



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

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In the matter of)
SECOND AMENDMENT TO)
ADMINISTRATIVE ORDER 2018-02)
REGARDING REQUESTS BY RETAILERS)
TO SELL BEER AND WINE FOR LESS)
THAN THE COST TO THE RETAILER)
LICENSEE PURSUANT TO)
ADMINISTRATIVE RULE R 436.1055)

At the February 19, 2020 meeting of the Michigan Liquor Control Commission in Lansing, Michigan.

PRESENT: Pat Gagliardi, Chair
Dennis Olshove, Commissioner
Geraldyn A. Lasher, Commissioner

ADMINISTRATIVE ORDER NO. 2020-04
SECOND AMENDMENT TO ADMINISTRATIVE ORDER 2018-02 REGARDING
REQUESTS BY RETAILERS TO SELL BEER AND WINE FOR LESS THAN THE COST
TO THE RETAILER LICENSEE PURSUANT TO ADMINISTRATIVE RULE R 436.1055

Article IV, Section 40, of the Michigan Constitution (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.

In order to protect the public health, safety, and welfare of the citizens of Michigan, the Commission finds that Administrative Order 2018-02, which was

approved on January 19, 2018 and subsequently amended by Administrative Order 2018-07 on August 24, 2018, should be further amended to establish a minimum monetary threshold to which a retailer licensee may discount beer or wine when the retailer licensee requests to sell beer or wine for less than the cost to the licensee pursuant to administrative rule R 436.1055. A retailer licensee requesting to discount beer or wine for less than the cost to the licensee shall not discount that beer or wine to a price that is less than \$5.00. Any beer or wine with a cost to the licensee that is less than \$5.00 shall not be discounted for less than the cost to the licensee.

After review and discussion of the issues at the meeting, the Commission finds that the Administrative Order 2018-02 as amended by Administrative Order 2018-07 should be amended to include additional provisions that establish a threshold to which a retailer licensee may discount beer or wine products for less than the cost to the licensee.

THEREFORE, IT IS ORDERED that:

- A. Section A, Subsection 4 of Administrative Order 2018-02 as amended by Administrative Order 2018-07 shall be amended to state the following:
“The retailer licensee shall not discount beer or wine more than 50% of the cost of the beer or wine that the retailer licensee paid to the wholesaler or manufacturer (qualified Micro Brewer or Small Wine Maker) licensee for the beer or wine. The retailer licensee requesting to discount beer or wine for less than the cost to the licensee shall not discount that beer or wine to a price that is less than \$5.00. Any beer or wine with a cost to the licensee that is less than \$5.00 shall not be discounted for less than the cost to the licensee.”
- B. All other provision of Administrative Order 2018-02 as amended by Administrative Order 2018-07 remain in effect.

MICHIGAN LIQUOR CONTROL COMMISSION



Pat Gagliardi, Chair



Dennis Olshove, Commissioner



Geralyn A. Lasher, Commissioner