STATE OF MICHIGAN

DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS
LIQUOR CONTROL COMMISSION

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In the matter of the Instant Coupon Transaction System for Distilled Spirits As it effects: Vendors of Spirits, Vendor Representatives, Manufacturers of Spirits, Small Distillers, and Brandy Manufacturers	))))))

At the December 11, 2012 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. 2012-11

INSTANT COUPON TRANSACTION SYSTEM FOR DISTILLED SPIRITS

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, in accordance with the provisions of MCL 436.2029(2), the Commission shall provide for a system of non-mail-in or instant coupon transactions that does not diminish the spirit

product margins allocated to the state under this act by means of the issuance of an order or by adoption of a rule.

In accordance with the provisions of MCL 436.2029(2), the Liquor Control Commission approved an Administrative Order on December 1, 2010 establishing the conditions and procedures for an instant coupon transaction system for distilled spirits. Under the instant coupon transaction system Vendors of Spirits, Vendor Representatives, Manufacturers of Spirits, Small Distillers, and Brandy Manufacturers (all referred to as Vendors, hereafter) may offer consumers the opportunity to receive an instant cash refund on the purchase of distilled spirits, if the Vendor complies with all of the conditions and procedures.

After review and discussion of these issues at the meeting, the Commission finds that a new Administrative Order should be approved to improve the instant coupon transaction system and to better meet current marketing conditions.

THEREFORE, IT IS ORDERED THAT:

A. The Administrative Order of the Commission dated December 1, 2010 is hereby RESCINDED.

B. The following conditions and procedures for distilled spirit instant coupon transactions are APPROVED:

    1. The Vendors shall retain a Third Party Agent’s services to redeem all instant coupon transactions.

    2. The Vendors shall only issue coupons that state a specific expiration date and specific cash refund value on the coupons.

3. The Vendors shall only issue coupons where the specific cash refund amount does not exceed 35% of the State of Michigan's minimum shelf price for the products purchased. The Vendors shall not issue coupons that reduce the retail price of any product below $2.00 a bottle.
4. The Vendors may issue coupons that can be applied to more than one specific brand of their products. The coupons must state the specific brand or brands to which they apply.
5. The Vendors shall issue coupons that require the retail customer to purchase at least one bottle of distilled spirits to redeem a coupon. The Vendors may issue coupons that require the retail customer to purchase two or more bottles of distilled spirits to redeem the coupon.
6. The Vendors shall only issue coupons for 375 ml or larger size bottles.
7. The Vendors shall not issue a coupon unless the coupon states that its value cannot be doubled or increased in any manner by the Specially Designated Distributor Retail (SDD) Licensee.
8. The Vendor shall make every instant coupon available to all SDD Licensees that choose to offer the instant coupon, in an amount no greater than the retail licensee's inventory of the specific spirit product that is subject to the instant coupon promotion.
9. The Vendor shall not distribute coupons or cash refund point of sale material that states the name of an SDD Licensee, in accordance with the provisions of administrative rule R436.1319(3). SDD Licensees may display cash refund point of sale material. The Vendors shall not provide any fee or other consideration to the SDD Licensee for displaying coupons or point of sale material.

C. This Order is effective immediately.

MICHIGAN LIQUOR CONTROL COMMISSION

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Andrew J. Deloney, Chairman

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Teri L. Quimby, Commissioner

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Dennis Olshove, Commissioner

Date: December 11, 2012

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