

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Section 1. Minnesota Statutes 1984, section 216B.243, subdivision 8, is amended to read:

Subd. 8. This section does not apply to cogeneration or small power production facilities as defined in the Federal Power Act, United States Code, title 16, sections 796(18)(A) and 796(17)(A), and having a combined capacity at a single site of less than 80,000 kilowatts or to plants or facilities for the production of ethanol or fuel alcohol nor in any case where the commission shall determine after being advised by the attorney general that its application has been preempted by federal law.

Approved June 5, 1985

CHAPTER 305 — H.F.No. 1145

An act relating to liquor; recodifying statutory provisions relating to intoxicating liquor and nonintoxicating malt liquor; amending Minnesota Statutes 1984, sections 260.015, subdivision 22; 299A.02; 473F.02, subdivision 17; and 624.701; proposing coding for new law in Minnesota Statutes, chapter 171; proposing coding for new law as Minnesota Statutes, chapters 297C and 340A; repealing Minnesota Statutes 1984, sections 340.001 to 340.988.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

ARTICLE 1

VIOLATIONS; PERSONS UNDER 19

Section 1. [171.171] **REVOCATIONS; ILLEGAL PURCHASE OF ALCOHOLIC BEVERAGES.**

The commissioner shall suspend for a period of 30 days the license of a person under the age of 19 years who is convicted of purchasing or attempting to purchase an alcoholic beverage in violation of section 340A.503 if the person used a drivers license or permit to purchase or attempt to purchase the alcoholic beverage.

ARTICLE 2

LIQUOR TAXATION

Section 1. [297C.01] **DEFINITIONS.**

Subdivision 1. TERMS. For purposes of this chapter the following terms have the meaning given them unless the language or context clearly indicates that a different meaning is intended.

Changes or additions are indicated by underline, deletions by strikeout.

Subd. 2. LIQUOR ACT. For purposes of this chapter the terms defined in article 3, section 1, have the meanings given them in that section except as provided in this section.

Subd. 3. COMMISSIONER. "Commissioner" is the commissioner of revenue.

Subd. 4. COLLECTOR. "Collector" is a person who collects commemorative bottles for their use and enjoyment as collectors items and not for the consumption of the beverage contained therein and does not include licensed wholesalers or retailers of alcoholic beverages.

Subd. 5. COMMEMORATIVE BOTTLES. "Commemorative bottles" are ceramic commemorative bottles or other specially designed decanters which have value as collectors items and which have unbroken federal tax stamps thereon.

Sec. 2. [297C.02] TAX IMPOSED.

Subdivision 1. DISTILLED SPIRITS AND WINE. There is imposed on all distilled spirits and wine manufactured, imported, sold, or possessed in this state the following excise tax:

	<u>Standard</u>	<u>Metric</u>
(a) <u>Distilled spirits,</u> <u>liqueurs, cordials,</u> <u>and specialties</u> <u>regardless of</u> <u>alcohol content</u> <u>(excluding ethyl</u> <u>alcohol)</u>	<u>\$4.39 per gallon</u>	<u>\$1.16 per liter</u>
(b) <u>Wine containing 14</u> <u>percent or less</u> <u>alcohol by volume</u>	<u>\$.27 per gallon</u>	<u>\$.07 per liter</u>
(c) <u>Wine containing more</u> <u>than 14 percent but</u> <u>not more than 21</u> <u>percent alcohol by</u> <u>volume</u>	<u>\$.79 per gallon</u>	<u>\$.21 per liter</u>
(d) <u>Wine containing more</u>	<u>\$1.58 per gallon</u>	<u>\$.42 per liter</u>

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than 21 percent but
not more than 24
percent alcohol by
volume

(e) Wine containing more \$3.08 per gallon \$.81 per liter
than 24 percent
alcohol by volume

(f) Natural and \$1.50 per gallon \$.40 per liter
artificial sparkling
wines containing
alcohol

The metric tax is imposed on all products taxable under this subdivision when the net contents are stated in metric units of measure.

In computing the tax on a package of distilled spirits or wine a proportional tax at a like rate on all fractional parts of a gallon or liter must be paid, except that the tax on a fractional part of a gallon less than 1/16 of a gallon is the same as for 1/16 of a gallon.

The tax on miniatures of two fluid ounces or less or 50 milliliters or less is 12 cents.

The commissioner of revenue may establish by rule a date and procedure for the conversion of excise tax computation and reporting from rates expressed in gallons to rates expressed in metric volumes. The official conversion factor is one liter equals 0.264172 U.S. gallons.

Subd. 2. FERMENTED MALT BEVERAGES. There is imposed on the direct or indirect sale of fermented malt beverages the following excise tax:

(1) On fermented malt beverages containing not more than 3.2 percent alcohol by weight, \$2 per barrel of 31 gallons;

(2) On fermented malt beverages containing more than 3.2 percent alcohol by weight, \$4 per barrel of 31 gallons.

The tax is at a proportional rate for fractions of a barrel of 31 gallons.

Subd. 3. TAX CREDIT. A qualified brewer producing fermented malt beverages is entitled to a tax credit of \$2 per barrel on the first 25,000 barrels in any fiscal year beginning July 1, regardless of the alcohol content of the product. Qualified brewers may take the credit on the 15th day of each month, but the total credit allowed may not exceed the allowable credit on more than 25,000 barrels produced and sold in Minnesota in any fiscal year.

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For purposes of this subdivision, a "qualified brewer" means a brewer, whether or not located in this state, manufacturing less than 100,000 barrels of fermented malt beverages in the calendar year immediately preceding the calendar year for which the credit under this subdivision is claimed. In determining the number of barrels, all brands or labels of a brewer must be combined. All facilities for the manufacture of fermented malt beverages owned or controlled by the same person, corporation, or other entity must be treated as a single brewer.

Sec. 3. [297C.03] PAYMENT OF TAX; WINE AND DISTILLED SPIRITS.

Subdivision 1. MANNER AND TIME OF PAYMENT; PENALTIES; DEPOSIT OF TAX PROCEEDS. The tax on wines and distilled spirits on which the excise tax has not been previously paid must be paid to the commissioner by persons having on file with the commissioner a sufficient bond as provided in subdivision 2 on or before the tenth day of the month following the month in which the first sale is made in this state by a licensed manufacturer or wholesaler. Every person liable for the tax on wines or distilled spirits imposed by section 2 must file with the commissioner on or before the tenth day of the month following first sale in this state by a licensed manufacturer or wholesaler a return in the form prescribed by rule of the commissioner, and must keep records and render reports required by rule of the commissioner. A person liable for any tax on wines or distilled spirits not having on file a sufficient bond must pay the tax within 24 hours after first sale in this state. The commissioner may certify to the commissioner of public safety any failure to pay taxes when due as a violation of a statute relating to the sale of intoxicating liquor for possible revocation or suspension of license.

If a person fails to pay the tax within the time specified or within 30 days after final determination of an appeal to the Minnesota tax court relating thereto, there is added a penalty equal to ten percent of the remaining unpaid amount. The penalty must be collected as part of the tax. The amount of tax not timely paid, together with the penalty, must bear interest at the rate specified in section 270.75 from the time the tax should have been paid until it is paid.

Subd. 2. FAILURE TO FILE RETURN. In case of a failure to make and file a return as required by this chapter within the time prescribed by law or by the commissioner under law, unless it is shown that the failure is not due to willful neglect, there must be added to the tax, in lieu of the ten percent specific penalty in subdivision 1:

- (1) ten percent if the failure is not for more than 30 days, and
- (2) an additional five percent for each additional 30 days or fraction thereof during which the failure continues.

The total fine may not exceed 25 percent in the aggregate.

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The amount added to the tax must be collected at the same time and in the same manner and as part of the tax. The amount of the tax, together with the amount added, must bear interest at the rate specified in section 270.75 from the time the tax should have been paid until it is paid unless the tax has been paid before the discovery of the neglect, in which case the added amount must be collected in the same manner as the tax.

Subd. 3. TAX EVASION. If a person, with intent to evade the tax, fails to file a required return or intentionally files a false or fraudulent return, there is imposed an additional penalty equal to 50 percent of the tax, found due for the period covered by the return less any amount paid on the basis of the false or fraudulent return. This penalty must be collected as part of the tax and is in addition to other penalties collected by law.

Subd. 4. BOND. Every person making sale of wines or distilled spirits in this state on which a tax is imposed by section 2 must file with the commissioner a bond or bonds, on forms prescribed by the commissioner, with surety approved by the commissioner. The bond must be in a penal sum to be determined by the commissioner, not to exceed two times the average monthly liability of that person for the preceding calendar year, or for a new wholesaler an amount determined by the commissioner based on an estimated two month liability. Bonds must run to the state of Minnesota and must be conditioned on the payment of all taxes due the state on wines and distilled spirits and on the payment of all penalties imposed for failure to pay taxes when due.

Subd. 5. INVOICES AND BILLS OF LADING COVERING SHIPMENT INTO THE STATE. Every person shipping, or causing to be shipped, into this state wines or distilled spirits must at the time of shipment mail to the commissioner a true copy of the invoice, bill of lading, memorandum of shipment, or other document as the commissioner by rule requires, showing those details the commissioner by rule requires.

Sec. 4. [297C.04] PAYMENT OF TAX; MALT LIQUOR.

The commissioner shall by rule provide a reporting method for paying and collecting the excise tax on fermented malt beverages. The rules must require reports to be filed with and the excise tax to be paid to the commissioner on or before the fifteenth day of the month following the month in which the importation into or the first sale is made in this state, whichever first occurs. If the excise tax is not paid when due, the amount due is increased by a penalty of ten percent thereof, and interest on the tax and penalty at an annual rate of 20 percent, adjusted as provided in section 270.75, from the date the tax became due until paid.

Sec. 5. [297C.05] RETURNS.

Subdivision 1. COMMISSIONER TO EXAMINE AND CORRECT RETURN; COLLECTION OF DEFICIENCY. As soon as practicable after any

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return is filed as directed by this chapter, the commissioner shall examine the return and correct it, if necessary, according to the commissioner's best judgment and information. The return, together with the commissioner's corrections, if any, shall be prima facie correct and shall be prima facie evidence of the correctness of the amount of tax due, as shown therein. If the commissioner finds that any amount of tax is due and unpaid, the commissioner shall notify the taxpayer of the deficiency, stating that the taxpayer will be assessed the amount due together with interest and penalties as hereinafter provided. If a deficiency disclosed by the commissioner's examination cannot be allocated to a particular month or months, the commissioner shall notify the taxpayer of the deficiency, assessing the amount due for a given period without allocating it to any particular month or months, together with the penalty provided in the case of other corrected returns. If any taxpayer making any return shall die or shall become incompetent at any time before the commissioner issues a notice that an amount is due, that notice shall be issued to the administrator, executor, or other legal representative, as such, of that distributor.

Subd. 2. MONTHLY TAX PAYMENTS; PENALTY FOR NON-PAYMENT. All taxes shall be due and payable as directed in this chapter, and taxes not paid shall bear interest at the rate specified in section 270.75. The commissioner in issuing a final assessment shall add to the amount of tax found due and unpaid a penalty of ten percent thereof, except that, if the commissioner finds that the taxpayer has made a false and fraudulent return with intent to evade the tax imposed by this chapter, the penalty shall be 25 percent of the entire tax as shown by the corrected return. If the tax is not paid within the time herein specified for the payment thereof or within 30 days after final determination of an appeal to the Minnesota tax court relating thereto, there shall be added thereto a specific penalty equal to ten percent of the amount so remaining unpaid, but in no event shall the penalty for failure to pay the tax within the time provided for payment be less than \$10. The commissioner may extend the time for paying the tax without penalty for good cause shown.

Subd. 3. RECOVERY BY COMMISSIONER. The commissioner may recover the amount of any tax due and unpaid, interest, and any penalty in a civil action. The collection of a tax, interest, or penalty shall not bar any prosecution under this chapter.

Subd. 4. PENALTY; MAXIMUM; MINIMUM; EXTENSION. If any return required to be filed under the provisions of this section is not filed within the time specified, a penalty of five percent of the unpaid tax remaining each month up to a maximum of 25 percent is imposed. In no event shall the penalty for failing to timely file a return be less than \$10. The commissioner of revenue may extend the time for filing a return without penalty for good cause shown.

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Sec. 6. [297C.06] REFUNDS.

The commissioner may refund to a taxpayer the amount of tax paid under this chapter on intoxicating liquor or malt liquor which becomes unfit for human consumption and is destroyed under an order by a federal, state, or local agency while being held for sale by a licensed retailer. Refunds shall be made only if satisfactory proof is presented to the commissioner by the taxpayer and the licensed retailer that the retailer was not indemnified by insurance for the tax. The commissioner may prescribe the method of proof required for obtaining the refund.

The commissioner may credit the amount determined under this section against taxes otherwise payable under this chapter by the taxpayer.

Claims for refund must be filed with the commissioner within one year from the date of the destruction order. There is appropriated annually from the general fund to the commissioner the sums necessary to make the refunds provided by this section.

Sec. 7. [297C.07] EXCEPTIONS.

The following are not subject to the excise tax:

(1) Sales by a manufacturer, brewer, or wholesaler for shipment outside the state in interstate commerce.

(2) Sales of wine for sacramental purposes under article 5, section 16.

(3) Fruit juices naturally fermented or beer naturally brewed in the home for family use.

(4) Malt beverages served by a brewery for on-premise consumption at no charge, or distributed to brewery employees for on-premise consumption under a labor contract.

Sec. 8. [297C.08] DEPOSIT OF RECEIPTS.

All tax revenues and other receipts payable to the state under this chapter must be paid into the state treasury and credited to the general fund.

Sec. 9. [297C.09] IMPORTATION BY INDIVIDUALS.

A person, other than a person under the age of 19 years, entering Minnesota from another state may have in possession one liter of intoxicating liquor or 288 ounces of malt liquor and a person entering Minnesota from a foreign country may have in possession four liters of intoxicating liquor or ten quarts (320 ounces) of malt liquor without the required payment of the Minnesota excise tax. A collector of commemorative bottles, other than a person under the age of 19 years, entering Minnesota from another state may have in possession 12 or fewer commemorative bottles without the required payment of the Minnesota excise tax. A person who imports or has in possession untaxed intoxicating liquor or malt liquor in excess of the quantities provided for in this

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section is guilty of a misdemeanor. This section does not apply to the consignments of alcoholic beverages shipped into this state by holders of Minnesota import licenses or Minnesota manufacturers and wholesalers when licensed by the commissioner of public safety or to common carriers with licenses to sell intoxicating liquor in more than one state. A peace officer, the commissioner, or their authorized agents, may seize untaxed liquor.

Sec. 10. [297C.10] ENFORCEMENT.

Subdivision 1. ENFORCEMENT RESPONSIBILITY. The commissioners of public safety and revenue shall enforce and administer the provisions of this chapter.

Subd. 2. INSPECTION. The commissioner of public safety or the commissioner of revenue, or their duly authorized employees, may, at all reasonable hours, enter in and upon a licensed premises, and examine the books, papers, and records of a brewer, manufacturer, wholesaler, or retailer for the purpose of determining whether the excise tax has been paid, and may inspect any premises where fermented malt beverages are manufactured, sold, offered for sale, possessed, or stored for the purpose of determining whether the provisions of this chapter are being complied with.

Sec. 11. [297C.11] EVASIONS.

Subdivision 1. ASSESSMENT, GENERALLY. Except as otherwise provided in this chapter, the amount of any tax due shall be assessed within 3-1/2 years after the return is filed. The taxes are deemed to have been assessed within the meaning of this section whenever the commissioner of revenue has determined the tax and computed and recorded the amount of tax due. If the amount is found to be in excess of that originally declared on the return, the taxes are deemed to have been assessed whenever the commissioner has prepared a notice of tax assessment and mailed it to the taxpayer. The notice of tax assessment shall be sent by mail to the post office address given in the return and the record of mailing shall be presumptive evidence of the giving of notice, and such records shall be preserved by the commissioner.

Subd. 2. COMPUTATION OF TIME. For the purposes of this section, a return filed before the last day prescribed by law for filing is considered as filed on the last day.

Subd. 3. FALSE OR FRAUDULENT RETURN AND NO RETURN. When a company, joint stock association, copartnership, corporation, or individual required to file a return under this chapter files a false or fraudulent return or fails to file a return, the tax may be assessed, and the attorney general may begin proceedings at any time.

Subd. 4. CONSENT TO EXTEND TIME. Where, before the expiration of the time prescribed in subdivision 1 for the assessment of the tax, the

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commissioner of revenue and the company, joint stock association, copartnership, corporation, or individual filing the return consent in writing to an extension of time for the assessment of the tax, the tax may be assessed at any time prior to the expiration of the period agreed upon. The period so agreed upon may be extended by subsequent agreements in writing made before the expiration of the period previously agreed upon.

Subd. 5. OMISSION IN EXCESS OF 25 PERCENT. If the taxpayer omits an amount properly includable which is in excess of 25 percent of the amount of tax stated in the return, the tax may be assessed, or a proceeding in court for the collection of the tax may be begun at any time within six years after the return was filed.

Sec. 12. [297C.12] UNTAXED LIQUOR; SEIZURE.

Subdivision 1. POSSESSION. No person may without authority possess distilled spirits and wine on which no tax has been paid to a state or to a foreign government. No person may without authority possess, with intent to resell, malt liquor on which no tax has been paid to a state or to a foreign government. The commissioner of public safety or the commissioner of revenue, or their designated employees may seize in the name of the state untaxed liquor possessed, held, sold, or transported in violation of this subdivision, and any apparatus, material, vehicle, or conveyance used in the manufacture, possession, sale, storage, or transportation of illegal untaxed liquor.

Subd. 2. SEIZURE OF CONVEYANCES. The commissioner of public safety and employees designated by the commissioner may seize all vehicles and conveyances used in the manufacture, sale, possession, storage, or transportation of liquor in violation of this chapter, and hold them subject to the order of the district court of the county in which they are seized. The forfeiture of a vehicle or conveyance seized is complete on compliance with the following procedure:

The commissioner of public safety and inspectors and employees designated by the commissioner shall file with the court a separate complaint against the vehicle or conveyance, describing it and charging its use in the specified violation, and specifying substantially the time and place of the unlawful use. A copy of the complaint must be served on the defendant or person in charge of the vehicle or conveyance at the time of seizure, if any. The court shall issue an order directed to any person known or believed to have a right, title or interest in, or lien on the vehicle or conveyance, and to persons unknown claiming a right, title, interest, or lien:

(1) describing the vehicle or conveyance and stating that it was seized and that a complaint against it, charging the specified violation, has been filed with the court;

(2) requiring such persons to file with the clerk of the court their answer to the complaint, setting forth any claim they may have to a right or title to,

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interest in, or lien on the vehicle or conveyance, within ten days after the service of the order;

(3) notifying them in substance that if they fail to file their answer within that time the vehicle or conveyance will be ordered sold by the commissioner.

The court shall cause the order to be served on:

(1) the registered owner;

(2) any person who has duly filed a conditional sales contract, mortgage, or other lien instrument covering the property unless it has been released or satisfied;

(3) any other person known or believed to have a right, title, interest in, or lien upon, the vehicle or conveyance as in the case of a summons in a civil action; and

(4) on unknown persons by publication, as provided for service of summons in a civil action.

If no answer is filed within the time prescribed, the court shall, on affidavit by the clerk of the court, setting forth such fact, order the vehicle or conveyance sold by the commissioner or the commissioner's agents, and the proceeds of the sale, after deducting the expense of keeping the vehicle or conveyance and fees and costs of sale, paid into the state treasury. If an answer is filed within the time provided, the court shall fix a time for hearing, which shall be not less than ten nor more than 30 days after the time for filing the answer expires. At the hearing the matter must be heard and determined by the court, without a jury, as in other civil actions. If the court finds that the vehicle or conveyance, or any part thereof, was used in a violation as specified in the complaint, it shall order the vehicle or conveyance sold, as provided in this section, unless the owner shows to the satisfaction of the court that the vehicle was being used without the owner's consent or that at the time of giving the consent the owner had no notice or knowledge or reason to believe that the vehicle or conveyance was intended to be used in a violation.

After deducting the expense of keeping the vehicle or conveyance, the fee for seizure, and the costs of the sale, the officer making the sale shall pay, according to their priority, all liens established at the hearing as being bona fide and existing without the lienor having any notice or knowledge at the time the lien was created that the vehicle or conveyance was being used or was intended to be used in connection with any violation as specified in the order of the court, and shall pay the balance of the proceeds into the state treasury. A sale under the provisions of this section frees the vehicle or conveyance sold from all liens, and appeal from order of the district court lies to the supreme court as in other civil actions. At any time after seizure and before the hearing the vehicle or conveyance must be returned to the owner or person having a legal right to its

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possession on execution by that person of a valid bond to the state of Minnesota, with corporate surety, in the sum of not less than \$100 and not more than double the value of the vehicle or conveyance seized, to be approved by the court in which the case is triable, or a judge thereof, conditioned on obeying any order and the judgment of the court, and to pay the full value of the vehicle or conveyance at the time of seizure.

Sec. 13. [297C.13] VIOLATIONS:

Subdivision 1. FELONIES. It is a felony for a holder of an alcoholic beverage license to:

(1) evade or attempt to evade the excise tax on intoxicating liquor and nonintoxicating malt liquor;

(2) fraudulently neglect or fail to keep complete accounts in book or books of account, or to make true and exact entries in them as required by the rules of the commissioner of public safety and the commissioner of revenue, or by law;

(3) conspire to violate a provision of this chapter;

(4) fail to do or cause to be done anything required by law;

(5) refill or cause to be refilled a bottle or other container of intoxicating liquor in order to evade tax; or

(6) sell intoxicating liquor or nonintoxicating malt liquor on which the excise tax has not been paid and thereby evade the tax.

Subd. 2. GROSS MISDEMEANORS. Any other violation of this chapter is a gross misdemeanor except where a different penalty is specified.

**ARTICLE 3
DEFINITIONS**

Section 1. [340A.101] DEFINITIONS.

Subdivision 1. TERMS. For purposes of this chapter the following terms have the meanings given them.

Subd. 2. ALCOHOLIC BEVERAGE. "Alcoholic beverage" is any beverage containing more than one-half of one percent alcohol by volume.

Subd. 3. AFFILIATE OR SUBSIDIARY COMPANY. "Affiliate or subsidiary company" is a company in which a manufacturer or its stockholders own a majority of the stock.

Subd. 4. BREWER. "Brewer" is a person who manufactures malt liquor for sale.

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Subd. 5. CITY. "City" is a home rule charter or statutory city unless otherwise specified.

Subd. 6. COMMISSIONER. "Commissioner" is the commissioner of public safety except as otherwise provided.

Subd. 7. CLUB. "Club" is an incorporated organization organized under the laws of the state for civic, fraternal, social, or business purposes, for intellectual improvement, or for the promotion of sports, or a congressionally chartered veterans' organization, which:

(1) has more than 50 members;

(2) has owned or rented a building or space in a building for more than one year that is suitable and adequate for the accommodation of its members;

(3) is directed by a board of directors, executive committee, or other similar body chosen by the members at a meeting held for that purpose. No member, officer, agent, or employee shall receive any profit from the distribution or sale of beverages to the members of the club, or their guests, beyond a reasonable salary or wages fixed and voted each year by the governing body.

Subd. 8. DEPARTMENT. "Department" is the department of public safety except as otherwise provided.

Subd. 9. DISTILLED SPIRITS. "Distilled spirits" is ethyl alcohol, hydrated oxide of ethyl, spirits of wine, whisky, rum, brandy, gin, and other distilled spirits, including all dilutions and mixtures thereof, for nonindustrial use.

Subd. 10. EXCLUSIVE LIQUOR STORE. "Exclusive liquor store" is an establishment used exclusively for the sale of intoxicating liquor except for the incidental sale of ice, tobacco, nonintoxicating malt liquor, beverages for mixing with intoxicating liquor, and soft drinks may also be sold, and the establishment may offer recorded or live entertainment and make available coin-operated amusement devices. "Exclusive liquor store" also includes an on-sale or combination on-sale and off-sale intoxicating liquor establishment which sells food for on-premise consumption when authorized by the municipality issuing the license.

Subd. 11. FARM WINERY. "Farm winery" is a winery operated by the owner of a Minnesota farm and producing table or sparkling wines from grapes, grape juice, other fruit bases, or honey with a majority of the ingredients grown or produced in Minnesota.

Subd. 12. GENERAL FOOD STORE. "General food store" is a business primarily engaged in selling food and grocery supplies to the public for off-premise consumption.

Subd. 13. HOTEL. "Hotel" is an establishment where food and lodging are regularly furnished to transients and which has:

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(1) a resident proprietor or manager;

(2) a dining room serving the general public at tables and having facilities for seating at least 30 guests at one time; and

(3) guest rooms in the following minimum numbers: in first-class cities, 50; in second-class cities, 25; in all other cities, 10.

Subd. 14. INTOXICATING LIQUOR. "Intoxicating liquor" is ethyl alcohol, distilled, fermented, spirituous, vinous, and malt beverages containing more than 3.2 percent of alcohol by weight.

Subd. 15. LICENSED PREMISES. "Licensed premises" is the premises described in the approved license application.

Subd. 16. MALT LIQUOR. "Malt liquor" is any beer, ale, or other beverage made from malt by fermentation and containing not less than one-half of one percent alcohol by volume.

Subd. 17. MANUFACTURER. "Manufacturer" is a person who, by a process of manufacture, fermenting, brewing, distilling, refining, rectifying, blending, or by the combination of different materials, prepares or produces intoxicating liquor for sale.

Subd. 18. MUNICIPALITY. "Municipality" is a city, county or, for purposes of licensing under article 6, section 4, subdivision 7, the metropolitan airports commission.

Subd. 19. NONINTOXICATING MALT LIQUOR. "Nonintoxicating malt liquor" is malt liquor containing not less than one-half of one percent alcohol by volume nor more than 3.2 percent alcohol by weight.

Subd. 20. OFF-SALE. "Off-sale" is the sale of alcoholic beverages in original packages for consumption off the licensed premises only.

Subd. 21. ON-SALE. "On-sale" is the sale of alcoholic beverages for consumption on the licensed premises only.

Subd. 22. PACKAGE. "Package" is a sealed or corked container of alcoholic beverages.

Subd. 23. PERSON. "Person" has the meaning given it in section 645.44, subdivision 7.

Subd. 24. POPULATION. "Population" is determined by the most recent federal decennial census or a special census taken under law.

Subd. 25. RESTAURANT. "Restaurant" is an establishment, other than a hotel, under the control of a single proprietor or manager, where meals are regularly served at tables to the general public, and having seating capacity for guests in the following minimum numbers:

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(a) <u>First class cities</u>	50
(b) <u>Second and third class cities and statutory cities of over 10,000 population</u>	30
(c) <u>Unincorporated or unorganized territory other than in Cook, Lake, and St. Louis counties</u>	100
(d) <u>Unincorporated or unorganized territory in Cook, Lake, and St. Louis counties</u>	50

In the case of classes (b) and (c) above, the governing body of a city or county may prescribe a higher minimum number. In fourth class cities and statutory cities under 10,000 population, minimum seating requirements are those prescribed by the governing body of the city.

Subd. 26. RETAIL. "Retail" is sale for consumption.

Subd. 27. TABLE OR SPARKLING WINE. "Table or sparkling wine" is a beverage made without rectification or fortification and containing not more than 25 percent of alcohol by volume and made by the fermentation of grapes, grape juice, other fruits, or honey.

Subd. 28. WHOLESALER. "Wholesaler" is a person who sells alcoholic beverages to persons to whom sale is permitted under article 5, section 10, from a stock maintained in a warehouse in the state.

Subd. 29. WINE. "Wine" is sparkling and carbonated wine, wine made from condensed grape must, wine made from other agricultural products than sound, ripe grapes, imitation wine, compounds sold as wine, vermouth, cider, perry and sake, in each instance containing not less than seven percent nor more than 24 percent alcohol by volume for nonindustrial use.

ARTICLE 4

DEPARTMENT OF PUBLIC SAFETY

Section 1. [340A.201] LIQUOR CONTROL AUTHORITY.

The commissioner of public safety is the successor to the commissioner of liquor control with respect to the powers and duties vested in the latter as of February 6, 1976, except for those powers and duties transferred to the commissioner of revenue. Any proceeding, court action, prosecution, or other business undertaken or commenced as of February 6, 1976, by the commissioner of liquor control is assigned to the commissioners of public safety and revenue as appropriate and may be completed by them.

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ARTICLE 5

MANUFACTURERS, WHOLESALERS, IMPORTERS

Section 1. [340A.301] MANUFACTURERS AND WHOLESALERS LICENSES.

Subdivision 1. LICENSES REQUIRED. No person may directly or indirectly manufacture or sell at wholesale intoxicating liquor, or nonintoxicating malt liquor without obtaining an appropriate license from the commissioner, except where otherwise provided in this chapter. A manufacturer's license includes the right to import. A licensed brewer of malt liquor may sell products at wholesale without an additional license. A licensed wholesaler of intoxicating malt liquor may sell nonintoxicating malt liquor at wholesale without an additional license. The business of manufacturer and wholesaler may be combined and carried on under a single manufacturer's license.

Subd. 2. PERSONS ELIGIBLE. Licenses under this section may be issued only to a person who:

(1) is a citizen of the United States or a resident alien;

(2) is of good moral character and repute;

(3) is 19 years of age or older;

(4) has not had a license issued under this chapter revoked within five years of the date of license application, or to any person who at the time of the violation owns any interest, whether as a holder of more than five percent of the capital stock of a corporation licensee, as a partner or otherwise, in the premises or in the business conducted thereon, or to a corporation, partnership, association, enterprise, business, or firm in which any such person is in any manner interested; and

(5) has not been convicted within five years of the date of license application of a felony, or of a willful violation of a federal or state law, or local ordinance governing the manufacture, sale, distribution, or possession for sale or distribution of alcoholic beverages.

Subd. 3. APPLICATION. An application for a license under this section must be made to the commissioner on a form the commissioner prescribes.

Subd. 4. BOND. The commissioner may not issue a license under this section to a person who has not filed a bond with corporate surety, or cash, or United States government bonds payable to the state. The proof of financial responsibility must be approved by the commissioner before the license is issued. The bond must be conditioned on the licensee obeying all laws governing the business and paying when due all taxes, fees, penalties and other charges, and must provide that it is forfeited to the state on a violation of law. Bonds must be in the following amounts:

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

<u>Manufacturer's and wholesalers of intoxicating liquor except as provided in this subdivision</u>	\$10,000
<u>Manufacturers and wholesalers of wine up to 25 percent alcohol by weight</u>	\$ 5,000
<u>Manufacturers and wholesalers of beer of more than 3.2 percent alcohol by weight</u>	\$ 1,000

Subd. 5. PERIOD OF LICENSE. Licenses issued under this section are valid for one year except that to coordinate expiration dates initial licenses may be issued for a shorter period.

Subd. 6. FEES. The annual fees for licenses under this section are as follows:

(a) <u>Manufacturers (except as provided in clauses (b) and (c))</u>	\$ 7,500
<u>Duplicates</u>	\$ 3,000
(b) <u>Manufacturers of wines of not more than 25 percent alcohol by volume</u>	\$ 500
(c) <u>Brewers</u>	\$ 1,250
(d) <u>Wholesalers (except as provided in clauses (e), (f), and (g))</u>	\$ 7,500
<u>Duplicates</u>	\$ 3,000
(e) <u>Wholesalers of wines of not more than 25 percent alcohol by volume</u>	\$ 750
(f) <u>Wholesalers of intoxicating malt liquor</u>	\$ 300
<u>Duplicates</u>	\$ 15
(g) <u>Wholesalers of nonintoxicating malt liquor</u>	\$ 10

If a business licensed under this section is destroyed, or damaged to the extent that it cannot be carried on, or if it ceases because of the death or illness of the licensee, the commissioner may refund the license fee for the balance of the license period to the licensee or to the licensee's estate.

Subd. 7. INTEREST IN OTHER BUSINESS. A holder of a license as a manufacturer, brewer, or wholesaler may not have any ownership, in whole or in part, in a business holding a retail intoxicating liquor or nonintoxicating malt liquor license, but a manufacturer or wholesaler of intoxicating liquor may use or have property rented for retail intoxicating liquor sales if the manufacturer or wholesaler has owned the property continuously since November 1, 1933.

Subd. 8. SALES WITHOUT LICENSE. A licensed brewer may without an additional license sell malt liquor to employees or retired former employees, in amounts of not more than 768 fluid ounces in a week for off-premise consumption only. A collector of commemorative bottles, those terms are as defined in article 2, section 1, subdivisions 4 and 5, may sell them to another collector without a license. A licensed manufacturer of wine containing not

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more than 25 percent alcohol by volume nor less than 51 percent wine made from Minnesota-grown agricultural products may sell at on-sale or off-sale wine made on the licensed premises without a further license.

Subd. 9. UNLICENSED MANUFACTURE. Nothing in this chapter requires a license for the natural fermentation of fruit juices or brewing of beer in the home for family use.

Sec. 2. [340A.302] IMPORTERS.

Subdivision 1. LICENSES REQUIRED. Except as provided in section 1, subdivision 1, no person may ship alcoholic beverages or ethyl alcohol to a licensed manufacturer or wholesaler without obtaining an importer's license from the commissioner.

Subd. 2. TERMS; APPLICATION. Importers' licenses must be applied for on a form the commissioner prescribes. The form must contain, along with information the commissioner requires, an agreement on the part of the applicant to obey all laws relating to the importation and sale of intoxicating liquor.

Subd. 3. FEES. Annual fees for licenses under this section are as follows:

<u>Importers of distilled spirits, wine, or ethyl alcohol</u>	<u>\$ 300</u>
<u>Importers of malt liquor</u>	<u>\$ 200</u>

Subd. 4. BONDS. The commissioner may, if needed to protect revenue, require the holder of a license to import malt liquor, file a bond in an amount of not less than \$1,000 nor more than \$5,000, payable to the state and conditioned on the payment of all excise taxes due the state.

Sec. 3. [340A.303] TRANSFERS.

A license under sections 1 or 2 may be transferred only with the commissioner's consent. When a licensee is a corporation a change in ownership of more than ten percent of its stock must be reported to the commissioner within ten days of the change.

Sec. 4. [340A.304] LICENSE SUSPENSION AND REVOCATION.

The commissioner may revoke, or suspend for up to 60 days, a license issued under sections 1 or 2, or may impose a fine of up to \$1,000 for each violation, on a finding that the licensee has violated a state law or rule of the commissioner relating to the possession, sale, transportation, or importation of alcoholic beverages. A license revocation or suspension under this section is a contested case under sections 14.57 to 14.70 of the administrative procedure act.

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Sec. 5. [340A.305] WAREHOUSING.

Subdivision 1. FACILITIES. All licensed wholesalers must own or lease warehouse space within the state and must have adequate delivery facilities to perform the function of a wholesaler.

Subd. 2. UNLOADING. Except as provided in this chapter alcoholic beverages manufactured outside the state may be shipped into the state only to licensed wholesalers and must be unloaded into the wholesaler's warehouse located in the state. Licensed wholesalers may distribute alcoholic beverages only from the warehouse.

Subd. 3. RECIPROCITY. The provisions of this section relating to warehousing do not apply to a wholesaler of malt liquor located in an adjoining state which permits wholesalers licensed in Minnesota to deliver malt liquor to retailers without warehousing in that state.

Subd. 4. DIRECT SHIPMENT. Notwithstanding the provisions of this section, a manufacturer or United States importer of intoxicating liquor manufactured outside Minnesota may authorize, on a form the commissioner prescribes, a Minnesota-licensed manufacturer or wholesaler to purchase intoxicating liquor for direct shipment to another state, or may appoint a Minnesota-licensed manufacturer or wholesaler as its agent to sell or deliver intoxicating liquor to purchasers in other states from the Minnesota warehouse inventory of the Minnesota manufacturer or wholesaler.

Sec. 6. [340A.306] FRAUDULENT SHIPMENTS.

(a) It is unlawful for:

(1) any person to knowingly deliver or cause to be delivered to a common carrier alcoholic beverages under a false title, name, brand, or trade mark; or

(2) any person, or a common carrier, or an agent of either to knowingly receive a fraudulent shipment under clause (1).

(b) A peace officer may examine the books and way bills of a common carrier for the purpose of tracing a fraudulent shipment to a shipper or receiver.

Sec. 7. [340A.307] UNLAWFUL DISCRIMINATION.

Subdivision 1. NONDISCRIMINATORY SALES. All licensed importers must offer for sale on an equal basis to all licensed wholesalers and manufacturers all intoxicating liquor brought into the state of Minnesota.

Subd. 2. PROHIBITED PRACTICES. Without limiting subdivision 1, the following are failures to offer intoxicating liquor for sale on an equal basis and are unlawful:

(a) A refusal to sell to a wholesaler or manufacturer intoxicating liquor offered for sale to any other wholesaler or manufacturer, except when a wholesal-

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er or manufacturer is in arrears on payments for past purchases from the importer who refuses to sell.

(b) A sale of intoxicating liquor to a wholesaler or manufacturer at a price different from that offered to another wholesaler or manufacturer, exclusive of shipping costs, except that quantity discounts based on actual cost savings may be uniformly offered to all wholesalers and manufacturers.

(c) A sale of intoxicating liquor to a wholesaler or manufacturer on terms of purchase different from those offered another wholesaler or manufacturer, except that when the importer reasonably believes that a wholesaler or manufacturer will be unable to comply with the existing terms of credit, other terms may be employed, including denial of credit.

(d) Discrimination among wholesalers and manufacturers in satisfying their respective demands for intoxicating liquor.

(e) A sale conditioned on an agreement which restricts the wholesaler or manufacturer with respect to customers, area for distribution, or resale price, or which otherwise restrains the wholesaler or manufacturer from competing in trade and commerce.

(f) For purposes of this subdivision and subdivision 1 only, the term "intoxicating liquor" does not include "pop wines" as they are defined by rule of the commissioner.

Subd. 3. NONDISCRIMINATORY PRICES. No licensed importer or manufacturer may offer or sell to a licensed wholesaler intoxicating liquor at a bottle or case price which is higher than the lowest price at which the liquor is contemporaneously being sold by the importer or manufacturer to a wholesaler anywhere in any other state of the United States or in the District of Columbia or to a state or state agency which owns and operates retail liquor stores.

In determining the lowest price for which liquor is being sold in any other state or in the District of Columbia, or to a state or state agency which owns and operates retail liquor stores, appropriate reductions must be made to reflect all discounts, rebates, free goods, allowances, and other inducements of any kind whatsoever offered or given to any wholesaler, state, or state agency purchasing the liquor in another state or in the District of Columbia. This subdivision does not prevent differentials in price which make only due allowance for differences in state taxes and fees, and in the actual cost of delivery. As used in this subdivision, "state taxes or fees" are the excise taxes imposed or the fees required by any state or the District of Columbia based on a quantity of liquor.

Subd. 4. EXCEPTIONS. Nothing in this section applies to

(a) wine or malt liquor of any alcohol content; or

(b) intoxicating liquor which is:

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- (1) further distilled, refined, rectified, or blended within the state; and
- (2) bottled within the state and labelled with the importer's own labels after importation into the state.

Sec. 8. [340A.308] PROHIBITED TRANSACTIONS.

(a) No brewer or malt liquor wholesaler may directly or indirectly, or through an affiliate or subsidiary company, or through an officer, director, stockholder, or partner:

- (1) give, or lend money, credit, or other thing of value to a retailer;
- (2) give, lend, lease, or sell furnishing or equipment to a retailer;
- (3) have an interest in a retail license; or
- (4) be bound for the repayment of a loan to a retailer.

(b) This section does not prohibit a manufacturer or wholesaler from:

(1) furnishing, lending, or renting to a retailer outside signs, of a cost of up to \$100 excluding installation and repair costs;

(2) furnishing, lending, or renting to a retailer inside signs and other promotional material, of a cost of up to \$100 in a year;

(3) furnishing to or maintaining for a retailer equipment for dispensing malt liquor, of a cost of up to \$100 per tap in a year; or

(4) using or renting property owned continually since November 1, 1933, for the purpose of selling intoxicating or nonintoxicating malt liquor at retail.

Sec. 9. [340A.309] EXCLUSIVE CONTRACTS.

A manufacturer, brewer, or wholesaler may not directly or indirectly make an agreement with a retailer which binds the retailer to purchase the products of one manufacturer or brewer to the exclusion of the products of other manufacturers and brewers. A retailer who is a party to a violation of this section or who receives the benefits of a violation is equally guilty of a violation.

Sec. 10. [340A.310] SALES TO WHOLESALERS.

A wholesaler may sell intoxicating liquor or nonintoxicating malt liquor only to municipal liquor stores, government instrumentalities, or holders of alcoholic beverage licenses issued under this chapter.

Sec. 11. [340A.311] BRAND REGISTRATION.

(a) A brand of intoxicating liquor or nonintoxicating malt liquor may not be manufactured or imported into the state unless the brand label has been registered with and approved by the commissioner. The fee for brand registration is \$20. The brand label of a brand of intoxicating liquor or nonintoxicating

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malt liquor which has not been sold in the state for two years or more must be reregistered before its sale can be resumed. The brand label of a brand of intoxicating liquor or nonintoxicating malt liquor which has not been sold in the state for at least three years is conclusively deemed abandoned by the manufacturer or importer.

(b) In this section "brand" and "brand label" include trademarks and designs used in connection with labels.

(c) A brand label may be registered only by the brand owner or authorized agent. No brand may be imported into the state for sale without the consent of the brand owner or authorized agent. This section does not limit the provisions of article 5, section 7.

Sec. 12. [340A.312] JOINT PURCHASES; VOLUME PRICES.

Subdivision 1. JOINT PURCHASES. The joint purchase by two or more licensed retailers of up to 300, 1.75 liter or smaller, bottles of distilled spirits or wine for resale to the public is lawful.

Subd. 2. VOLUME PRICES. A variable volume price offered by a wholesaler to a licensed retailer on sales of distilled spirits or wine may not be for a quantity of more than 300 one-liter or smaller bottles.

Sec. 13. [340A.313] PRICE FILING.

Subdivision 1. FILING. A distilled spirits or wine brand owner or wholesaler may not sell, offer for sale, or solicit orders for distilled spirits or wine unless a schedule of wholesale prices, including volume discounts, is filed with the commissioner on a form prescribed by the commissioner. No sale may be made at wholesale which is not in accordance with filed prices. A filing must be made by the first day of each month and is effective for the remainder of the month, except that any filed price may be amended within five days of its filing.

Subd. 2. INSPECTION. The commissioner shall maintain price filings in a manner so as to make them easily accessible to the public. The commissioner shall provide copies of the filings to any person requesting them, and may charge a reasonable fee for copies.

Sec. 14. [340A.314] SUGGESTED RETAIL PRICES.

No wholesaler or other person may communicate in any manner to an off-sale licensee a suggested retail price for the sale of intoxicating liquor.

Sec. 15. [340A.315] FARM WINERY LICENSE.

Subdivision 1. LICENSES. The commissioner may issue a farm winery license to the owner or operator of a farm winery located within the state and producing table or sparkling wines. Licenses may be issued and renewed for an

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annual fee of \$25, which is in lieu of all other license fees required by this chapter.

Subd. 2. SALES. A license authorizes the sale, on the farm winery premises, of table or sparkling wines produced by that farm winery at on-sale or off-sale, in retail, or wholesale lots in total quantities not in excess of 50,000 gallons in a calendar year, glassware, wine literature and accessories, and the dispensing of free samples of the wines offered for sale. Sales at on-sale and off-sale may be made on Sundays between 12:00 noon and 12:00 midnight. Labels for each type or brand produced must be registered with the commissioner, without fee prior to sale.

Subd. 3. APPLICABILITY. Except as otherwise specified in this section, all provisions of this chapter govern the production, sale, possession, and consumption of table or sparkling wines produced by a farm winery.

Subd. 4. MINNESOTA PRODUCTS. If Minnesota produced or grown grapes, grape juice, other fruit bases, or honey is not available in quantities sufficient to constitute a majority of the table or sparkling wine produced by a farm winery, the holder of the farm winery license may file an affidavit stating this fact with the commissioner. If the commissioner, after consultation with the commissioner of agriculture, determines this to be true, the farm winery may use imported products and shall continue to be governed by the provisions of this section. The affidavit is effective for a period of one year, after which time the farm winery must use the required amount of Minnesota products as provided by subdivision 1 unless the farm winery holder files a new affidavit with the commissioner.

Sec. 16. [340A.316] SACRAMENTAL WINE.

The commissioner may issue licenses for the importation and sale of wine exclusively for sacramental purposes. The holder of a sacramental wine license may sell wine only to a rabbi, priest, or minister of a church, or other established religious organization, or individual members of a religious organization who conduct ceremonies in their homes, if the purchaser certifies in writing that the wine will be used exclusively for sacramental purposes in religious ceremonies. The annual fee for a sacramental wine license is \$25. Each licensee must also post a \$1,000 penal bond in favor of the state, conditioned upon compliance with this section.

A rabbi, priest, or minister of a church or other established religious organization may import wine exclusively for sacramental purposes without a license.

ARTICLE 6

RETAIL LICENSES

Section 1. [340A.401] LICENSE REQUIRED.

Except as provided in this chapter, no person may directly or indirectly, on any pretence or by any device, sell, barter, keep for sale, or otherwise dispose

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of alcoholic beverages as part of a commercial transaction without having obtained a license.

Sec. 2. [340A.402] PERSONS ELIGIBLE.

No retail license may be issued to:

- (1) a person not a citizen of the United States or a resident alien;
- (2) a person under 19 years of age;
- (3) a person who within five years of the license application has been convicted of a willful violation of a federal or state law or local ordinance governing the manufacture, sale, distribution, or possession for sale or distribution, of intoxicating or nonintoxicating malt liquors;

(4) a person who has had an intoxicating liquor or nonintoxicating liquor license revoked within five years of the license application, or to any person who at the time of the violation owns any interest, whether as a holder of more than five percent of the capital stock of a corporation licensee, as a partner or otherwise, in the premises or in the business conducted thereon, or to a corporation, partnership, association, enterprise, business, or firm in which any such person is in any manner interested; or

- (5) a person not of good moral character and repute.

Sec. 3. [340A.403] NONINTOXICATING MALT LIQUOR LICENSES.

Subdivision 1. ISSUANCE BY COUNTY OR CITY. The governing body of a city or county may issue off-sale or on-sale licenses for the sale of nonintoxicating malt liquor within their respective jurisdictions.

Subd. 2. TEMPORARY LICENSES. (a) A club or charitable, religious, or nonprofit organization may be issued a temporary on-sale license for the sale of nonintoxicating malt liquor.

(b) The temporary license may authorize the sale of nonintoxicating malt liquor in any school or school buildings.

(c) Temporary licenses are subject to the terms set by the issuing county or city.

Sec. 4. [340A.404] INTOXICATING LIQUOR; ON-SALE LICENSES.

Subdivision 1. CITIES. A city may issue an on-sale intoxicating liquor license to the following establishments located within its jurisdiction:

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- (1) hotels;
- (2) restaurants;
- (3) clubs or congressionally chartered veterans organizations provided that the organization has been in existence for at least three years and liquor sales will only be to members and bona fide guests;
- (4) sports facilities located on land owned by the metropolitan sports commission; and
- (5) exclusive liquor stores.

Subd. 2. SPECIAL PROVISION; CITY OF MINNEAPOLIS. The city of Minneapolis may issue an on-sale intoxicating liquor license to the Guthrie Theatre and the Cricket Theatre notwithstanding the limitations of law, or local ordinance, or charter provision relating to zoning or school or church distances. The licenses authorize sales on all days of the week to holders of tickets for dramatic performances presented by the theatres and to members of the nonprofit corporations holding the licenses and to their guests.

Subd. 3. NOTICE TO THE COMMISSIONER. A city shall within ten days of the issuance of a license under subdivision 1, inform the commissioner of the licensee's name and address and trade name, and the effective date and expiration date of the license. The city shall also inform the commissioner of a license transfer, cancellation, suspension, or revocation during the license period.

Subd. 4. SPECIAL PROVISIONS; SPORTS, CONVENTIONS, OR CULTURAL FACILITIES. The governing body of a municipality may authorize a holder of a retail on-sale intoxicating liquor license issued by the municipality or by an adjacent municipality to dispense intoxicating liquor at any convention, banquet, conference, meeting, or social affair conducted on the premises of a sports, convention, or cultural facility owned by the municipality or instrumentality thereof having independent policymaking and appropriating authority and located within the municipality. The licensee must be engaged to dispense intoxicating liquor at an event held by a person or organization permitted to use the premises, and may dispense intoxicating liquor only to persons attending the event. The licensee may not dispense intoxicating liquor to any person attending or participating in an amateur athletic event held on the premises.

Subd. 5. WINE LICENSES. A municipality may issue an on-sale wine license with the approval of the commissioner to a restaurant having facilities for seating at least 25 guests at one time. A wine license permits the sale of wine of up to 14 percent alcohol by volume for consumption with the sale of food.

Subd. 6. COUNTIES. A county board may issue an on-sale intoxicating liquor license within the area of the county that is unorganized or unincorporated, to a restaurant or club with the approval of the commissioner.

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Subd. 7. AIRPORTS COMMISSION. On-sale licenses may be issued by the metropolitan airports commission for the sale of intoxicating liquor in major airports owned by the metropolitan airports commission and used as terminals for regularly scheduled air passenger service.

Subd. 8. LAKE SUPERIOR TOUR BOATS. (a) The commissioner may issue an on-sale intoxicating liquor license to a person regularly engaged, on an annual or seasonal basis, in the business of offering tours by boat on Lake Superior and adjacent bays. The license shall authorize the sale of intoxicating liquor for consumption on the boat while underway or attached to a dock or other mooring. No license may be issued unless each boat used in the tour business regularly sells meals in the place where intoxicating liquor is sold.

(b) All sales of intoxicating liquor made on a boat while it is attached to a dock or other mooring are subject to any restrictions on the sale of liquor prescribed by the governing body of the city where the boat is attached, or of a county when it is attached outside a city. A governing body may prohibit liquor sales within its jurisdiction but may not require an additional license, or require a fee or occupation tax, for the sales.

(c) If a boat is moored for a period of at least three consecutive months, the city may require the boat to obtain an on-sale intoxicating liquor license from the city, and the fee charged for the license must not exceed one-half the fee charged for a comparable annual on-sale intoxicating liquor license.

Subd. 9. MILITARY BASES AND INSTALLATIONS. The commissioner may issue an on-sale license for the sale of intoxicating liquor within the boundaries of a military base or installation under the jurisdiction of the adjutant general with the approval of the adjutant general. No municipal or county license is required for the sale of intoxicating liquor under this subdivision.

Sec. 5. [340A.405] INTOXICATING LIQUOR; OFF-SALE LICENSES.

Subdivision 1. CITIES. A city may issue with the approval of the commissioner, an off-sale intoxicating liquor license to an exclusive liquor store or to a drugstore. Cities of the first class may also issue an off-sale license to a general food store.

Subd. 2. COUNTIES. A county may issue an off-sale intoxicating license with the approval of the commissioner to exclusive liquor stores located within unorganized territory of the county.

Subd. 3. TOWNS. The town board of a town exercising powers under section 368.01, subdivision 1, may issue an off-sale intoxicating liquor license with the approval of the commissioner to an exclusive liquor store located within the town.

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Sec. 6. [340A.406] INTOXICATING LIQUOR; COMBINATION LICENSES.

A city of the fourth class or a statutory city of 10,000 or fewer population may issue an off-sale and on-sale intoxicating liquor license to the same licensee or, in lieu of issuing on-sale and off-sale licenses separately to a licensee, may issue a combination on-sale and off-sale license. A city may continue to issue licenses under this subdivision when the population of the city exceeds 10,000 population.

Sec. 7. [340A.407] COMMON CARRIERS.

The commissioner may issue an on-sale license to a person certificated by either the state or the United States of America, or an agency thereof, as a common carrier engaged in the business of transporting persons for hire in interstate or intrastate commerce to sell intoxicating or nonintoxicating malt liquor in a place where meals are sold. A license issued under this subdivision only authorizes the sale of intoxicating or nonintoxicating malt liquor to a bona fide passenger who is actually being transported in interstate or intrastate commerce.

Sec. 8. [340A.408] RETAIL LICENSE FEES.

Subdivision 1. NONINTOXICATING MALT LIQUOR. (a) The license fee for an on-sale and off-sale nonintoxicating malt liquor license is the fee set by the county or city issuing the license.

(b) One-half of the license fee received by a county for a retail license to sell nonintoxicating malt liquor within any town in the county shall be paid to the town board where the business is located.

Subd. 2. INTOXICATING LIQUOR; ON-SALE. (a) The license fee for a retail on-sale intoxicating liquor license is the fee set by the city or county issuing the license subject to the limitations imposed under this subdivision.

(b) The annual license fee for an on-sale intoxicating liquor license issued by a city to a club must be no greater than:

- (1) \$300 for a club with under 200 members;
- (2) \$500 for a club with between 201 and 500 members;
- (3) \$650 for a club with between 501 and 1,000 members;
- (4) \$800 for a club with between 1,001 and 2,000 members;
- (5) \$1,000 for a club with between 2,001 and 4,000 members;
- (6) \$2,000 for a club with between 4,001 and 6,000 members; or
- (7) \$3,000 for a club with over 6,000 members.

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(c) The license fee for the issuance of a wine license may not exceed one-half of the license fee charged for an on-sale intoxicating liquor license, or \$2,000, whichever is less.

(d) The town board of a town in which an on-sale establishment has been licensed by a county may impose an additional license fee on each such establishment in an amount not to exceed 20 percent of the county license fee.

Subd. 3. INTOXICATING LIQUOR; OFF-SALE. (a) The annual license fee for an off-sale intoxicating liquor license issued by a city, when combined with any occupation tax imposed by the city, may not exceed the following limits:

- (1) \$1,000 for cities of the first class;
- (2) \$200 for cities over 10,000 other than cities of the first class;
- (3) \$150 for cities of between 5,000 and 10,000 population; and
- (4) \$100 for cities with less than 5,000 population.

(b) The annual license fee for an off-sale intoxicating liquor license issued by a county or town shall not exceed \$500.

Subd. 4. LAKE SUPERIOR TOUR BOATS; COMMON CARRIERS. (a) The annual license fee for licensing of Lake Superior tour boats under article 6, section 4, subdivision 8, shall be \$1,000.

(b) The annual license fee for common carriers licensed under article 6, section 7 is:

- (1) \$25 for nonintoxicating malt liquor, and \$2 for a duplicate license; and
- (2) \$100 for intoxicating liquor, and \$10 for a duplicate license.

Subd. 5. REFUNDS. A pro rata share of an annual license fee for a retail license to sell intoxicating or nonintoxicating malt liquor, either on-sale or off-sale, may be refunded to the licensee or to the licensee's estate if:

- (1) the business ceases to operate because of destruction or damage;
- (2) the licensee dies;
- (3) the business ceases to be lawful for a reason other than a license revocation; or
- (4) the licensee ceases to carry on the licensed business under the license.

Sec. 9. [340A.409] LIABILITY INSURANCE.

Subdivision 1. INSURANCE REQUIRED. No retail license may be issued or renewed unless the applicant demonstrates proof of financial responsibility with regard to liability imposed by article 10, section 1. The issuing

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authority must submit to the commissioner the applicant's proof of financial responsibility. This subdivision does not prohibit a local unit of government from requiring higher insurance or bond coverages, or a larger deposit of cash or securities. The minimum requirement for proof of financial responsibility may be given by filing:

(1) a certificate that there is in effect for the license period an insurance policy or pool providing at least \$50,000 of coverage because of bodily injury to any one person in any one occurrence, \$100,000 because of bodily injury to two or more persons in any one occurrence, \$10,000 because of injury to or destruction of property of others in any one occurrence, \$50,000 for loss of means of support of any one person in any one occurrence, and \$100,000 for loss of means of support of two or more persons in any one occurrence;

(2) a bond of a surety company with minimum coverages as provided in clause (1); or

(3) a certificate of the state treasurer that the licensee has deposited with the state treasurer \$100,000 in cash or securities which may legally be purchased by savings banks or for trust funds having a market value of \$100,000.

Subd. 2. MARKET ASSISTANCE. The commissioner of commerce shall advise licensees and municipalities subject to the financial responsibility requirements of subdivision 1 of those persons offering insurance coverage. The commissioner of commerce shall establish a program to assist licensees in obtaining insurance coverage. The program shall include a committee appointed by the commissioner of commerce of a representative group of insurance carriers and producers. The commissioner of commerce shall serve as an ex officio member of the committee. The committee shall review and act upon all properly executed applications requesting liquor liability market assistance. The market assistance program shall continue to function so long as its services are deemed by the commissioner of commerce to be necessary to relieve perceived availability problems in the liquor liability insurance market. If the committee finds that it cannot assist in securing insurance coverage, it shall notify the applicant in writing with a full explanation and recommendation for enhancing its ability to secure insurance. The commissioner of commerce shall, if necessary, establish an assigned risk plan pursuant to subdivision 3.

Subd. 3. ASSIGNED RISK PLAN. (a) The purpose of the assigned risk plan is to provide coverage required by subdivision 1 to persons rejected under this subdivision.

(b) An insurer that refuses to write the coverage required by subdivision 1 shall furnish the applicant with a written notice of refusal. The rejected applicant shall file a copy of the notice of refusal with the commissioner of public safety and with the assigned risk plan at the time of application for coverage under the plan.

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(c) The commissioner of commerce may enter into service contracts as necessary or beneficial to accomplish the purposes of the assigned risk plan including servicing of policies or contracts of coverage, data management, and assessment collections. Services related to the administration of policies or contracts of coverages must be performed by one or more qualified insurance companies licensed pursuant to section 60A.06, subdivision 1, clause (13), or a qualified vendor of risk management services. A qualified insurer or vendor of risk management services must possess sufficient financial, professional, administrative, and personnel resources to provide the services required for operation of the plan. The cost of all services contracted for are an obligation of the assigned risk plan.

(d) The commissioner of commerce may assess all insurers licensed under section 60A.06, subdivision 1, clause (13), an amount sufficient to fully fund the obligations of the assigned risk plan if the commissioner determines that the assets of the assigned risk plan are insufficient to meet its obligations. The assessment of each insurer must be in a proportion equal to the proportion which the amount of insurance written as reported on page 14 of the annual statement under line 5, commercial multi-peril, and line 17, other liability, during the preceding calendar year by that insurer bears to the total written by all such carriers for such lines.

(e) Policies and contracts of coverage issued under this subdivision must contain the usual and customary provisions of liability insurance policies, and must contain the minimum coverage required by subdivision 1 or the local governing unit.

(f) Assigned risk policies and contracts of coverage are subject to premium tax pursuant to section 60A.15.

(g) Insureds served by the assigned risk plan must be charged premiums based upon a rating plan approved by the commissioner of commerce. Assigned risk premiums may not be lower than rates generally charged by insurers for the business. The commissioner of commerce shall fix the compensation received by the agent of record.

(h) The commissioner of commerce may adopt rules, including temporary rules, needed to implement this subdivision. The rules may include:

(1) appeal procedures from actions of the assigned risk plan;

(2) formation of an advisory committee composed of insurers, vendors of risk management services and licensees, to advise the commissioner of commerce regarding operation of the plan; and

(3) applicable rating plans and rating standards.

Subd. 4. INSURANCE NOT REQUIRED. Subdivision 1 does not apply to licensees who by affidavit establish that:

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(1) they are on-sale nonintoxicating malt liquor licensees with sales of less than \$10,000 of nonintoxicating malt liquor for the preceding year;

(2) they are off-sale nonintoxicating malt liquor licensees with sales of less than \$20,000 of nonintoxicating malt liquor for the preceding year; and

(3) they are holders of on-sale wine licenses with sales of less than \$10,000 for wine for the preceding year.

Sec. 10. [340A:410] LICENSE RESTRICTIONS; GENERAL.

Subdivision 1. COUNTIES; TOWN CONSENT. A county may not issue a retail license to sell any alcoholic beverage within an organized town unless the governing body of the town has consented to the issuance of the license.

Subd. 2. COUNTIES; RECOMMENDATION AND REVIEW OF APPLICANTS. (1) No county may issue or renew a retail license to sell any alcoholic beverage until the county board has received a written recommendation from the sheriff and county attorney stating that to the best of their knowledge that the applicant is eligible to be licensed under section 340A.402. A copy of the statements must be given to the town board if a town's consent is required issuance of the license under subdivision 3.

(2) The county board shall consider the recommendations of the sheriff and county attorney, the character and reputation of the applicant, and the nature and location of the business prior to issuance of any license.

Subd. 3. LICENSE EXTENSION; DEATH OF LICENSEE. In the case of the death of a retail licensee to sell alcoholic beverages, the personal representative is authorized to continue operation of the business for not more than 90 days after the death of the licensee.

Subd. 4. LICENSE POSTING. A retail license to sell alcoholic beverages must be posted in a conspicuous place in the premises for which it is used.

Subd. 5. GAMBLING PROHIBITED. (a) No retail establishment licensed to sell alcoholic beverages may keep, possess, or operate, or permit the keeping, possession, or operation on the licensed premises of dice or any gambling device as defined in section 349.30, or permit gambling therein except as provided in this subdivision.

(b) Gambling equipment may be kept or operated and raffles conducted on licensed premises and adjoining rooms when the use of the gambling equipment is authorized under chapter 349.

Subd. 6. RACIAL DISCRIMINATION; CLUBS. No retail license to sell alcoholic beverages may be issued or renewed by a municipality or county to a club which discriminates against members or applicants for membership or guests of members on the basis of race.

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Subd. 7. LICENSE LIMITED TO SPACE SPECIFIED. A retail license to sell any alcoholic beverage is only effective for the compact and contiguous space specified in the approved license application.

Sec. 11. [340A.411] LICENSE RESTRICTIONS; NONINTOXICATING MALT LIQUOR LICENSES.

Subdivision 1. ON-SALE LICENSES. On-sale nonintoxicating liquor licenses may only be issued to drugstores, restaurants, hotels, clubs, and establishments used exclusively for the sale of nonintoxicating malt liquor with the incidental sale of tobacco and soft drinks.

Subd. 2. LICENSE DURATION. All retail nonintoxicating malt liquor licenses must be issued for one year, except that for the purpose of coordinating the time of expiration of licenses in general, licenses may be issued for a shorter time, in which case a pro rata license fee must be charged.

Sec. 12. [340A.412] LICENSE RESTRICTIONS; INTOXICATING LIQUOR LICENSES.

Subdivision 1. BOND REQUIRED. A local unit of government shall not grant a retail license to sell intoxicating liquor until the applicant has filed a bond with corporate surety, or cash, or United States government bonds in the amount of not less than \$3,000 nor more than \$5,000 for on-sale licenses, and not less than \$1,000 nor more than \$3,000 for off-sale licenses. A common carrier who applies for a license to sell intoxicating liquor under article 6, section 7, must file with the commissioner a bond with corporate surety, or cash, or government bonds in the sum of \$1,000. A bond filed under this subdivision must be conditional on the licensee obeying all laws governing the business and paying all taxes, fees, penalties, and other charges, and must provide that the bond is forfeited to the unit of government issuing the license on a violation of law. The commissioner must approve all bonds filed by applicants for an off-sale license.

Subd. 2. INVESTIGATION OF ON-SALE LICENSES. (a) The city or county having jurisdiction over on-sale licenses to sell intoxicating liquor shall on initial application for an on-sale license or on application for a transfer of an existing license conduct a preliminary background and financial investigation of the applicant. The application must be in the form prescribed by the bureau of criminal apprehension and with any additional information as the governing body of the city or county having jurisdiction over the license requires. If the governing body of the city or county having jurisdiction determines or if the bureau of criminal apprehension on its own initiative determines that a comprehensive background and investigation of the applicant is necessary, the governing body may conduct the investigation itself or contract with the bureau of criminal apprehension for the investigation. In addition, an investigation may be required prior to renewal of an existing on-sale license when the governing body of the city or county deems it in the public interest. An investigation fee not to exceed \$500

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shall be charged an applicant by the city or county if the investigation is conducted within the state, or the actual cost not to exceed \$10,000 if the investigation is required outside the state.

(b) No license may be issued, transferred, or renewed if the results of the investigation show, to the satisfaction of the governing body, that issuance, transfer, or renewal would not be in the public interest.

Subd. 3. LIMITATIONS ON ISSUANCE OF LICENSES TO ONE PERSON OR PLACE. (a) No more than one off-sale intoxicating liquor license may be directly or indirectly issued to any one person or for any one place in each city or county.

(b) For the purpose of this subdivision, the term "interest":

(1) includes any pecuniary interest in the ownership, operation, management, or profits of a retail liquor establishment, and a person who receives money from time to time directly or indirectly from a licensee, in the absence of consideration and excluding gifts or donations, has a pecuniary interest in the retail license; and

(2) does not include loans; rental agreements; open accounts or other obligations held with or without security arising out of the ordinary and regular course of business of selling or leasing merchandise, fixtures, supplies to the establishment; an interest in a corporation owning or operating a hotel but having at least 150 or more rental units holding a liquor license in conjunction therewith; or ten percent or less interest in any other corporation holding a license.

(c) In determining whether an "interest" exists, the transaction must have been bona fide and the reasonable value of the goods and things received as consideration for a payment by the licensee and all other facts reasonably tending to prove or disprove the existence of a purposeful scheme or arrangement to evade the restrictions of this subdivision must be considered.

Subd. 4. LICENSES PROHIBITED IN CERTAIN AREAS. (a) No license to sell intoxicating liquor may be issued within the following areas:

(1) where restricted against commercial use through zoning ordinances and other proceedings or legal processes regularly had for that purpose, except licenses may be issued to restaurants in areas which were restricted against commercial uses after the establishment of the restaurant;

(2) within the capitol or on the capitol grounds, except as provided under Laws 1983, chapter 259, section 9;

(3) on the state fairgrounds or at any place in a city of the first class within one-half mile of the fairgrounds, except as otherwise provided by charter;

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(4) on the campus of the college of agriculture of the University of Minnesota or at any place in a city of the first class within one-half mile of the campus, provided that a city may issue one on-sale wine license in this area that is not included in the area described in clause (3), except as provided by charter;

(5) within 1,000 feet of a state hospital, training school, reformatory, prison, or other institution under the supervision or control, in whole or in part, of the commissioner of human services or the commissioner of corrections;

(6) in a town or municipality in which a majority of votes at the last election at which the question of license was voted upon were not in favor of license under article 6, section 16, or within one-half mile of any such town or municipality, except that intoxicating liquor manufactured within this radius may be sold to be consumed outside it;

(7) at any place on the east side of the Mississippi River within one-tenth of a mile of the main building of the University of Minnesota unless the licensed establishment is on property owned or operated by a nonprofit corporation organized prior to January 1, 1940, for and by former students of the University of Minnesota;

(8) within 1,500 feet of a state university, except only 1,200 feet from Winona and Southwest State University, provided that within 1,500 feet of St. Cloud State University one on-sale wine and two off-sale intoxicating liquor licenses may be issued, measured by a direct line from the nearest corner of the administration building to the main entrance of the licensed establishment except at Mankato State University the distance is measured from the front door of the student union of the Highland campus; and

(9) within 1,500 feet of any public school that is not within a city.

(b) The restrictions of this subdivision do not apply to a manufacturer or wholesaler of intoxicating liquor or to a drugstore or to a person who had a license originally issued lawfully prior to July 1, 1967.

Subd. 5. LICENSES IN CONNECTION WITH PREMISES OF ANOTHER. An intoxicating liquor license may not be issued to a person in connection with the premises of another to whom a license could not be issued under the provisions of this chapter. This subdivision does not prevent the granting of a license to a proper lessee because the person has leased the premises of a minor, a noncitizen who is not a resident alien, or a person who has been convicted of a crime other than a violation of this chapter.

Subd. 6. OFF-SALE LICENSES WHERE NONINTOXICATING MALT LIQUOR IS SOLD. An off-sale intoxicating liquor license may not be issued to a place where nonintoxicating malt liquor is sold for consumption on the premises. This subdivision does not apply to those places where both an

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on-sale and off-sale license or a combination license have been issued under article 6, section 6.

Subd. 7. DRUGSTORES. No intoxicating liquor license may be issued to a person operating a drugstore unless the person has operated it for at least two years or has purchased a drugstore that has been in continuous operation for two or more years.

Subd. 8. EXPIRATION DATE. All intoxicating liquor licenses issued by a county or a city, other than cities of the first class, must expire on the same date.

Subd. 9. LICENSE TRANSFER. A license may be transferred with the consent of the issuing authority, provided that a license is issued to a location at a racetrack licensed under chapter 240 may not be transferred. Where a license is held by a corporation, a change in ownership of ten percent or more of the stock of the corporation must be reported in writing to the authority who issued the license within ten days of the transfer.

Subd. 10. EMPLOYMENT OF MINORS. No person under 18 years of age may be employed in a place where intoxicating liquor is sold for consumption on the premises, except persons under 18 years of age may be employed as musicians or in bussing or washing dishes in a restaurant or hotel that is licensed to sell intoxicating liquor and may be employed as waiters or waitresses at a restaurant, hotel, or motel where only wine is sold, provided that the person under the age of 18 may not serve or sell any wine.

Subd. 11. REISSUANCE OF LICENSES IN CERTAIN CITIES. A city having territory in which the sale of intoxicating liquor has been prohibited by law or charter and in which real property taken for a public purpose by negotiation or eminent domain proceedings was, immediately prior to the taking, actually and lawfully used for the sale of intoxicating liquor, may reissue the license previously issued to the location at any otherwise lawful location in the city. A change of location due to taking after July 1, 1972, must have been accomplished by July 1, 1976, but these licenses may be renewed, reissued, transferred, or relocated after that date.

Sec. 13. [340A.413] RESTRICTIONS ON THE NUMBER OF INTOXICATING LIQUOR LICENSES THAT MAY BE ISSUED.

Subdivision 1. ON-SALE LICENSES. No on-sale intoxicating liquor license may be issued in any city except as provided in this section in excess of the following limits:

(1) in cities of the first class, one license for every 1,500 population, up to 200 licenses;

(2) in cities of the second class, not more than 18 licenses plus one for every 2,500 population over 45,000;

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- (3) in cities of the third class, not more than 12 licenses;
- (4) in cities of the fourth class, not more than seven licenses;
- (5) in statutory cities of 5,000 to 10,000 population, not more than six licenses;
- (6) in statutory cities of 2,500 to 5,000 population, not more than five licenses;
- (7) in statutory cities of 500 to 2,500 population, not more than four licenses; and
- (8) in statutory cities under 500 population, not more than three licenses.

Subd. 2. ADDITIONAL ON-SALE LICENSES PERMITTED FOR CITIES IN ST. LOUIS COUNTY. For cities in St. Louis county no on-sale liquor license may be issued in excess of the following limits, without the approval of the commissioner:

- (1) in cities of the third class, not more than 15 licenses;
- (2) in cities of the fourth class, not more than nine licenses; and
- (3) in statutory cities of 2,500 to 5,000 population, not more than six licenses.

Subd. 3. REFERENDUM FOR ADDITIONAL ON-SALE LICENSES. (a) The governing body of a city may issue on-sale intoxicating liquor licenses over the number permitted under subdivision 1 when authorized by the voters of the city at a general or special election.

(b) The governing body may direct that either of the following questions be placed on the ballot:

(1) "Shall the city council be allowed to issue 'on-sale' licenses for the sale of intoxicating liquor at retail in excess of the number permitted by law?"

Yes
No"

(2) "Shall the city council be allowed to issue (a number to be determined by the governing body) 'on-sale' licenses for the sale of intoxicating liquor at retail in excess of the number now permitted by law?"

Yes
No"

(c) If a majority of voters voting on the question in clause (1) vote yes, the governing body may issue an unlimited number of on-sale licenses. If a majority of voters voting on the question in clause (2) vote yes, the governing body may issue additional on-sale licenses in the number stated in the question.

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Subd. 4. EXCLUSIONS FROM LICENSE LIMITS. On-sale intoxicating liquor licenses may be issued to the following entities by a city, in addition to the number authorized by this section:

- (1) clubs, or congressionally chartered veterans organizations;
- (2) restaurants located at a racetrack licensed under chapter 240;
- (3) restaurants that are issued licenses to sell wine under article 6, section 4, subdivision 5;
- (4) Lake Superior tour boats that are issued licenses under article 6, section 4, subdivision 8; and
- (5) theaters that are issued licenses under article 6, section 4, subdivision 2.

Subd. 5. OFF-SALE LICENSES. No off-sale intoxicating liquor license may be issued in any city, except as provided in this section, in excess of the following limits:

- (1) in cities of the first class, not more than one off-sale license for each 5,000 population; and
- (2) in all other cities the limit shall be determined by the governing body of the city.

Subd. 6. AREA THAT HAS BEEN ANNEXED OR CONSOLIDATED. A license validly issued within the number prescribed in this section is not rendered invalid or illegal by reason of the consolidation or annexation of territory to a city and may continue to remain in effect and be renewed, except that the limitations as to ownership under article 6, section 12, subdivision 2.

Sec. 14. [340A.414] LICENSING OF BOTTLE CLUBS.

Subdivision 1. PERMIT REQUIRED. No business establishment or club which does not hold an on-sale intoxicating liquor license may directly or indirectly allow the consumption and display of intoxicating liquor or knowingly serve any liquid for the purpose of mixing with intoxicating liquor without first having obtained a permit from the commissioner.

Subd. 2. ELIGIBILITY FOR PERMIT. (a) The commissioner may issue a permit under this section only to:

(1) an applicant who has not, within five years prior to the application, been convicted of a felony or of violating any provision of this chapter or rule adopted under this chapter;

(2) a restaurant;

(3) a hotel;

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(4) an establishment licensed for the sale of nonintoxicating malt liquor;

(5) a resort as defined in section 157.01; and

(6) a club as defined in section 340.07, subdivision 15, or an unincorporated club otherwise meeting that definition.

(b) The commissioner may not issue a permit to a club holding an on-sale intoxicating liquor license.

Subd. 3. ONLY AUTHORIZED TO PERMIT THE CONSUMPTION AND DISPLAY. A permit issued under this section authorizes the establishment to permit the consumption and display of intoxicating liquor on the premises. The permit does not authorize the sale of intoxicating liquor.

Subd. 4. PERMIT EXPIRATION. All permits issued under this section expire on June 30 of each year.

Subd. 5. LOCAL CONSENT REQUIRED. A permit issued under this section is not effective until approved by the governing body of the city or county where the establishment is located.

Subd. 6. PERMIT FEES. The annual fee for issuance of a permit under this section is \$150. The governing body of a city or county where the establishment is located may impose an addition of fee of not more than \$300.

Subd. 7. INSPECTION. An establishment holding a permit under this section is open for inspection by the commissioner and the commissioner's representative and by peace officers, who may enter and inspect during reasonable hours. Intoxicating liquor sold, served, or displayed in violation of law may be seized and may be disposed of under article 2, section 12.

Subd. 8. LOCKERS. A club issued a permit under this section may allow members to bring and keep a personal supply of intoxicating liquor in lockers on the club's premises. All bottles kept on the premises must have attached to it a label signed by the member. No person under 19 years of age may keep a supply of intoxicating liquor on club premises.

Subd. 9. ONE-DAY CITY PERMITS. A city may issue a one-day permit for the consumption and display of intoxicating liquor under this section to a nonprofit organization in conjunction with a social activity in the city sponsored by the organization. The permit must be approved by the commissioner and is valid only for the day indicated on the permit. The fee for the permit may not exceed \$25. A city may not issue more than ten permits under this section in any one year.

Sec. 15. [340A.415] LICENSE REVOCATION OR SUSPENSION.

The authority issuing or approving any retail license or permit under this chapter may either suspend for up to 60 days or revoke the license or permit, and

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the approving authority, if the commissioner, may impose fines of up to \$500 for each violation on a finding that the license or permit holder has failed to comply with an applicable statute, regulation, or ordinance relating to alcoholic beverages. No suspension or revocation takes effect until the license or permit holder has been afforded an opportunity for a hearing under chapter 14.

Sec. 16. [340A.416] LOCAL OPTION ELECTION.

Subdivision 1. PETITION. Upon receipt of a petition signed by 30 percent of the persons voting at the last city election or 200 registered voters residing in the city, whichever is less, a statutory city or home rule charter city of the fourth class shall place before the voters of the city the question of whether the city will issue intoxicating liquor licenses.

Subd. 2. BALLOT QUESTION. The question of the referendum under this section must be on a separate ballot and must allow the voters to vote either "for license" or "against license."

Subd. 3. EFFECT OF ELECTION RESULTS. If a majority of persons voting on the referendum question the vote "against license" the city may not issue intoxicating liquor licenses until the results of the referendum have been reversed at a subsequent election where the question has been submitted as provided in this section.

Subd. 4. CERTIFICATION TO SECRETARY OF STATE. The clerk or recorder must certify results of a referendum held under this section to the secretary of state within ten days of the election.

Subd. 5. CHALLENGE OF ELECTION. Where the results of a referendum under this section are challenged by any voter, the county attorney of the county where the election was held must appear in defense of the validity of the election.

ARTICLE 7

RETAIL SALES REGULATIONS

Section 1. [340A.501] RESPONSIBILITY OF LICENSEE.

Every licensee is responsible for the conduct in the licensed establishment and any sale of alcoholic beverage by any employee authorized to sell alcoholic beverages in the establishment is the act of the licensee.

Sec. 2. [340A.502] SALES TO OBVIOUSLY INTOXICATED PERSONS.

No person may sell, give, furnish, or in any way procure for another alcoholic beverages for the use of an obviously intoxicated person.

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Sec. 3. [340A.503] PERSONS UNDER 19; ILLEGAL ACTS.**Subdivision 1. CONSUMPTION. It is unlawful for any:**

(1) retail intoxicating liquor or nonintoxicating liquor licensee or bottle club permit holder under article 6, section 14, to permit any person under the age of 19 years to consume alcoholic beverages on the licensed premises; or

(2) person under the age of 19 years to consume any alcoholic beverages unless in the household of the person's parent or guardian and with the consent of the parent or guardian.

Subd. 2. PURCHASING. It is unlawful for any person:

(1) to sell, barter, furnish, or give alcoholic beverages to a person under 19 years of age, except that a parent or guardian of a person under the age of 19 years may give or furnish alcoholic beverages to that person solely for consumption in the household of the parent or guardian;

(2) under the age of 19 years to purchase or attempt to purchase any alcoholic beverage; or

(3) to induce a person under the age of 19 years to purchase or procure any alcoholic beverage.

Subd. 3. POSSESSION. It is unlawful for a person under the age of 19 years to possess any alcoholic beverage with the intent to consume it at a place other than the household of the person's parent or guardian. Possession at a place other than the household of the parent or guardian is prima facie evidence of intent to consume it at a place other than the household of the parent or guardian.

Subd. 4. ENTERING LICENSED PREMISES. It is unlawful for a person under the age of 19 years to enter an establishment licensed for the sale of alcoholic beverages or any municipal liquor store for the purpose of purchasing or having served or delivered any alcoholic beverage.

Subd. 5. MISREPRESENTATION OF AGE. It is unlawful for a person under the age of 19 years to misrepresent his or her age for the purpose of purchasing alcoholic beverages.

Subd. 6. PROOF OF AGE. Proof of age for purchasing or consuming alcoholic beverages may be established only by a valid drivers license or Minnesota identification card, or in the case of a foreign national by a valid passport.

Sec. 4. [340A.504] HOURS AND DAYS OF SALE.

Subdivision 1. NONINTOXICATING MALT LIQUOR. No sale of nonintoxicating malt liquor may be made between 1:00 a.m. and 8:00 a.m. on the days of Monday through Saturday, nor between 1:00 a.m. and 12:00 noon on

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Sunday, provided that an establishment located on land owned by the metropolitan sports commission may sell nonintoxicating malt liquor between 10:00 a.m. and 12:00 noon on a Sunday on which a sports or other event is scheduled to begin at that location on or before 1:00 p.m. of that day.

Subd. 2. INTOXICATING LIQUOR; ON-SALE. No sale of intoxicating liquor for consumption on the licensed premises may be made:

(1) between 1:00 a.m. and 8:00 a.m. on the days of Tuesday through Saturday;

(2) between 12 midnight and 8:00 a.m. on Mondays;

(3) after 1:00 a.m. on Sundays, except as provided by subdivision 3;

(4) between 8:00 p.m. on December 24 and 8:00 a.m. on December 25, except as provided by subdivision 3.

Subd. 3. INTOXICATING LIQUOR; SUNDAY SALES; ON-SALE. (a) A restaurant, club, or hotel with a seating capacity for at least 30 persons and which holds an on-sale intoxicating liquor license may sell intoxicating liquor for consumption on the premises in conjunction with the sale of food between the hours of 12 noon and 12 midnight on Sundays.

(b) The governing body of a municipality within the seven-county metropolitan area as defined in section 473.121, subdivision 2, may by ordinance permit a restaurant, hotel, or club to sell intoxicating liquor for consumption on the premises in conjunction with the sale of food between the hours of 10:00 a.m. and 12 midnight on Sundays, provided that the licensee is in conformance with the Minnesota Clean Air Act.

(c) An establishment serving intoxicating liquor on Sundays must obtain a Sunday license. The license must be issued by the governing body of the municipality for a period of one year, and the fee for the license may not exceed \$200.

(d) A municipality may issue a Sunday intoxicating liquor license only if authorized to do so by the voters of the municipality voting on the question at a general or special election.

(e) An election conducted in a town on the question of the issuance by the county of Sunday sales licenses to establishments located in the town must be held on the day of the annual election of town officers.

(f) Voter approval is not required for licenses issued by the metropolitan airports commission or common carrier licenses issued by the commissioner. Common carriers serving intoxicating liquor on Sunday must obtain a Sunday license from the commissioner at an annual fee of \$50, plus \$5 for each duplicate.

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Subd. 4. INTOXICATING LIQUOR; OFF-SALE. No sale of intoxicating liquor may be made by an off-sale licensee:

(1) on Sundays;

(2) before 8:00 a.m. on Monday through Saturday;

(3) after 10:00 p.m. on Monday through Saturday at an establishment located in a city other than a city of the first class or within a city located within 15 miles of a city of the first class in the same county;

(4) after 8:00 p.m. on Monday through Thursday and after 10:00 p.m. on Friday and Saturday at an establishment located in a city of the first class or within a city located within 15 miles of a city of the first class in the same county, provided that an establishment may sell intoxicating liquor until 10:00 p.m. on December 31 and July 3 unless otherwise prohibited under clause (1);

(5) on New Years Day, January 1;

(6) on Independence Day, July 4;

(7) on Thanksgiving Day;

(8) on Christmas Day, December 25; or

(9) after 8:00 p.m. on Christmas Eve, December 24.

Subd. 5. BOTTLE CLUBS. No establishment licensed under article 6, section 14, may permit a person to consume or display intoxicating liquor, and no person may consume or display intoxicating liquor between 1:00 a.m. and 12 noon on Sundays, and between 1:00 a.m. and 8:00 a.m. on Monday through Saturday.

Subd. 6. MUNICIPALITIES MAY LIMIT HOURS. A municipality may further limit the hours of sale of alcoholic beverages, provided that further restricted hours must apply equally to sales of nonintoxicating malt liquor and intoxicating liquor. A city may not permit the sale of alcoholic beverages during hours when the sale is prohibited by this section.

Sec. 5. [340A.505] LICENSEE MAY NOT SELL FOR RESALE.

A retail licensee may not sell alcoholic beverages to any person for the purpose of resale or to any person whom the licensee has reason to believe intends to resell the alcoholic beverage without written approval of the commissioner.

Sec. 6. [340A.506] SALES OF ETHYL ALCOHOL AND NEUTRAL SPIRITS PROHIBITED. No person may sell at retail for beverage purposes ethyl alcohol or neutral spirits, or substitutes thereof, possessing the taste, aroma, and characteristics generally attributed to ethyl alcohol or neutral spirits. Nothing in this section prohibits the manufacture or sale of other products obtained by

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use of ethyl alcohol or neutral spirits as defined in United States Treasury Department, Bureau of Internal Revenue, Regulations 125, Article II, Standards of Identity for Distilled Spirits.

Sec. 7. [340A.507] REGULATION OF ADVERTISING.

Subdivision 1. RULES. The commissioner may by rule regulate the advertising of alcoholic beverages. Rules must be adopted under chapter 14.

Subd. 2. WINE CATALOGS. No rule may be construed as prohibiting the advertising of wines by off-sale licensees or municipal liquor stores by means of catalogs distributed by direct mail listing not less than 25 varieties of wine and the price of each.

Subd. 3. BORDER CITIES. No rule may prohibit the advertising of intoxicating liquor prices by an off-sale licensee in a newspaper of general circulation published in an adjoining state if it is the primary newspaper of general circulation in the licensee's area.

Sec. 8. [340A.508] TAMPERING OR REFILLING BOTTLES.

Subdivision 1. REFILLING BOTTLES. It is unlawful for a person to sell, offer for sale, or keep for sale alcoholic beverages in a package or bottle which has been refilled or partly refilled.

Subd. 2. TAMPERING OR DILUTING CONTENTS. It is unlawful for a person holding a retail intoxicating liquor license or a nonintoxicating liquor license, directly or indirectly through an agent, employee, or other person, to dilute or in any manner tamper with the contents of an original package or bottle so as to change its composition or alcoholic content while the contents are in the original package or bottle. Possession on the premises by a licensee of alcoholic beverages in the original package or bottle, differing in composition or alcoholic content from when it was received from the manufacturer or wholesaler from whom it was purchased, is prima facie evidence that the contents of the original package or bottle has been diluted, changed, or tampered with in violation of this section.

Sec. 9. [340A.509] LOCAL RESTRICTIONS.

A local authority may impose further restrictions and regulations on the sale and possession of alcoholic beverages within its limits.

ARTICLE 8

MUNICIPAL LIQUOR STORES

Section 1. [340A.601] ESTABLISHMENT OF MUNICIPAL LIQUOR STORES.

Subdivision 1. AUTHORITY. A city having a population of not more than 10,000 may establish, own, and operate a municipal liquor store which may

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sell at retail intoxicating liquor, nonintoxicating malt liquor, tobacco products, ice, soft drinks, beverages for mixing intoxicating liquor, and food for consumption on the premises. A municipal liquor store may also offer recorded or live entertainment and make available coin-operated amusement devices.

Subd. 2. POPULATION CHANGE. A city which has established a municipal liquor store may continue to operate it notwithstanding a subsequent change in population if within one year after the effective date of the census by which the municipality exceeds 10,000 in population, the question, "Shall the city continue to operate its municipal liquor store?" is submitted to the voters of the city at a general or special municipal election and a majority of the voters voting on the question at the election vote in the affirmative on the question. The notice of the election shall state the question to be submitted to the electors at the election.

Subd. 3. SCOPE AND APPLICATION. A city which established a liquor store prior to July 1, 1967, may continue to own and operate it.

Subd. 4. NEWLY FORMED MUNICIPALITIES; MUNICIPAL LIQUOR STORES; LIQUOR LICENSES. A city may not establish or operate a municipal liquor store or issue an on-sale or off-sale liquor license until two years after its incorporation. This restriction does not apply to a newly incorporated statutory city which had formerly been a town or is made up of a major geographic portion of what had formerly been a town, which town had the powers of a statutory city under section 368.01.

Subd. 5. ISSUANCE OF LICENSES TO PRIVATE PERSONS. A city owning and operating a municipal liquor store may issue on-sale liquor licenses to hotels, clubs, and restaurants. A city issuing on-sale licenses under this subdivision may continue to operate the municipal liquor store or may resume operation of a municipal liquor store previously discontinued.

The number of on-sale licenses issued under this section by a city is governed by article 6, section 13.

A city may not issue licenses under this section until authorized by the voters of the city voting on the question at a special election called for that purpose.

Subd. 6. MUNICIPALITIES; CERTAIN ON-SALE LICENSES. A city which did not permit the sale of intoxicating liquor within its boundaries as of June 30, 1969, or was incorporated after that date may issue on-sale licenses for the sale of intoxicating liquor in accordance with subdivision 5.

Subd. 7. NOTICE OF INTENT. A city which has issued retail intoxicating liquor licenses may not establish a municipal liquor store until one year

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after publishing a notice of its intention in the city's legal newspaper. The city must provide in the notice if the municipality will be engaging in the sale of intoxicating liquor to the exclusion of all private interests.

Sec. 2. [340A.602] CONTINUATION.

In any city in which the report of the operations of a municipal liquor store has shown a net loss in any two of three consecutive years or has shown that no contribution to other municipal funds has been made from the net income of the operation in any two of three consecutive years, the city council shall, not more than 45 days prior to the end of the fiscal year following the three-year period, hold a public hearing on the question of whether the city shall continue to operate a municipal liquor store. Two weeks notice, written in clear and easily understandable language, of the hearing must be printed in the city's official newspaper. Following the hearing the city council may on its own motion or shall upon petition of five percent or more of the registered voters of the city, submit to the voters at a general or special municipal election the question of whether the city shall continue or discontinue municipal liquor store operations by a date which the city council shall designate. The date designated by the city council must not be more than 30 months following the date of the election.

Sec. 3. [340A.603] FINANCIAL RESPONSIBILITY.

Every municipal liquor store must demonstrate proof of financial responsibility required of licensees under article 6, section 9. Proof of financial responsibility must be filed by January 15 of each year. The commissioner may suspend the operation of a municipal liquor store failing to demonstrate proof of financial responsibility until the commissioner is satisfied that the municipal liquor store is in compliance with article 6, section 9. The commissioner must notify in writing the municipality operating the store of the effective date of the suspension. A suspension under this subdivision is a contested case under the administrative procedure act.

Sec. 4. [340A.604] SUSPENSION OF OPERATION.

A court shall notify the commissioner in writing within ten days whenever a municipal officer or employee has been convicted of any of the following offenses committed in a municipal liquor store:

- (1) selling alcoholic beverages to persons or at times prohibited by law;
- (2) selling alcoholic beverages for resale;
- (3) selling alcoholic beverages on which state taxes have not been paid; or
- (4) violating the provisions of article 6, section 10, subdivision 6 relating to gambling and gambling devices.

On receiving the notice of conviction the commissioner may suspend for up to 30 days the operation of the municipal liquor store where the offense

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occurred. The commissioner must notify in writing the municipality operating the store of the effective dates of the suspension. An appeal of the suspension is a contested case under sections 14.57 to 14.69 of the administrative procedure act.

ARTICLE 9

VIOLATIONS AND PENALTIES

Section 1. **[340A.701] FELONIES. It is a felony:**

- (1) to manufacture alcoholic beverages in violation of this chapter;
- (2) to transport or import alcoholic beverages into the state in violation of this chapter for purposes of resale; or
- (3) to sell or give away for beverage purposes poisonous alcohol, methyl alcohol, denatured alcohol, denaturing material, or any other alcoholic substance capable of causing serious physical or mental injuries to a person consuming it.

Sec. 2. **[340A.702] GROSS MISDEMEANORS.**

It is a gross misdemeanor:

- (1) to sell an alcoholic beverage without a license authorizing the sale;
- (2) for a licensee to refuse or neglect to obey a lawful direction or order of the commissioner or the commissioner's agent, withhold information or a document the commissioner calls for examination, obstruct or mislead the commissioner in the execution of the commissioner's duties or swear falsely under oath;
- (3) to violate the provisions of article 5, sections 1 to 13;
- (4) to violate the provisions of article 7, section 8;
- (5) for any person, partnership, or corporation to knowingly have or possess direct or indirect interest in more than one off-sale intoxicating liquor license in a municipality in violation of article 6, section 12, subdivision 2;
- (6) to sell or otherwise dispose of intoxicating liquor within 1,000 feet of a state hospital, training school, reformatory, prison, or other institution under the supervision and control, in whole or in part, of the commissioner of human services or the commissioner of corrections;
- (7) to violate the provisions of article 7, section 2;
- (8) to violate the provisions of article 7, section 3, subdivision 2, clause (1) or (3);

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(9) to withhold any information, book, paper, or other thing called for by the commissioner for the purpose of an examination;

(10) to obstruct or mislead the commissioner in the execution of the commissioner's duties; or

(11) to swear falsely concerning any matter stated under oath.

Sec. 3. [340A.703] MISDEMEANORS.

Where no other penalty is specified a violation of any provision of this chapter is a misdemeanor.

Sec. 4. [340A.704] SEARCH WARRANTS.

Search warrants may be issued in connection with violation of this chapter or other laws relating to sale, taxation, transportation, manufacture, or possession of alcoholic beverages in accordance with chapter 626.

Sec. 5. [340A.705] PRIMA FACIE EVIDENCE.

The finding of an unauthorized still is prima facie evidence of possession for the purpose of unlawful manufacture of alcoholic beverages.

ARTICLE 10
CIVIL LIABILITY

Section 1. [340A.801] CIVIL ACTIONS.

Subdivision 1. RIGHT OF ACTION. A spouse, child, parent, guardian, employer, or other person injured in person, property, or means of support, or who incurs other pecuniary loss by an intoxicated person or by the intoxication of another person, has a right of action in the person's own name for all damages sustained against a person who caused the intoxication of that person by illegally selling alcoholic beverages. All damages recovered by a minor under this section must be paid either to the minor or to the minor's parent, guardian, or next friend as the court directs.

Subd. 2. ACTIONS. All suits for damages under this section must be by civil action in a court of this state having jurisdiction.

Subd. 3. COMPARATIVE NEGLIGENCE. Actions under this section, except for actions for injury to person, property, or means of support brought by a spouse, child, parent, guardian, or other dependent of an intoxicated person are governed by section 604.01.

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Sec. 2. **[340A.802] NOTICE OF INJURY.**

Subdivision 1. NOTICE OF INJURY. A person who claims damages and a person or insurer who claims contribution or indemnity from a licensed retailer of alcoholic beverages or municipal liquor store for or because of an injury within the scope of article 10, section 1 must give a written notice to the licensee or municipality stating:

(1) the time and date when and person to whom the liquor was sold or bartered;

(2) the name and address of the person or persons who were injured or whose property was damaged; and

(3) the approximate time and date, and the place where the injury to person or property occurred.

A licensee or municipality who claims contribution or indemnification from another licensee or municipality must give a written notice to the other licensee or municipality in the form and manner specified in this section.

An error or omission in the notice does not void the notice's effect if the notice is otherwise valid unless the error or omission is of a substantially material nature.

Subd. 2. LIMITATIONS; CONTENT. In the case of a claim for damages, the notice must be served by the claimant's attorney within 120 days of the date of entering an attorney-client relationship with the person in regard to the claim. In the case of claims for contribution or indemnity, the notice must be served within 120 days after the injury occurs or within 60 days after receiving written notice of a claim for contribution or indemnity, whichever is applicable. No action for damage or for contribution or indemnity may be maintained unless the notice has been given. Actual notice of sufficient facts reasonably to put the licensee or governing body of the municipality on notice of a possible claim complies with the notice requirement.

No action may be maintained under article 10, section 1 unless commenced within two years after the injury.

ARTICLE 11

MISCELLANEOUS PROVISIONS

Section 1. **[340A.901] CITATION.**

This chapter may be cited as the liquor act.

Sec. 2. **[340A.902] DRUNKENNESS NOT A CRIME.**

No person may be charged with or convicted of the offense of drunkenness or public drunkenness. Nothing herein prevents the prosecution and conviction

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of an intoxicated person for offenses other than drunkenness or public drunkenness nor does this section relieve a person from civil liability for an injury to persons or property caused by the person while intoxicated.

Sec. 3. [340A.903] SIZE OF CONTAINERS.

Notwithstanding any law or rule to the contrary, nonintoxicating malt liquor may be sold in containers of not more than 128 fluid ounces.

Sec. 4. [340A.904] SEIZED LIQUOR.

Subdivision 1. DISPOSAL ALTERNATIVES. Contingent on the final determination of any action pending in a court, the commissioner shall dispose of alcoholic beverages, material, apparatus, or vehicle seized by inspectors or employees of the department by:

(1) delivering alcoholic beverages to the bureau of criminal apprehension or state patrol for use in chemical testing programs;

(2) delivering on written requests of the commissioner of administration any material, apparatus, or vehicle for use by a state department;

(3) selling intoxicating liquor to licensed retailers within the state;

(4) selling any material, apparatus, or vehicle; or

(5) destroying alcoholic beverages or contraband articles that have no lawful use.

Subd. 2. SALE PROCEDURE. A sale of intoxicating liquor, materials, apparatus, or vehicles may be made only with the written approval of the commissioner of administration and after notice of the sale is published in one issue of a legal newspaper published in St. Paul. Sealed bids must be publicly opened in the office of the commissioner of public safety on a date stated in the notice, which may not be less than 15 days or more than 30 days after its publication. The net proceeds from the sale of alcoholic beverages or articles must, after the deduction of the expense of seizure or sale, be deposited by the commissioner of public safety with the state treasurer and credited to the general fund.

Subd. 3. TAX EXEMPTION. Sales of alcoholic beverages made by the commissioner are exempt from the state excise tax if stamps evidencing the payment of the excise tax have not been placed thereon prior to the seizure if before resale proper excise stamps are attached to all containers.

Sec. 5. [340A.905] NOTICE OF VIOLATION.

When any municipal liquor store or licensed dealer in alcoholic beverages or agent or employee thereof is convicted of a violation of any provision of this chapter or any law or ordinance regulating the sale of alcoholic beverages or any violation of law or ordinance in the operation of the licensed premises, the clerk

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of the court shall, within ten days after the conviction, mail a written notice of the conviction to the clerk of the municipality or county auditor of the county having jurisdiction to issue alcoholic beverage licenses for the premises. A copy of the notice must be mailed to the commissioner of public safety.

Sec. 6. [340A.906] NONAPPLICABILITY.

This chapter does not apply to:

(1) medicines intended for therapeutic purposes and not intended as a beverage;

(2) industrial alcohol designed for mechanical, chemical, scientific, pharmaceutical, or industrial purposes; or

(3) nonpotable compounds or preparations containing alcohol.

Sec. 7. EXISTING LICENSES.

Nothing in this act may be construed to affect the status of a license lawfully issued prior to the effective date of this act.

ARTICLE 12

MISCELLANEOUS CHANGES

Section 1. Minnesota Statutes 1984, section 260.015, subdivision 22, is amended to read:

Subd. 22. **JUVENILE ALCOHOL OFFENDER.** "Juvenile alcohol offender" means a child who violates any provision of article 7, section 340.035, subdivision 1, clause (4), (5), or (6) or section 340.731 3 or an equivalent local ordinance.

Sec. 2. Minnesota Statutes 1984, section 299A.02, is amended to read:

**299A.02 COMMISSIONERS OF PUBLIC SAFETY AND REVENUE;
LIQUOR CONTROL FUNCTIONS.**

Subdivision 1. **DIRECTOR OF DIVISION OF LIQUOR CONTROL.** No employee of the department of public safety or the department of revenue having any responsibility for the administration or enforcement of chapter 340 articles 2 to 11 shall have a direct or indirect interest, except through ownership or investment in pension or mutual funds, in the manufacture, transportation or sale of intoxicating liquor or any malt or vinous beverages, intoxicating, nonintoxicating, or commercial or industrial alcohol. The commissioner of public safety or the commissioner of revenue may remove an employee of his department in the unclassified civil service for any intentional violation of sections 340.02, 340.031 to 340.036, 340.11 to 340.19, 340.355 to 340.357, 340.402 to

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340.408, 340.44 to 340.493, 340.53 to 340.56, 340.601 to 340.62, or 340.70 to 340.983 any provision in articles 2 to 11. Intentional violation of the preceding sections by a classified employee of one of the departments may be grounds for removal of that employee pursuant to section 43A.33.

Subd. 2. **GENERAL POWERS.** The commissioner shall administer and enforce the provisions of ~~chapter 340~~ articles 2 to 11 except for those provisions thereof for which administration and enforcement are reserved to the commissioner of revenue.

Subd. 3. **REPORTS; RULES.** The commissioner shall have power to require periodic factual reports from all licensed importers, manufacturers, wholesalers and retailers of intoxicating liquors and to make all reasonable rules to effect the object of ~~chapter 340~~ articles 2 to 11. The rules shall include provisions for assuring the purity of intoxicating liquors and the true statement of its contents and proper labeling thereof with regard to all forms of sale.

Subd. 4. **SUBPOENAS.** In all matters relating to his official duties, the commissioner shall have the powers possessed by courts of law to issue subpoenas and cause them to be served and enforced. All public officials, and their respective deputies and employees, and all individuals, partnerships, firms, corporations, incorporated and unincorporated associations, and others who manufacture, transport, or sell intoxicating liquor, or are connected therewith in any manner, shall at all times attend and answer under oath the commissioner's lawful inquiries, produce and exhibit such books, accounts, documents and property as he may desire to inspect, and in all things aid him in the performance of his duties.

Sec. 3. Minnesota Statutes 1984, section 473F.02, subdivision 17, is amended to read:

Subd. 17. "Public grants" means (1) the sum of all moneys received by a municipality pursuant to sections 273.13, subdivisions 3 and 15(4), 290.361, subdivision 4, 297.13, and 340.60; and (2) one-tenth of all other moneys received by a municipality from the federal and state governments, and their agencies and political subdivisions, under programs of intergovernmental aids and grants distributed by formula or upon application. The state auditor shall certify the public grants of each municipality for each year to the commissioner of finance not later than September 1 of the subsequent year.

Sec. 4. Minnesota Statutes 1984, section 624.701, is amended to read:

624.701 LIQUORS IN CERTAIN BUILDINGS OR GROUNDS.

Subdivision 1. Any person who shall introduce upon, or have in his possession upon, or in, any school ground, or any schoolhouse or school building, any intoxicating liquor or nonintoxicating malt liquor alcoholic beverage as defined in ~~chapter 340~~ article 3, section 1, except for experiments in laboratories

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and except for those organizations who have been issued temporary licenses to sell nonintoxicating malt liquor pursuant to article 6, section 340.02 3, subdivision 2, and any person possessing nonintoxicating malt liquor as a result of a purchase from those organizations holding temporary licenses pursuant to article 6, section 340.02 3, subdivision 2, shall be guilty of a misdemeanor.

Subd. 2. Any person who except by prescription of a licensed physician or permission of the hospital administrator shall introduce upon, or have in his possession upon, or in, any state hospital or grounds thereof under the responsibility of the commissioner of public welfare any ~~intoxicating liquor or nonintoxicating malt liquor~~ alcoholic beverage as defined in ~~chapter 340 article 3, section 1~~, shall be guilty of a misdemeanor.

Sec. 5. INSTRUCTIONS TO REVISOR.

In the following sections of Minnesota Statutes, the revisor of statutes shall change the reference to chapter 340 listed in column B which occurs in the section specified in column A to the new reference listed in column C.

<u>Column A, section</u>	<u>Column B, section</u>	<u>Column C, section</u>
<u>16A.26</u>	<u>340.60</u>	<u>297C.02 to 297C.08</u>
<u>28.16</u>	<u>340.02</u>	<u>340A.403</u>
<u>28.16</u>	<u>340.11</u>	<u>340A.404 to</u> <u>340A.407</u>
<u>290.612</u>	<u>340.01</u>	<u>340A.403</u>
<u>290.612</u>	<u>340.13</u>	<u>340A.404 to</u> <u>340A.406</u>
<u>297A.431</u>	<u>340.01</u>	<u>340A.403</u>
<u>297A.431</u>	<u>340.13</u>	<u>340A.404 to</u> <u>340A.406</u>
<u>466.15</u>	<u>340.95</u>	<u>340A.801</u>
<u>471.981, subd. 1</u>	<u>340.95</u>	<u>340A.801</u>
<u>471.981, subd. 1</u>	<u>340.951</u>	<u>340A.802</u>
<u>624.731, subd. 5</u>	<u>340.001, subd. 2</u>	<u>340A.101, subd. 19</u>
<u>624.731, subd. 5</u>	<u>340.07, subd. 2</u>	<u>340A.101, subd. 13</u>

ARTICLE 13

REPEALER

Section 1. REPEALER.

Minnesota Statutes 1984, sections 340.001; 340.01; 340.013; 340.02; 340.024; 340.031; 340.032; 340.033; 340.034; 340.035; 340.036; 340.038; 340.039; 340.069; 340.07; 340.081; 340.10; 340.11; 340.112; 340.113; 340.114; 340.115; 340.119; 340.12; 340.13; 340.133; 340.134; 340.135; 340.14; 340.141; 340.142; 340.143; 340.145; 340.15; 340.17; 340.18; 340.19; 340.20; 340.21; 340.323; 340.33; 340.353; 340.354; 340.355; 340.356; 340.357; 340.358; 340.38; 340.39; 340.401; 340.402; 340.403; 340.404; 340.405; 340.406; 340.407; 340.408; 340.435; 340.436; 340.44; 340.45; 340.46; 340.461; 340.47; 340.485; 340.492; 340.493; 340.50; 340.51; 340.515; 340.53; 340.54; 340.55;

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340.56; 340.57; 340.58; 340.59; 340.60; 340.601; 340.62; 340.621; 340.63;
340.64; 340.65; 340.66; 340.70; 340.71; 340.73; 340.731; 340.732; 340.74;
340.76; 340.77; 340.79; 340.80; 340.83; 340.85; 340.86; 340.87; 340.88;
340.89; 340.90; 340.91; 340.92; 340.93; 340.94; 340.941; 340.942; 340.95;
340.951; 340.961; 340.983; 340.987; and 340.988 are repealed.

Approved June 5, 1985

CHAPTER 306 — S.F.No. 401

An act relating to creditor's remedies; providing for an increase in the amount of farm machines and implements exemption; clarifying the garnishment limitation for the sale of farm products; extending the effective period of a garnishee summons; modifying and extending remedies for persons defaulting on homesteads; making technical changes related to persons buying farm products; requiring certain time limits and descriptions for crop financing statements; amending Minnesota Statutes 1984, sections 47.20, subdivision 15; 223A.01; 336.9-307, as amended; 336.9-402; 336.9-403; 550.37, subdivisions 5, 7, 13, 14, and 24; 559.21, subdivision 6; 565.25, subdivision 2; 571.41, subdivisions 6 and 7; 571.42; 571.495, subdivision 3; 571.55, subdivision 1; 580.031; 583.02; 583.03, subdivision 2; 583.04; and Laws 1983, chapter 215, section 16, as amended.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Section 1. Minnesota Statutes 1984, section 47.20, subdivision 15, is amended to read:

Subd. 15. Notwithstanding the provisions of any other law to the contrary, any notice of default on homestead property as defined in section 583.02, mailed after May 24, 1983 and prior to May 1, 1985 or after the effective date of this section and prior to May 1, 1987, shall indicate that the borrower has 60 days from the date the notice is mailed in which to cure the default. The notice shall include a statement that the borrower may be eligible for an extension of the time prior to foreclosure and execution sale under sections 583.01 to 583.12.

Sec. 2. Minnesota Statutes 1984, section 550.37, subdivision 5, is amended to read:

Subd. 5. Farm machines and implements used in farming operations by a debtor engaged principally in farming, livestock, farm produce, and standing crops, not exceeding ~~\$5,000~~ \$10,000 in value.

Sec. 3. Minnesota Statutes 1984, section 550.37, subdivision 7, is amended to read:

Subd. 7. The total value of property selected by a debtor pursuant to subdivisions 5 and 6 shall not exceed ~~\$5,000~~ \$10,000.

Changes or additions are indicated by underline, deletions by ~~strikeout~~.