



May 16 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 May 16, 2023, meeting of the Michigan Liquor Control Commission (Commission) in Lansing, Michigan.

PRESENT: Pat Gagliardi, Chair
Dennis Olshove, Commissioner
Kristen Beltzer, Commissioner

ADMINISTRATIVE ORDER NO. 2023-05

PER CASE AUTHORIZED DISTRIBUTION AGENT (ADA) DISTRIBUTION FEE

Under Article IV, Section 40, of the Constitution of Michigan (1963), the legislature established 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 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 \$8.25 and not more than \$12.50 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 issued an Administrative Order on December 1, 2022, effective December 4, 2022, that

raised the State of Michigan's per case ADA distribution fee to \$9.85. The Commission pays an offset to the per case ADA distribution fee to the Vendors of Spirits for each case purchased, in addition to the acquisition price for the spirits, for the costs being incurred by the Vendor of Spirits in contracting with the ADAs for warehousing and delivering of spirits to retailers.

The Vendors of Spirits cost of \$1.35 is added to the Commission's per case ADA distribution fee of \$9.85 for a total of at least \$11.20 per case to be paid to the ADAs by the Vendor of Spirits.

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 that the Vendor of Spirits pays, 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 Order of the Commission, regarding the per case ADA distribution fee, dated December 1, 2022, is hereby **SUPERSEDED** effective July 30, 2023
- B. Effective July 30, 2023, the Commission shall continue to pay a Vendor of Spirits, in addition to the purchase price of the spirits, an amount of \$9.85 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 add at least \$1.75 per case above the per case offset established by the Commission and shall pay the ADAs a total of at least \$11.60 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 \$11.60 per case shall be paid by the Vendor of Spirits to the ADA for warehousing and delivery services on the effective

date noted above if their current contract reflects a per case payment of less than this amount.

- E. The Vendors of Spirits shall submit to the Commission, by September 28, 2023, an executed amendment to their ADA contract for those contracts that reflect a per case payment of less than \$11.60 per case or any ADA contract that has been amended. Failure to submit amended ADA contracts reflecting a minimum payment of \$11.60 per case by September 28, 2023, shall be subject to delisting of that Vendor of Spirit's products.

MICHIGAN LIQUOR CONTROL COMMISSION



Pat Gagliardi, Chair



Dennis Olshove, Commissioner



Kristin Beltzer, Commissioner