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Senate Bill 604 (as introduced 10-9-25)
Sponsor: Senator Dayna Polehanki
Committee: Regulatory Affairs

Date Completed: 10-21-25

CONTENT

(COMPANION BILL LINK: [H.B. 4422](#))

The bill would amend the Michigan Liquor Control Code to do the following:

- **Increase the per-case fee that the Liquor Control Commission (Commission) may pay to a vendor of spirits to offset costs incurred by that vendor in contracting with an authorized distribution agent for warehousing and delivering spirits to retailers.**
- **Require the State Treasurer to adjust the per-case offset fee annually by the Consumer Price Index (CPI) or 5%, whichever was less.**
- **Require a vendor of spirits to pay an authorized distribution agent \$1.75 for each case of spirits purchased by the Commission.**

Among other things, the Code governs the Commission's appointment of authorized spirit distribution agents. These agents distribute the liquor that the Commission purchases from vendors of spirits and sell the liquor to licensed retailers. The Code generally prescribes the fees and compensation that authorized distribution agents may charge.

Currently, in addition to paying a vendor of spirits the acquisition price for purchasing spirits, the Commission may pay a vendor an additional amount of between \$8.25 and \$12.50 for each case of spirits purchased to offset the costs incurred by that vendor in contracting with an authorized distribution agent for warehousing and delivering spirits to retailers.¹ This amount may be increased by the State Administrative Board to reflect reasonable increases in the authorized distribution agent's cost of warehousing and delivering.

The bill would delete the provision allowing the State Administrative Board to increase the amount. Under the bill, beginning March 1, 2025, the per-case offset amount paid to a vendor as described above would have to be \$12.50. Beginning October 1, 2025, and each October 1 after, the State Treasurer would have to adjust this dollar amount by the percentage increase in the CPI for the preceding calendar year or 5%, whichever was less. In addition to the per-case offset, a vendor of spirits would have to pay to the authorized distribution agent \$1.75 for each case of spirits purchased by the Commission. The \$1.75 per-case amount could not be adjusted by the Commission or State Treasurer, but a vendor of spirits and an authorized distribution agent could agree to a per-case payment amount that was greater.

The Commission could make additional payments to an authorized distribution agent based on a methodology established by the Commission. The additional payments could be paid only by the Commission.

¹ "Case" means a container holding 12 750ml bottles of spirits or other containers containing spirits that are standard to the industry.

"Consumer Price Index" would mean the most comprehensive index of consumer prices available for the State from the United States Department of Labor, Bureau of Labor Statistics.

MCL 436.1205

FISCAL IMPACT

The bill would have a negative fiscal impact on State government and no fiscal impact on local governments. The precise impact would depend on the number of cases sold in the State and the inflation rate and its effect on the CPI. Net profits from the sale of spirits products are transferred from the Liquor Purchase Revolving Fund to the General Fund at the end of the fiscal year. By increasing offset payments to authorized distribution agents, the net profit from these sales would decrease. Assuming a 3% annual increase to the CPI and 10.5 million cases sold per year, the Commission estimates that the bill would reduce transferred General Fund revenue by \$4.0 million to \$5.1 million over the next 10 years.

Analyst: Nathan Leaman

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.