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Date: February 7, 2012

To: Vendors, Vendor Representatives

From: Michigan Liquor Control Commission
Financial Management Division

Subject: Spirit Minimum Shelf Price Formula Change

Effective on October 1, 2012 the Michigan Liquor Control Commission (MLCC) will change the Minimum Shelf Price Calculation Formula. This change is being made to comply with Public Act 166 of 2011. This Public Act repealed the specific tax equal to 1.85% of the retail selling price of spirits sold for consumption off the premises.

To comply with the law's required October 1, 2012 effective date, the MLCC will modify its regular schedule for the fourth quarter 2012 price change. The fourth quarter price change will occur on October 1, 2012 instead of at the end of October. The final date to submit price changes for the October 1, 2012 effective date will be July 20, 2012.

At the same time that this tax is removed, the MLCC is also going to modify the rounding methodology that the Commission uses in the Minimum Shelf Price Calculation Formula. In the new pricing formula, all rounding calculations will be made to the nearest penny. The base price calculation will no longer be rounded up to the nearest nickel and all truncations have been eliminated. These changes in the rounding methodology will provide you the ability to price your products at every possible price point.

If you have any questions, please contact the Financial Management Division at 517-322-1382.