



STATE OF MICHIGAN
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS
LIQUOR CONTROL COMMISSION

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In the matter of Beer, Wine, and Mixed Spirit)
Drink Tax Reporting and Payment by Michigan)
Licensed Wholesalers)
_____)

At the January 13, 2015 meeting of the Michigan Liquor Control Commission
(Commission) in Lansing, Michigan.

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

ADMINISTRATIVE ORDER NO. 2015-01
WHOLESALE INVENTORY OF BEER, WINE, AND MIXED SPIRIT DRINKS

Under Article IV, Section 40, of the Constitution of Michigan (1963), the Commission shall exercise complete control of the alcoholic beverage traffic within this state, including the retail sales thereof, subject to statutory limitations. MCL 436.1201(2) provides the Commission with the sole right, power, and duty to control the alcoholic beverage traffic and traffic in other alcoholic liquor within this state, including the manufacture, importation, possession, transportation and sale thereof. Further, MCL 436.1301(9) and MCL 436.1409(3) authorize the Commission to establish by rule, methods for the collection of beer, wine, and mixed spirit drink taxes.

The Commission's beer, wine, and mixed spirit drink tax collection systems and procedures must change to comply with changes to MCL 436.1301(5), (6), (8), and (9) and MCL 436.1409(1), (2), and (3). The changes will require the wholesaler or the Michigan manufacturer to report and pay the beer, wine, and mixed spirit drink taxes effective February 1, 2015. The beer, wine, and mixed spirit drink inventory owned by the wholesalers at the close of business on January 31, 2015 will have already had the taxes paid by the outstate seller licensees. Beginning on February 1, 2015 the wholesalers will be responsible for the taxes based on the sales of beer, wine, and mixed spirit drink products.

To properly handle the transition between the two tax collection and payment systems the wholesaler shall:

- a. Perform a complete physical inventory of the beer, wine, and mixed spirit drink products that they own at the close of business on January 31, 2015.
- b. Calculate the total gallons of beer, liters of wine (up to 16% and over 16% alcohol content), and liters of mixed spirit drink in the inventory.
- c. Convert the total gallons and liters into beer taxes, wine taxes, and mixed spirit drink taxes paid on the inventory.
- d. Report the totals of beer taxes, wine taxes, and mixed spirit drink taxes paid on the inventory to the Commission by February 28, 2015. The tax paid totals shall be reported in writing, by type of tax, by licensed location, and the wholesaler shall provide their license information and sign the document.
- e. Submit beer, wine, and mixed spirit drink tax reports beginning with the February 2015 reports that are due by March 15th. The tax paid amounts will be used by the Commission as credits against the taxes due on the monthly beer, wine, and mixed spirit drink tax reports until the tax paid amounts are gone.

- f. Pay beer, wine, and/or mixed spirit drink taxes once the tax paid credit amount for the beer, wine, or mixed spirit drinks has been exhausted.

After review and discussion of these issues at the meeting, the Commission finds that this Administrative Order should be approved.

THEREFORE, IT IS ORDERED THAT:

- A. The wholesaler perform a complete physical inventory of the beer, wine, and mixed spirit drink products that they own at the close of business on January 31, 2015.
- B. The wholesaler calculate the total gallons of beer, liters of wine (up to 16% and over 16% alcohol content), and liters of mixed spirit drink in the inventory.
- C. The wholesaler convert the total gallons and liters into beer taxes, wine taxes, and mixed spirit drink taxes paid on the inventory.
- D. The wholesaler report the totals of beer taxes, wine taxes, and mixed spirit drink taxes paid on the inventory, to the Commission by February 28, 2015. The tax paid totals shall be reported in writing, by type of tax, by licensed location, and the wholesaler shall provide their license information and sign the document.
- E. The wholesaler shall submit beer, wine, and mixed spirit drink tax reports beginning with the February 2015 reports that are due by March 15th. The tax paid amounts will be used by the Commission as credits against the taxes due on the monthly beer, wine, and mixed spirit drink tax reports until the tax paid amounts are gone.
- F. The wholesaler shall pay beer, wine, and/or mixed spirit drink taxes once the tax paid credit amount for the beer, wine, or mixed spirit drinks has been exhausted.

G. This Administrative Order is effective immediately.

MICHIGAN LIQUOR CONTROL COMMISSION

Andrew J. Deloney, Chairman

Teri L. Quimby, Commissioner

Dennis Olshove, Commissioner

Date: January 13, 2015
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