



STATE OF MINNESOTA OFFICE OF THE STATE AUDITOR

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Statement of Position Municipal Liquor Store Hearings

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This Statement of Position is not legal advice and is subject to revision.

Minnesota law requires a city whose liquor store has experienced losses in any two years during the past three-year period to hold a public hearing on the question of whether the city should continue to operate a municipal liquor store.¹ The calculation of net losses must be done without regard to costs related to pension obligations of store employees, as required by Statement 68 of the Governmental Accounting Standards Board.² The law also requires that the public hearing be held “not more than 45 days prior to the end of the fiscal year following the three-year period,” which is generally mid-November. Two weeks’ notice of the hearing must be published in the city’s official newspaper.

Annually, a city must review the last three calendar years of its municipal liquor operations to determine whether holding the public hearing is necessary. If a city has a one-year loss in a three-consecutive-year period, no public hearing on the future of the liquor store is required. In contrast, some cities whose municipal liquor stores show losses year after year may be required to hold annual public hearings on this issue.

Following the required hearing, the city council, on its own motion, may submit to the voters at a general or special election, the question of whether the city will continue or discontinue municipal liquor operations by a date designated by the council. The law specifies that the question presented to the voters should be: “Shall the City of (name) discontinue operating the municipal liquor store on (Month xx, 2xxx)?” The date to discontinue operations designated by the city council must not be more than 30 months following the date of the election.³ Finally, if five percent or more of the registered voters petition the city to put this issue to a vote, the council must do so.⁴

Additionally, a public hearing is required before a city can transfer money to the liquor store to meet operating expenses.⁵ The topic of this hearing is: Should the City transfer funds to the liquor store to enable the liquor store to meet its operating expenses? No public hearing is required if the city is transferring money to the liquor store to be used for capital improvements, bonding costs or certain construction and repairs.⁶

¹ Minn. Stat. § 340A.602.

² Minn. Stat. § 340A.602.

³ Minn. Stat. § 340A.602.

⁴ *See id.*

⁵ Minn. Stat. § 426.20.

⁶ *Id.*