



Michigan Department of Licensing and Regulatory Affairs
Liquor Control Commission (MLCC)
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Specially Designated Distributor Licensing Requirements & General Information

A Specially Designated Distributor license, as defined by MCL 436.1111(14), is a business licensed to sell at retail spirits in the original package for consumption off the premises.

Specially Designated Distributor licenses generally are held in conjunction with Specially Designated Merchant licenses. Specially Designated Merchant licenses allow for the sale of beer and wine for consumption off the premises.

How to Apply

All applicants requesting a new Specially Designated Distributor license, seeking to transfer ownership of a Specially Designated Distributor license, or transferring interest (stock or membership interest) in a Specially Designated Distributor license must submit the following:

- **Application Form**

For a new Specially Designated Distributor license or to transfer a Class C license – [Off-Premises Retail License & Permit Application \(Form LCC-100b\)](#)

To transfer interest in a Specially Designated Distributor license – [License Interest Transfer Application \(LCC-101\)](#)

- **Inspection Fee** - A \$70.00 nonrefundable inspection fee is required for each license requested in an application. For example, if an applicant has requested to transfer a Specially Designated Distributor license that has a Specially Designated Merchant license in conjunction, the inspection fee would be \$140.00.
- **License & Permit Fees** – The initial and annual renewal fee for a Specially Designated Distributor license is \$150.00. An additional license fee based upon the prior calendar year's sales may be required upon licensure. Additional fees will vary based upon whether additional licenses and permits are requested in conjunction with a Specially Designated Distributor license.
- **Livescan Fingerprints** – Applicants that have never been licensed through the Michigan Liquor Control Commission must submit fingerprints through the Livescan fingerprinting process - [Livescan Fingerprint Background Request Form](#).

- **Purchase Agreement** – Applicants requesting to transfer a license from another licensee must submit an executed purchase agreement or other documentation signed by both the applicant and the current licensee, which details the sale of the liquor license(s) and other business assets.
 - Purchase agreements must specifically indicate that the liquor license is being sold and provide the purchase price and terms of the sale.
 - Purchasers of on-premises licenses must have at least 10% of the purchase price of the business, excluding real estate.
 - Purchase agreements that are not for cash only sales and include real estate must list the personal property, including the licenses, and real estate with the terms and price for each.
 - If the personal property and real estate are being purchased by separate people or entities, the purchase agreement must indicate those names and who is purchasing which items.
 - If the applicant will not pay the full purchase price at closing, the balance due may be covered by a security agreement or promissory note. Alcoholic beverage inventory cannot be included on a security agreement or promissory note.
- **Property Document** – Applicants must provide documentation that demonstrates they will have control over the property that comprises the proposed licensed premises. Property documents include deeds, land contracts, and lease agreements.
 - A provision to reassign the license in the event of a default on a land contract or termination of a lease agreement may be included, but may only provide for the reassignment subject to Commission approval.
 - If the applicant is a company and its members or stockholders own the real estate as individuals or under another company, a lease agreement is needed.
 - If the applicant is an individual and he or she owns the real estate with a spouse or someone else who will not be named on the license, a lease between the applicant and the owners of the real estate is needed.

In addition to the documents required by all applicants:

Corporations must submit the following information per Administrative Rule R 436.1109:

- Copy of current, filed Articles of Incorporation.
- Current Certificate of Good Standing from the state where incorporated and Certificate of Authority to Do Business in Michigan, if incorporated outside of this state.
- Certified copy of the minutes of a meeting of its board of directors or a statement signed by an officer of the corporation naming the persons authorized by corporate resolution to sign the application and other documents required by the Commission (or Part 3 of Form LCC-301).
- [Report of Stockholders/Members/Partners \(Form LCC-301\)](#)

Limited Liability Companies (LLC) must submit the following information pursuant to Administrative Rule R 436.1110:

- Copy of Articles of Organization and copies of any amendments to the Articles of Organization.

- Current Certificate of Authority to Do Business in Michigan, if the LLC is a non-Michigan LLC.
- Copy of Operating Agreement entered into by members.
- Copy of most recent annual statement filed with the Corporations Division, if an existing LLC.
- Statement signed by a manager of the limited liability company or by at least 1 member if management is reserved to the members naming the person authorized to sign the application and other documents required by the Commission (or Part 3 of Form LCC-301).
- [Report of Stockholders/Members/Partners \(Form LCC-301\)](#)

Partnerships must submit the following information per Administrative Rule R 436.1111:

- Partnership Agreement, if a Limited Partnership.
 - [Report of Stockholders/Members/Partners \(Form LCC-301\)](#)
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Licensing Process

- The Licensing Division reviews the application and corresponding documents for completeness and verifies the appropriate fees have been received. If additional documents, fees, or corrections to documents are needed, Licensing will notify the applicant.
- Once all the necessary documents have been received Licensing will submit the request to the Enforcement Division for its investigation. If an applicant has applied for and meets the requirements for a conditional license, the request will be considered by the Commission.
- The Enforcement Division will contact the applicant to schedule an interview with the applicant (and current licensee for license transfers). At this meeting an investigator will review with the applicant documents, including:
 - purchase agreement
 - financial documents
 - property documents
 - other items pertaining to the application
- After the interview, the investigator will prepare a report for the Commission regarding the investigation and submit the request back to Licensing for further processing.
- Licensing reviews the report from Enforcement and any additional documents received during the interview process. The request is prepared for the Commission to consider and placed on a docket for an upcoming licensing meeting.
- The Commission considers the request, including:
 - the liquor license operating history of the applicant (if a current or prior licensee)
 - the arrest and conviction record of the applicant

- whether the applicant meets the requirements for a license
 - the applicant's financial information
 - opinions of the local legislative body or police department, if received.
- The Commission will approve or deny the request based on these factors. Occasionally, the Commission will request more information from the applicant before making a final decision.
 - After the Commission makes a decision on the request, the file is returned to Licensing for final processing.
 - Approval orders are sent to the applicant requesting any final items before the issuance of the license.
 - Denial orders are sent to the applicant and the applicant may appeal the decision.
 - When all the final items are received by Licensing, the completed request is forwarded to the Renewal Unit for the issuance of the physical license documents.
 - Any changes in financial provisions at the time of closing which do not conform to the terms previously indicated and investigated may require submission of new forms and possible additional investigation.
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Other Licenses That May Be Held in Conjunction With a Specially Designated Distributor License

A **Specially Designated Merchant (SDM)** license for the sale of beer, wine, and mixed spirit drink products for consumption off the licensed premises may be held in conjunction with a Specially Designated Distributor license.

Permits, Permissions, and Authorizations

Sunday Sales Permit (A.M.) - A permit that allows the sale of spirits, mixed spirit drink, beer, and wine on Sunday mornings between 7:00am and 12:00 noon, if allowed by the local unit of government.

Sunday Sales Permit (P.M.) - A permit that allows the sale of spirits and mixed spirit drink products on Sunday afternoons and evenings between 12:00 noon and 2:00am (Monday morning), if allowed by the local unit of government.

Catering Permit - Authorizes a holder of a Specially Designated Distributor license that also holds a Specially Designated Merchant license to sell, deliver, and serve beer, wine, and spirits in the original containers at private events. A licensee must have a food service establishment license or retail food establishment license to qualify for this permit.

Living Quarters Permit - Allows living quarters to be directly connected to the licensed premises.

Direct Connection permission - Allows connections from the licensed premises to unlicensed premises.

Motor Vehicle Fuel Pump permission – Allows the licensee to have motor vehicle fuel pumps on or adjacent to the licensed premises. Minimum inventory requirements apply based on the population of the local governmental unit in which the business will be located.

License Quotas

- Each local governmental unit (city, village, or township) has a limited number of Specially Designated Distributor licenses that may be issued based on the population from the most recent federal census.
 - An applicant requesting a new Specially Designated Distributor license must first verify that the license quota limit for Specially Designated Distributor licenses in the local governmental unit has not been reached and an available Specially Designated Distributor license exists.
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Churches & Schools

A new application to sell alcoholic beverages at retail, or a request to transfer location of an existing license, may be denied if the proposed location is within 500 feet of a church or school. The Commission may waive the church/school provision if the church or school does not file an objection to the proposed license. If the church or school does file an objection, the Commission shall hold a hearing before making a decision on the issuance of the license.

Proof of Financial Responsibility

- Liquor liability coverage of at least \$50,000.00 is required by Michigan law for active operation of a licensed business. Types of acceptable coverage are:
 - liquor liability insurance
 - cash
 - unencumbered securities
 - constant value bond
 - membership in an authorized group self-insurance pool
 - For more information, please read the instructions in the [Proof of Financial Responsibility form \(Form LC-95\)](#).
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Direct Shipping of Spirits by Specially Designated Distributor Licensees

A Specially Designated Distributor (SDD) licensee located in Michigan may use a common carrier to ship spirits directly to a consumer in Michigan. The SDD licensee must be a qualified retailer to ship spirits to customers. To be a qualified retailer the licensee must comply with the following:

1. Maintain physical licensed premises that are open to the general public for face-to-face sales transactions of alcoholic liquor, packaged food, and other products to consumers.
2. At least 25% of the retailer's annual gross sales of alcoholic liquor must be from face-to-face sales transactions with consumers on the premises unless the retailer's physical licensed premises are less than 15,000 square feet in total.
3. The retailer holds and maintains either a retail food establishment or extended retail food establishment license issued under the Michigan Food Law of 2000.

A qualified retailer that holds a SDD licensee must comply with all of the following requirements if it chooses to ship spirits through a common carrier:

1. Pay any applicable taxes to the Commission and to the Michigan Department of Treasury, as directed by the Department of Treasury. The licensee shall furnish an affidavit to the Department of Treasury to verify payment, if requested.
2. Comply with all Michigan laws, including, but not limited, the prohibition on sales to minors.
3. Verify the age of the individual placing the order by obtaining from him or her a copy of a photo identification issued by Michigan, another state, or the federal government or by using an identification verification service. The person receiving and accepting the order on behalf of the SDD licensee shall record the name, address, date of birth, and telephone number of the individual placing the order on the order form or other verifiable record of a type and generated in a manner approved by the Commission and provide a duplicate to the Commission.
4. On request of the Commission, make available to the Commission any document used to verify the age of the individual ordering or receiving the spirits from the retailer.
5. Stamp, print, or label on the outside of the shipping container that the package **"Contains Alcohol. Must be delivered to a person 21 years of age or older"**. The recipient at the time of the delivery shall provide identification verifying his or her age and sign for the delivery.
6. Place a label on the top panel of the shipping container containing the name and address of the individual placing the order and the name of the designated recipient if different from the name of the individual placing the order.

7. If the licensee has been issued licenses at more than 2 locations, the shipment of the spirits must be fulfilled from the location nearest to the consumer unless that location does not have the spirits ordered in stock.

A Specially Designated Distributor licensee that complies with the provisions listed above may ship spirits directly to a consumer through a common carrier without obtaining any additional approval from the Commission.