



BUSINESS MEETING OF THE
MICHIGAN LIQUOR CONTROL COMMISSION

Held: Tuesday, November 27, 2012
Lansing District Office
7150 Harris Drive
Lansing MI 48909

Present: Andrew J. Deloney, Chairman
Teri L. Quimby, Commissioner
Dennis Olshove, Commissioner

Absent: None

Staff: Kerry Krone, Business Manager
Steve Robinson, Director of Finance Division
Julie Wendt, Director of Executive Services Division
Tom Hagan, Director of Enforcement Division
Sharon Martin, Director of Licensing Division
Andy Neumann, Director of Administrative Services Division
Tim Kovacik, Deputy Director of Executive Services Division
Anita Fawcett, Executive Services Division

The meeting was called to order by Chairman Deloney at 11:30 a.m., noting a quorum was present.

- I. **Moved by Commissioner Olshove, supported by Commissioner Quimby, that the minutes of the Business meeting of November 13, 2012, be approved as written and presented, motion carried by unanimous vote.**

- II. Mr. Robinson presented licensee requests for special price reductions on spirit products in accordance with the provisions of the Commission's Order of February 15, 2006 regarding special price reductions on spirit products. He advised there are eight different licensees requesting price reductions; that 172 price reductions should be approved; and that 11 price reductions should be denied for the reasons stated in the attached reports.

Moved by Chairman Deloney, supported by Commissioner Olshove, that the 172 special price reductions be approved as indicated on the attached Approval for Price Reduction on Liquor reports, motion carried by unanimous vote.

Moved by Chairman Deloney, supported by Commissioner Olshove, that the 11 special price reductions be denied for the reasons stated in the attached Notification of Denial for Price Reduction reports, motion carried by unanimous vote.

- III. Chairman Deloney presented a proposed Declaratory Ruling for MGM Grand Detroit, L.L.C. (MGM), regarding the legality of a tabletop self-tap dispensing device under administrative rule R 436.1045(4). Seth Tompkins, attorney for MGM and Ronald Holloway, V.P. Legal and General Counsel for MGM, advised they would like to speak on this issue. Mr. Tompkins gave a description of how the dispensing device works and stated that the device is activated by an MGM employee with an encrypted card, not the customer, and does not accept money. Mr. Tompkins argued that the device as proposed to be utilized by MGM does not fall under administrative rule R 436.1045(4) as a vending machine.

Mr. Holloway wanted it made clear to the Commission that this device will be the same as a beer tap behind the bar, and that a customer will not be able to operate the beer dispensing device without staff action. He stated MGM has invested six million dollars in the new restaurant and wants to create a niche business in the community to bring in more customers as the Toledo casino has impacted their business. Mr. Holloway indicated that this is a heavily regulated industry by both the Gaming Control Commission and the Liquor Control Commission and MGM will continue to maintain compliance with any and all statutes and rules as it relates to this device.

Chairman Deloney advised this is a very interesting issue and wanted to be clear that the Commission's decision is based on the plain meaning of the administrative rule and not speculation of the intent of the rule beyond the words expressed in it. He indicated that the Commission's ruling is confined to whether the self-tap beer dispensing device proposed to be used by MGM is a vending machine under administrative rule R 436.1045(4).

Moved by Chairman Deloney, supported by Commissioner Olshove, that the declaratory ruling be issued which concludes that MGM's proposed self-tap system constitutes a prohibited vending machine under R 436.1045(4), motion carried by unanimous vote.

- IV. Old Business

There was no Old Business.

V. New Business

Mr. Robinson advised that the preliminary amount to be sent to the General Fund will be \$174,886,000.00, up \$10.6 million from last fiscal year. Mr. Robinson stated this figure contains the 1.85% tax that was repealed effective October 1, 2012, and will not be include in next year's figures. Chairman Deloney complimented Mr. Robinson and his staff for their hard work and dedication, especially in quickly and efficiently resolving any problems that arise. He stated with the Legislature working on next year's budget, this would be good news.

VI. Public Comments

There were no public comments.

With no further business, moved by Commissioner Olshove, supported by Commissioner Quimby, that the business meeting be adjourned at 12:00 p.m., motion carried by unanimous vote.

Andrew J. Deloney
Chairman

Anita Fawcett
Executive Services