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GOVERNOR



STATE OF MICHIGAN
LIQUOR CONTROL COMMISSION
DEPARTMENT OF ENERGY, LABOR & ECONOMIC GROWTH
STANLEY "SKIP" PRUSS, DIRECTOR

NIDA R. SAMONA
CHAIRPERSON

Bulletin # 3150-17

January 5, 2010

Dear Licensee,

Re: Distilled Spirit Product Returns

The Michigan Liquor Control Commission (MLCC) has reviewed its distilled spirit delivery system policies and procedures. Effective June 1, 2010, the Commission will change its product return policy pursuant to the U.S. Tax and Trade Bureau (TTB) regulations. TTB regulations require liquor licensees to pay for all of the distilled spirit products that they order. TTB regulations state in Title 27, Section 11.31 of the Code of Federal Regulations "that it is unlawful to sell, offer to sell, or contract to sell products with the privilege of return for any reason, other than those considered to be "ordinary and usual commercial reasons" arising after the product has been sold."

Permitting the broad-based and simple return of distilled spirits violates the federal consignment sales laws for alcohol. Therefore, the MLCC policy will require licensees to accept the delivery of, and pay for, all spirit products that they order. The TTB regulations include a limited number of "ordinary and usual commercial reasons" under which spirit products can be returned. These "ordinary and usual commercial reasons" can be located in Title 27, Sections 11.32 through 11.39 of the Code of Federal Regulations. Under the Commission's product return policy, the Commission will not permit licensees to order additional spirits if they do not pay for their entire spirit orders.

If you have any questions please contact the Michigan Liquor Control Commission at 800.701.0513.

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