

STATE OF MINNESOTA
DEPARTMENT OF PUBLIC SAFETY

In the Matter of the Proposed Adoption
of Rules of the State Department of
Public Safety Governing Liquor Control,
Delivery and Transportation, Vehicle
Permits.

STATEMENT OF NEED AND REASONABLENESS

The above captioned rules are amendments to existing rules of the State Department of Public Safety. The captioned rules were last amended in 1977. The amendments contained in the proposed rules are needed in order to streamline the system of issuing certain liquor permits and identification cards.

Existing rules of the Liquor Control Division require a permit for all vehicles used to transport liquor into and within Minnesota. Permits are required for common carriers, manufacturers, winers, brewers, wholesale distributors and retailers having vehicles which transport liquor. Exempt from the rule are railroads, water transport and the transport of 3.2 beer. The rule is intended to cover the transportation of intoxicating liquor from the manufacturer or importer to the wholesaler, from the wholesaler to the on or off-sale retailer and from the retailer to the consumer (e.g., off-sale stores which deliver). The original purpose of this portion of the rule is to regulate and identify intoxicating liquor in inter and intrastate traffic for license and tax compliance and to identify vehicles used to transport liquor. In FY 82 the Liquor Control Division issued 7300 vehicle permits. In FY 83, 7,100 were issued.

Other cards and permits included within the scope of the rule are identification cards for retail licensees to purchase liquor from wholesalers, identification cards for wholesaler salespersons to solicit orders from retailers and identification cards for representatives of firms doing business in Minnesota. Permits are also required for doctors, pharmacists, institutions and businesses using alcohol or liquor in their business. In FY 82, Liquor Control issued 5,000 retailer cards, 2,000 salesperson cards, 300 representative cards and 330 alcohol/liquor permits. In FY 83 the figures were 4,600 retailer cards, 2,000 salesperson cards, 320 representative cards and 300 alcohol/liquor permits.

The regulation, identification and taxation of liquor in Minnesota is accomplished through a comprehensive system of checking shipment manifests to wholesalers, retail sales invoices, and order tickets for retailers that deliver. The identification and registration of vehicles through the issuance of vehicle permits does not serve this purpose. The vehicle permits are not needed and should be eliminated. They are an unnecessary burden on licensees and an unnecessary expense to the State for no contemporary purpose.

The proposed rules also change the expiration date of the cards and permits to coincide with the expiration date of the holders other license. This will help distribute the workload in Liquor Control over all the months of the year. During the past few years budget reductions and the loss of one clerical position have made it exceedingly difficult for the division to carry out its licensing and recordkeeping functions. Staggering the processing and issuance of over 7,000 permits will ease the workload problem. It will also be more convenient for the licensee, to obtain their license and required permits at the same time.

In the proposed rules the fee for permits and cards is increased from \$5 to \$12 per year. The cost of permits issued by Liquor Control was increased from \$1 to \$5 in 1967. An increase from \$5 to \$12 will bring the fee for the permit more in line with the current cost of processing and is in line with the Consumer Price Index which rose 167% between 1967 and 1981.

The proposed rules also exempt state and federal agencies from payment of the fee. Approximately 30 permits are issued to state and federal agencies each year. These permits allow hospitals and sanitariums to purchase medicinal liquors and allow hospitals and universities to purchase alcohol for research. It will be more efficient and less costly to issue these permits without charge than to shift funds from one agency to another through a series of paper and computer transactions.

These rules have some impact on small businesses in Minnesota, and the Department of Public Safety has considered the methods for reducing the impact as required by Laws 1983, Ch. 188, Section 1, Subd. 2. The universe of small businesses potentially affected by these rules are pharmacists who have a permit to sell prescription medicinal liquors, businesses that use liquor or alcohol in their business, and on and off sale liquor retailers for the purpose of identifying themselves or enabling them to purchase the alcohol liquor. Also affected are common carriers that transport liquor in Minnesota. The overall purpose of the rules is to streamline the permit issuance process and that is a positive impact for small businesses. The impact of the rules has been lessened for common carriers and for on & off sale retailers, because the rule repeals the requirement for vehicle permits. These rules represent less stringent schedules/deadlines and simplification of requirements through the change to staggered issuance of permits coterminous with the holders other license. Establishment of performance standards is not applicable to these rules. Establishment of less stringent compliance requirements was not implemented, because the fiscal impact of this rule is minimal. The fee is increased only to cover the cost of permit issuance and, since it is a small fee, we felt it would not constitute undue hardship.

PAUL J. TSCHIDA
COMMISSIONER

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