

CITIZENS LEAGUE REPORT

No. 139

**City of Minneapolis Guiding Policies for  
processing liquor licenses**

**October 1961**

Citizens League of Minneapolis  
and Hennepin County  
545 Mobil Oil Building  
Minneapolis 2, Minnesota

139

APPROVED  
BOARD OF DIRECTORS  
OCT 4 1961  
DATE \_\_\_\_\_

REPORT TO: Board of Directors

FROM: Licensing Committee, Mel Orenstein, Chairman

SUBJECT: Proposed recommendations for strengthening the system under which liquor is sold in Minneapolis.

SUMMARY OF RECOMMENDATIONS AND MAJOR CONCLUSIONS

1. The Citizens League has long urged the Minneapolis City Council to adopt a statement of guiding policies for use in its processing of liquor licenses. We welcome recent efforts under the leadership of Alderman Robert P. Janes, Chairman of the Council's Licenses Committee, to secure formulation and adoption of such a statement. We renew at this time our firm recommendation that the Council formulate and adopt a statement of guiding policy at the earliest practicable date.

2. Among the important provisions which should be included in any such statement of guiding policy are the following:

- (a) No liquor license should be granted for any locations which were owned or controlled by persons convicted in the recent syndicate liquor trials, at least until such time as competitive license(s) are clearly located in the immediate vicinity.
- (b) The Council will not grant either directly or indirectly more than one liquor license to any individual. Any reasonable doubt as to the likely existence of multiple ownership should be resolved against the applicant.
- (c) Some fairly specific definition of what the Council will or will not regard as evidence of multiple ownership.
- (d) An affirmative statement that the Council has the right to compel the licensee to make available any requested records and that failure to comply will result in the non-granting or the non-renewing of the license.
- (e) The location of liquor licenses involves policy considerations of citywide implication, as well as of the affected neighborhood, and that, although the views of the Alderman of the ward will naturally be given great weight, they will not be controlling.
- (f) No license will be granted or transferred to any person whose spouse is ineligible to hold a license.
- (g) Each application for a liquor license should be referred to the Minneapolis Planning Commission for its views with respect to:

- (1) The possible adverse impact on the surrounding business community and adjacent neighborhood, and
- (2) Possible conflicts with the future long-range directional development of the area.

The views of the Planning Commission would, of course, be advisory only, and referral should under no circumstances be permitted to delay unduly a decision on any license.

3. We urge prompt and favorable Council action on the proposed ordinance which would require the Mayor's prior recommendation before the City Council reaches a decision on any liquor license.

4. The above-mentioned recommendations are in the nature of strengthened enforcement provisions and will, at best, provide limited improvement. Most of the weaknesses are inherent in our present system, which essentially limits severely the amount of competition. If Minneapolis is to continue within the framework of our present system, which reduces competition by limiting severely the number of licenses, by narrowing the number of available locations, by prohibiting competition in price, by requiring exclusive liquor establishments, and by restricting the type of eligible licensee, then certain major or drastic changes should be considered.

The Citizens League's Licensing Committee is in the process of giving consideration to a number of possible proposals, most of which will reduce the artificial value accruing to certain favored off-sale liquor locations. Among proposals which are under active consideration are the following:

- (a) Imposition of a graduated tax on the gross receipts of off-sale liquor establishments.
- (b) Private operation of off-sale liquor establishments on a contract or lease basis, with public control or ownership, of certain, or possibly all, locations. This envisions creation of a commission to manage the municipality's interest in the establishment.
- (c) Municipal ownership and operation of off-sale establishments.
- (d) Creation of a commission to supervise the investigation and make recommendations for the granting of liquor licenses.
- (e) Prohibiting future transfer of liquor licenses at those locations outside the liquor patrol limits without advance consent of the neighborhood, thereby eventually bringing all or nearly all licenses within the boundaries of whatever area is determined to be the liquor patrol limits.

5. The Citizens League's Licensing Committee is also considering recommending a basic change in the present system of licensing. Proposed changes would assure the location of a sufficient number of off-sale licenses competitively in commercial districts throughout the entire city, so that no single licensee, nor a few, will be able to enjoy near-monopolistic financial returns, while the vast

majority of licensees at best are barely able to keep their doors open. Under this type of competitive system, many of the problems which have proved so distressing would be either totally eliminated or substantially reduced.

6. We strongly urge other community civic, business, religious and labor organizations, as well as public officials, to direct priority attention to considering these and other possible alternative ways of regulating the sale of liquor in Minneapolis. Should it be deemed appropriate, we shall be pleased to cooperate fully with other interested organizations and public officials in any joint study of this important subject.

### HISTORICAL BACKGROUND AND RECENT DEVELOPMENTS

#### Procedures for Licensing Liquor in Minneapolis

State law governs the maximum number of liquor licenses which may be granted in the City of Minneapolis. The law authorizes cities of the first class in Minnesota to have one on-sale license per 1,500 population, with a maximum of 200 licenses. Minneapolis has authority to issue the maximum of 200 licenses, and nearly all of these are presently in use. State law authorizes a maximum of one off-sale liquor license for each 5,000 residents in any city of the first class. Under 1960 census figures Minneapolis is authorized to grant 96 off-sale licenses. This is a reduction from the 104 authorized off-sale licenses authorized under 1950 population figures. A few of these are presently available. The number of licenses authorized in Minneapolis is one of the smallest number permitted per capita of any major city in the country.

State law establishes authority to grant liquor licenses with the chief governing body of the municipality, in the case of Minneapolis the City Council. The Council has final authority with respect to on-sale licenses, but off-sale licenses must be approved by the State Liquor Control Commission.

Licenses are granted for periods of one year, and come up for renewal annually. Two other important restrictions on the sale of liquor are:

- (1) Restrictions on price competition by means of establishing minimum prices for intoxicating beverages, which effectively preclude serious differences in price.
- (2) Package or off-sale stores must be exclusive liquor establishments and cannot be a part of any other retail business.

#### Patrol Limits

During the 1880's the State Legislature established specific boundaries within Minneapolis outside of which liquor could not be sold. These boundaries generally followed both banks of the Mississippi River and extended inward from the banks for several blocks. The boundaries were essentially the major built-up commercial part of Minneapolis as of that date. Numerous efforts have been made to expand these patrol limits boundaries over the years with little success. Then in 1959 a charter amendment was approved by the voters of Minneapolis which made the first significant change in these boundaries. The new boundaries remained essentially the same in north Minneapolis, but they were extended to include the

entire downtown area, and southward to Franklin Avenue. The boundaries extended from Hennepin Avenue on the west to the Mississippi River on the east. Within these new patrol limits the Council is given authority to grant liquor licenses by majority vote. During the past two years, numerous licenses have been granted for locations throughout the entire downtown area, and several have been granted for locations in the vicinity of Franklin Avenue.

Outside of these prescribed patrol limits the Council has no authority to grant liquor licenses. The Council can recommend the granting of a liquor license to a commercially-zoned location anywhere in the City of Minneapolis, but the license does not become effective until approved in a referendum by a majority of the voters living in precincts, any part of which falls within 1,500 feet of the proposed location, and also by the voters of the ward in which the proposed location is situated. Thus far, four proposed locations have been submitted to referendum. In all four cases the voters rejected the proposed location by a substantial majority.

### Multiple Ownership of Liquor Licenses

Over the years state law has for many years prohibited the granting of more than one liquor license in any municipality, either directly or indirectly, to any individual. There have been recurring rumors over the years that a so-called "Kid Cann syndicate" controlled several licenses in Minneapolis. No clear proof of this existed, and the Council annually renewed the suspected licenses. In 1959 the State Legislature enacted a law making it a gross misdemeanor for any person to have an interest in more than one liquor license in any municipality, and the act defined what constituted an "interest."

Earlier this year several persons, including certain liquor licensees, were convicted of violating the federal law. Those convicted included members of the so-called Kid Cann liquor syndicate. The Council failed to renew the licenses of locations involved in these convictions, and these establishments have remained closed.

The Hennepin County grand jury several months ago indicted a considerable number of licensees for violation of the state act making it a gross misdemeanor to have an interest in more than one liquor license. Defense counsels' contention that this state act was unconstitutional was sustained by District Court Judge Levi Hall recently on the grounds that the statute was so vague as to constitute a violation of both the state and federal constitutions. Accordingly, all these indictments were dismissed and no further prosecution is either possible or contemplated.

### Recent Efforts to Strengthen Licensing Procedures

A number of recommendations have been made recently to strengthen licensing procedures. The grand jury, for example, recommended a number of improvements, including enactment of legislation abolishing the limitation on number of licenses which may be granted and also the abolishment of the liquor patrol limits. The Citizens League has recommended enactment of an ordinance requiring the Mayor's prior recommendation before the City Council reaches a decision on any liquor license. Alderman Robert Janes has suggested several proposed changes, including the adoption by the Council of a statement of guiding principles governing the

processing of liquor licenses. These proposals and many others are presently under consideration by the City Council and by community organizations, but as of this date no changes in the past system of liquor licensing in Minneapolis have been enacted. Perhaps the most pressing and controversial immediate decision facing the City Council is what to do about the licenses at the syndicate locations. Although no license has thus far been issued to any syndicate location and these establishments have remained closed, there has been no declaration of policy by the Council as to future action on these licenses.

#### NATURE AND SCOPE OF CITIZENS LEAGUE'S LICENSING COMMITTEE'S WORK

The Citizens League's Licensing Committee has made numerous recommendations over the past ten years for strengthening the system of regulating the sale of liquor in Minneapolis. The charter amendment revising the liquor patrol limits, which was adopted by the voters in 1959, was a variation of a Citizens League proposal. Equally important, Citizens League members without question played the leading role in obtaining voter approval of this charter amendment.

Most of the other Citizens League recommendations, such as those urging the Council to adopt a statement of guiding principles for the processing of liquor licenses and requiring the Mayor's prior recommendation before the Council makes a decision on any license, have not thus far been favorably acted upon.

Most recently, the Licensing Committee has been engaged in an intensive review of the basic liquor licensing system in Minneapolis, with a view to recommending major changes where indicated.

#### RECOMMENDATIONS CONTAINED IN THIS REPORT DIVIDED INTO TWO CATEGORIES

This report is in the nature of an interim report. It contains specific recommendations for strengthening the enforcement procedures under the present licensing system. It calls attention to the need for a massive review of the entire licensing system in Minneapolis, and suggests two basic alternative ways of regulating the sale of liquor. This report lists a number of major proposals that are now under active consideration by the committee, and urges that other community organizations and public officials direct priority attention to this important subject. The committee expects to issue a comprehensive report in the near future, spelling out in detail specific recommendations proposing major changes, either within the framework of the present system or to urge change to a different system.

#### DISCUSSION OF RECOMMENDATIONS AND MAJOR CONCLUSIONS

##### Council Statement of Guiding Policy Needed

The Citizens League over the years has consistently pressed the City Council to adopt a statement of guiding policy for use in its processing of liquor licenses. Such a statement would bring liquor licensing out into public view to a much greater extent than has been possible under a system where each license has been decided on its own and without the benefit of general ground rules. The League's most recent call for adoption of such a statement of guiding policy came in a report dated January 5, 1960. The Council took no action at that time,

nor has it subsequently, to establish any such statement.

Alderman Robert Janes of the 12th Ward, newly designated chairman of the Licenses Committee, has urged the committee to adopt a statement of guiding policy and has himself prepared a proposed draft of such a statement. This proposed statement was recently given considerable newspaper publicity, but thus far has not formally been adopted by the Licenses Committee nor has it been presented to the full Council.

We commend Alderman Janes for his diligent efforts to secure adoption of such a statement of guiding policy. We further renew at this time our recommendation that the Council formulate and adopt such a statement at the earliest practicable date.

#### Provisions to be Contained in Statement of Guiding Policy

We shall not attempt here to draft a proposed statement of guiding policy. But we do urge that any such statement contain, among others, the following major provisions:

1. No liquor license should be granted for any locations which were owned or controlled by persons convicted in the recent syndicate liquor trials.

The decision on what to do about the so-called Kid Cann syndicate locations is both a complex and a difficult one. The federal court trial and convictions stamp four specific locations as syndicate controlled. These include on-sale locations known as the Kenesaw Bar and Addison's Bar. Off-sale locations include the Lake Street Liquor Store and the Loring Liquor Store. Legal actions involving individuals holding licenses at suspected syndicate locations, including the East Hennepin Liquor Store and Shelly's (formerly Harold's), were not sustained. The Chicago-Franklin Off-Sale Liquor Store was involved in these criminal actions, but the license was transferred prior to the court actions and the present licensee apparently is not involved.

No one is proposing that licenses for any of the so-called syndicate locations be granted to anyone suspected of involvement with syndicate members. However, considerable controversy exists as to whether licenses should be granted to persons for these locations if the applicant can establish clear independence of affiliation. Minnesota Governor Elmer Andersen has consistently maintained that licenses should not be granted for any of these locations. Through the authority granted to the State Liquor Control Commission with respect to off-sale licenses, the State can prevent the granting of any license for at least the Loring Liquor Store and the Lake Street Liquor Store.

Obviously, a substantial argument can be made both for and against the granting of licenses to these locations. Arguments in favor include: (1) These are naturally desirable locations for the sale of liquor and it is uneconomic not to use them for this purpose. (2) Other legitimate businesses in the immediate area

are suffering financially by closing of the liquor store. Prospective licensees who can establish clearly that they have no connection with the syndicate should not be penalized. (4) The primary purpose of ridding liquor establishments of syndicate control has already been accomplished and no further purpose is served by prohibiting use of the locations for the sale of liquor. Arguments against include: (1) The only way to assure termination of any interest on the part of syndicate members is to prohibit the use of the location for the sale of liquor. (2) There is no other way to make certain that syndicate members do not realize a substantial financial gain from disposal of their interest to the new licensee. (3) Multiple ownership under the present licensing system in Minneapolis is not only illegal but clearly undesirable. In order to discourage others from attempting similar control of more than one establishment, it is necessary to impose an unusually harsh penalty. Mere loss of a license but with ability to dispose of the investment is relatively minor, compared to the financial gain accruing over the years of operation.

We are of the belief that the sounder public policy decision is to withhold granting any license to the syndicate locations. These locations can be used for any purpose other than the sale of liquor. No permanent damage will result to surrounding businesses in any case, with the possible exception of the Lake Street Liquor Store, since the Council can grant licenses to any other location in the immediate area. In the case of the Lake Street Liquor Store a license can be granted to a location in the immediate vicinity if it is approved by the voters at a referendum. It seems likely that the voters would give this approval. If they did not, then perhaps it is consistent with sound public policy for these voters to have their wish. Even under those conditions, the business area at Lake Street and Nicollet Avenue would be in no worse a competitive position than other business areas along Lake Street.

It is not our intention to declare flatly that no license should be granted in the future to any location following either a conviction or a suspicion of multiple ownership. But in the recent syndicate case, there not only was a willful and a flagrant flouting of the law over many years, but the licensees went further in deceiving the Council in complying with the Council's request to make the books and records available.

We might also emphasize that were these licenses in competitive locations without such a high artificial value our conclusion probably would be different.

2. The Council will not grant either directly or indirectly more than one liquor license to any individual. Any reasonable doubt as to the likely existence of multiple ownership should be resolved against the applicant.

Judge Hall's recent decision invalidated that portion of the law declaring it a gross misdemeanor for a person to have an interest in more than one liquor license in any municipality. However, this



court decision in no way affected that portion of the state which prohibits any governing body from granting more than one license, either directly or indirectly, to any individual. This prohibition against multiple ownership continues binding on the City Council. In addition, the Council has no obligation to issue more than one license to any individual, even if there were no such state prohibition. Courts have consistently held that a liquor license is a privilege, and the Council is given wide latitude in its discretion as to who will be awarded licenses.

We are convinced that multiple ownership is clearly undesirable under the present Minneapolis liquor licensing system. Competition is severely limited by a number of factors which results in lucrative financial returns to licensees having favored off-sale locations. The very size of the investment at stake forces the licensee to considerable lengths to protect the investment. It does not take a great deal of imagination to understand the undesirable implications of this type of situation, particularly under a system where perhaps only a single elected official in reality makes the decision on the license. At least until such time as much of the artificial value of certain favored off-sale liquor establishments can be eliminated, sound policy warrants a strict prohibition against multiple ownership. We further believe any statement of guiding policy should include a clear declaration to this effect and should, in addition, declare that all reasonable doubts as to the likely existence of multiple ownership should be resolved against the applicant. Placing the burden of proof on the applicant rather than on the municipality appears to be a departure from past attitudes among members of the City Council, and it therefore is doubly important to include such a declaration in any statement of guiding policy.

3. Some fairly specific definition of what the Council will or will not regard as evidence of multiple ownership.

Although admittedly a difficult thing to do, it seems important to define in at least a general way what the Council will consider to constitute evidence of multiple ownership. The definition should also include examples of what the Council will consider does not constitute evidence of multiple ownership. One example of this would be a prohibition on issuing a license to the spouse of any licensee.

4. An affirmative statement that the Council has the right to compel the licensee to make available any requested records and that failure to comply will result in the non-granting or the non-renewing of the license.

It has been contended that the Council is powerless to compel the making available of the licensee's records without granting to the Council the right of sub poena. We disagree with this contention and maintain that the Council has every right to require the furnishing of any records and that it can go further and require records of others than the licensee having an interest in the establishment. Failure of the licensee to comply with the Council's

request should result in a Council decision not to grant or to renew the license. The licensee could easily be required to agree in advance to make records available on request, and this could be done by a question contained in the application.

5. The location of liquor licenses involves policy considerations of citywide implication, as well as of the affected neighborhood, and that, although the views of the Alderman of the ward will naturally be given great weight, they will not be controlling.

Up to now there has been too much emphasis that the granting of a license is only of interest to the affected neighborhood and that, accordingly, the Alderman of the ward in which the location is situated should have a controlling influence on the decision. It is on this theory that the custom of aldermanic courtesy has prevailed.

We regard the locating of liquor licenses throughout the City of Minneapolis as of importance to the entire city, as well as to the affected neighborhood. We further believe that a statement of guiding policy should include a declaration to this effect.

6. No license will be granted or transferred to any person whose spouse is ineligible to hold a license.

Considering the limited number of licenses available in Minneapolis and bearing in mind that the possession of a liquor license is a privilege rather than a right, it would seem desirable and sound public policy to grant licenses only to persons completely clear of immediate families where one member is ineligible to hold a license. A minimum prohibition should be enforced against the granting of a license to the spouse. The unfairness to certain spouses from this type of prohibition is far outweighed by the fact that in the vast majority of these cases much of the financial gain continues to go to the spouse who is ineligible to hold a license.

7. Each application for a liquor license should be referred to the Minneapolis Planning Commission for its views with respect to: (a) The possible adverse impact on the surrounding business community and adjacent neighborhood, and (b) Possible conflicts with the future long-range directional development of the area. The views of the Planning Commission would, of course, be advisory only, and referral should under no circumstances be permitted to delay unduly a decision on any license.

We regard automatic referral to the Planning Commission in these two specialized areas as similar to referral to the Police Department to check the background of the applicant. Having the benefit of this type of experience and professional viewpoint should be most helpful to the licensing authority, and as long as such referral is not in any way binding nor is allowed to delay the decision on any license we can see no possible objection. Such referral might well be done informally, but we believe it preferable to include this type of declaration of intention in a statement of guiding policy.

### Mayor's Recommendation Should Precede Any Decision on a License

The Citizens League last April urged the Charter Commission to submit to the voters of Minneapolis a proposed amendment requiring the Mayor's recommendation prior to a decision on any license. The League has subsequently urged that a similar requirement be adopted through passage of an ordinance. Such an ordinance has been introduced and has had a hearing, but the Council's Licenses Committee has taken no action on the proposed ordinance.

About the only effective way of eliminating the custom of aldermanic courtesy and assuring that citywide implications will be given consideration is to bring the Mayor into the license-granting procedure. The Council could override the recommendation of the Mayor by a simple majority, so that no undue power would be transferred to the Mayor. We urge prompt and favorable Council action on this proposed ordinance.

### Present System Itself Causes Most Problems

It seems safe to conclude that less real competition exists in the sale of liquor in Minneapolis than in almost any other major city in the country. Minneapolis has fewer liquor licenses than almost any other major city. Certainly, the restrictions on location brought about principally by the patrol limits result in severe limitations on competition. The state law restricting price competition further compounds the monopolistic tendencies inherent in the present system.

We find much less evidence of monopolistic tendencies in the case of on-sale establishments than exists with respects to package stores. A small proportion of the package stores in Minneapolis sell an extremely high percentage of the total liquor sold in the city. Invariably, the high-volume package stores' success can be attributed to one simple factor. They have been granted an extremely advantageous location by the City, and no other establishments have been located in the same general area. Thus we see that their lucrative business is brought about by a grant from the municipality, rather than any particular business genius of the management. The decision on who is to receive and retain these favored locations, at least in the past, has been a decision which has been made in most instances solely by the Alderman of the ward in which the establishment is situated. The best that can be said for the selection process is that it is a glorified patronage system of dispensing a tremendously valuable asset without any published statement of guiding policy.

The recent so-called Kid Cann syndicate court cases demonstrated the accuracy of the conclusion that a relatively few favorably situated package stores bring tremendous financial returns to the owners. In 1958 the records show that the Lake Street Liquor Store made a net profit of about \$117,000. The Loring Liquor Store during 1958 made nearly \$90,000. The Chicago-Franklin Store made just over \$90,000 in net profit. These stores did nothing dramatically different in the way of offering services or in managing their establishments than other package stores throughout the city, but did have the one unique advantage of a favorable location without nearby competition.

The basic question of whether it is sound public policy to preserve a system which results in the municipality's granting on a patronage basis such lucrative financial returns is one the Citizens League's Licensing Committee has been giving the deepest consideration to during the past several months. The

committee regards the serious lack of competition in the off-sale liquor field. Minneapolis as perhaps the single most important problem that must be resolved. The committee's studies thus far seem to lead toward two basic alternative ways by which the situation can be improved substantially.

#### Change to a System of Competitive Licensing

One obvious way to reduce this artificially high value of certain liquor licenses in the package field is to change to a system which would introduce the element of competition. This can be done by assuring the location of a sufficient number of off-sale licenses competitively in commercial districts throughout the entire city, so that no single licensee, nor a few, will be able to enjoy near-monopolistic financial returns, while the vast majority of licensees at best are barely able to keep their doors open. There are several ways to bring this about. One way, of course, is to educate voters to allow package stores in major shopping areas throughout the city. This is possible under the present system, but at least thus far there has been no evidence to warrant the conclusion that this is likely to happen. Another way would be to abolish or expand substantially the patrol limits and leave the final decision on location to the licensing authority. Still another approach might be to allow the sale of liquor in establishments that are not exclusively liquor stores. Any of these approaches might or might not require an increase in the total number of liquor licenses allowed in Minneapolis. Added to this is a review of the basic soundness of the state law which prohibits price competition.

The Licensing Committee is in the process of reviewing extensively these and other approaches which would lead to substantially increased competition in the sale of liquor.

#### Drastic Changes Needed if Present System is to be Retained

The Licensing Committee is also considering the possibility of staying with the present basic system of limited numbers of licenses with limited possible locations. Irrespective of the desirability or the soundness of this system, there is considerable doubt that the community itself is prepared to accept the changes necessary to increase substantially competition in the sale of liquor. The Licensing Committee is now considering several approaches to limiting the adverse effects of the serious lack of competition in the package field. Each of the possible approaches listed below would tend to reduce the high artificial value of certain favored locations:

1. Imposition of a graduated tax on the gross receipts of off-sale liquor establishments.

The Citizens League in 1959 proposed consideration of this type of tax as one way of reducing the profit to certain favored establishments. The basic premise on which this proposal rested was the fact that most of the profit resulted directly from the grant of the location made by the municipality and that it was sound public policy to have such income revert to the people of the city rather than the favored licensee. This proposal is once again under serious consideration by the Licensing Committee.

2. Private operation of off-sale liquor establishments on a contract lease basis, with public control or ownership of certain, or possibly all, locations. This envisions creation of a commission to manage the municipality's interest in the establishment.

Another way to accomplish somewhat similar results to those that would occur under imposition of a graduated tax on gross receipts would be to in effect make the municipality the landlord of off-sale liquor establishments. The city might either be the owner of the building or might hold a long-term lease with the city subleasing to the licensee. It would be the intention to relate the amount of rent charged the licensee to the gross receipts or net profit of the establishment. This approach would still retain the profit incentive and private management and operation of liquor establishments, but would minimize the artificial value of favored locations. This approach might mean that only favored locations would be owned or leased by the municipality, or it might mean that eventually all off-sale locations would be under the control of the City. We also envision the possibility of patterning this approach after that used by the Metropolitan Airports Commission at Wold-Chamberlain Field, whereby the Commission contracts with a private licensee for the operation of the establishment. The Committee is not considering this approach for on-sale liquor establishments.

The Committee contemplates, should it adopt this approach, the establishment of a commission or authority to handle the City's interest in liquor establishments.

3. Municipal ownership and operation of off-sale establishments.

The Committee is also considering the possibility of municipal ownership and operation of off-sale liquor stores.

The Committee is not limited to one of these alternative approaches. It might well recommend some entirely new approach if it concludes that it is desirable to stay within the present basic system of regulating the sale of liquor. However, we do stress the need to reduce the artificial value of certain favored off-sale liquor locations and these are approaches that would accomplish this objective.

#### Committee Considering Basic Change in Licensing Authority

The Committee is giving serious attention to the possibility of the establishment of a commission to process and make recommendations on the granting of liquor licenses. Such a commission would result in the transfer of most of the administrative detail and even a large degree, if not all, of the discretionary control over liquor licenses from the City Council. It is possible that a final veto might be left with the Council. Our thinking is not sufficiently clear as yet to justify discussing the framework of such a commission. If the approach envisioned in No. 2 above were to be recommended, then it might well be that the commission which would manage the City's interest in off-sale liquor establishments might well have added to it the responsibility for regulating the sale of liquor in general.

Future Transfers of Liquor Licenses at Locations Outside the Patrol Limits

There is a basic inconsistency with establishing patrol limits boundaries within which the sale of liquor is to be confined and allowing a favored few locations outside these boundaries. Much can be said for a system that establishes the same ground rules for all liquor establishments. If it is sound public policy to restrict most liquor licenses to a central part of the city, then it logically follows that all licenses should be similarly restricted. Naturally, it would be unfair to revoke or fail to renew the licenses of establishments now situated outside the patrol limits. But perhaps it would not be unduly unfair to preclude transfer of these licenses at some future date to new licensees without requiring the same advance voter referendum approval that is required for any new license outside the patrol limits.

We report here merely the fact that this possible approach has been discussed by members of the Licensing Committee and is on the agenda for further exploration.

None of These Approaches Has Been Decided Upon at This Time

We wish to make emphatically clear the fact that all of these possible proposals are in the discussion stage and none have been recommended. We report them here primarily for the purpose of making an interim progress report and in the hope that their mention might provoke other organizations and individuals to direct their attention to the basic problems inherent in our present system of regulating the sale of liquor.

We Urge Others to Direct Their Attention to Improving the Liquor Licensing System

We strongly urge other community civic, business, religious and labor organizations, as well as public officials, to give top attention to considering these and other possible alternative ways of regulating the sale of liquor in Minneapolis. We shall be happy to furnish any background information the Citizens League's Licensing Committee has developed thus far, and also to appear before other committees. We further would be pleased to cooperate fully with other interested organizations and public officials in any joint study of this important subject. We cannot overemphasize the seriousness of certain basic weaknesses inherent in our present system of liquor licensing, and cannot overemphasize the importance of community-wide attention to finding workable answers to these problems.