



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

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In the matter of the Per Case ADA Distribution Fee)
for Distilled Spirits)
As it affects: Vendors of Spirits and)
Authorized Distribution Agents)
_____)

At the December 21, 2018 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. 2018-08
PER CASE AUTHORIZED DISTRIBUTION AGENT (ADA) DISTRIBUTION FEE

Under 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 436.1205(11), the Commission may pay a Vendor of Spirits an amount of not less than \$4.50 and not more than \$8.25 for each case of spirits purchased as an offset (per case ADA distribution fee) to the costs being incurred by that Vendor of Spirits in contracting with an Authorized Distribution Agent for the warehousing and delivery of spirits to retailers.

In accordance with the provisions of MCL 436.1205, the Commission approved an Administrative Order on December 27, 1996 that established the State of Michigan's initial per case ADA distribution fee at \$5.67. The Administrative Order of December 27, 1996 was

amended on July 16, 1997, December 14, 2000, January 3, 2001, December 18, 2001, January 8, 2003, January 20, 2004, September 7, 2005, September 27, 2005, April 25, 2006, December 20, 2012, February 1, 2017 and December 19, 2017. The last Commission approved increase, effective January 28, 2018, raised the State of Michigan's per case ADA distribution fee to \$7.90. The Commission pays the per case ADA distribution fee to the Vendors of Spirits for each case purchased, in addition to the acquisition price for the spirits. The Vendors of Spirits are required to add at least a \$1.35 to the per case ADA distribution fee and pay a total of at least \$9.25 per case to the ADAs.

After review and discussion of these issues at the meeting, the Commission finds that a new Administrative Order should be approved to increase the per case ADA distribution fee, and that any previous orders pertaining to the per case ADA distribution fee are superseded by this Administrative Order.

THEREFORE, IT IS ORDERED THAT:

- A. The Administrative Orders of the Commission, regarding the per case ADA distribution fee, dated December 27, 1996, July 16, 1997, December 14, 2000, January 3, 2001, December 18, 2001, January 8, 2003, January 20, 2004, September 7, 2005, September 27, 2005, April 25, 2006, December 20, 2012, February 1, 2017 and December 19, 2017 are hereby SUPERSEDED effective February 2, 2019.
- B. Effective February 3, 2019, the Commission shall pay a Vendor of Spirits, in addition to the purchase price of the spirits, an amount of \$8.25 for each case of spirits purchased as an offset to the costs being incurred by that Vendor of Spirits in contracting with an ADA for the warehousing and delivery of spirits to retail licensees.
- C. The Vendors of Spirits shall continue to add at least \$1.35 per case above the per case offset established by the Commission and shall pay the ADAs a total

of at least \$9.60 per case, for each case of spirits purchased by the Commission, for warehousing and delivery services.

- D. The Vendors of Spirits shall amend each of their ADA contracts to reflect that a minimum payment \$9.60 per case shall be paid by the Vendor of Spirits to the ADA for warehousing and delivery services.
- E. The Vendors of Spirits shall submit to the Commission, by March 15, 2019, an acceptable executed amendment to their ADA contract. Failure to submit amended ADA contracts reflecting a minimum payment of \$9.60 per case by March 15, 2019 shall result in the delisting of that Vendor of Spirit's products.

MICHIGAN LIQUOR CONTROL COMMISSION



Andrew J. Deloney, Chairman



Teri L. Quimby, Commissioner



Dennis Olshove, Commissioner