Michigan Department of Licensing and Regulatory Affairs
Liquor Control Commission (MLCC)
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Specially Designated Distributor Licensing Requirements & General Information

A Specially Designated Distributor license, as defined by MCL 436.1111(12), is a business licensed to sell at retail spirits and mixed spirit drink in the original package for consumption off the premises.

Specially Designated Distributor licenses generally are held in conjunction with Specially Designated Merchant licenses. Specially Designated Merchant licenses allow for the sale of beer and wine for consumption off the premises.

How to Apply

All applicants requesting a new Specially Designated Distributor license, seeking to transfer ownership of a Specially Designated Distributor license, or transferring interest (stock or membership interest) in a Specially Designated Distributor license must submit the following:

- **Application Form**
  For a new Specially Designated Distributor license or to transfer a Specially Designated Distributor license - Retail License & Permit Application (Form LCC-100)

  To transfer interest in a Specially Designated Distributor license – License Interest Transfer Application (LCC-101)

- **Inspection Fee** - A $70.00 nonrefundable inspection fee is required for each license requested in an application. For example, if an applicant has requested to transfer a Specially Designated Distributor license that has a Specially Designated Merchant license in conjunction, the inspection fee would be $140.00.

- **License & Permit Fees** – The initial and annual renewal fee for a Specially Designated Distributor license is $150.00. An additional license fee based upon the prior calendar year's sales may be required upon licensure. Additional fees will vary based upon whether additional licenses and permits are requested in conjunction with a Specially Designated Distributor license.

- **Livescan Fingerprints** – Applicants that have never been licensed through the Michigan Liquor Control Commission must submit fingerprints through the Livescan fingerprinting process - Livescan Fingerprint Background Request Form.

- **Purchase Agreement** – Applicants requesting to transfer a license from another licensee must submit an executed purchase agreement or other documentation signed by both the applicant and the current licensee, which details the sale of the liquor license(s) and other business assets.

    - Purchase agreements must specifically indicate that the liquor license is being sold and provide the purchase price and terms of the sale.
    - Purchasers of on-premises licenses must have at least 10% of the purchase price of the business, excluding real estate.
    - Purchase agreements that are not for cash only sales and include real estate must list the personal property, including the licenses, and real estate with the terms and price for each.
    - If the personal property and real estate are being purchased by separate people or entities, the purchase agreement must indicate those names and who is purchasing which items.
    - If the applicant will not pay the full purchase price at closing, the balance due may be covered by a security agreement or promissory note. Alcoholic beverage inventory cannot be included on a security agreement or promissory note.

- **Property Document** – Applicants must provide documentation that demonstrates they will have control over the property that comprises the proposed licensed premises. Property documents include deeds, land contracts, and lease agreements.
    - A provision to reassign the license in the event of a default on a land contract or termination of a lease agreement may be included, but may only provide for the reassignment subject to Commission approval.
    - If the applicant is a company and its members or stockholders own the real estate as individuals or under another company, a lease agreement is needed.
    - If the applicant is an individual and he or she owns the real estate with a spouse or someone else who will not be named on the license, a lease between the applicant and the owners of the real estate is needed.

In addition to the documents required by all applicants:

Corporations must submit the following information per Administrative Rule R 436.1109:

- Copy of current, filed Articles of Incorporation.
- Current Certificate of Good Standing from the state where incorporated and Certificate of Authority to Do Business in Michigan, if incorporated outside of this state.
- Certified copy of the minutes of a meeting of its board of directors or a statement signed by an officer of the corporation naming the persons authorized by corporate resolution to sign the application and other documents required by the Commission (or Part 3 of Form LCC-301).
- Report of Stockholders/Members/Partners (Form LCC-301)

Limited Liability Companies (LLC) must submit the following information pursuant to Administrative Rule R 436.1110:

- Copy of Articles of Organization and copies of any amendments to the Articles of Organization.
- Current Certificate of Authority to Do Business in Michigan, if the LLC is a non-Michigan LLC.
- Copy of Operating Agreement entered into by members.
- Copy of most recent annual statement filed with the Corporations Division, if an existing LLC.
- Statement signed by a manager of the limited liability company or by at least 1 member if management is reserved to the members naming the person authorized to sign the application and other documents required by the Commission (or Part 3 of Form LCC-301).
- Report of Stockholders/Members/Partners (Form LCC-301)

Partnerships must submit the following information per Administrative Rule R 436.1111:

- Partnership Agreement, if a Limited Partnership.
- Report of Stockholders/Members/Partners (Form LCC-301)

Licensing Process

- The Licensing Division reviews the application and corresponding documents for completeness and verifies the appropriate fees have been received. If additional documents, fees, or corrections to documents are needed, Licensing will notify the applicant.

- Once all the necessary documents have been received Licensing will submit the request to the Enforcement Division for its investigation. If an applicant has applied for and meets the requirements for a conditional license, the request will be considered by the Commission.

- The Enforcement Division will contact the applicant to schedule an interview with the applicant (and current licensee for license transfers). At this meeting an investigator will review with the applicant documents, including:
  - purchase agreement
  - financial documents
  - property documents
  - other items pertaining to the application

- After the interview, the investigator will prepare a report for the Commission regarding the investigation and submit the request back to Licensing for further processing.

- Licensing reviews the report from Enforcement and any additional documents received during the interview process. The request is prepared for the Commission to consider and placed on a docket for an upcoming licensing meeting.

- The Commission considers the request, including:

- the liquor license operating history of the applicant (if a current or prior licensee)
- the arrest and conviction record of the applicant
- whether the applicant meets the requirements for a license
- the applicant's financial information
- opinions of the local legislative body or police department, if received.

- The Commission will approve or deny the request based on these factors. Occasionally, the Commission will request more information from the applicant before making a final decision.

- After the Commission makes a decision on the request, the file is returned to Licensing for final processing.
  - Approval orders are sent to the applicant requesting any final items before the issuance of the license.
  - Denial orders are sent to the applicant and the applicant may appeal the decision.

- When all the final items are received by Licensing, the completed request is forwarded to the Renewal Unit for the issuance of the physical license documents.
  - Any changes in financial provisions at the time of closing which do not conform to the terms previously indicated and investigated may require submission of new forms and possible additional investigation.

Other Licenses That May Be Held in Conjunction With a Specially Designated Distributor License

A **Specially Designated Merchant (SDM)** license for the sale of beer and wine for consumption off the licensed premises (take-out) may be held in conjunction with a Specially Designated Distributor license.

Permits, Permissions, and Authorizations

Sunday Sales Permit (A.M.) - A permit that allows the sale of beer, wine, and liquor on Sunday mornings between 7:00am and 12:00 noon, if allowed by the local unit of government.

Sunday Sales Permit (P.M.) - A permit that allows the sale of liquor on Sunday afternoons and evenings between 12:00 noon and 2:00am (Monday morning), if allowed by the local unit of government.

Catering Permit - Authorizes a holder of a Specially Designated Distributor license that also holds a Specially Designated Merchant license to sell, deliver, and serve beer, wine, and spirits in the original containers at private events. A licensee must have a food service establishment license or retail food establishment license to qualify for this permit.

Living Quarters Permit - Allows living quarters to be directly connected to the licensed premises.

Direct Connection permission - Allows connections from the licensed premises to unlicensed premises.

Motor Vehicle Fuel Pump permission – Allows the licensee to have motor vehicle fuel pumps on or adjacent to the licensed premises. Minimum inventory requirements apply based on the population of the local governmental unit in which the business will be located.

New / Transfer of Location of a Specially Designated Merchant License

A new Specially Designated Distributor license may be issued or an existing Specially Designated Distributor license may be transferred within a local unit of government or between local units of government in the same county, unless another Specially Designated Distributor licensed business already exists within 2,640 feet (1/2 mile) of the proposed location. Pursuant to Administrative rule R 436.1133, the Commission may waive the "Half-Mile Rule" under certain circumstances:

- If the existing Specially Designated Distributor has purchased less than $10,000.00 in spirits from the commission during the last full calendar year.
- If the existing Specially Designated Distributor has a B-hotel or A-hotel license.
- If the proposed location and the existing Specially Designated Distributor's licensed establishment are separated by a major thoroughfare of not less than 4 lanes of traffic.
- If the proposed licensed establishment is located in a neighborhood shopping center which does not have an existing Specially Designated Distributor's licensed establishment and if the proposed licensed establishment is located not less than 1,000 feet from any existing Specially Designated Distributor's licensed establishment. The method of measurement shall be as prescribed in section 503 of 1998 PA 58, MCL 436.1503.
- If an existing Specially Designated Distributor licensee is located within 2,640 feet of 1 or more existing Specially Designated Distributor licensees and requests a transfer of location, which location is within 2,640 feet of the same existing Specially Designated Distributor licensee or licensees, upon a showing of good cause by the licensee who is requesting the transfer of location.

License Quotas

- Each local governmental unit (city, village, or township) has a limited number of Specially Designated Distributor licenses that may be issued based on the population from the most recent federal census.

- An applicant requesting a new Specially Designated Distributor license must first verify that the license quota limit for Specially Designated Distributor licenses in the local governmental unit has not been reached and an available Specially Designated Distributor license exists.

Churches & Schools

A new application to sell alcoholic beverages at retail, or a request to transfer location of an existing license, may be denied if the proposed location is within 500 feet 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 does file an objection, the Commission shall hold a hearing before making a decision on the issuance of the license.

Proof of Financial Responsibility

- Liquor liability coverage of at least $50,000.00 is required by Michigan law for active operation of a licensed business. Types of acceptable coverage are:
  - liquor liability insurance
  - cash
  - unencumbered securities
  - constant value bond
  - membership in an authorized group self-insurance pool

- For more information, please read the instructions in the Proof of Financial Responsibility form (Form LC-95).