

STATE OF MINNESOTA
DEPARTMENT OF PUBLIC SAFETY
LIQUOR CONTROL DIVISION

**In The Matter Of The Proposed Rules Of The
State Department Of Public Safety Relating To
Liquor Permit And Identification Card Fees**

**STATEMENT OF
NEED AND
REASONABLENESS**

General Statement

The Liquor Control Division is a division of the Minnesota Department of Public Safety. The job of the Liquor Control Division is to control liquor in Minnesota from the time it enters the state until it is consumed. This control is achieved through licensing and enforcement.

This rule amendment raises the fee for a regulatory permit or an identification card from \$12 to \$20. This fee increase is a small part of an overall restructuring of the fees assessed by Liquor Control that resulted from a finding and recommendation by Governor Carlson's Commission On Reform and Efficiency (CORE). CORE found that the expenses for the operation of Liquor Control exceeded the fees collected by Liquor Control. CORE recommended that Liquor Control be self-funding.

In response to the CORE recommendation, Liquor Control proposed a restructuring of all of its fees so that the total amount of fees collected would more closely match total expenses. This proposed new fee structure was supported by the Department of Public Safety and the Governor's Office.

The majority of Liquor Control fees are set by statute. The statutory fees for Liquor Control were increased by the 1992 Legislature to fit within the proposed new fee structure. See Minnesota Laws 1992, chapter 513, article 3, sections 53 to 60. The only remaining step in implementing the new fee structure is the increase done in this rule amendment.

A spreadsheet titled "Liquor Control Revenue" showing all current fees and their proposed increases is attached to this Statement of Need and Reasonableness. The spreadsheet also shows the number of licenses, permits, and identification cards issued in each category and the total revenue collected based on current fees and proposed fees. The spreadsheet shows that the fees affected by this rule amendment account for \$83,124 (or 18%) of the \$464,464 currently received. Under the proposed new fee structure, this will change to \$138,540 (or 16%) of the \$877,700 projected to be received.

Statutory Authority

Minnesota Statutes, section 299A.02, subdivision 3, states: "The commissioner shall have power . . . to make all reasonable rules to effect the object of Laws 1985, chapter 305, articles 2 to 11." Laws 1985, chapter 305, contains the statutory provisions relating to the regulation of intoxicating liquor and nonintoxicating malt liquor.

Small Business Considerations

The rules have some impact on small businesses in Minnesota, and the Department has considered the methods for reducing the impact as required by Minnesota Statutes, section 14.115. Most of the methods listed in section 14.115 are not applicable to a fee rule since you cannot make a fee more or less stringent, or simplify it, or establish performance standards for

the fee. The only method that might apply is the exemption of small businesses from any or all requirements of the rule. The size or magnitude of the business operation was taken directly into consideration in proposing the licensing fees set by statute. The permit and identification card fees collected will be indirectly related to the size of the business in that larger businesses will likely have more employees who need identification cards than smaller businesses. Beyond this, the Department feels it would be inappropriate to have a further differentiation in fees based on the size of the business.

Fees Imposed By The Rules

In accordance with Minnesota Statutes, section 16A.128, subdivision 1a, pertaining to fees, the Department has received approval from the Commissioner of Finance for the fees set by these rules. A copy of the approval is attached to this Statement.

In accordance with Minnesota Statutes, section 16A.128, subdivision 2a, the Department has sent a copy of the Notice Of Intent To Adopt Rules and a copy of the proposed rules to the Chairs of the House Appropriations Committee and the Senate Finance Committee prior to submitting the Notice to the State Register.

Other Statutory Requirements

Minnesota Statutes, section 14.11, subdivision 1, does not apply because adoption of these rules will not result in additional spending by local public bodies in excess of \$100,000 per year for the first two years following adoption of the rules. Minnesota Statutes, section 14.11, subdivision 2, does not apply because adoption of these rules will not have an impact on agricultural land. Minnesota Statutes, sections 115.43, subdivision 1, 116.07, subdivision 6, and 144A.29, subdivision 4, do not apply to these rules.

Witnesses

If these rules go to a public hearing, a list of witnesses will be attached to this SNR and will be sent to all persons who requested a copy of the SNR.

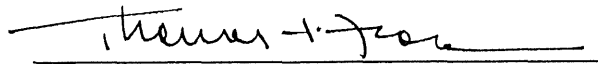
Rule-By-Rule Analysis

Part 7515.0210, subpart 1, is amended to increase the fee for permits and identification cards from \$12 to \$20. As discussed above, this fee increase is a small part of the overall restructuring of the fees assessed by the Liquor Control Division. The fees restructuring is necessary in order to make Liquor Control be self-funding. The increase to \$20 is reasonable because it fits within the new proposed fee structure that accomplishes self-funding.

Conclusion

Based on the foregoing, the Department's proposed amendment to Minnesota Rules, part 7515.0210, subpart 1, is both necessary and reasonable.

May 29, 1992
Date


Thomas H. Frost, Commissioner
Department of Public Safety

LIQUOR CONTROL REVENUE

LICENSES:	Current Unit Price	Number Rec'd	Value	New Unit Price Effective 7-1-92	Value
Manufacturer & Importer					
Liquor	\$7,500.00	2	\$15,000.00	\$15,000.00	\$30,000.00
Liquor Duplicate	\$3,000.00	1	\$3,000.00	\$3,000.00	\$3,000.00
Brewer	\$1,250.00	5	\$6,250.00	\$2,500.00	\$12,500.00
Brew Pub	\$250.00	1	\$250.00	\$500.00	\$500.00
Farm Winery	\$25.00	6	\$150.00	\$50.00	\$300.00
Wine & Distilled Spirits Importer	\$300.00	233	\$69,900.00	\$420.00	\$97,860.00
Brewer Import	\$200.00	64	\$12,800.00	\$800.00	\$51,200.00
Broker	\$300.00	7	\$2,100.00	\$600.00	\$4,200.00
TOTAL			\$109,450.00		\$199,560.00
Wholesalers					
Liquor	\$7,500.00	8	\$60,000.00	\$15,000.00	\$120,000.00
Wine	\$750.00	25	\$18,750.00	\$2,000.00	\$50,000.00
Malt Beverage	\$300.00	104	\$31,200.00	\$600.00	\$62,400.00
Malt Beverage Duplicate	\$15.00	9	\$135.00	\$25.00	\$225.00
Malt Beverage-Under 3.2%	\$10.00	0	\$0.00	\$10.00	\$0.00
TOTAL			\$110,085.00		\$232,625.00
Common Carriers					
Common Carriers (Liquor)	\$100.00	27	\$2,700.00	\$200.00	\$5,400.00
Common Carriers Duplicate	\$10.00	936	\$9,360.00	\$20.00	\$18,720.00
Common Carriers (Sunday Liquor)	\$50.00	24	\$1,200.00	\$50.00	\$1,200.00
Common Carriers Sunday Duplicate	\$5.00	934	\$4,670.00	\$20.00	\$18,680.00
Common Carriers (Malt)	\$25.00	1	\$25.00	\$50.00	\$50.00
Common Carriers Duplicate	\$2.00	0	\$0.00	\$20.00	\$0.00
Spec. Common Carrier Liq.	\$1,000.00	1	\$1,000.00	\$1,000.00	\$1,000.00
Spec. Common Carrier Liq. Dupl.	\$1,000.00	2	\$2,000.00	\$1,000.00	\$2,000.00
Sacramental Wine	\$25.00	5	\$125.00	\$50.00	\$250.00
Transfer Fees	\$10.00	2	\$20.00	\$10.00	\$20.00
TOTAL			\$21,100.00		\$47,320.00
TOTAL LICENSES			\$240,635.00		\$479,505.00
PERMITS & IDENTIFICATION CARDS:					
Brand Label Registration Renewals		5250		\$20.00	\$105,000.00
Consumption & Display	\$150.00	752	\$112,800.00	\$150.00	\$112,800.00
Brand Label Registration	\$20.00	1395	\$27,900.00	\$30.00	\$41,850.00
Druggist Liquor	\$5.00	1	\$5.00	\$5.00	\$5.00
Ethyl Alcohol	\$12.00	217	\$2,604.00	* \$20.00	\$4,340.00
Representative (Importer)	\$12.00	312	\$3,744.00	* \$20.00	\$6,240.00
Sales (Wholesaler)	\$12.00	1183	\$14,196.00	* \$20.00	\$23,660.00
Retailer	\$12.00	5215	\$62,580.00	* \$20.00	\$104,300.00
TOTAL PERMITS & IDENTIFICATION CARDS			\$223,829.00		\$398,195.00
TOTAL RECEIPTS			\$464,464.00		\$877,700.00

Proposed fee increases.

