \$30.00 shall be made to a licensee who has made the deposit and returned the barrels for refund. The Rule does not allow a deposit in excess of \$30.00.

- Administrative rule R 436.1629

Interest in another License:

Michigan statute strictly prohibits a Brewer/Micro Brewer 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. A Michigan manufacturer **may** hold interest in another licensed supplier under MCL 436.1603. The combined production from all facilities owned by a Micro Brewer may not exceed 60,000 barrels per calendar year. The Commission may also approve a Brewer or Micro Brewer participating with one or more Brewers or Micro Brewers in an alternating proprietor operation subject to the written approval of the Alcohol, Tobacco, Tax and Trade Bureau (TTB), in accordance with 27 CFR part 25, subpart F, section 25.52.

- MCL 436.1603

Other Manufacturing licenses:

A Micro Brewer may obtain other manufacturing licenses including a Small Wine Maker, Brandy Manufacturer, 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)

Permits:

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

- **Beer and Wine Tasting Permit** - A Brewer/Micro Brewer may obtain a Beer and Wine Tasting 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.
- **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.
- **Specific Purpose Permit** - Permit required to remain open for business after the legal closing hour of 2:00am, or to be open for business before 7:00am Monday through Saturday, or to open before 12:00 noon on Sunday, for the sale of food.
- **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 Permit** - Permit required for dancing by customers on the licensed premises. Dance floor must be clearly marked, void of tables and chairs when in use and a minimum of 100 square feet in dimension. Permit allows for dancing during the legal hours for the sale of alcoholic liquor only.
- **Entertainment Permit** - Permit required for monologues, dialogues, motion pictures, still slides, closed circuit television, contests, or other performances for public viewing on the licensed premises. An Entertainment Permit does not allow topless entertainment. Permit allows for entertainment only during the legal hours for the sale of alcoholic liquor. You do not need an Entertainment Permit for live bands, the playing of an orchestra, piano, or other types of musical instruments, singing or the viewing of any publicly broadcast television of a federally licensed station.
- **Sunday Sales AM** – Permit required for the sale of beer from 7:00 a.m.- 12:00 noon, unless prohibited in the county and local governmental unit where the licensed establishment is located. \$160.00 fee.

Salesperson License:

Any person employed by a Brewer/Micro Brewer 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. Employees who work exclusively at the brewery premises and have no personal contact with wholesalers, retailers or consumers, off brewery premises, do not need a Salesperson license. Salesperson licenses are available from the Manufacturers & Wholesalers Section. Salesperson licenses are currently \$35.00 for a three-year licensure period. Salespersons must be at least 18 years of age. Licensed Salespersons are prohibited from being employed by a retail licensee on a paid or any other basis.

- Administrative rule R 436.1853

Aid & Assistance Prohibition:

MCL 436.1609, and Rule 436.1035 prohibit alcoholic beverage manufacturers, suppliers, wholesalers or warehousemen 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, wholesalers and warehousemen 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.

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.

Section 609 (3) of the Code, includes exceptions to the prohibition of items and services that a licensed supplier, wholesaler or warehouse, may provide to any other vendor. Some of these exceptions include allowing suppliers, wholesalers, and warehousemen to provide advertising items that have no use or value beyond actual brand and price advertising, including, but not limited to: mirrors, napkin holders, and table tents to licensees. Further, Section 609 (5) allows retailers to possess and use beer and wine brand logoed barware, including, but not limited to: glassware, coasters, and napkins if they have been purchased from a third party barware retailer and also allows retailers to possess and use spirit brand logoed barware, such as: glassware, coasters, and napkins if purchased from a manufacturer of spirits, vendor of spirits, a licensed salesperson, or broker, or a third party barware retailer.

- MCL 436.1609, Administrative rule R 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.

- Administrative rules R 436.1007, R 436.1641, R 436.1865

Consumer Participatory Brewery (“Brew-On-Premise”) Operation:

The Michigan Liquor Control Code (“Code”) requires a license to manufacture and sell beer. While the Code does allow for home brewing for personal consumption, the home brewing must be done at a person’s residence. Therefore, a Brew-On-Premise operation whereby a person provides a facility and equipment allowing consumers to participate in the brewing process is not recognized as home brewing and is allowable in Michigan only under a Micro Brewer or Brewer license. The Commission recognizes the licensed Brewer or Micro Brewer to be the manufacturer of the beer and holds that licensee accountable for all actions on its licensed premises. The licensee may not lease out their licensed premises or equipment to any person; however, consumers may participate in the brewing process under the supervision of the licensee. The Commission recognizes the licensee to be selling the finished beer product to the participating consumer. The licensee may however collect the money up-front from the participating consumer. The licensee will be responsible for paying the appropriate beer excise taxes on all beer manufactured and sold in this state. The licensee will also be responsible for registering all beer brands with TTB and the Commission and labeling all containers in accordance with TTB standards. The Commission will allow Brew-On-Premise operations to register a ‘generic label’ approved by TTB and registered with the Commission with the very basic required information (name and address of bottler, net contents & government warning statement), and allow such labels to be further customized by the customer or licensee with additional brand name or fanciful name addition.

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, administrative rule R 436.1645

Advertising and Promotions:

Inside signs advertising alcoholic liquor utilized by a retail licensee must not exceed 3,500 square inches in dimension. Alcoholic beverage advertising provided by suppliers and wholesalers to retailers shall not have any use or value beyond the actual advertising of brands and prices of the alcoholic liquor, other than the exceptions provided in MCL 436.1609(2)(3)(4).

- Administrative rules R 436.1303 – R 436.1331 MCL 436.1609

Samples:

Brewers, Micro Brewers and Wholesalers are allowed to sample their products with on-premises or off-premises retail licensees and the retailer’s employees. All containers used to sample products with retailers must be marked with the word “Sample” with lettering at least ½-inches high and may not be sampled by consumers. Samples from multiple beverages may be offered, however 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.

- Administrative rules R 436.1001, R 436.1421, R 436.1513, R 436.1863

Purchasing Drinks for Consumers:

A licensed Salesperson of beer, for promotional purposes, may purchase one (1) drink for each customer of an on premises retail licensee only. Maximum spending limit of \$50.00 per day at one account; and not more than twice per month at the same licensed retail location. The drink shall be purchased from the on-premises licensee and shall be of a brand represented by the salesman.

- Administrative rule R 436.1865

Contract Brewing:

A Brewer or Micro Brewer may contract brew beer for a retailer licensee that desires to have a "private label". Such contract-brewed beer is basically treated like any other beer. The Brewer or Micro Brewer producing the beer is responsible for registering the product and trade name with TTB and the Commission; paying the beer excise taxes to the Commission for the beer sold in Michigan; assigning sales territories to wholesalers; and selling the beer only to licensed Michigan wholesalers. Contract brewed beer is no different than any other beer except that some one else may own the trade name, formula, and label rights.

- Administrative rule R 436.1611, MCL 436.1105(11), MCL 436.1109(3), MCL 436.1401, MCL 436.1403, MCL 436.1409, administrative rule R 436.1621

Compliance with Laws, Zoning & Ordinances

A Brewer/Micro Brewer must comply with all state and local building, plumbing, zoning, sanitation, and health laws, rules and ordinances.

- Administrative rules R 436.1003, R 436.1105(3), R 436.1702

How to Contact the Michigan Liquor Control Commission:

Questions relating to Brewer/Micro Brewer licenses and other non-retail licenses may be directed to:

Michigan Liquor Control Commission
Manufacturers & Wholesalers Section
P.O. Box 30005 Lansing, MI 48909-7505
Toll free 866-813-0011 Fax 517-763-0060
E-mail: MLCCMWapplications@michigan.gov

Website: www.michigan.gov/lcc