



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

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In the matter of the Spirit Product Delisting)
Procedures for:)
Michigan Vendors of Spirits and)
Michigan Authorized Distribution Agents)
_____)

At the December 15, 2015 meeting of the Michigan Liquor Control Commission
(Commission) in Lansing, Michigan.

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

ADMINISTRATIVE ORDER NO. 2015-06
SPIRIT PRODUCT DELISTING PROCEDURES

Article IV, Section 40, of the Constitution of Michigan (1963), permits the legislature to establish a Liquor Control Commission, which 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, in accordance with the provisions of MCL 436.1231, the Commission may buy, possess, and sell in its own name all alcoholic liquor as provided by statute.

Before January 23, 1997 the State of Michigan distributed distilled spirits through a network of state-run warehouses and wholesale stores. This distribution system was started in 1933 upon the repeal of prohibition. On January 23, 1997 the State of Michigan began using Authorized Distribution Agents (ADAs) to warehouse and deliver distilled spirits. The ADAs are private companies that have contracted with the Vendors of Spirits and have been approved by the Commission. The Commission has certified a few Authorized Distribution Agents.

The Commission finds that spirit product delisting procedures are necessary for many reasons, including the ADA's warehouse space, and the large volume of spirit products approved for sale. To improve the spirit product delisting procedures and to better serve the retail licensees and the Vendors of Spirits, the Commission finds that the \$75.00 shelf price threshold should be reduced to a \$50.00 shelf price threshold, and that all other Commission actions should be updated.

After review and discussion of these issues at the meeting, the Commission finds that this Administrative Order should be approved to establish the spirit product delisting procedures, and that any previous orders, bulletins, policies, and directives pertaining to the spirit product delisting procedures should be rescinded.

THEREFORE, IT IS ORDERED THAT:

- A. All Administrative Orders of the Commission regarding the spirit product delisting procedures, including those dated August 23, 2000, November 20, 2001, November 19, 2002, March 30, 2004, January 10, 2006, February 15, 2007, and June 5, 2012 are hereby RESCINDED effective immediately.
- B. All bulletins issued by the Commission, regarding the spirit product delisting procedures, including Bulletins numbered 2991-17 (dated August 29, 2000), 3030-17 (dated December 17, 2001), 3047-17 (dated November 25, 2002), 3071-17 (dated April 7, 2004), 3093-17 (dated

January 12, 2006), 3113-17 (dated February 20, 2007), and 2012-09 (dated June 5, 2012) are hereby RESCINDED effective immediately.

- C. Any and all other previous orders, bulletins, policies, and directives issued by the Commission regarding the spirit product delisting procedures are hereby RESCINDED effective immediately.
- D. The Commission will review and consider currently listed spirit products under the following conditions for delisting:
 - 1. Products listed for at least one year with sales of less than 12 standard size cases in the previous one year period. The standard case sizes are:
 - a. 120 bottles for 50ml sized bottles,
 - b. 48 bottles for 100ml sized bottles,
 - c. 48 bottles for 200ml sized bottles,
 - d. 24 bottles for 375ml sized bottles,
 - e. 12 bottles for 750ml sized bottles,
 - f. 12 bottles for 1000ml sized bottles,
 - g. 6 bottles for 1750ml sized bottles.
 - 2. Products with a minimum shelf price of at least \$50.00 per bottle and less than \$250.00 per bottle with no sales activity in the previous one year period.
 - 3. Products with a minimum shelf price of at least \$250.00 per bottle with no sales activity in the previous five year period.
- E. The Commission will review and consider the sales activity biannually, for one year sales periods at the end of March and September.
- F. The Commission will return all state owned inventory for spirit products at the time of delisting to the Vendors of Spirits of record at the time. The total current cost of the delisted product inventory will be deducted from subsequent purchase orders.

- G. A product which is delisted under this policy may not be resubmitted for listing for a period of one year from the effective date of the product's cancellation.
- H. This order is effective immediately.

MICHIGAN LIQUOR CONTROL COMMISSION



Andrew J. Deloney, Chairman



Teri L. Quimby, Commissioner