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State of Minnesota

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HOUSE OF REPRESENTATIVES

EIGHTY-SIXTH  
SESSION

HOUSE FILE No. **3186**

February 25, 2010

Authored by Atkins and Hoppe

The bill was read for the first time and referred to the Committee on Commerce and Labor

March 17, 2010

Committee Recommendation and Adoption of Report:

To Pass as Amended

Read Second Time

1.1 A bill for an act  
1.2 relating to liquor; authorizing and clarifying terms of various licenses; modifying  
1.3 certain insurance requirements; authorizing State Agricultural Society to license  
1.4 and regulate tobacco sales on State Fairgrounds; amending Minnesota Statutes  
1.5 2008, sections 37.21; 340A.404, subdivisions 2, 5; 340A.409, subdivisions 1,  
1.6 4; 340A.419, as amended; 461.12, subdivision 1; Laws 2009, chapter 120,  
1.7 section 16.

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

1.9 Section 1. Minnesota Statutes 2008, section 37.21, is amended to read:

1.10 **37.21 SALE OF LIQUORS.**

1.11 Subdivision 1. **Liquor prohibited.** Except as provided ~~under Laws 2003, chapter~~  
1.12 ~~126, section 29, as amended by Laws 2005, chapter 25, section 6~~ in subdivision 2, no  
1.13 person may sell, barter, give away, or otherwise dispose of or introduce, have, or keep for  
1.14 barter, gift, or sale, any intoxicating liquors of any kind upon the State Fairgrounds, or  
1.15 aid and abet any of those acts. The presence and possession of any kind of these liquors,  
1.16 in any quantity, upon the person or upon the premises leased or occupied by any person  
1.17 within these limits is a public nuisance and is prima facie evidence of the purpose of the  
1.18 person to barter, give away, or sell the liquor. Any person who violates this section is  
1.19 guilty of a misdemeanor.

1.20 Subd. 2. **Exceptions.** ~~Notwithstanding subdivision 1,~~ The following exceptions  
1.21 apply:

1.22 (a) The State Agricultural Society may ~~authorize~~ issue, under terms and conditions  
1.23 it chooses, licenses for the sale, possession, and consumption of intoxicating liquors at  
1.24 special events taking place on the fairgrounds at times other than during the annual fair  
1.25 including, but not limited to, family reunions, class reunions, weddings, conventions, and

2.1 similar events. ~~This section does not authorize the society to issue retail licenses for the~~  
2.2 ~~sale of alcoholic beverages. Notwithstanding subdivision 1,~~

2.3 (b) The State Agricultural Society may also authorize issue, under terms and  
2.4 conditions it chooses, consistent with state law, licenses for the sale, possession, and  
2.5 consumption of intoxicating malt liquors during the annual fair or at other times of their  
2.6 choosing, provided that at least one Minnesota brewed malt liquor is made available for  
2.7 sale at each allowed location within the grounds.

2.8 (c) The State Agricultural Society may issue a license for the sale and consumption  
2.9 of wine to a holder of a state fair concession's contract with the State Agricultural Society  
2.10 which authorizes the licensee to sell Minnesota-produced wine by the glass at the state  
2.11 fair in connection with the sale of food by the concessionaire. For the purposes of this  
2.12 subdivision, "Minnesota-produced wine" means wine produced by a farm winery licensed  
2.13 under section 340A.315 and made from at least 75 percent Minnesota-grown grapes, grape  
2.14 juice, other fruit bases, other juices, or honey.

2.15 **EFFECTIVE DATE.** This section is effective the day following final enactment.

2.16 Sec. 2. Minnesota Statutes 2008, section 340A.404, subdivision 2, is amended to read:

2.17 Subd. 2. **Special provision; city of Minneapolis.** (a) The city of Minneapolis may  
2.18 issue an on-sale intoxicating liquor license to the Guthrie Theater, the Cricket Theatre, the  
2.19 Orpheum Theatre, the State Theatre, and the Historic Pantages Theatre, notwithstanding  
2.20 the limitations of law, or local ordinance, or charter provision relating to zoning or school  
2.21 or church distances. The licenses authorize sales on all days of the week to holders  
2.22 of tickets for performances presented by the theaters and to members of the nonprofit  
2.23 corporations holding the licenses and to their guests.

2.24 (b) The city of Minneapolis may issue an intoxicating liquor license to 510  
2.25 Groveland Associates, a Minnesota cooperative, for use by a restaurant on the premises  
2.26 owned by 510 Groveland Associates, notwithstanding limitations of law, or local  
2.27 ordinance, or charter provision.

2.28 (c) The city of Minneapolis may issue an on-sale intoxicating liquor license to  
2.29 Zuhrah Shrine Temple for use on the premises owned by Zuhrah Shrine Temple at 2540  
2.30 Park Avenue South in Minneapolis, and to the American Swedish Institute for use on  
2.31 the premises owned by the American Swedish Institute at 2600 Park Avenue South,  
2.32 notwithstanding limitations of law, or local ordinances, or charter provision relating to  
2.33 zoning or school or church distances.

2.34 (d) The city of Minneapolis may issue an on-sale intoxicating liquor license to  
2.35 the American Association of University Women, Minneapolis branch, for use on the

3.1 premises owned by the American Association of University Women, Minneapolis branch,  
3.2 at 2115 Stevens Avenue South in Minneapolis, notwithstanding limitations of law, or local  
3.3 ordinances, or charter provisions relating to zoning or school or church distances.

3.4 (e) The city of Minneapolis may issue an on-sale wine license and an on-sale 3.2  
3.5 percent malt liquor license to a restaurant located at 5000 Penn Avenue South, and an  
3.6 on-sale wine license and an on-sale malt liquor license to a restaurant located at 1931  
3.7 Nicollet Avenue South, notwithstanding any law or local ordinance or charter provision.

3.8 (f) The city of Minneapolis may issue an on-sale wine license and an on-sale malt  
3.9 liquor license to the Brave New Workshop Theatre located at 3001 Hennepin Avenue  
3.10 South, the Theatre de la Jeune Lune, the Illusion Theatre located at 528 Hennepin Avenue  
3.11 South, the Hollywood Theatre located at 2815 Johnson Street Northeast, the Loring  
3.12 Playhouse located at 1633 Hennepin Avenue South, the Jungle Theater located at 2951  
3.13 Lyndale Avenue South, Brave New Institute located at 2605 Hennepin Avenue South,  
3.14 the Guthrie Lab located at 700 North First Street, and the Southern Theatre located at  
3.15 1420 Washington Avenue South, notwithstanding any law or local ordinance or charter  
3.16 provision. The license authorizes sales on all days of the week.

3.17 (g) The city of Minneapolis may issue an on-sale intoxicating liquor license to  
3.18 University Gateway Corporation, a Minnesota nonprofit corporation, for use by a  
3.19 restaurant or catering operator at the building owned and operated by the University  
3.20 Gateway Corporation on the University of Minnesota campus, notwithstanding limitations  
3.21 of law, or local ordinance or charter provision. The license authorizes sales on all days of  
3.22 the week.

3.23 (h) The city of Minneapolis may issue an on-sale intoxicating liquor license to the  
3.24 Walker Art Center's concessionaire or operator, for a restaurant and catering operator  
3.25 on the premises of the Walker Art Center, notwithstanding limitations of law, or local  
3.26 ordinance or charter provisions. The license authorizes sales on all days of the week.

3.27 (i) The city of Minneapolis may issue an on-sale intoxicating liquor license to the  
3.28 Guthrie Theater's concessionaire or operator for a restaurant and catering operator on the  
3.29 premises of the Guthrie Theater, notwithstanding limitations of law, local ordinance, or  
3.30 charter provisions. The license authorizes sales on all days of the week.

3.31 (j) The city of Minneapolis may issue an on-sale wine license and an on-sale malt  
3.32 liquor license to the Minnesota Book and Literary Arts Building, Inc.'s concessionaire or  
3.33 operator for a restaurant and catering operator on the premises of the Minnesota Book and  
3.34 Literary Arts Building, Inc. (dba Open Book), notwithstanding limitations of law, or local  
3.35 ordinance or charter provision. The license authorizes sales on all days of the week.

4.1 (k) The city of Minneapolis may issue an on-sale intoxicating liquor license to a  
4.2 restaurant located at 5411 Penn Avenue South, notwithstanding any law or local ordinance  
4.3 or charter provision.

4.4 (l) The city of Minneapolis may issue an on-sale intoxicating liquor license to the  
4.5 Museum of Russian Art's concessionaire or operator for a restaurant and catering operator  
4.6 on the premises of the Museum of Russian Art located at 5500 Stevens Avenue South,  
4.7 notwithstanding any law or local ordinance or charter provision.

4.8 **EFFECTIVE DATE.** This section is effective upon approval by the Minneapolis  
4.9 City Council in the manner provided by Minnesota Statutes, section 645.021, subdivisions  
4.10 2 and 3.

4.11 Sec. 3. Minnesota Statutes 2008, section 340A.404, subdivision 5, is amended to read:

4.12 Subd. 5. **Wine licenses.** (a) A municipality may issue an on-sale wine license with  
4.13 the approval of the commissioner to a restaurant having facilities for seating at least 25  
4.14 guests at one time. A wine license permits the sale of wine of up to 14 percent alcohol by  
4.15 volume for consumption with the sale of food. A wine license authorizes the sale of wine  
4.16 on all days of the week unless the issuing authority restricts the license's authorization to  
4.17 the sale of wine on all days except Sundays.

4.18 (b) The governing body of a municipality may by ordinance authorize a holder of  
4.19 an on-sale wine license issued pursuant to paragraph (a) who is also licensed to sell 3.2  
4.20 percent malt liquors at on-sale pursuant to section 340A.411, and whose gross receipts  
4.21 are at least 60 percent attributable to the sale of food, to sell intoxicating malt liquors  
4.22 at on-sale without an additional license.

4.23 (c) A municipality may issue an on-sale wine license with the approval of the  
4.24 commissioner to a licensed bed and breakfast facility. A license under this paragraph  
4.25 authorizes a bed and breakfast facility to furnish wine only to registered guests of the  
4.26 facility and, if the facility contains a licensed commercial kitchen, also to guests attending  
4.27 private events at the facility.

4.28 (d) The State Agricultural Society may issue an on-sale wine license to the holder of  
4.29 a state fair concession contract pursuant to section 37.21, subdivision 2.

4.30 **EFFECTIVE DATE.** This section is effective the day following final enactment.

4.31 Sec. 4. Minnesota Statutes 2008, section 340A.409, subdivision 1, is amended to read:

4.32 Subdivision 1. **Insurance required.** No retail license may be issued, maintained or  
4.33 renewed unless the applicant demonstrates proof of financial responsibility with regard

5.1 to liability imposed by section 340A.801. The issuing authority must submit to the  
5.2 commissioner the applicant's proof of financial responsibility. This subdivision does not  
5.3 prohibit a local unit of government from requiring higher insurance or bond coverages, or  
5.4 a larger deposit of cash or securities. The minimum requirement for proof of financial  
5.5 responsibility may be given by filing:

5.6 (1) a certificate that there is in effect for the license period an insurance policy  
5.7 issued by an insurer required to be licensed under section 60A.07, subdivision 4, or by  
5.8 an insurer recognized as an eligible surplus lines carrier pursuant to section 60A.206 or  
5.9 pool providing at least \$50,000 of coverage because of bodily injury to any one person in  
5.10 any one occurrence, \$100,000 because of bodily injury to two or more persons in any one  
5.11 occurrence, \$10,000 because of injury to or destruction of property of others in any one  
5.12 occurrence, \$50,000 for loss of means of support of any one person in any one occurrence,  
5.13 ~~and~~ \$100,000 for loss of means of support of two or more persons in any one occurrence,  
5.14 \$50,000 for other pecuniary loss of any one person in any one occurrence, and \$100,000  
5.15 for other pecuniary loss of two or more persons in any one occurrence;

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

5.17 (3) a certificate of the commissioner of management and budget that the licensee  
5.18 has deposited with the commissioner of management and budget \$100,000 in cash or  
5.19 securities which may legally be purchased by savings banks or for trust funds having a  
5.20 market value of \$100,000.

5.21 This subdivision does not prohibit an insurer from providing the coverage required  
5.22 by this subdivision in combination with other insurance coverage.

5.23 An annual aggregate policy limit for dram shop insurance of not less than \$300,000  
5.24 per policy year may be included in the policy provisions.

5.25 A liability insurance policy required by this section must provide that it may not be  
5.26 canceled for:

5.27 (1) any cause, except for nonpayment of premium, by either the insured or the  
5.28 insurer unless the canceling party has first given 30 days' notice in writing to the issuing  
5.29 authority of intent to cancel the policy; and

5.30 (2) nonpayment of premium unless the canceling party has first given ten days'  
5.31 notice in writing to the issuing authority of intent to cancel the policy.

5.32 All insurance policies which provide coverage with regard to any liability imposed  
5.33 by section 340A.801 must contain at least the minimum coverage required by this section.

5.34 **EFFECTIVE DATE.** This section is effective the day following final enactment.

5.35 Sec. 5. Minnesota Statutes 2008, section 340A.409, subdivision 4, is amended to read:

6.1 Subd. 4. **Insurance not required.** Subdivision 1 does not apply to licensees who  
6.2 by affidavit establish that:

6.3 (1) they are on-sale 3.2 percent malt liquor licensees with sales of less than \$25,000  
6.4 of 3.2 percent malt liquor for the preceding year;

6.5 (2) they are off-sale 3.2 percent malt liquor licensees with sales of less than \$50,000  
6.6 of 3.2 percent malt liquor for the preceding year;

6.7 (3) they are holders of on-sale wine licenses with sales of less than \$25,000 for  
6.8 wine for the preceding year; ~~or~~

6.9 (4) they are holders of temporary wine licenses issued under law; or

6.10 (5) they are wholesalers who donate wine to an organization for a wine tasting  
6.11 conducted under section 340A.418 or 340A.419.

6.12 **EFFECTIVE DATE.** This section is effective the day following final enactment.

6.13 Sec. 6. Minnesota Statutes 2008, section 340A.419, as amended by Laws 2009, chapter  
6.14 120, section 12, is amended to read:

6.15 **340A.419 ~~WINE~~ TASTINGS CONDUCTED BY EXCLUSIVE LIQUOR**  
6.16 **STORE.**

6.17 Subdivision 1. **Definition.** For purposes of this section, a "~~wine~~ tasting" is an event  
6.18 of not more than four hours' duration at which persons pay a fee to participate and are  
6.19 allowed to consume wine, malt liquor, or spirits by the glass without paying a separate  
6.20 charge for each glass.

6.21 Subd. 2. **Tastings.** (a) Notwithstanding any other law, an exclusive liquor store may  
6.22 conduct a wine, malt liquor, or spirits tasting on the premises of a holder of an on-sale  
6.23 intoxicating liquor license that is not a temporary license or on the premises of a holder  
6.24 of a wine license under section 340A.404, subdivision 5, if the exclusive liquor store  
6.25 complies with this section.

6.26 (b) No wine ~~at a wine tasting~~, malt liquor, or spirits authorized for use under this  
6.27 section may be sold for off-premises consumption. A participant in the tasting may fill out  
6.28 a form indicating preferences for wine, malt liquor, or spirits. The form may be held on  
6.29 the premises of the exclusive liquor store to assist the participant in making an off-sale  
6.30 purchase at a later date.

6.31 (c) Notwithstanding any other law, an exclusive liquor store may purchase or  
6.32 otherwise obtain wine or spirits for a ~~wine~~ tasting conducted under this section from  
6.33 a wholesaler licensed to sell wine or spirits. The wholesaler may sell or give wine or

7.1 spirits to an exclusive liquor store for a ~~wine~~ tasting conducted under this section and may  
7.2 provide personnel to assist in the ~~wine~~ tasting.

7.3 (d) An exclusive liquor store that conducts a ~~wine~~ tasting under this section must use  
7.4 any fees collected from participants in the tasting only to defray the cost of conducting  
7.5 the tasting.

7.6 (e) Notwithstanding section 340A.409, subdivision 4, the premises on which a wine  
7.7 tasting is conducted must be insured as required by section 340A.409, subdivision 1.

7.8 Subd. 3. Malt liquor tastings. An exclusive liquor store conducting a malt liquor  
7.9 tasting under this section must also comply with the requirements of section 340A.510,  
7.10 subdivision 2.

7.11 EFFECTIVE DATE. This section is effective the day following final enactment.

7.12 Sec. 7. Minnesota Statutes 2008, section 461.12, subdivision 1, is amended to read:

7.13 Subdivision 1. **Authorization.** A town board or the governing body of a home rule  
7.14 charter or statutory city may license and regulate the retail sale of tobacco as defined  
7.15 in section 609.685, subdivision 1, and establish a license fee for sales to recover the  
7.16 estimated cost of enforcing this chapter. The county board shall license and regulate the  
7.17 sale of tobacco in unorganized territory of the county except on the State Fairgrounds and  
7.18 in a town or a home rule charter or statutory city if the town or city does not license and  
7.19 regulate retail tobacco sales. The State Agricultural Society shall license and regulate  
7.20 the sale of tobacco on the State Fairgrounds. Retail establishments licensed by a town  
7.21 or city to sell tobacco are not required to obtain a second license for the same location  
7.22 under the licensing ordinance of the county.

7.23 EFFECTIVE DATE. This section is effective the day following final enactment.

7.24 Sec. 8. Laws 2009, chapter 120, section 16, is amended to read:

7.25 Sec. 16. **CITY OF MINNEAPOLIS; LIQUOR LICENSE.**

7.26 Notwithstanding any law, ordinance, or charter provision to the contrary, the city of  
7.27 Minneapolis may issue an on-sale intoxicating liquor license to an establishment located  
7.28 at 2124 Como Avenue Southeast.

7.29 EFFECTIVE DATE. This section is effective on the effective date of Laws 2009,  
7.30 chapter 120, section 16.

7.31 Sec. 9. **UNIVERSITY OF ST. THOMAS; ON-SALE LICENSE.**

8.1 Notwithstanding any other law, local ordinance, or charter provision, the city of  
8.2 St. Paul and the city of Minneapolis may issue on-sale intoxicating liquor licenses to  
8.3 University of St. Thomas, or to an entity holding a caterer's permit and a contract with  
8.4 University of St. Thomas, for catering on the premises of the University of St. Thomas  
8.5 campus or campuses, or for any portion of the premises as described in the approved  
8.6 license application. The licenses authorized by this section may be issued for space that is  
8.7 not compact and contiguous, provided that all the space is within the boundaries of the  
8.8 University of St. Thomas campus or campuses and is included in the description of the  
8.9 licensed premises on the approved license application. The licenses authorize sales on  
8.10 all days of the week to persons attending events at the college. All other provisions of  
8.11 Minnesota Statutes, chapter 340A, not inconsistent with this section, apply to the licenses  
8.12 authorized under this section.

8.13 **EFFECTIVE DATE.** This section is effective upon approval by the appropriate city  
8.14 councils, in the manner provided by Minnesota Statutes, section 645.021, subdivisions  
8.15 2 and 3.

8.16 Sec. 10. **BEMIDJI REGIONAL CENTER; ON-SALE LICENSE.**

8.17 Notwithstanding any other law, local ordinance, or charter provision to the contrary,  
8.18 the city of Bemidji may issue an on-sale intoxicating liquor license, or an on-sale wine and  
8.19 malt liquor license to the Bemidji Regional Event Center. Any license authorized by this  
8.20 section may be issued for space that is not compact and contiguous, provided that all the  
8.21 space is within the boundaries of the Bemidji Regional Event Center and is included in  
8.22 the description of the licensed premises on the approved license application. A license  
8.23 issued under this paragraph authorizes sales on all days of the week to persons attending  
8.24 activities or events at the event center. All other provisions of Minnesota Statutes, chapter  
8.25 340A, not inconsistent with this section, apply to the license authorized under this section.

8.26 **EFFECTIVE DATE.** This section is effective the day following final enactment.

8.27 Sec. 11. **EXEMPTION; BEMIDJI STATE UNIVERSITY.**

8.28 Notwithstanding Minnesota Statutes 340A.410, subdivision 10, paragraph (b),  
8.29 Bemidji State University may be issued temporary liquor licenses for events at the  
8.30 university authorized under Minnesota Statutes, section 340A.412, subdivision 4,  
8.31 paragraph (a), clause (7), item (iv), on an as needed basis, provided that the combination  
8.32 of temporary licenses issued not exceed 12 events or a total of 12 days within a 12-month  
8.33 period.



9.1 **EFFECTIVE DATE.** This section is effective the day following final enactment.