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*****PRESS RELEASE*****

State Auditor Otto Releases Municipal Liquor Store Report

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ST. PAUL (11/7/2017) – State Auditor Rebecca Otto today released the 2016 Analysis of Municipal Liquor Store Operations. The report provides comparative data on liquor operations owned and operated by Minnesota cities.

Minnesota municipalities were originally authorized to own and operate liquor establishments as a means of controlling the sale of alcohol. For many communities in Greater Minnesota, municipal liquor operations provide access and convenience in areas that might be unable to attract a privately-run establishment. In addition to these functions, profitable municipal liquor operations have provided another source of revenue to supplement traditional tax and fee revenues.

In 2016, 195 Minnesota cities operated 228 municipal liquor stores, with 99 cities operating both on-sale and off-sale liquor establishments and 96 cities restricting their municipally-owned establishments to off-sale liquor stores. While the majority of municipally-owned liquor stores are located in Greater Minnesota, 19 cities within the Seven-County Metro Area (Metro Area) own and operate liquor establishments.

Highlights from the report include:

- During 2016, Minnesota's municipal liquor operations reported a 21st consecutive year of record sales, totaling \$344.4 million. Total sales generated in 2016 increased by \$7.2 million, or 2.1 percent, over 2015. Among individual liquor operations that were in business for all of 2016, total sales ranged from \$44,950 in Round Lake to \$14.1 million in Lakeville.
- The combined net profit of all municipal liquor operations totaled \$22.8 million in 2016. This represents a decrease of \$2.1 million, or 8.4 percent, from the amount generated in 2015.

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- During 2016, Minnesota's municipal liquor stores had net transfers (transfers out minus transfers in) of \$18.9 million. This represents a decrease (1.0 percent) from the total net transfers made in 2015. Net transfers totaled \$5.3 million among Metro Area establishments, compared to \$13.6 million for Greater Minnesota establishments.
- Municipal liquor operations located within the Metro Area are considerably larger and more profitable than their Greater Minnesota counterparts. Although only 19 of the 195 Minnesota cities (9.7 percent) that own and operate municipal liquor stores are located in the Metro Area, they represent 34.5 percent of the total sales and 26.5 percent of the net profits of municipal liquor operations. Sales by all Metro Area municipal liquor operations averaged \$3.0 million in 2016, compared to average sales of \$1.2 million for all Greater Minnesota operations.
- Over the past five years, net profits have decreased 16.4 percent. Among off-sale stores, there was a 15.4 percent decrease in net profits, while on-sale stores showed a decrease of 22.3 percent.
- Forty-five Minnesota cities reported net losses for 2016 (11 more than 2015). Forty-four of the 45 cities with losses were located in Greater Minnesota.

To view the complete report, which includes an Executive Summary, tables, charts, maps, and graphs, go to:

<http://www.auditor.state.mn.us/default.aspx?page=20171106.004>.

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The Office of the State Auditor is a constitutional office that is charged with overseeing more than \$20 billion spent annually by local governments in Minnesota. The Office of the State Auditor does this by performing audits of local government financial statements, and by reviewing documents, data, reports, and complaints reported to the Office. The financial information collected from local governments is analyzed and is the basis of statutory reports issued by the Office of the State Auditor.

Rebecca Otto is Minnesota's 18th State Auditor. A high-resolution official photo is available for download at http://www.auditor.state.mn.us/images/otto_hires.jpg. To learn more about State Auditor Otto, see <http://www.auditor.state.mn.us/default.aspx?page=bio>.