



Michigan Department of Licensing & Regulatory Affairs
MICHIGAN LIQUOR CONTROL COMMISSION (MLCC)
P.O. Box 30005 Lansing, MI 48909

**Michigan Outstate Seller of Beer
Requirements and General Information**

An **Outstate Seller of Beer (“OSSB”)** license:

- License issued to beer supplier by the Michigan Liquor Control Commission (“Commission”) to ship beer into Michigan and sell to Michigan wholesalers.
- Must be located in the United States (may be located in Michigan).
- Must be a holder of a Federal “Importer’s” or “Wholesaler’s” Basic Permit or a “Brewer’s Notice” issued by the Alcohol and Tobacco Tax and Trade Bureau (“TTB”). (Michigan applicants: the Federal permit does not have to be submitted with the initial application. Issuance of this permit will be verified prior to the Commission issuing a license.)
- May sell and deliver **only** to Michigan wholesalers.
- No direct shipments allowed from an OSSB to Michigan retailers or Michigan consumers.
- Must enter into exclusive territory agreements with their wholesalers.
- Responsible for registering all brands with the Commission.
- Responsible for payment of Michigan beer excise tax.
- \$1,000.00 annual license fee (licensing year is from May 1st to April 30th each year)

An OSSB license may be issued to any of the following entities pursuant to administrative rule R 436.1609 and the Liquor Control Code:

- DOMESTIC MANUFACTURER - A manufacturer located outside of Michigan, but in the United States, who manufactures and packages its own beer and sells same to licensed Michigan wholesalers.
- EXCLUSIVE SALES AGENT (“ESA”) - A person located in the United States who purchases beer from a manufacturer of beer located outside of Michigan, but in the United States, if the amount of beer imported into this state by that person is 5,000 barrels or less per calendar year, and sells the beer to licensed Michigan wholesalers. In addition, a person who is issued an OSSB license under the provisions of this subdivision shall be designated by the manufacturer of beer as its sole and exclusive sales agent in Michigan for a brand or brands of beer produced by that manufacturer and shall be responsible for the quality of beer shipped into and sold in this state.
- IMPORTER - A person located in the United States who directly imports foreign beer and/or malt liquors and sells same to licensed wholesalers.

How To Apply For A License:

Applicants located in Michigan: Submit the [Manufacturer License & Permit Application \(LCC-150\)](#) with the fees and documents listed on the application form.

Applicants located outside of Michigan: Submit the [Out-of-State Manufacturer License & Permit Application \(LCC-151\)](#) with the fees and documents listed on the application form.

Licensing Requirements:

Federal Basic Permit:

Receipt of a Federal Basic Permit “Federal Brewer’s Notice” issued by the Alcohol and Tobacco Tax and

Trade Bureau (“TTB”) is required prior to the issuance of the license. Submit applicable permit listed below.

- Administrative rule R 436.1609(1)
- Importer of Foreign Beer – “Importer’s” Basic Permit
- Domestic Manufacturer - “Brewer’s Notice”
- Exclusive Sales Agent (Domestic Beers Only) – “Wholesaler’s” Basic Permit for applicant and copy of “Brewer’s Notice” for each brewer represented as an Exclusive Sales Agent; a list of brands to be sold in Michigan; and a letter from each brewer represented as an ESA, stating that applicant is the exclusive sales agent in the U.S. for those specific brands

For Federal Basic Permit info contact: Alcohol and Tobacco Tax and Trade Bureau
550 Main St. Room 8002
Cincinnati, OH 45202
(513) 684-3337
www.ttb.gov

License Fees:

Initial license and annual renewal fee for an OSSB license is \$1,000.00. Licenses are renewed annually on May 1. License fees are not prorated for part-year licensure and is payable at the time of initial application.

- MCL 436.1525

Manufacturing & Labeling:

Beer must be manufactured and labeled in accordance with federal beer regulations published in the Code of Federal Regulations (CFR) Title 27, Part 7 and Part 25. Contact TTB for details.

- Administrative rule R 436.1611

Label Registration:

Beer and malt products must have all labels approved by the Commission before the beer is sold in Michigan. To register a beer product, you may either mail a copy of the Certificate of Label Approval (COLA) or; you may register your beer products via our registration on-line site. A password to access the on-line site will be provided upon issuance of the license. There is no fee for Michigan label registration.

- Administrative rule R 436.1611

Mandatory Label Information: (per TTB regulations)

- Brand name listed.
- Class, type or, in lieu of, a truthful and adequate statement of composition shall appear on the brand label of the product.
- Name and address: (for coolers, see separate sheet of requirements)
- American beer - name of bottler or packer and place (state and city) where bottled or packed.
- Imported beer - must state the words “Imported by” or a similar appropriate phrase (that approved by TTB), and immediately thereafter the name of the permit holder who is the importer, agent or sole distributor, together with the principal place of business in the United States.
- Net contents
- Alcohol content by volume is optional.
- Must state MI 10 cent Refund.

For Federal Labeling information contact: Alcohol and Tobacco Tax and Trade Bureau
Alcohol Labeling & Formulation
650 Massachusetts Ave., N.W.
Washington, DC 20226
(866) 927-2533
www.ttb.gov

Container Deposits:

Beer, mixed wine drink (wine coolers) & mixed spirit drink (spirit coolers) sold in containers of one (1) gallon or less must comply with the Beverage Container Act (Initiated Law of 1976) by requiring a deposit of not less than ten (10) cents per container when sold to consumers. Containers must be clearly labeled with the name of this state and the deposit amount. "MI" or "MICH" are acceptable abbreviations for Michigan. The wholesaler who sells the returnable containers to their retail customers initiates the container deposit.

- MCL 445.571 – MCL 445.576

Wholesale Sales Territories:

Michigan Liquor Control Code of 1998, Section 436.1401, states that a manufacturer and outstate seller of beer and malt beverages shall grant a sales territory to each of its wholesalers which indicates the wholesaler shall be a distributor of the specified brand or brands of the OSSB. The sales territory is not determined by the Commission but is agreed upon by the wholesaler and the manufacturer or OSSB. The territory agreement should be in writing and the wholesaler must be provided with a copy of the agreement. Copies of territory agreements do not need to be filed with the Commission. If the OSSB manufactures or supplies more than 1 brand of beer or malt beverage, they may grant exclusive sales territories to different wholesalers for the sale of the different brand or brands. With certain exceptions, a brand extension is not considered a new or different brand and shall be assigned to the wholesaler that was granted the sales territory for the brand from which the brand extension resulted.

- MCL 436.1401, MCL 436.1403

Michigan Beer Excise Tax Report:

The OSSB is responsible for paying the Michigan beer excise tax on all beer shipped and sold in Michigan. The Michigan beer excise tax rate is \$6.30 per barrel or \$.45726 per 24/12 oz. case. The "Michigan Beer Excise Tax Report" (LC-803) is due with payment of the appropriate tax amount in the Lansing office of the Commission, postmarked on or before the 15th of each month, for beer shipped into Michigan during the preceding calendar month.

An OSSB who during the preceding calendar year average \$50,000 or more monthly beer excise taxes must submit two (2) beer excise tax reports per month. The first report shall be submitted to the Commission and postmarked by the last day of the month, a report with beer excise tax payment for either the actual beer shipments made into this state during the first 15 calendar days or an estimate of beer shipments made into this state during the first fifteen (15) calendar days. A second report, postmarked no later than the 15th day of the month, the balance in the actual payment due minus the estimate payment already made. OSSB must file the monthly Michigan Beer Excise Tax Report whether any shipments are made or not. Simply indicate "no shipments" on the report when there has been no activity during the preceding month.

In addition to the Michigan Beer Excise Tax Report, an OSSB must submit a "Beer Sold To Michigan Wholesalers" (Form LC-886) summarizing monthly shipments made to Michigan wholesalers. A computer printout with the appropriate information may be submitted in lieu of the Form LC-886.

- Administrative rules R 436.1621, R 436.1631

Cash Sales:

All sales and purchases of alcoholic beverages shall be for cash only. Wholesalers are prohibited from offering credit terms to retail licensees. Payment by wholesalers must be made no later than when the wholesaler takes possession of the beer. (Wholesalers may first verify that the shipment agrees with the invoice but should mail the OSSB a check within a couple of days.) Payment may be made prior to shipment but is not mandatory. Payment may also be made by EFT no later than the next business day after receipt of shipment.

- MCL 436.2013

Beer Invoices:

An OSSB must provide each wholesaler with two (2) copies of each invoice at the time of each sale and delivery of beer to the wholesaler.

- Administrative rule R 436.1631

Delivery To Wholesaler Or Warehouse Only:

An OSSB may ship and deliver beer only to the licensed premises of a Michigan wholesaler or to the licensed premises of a Michigan warehouse. Beer may not be delivered by an OSSB to a Michigan retail licensee or to a Michigan consumer.

- Administrative rule R 436.1617

Salesperson License:

A person employed or representing an OSSB, other alcoholic beverage supplier or a wholesaler, who sells, delivers, promotes or otherwise assists in the sale of alcoholic liquor in the State of Michigan must obtain a Salesperson license from the Commission.

- MCL 436.1502

Samples:

OSSB and wholesalers are allowed to sample their products with on-premises or off-premises retail licensees and the retailer's employees. Sample tastings may not be offered to consumers. All containers used to sample products with retailers must be marked with the word "Sample" with lettering at least ½-inches high. While suppliers and wholesalers may offer tasting samples from multiple beverages, only one (1) sample container of 750 ml size or smaller may be left with a retail licensee for sampling by the retailer and their staff. Again, the container must be marked "Sample". A sample container must be removed from the premises within 24 hours and again may not be sampled by consumers.

- Administrative rules R 436.1001, R 436.1421, R 436.1511, R 436.1513, R 436.1863

Price Posting:

An OSSB is not required to post their prices to wholesalers with the Commission. Michigan wholesalers are required to post their prices to retailers with the Commission. Beer wholesalers must post prices for new products or price changes with the Commission. An OSSB should be aware that Michigan Wholesalers must maintain any temporary price reduction for no less than 90 consecutive calendar days, regardless of whether their supplier raises their prices during the temporary price reduction.

- MCL 436.1609a

Interest In Another License:

Michigan statute strictly prohibits an OSSB or any other supplier from holding any interest, directly or indirectly, in a wholesale or retail license. Examples of prohibited interests include: stock ownership, leasing real estate to/from a wholesale or retail licensee; interlocking officers or directors between licensees, financial interest such as a moneylender with a wholesale or retail licensee.

- MCL 436.1603

Other Supplier licenses

An OSSB may obtain other supplier/manufacturing licenses including an Outstate Seller of Wine, an Outstate Seller of Mixed Spirit Drink; Michigan manufacturing licenses such as a Brandy Manufacturer, Micro Brewer/Brewer, Small Wine Maker, Manufacturer of Spirits, Manufacturer of Mixed Spirit Drink or a Small Distiller license.

- MCL 436.1111(9), MCL 436.1109 (6), MCL 436.1113(9)

Beer and Wine Sampling Permit

An OSSB may obtain a Beer and Wine Sampling Permit which allows beer and wine tastings to be conducted on licensed off-premises accounts that hold a Specially Designated Merchant (SDM) license. There is a one time \$70.00 inspection fee for this permit. Upon issuance of this permit notification of sampling events must be received at least 10 days prior to the event and all employees or licensed agents conducting the sampling event must have successfully completed a server training program approved by the MLCC.

- MCL 436.1537

Barrel Deposit:

An Outstate Seller of Beer shall collect a container deposit of a minimum of \$30.00 for all refillable containers of beer with a capacity over 5 gallons. A cash refund equal to the deposit collected for all refillable containers over 5 gallons shall be made to a licensee who has made the deposit and returned the containers for refund.

- Administrative rule R 436.1629

Aid and Assistance:

Section 609 of the Code, being MCL 436.1609, and Rule 436.1035 prohibit an alcoholic beverage supplier or wholesaler from aiding or assisting any other licensee by giving them anything of value. Further, a licensee is prohibited from accepting aid and assistance from another industry member. Basically, alcoholic beverage suppliers are prohibited from giving anything of value to wholesalers or retailers. Likewise, wholesalers are prohibited from giving anything of value to retailers. This principle is intended to provide a level playing field for all industry members. Suppliers are prohibited from conducting incentive contests offering awards or prizes to wholesalers or their employees. Suppliers and wholesalers are prohibited from conducting incentive promotions offering awards or prizes to retailers or their employees. Suppliers may not give anything of value to their wholesalers or their employees. Suppliers and wholesalers are prohibited from giving anything of value to retail licensees, including but not limited to: alcoholic beverages, merchandise, furniture, fixtures, equipment, uniforms, cash or loans, labor, etc. While wholesalers and suppliers may provide point-of-sale materials such as posters, banners, table tents, flyers, etc., to retailers promoting their brands and prices, they are prohibited from providing anything that has any secondary use, value or purpose, other than actual advertising value to retailers without prior Commission approval. This same principle prohibits suppliers and wholesalers from providing free advertising, incentive programs, free or discounted product, draft system installation and maintenance, etc. Violations in the aid and assistance statute will result in all participants (retailer, wholesaler and supplier) being cited before the Commission.

- MCL 436.1609, Rule 436.1035

Rebates, Special Purchase Allowances, & Quantity Discounts:

An OSSB is prohibited from rebating any money to wholesalers. OSSB may offer special purchase allowances to wholesalers as long as the allowance is offered to all wholesalers and is based on the wholesaler purchases at the time of the allowance and not based on past sales. OSSB may offer quantity discounts to their wholesalers but may not offer free merchandise to their wholesalers.

- MCL 436.1609

Michigan Three-Tier Distribution System:

Michigan is a highly regulated three-tier distribution state. All alcoholic beverages shipped and sold to Michigan consumers must go through each of the three licensed distribution tiers (supplier→wholesaler→retailer). An OSSB license is required to ship beer into Michigan and is authorized to sell beer to licensed Michigan wholesalers only. The Michigan wholesaler is then authorized to ship/sell to the licensed Michigan retailers. The licensed Michigan retailer is the only entity authorized to sell alcoholic beverages to consumers. **Under no circumstances may an OSSB ship alcoholic beverages directly to Michigan consumers.**

How To Contact The Michigan Liquor Control Commission:

Questions relating to Outstate Sellers of Beer and other non-retail licenses may be directed to:

Michigan Liquor Control Commission
Licensing Division
P.O. Box 30005
Lansing, MI 48909
Toll-Free: 1-866-813-0011
Email: MLCCMWapplications@michigan.gov
Website: www.michigan.gov/lcc