



Department of Licensing & Regulatory Affairs
MICHIGAN LIQUOR CONTROL COMMISSION (MLCC)
525 W. Allegan Lansing, MI 48933
P.O. Box 30005 Lansing, MI 48909

Michigan Wholesale License Requirements and General Information

A Wholesale license:

- License issued by the Michigan Liquor Control Commission to purchase beer, wine and mixed spirit drink from licensed suppliers.
- May resell beer, wine and mixed spirit drink to licensed Michigan retailers, and may sell sacramental wine directly to churches for sacramental purposes.
- May not sell or deliver alcoholic beverages to consumers.
- Must hold a "Wholesaler's" Basic Permit issued by the Alcohol and Tobacco Tax and Trade Bureau ("TTB").
- Must enter into territory agreement with each of their licensed suppliers.
- May only sell to retailers located in the sales territory assigned by their suppliers.
- May only sell to retailers at prices posted with the Commission.
- May not sell to retailers at a quantity discount.
- \$300.00 minimum annual license fee covers one licensed delivery vehicle. Additional delivery vehicles are \$50.00 per vehicle. License renews annually on May 1.

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 Basic Permit issued by the Alcohol and Tobacco Tax and Trade Bureau ("TTB") is required prior to the issuance of a Wholesale license. For Federal Basic Permit info contact the Alcohol and Tobacco Tax and Trade Bureau at 877-882-3288 or visit the TTB website at www.ttb.gov.

General Information:

Interest In Another License:

Michigan statute strictly prohibits a Wholesaler from holding any interest, directly or indirectly, in any other wholesale, retail or supplier license, with the exception of a Warehouse license. Examples of prohibited interests between licensees include: stock ownership, leasing real estate to/from, interlocking officers or directors, or financial interest such as a moneylender. Wholesalers are allowed to hold more than one wholesale or warehouse license for other locations as long as each license is issued in the same legal entity.

- MCL 436.1603

License Fee:

The initial wholesale license fee and thereafter the annual renewal fee is \$300.00, which covers one motor vehicle used to deliver beer & wine to retail licensees. Each additional vehicle used for delivering beer & wine to retail licensees is \$50.00 per year. Licenses must be renewed annually. Licensing year is May 1 - April 30. Prorating the licensing fee not allowed.

- MCL 436.1525(h)

Salesperson License:

Any person employed by a wholesaler 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; however, some exemptions exist under MCL 436.1502(see MLCC website: https://www.michigan.gov/lara/0,4601,7-154-89334_10570_16941-456243--,00.html). Office staff and warehouse workers who work exclusively at the wholesaler's premises and have no personal contact with retailers or consumers off the wholesaler's premises do not need a Salesperson license. Salesperson's must be 18 years of age or older. Salesperson licenses are \$35.00 for three-year licensing period. Licensed salespersons are prohibited from being employed by a retail licensee on a paid or any other basis. Licensed truck drivers or delivery persons are prohibited from consuming alcoholic beverages while on duty.

- MCL 436.1502

Beer Price Schedules:

Wholesalers who sell beer to retailers are required to file with the Commission in Lansing, a schedule of the net cash prices to retail licensees. A Wholesaler may not sell beer to retailers at other than the price posted with the Commission. The net cash price to retailers cannot be changed without first notifying the Commission in writing of the price change. Post-offs or temporary price reductions to retailers must remain in effect for not less than 180 consecutive calendar days in duration. A Wholesaler must offer post-offs must to all retailers in their market area. A Wholesaler may not sell beer at a quantity discount. A Wholesaler may not charge retailers a delivery fee or any other fee besides the net cash price filed with the Commission.

- Administrative rule R 436.1625

Wine Price Schedules:

Wholesalers who sell wine or mixed spirit drink to retailers are required to file with the Commission in Lansing, a quarterly price schedule of the net cash prices to retail licensees. The net cash price cannot be changed without first notifying the Commission in writing of the price change. Post-offs or temporary price reductions cannot be offered for periods of less than 14 calendar days in duration. Post-offs must be offered to all retailers in a market area. Wholesalers must file prices for any new wine products with the Commission before they may be sold in this state. Wholesalers may charge a split-case fee to retailers. Split-case fees must be at the same per unit rate, shall be nondiscriminatory, and shall not be based on a sliding scale. A Wholesaler may not sell wine at a quantity discount. A Wholesaler may not charge retailers a delivery fee or any other fee besides the net cash price filed with the Commission, except for a split-case fee.

- Administrative rule R 436.1735

Michigan Excise Taxes:

Wholesalers shall be responsible for the collection, reporting, and payment of beer, wine and mixed spirit drink taxes beginning February 1, 2015. The Commission collects beer, wine and mixed spirit drink excise taxes from the wholesaler on a monthly basis. A Wholesaler must file a "Michigan Beer Tax Report", "Michigan Wine Tax Report" and "Michigan Mixed Spirit Drink Tax Report", no later than the 15th of each month for the previous month's activity, along with copies of invoices of each sale or an Excel spreadsheet. Sales made to churches, military establishments and Indian Reservations are tax-exempt.

Wholesalers are also required to submit a separate "Wholesalers Monthly Report of Purchases" for each type of product (beer, wine and mixed spirits) by the 15th of each month for the previous months activity whether or not there has been any transactions.

Tax rates are as follows:

- Beer - \$6.30 per barrel (1 barrel = 31 gallons)
- Wine - \$0.135 per liter (13 ½ cents per liter) – wine 16% or less alcohol by volume
\$0.20 per liter (20 cents per liter) – wine over 16% alcohol by volume
- Mixed Spirit Drink - \$.48 per liter (48 cents per liter)

For questions relating to excise taxes and where to find tax forms, please contact our Financial Management Division at (517) 284-6260.

- MCL 436.1301, MCL 436.1409

Quantity Discounts:

Wholesalers are prohibited from selling beer, wine or mixed spirit drinks to retail licensees at a quantity discount. Wholesalers may sell alcoholic beverages to retailers only at prices filed with the Commission. Wholesalers are prohibited from selling below cost.

- Administrative rules R 436.1625, R 436.1735 and MCL 436.2025

Cash Sales:

All sales and purchases of alcoholic beverages shall be for cash only. Wholesalers are prohibited from offering credit terms to retail licensees. Payment by retailers must be made to the wholesaler at the time of delivery by cash or check. Payment may also be made by electronic fund transfer no later than the next business day. Wholesalers are also prohibited from purchasing on credit from their suppliers.

- MCL 436.2013

Aid and Assistance:

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 warehouseman 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

Sales To Employees:

Wholesalers may sell to their own employees who are 21 years of age or older a limit of two (2) cases of 24 x 12-ounce units or its equivalent of malt beverages per week, or one (1) case of 12 x 1-liter units or its equivalent of wine or mixed spirit drink per week.

- MCL 436.1607 (4)

Sales To Churches, Hospitals, Military Installations and Indian Reservations:

Wholesalers may sell and deliver beer, wine and mixed spirit drink to hospitals to be used for patient consumption as prescribed by a physician; may sell and deliver wine to churches requiring sacramental wines; may sell and deliver beer, wine and mixed spirit drink to military establishments; and may sell and deliver beer, wine and mixed spirit drink to the governments of Federal Indian Reservations.

- MCL 436.1607 (4)

Territory Agreements:

Outstate Sellers of Beer, Outstate Sellers of Wine, Outstate Sellers of Mixed Spirit Drink, Manufacturers of Mixed Spirit Drink, Brewers, Micro Brewers, Wine Makers and Small Wine Makers must provide each of their wholesalers with a written territory agreement specifying the brand or brands of beer, wine or mixed spirit drink and the territory in which the wholesaler shall have distribution rights. Wholesalers are prohibited from selling alcoholic beverages to any retail licensee whose establishment is located outside of their assigned sales territories. **The territory assigned for beer, mixed wine drink (wine coolers) and mixed spirit drink (spirit coolers) must be exclusive. There can be no overlapping sales territories between wholesalers for similar brands of beer, mixed wine drink or mixed spirit drink.**

Michigan statute prohibits a supplier or master distributor from assigning a specific brand or brands of wine to more than one wholesaler in the same sales territory. A supplier or master distributor may continue an agreement that was in effect on June 1, 2010, which assigned the distribution rights to more than one wholesaler for a specific brand of wine in the same sales territory.

- Beer - MCL 436.1401 & MCL 436.1403; Wine - MCL 436.1305 & MCL 436.1307

Sale Of Non-Alcoholic Products:

Wholesalers are allowed to sell nonalcoholic beverage products to retail licensees. While the Liquor Control Code and Administrative Rules may not regulate nonalcoholic products, the relationship between alcoholic beverage suppliers, wholesalers and retailers is highly regulated. Therefore, due to the aid and assistance prohibition and other statutes and rules, all nonalcoholic beverage products must be sold for cash only and wholesalers are prohibited from offering anything of value to retail licensees pertaining to nonalcoholic beverage products.

Giveaways & Consumption at Warehouse Premises:

Wholesalers are prohibited from giving away alcoholic beverages of any kind in connection with their business. Wholesalers are also prohibited from allowing the consumption of beer on their wholesale licensed premises.

- MCL 436.2025, administrative rule R 436.1613

Product Returns:

Wholesalers are allowed to make a refund or adjustment on beer containers to retail licensees when a keg of beer shows evidence of leakage or when a keg of beer is flat or not salable at the time of tapping. Any other product exchange or adjustment with retail licensees for beer, wine or mixed spirit drink requires prior Commission approval. For the past several years, the Commission has issued an annual order authorizing wholesalers to exchange or make adjustments with retail licensees for specifically approved reasons only. Please contact the Manufacturers & Wholesalers Section for details.

- Administrative rules R 436.1633, R 436.1735

Delivery to Consumers:

Wholesalers are prohibited from making deliveries to a customer of a retail licensee.

- Administrative rule R 436.1515

Sunday Deliveries:

Wholesalers are prohibited from selling or delivering beer to a retail licensee between 12:00 midnight on Saturday and 12:00 midnight, except to the holder of a Special License issued by the Commission.

- Administrative rule R 436.1635

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 436.1727, R 436.1865

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

Samples:

Wholesalers are allowed to sample their products with on-premises or off-premises retail licensees and the retailer's employees. Sample tastings may not be offered to consumers. All containers used to sample products with retailers must be marked with the word "Sample" with lettering at least ½-inches high. While wholesalers may offer tasting samples from multiple beverages, 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. Again, the container must be marked "Sample". A sample container must be removed from the premises within 24 hours and again may not be sampled by consumers.

- Administrative rules R 436.1001, R 436.1421, R 436.1511, R 436.1513, R 436.1863

Purchasing Drinks For Consumers:

- *Wine, Mixed Spirit Drinks & Spirits:* A licensed Salesperson of spirits or wine, for promotional purposes, may purchase one (1) drink for each customer of an on premises retail licensee only. The drink shall be purchased from the on-premises licensee and shall be of a brand represented by the salesman

- *Beer*: 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

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 rules R 436.1645, R 436.1727

How To Contact The Michigan Liquor Control Commission:

Michigan Liquor Control Commission
P.O. Box 30005, Lansing, MI 48909
Toll free 1-866-813-0011
Fax: 517-763-0060
E-mail: MLCCMWapplications@michigan.gov
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