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DISPENSARIES IN MINNESOTA.

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THE UNIVERSITY OF OKLAHOMA  
GRADUATE COLLEGE

A COMPARISON OF OPERATIONS BETWEEN SELECTED  
MUNICIPAL AND PRIVATE LIQUOR  
DISPENSARIES IN MINNESOTA

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A COMPARISON OF OPERATIONS BETWEEN SELECTED  
MUNICIPAL AND PRIVATE LIQUOR  
DISPENSARIES IN MINNESOTA

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This dissertation is dedicated to the memory of the author's father, whose intellectual abilities the author hopes he has inherited in some measure.

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A COMPARISON OF OPERATIONS BETWEEN SELECTED  
MUNICIPAL AND PRIVATE LIQUOR DISPENSARIES  
IN MINNESOTA

CHAPTER I

INTRODUCTION

Minnesota, like many other states, has not treated its municipalities too well in the sharing of tax revenue. Municipal debt has been rapidly expanding, reflecting a growing gap between revenue and expenditures. This gap was more than twenty million dollars for 1964, an increase of eighteen million from 1949.<sup>1</sup>

One method some Minnesota municipalities use to increase their revenues is the operation of municipal liquor dispensaries. As of June 31, 1966, 415 of the 850 Minnesota municipalities had municipalized the sale of liquor.<sup>2</sup> As a result, income earned in 1966 ranged from a profit of

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<sup>1</sup>Minnesota Municipalities, March, 1967, p. 68, Vol. LII, No. 3, League of Minnesota Municipalities, Minneapolis, Minnesota.

<sup>2</sup>License Fees Charged by Municipalities Issuing Liquor Licenses, p. 2, Publication of Minnesota Liquor Control Commission, St. Paul, Minnesota.

\$295,176 to a loss of \$2,933.<sup>3</sup> In all, seven of the municipal liquor dispensaries lost money during 1966.<sup>4</sup>

While some of the operations failed to provide revenue, the vast majority did contribute revenue to municipal governments.

Some Minnesota municipalities while permitting liquor sales have chosen not to municipalize liquor, but to license the sale of liquor to private interests. In 1966, there were three hundred and twelve Minnesota municipalities licensing private individuals to dispense liquor within their boundaries.<sup>5</sup> One of the tasks of this paper will be to determine which method contributes the greater amount of revenue to municipal governments.

The State Law of Minnesota permits cities of less than ten thousand population to sell liquor through municipal dispensaries. It also permits a city to continue to sell liquor in a municipally owned store after its population exceeds ten thousand if the voters approve. As can be seen from the above figures, a majority of the communities have chosen municipal liquor.

The existence of both municipal and private liquor dispensaries provides an opportunity for investigating the

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<sup>3</sup>Minnesota Municipalities, July, 1967, pp. 217-218, Vol. LII, No. 7, League of Minnesota Municipalities, Minneapolis, Minnesota.

<sup>4</sup>Ibid., pp. 214-218.

<sup>5</sup>License Fees Charged, etc., op. cit., p. 2.

advantages and disadvantages of private and public ownership of a non-natural monopoly type business. This question has been investigated in monopoly industries such as electric power, but there has been little investigation in competitive industries in the area of municipal ownership.

The objectives of this dissertation are to provide information for decision making in public policy and public finance and to compare the efficiency of public and privately owned liquor dispensaries.

Some of the secondary objectives of this study are:

1. To determine whether the pricing policies of the two types of liquor dispensaries differ.
2. To compare the number and size of stores in communities having municipal liquor with those having private liquor.
3. To compare violations of liquor laws by municipal and private dispensaries.
4. To compare the amount and type of advertising and promotion undertaken by private and municipal liquor dispensaries.
5. To examine the turnover in management and employees of municipal dispensaries.
6. To compare the handling of inventory and other problems.
7. To compare consumer service in the two types of liquor dispensaries.

This study is largely confined to the 1965, 1966, and 1967 operations of liquor dispensaries in the State of Minnesota. Statistics on the operations of municipal dispensaries are given for the years 1965 and 1966. Information on the most profitable municipal operations is given

for the years 1963, 1964, 1965, and 1966. Information on unprofitable municipal operations is given for the years 1964-1966.

Twenty-four municipalities were selected for comparison purposes. They were divided into groups based upon their 1960 populations. There are eight municipalities with populations over 8,500, eight with populations from 2,500 to 8,500, and eight with populations of less than 2,500. Richfield, Minnesota, and its municipal operation is also discussed, but not compared with any other municipality.

Selections of the twenty-four municipalities having on- and off-sale liquor were made on the basis of population and geographic location. The three population groups were selected to reflect the operations of liquor dispensaries in relatively large, medium, and small communities. The cities selected in the above 8,500 group were as follows:

Cities Having Municipal Liquor	Cities Having Private Liquor
Fridley	Crystal
Anoka	Hastings
Bemidji	Brainerd
Northfield	Owatonna

The cities selected in the 2,500 to 8,500 group were as follows:

Cities Having Municipal Liquor	Cities Having Private Liquor
Alexandria	Little Falls
Sleepy Eye	Springfield
Morris	Sauk Centre
Glencoe	LeSueur

The communities selected in the under 2,500 group were as follows:

Communities Having  
Municipal Liquor

Morton  
Keewatin  
Arlington  
Fulda

Communities Having  
Private Liquor

Franklin  
Buhl  
Belle Plaine  
Adrian

In making the selections, the author first chose a community having municipal liquor and then attempted to locate a community comparable in terms of population, geographic location, and per capita income.

Financial operations of the liquor dispensaries in 1966 were examined for the selected communities in these groups. For prices, employment and similar statistics, 1967 data were used. Aggregate data on net income, gross profit, sales, taxes, and similar information were obtained for the private liquor dispensaries for 1965 and these were compared with similar 1965 data from the municipal dispensaries. Thus the scope of the study includes the years 1963 through 1967 for the municipal liquor dispensaries, and the years 1965 through 1967 for the private dispensaries.

After a survey of available literature on Minnesota municipal liquor dispensaries it was found that most of the data came from three sources: The League of Minnesota Municipalities, The Minnesota Liquor Control Commission, and the Minnesota State Public Examiner.

Data on private liquor dispensaries in Minnesota

were available from the Minnesota Liquor Control Commission and from the Licensed Beverage Institute, but these merely provided information on numbers and licensees and provided no information on the actual operations of the private dispensaries. It was also determined that some of the necessary data on municipal operations were not available from any of the above sources. Thus it was decided to make personal visits to the selected municipalities and to each of the liquor dispensaries in these communities for the purpose of obtaining detailed information.

A preliminary set of questions drawn up for use with private liquor dispensaries was tested in one community. Similar questions were compiled and tested at one municipal liquor dispensary. After some additions and revisions the two lists were standardized.

Data on the operations of the private dispensaries were gathered by personal visits to each of the dispensaries to obtain information from the licensee, his employees, and to personally observe the operations. Most of the private licensees were cooperative in the project although in some instances very little information was obtained. Only three licensees refused to give any information. The private dispensaries in LeSueur and Belle Plaine were generally the least cooperative in this study, while those in Brainerd and Little Falls were the most cooperative.

Data on the operations of the municipal liquor dispensaries were easier to obtain. All municipal liquor

store managers were quite helpful in providing the information requested. In one case where a manager could not be reached, the assistant manager supplied the necessary information. Usually it was necessary to contact the city clerk or a similar official to obtain the necessary financial statements.

Information concerning property taxes paid by the private liquor dispensaries was obtained, where possible, from the city assessors. When the city assessor was unable or unwilling to help, it was necessary to obtain information from the county assessor. In many instances the real estate assessment was for a specific piece of property not always fully occupied by the liquor dispensary. In these instances, with the help of the various assessors and their employees, allocations were made as to the per cent of the tax which should be allocated to the liquor dispensary in question.

Travel required visiting each of the twenty-five municipalities at least once. This was done within a two month period beginning June 15 and ending August 20, 1967. It was necessary to visit many of the municipalities several times to obtain needed information. The telephone and mails were also used to obtain certain statistics. All the information was collected before December 31, 1967, except the information on the year 1965 from the Internal Revenue Service which was supplied in February, 1968.

The author felt it desirable to comment on the facilities found in each of the selected on-sale liquor dispensaries and to make some statement about the service and atmosphere provided customers. For this purpose five categories were used with each on-sale dispensary being rated from zero to four in each category. A rating of two in a particular category would be considered average. A rating of less than two would indicate that the particular dispensary was below average in the particular area. A rating greater than two would indicate the author judged the area to be above average. In certain cases, comments were made indicating the reasons for assigning the particular rating.

The five categories used in the rating were:

- (1) Courtesy and Friendliness of Employees
- (2) Dress and General Appearance of Employees
- (3) Efficiency of Employees
- (4) Toilet Facilities
- (5) General Appearance of Premises

In many instances, the person rated in the first three categories above was the owner as in most smaller dispensaries he was on duty for most of the day. The rating assigned was the author's impression during his first visit. Most first visits to the on-sale liquor dispensaries were for about one-half hour or more. While in this time period it is not possible to obtain the entire picture in the areas rated, it is hoped the ratings provide some insight into



the conditions that a stranger entering a particular dispensary for the first time would find. The author did not mention the ratings but merely identified himself and asked for cooperation in obtaining information. It must be emphasized again that these ratings should be considered on the basis of their subjective nature only, and the total points assigned to each dispensary should be viewed with that in mind.

Other information concerning private and municipal liquor dispensary operation such as prices charged and inventories carried were obtained by personal interview. When information was given which appeared dubious the author attempted to check this by other means where possible. If after checking the information seemed to be in error, it was dropped. In general it was assumed that the information given was substantially correct.

All population data used in this study were taken from the 1960 or the 1965 census conducted by the United States Department of Commerce.

Various terms are used throughout this paper which may be unfamiliar to many readers. Thus a list of these terms and their usage in this paper are provided here:

- (1) On-Sale Liquor Dispensary--A business that sells liquor for consumption on the premises.
- (2) Off-Sale Liquor Dispensary--A business selling liquor for consumption off the premises.
- (3) On- and Off-Sale Liquor Dispensary--A business

selling liquor both for consumption on and off the premises.

- (4) Shot--A given quantity of liquor served to customers in on-sale dispensaries. Most dispensaries had some type of container to measure the amount of liquor so dispensed while some had automatic devices that could be set to dispense various quantities of liquor.
- (5) Minimum Price Law--A law passed by the 1961 Minnesota Legislature requiring that retailers not sell off-sale liquor and wines at a price below that stated in a book published by the Liquor Control Commissioner. Also referred to locally as the fair trade law.
- (6) Sister Cities or Municipalities--Incorporated areas that for the purposes of this study were compared and contrasted.
- (7) Inventory Turnover--The number of times a given size inventory was sold during the year. In this paper cost of sales is used to indicate sales volume of the dispensary and not actual sales to customers which would give a higher ratio.
- (8) Bar, Whiskey, Gin, and Vodka--This is the type of liquor poured by the bartender when the customer does not specify a particular brand. Usually a rather inexpensive brand of liquor; it is generally sold at a somewhat cheaper price.
- (9) Supper Club--A nightclub usually selling both food and liquor, but primarily concerned with serving food.

#### Organization of Chapters

Chapter II discusses overall municipal ownership of liquor dispensaries in Minnesota. It discusses state regulations that apply to municipal liquor dispensaries and the manner in which these regulations affect the operations of the municipal stores. It provides statistical data concerning

the number of municipal stores operating in the years 1963 through 1966. Further statistics give accounting results of all municipal on- and off-sale stores.

Chapter III is concerned with the number of violations committed by private and municipal liquor dispensaries. This chapter presents a record of violations of private liquor dispensaries taking place during 1965, 1966, and the first half of 1967. Similar information is given for the municipal liquor dispensaries but the time period used was 1962 through the first half of 1967. This information was compiled from the records of the Minnesota Liquor Control Commission.

Chapter IV deals with the municipal liquor operations of the City of Richfield, Minnesota, which had the largest municipal liquor operations in the state in terms of sales and profits in the years 1963 through 1966. Some of the factors contributing to the success of this operation are pointed out. Information is also given about the City and the accounting statements of the dispensary.

The information provided in Chapters V, VI, and VII is similar and the comments made in this paragraph will apply to all three. All deal with comparisons between municipalities having private liquor dispensaries and those having municipal dispensaries. Chapter V deals with municipalities having a 1960 population greater than 8,500; Chapter VI with municipalities whose populations ranged

from 2,500 to 8,500; and Chapter VII with municipalities having a 1960 population of less than 2,500.

The task of fully comparing the revenues and services of a pair or a group of municipalities would be almost endless and perhaps not very rewarding. Thus these chapters deal with only certain features of the finances and services of the selected municipalities. It is felt the information provided will permit the reader to see how the operations of private and municipal liquor dispensaries affect the finances of the various municipalities.

In addition to the financial aspects, information is provided on the actual operations of all municipal and private liquor dispensaries in the selected communities.

Chapter VIII is again concerned with comparisons among the twenty-four selected communities used in Chapters V, VI, and VII. The data presented on the operations of the private liquor dispensaries in the twelve selected municipalities have been provided by the Internal Revenue Service. These data have been compared with similar data of municipal liquor dispensaries.

Chapter IX gives a brief summary of the findings of the study and presents the author's conclusions and recommendations.

## CHAPTER II

### GENERAL INFORMATION ON MUNICIPAL LIQUOR STORE OPERATIONS IN MINNESOTA

The purpose of this chapter is to describe the operations of municipal liquor dispensaries in the State of Minnesota. The chapter will include:

- (1) Information regarding state regulations applying to municipal liquor dispensary operations,
- (2) The number of municipal dispensaries for the years 1963 and 1966,
- (3) Information about the size and profitability of municipal liquor dispensaries in operation,
- (4) Data on municipal stores closed from 1964 through 1966,
- (5) Data on the combined operations of all municipal dispensaries operating in Minnesota during 1966,
- (6) Data on municipal stores which showed a net loss in one or more of the years, 1964-1966.

#### State Regulations Applying to Municipal Liquor Dispensaries

Any Minnesota municipality having a population of 10,000 or less may operate a municipal liquor dispensary for the sale of liquor at retail, either on-sale, off-sale,

or both.<sup>1</sup> The state legislature authorized this monopolistic form of selling liquor in the municipality as an effective means of controlling the dispensing and use of this commodity.<sup>2</sup>

Most municipal liquor dispensaries are profitable but their profits are somewhat limited by state regulations. A municipal liquor dispensary cannot justify its existence unless it prevents the misuse of liquor. While the emphasis on liquor control may prevent the municipal store from making the maximum profit, it may help to curtail the social cost of using this commodity. Social costs are not reflected in the income statement of the municipal dispensary, therefore, these statements do not wholly reflect how well or how poorly a particular dispensary is being operated. Unfortunately, there seems to be no better method at present of judging operations as social costs can only be estimated.

As a part of the control program, stores are not to advertise or use other promotional techniques. There is no specific law against these practices, but the concept of control largely prohibits their use. The state public examiner has ruled that liquor revenues may be spent only for a public purpose. While the concept of public purpose is a changing one, it is held that this excludes donations

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<sup>1</sup>Minnesota Statutes Nos. 230.07 and 340.11.

<sup>2</sup>Information for Municipal Officials, League of Minnesota Municipalities, Minneapolis, Minnesota, p. 1.

to private charities or organizations as well as any advertising which would encourage and increase liquor consumption. In the survey made of 13 municipal dispensaries, it was found that only one did much, if any, advertising or promotion other than instore displays. Any such expenditures made were usually for promotions that were informative in nature, stating that legal liquor could be purchased at the municipal dispensary.

The social costs arising from the use of liquor, being for the most part subjective and intangible, are very difficult to estimate. It can be fairly admitted, however, that such costs do exist and would likely increase if the only goal of a municipal dispensary was maximum profit rather than control.

#### The Number of Municipal Liquor Dispensaries

On December 31, 1963, there were 394 municipalities in Minnesota operating municipal liquor stores.<sup>3</sup> As of December 31, 1966, there were 415, an increase of 21 dispensaries.<sup>4</sup> This increase was largely due to the repeal of the so-called "county option" law by the 1965 Minnesota Legislature. This law stated that if a county voted "dry" no municipality within the county could have a liquor store.

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<sup>3</sup>Minnesota Municipalities, July, 1964, Vol. XLIV, No. 7, League of Minnesota Municipalities, Minneapolis, Minnesota, p. 204.

<sup>4</sup>Ibid., July, 1967, Vol. LII, No. 7, p. 213.

After repeal, a municipality could decide if it wished to be "wet" or "dry" without being bound by the county regulations.

The total number of municipalities in Minnesota as of June 30, 1966, was 850 of which 312 had privately licensed liquor dispensaries, 415 had municipal dispensaries and 123 were essentially "dry."<sup>5</sup> Some of the 312 municipalities having private dispensaries were not eligible to have municipal liquor dispensaries because their total populations exceeded 10,000. Despite this, over 57 per cent of the total municipalities having liquor chose to operate municipal dispensaries.

Until the 1967 legislative session only municipalities were eligible to issue liquor licenses. The 1967 legislature, however, passed Act Number 697 which permits counties to issue on-sale liquor licenses to certain restaurants in unincorporated areas. However, for the purpose of this survey, no liquor license could be issued in Minnesota unless it was issued by a municipality.

Combined Operations of Municipal Dispensaries  
in Minnesota

The following tables summarize the operations of both types of stores, off-sale and on-sale, and also present combined operations of all stores in Minnesota during 1966.

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<sup>5</sup>License Fees Charged by Municipalities Issuing Liquor Licenses, Minnesota Liquor Control Commission, St. Paul, Minnesota, p. 2.



TABLE 2-1

STATISTICAL DATA OF ALL 329 MUNICIPAL ON- AND OFF-SALE  
LIQUOR DISPENSARIES, FOR THE YEAR 1966

Item	Amount	Per Cent of Sales
Total Sales	\$44,498,663	100
Cost of Sales	<u>28,533,553</u>	<u>64.1</u>
Gross Profit	\$15,965,110	35.9
Operating Expense	<u>9,378,774</u>	<u>21.1</u>
Net Income	\$ 6,586,774	14.8

Source: Minnesota Municipalities, July, 1967, Vol. LII,  
No. 7, p. 213, League of Minnesota Municipalities,  
Minneapolis, Minnesota.

TABLE 2-2

STATISTICAL DATA OF ALL 89 MUNICIPAL OFF-SALE  
LIQUOR DISPENSARIES, FOR THE YEAR 1966

Item	Amount	Per Cent of Sales
Total Sales	\$14,633,249	100
Cost of Sales	<u>10,977,199</u>	<u>75</u>
Gross Profit	\$3,656,130	25
Operating Expense	<u>1,698,863</u>	<u>11.6</u>
Net Income	\$1,957,267	13.4

Source: Minnesota Municipalities, July, 1967, Vol. LII,  
No. 7, p. 213, League of Minnesota Municipalities,  
Minneapolis, Minnesota.

TABLE 2-3

STATISTICAL DATA OF ALL 418 MUNICIPAL LIQUOR  
DISPENSARIES, FOR THE YEAR 1966

Item	Amount	Per Cent of Sales
Total Sales	\$59,131,912	100
Cost of Sales	<u>39,510,672</u>	<u>66.8</u>
Gross Profit	\$19,621,240	33.2
Operating Expense	<u>11,077,637</u>	<u>18.7</u>
Net Income	\$ 8,543,603	14.5

Source: Minnesota Municipalities, July, 1967, Vol. LII, No. 7, p. 213, League of Minnesota Municipalities, Minneapolis, Minnesota.

These figures are given as bench marks so results of individual stores may be compared against the combined operations of all municipal stores in the state during 1966.

The total number of municipal stores is 418; however, three discontinued operations during 1966. In addition, the store at Shafer, Minnesota, discontinued operations on January 1, 1966, and is not included in the tables.

Operations of the Fifteen Largest Municipal Liquor  
Dispensaries in Minnesota

There were 15 municipalities in Minnesota whose municipal liquor dispensaries had sales exceeding one-half million dollars in 1966. So that the operations of these dispensaries can be compared with those in Table 2-1 and with the less successful dispensaries in Tables 2-6 and 2-7,

the following table lists these stores and gives pertinent information about them and their municipalities.

All of the municipalities in Table 2-4 are considered to be suburban communities except Bemidji, Detroit Lakes, Alexandria, and Grand Rapids. These four cities are located in areas of the state having heavy concentrations of summer tourist travel. Thus a significant part of their liquor sales came from both in and out of state tourists.

In order to compare results of the municipal liquor dispensaries, categories given in Table 2-4 for 1966 are repeated in Table 2-5 for 1963.

TABLE 2-4

STATISTICAL DATA ON MINNESOTA MUNICIPAL LIQUOR DISPENSARIES  
WITH 1966 SALES GREATER THAN ONE-HALF MILLION DOLLARS

Municipality	Sales	Net Income	1960 Population*	Per Capita Revenue Earned	Per Capita Sales
Richfield	\$1,811,028	\$295,176	42,523	\$ 6.94	\$ 42.59
Edina	1,732,635	277,279	28,501	9.73	60.79
St. Anthony	1,305,088	232,524	5,084	45.74	256.70
Fridley	1,200,254	163,840	15,173	10.80	79.10
Brooklyn Center	896,540	115,170	24,336	4.73	36.81
Columbia Heights	888,212	107,534	17,533	6.13	50.66
Roseville	807,407	84,930	23,997	3.54	33.65
Anoka	727,167	123,049	10,562	11.65	68.85
Wayzata	695,542	83,721	3,219	26.00	216.07
Bemidji	682,351	108,913	9,958	10.44	68.52
Detroit Lakes	621,605	82,600	5,633	14.66	110.35
Savage	611,779	81,949	1,094	74.91	559.21
Robbinsdale	602,521	93,121	16,381	5.68	36.78
Alexandria	548,352	79,621	6,713	11.86	81.68
Grand Rapids	511,594	70,571	7,265	7.25	70.42

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\*As the 1965 Federal Census of Minnesota did not cover all the above communities  
1960 figures are used.

Source: Minnesota Municipalities, July, 1967, Vol. LII, No. 7, League of  
Minnesota Municipalities, Minneapolis, Minnesota, p. 213.

TABLE 2-5

STATISTICAL DATA ON MINNESOTA MUNICIPAL LIQUOR DISPENSARIES  
WITH 1963 SALES GREATER THAN ONE-HALF MILLION DOLLARS

Municipality	Sales	Net Income	1960 Population*	Per Capita Revenue Earned	Per Capita Sales
Richfield	\$2,259,833	\$419,884	42,523	\$ 9.87	\$ 53.14
Edina	1,480,951	254,452	28,501	8.93	51.96
St. Anthony	972,679	139,583	5,084	27.45	191.32
Fridley	898,967	115,023	15,174	7.58	59.25
Roseville	759,878	53,633	23,997	2.23	31.66
Brooklyn Center	751,848	88,875	24,356	4.65	30.87
Savage	736,554	112,194	1,094	102.55	673.27
Columbia Heights	711,639	83,824	17,533	4.78	40.59
Anoka	568,101	88,340	10,562	8.36	53.79
Wayzata	555,450	74,885	3,219	23.26	172.55
Robbinsdale	551,871	70,791	16,381	4.32	33.69
Bemidji	542,061	93,524	9,958	9.39	54.43
Detroit Lakes	537,621	63,325	5,633	11.24	95.44
Alexandria	509,985	81,770	6,713	12.18	75.97

\*The 1965 Federal Census of Minnesota did not cover all the above communities; thus 1960 figures are used.

Source: Minnesota Municipalities, July, 1964, Vol. XLIX, No. 7, League of Minnesota Municipalities, Minneapolis, Minnesota, p. 204.

Study of the Two Previous Tables

Tables 2-4 and 2-5 show that the municipalities having liquor sales of over one-half million dollars have changed very little in the four year period. The four leading cities retained their positions. In the four year period one new name, Grand Rapids, was added. This dispensary had sales of \$418,980 in 1963.<sup>6</sup> Grand Rapids had an increase in sales of nearly \$100,000 in the four year period. The City of Thief River Falls, Minnesota, located in the northwest section of the state, reported sales of slightly over one-half million dollars in the years 1964 and 1965.<sup>7</sup> Its sales fell, however, to \$422,360 in 1966.<sup>8</sup>

Tables 2-4 and 2-5 show that the majority of the dispensaries had a moderate rise in sales during the four-year period. Liquor dispensaries of Richfield, Edina, Savage, and Roseville, however, experienced a decrease in sales. The decrease was very severe in Richfield, Edina and Savage. At least one reason for this can be attributed to increased competition from recently opened private liquor dispensaries in Bloomington, Minnesota. As of October 1, 1966, Bloomington had 19 off-sale liquor dispensaries and seven on-sale dispensaries.<sup>9</sup> Until July 1, 1964, Bloomington

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<sup>6</sup>Minnesota Municipalities, 1964, op. cit., p. 206.

<sup>7</sup>Ibid., 1965, 1966, p. 207, p. 227.

<sup>8</sup>Ibid., 1967, p. 218.

<sup>9</sup>Off-Sale, On-Sale and Club Liquor Licenses, Minnesota Liquor Control Commission, St. Paul, Minnesota, pp. 5-6.

was a "dry" city whose residents were forced to drive to adjacent communities to buy on-sale liquor. It was not until July 1, 1965, that off-sale liquor could be legally purchased in Bloomington. Since many of the privately owned Bloomington off-sale stores deliver while the municipal stores are prohibited from doing so, it can be assumed that some persons living in the adjacent communities have switched their buying from the local municipal stores to the privately owned stores in Bloomington. Since Minnesota has a minimum price law pertaining solely to liquor, the private stores have a slight competitive advantage in that they are allowed to deliver their products at the same price that municipally operated stores must charge for liquor purchased on the premises. The price maintenance law does not apply to beer sales, but it does apply to most other alcoholic beverages sold.

During the three year period of operations 1964, 1965, and 1966, a number of the municipally operated liquor dispensaries incurred losses in their operations. The following two tables present the financial data for the municipal liquor dispensaries having losses.

Several reasons can be discerned in analyzing the statistics for the stores incurring losses in the years 1964 through 1966. In nearly all of the stores the sales volume was quite low. In nearly all the gross profit as a per cent of sales fell substantially below the average for

TABLE 2-6  
 FINANCIAL STATISTICS ON MINNESOTA MUNICIPAL LIQUOR DISPENSARIES  
 INCURRING A NET LOSS FROM OPERATIONS IN 1964 AND 1965

Municipality	Type of Sales	1960 Population	Sales	Per Capita Sales	Cost of Sales	Gross Profit	Gross Profit as a Per Cent of Sales	Operating Expenses	Operating Expenses as a Per Cent of Sales	Net Loss
(1964)										
Brownsdale	On & Off	622	\$54,148	\$87.05	\$33,548	\$20,600	38	\$21,712	40	\$1,112
Conger	On & Off	215	39,030	181.53	28,006	11,024	28.2	11,206	29	182
Holland <sup>1</sup>	On & Off	264	15,421	58.41	11,258	4,163	27.0	4,937	30	774
Plymouth <sup>2</sup>	Off	9,576	12,619	1.32	9,508	3,111	24.7	4,291	24	1,180
Wolverton	Off	204	12,020	58.92	8,658	3,362	28.0	5,421	45	2,059
(1965)										
Ruthton	Off	476	14,352	30.15	11,625	2,727	19	3,223	22	496

<sup>1</sup>Discontinued Operations July, 1964.

<sup>2</sup>Began Operations, November, 1964.

Source: Minnesota Municipalities, July, 1965, Vol. L, No. 7, pp. 208, 209, 211, and July, 1966, Vol. LI, No. 7, p. 231, League of Minnesota Municipalities, Minneapolis, Minnesota.



TABLE 2-7

FINANCIAL STATISTICS ON MINNESOTA MUNICIPAL LIQUOR DISPENSARIES  
INCURRING A NET LOSS FROM OPERATIONS IN 1966

Municipality	Type of Sales	1960 Population	Sales	Per Capita Sales	Cost of Sales	Gross Profit	Gross Profit as a Per Cent of Sales	Operating Expenses	Operating Expenses as a Per Cent of Sales	Net Loss
Barrett <sup>1</sup>	On & Off	345	\$17,393	\$50.41	\$13,828	\$ 3,565	20.5	\$ 3,960	25	\$ 395
Easton <sup>2</sup>	On & Off	411	17,167	41.77	12,085	5,082	29.6	5,086	30	4
Forada	On & Off	98	48,218	492.02	34,264	13,954	28.9	14,067	20	113
Garfield <sup>2</sup>	Off	240	16,022	66.76	12,877	3,145	19.6	3,150	20	5
Hoffman	On & Off	650	36,691	56.45	28,537	8,154	22.2	8,395	23	241
Odessa	On & Off	234	30,386	129.85	19,600	10,786	35.5	10,875	36	89
Walters	On & Off	133	53,880	405.11	44,331	9,549	17.7	12,482	23	2,933

<sup>1</sup>Began Operations in 1966.

<sup>2</sup>Discontinued Operations in 1966.

Source: Minnesota Municipalities, July, 1967, Vol. LII, No. 7, pp. 214-218.  
League of Minnesota Municipalities, Minneapolis, Minnesota.

all such stores, shown in Tables one, two, and three to be 35.9 per cent for all on- and off-sale stores, 25 per cent for all off-sale stores, and 33.2 per cent for all stores combined. In most of the stores the operating expense as a per cent of sales shown in Tables one, two, and three, as 21.1 per cent for all on- and off-sale stores, 11.6 per cent for off-sale stores, and 18.7 per cent for all stores, was exceeded.

The generally low percentage of gross profit and high operating costs recorded by many of these stores would indicate either inept management or gross interference from municipal officials. By doing a careful job of purchasing and dispensing an effective manager can take advantage of "deals" and discounts given by distributors which can materially raise the gross profit of a store by reducing cost of sales figures. Also, hiring too much labor will cause operating costs to soar and make it difficult to earn a satisfactory return. Hiring of excess or incompetent labor may, in certain cases, not reflect on the manager, but can be caused by interference from city officials. In a municipal system, especially in the smaller communities, the citizenry seems to take great interest in municipal liquor operations; and while nepotism and similar practices likely exist, there are many "watchdogs" present to guard against any long term abuses. The important part the liquor dispensary's revenue plays in the tax picture of many

communities and the relative ease of assessing the situation at the municipal dispensary, assure rather close scrutiny of the operations.

Purchasing can be one of the manager's most important tasks. Distributors do give discounts on quantity purchases, and a manager by effectively managing his inventory can save substantial sums on purchases. In the same vein, distributors also sell at special prices on various occasions. If a manager is able to take advantage of these, he can again reduce his cost of sales figures and increase gross profit.

Information on Dispensaries Changing from  
Public to Private Ownership

The following tables present information about the municipal liquor dispensaries changing from public to private ownership. During the period, 1964-1966, nine municipalities chose to make this change. Excepting the two suburban communities of Plymouth and Brooklyn Park, all had populations of less than 1,000 and relatively low sales volumes. Many of the same communities that appear in Tables 2-6 and 2-7 also appear in Tables 2-8 and 2-9.

Table 2-9 gives information on the position of the municipalities in Table 2-8 after private licenses were issued.

From Tables 2-8 and 2-9, it can be noted that, except for the suburban community of Brooklyn Park, there

TABLE 2-8

MINNESOTA MUNICIPAL LIQUOR DISPENSARIES CLOSED  
DURING THE YEARS 1964-1966

Municipality	Type of Sales	Year Closed	1960 Population	Sales Year Previous to Closing	Gross Profit as a Per Cent of Sales	Net Income or (Loss)
Hill City	On & Off	1964	424	\$ 50,684	33.2	\$ 2,893
Holland	On & Off	1964	264	30,565	31.2	2,055
Brooklyn Park	On & Off	1965	10,197	212,603	31.3	12,773
Elkton	Off	1965	147	16,959	15.0	100
Wolverton	Off	1965	204	12,020	28.1	(2,054)
Easton	On & Off	1966	411	54,516	29.9	2,777
Garfield	Off	1966	240	49,104	22.4	4,053
Plymouth	Off	1966	9,576	111,297	22.9	832
Shafer	Off	1966	147	7,919	21.8	451

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Source: Minnesota Municipalities, July, 1965, 1966, 1967, pp. 207, 227, 213, Vols. 50, 51, 52, No. 7, League of Minnesota Municipalities, Minneapolis, Minnesota.

TABLE 2-9

INCOME RECEIVED FROM PRIVATE LICENSE FEES BY MUNICIPALITIES  
 APPEARING IN TABLE 2-8

Municipality	On Sale License Fee Collected	Off Sale License Fee Collected	Total Received From Private Liquor Licenses in 1966
Hill City	\$5,000	\$200	\$5,200
Holland	1,700	100	1,800
Brooklyn Park	3,000	400	3,400
Elkton	-0-	100	100
Wolverton	500	100	600
Easton	2,500	100	2,600
Garfield	Had not issued licenses by June 30, 1966		
Plymouth	-0-	150	150
Shafer	550	100	650

Source: Minnesota Municipalities, July, 1965, 1966, 1967, Vols. 50, 51, 52, No. 7, pp. 207, 213, 227, League of Minnesota Municipalities, Minneapolis, Minnesota; and License Fees Charged by Municipalities Issuing Liquor Licenses, June 30, 1966, pp. 3, 5, 6, 7, 8, 12, 13, 16. Minnesota Liquor Control Commission, St. Paul, Minnesota.

has been no great financial sacrifice on the part of the municipalities closing down their dispensaries and turning to private operations especially if additional property tax collections are considered. In the cases of Hill City and Wolverton, the municipalities derived a substantial amount of additional revenue from the change.

The above data also suggest that economies of scale are of some importance in operating liquor dispensaries, especially municipal dispensaries. On- and off-sale dispensaries with sales of less than \$50,000 seem to find it difficult to operate profitably while off-sale dispensaries find profitable operations difficult with sales of less than \$20,000 per year. Chapter VIII supplies data that show dispensaries in smaller municipalities do manage to match or exceed the gross and net profit as a percentage of sales figures turned in by dispensaries in large municipalities. However, it appears the above sales levels are necessary if operations are to yield a profit higher than the community could have received from issuing one or more private liquor licenses. Tables 2-8 and 2-9 supply further information on the latter statement.

The following chapter will supply information on violation of state liquor laws by private and municipal dispensaries in Minnesota.

## CHAPTER III

### VIOLATION OF MINNESOTA LIQUOR LAWS BY PRIVATE AND PUBLIC LIQUOR DISPENSARIES

Before beginning the economic comparison between municipal and private stores, their willingness to obey the law will be considered. This chapter will discuss law violations by both privately and publicly owned liquor dispensaries. Since violations of Minnesota liquor laws are reported to the Minnesota Liquor Control Commissioner's office, his records were used for much of the following information. It is believed that investigation of the records of this office will give an indication of the number of violations that have occurred, the types of violations, the penalties imposed and other related information.

A word of caution on the interpretation of this information is necessary. While this information does provide evidence of liquor law violations, it does not offer a completely clear picture as to the number of these violations. This is true for two reasons. First, it is assumed that not all violations are reported. While examining the files of the Liquor Control Commission

several letters stating that the writer, usually the city attorney, was not aware of the necessity of reporting violations. Second, it was the opinion of persons on the staff of the Liquor Control Commission that in certain cases only warnings would be given to municipal stores by local enforcement officials who would make arrests in the case of similar violations occurring in a private dispensary. As municipal dispensary profits were often thought to help pay the salaries of the police as well as to hold down property taxes, it was felt the local law officers were not eager to see municipal stores closed as they could be if an arrest were made and the violation reported.

With the above reservations, the following list of liquor law violations, in which the dispositions of the cases were recorded for the years, 1965, 1966, and through August 15, 1967, is presented. All violations given in Table 3-1 occurred in privately owned dispensaries. The type of dispensary, the city in which the violation took place, the type of violation, and the disposition of the case are given in this table.



Table 3-1. Disposition of Liquor Violations in Minnesota by Privately Owned Liquor Dispensaries for the Years 1965, 1966, and through August 15, 1967.

Violation No. and Name of Store or Licensee	Type of Store	Municipality	Type of Violation	Disposition	Date Case Closed
12345 Royal Liquor Store	Off-Sale	Minneapolis	Sale to Minor	Fine of \$100 & license revoked from June 1 to Aug. 12, 1966	8/12/66
12174 Buck's Bar	On and Off-Sale	Minneaska	Sales to Minors	Fine of \$35	1/8/65
12525 Arrow Bar, Inc.	On-Sale	Faribault	Permitting Persons to Remain After Closing Hours	Fine of \$50	6/19/67
12411 Auge Liquors	Off-Sale	Vadnais Hghts.	Sale to Minors	Fine of \$100 & costs	10/14/66
12256 Skeeter's Place	On and Off-Sale	Elrosa	Sunday Sale	\$100 fine	7/29/65
12257 Bill's Bar	On and Off-Sales	Elrosa	Sunday Sales	\$100 & costs	7/29/65

Table 3-1 (Cont.)

Violation No. and Name of Store or Licensee	Type of Store	Municipality	Type of Violation	Disposition	Date Case Closed
12262 Bob's Pickwick Bar	On-Sale	Virna	After Hours Sales	\$50 Fine	7/24/65
12431 Vince's Bar	On-Sale	Austin	Sale to Minors & allowing minors on premises	\$100 fine or 30 days in jail-fine paid	1/17/67
12482 Bottle House	Off-Sale	Minneapolis	Minimum Price	Stipulation	7/17/67
12453 Brass Rail Bar	On- and Off- Sale	Montgomery	After Hours Sale	\$100 fine	3/31/67
12444 Plaza Liquor Store	Off-Sale	Austin	Sale to Minors	\$100 fine	3/13/67
12281 "94" Liquors	Off-Sale	Moorhead	Sale to Minors	\$100 fine	10/14/65
12476 Carbone's Liquor	Off-Sale	St. Paul	Minimum Price	Stipulation*	7/20/67
12197 Eddie's Liquor Store	Off-Sale	Lino Lakes	Sale to Minors	\$100 fine	3/2/65

Table 3-1 (Cont.)

Violation No. and Name of Store or Licensee	Type of Store	Municipality	Type of Violation	Disposition	Date Case Closed
12198 Central Liquor Store	Off-Sale	Fairbault	Sale to Minors	\$100 fine; Li- cense sus- pended for 10 days by city	3/23/65
12384 Otto's Liquor Store	Off-Sale	Mendota	Minimum Price	Closed 7 days	9/9/66
12475 Otto's Liquor Store	" "	"	Minimum Price	Stipulation*	7/17/67
12428 Coathap's Tavern	Off-Sale	Scanlon	Sunday Sale	\$100 fine	10/10/66
12824 Curtis Hotel	On-Sale	Minneapolis	Pre-mixing	Suspended buy- er's card for 60 days	4/15/65
12179 Daniel's Liquor Store	Off-Sale	St. Paul	Minimum Price	Closed 5 days	2/8/65
12266 Del Monte's Bar	On-Sale	St. Paul	Refilling Bottles	Closed 1 week	7/15/65

Table 3-1 (Cont.)

Violation No. and Name of Store or Licensee	Type of Store	Municipality	Type of Violation	Disposition	Date Case Closed
12422 Desnick Liquors	Off-Sale	St. Paul	Selling for Resale	Closed 15 days	11/18/66
12385 Ernie's Liquor Store	Off-Sale	Mendota	Minimum Price	Closed 7 days	9/12/66
12474 Ernie's Liquor Store	" "	"	Minimum Price	Stipulation*	7/19/67
12480 1st Grande Ave. Liquor Inc.	Off-Sale	St. Paul	Minimum Price	Stipulation*	7/18/67
12488 M & M Corral	On- & Off- Sale	Lake Henry	Sunday Sale	\$50 fine	7/20/67
12297 Old Wine House	On-Sale	Chisholm	Sale to Minor	\$100 fine \$50 suspended	12/4/65
12330 Wonder Bar Village	On-Sale	Austin	Sale to Minor	\$100 fine	5/12/66

Table 3-1 (Cont.)

Violation No. and Name of Store or Licensee	Type of Store	Municipality	Type of Violation	Disposition	Date Case Closed
12518 Frank's in the Loop	On-Sale	Red Wing	Sale to Minor	\$100 fine	1/3/67
12231 Freddie's & Ernie's Bar	On-& Off- Sale	Hammond	Sale to Minors	See No. 12239 page 40, fine covered both cases	5/21/65
12332 Rosy's Liquor	Off-Sale	Golden Valley	Sale to Minors	\$100 fine	3/26/66
12274 Royal Lounge	On-Sale	Virginia	Sale to Minor	\$50 fine	8/20/65
12296 Central Liquor Store	Off-Sale	Chisholm	Sale to Minor	\$100 fine	12/11/65
12267 Otto's Liquor Store	Off-Sale	Mendota	Minimum Price	Closed 5 days	6/24/65
12485 Haskell's Liquor Store	Off-Sale	Minneapolis	Minimum Price	Stipulation*	7/21/67

Table 3-1 (Cont.)

Violation No. and Name of Store or Licensee	Type of Store	Municipality	Type of Violation	Disposition	Date Case Closed
12484 Chambers Liquor Store	Off-Sale	Minneapolis	Minimum Price	Stipulation*	7/18/67
12226 Starlite Bar	Off-Sale	Freeport	Sunday Sale	\$100 fine	5/24/65
12463 Ken's Liquors	Off-Sale	Medina	Sale to Minors	\$100 fine	10/18/65
12325 Katz Liquor Store	Off-Sale	Ely	Sale to Minor	\$100 fine	3/7/66
12286 Loop Liquor Store	Off-Sale	St. Cloud	Sale to Minor	\$100 fine or 90 days. Fine paid after 10 days	11/10/65
12282 M & M Corral	On and Off Sale	Lake Henry	After Hour Sale	\$100 fine plus \$13 costs	10/15/65
12347 McCormick's Liquor Store	Off-Sale	Minneapolis	Sale to Minor	\$100 fine. In later trial found Not Guilty	4/1/66

Table 3-1 (Cont.)

Violation No. and Name of Store or Licensee	Type of Store	Municipality	Type of Violation	Disposition	Date Case Closed
12397 White Bear Wine & Liquor Inc.	Off-Sale	White Bear Lake	Selling for Resale	Closed 2 days	10/5/66
12479 Lake View Liquors	Off-Sale	White Bear Lake	Minimum Price	Stipulation*	7/20/67
12481 Morellis Liquors	Off-Sale	St. Paul	Minimum Price	Stipulation*	7/18/67
12523 Nordeen's Liquor Store	Off-Sale	Red Wing	Sale to Minor	\$100 fine	12/28/65
12434 Shagawa Liquor Store	Off-Sale	Ely	Sale to Minor	\$100- \$50 suspended	3/9/67
12193 Wendorff's Bar	Off-Sale	Gibbon	After Hour Sale	\$100 fine	3/12/65
12425 Rendevous	On- & Off- Sale	Scanlon	After Hour Sale	\$100 fine	12/9/66
12178 Rite Liquor Store	Off-Sale	St. Paul	Minimum Price	Closed 5 days	2/8/65

Table 3-1 (Cont.)

Violation No. and Name of Store or Licensee	Type of Store	Municipality	Type of Violation	Disposition	Date Case Closed
12491 Jake's	On-Sale	Pillager	After Hour Sale	\$100 fine	6/6/67
12477 St. Paul Liquor Store	Off-Sale	St. Paul	Minimum Price	Stipulation	7/19/67
12200 Cyguna Liquor Store	On- & Off- Sale	Cuyana	Sale to Minor	\$100 fine	3/23/65
12522 Saupe Liquor Store	Off-Sale	Red Wing	Sale to Minor	\$100 fine	2 viola- tions 6/5/65 7/6/65
12172 Swede's Bar	On- & Off- Sale	Stockton	After Hour Sale	\$35 fine	1/11/65
12171 Schmitly's Tavern	On- & Off- Sale	Rolling- stone	After Hour Sale	\$35 fine	1/5/65
12239 Freddie's & Ernie's Bar	On- & Off- Sale	Hammond	Sale to Minor	\$300 fine	5/26/65



Table 3-1 (Cont.)

Violation No. and Name of Store or Licensee	Type of Store	Municipality	Type of Violation	Disposition	Date Case Closed
12487 Joe's Place	Off-Sale	St. Stephen	Sunday Sales	\$50	7/20/67
12227 Starlite Bar	On- & Off- Sale	Freeport	Allowing Minors to Consume on Premises	\$100 fine plus costs	5/24/65
12483 State Liquor Store	Off-Sale	Minneapolis	Minimum Price	Stipulation*	7/17/67
12478 Tyler's Park Liquor Inc.	Off-Sale	White Bear Lake	Minimum Price	Stipulation*	7/20/67
12187 Trommald Liquor	On- & Off- Sale	Trommald	Sale on Sunday	\$100 fine	3/8/65
12301 Vilotta's Bar	On-Sale	St. Paul	Sale on Sunday	\$100 fine	11/22/65
12431 Vinces' Bar	On-Sale	Austin	Sale to Minor	\$100 fine	1/17/67
No number listed Sockie's	Off-Sale	LeSueur	Sale to Minors	\$25 fine	7/20/65

Table 3-1 (Cont.)

Violation No. and Name of Store of Licensee	Type of Store	Municipality	Type of Violation	Disposition	Date Case Closed
No number listed Coggins Bar	On- & Off- Sale	LeSueur	Sale to Minor	\$25 fine	7/12/65
No number listed Golden West	On- & Off- Sale	LeSueur	Sale to Minors	\$50 fine	8/24/65
12526 Lowry Liquor	Off- Sale	Minneapolis	Minimum Price	5-day license suspension	8/3/67

\*Liquor store owners agreed to license suspensions without formal charges or formal public hearings.

SOURCE: Records of the Minnesota Liquor Control Commissioner, St. Paul, Minnesota.

It can be seen from Table 3-1 that the most common violation was the sale of liquor to minors. Of the 69 violations recorded by the Commission, 28, or over 40 percent, were for this offense. Another 18, or over 25 percent, were for violations of the minimum price law. The minimum price law is enforced almost exclusively by the Liquor Control Commission, but the laws pertaining to the sale of liquor to minors are largely enforced by local authorities.

A large number of minimum price violations occurred during the summer of 1967. In regard to the price maintenance law's operation in Minnesota and its recent strict enforcement the following article is quoted. This article appeared in the August 1, 1967, issue of the Minneapolis Tribune. The article entitled, "State Shuts 12 Liquor Stores for Price Cuts," was written by Jonathan Friendly, a Tribune staff writer.

A dozen Twin Cities-area retail liquor stores will be closed next week for alleged violations of Minnesota's liquor minimum price law, Gale F. Lindsey announced Monday.

All 12 dealers agreed to license suspensions, ranging from five to eight days, without formal charges or formal public hearings before Lindsey, State Liquor Control Commissioner appointed by Gov. Harold LeVander. (Governor LeVander was inaugurated in January of 1967 with Commissioner Lindsey being appointed several months later.)

One store owner, Benny W. Haskell, said yesterday that the penalties are "too severe" and asserted that closing a few stores will not stop the general practice of selling liquor below established minimum prices.

Haskell's Liquor Store, 22 So. 7th St., largest retail liquor dealer in the state, was ordered closed for six days, from Monday through Saturday.

"With the new sales tax and enforcement of this law, I can visualize a whole line of cars going to Wisconsin

and Iowa to pick up liquor," Haskell said.

Noting that Lindsey used to be a customer of his, Haskell said, "Nothing as drastic as this has ever happened before. I don't want any special favors, but I think he's too severe on everyone."

The minimum pricing law, which prohibits sales of bottled liquor at prices below those listed with Lindsey's office by each brand name distributor, has not been adhered to generally Haskell said. "It has been a problem for every liquor control commissioner."

He said state agents apparently gathered evidence from an inspection of his store's records rather than from purchases they might have made. In most of the other cases, Lindsey said, agents purchased bottles at less than the list price.

Otto's Liquor Store in Mendota was given the longest license suspension and will be closed from Monday through Thursday, Aug. 15. The store is operated by the widow of Al Otto, a state legislator who sponsored the minimum-pricing law in 1961 and who was the first person prosecuted under the law. . . .

Lindsey is opposed to the law in its present form, but feels he must enforce it. He has indicated that strict enforcement may encourage the retail liquor industry to seek repeal or modification of the law.

#### Municipal Liquor Dispensary Violations

The number of municipal store violations on record at the Liquor Control Commission was much smaller. In order to give the reader an insight into the types and numbers of violations by municipal dispensaries a longer time period was used. For the municipal store violations, all cases disposed of, according to the Liquor Commission's Records, have been listed in table 3-2. The records cover the period 1962 to August 15, 1967. It will be noted that sales to minors was the leading cause of municipal liquor store violations just as it was the leading cause of private store violations.

Table 3-2. Violations Recorded by the Minnesota Liquor Control Commission in Municipal Liquor Dispensaries 1962-August 15, 1967.

Violation No. MUNICIPALITY Person Charged	Type of Store	Type of Violation	Disposition	Date Case Closed
11647 MOUND James Beahen	Off-Sale	Sale to Minor	Guilty-No penalty listed	2/17/62
11685 BROWNS VALLEY Clarence McKee	On-& Off-Sale	Sale to Minor (Did not ask for Identification)	\$500 fine	5/21/62
11871 LANESBORO Mary Engen	On-& Off-Sale	Furnished Liquor to Minor	30 days in jail; sentence stayed for 1 year-placed on probation.	6/17/63
12306 WARROAD Gerald Fealy	On-& Off-Sale	After Hour Sale	\$100 fine	1/7/66
12272 HARRIS Leona Johnson	Off-Sale	Sale to Minor	\$400 fine	4/14/65
12008 SILVER BAY Marcella Marquardt	On-& Off-Sale	Sale to Minor	\$250 fine \$150 suspended	11/27/63
11862 NORTH CROOKSTON Ann Bushae	On-& Off-Sale	Sale to Minor	Convicted; no penalty listed	6/4/63

Table 3-2 (Cont.)

Violation No. MUNICIPALITY Person Charged	Type of Store	Type of Violation	Disposition	Date Case Closed
11636 ORONO Clarence Anderson	On- & Off- Sale	Sale to Minor; Used False I.D.; Thus Not Willful	Used \$100 fine & costs	6/19/62
12441 REDWOOD FALLS James Otto	Off-Sale	Sale to Minor	\$100 fine-license suspended 6 days	3/20/67 and on 12/30/66
12005 SILVER BAY Marcella Marquardt	On- & Off- Sale	Sale to Minor	Five day suspension stayed one year	11/27/63
12270 WILLIAMS Willard Watson	On- & Off- Sale	After Hour Sale	\$100 fine \$75 suspended	3/2/65
10019 ELIZABETH Albert R. Fick	On- & Off- Sale	Sale to Minor	\$250 fine. Action taken by Liq. Comm. to try to close store	11/18/66
10020 NORA McClellan (no first name listed)	Off-Sale	Sale to Minor	\$100 fine. Action being taken by Liq. Comm. to suspend operation of the store for a time	12/9/66

SOURCE: Records of the Minnesota Liquor Control Commission, St. Paul, Minnesota.

It appears that the Liquor Control Commission received complaints from the general public about the operations of municipal stores as well as private stores. Two complaints were received by the Commission during 1967 - these and the results of the investigations are given below.

In investigation No. 10048, a written charge was made by a mother who stated her son, a minor, became an outlaw because he was able to buy liquor at the municipal liquor dispensary at Grand Rapids, Minnesota. The charge was made that many other minors were also buying liquor there. An investigation was conducted by the Commission and that investigation showed the charges against the Grand Rapids dispensary to be false.

In investigation No. 10042, a complaint that minors were buying liquor at the municipal liquor store in Gilman, Minnesota, also proved to be negative and the case closed.

It is interesting to note that table 3-2 contains no price law violations while this is one of the more prevalent violations listed in table 3-1. Perhaps lack of competition and profit motive has kept this type of violation to a minimum in municipal stores.

Information on the actual violator was not recorded for the private liquor stores but this information was available for the municipal stores. It can be seen that

of the 13 violations in municipal stores recorded by the Commissioner's office, five were committed by women. The first name was not given in the case of the Mora dispensary. If it is assumed that this violation was committed by a man, then nearly 40 percent of the total violations were attributed to women working in the municipal dispensaries. It was found that many of the liquor stores in Minnesota did employ women not only as waitresses but also as bartenders and clerks, but it is not likely that nearly 40 percent of the employees are or were women. From the small sample, the conclusion might be reached that women may not be as willing to check on the status of the customer who buys liquor. All of the violations committed by women were for sales made to minors.

To reemphasize, comparison between private and municipal liquor stores made from a study of the records of the Liquor Control Commission may not give the complete picture as to the tendency of the two types of stores to violate liquor laws. However, it does offer some evidence in the matter. When one considers that there were about 400 municipal liquor dispensaries operating over the period checked, and that there were, on October 1, 1966, 1876 private liquor licenses issued, the 69 violations of private stores in a 2½ year period when compared with the 13 municipal violations in a 5½ year period would indicate that there is a greater tendency on the part of private stores



to violate state laws.<sup>1</sup> The profit motive inherent in the private liquor stores may lead the owners to take more chances in selling liquor to persons who are not eligible to buy the product.

Although the number of violations committed by private stores is larger in percentage terms, vis-a-vis municipal stores, it is still quite small averaging 27.6 violations per year for the 2½ year period. If the 18 minimum price violations are dropped, the average violations fall to 20.4 per year. The municipal stores averaged less than 2.4 violations over the five and one-half year period. As there were about 1476 more private stores this, when placed on a comparable basis, would yield about 6.6 violations per year for the municipal stores given 1876 municipal stores. Even if minimum price violations are omitted, the municipal stores appear to be observing liquor laws better than the private stores.

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<sup>1</sup>Liquor Control Commission, Off-Sale, On-Sale Liquor Licenses, op. cit., entire publication.

## CHAPTER IV

### OPERATIONS OF THE MUNICIPAL LIQUOR DISPENSARIES IN RICHFIELD, MINNESOTA

The purpose of this chapter is to describe the methods employed in the largest municipal liquor operation in the state, Richfield. It led all Minnesota municipal stores in sales and profits with a net income of \$1,548,684 in the period 1963 through 1966.<sup>1</sup>

#### History and Facts about Richfield

Richfield is a "bedroom" community. The City of Minneapolis forms the northern boundary while the suburban community of Bloomington forms its southern boundary. On the east Richfield is bordered by Fort Snelling and the Twin Cities International Airport. The City of Edina forms the western boundary.

The City is eight square miles in area, and it has no significantly large racial or religious groups.<sup>2</sup> The

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<sup>1</sup>Minnesota Municipalities, July, 1964, 65, 66, 67, pp. 204, 207, 227, 213, respectively, League of Minnesota Municipalities, Minneapolis, Minnesota.

<sup>2</sup>Information supplied by Richfield Chamber of Commerce.

official 1960 United States Census listed a population of 42,523, but in 1965 a special federal census was conducted in some Minnesota communities, and the population of Richfield was reported to be 47,797.<sup>3</sup>

Richfield constructed a new library in 1960 at a cost of \$145,000. This has a community room that can accommodate 400 persons. In 1965 the City finished, at a cost of \$600,000, construction of a new Municipal Center for the use of the city council, courts, administrative offices, police, and fire departments.<sup>4</sup> Part of the money for these buildings came from profits of the municipal liquor dispensaries.

Richfield operates, in addition to the liquor dispensaries, water and sewer utilities, and an olympic type swimming pool.<sup>5</sup>

On December 31, 1966, Richfield had a total of \$12,462,000 in bonds payable, or \$260.73 per person, based upon the 1965 census.<sup>6</sup> Thus liquor revenues did not prevent the City from incurring a significant amount of debt.

The fire insurance rating of Richfield was five and that of the fire department was six.<sup>7</sup> These ratings are assigned by the Engineering and Safety Department of the

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<sup>3</sup>Ibid.

<sup>4</sup>Ibid.

<sup>5</sup>Ibid.

<sup>6</sup>Annual Financial Report, City of Richfield, Year Ended December 31, 1966, p. 114.

<sup>7</sup>1967 Municipal Year Book, International City Managers Association, Chicago, Illinois, p. 409.

American Insurance Association. They are based on a scale of one to ten. A rating of one would be the best possible rating while ten would be the worst. Ratings for the City are based on such things as water supply, alarm system, building laws, climatic conditions, police and fire departments. The rating for the department is based mainly on type of equipment and personnel. The two ratings for Richfield would suggest the City has only average fire fighting facilities.

Table 4-1 lists the compensation of selected public safety employees as well as elected and administrative officials of Richfield. This table indicates the manner in which the City compensates its employees.

As of 1967 Richfield employed 41 full-time police personnel and 26 full-time firemen.<sup>8</sup> Elected and other full-time employees of Richfield also received the following fringe benefits from the City:

Two weeks and four days vacation after one year of service; eleven paid holidays; twelve days of sick leave per year; and health and medical insurance that is fully paid by the city.<sup>9</sup>

In addition to the above, all full-time municipal employees are members of the public employees retirement association, which requires the employees and the

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<sup>8</sup>1967 Municipal Salary Survey over 10,000 Population, pp. 23, 26, League of Minnesota Municipalities, Minneapolis, Minnesota.

<sup>9</sup>Ibid., pp. 52, 60.

municipality to pay six percent of the employee's first \$6,000 in salary in return for retirement benefits.

TABLE 4-1

SALARIES AND WAGES PAID TO SELECTED PUBLIC SAFETY  
AND ELECTED AND ADMINISTRATIVE EMPLOYEES  
OF RICHFIELD, MINNESOTA, DURING  
THE SPRING OF 1967

Position	Monthly Salary		No. of Years Position Held	Hours per Week
	Low*	High*		
Police Chief	\$856		21	-
Police Captain	734	764	-	-
Police Sergeant	672	702	-	40
Police Patrolman	590	640	-	40
Fire Chief	\$856		5½	-
Fire Fighter	590	640	-	62.4
Mayor	\$250		-	-
City Manager	\$1392		12	-
Finance Director & Clerk-Treasurer	\$945		11	-
City Engineer	\$954		11	-

\*Low and High salary may mean the lowest and highest salary being received or the lowest and highest that may be received under current regulations.

Source: 1967 Municipal Salary Survey over 10,000 Population, pp. 13, 23, 26, League of Minnesota Municipalities, Minneapolis, Minnesota.

It would appear that Richfield employees are compensated rather well when comparisons are made with the

24 municipalities' salaries for public positions as presented in Chapters V, VI, and VII.

Operations of the Municipal Liquor Dispensaries

Richfield operates two off-sale liquor dispensaries. One, located on Cedar Avenue, is used as the administrative headquarters for the system. The other is located on Lyndale Avenue. This store is the larger in terms of sales as well as physical size. The combined balance sheet for the stores is presented below.

TABLE 4-2

MUNICIPAL LIQUOR DISPENSARY, RICHFIELD, MINNESOTA  
BALANCE SHEET AS OF CLOSE OF BUSINESS  
DECEMBER 31, 1966

<u>ASSETS</u>		
Cash in Depository		\$3,607.48
Change Funds		3,500.00
Petty Cash		75.00
Investments		215,000.00
Inventory of Merchandise:		
Liquor		152,884.48
Beer		16,163.29
Mix		2,396.30
Bar Supplies		351.91
Prepaid Insurance		914.00
Fixed Assets--Net (Depreciation Deducted)		364,490.75
TOTAL ASSETS		<u>\$759,383.21</u>
<u>LIABILITIES, RESERVES, &amp; SURPLUS</u>		
Vouchers Payable		\$ 66,360.84
Due to Public Employees Retirement Assn.		7,775.83
Due to Swimming Pool		24,000.00
Reserves: Lyndale Store		
Mdse. Inventory	\$93,300.24	
Petty Cash-Chg. Fund	2,025.00	
		<u>95,325.24</u>
Cedar Store		
Mdse. Inventory	\$78,495.74	
Petty Cash-Chg. Fund	1,550.00	
		<u>80,045.74</u>
Surplus: Allocated		226,829.78
Earned		259,045.78
TOTAL LIABILITIES, RESERVES, & SURPLUS		<u>\$759,383.21</u>

Source: Records of Finance Director, Richfield, Minnesota.

Following is the combined statement of income and expense of the two municipally operated liquor dispensaries in Richfield for the year 1966.

TABLE 4-3

MUNICIPAL LIQUOR DISPENSARY, RICHFIELD, MINNESOTA  
INCOME STATEMENT FOR YEAR ENDING  
DECEMBER 31, 1966

SALES	
Gross Sales	\$1,891,717.29
Deduct Refunds	80,688.97
Net Sales	\$1,811,028.32
COST OF SALES	
Beginning Inventory	\$ 386,144.19
Purchases: Gross	1,231,280.20
Less Discounts: Promotional	73,371.64
Cash	4,016.74
Net Purchases	\$1,153,891.82
Merchandise Available for Sale	\$1,540,036.01
Less Ending Inventory	171,795.98
COST OF SALES	\$1,368,240.03
Gross Profit on Sales	442,788.29
OPERATING EXPENSES (See Schedule Below)	148,218.76
Operating Net Income	\$ 294,569.53
Other Income	4,260.25
NET INCOME	\$ 298,829.78*

\*Net income here differs from that listed in Chapter II whose figures were compiled by the State Public Examiner omitting non-operating income and expense to arrive at net profit.

Source: Records of Finance Director, Richfield, Minnesota.



The 1966 schedule of operating expenses for the two Richfield Dispensaries is given in the following table.

TABLE 4-4

MUNICIPAL LIQUOR DISPENSARY, RICHFIELD, MINNESOTA  
OPERATING EXPENSES FOR YEAR ENDING  
DECEMBER 31, 1966

	Lyndale Store	Cedar Store	Total
<b>SELLING EXPENSES:</b>			
Salaries of Clerks: Regular	\$17,424	\$ 7,452	\$ 24,876
Part Time	15,065	15,207	30,272
Store Supplies	2,431	1,721	4,152
Maintenance Selling Equipment	251	123	374
Advertising	18	16	34
Total Selling Expenses	\$35,189	\$24,519	\$ 59,708
<b>OVERHEAD EXPENSES:</b>			
Salaries: Overtime and Temporary	\$ 1,508	\$ 3,425	\$ 4,933
Repairs	1,313	806	2,119
Burglar alarm	242	472	714
Communications	721	928	1,649
Utilities	6,982	4,581	11,563
Insurance and bonds	3,045	3,028	6,073
Linen service	443	288	731
Depreciation	9,407	9,480	18,887
Miscellaneous supplies	401	367	768
City contributions to PERA	3,611	2,111	5,722
Equipment rents		3	3
Garbage hauling	60	36	96
Special assessments	725	326	1,051
Total Overhead Expenses	\$28,458	\$25,851	\$ 54,309
<b>ADMINISTRATIVE AND GENERAL EXPENSES:</b>			
Salaries: Regular employees	\$18,168	\$10,716	\$ 28,884
Salaries: Overtime and temporary employees	1,503	1,184	2,687
Expert and professional services	455	455	910
Office supplies and materials	224	293	517

TABLE 4-4 (Cont.)

	Lyndale Store	Cedar Store	Total
Travel and subsistence	142	142	284
Subscriptions and memberships	19	19	38
Maintenance office equipment	142	56	198
Federal and state liquor licenses and permits	34	35	69
Communications--registered letters	8	-	8
<b>Total Administrative and General Expenses</b>	<b>\$20,695</b>	<b>\$12,900</b>	<b>\$ 33,595</b>
<b>Total Operating Expenses</b>	<b>\$84,342</b>	<b>\$63,270</b>	<b>\$147,612</b>

Source: Annual Financial Report, for year ended December 31, 1966, City of Richfield, Minnesota, p. 62.

The following table gives employment, salaries, and wages of the Richfield dispensaries. It indicates that those in the liquor dispensary were receiving compensation that compares favorably with other liquor dispensaries (as presented in future chapters) both private and public.

TABLE 4-5

WAGES, SALARIES, AND EMPLOYMENT OF THE RICHFIELD  
DISPENSARIES DURING THE SPRING OF 1967

Position	Monthly Salary	Hourly Wage
Manager	\$900	
Assistant Manager	\$621	
Retail Clerks (High)	\$484 <sup>#</sup>	
(Low)	\$454 <sup>#</sup>	
Retail Clerks--Part Time		\$1.90
Stock Clerk		\$1.90
Employment: Full-Time	8	
Part-Time	22	

<sup>#</sup>Low and high salary may mean the lowest and highest salary being received or the lowest and highest that may be received under current regulations.

Source: 1967 Municipal Salary Survey over 10,000 Population, p. 50, League of Minnesota Municipalities, Minneapolis, Minnesota.

Tables 4-2, 4-3, 4-4, and 4-5 provide the following statistics that have been used to obtain the measures used to reflect on the operations of the Richfield dispensaries. These can be compared with similar sized dispensaries in Chapter V.

Richfield Statistics

1. Sales	\$1,891,717
2. Net Income	\$ 298,830

3. Wages and Benefits*	\$98,284
4. Surplus December 31, 1966	\$485,876
5. Number of Employees+	19
6. Total Assets	\$759,383
7. Gross Profit	\$442,788
8. Beginning Inventory	\$171,796
9. Cost of Sales	\$1,368,240

Operating Ratios

1. Dollar Sales per Employee	\$99,564
2. Dollar Sales per Dollar Paid in Wages and Benefits	\$ 19.25
3. Dollar Sales per Surplus at Close of Year	\$ 3.90
4. Dollars of Assets per Employee	\$39,968
5. Gross Profits as a Percentage of Sales	23.4%
6. Net Return of Surplus (Investment)	61.5%
7. Net Income as a Percentage of Sales	15.7%
8. Inventory Turnover (Using Cost of Sales)	8 Times
9. Average Employee Pay per Week <sup>#</sup>	\$99.47

\* Computed by adding in all salaries and wages, retirement benefits, expert and professional services.

+ Assuming a part-time employee equal to one-half of a full-time employee.

<sup>#</sup> Computed by dividing wages and benefits by 52 and this figure by 19.

In comparing the above ratios with those of municipal dispensaries in Chapter V, it appears that Richfield has done rather well in categories one, two and six while it

is average or below in five and seven. It should be remembered that the dispensaries in Chapter V sold both on- and off-sale and Richfield sold only off-sale liquor.

Information on Operations and Management  
of the Dispensaries

The following information about the operations of the Richfield dispensaries was obtained from Mr. E. H. Galagan who has been the manager since 1952, and from personal observation. Prior to coming to Richfield, Mr. Galagan managed the municipal dispensary at Kenyon, Minnesota.

Employees

The two dispensaries in Richfield had a rather low turnover ratio of full-time employees. It was estimated, by the manager, that the mean number of years of employment was eight. The part-time employees, however, had a rather high turnover ratio. Many of the part-time employees were students at the various colleges in the area, and these students worked on a part-time basis while they were attending school. The manager stated that he had complete control over hiring and firing of employees. He did not feel that hiring more or less labor would increase the profits of the stores.

Business Practices of the Dispensaries

The stores did almost no advertising except for instore displays (see page 63). Mr. Galagan stated that

if he were to own the stores privately he would do some advertising on behalf of the business. He also would begin a delivery service for customers and establish more dispensaries in order to better serve customers.

The Richfield dispensaries use a perpetual inventory to keep a close check on their stock of merchandise and sales. In addition to this, a physical inventory is taken every month to guard against any wrongdoing on the part of employees or mistakes in bookkeeping.

The manager reported that he kept an alcoholic beverage inventory which averaged \$250,000 and at times exceeded \$300,000. He felt this inventory was sufficient to take advantage of all possible discounts and promotions given by distributors.

As Minnesota has a price maintenance law, or as it is often called, a fair trade law, for liquor and wine, the problem of slow moving merchandise is difficult to handle. In the case of merchandise that does not sell at the fair trade price, it is possible to obtain permission from the Liquor Control Commission to cut price. Also, in certain cases the wholesaler may be persuaded to take back merchandise that cannot be sold. The manager reported that this problem did not arise very often.

Mr. Galagan stated that he had recently completed a large wine room in the Lyndale Avenue dispensary which operated on a self-service basis. He stated that

self-service had seemed to spur the sale of champagne because customers could see that it wasn't as expensive a product as they had been led to believe by television and motion pictures. He felt that before self-service, people were somewhat afraid to ask for a product like champagne because of the presumably high price. Self-service has largely eliminated this problem.

#### Hours of Operation

The Richfield dispensaries are open the maximum number of hours permitted under Minnesota Law. That is, off-sale stores in the Twin Cities Metropolitan Area may be open from 8 A.M. to 8 P.M., Mondays through Fridays. On Saturdays and before holidays, the stores may remain open until 10 P.M.

#### Advertising

The two dispensaries under consideration did no out of store advertising save placing their name in the yellow pages of the telephone book. The manager reported that he was not not allowed to do any advertising as it was unlawful. This is not strictly true, but it is certainly discouraged by the State Public Examiner. While only instore display advertising is used, the Richfield municipal dispensaries did receive in 1957, the ED GIBBS NEWSLETTER AWARD which is given for brand name advertising. The plaque that accompanied the award read as follows: "In recognition

of an effective contribution to the welfare, progress, and public goodwill for the Beer, Wine, and Liquor Industries during 1957." The manager stated that the Richfield stores were the only municipal liquor stores to ever receive this award.

In addition to the above named award, the Richfield dispensaries also received the Brand Name Retailer of the Year Award in 1958. This award stated "For national leadership during 1957 in the presentation and distribution of manufacturer trademarked products; and for distinguished accomplishment in interpreting to the public the consumer benefits of the brand competitive system this certificate of distinction is awarded by Brand Name Foundation Incorporated for 1957."

#### Problems in Consumer Relations Area

One of the problems in the operation of a liquor dispensary is selling to minors. In Minnesota it is unlawful to sell alcoholic beverages to persons under the age of twenty-one. The Richfield dispensaries have found that a driver's license or similar identification can be altered or borrowed and thus does not always provide the store with the person's true age. The dispensaries handle this problem by calling the parent of all persons suspected of illegally attempting to purchase liquor. If the person allows the store employee to call his parents, the chances are lessened that the buyer is trying to purchase the merchandise



illegally. If there is doubt in the minds of the seller and the parents cannot be reached, the sale is not made. This policy may cut profits but it does aid liquor control.

Minnesota Statute No. 340.95 states:

Every husband, wife, child, parent, guardian, employer, or other person who is injured in person or property, or means of support, by any intoxicated person, or by the intoxication of any person, has a right of action, in his own name, against any person who, by illegal selling, bartering, or giving intoxicating liquors, caused the intoxication of such persons, for all damages, sustained; and all damages received by a minor under this section shall be paid either to such minor or to his parent, guardian, or next of kin, as the court directs; and all suits for damages under this section shall be by civil action in any court of this state having jurisdiction thereof.

This preceding act is not subject to the statute of limitations. Under this provision municipal as well as private liquor dispensaries can be sued. The Richfield municipal stores as of June, 1967, had no suits pending against them under this statute. An action was brought in 1955 which was won by the City. No actions have been filed since that time.

Mr. Galagan was asked what brand of vodka he would recommend to a customer who asked him for a "good buy" in vodka and also why he would recommend it. His reply was he would recommend the brand that made the most money for the store. This reply would indicate that at least one municipal manager was as interested in maximizing profits as persons who operate private dispensaries.

Part of the reason the question on vodka was asked

was to see if managers were aware of the lack of any significant differences in the various brands of vodka. The second part was to see if profit would be mentioned as a basis for a particular recommendation.

The lack of any real difference in vodka is illustrated by a quote from Mr. John G. Martin, at the time president of Heublein, Inc. Mr. Martin was quoted in Forbes Magazine as follows:

"When asked what the difference was between Heublein's high priced Smirnoff Vodka and its medium-priced Relska, he replied, 'A very embarrassing question, shall we say it's a difference in pricing policy?'"<sup>9</sup>

Another statement regarding the lack of difference in vodka is made in the same issue of Forbes on page 29. This statement was as follows:

"Incidentally, all vodka is almost exactly the same. There's no difference in taste since vodka has no taste."

With the above statements in mind, recommending the vodka on which the profit was the greatest would be providing the customer with a useable product and helping the store increase its profits.

The vodka on which the retail profit is greatest is usually not the highest nor lowest priced brand, but an intermediate priced vodka not highly advertised.

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<sup>9</sup>"Distilling Industry: Wild but not Always Wonderful," Forbes, XCV, No. 7 (April 1, 1965), 25.

### Pricing Policy of the Dispensaries

While Minnesota has a price maintenance law on liquor, this law does not apply to beer. Thus beer prices are more representative of the pricing policy of the dispensaries than are the liquor prices.

The Minnesota price maintenance law says that one may not sell below the minimum price listed by the Liquor Control Commission, but it does not say that one is prohibited from selling above that price. It was found that some dispensaries did sell above the minimum price. This was particularly true in areas distant from the Twin Cities. As transportation costs were somewhat higher for these areas, at least some dispensaries felt that they needed to charge more than the stated price to help defray higher shipping costs.

Many dispensaries, regardless of location, sold liquor at above the legal prices in order to avoid dealing with pennies. For example, the published price on 1/5 bottle of Seagram's 7 Crown was \$4.99. Many dispensaries charged five dollars for this item.

Selected prices for the Richfield dispensaries are listed below, along with selected beer items. Those selected for price checks were some of the better selling brands in their fields. All prices were at exactly the minimum legal price at the time of the author's visit in June of 1967. The manager stated that the policy of the

stores was to sell all liquor at exactly the minimum price set by the Liquor Control Commission.

<u>Liquor Prices*</u>		<u>Beer Prices</u>	
Calvert's Extra	\$4.99*	Cheapest six-pack	\$1.15
Jim Beam	4.95	of Hamm's Beer	
Seagram's 7 Crown	4.99	Cheapest six-pack	.99
Old Crow 86 Proof	4.99	of beer sold	
Seagram's V0	6.59	Cheapest case of	4.25 <sup>+</sup>
Cutty Sark Scotch	7.65	Hamm's Beer	
Smirnoff's Vodka	4.70		
80 Proof			
Gordon's Gin	4.29		

\*All prices are for 1/5 gallon bottles

<sup>+</sup>24 bottle case

The off-sale beer prices of these dispensaries were somewhat lower than those found in many of the cities reviewed in Chapters V, VI, and VII. The prices checked were for the cheapest item sold in each category. Since most brands of beer are available in different types of containers, usually at different prices, it was felt that it would be most useful to select the lowest priced items for comparison purposes. Hamm's Beer was selected for the price check because it is widely known and consumed in Minnesota.

#### Description of the Liquor Dispensaries

Both dispensaries were of brick construction and both were self-service. The store had large hard surfaced parking lots with the spaces carefully marked. The parking lot at the Cedar Avenue dispensary would accommodate about

200 automobiles, while the one at Lyndale Avenue would accommodate roughly 140. This estimate of parking facilities was given by the manager of the dispensaries.

Possible Reason for the Existence of Municipal  
Liquor Dispensaries in Minnesota

Mr. Galagan offered an explanation for the establishment of municipal liquor in Minnesota. He felt that immediately after the repeal of national prohibition the vast majority of people who had the money to risk and the experience in the liquor business were bootleggers and similar types. It seemed unfair to many people that these persons should be the ones to profit from the sale of legal liquor. To prevent this the state government passed legislation that permitted liquor to be municipalized. Perhaps this does help to explain municipal liquor in Minnesota.

Liquor Store Revenue and Its Place in the Total  
Financial Picture of Richfield

Receipts of the General Fund of Richfield for the year ended December 31, 1966, were \$1,264,023, and expenditures were \$1,270,000.<sup>10</sup> Liquor profits paid into the City General Fund in 1966 were \$72,000.<sup>11</sup> Thus the transfers made by the liquor dispensaries were only about 5.7 percent of the general revenue in 1966. However, the net income

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<sup>10</sup> Annual Financial Report, City of Richfield, Minnesota, Year Ending December 31, 1966, pp. 4, 14.

<sup>11</sup> Ibid., p. 4.

of the dispensaries as listed in table 4-3 was \$298,829.78. All of this money could have been paid into the General Fund of the City. Were the entire amount paid in, total receipts would have risen to \$1,490,852.78, and the percentage coming from the liquor dispensaries would have also risen to about 20 percent of general revenue. Thus while the role played by the dispensaries in this area was not great it could have been an important factor had the city decided to have all profits paid into its General Revenue Fund. The present feeling of city officials is that a large share of profits should be left with the dispensaries for expansion and investment purposes.

Summary of Reasons for the Success of  
Richfield Municipal Liquor

Several reasons might be advanced for the success of the Richfield municipal dispensaries. First of all, it is evident from the financial statements and other information provided that the stores are quite well managed. A second reason is that the nearby suburban community of Bloomington was "dry" until July 1, 1964, when on-sale liquor was permitted and it was not until July 1, 1965, that off-sale dispensaries, that competed with Richfield's, were authorized. Also, there are no liquor dispensaries in the section of Minneapolis adjacent to Richfield. This has led to customers from outside the city limits making purchases in Richfield in the past and at present.

Thus it appears that a combination of good management and fortunate circumstances have contributed to the past showing made by the Richfield dispensaries. As noted, Bloomington is now "wet" and thus some of these circumstances have disappeared.

In the next chapter operations of municipal and private dispensaries in the population group of over 8,500 will be discussed.

## CHAPTER V

### MUNICIPAL AND PRIVATE OPERATIONS OF LIQUOR DISPENSARIES IN MINNESOTA MUNICIPALITIES WITH POPULATIONS OF OVER 8,500

The purpose of this chapter is to provide information on the operations of liquor dispensaries, both private and municipal, in selected Minnesota municipalities having populations of over 8,500. For each of the four cities having municipal liquor, a private store in a city comparable in terms of population, geographic location, family income, and economic base was selected. The operations of liquor stores in these eight municipalities were then examined.

This chapter and its Appendix will supply the following information:

- (1) Population, tax and income data on the eight municipalities,
- (2) Financial data concerning operations of the municipal liquor dispensaries in the four cities operating such stores,
- (3) Operational data of the municipal stores and their effects on municipal finance in the cities under consideration,
- (4) Operational data of the private liquor stores



and their effects on municipal finance in the cities under consideration,

- (5) A comparison of operational methods in both municipal and private liquor dispensaries noting differences and similarities.

The Cities of Fridley and Crystal, Minnesota

The initial cities selected for comparison are Fridley and Crystal. Both are suburban communities north of Minneapolis. Therefore, demand for these dispensaries is not limited to the local population. Fridley operates municipal liquor stores while Crystal licenses private operators to dispense liquor. The two cities are located only ten miles from each other. Further information about the cities is given in Appendix 5.

The following table gives information concerning compensation of public safety employees of the two municipalities. This plus subsequent information will indicate what type of protection the two cities give their citizens. Since both cities had largely volunteer fire departments, only police department figures are given.

In the spring of 1967, Fridley had twenty-two full-time members on its police force while Crystal had twenty-six full time members.<sup>1</sup> Using 1965 census data Fridley had one police officer for each 1,125 citizens

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<sup>1</sup>1967 Municipal Salary Survey over 10,000 Population, League of Minnesota Municipalities, Minneapolis, Minnesota, p. 23.

Table 5-1. Salaries of Public Safety Officials in Fridley and Crystal, Minnesota, Spring of 1967.

Position	Fridley Salary (Per Month)	Hours Per Week	Crystal Salary (Per Month)	Hours Per Week
Police Chief	\$870 (13)*		\$774 (2½)*	
Police Sergeant	\$625 Low <sup>#</sup> \$682 High	40	\$710 High <sup>#</sup>	40
Patrolman	\$547 Low <sup>#</sup> \$646 High	40	\$710 High <sup>#</sup>	40
Uniform Allowance	\$100		\$ 75	

\*Number in Brackets indicates years of service in position.

<sup>#</sup>The low and high salary indicates the lowest and highest compensation actually paid or the lowest and highest salary permissible under current regulations.

SOURCE: 1967 Municipal Salary Survey, Over 10,000 Population, League of Minnesota Municipalities, Minneapolis, Minnesota, p. 23.

while Crystal had one per 1,119 persons. Therefore there was little difference in quantity. If salary can be used as a measure of quality, the quality of police protection offered by the two communities was likewise very similar. In addition to the above salaries, the full-time employees of the two cities also receive fringe benefits that are listed in Appendix 5. Fringe benefits received by Fridley employees appear to be somewhat superior to those provided Crystal employees.

Fridley and Its Municipal Liquor Operations

Fridley is a heavily industrialized suburb. As of June, 1967, the Chamber of Commerce listed nineteen manufacturers in Fridley, the largest of which is F.M.C. Corporation's Northern Ordinance Division, an employer of about 3,000 persons. On December 31, 1966, the City had a bonded debt of \$10,550,000.<sup>2</sup>

Fridley does not operate its own electric light and power plant but purchases its needs from a private utility. The City, however, does operate a municipal water and sewage system. It also operates two off-sale liquor dispensaries and two combination on- and off-sale liquor dispensaries. The income derived from the operation of these liquor establishments will be the subject of a major portion of this section.

Financial statements of the Fridley municipal dispensaries are presented in Appendix 5.

Employment, Wages, and Salaries of the  
Fridley Municipal Liquor Stores

During 1967, there were fifteen full-time and twenty-two part-time employees of the Fridley municipal dispensaries; full-time employees worked forty-four hours

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<sup>2</sup>City of Fridley Annual Financial Report of Finance Department, 1966, p. 4.

per week.<sup>3</sup> The following table gives the wages and salaries of the employees of the Fridley stores.

Table 5-2. Wages and Salaries for Full- and Part-Time Employees of the Fridley Municipal Liquor Dispensaries in 1966.

Position	Full-Time (Per Hour)	Part-Time (Per Hour)
Manager	Salary not given	
Bartender	\$2.75	\$2.75
Barmaid	\$1.75	\$1.75
Retail Clerk	\$2.22	\$2.22
Stock Clerk	\$2.22	\$2.22

SOURCE: 1967 Municipal Salary Survey, Over 10,000 Population, League of Minnesota Municipalities, Minneapolis, Minnesota, p. 50.

In addition to the above salaries, the full-time employees of the Fridley municipal liquor stores are entitled to the fringe benefits given Fridley employees as stated in Appendix 5, plus public employee retirement benefits.

#### Operating Ratios of Fridley Municipal Dispensaries

From the information provided by the accounting statements in Appendix 5 plus employment figures given, and

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<sup>3</sup>1967 Municipal Salary Survey, Over 10,000 Population, op. cit., p. 50.

with the assumption that a part-time employee is equal to one-half of a full-time employee, the following statistics are utilized below:

Fridley statistics.&

1. Sales	\$1,200,254
2. Net Income	\$170,265
3. Wages and Benefits*	\$163,033
4. Surplus	\$613,362
5. Number of Employees	25
6. Total Assets	\$729,887
7. Gross Profit	\$407,099
8. Beginning Inventory	\$189,788
9. Cost of Sales	\$793,177

Operating ratios.

1. Dollar Sales per Employee	\$46,164
2. Dollar Sales per Dollar Paid in Wages, and Benefits	\$ 7.36
3. Dollar Sales per Surplus at Close of Year	\$ 1.96
4. Dollars of Assets per Employee	\$28,072
5. Gross Profit as a Percentage of Sales	33.9%
6. Net Returns on Surplus (Investment)	27.8%
7. Net Income as a Percentage of Sales	14.2%
8. Inventory Turnover (Using Cost of Sales)	4.2
9. Average Employee Pay per Week <sup>#</sup>	\$125.40

&Income Statement statistics are for year ended Dec. 31, 1966; Balance Sheet statistics are for Dec. 31, 1966.

\*Computed by taking all salaries, P.E.R.A., Hospitalization, and bookkeeping expenses.

<sup>#</sup>Computed by dividing Wages and Benefits by 52 and this figure by 25.

Some of the above statistics might be compared with those given below, taken from the 1967 U.S. Census of Business, p. 24. They are for adjacent Hennepin County and are for the year 1963. The statistics include both municipal and private liquor dispensaries, but are predominately private, as on October 1, 1966, there were only 27 municipal dispensaries in Hennepin County and the figure has not likely changed since 1963.<sup>4</sup> Three hundred and twelve liquor dispensaries having payrolls are represented in the following statistics.

- |  |           |
|--|-----------|
| 1. Dollar Sales per Employee in 1963     | \$14,100  |
| 2. Average Sales of Dispensaries in 1963 | \$105,000 |
| 3. Average Employee Pay per Week         | \$62.60   |

A comparison of the first statistics in the two above lists indicates that the Fridley municipal employees account for a much larger per capita sales than do the employees of predominately private liquor dispensaries in Hennepin County. Both Fridley and Hennepin County are within the Twin Cities Standard Metropolitan Area.

#### Information on the Operations of the Fridley Municipal Liquor Stores

The following information was obtained from the manager of the Fridley municipal dispensaries, Robert

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<sup>4</sup>Municipal Liquor Stores, October 1, 1966,  
Minnesota Liquor Control Commission, St. Paul, Minnesota,  
entire publication.

Macguire. He stated that his turnover of full-time employees was low, since most of them had been connected with the stores for more than two years. However, the part-time turnover was quite large. Few of the part-time employees worked more than two years.

Mr. Macguire stated that as of the summer of 1967, he had worked for the Fridley municipal dispensaries for five years. Prior to this, he had been employed by the Northfield, Minnesota, municipal store.

When asked what changes, if any, he would make if he owned the store, Mr. Macguire responded that he would make two major changes. First, he would provide some form of live entertainment. A second change would be to enlarge the parking lots of the two on-sale stores. He did state that the City had plans to enlarge the present parking lot of the Shorewood Lounge from forty to sixty-five car capacity, but that it had no plans to enlarge the parking lot of the East River Road Store. This lot, with a 75-car capacity, is also in need of expansion he felt.

The manager stated that he had a completely free hand in the area of store operation. In the hiring and firing of personnel he also was completely unmolested. He felt that the number of employees was adequate and stated if he owned the store he would employ the same number.

The Fridley store does not use a perpetual inventory system. The manager does his buying on the dollar value

of the inventory. A physical inventory is taken four times per year.

The wholesale value of the inventory carried by the Fridley dispensaries ranged from \$180,000 to \$210,000. The manager felt an inventory of this size was sufficient to take advantage of all quantity discounts offered by wholesalers. Mr. Macguire also stated that, in his opinion, the inventory could be lowered.

The hours of operation of the two on-sale stores differed. The Shorewood store opened at nine A.M. and closed at one A.M. The East River store opened at ten A.M. and closed at one A.M. The hours of operation of the four off-sale stores also differed. One store opened at eight A.M., two opened at nine A.M., and one at ten A.M. All off-sale stores closed at eight P.M. as required by state law except on Saturday or the day before a holiday when they are permitted to stay open until ten P.M. The Fridley stores followed this practice.

Under state law the above stores could have opened at eight A.M. However, since the manager felt such openings would only reduce net income as costs would be greater than revenue, most of them did not follow this practice.

As was the case with almost all municipal stores, the dispensary did only instore display advertising. It also did not donate to any charities, nor did it dispense any free materials such as pretzels to customers.



There were two civil lawsuits pending against Fridley. These involved alleged violations of liquor sales under Minnesota Statute No. 340.95 discussed in Chapter IV. The suits are the only such actions taken during the five year tenure of Mr. Macquire. The stores do carry insurance in the amount of one million dollars for each suit and three million dollars total against such suits.

In answer to a question concerning recommendations of liquor to customers, Mr. Macquire stated that in the case of a query concerning a "good buy" in vodka, he would recommend the brand on which the store made the largest profit. His personal opinion was that there really is little difference among differing brands of vodka. This opinion concurs with that of the Heublin official as quoted in Chapter IV.

#### Prices Charged by the Fridley Liquor Dispensaries

On-sale prices. The prices charged by the two on-sale liquor dispensaries in Fridley were the same. The following were the prices charged during the author's visit in early July, 1967. The size of the shot poured at both of these stores, according to the manager, was seven-eighths of an ounce. Both of the stores did use automatic dispensing devices to aid in obtaining a more uniform sized "shot."

The on-sale prices of the Fridley dispensaries were found to be as follows:

Price of seven-eighths of an ounce of:	
Calvert's Extra	\$.45
Jim Beam	.50
Seagram's 7 Crown	.45
Old Crow 86 Proof	.50
Seagram's VO	.65
Cutty Sark Scotch	.80
Price of "bar" Whiskey, Gin, and Vodka, per shot	.40
Price of Manhattans and Martinis	.75
Price of bottle of Hamm's Beer (12 ounce)	.35
Price of cheapest bottle of beer sold (12 ounce)	.35

Off-sale prices. The following table gives the minimum prices listed by the Liquor Control Commissioner for the brands of liquor checked in this survey. These prices were effective June 1, 1967, and remained in effect until the issuance of a new list. Such lists are usually published every three months. It was illegal to sell off-sale liquor in Minnesota at a price lower than the listed price, but not illegal to charge a price higher than the listed price.

All posted prices at the Fridley municipal dispensaries were at least as high as the price listed in table 5-3. Three prices, Old Crow, Seagram's 7 Crown, and Gordon's Gin, were found to be one cent higher than those of the list. All others were at exactly the level listed in table 5-3.

Table 5-3. Minimum Consumer Resale Price List of Selected  
1/5 Bottles of Liquor from June 1 to September 1,  
1967.

Brand and Type of Liquor	Minimum Legal Price
Calvert's Extra	\$4.99
Jim Beam	\$4.95
Old Crow 86 Proof	\$4.99
Seagram's 7 Crown	\$4.99
Seagram's VO Canadian Whiskey	\$6.59
Cutty Sark Scotch	\$7.65
Gordon's Gin	\$4.29
Smirnoff's Vodka 80 Proof	\$4.70

SOURCE: "Minimum Consumer Resale Price List Distilled  
Liquors and Wines," Published by Liquor Control  
Commission, St. Paul, Minnesota, pp. 3, 6, 9, 10,  
15, 17, 25, 30.

Beer prices were not subject to minimum resale  
prices. The off-sale prices of the Fridley municipal  
liquor stores are listed below.

Price of cheapest six pack of Hamm's Beer	\$1.35
Price of cheapest six pack of beer sold by the store	\$1.10
Price of cheapest case of Hamm's Beer (24 bottle)	\$4.15

None of the on- and off-sale prices listed above changed  
during the day as the store did not offer any type of live  
entertainment.

Subjective Ratings\*

The author's subjective ratings of the two Fridley on-sale dispensaries were 16 points for the Shorewood Lounge and 11 points for the East River Road Store. Further details about the dispensaries and the ratings can be obtained from the Fridley section of Appendix 5.

Crystal and Its Private Liquor  
Operations

Crystal is a northwest suburb of Minneapolis. It is not a heavily industrialized suburb as is Fridley. In 1965, the Chamber of Commerce listed eleven manufacturing enterprises in the City, only one of which reported over one hundred employees. The City is largely a bedroom community for the Twin City Metropolitan Area.

Crystal purchased its power from a private utility, but did operate a municipal water and sewage system. On December 31, 1966, the City had a bonded debt of \$10,140,000.<sup>5</sup> This was \$360,000 less debt than Fridley had outstanding as of the same date.

As of June 30, 1966, there were seven private

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\*Explained in Chapter I.

<sup>5</sup>City of Crystal Financial Statement for the Year Ending Dec. 31, 1966, p. 19.

on-sale and twelve private off-sale liquor licenses issued in Crystal. The City was charging a fee of \$3,000 for on-sale licenses and \$200 for off-sale licenses.<sup>6</sup> The total revenue received by the City for these licenses was \$21,000 from on-sale and \$2,400 from off-sale--a total of \$23,400. As of October 1, 1966, five of the establishments holding on-sale licenses also held off-sale licenses.<sup>7</sup> Thus, there were fourteen liquor dispensaries in Crystal, Minnesota.

In addition to this revenue, the City also received miscellaneous revenue from liquor licenses for various licenses and permits. The total revenue from this source in 1966 was \$6,624.<sup>8</sup> If seventy-five percent of this sum is allocated to liquor dispensaries, the total received from this source would be \$4,968. This sum, when added to the license revenue, is then estimated to be \$28,380.

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p. 4. <sup>6</sup>License Fees Charged by Municipalities, op. cit.,

p. 10. <sup>7</sup>Off-Sale, On-Sale Liquor Licensees, op. cit.,

p. 1. <sup>8</sup>City of Crystal Financial Statement, op. cit.,

Liquor Dispensaries in Crystal, Minnesota

The following information about liquor dispensaries in Crystal was obtained from the liquor licensees where possible, from their employees, or from personal observation. Additional information may be found in the Crystal section of Appendix 5.

On-Sale Prices Charged in  
Crystal, Minnesota

The table on the following page gives the regular on-sale prices charged by the on-sale liquor dispensaries in Crystal. Live entertainment was provided in all but two of the establishments on weekends. The two not providing live entertainment were operated by A. Roskaft and W. Briskey. When live entertainment was provided, prices were raised ten cents per item.

It can be seen from the table that there was very little price difference among the base prices of the on-sale liquor dispensaries in Crystal. Only the dispensary operated by A. Roskaft used automatic dispensing devices to aid in pouring more uniform drinks.

Off-Sale Price of Crystal Liquor Dispensaries

All twelve dispensaries selling off-sale liquor in Crystal had posted prices conforming exactly to the minimum price listed in Table 5-3. Unlike many of the other municipalities no one had raised his prices so as to sell

Table 5-4. Prices Charged by On-Sale Liquor Dispensaries in Crystal, Minnesota, June, 1967.

Type of Beverage	Roskft 3/4oz.& "shots"	Paddock Inc. 1 oz.& "shots"	Hartwig 7/8oz.& "shots"	Brisky 7/8oz.& "shots"	Bob's, Inc. 7/8oz.& "shots"	Chalet, Inc. 7/8oz.& "shots"	Coach, Inc. 7/8oz.& "shots"
"Shot" of Calvert's Ex.	.50	.50	.50	.50	.50	.50@	.50+
Jim Beam	.50	.50	.50	.50	.50	.50	.50
Seagram's VO	.60	.65	.65	.65	.65	.65	.65
Cutty Sark Scotch	.70	.75	.75	.75	.75	.75	.75
Old Crow 86 Proof	.50	.50	.50	.50	.50	.50	.50
"Bar" Whiskey, Gin, and Vodka	.45	.45	.45	.45	.45	.45	.45
Manhattans & Martinis	.75	.65	.65	.65	.65	.65	.65
Bottle of Hamm's Beer (12 oz.)	.35	.35	.35	.35	.35	.35	.35
Cheapest bottle of beer (12 oz.)	.35	.35	.35	.35	.35	.35	.35
Glass of tap beer	.20	.20	.20	.25	.25	.25	.25

& Size of shot as stated by licensee or employee of business.

@ This business had two bars. Prices shown are for cheaper of the two. At other bar, prices were ten cents per item higher.

+ Prices rose ten cents per drink at six and nine P.M.

SOURCE: Price check by author, June 27, 28, 1967.

merchandise at even money prices. The prices of off-sale beer items not subject to state minimums are given in the table on the following page.

Table 5-5, unlike 5-4, suggests that there is some price competition among the dispensaries selling off-sale beer in Crystal. Perhaps the fact that there are twelve off-sale dispensaries makes it more difficult to achieve agreement on price whereas seven on-sale dispensaries have an easier time in this matter.

#### Property Taxes Paid by Crystal Liquor Dispensaries

In this instance the City Assessor of Crystal refused to provide detailed information regarding the property taxes paid by each dispensary in the City. He did, however, show the results of a private research firm's study of this question. This study determined that the total property taxes paid by these businesses was \$33,648 in 1966. The Hennepin County Assessor's records showed that these dispensaries paid \$8,819 in personal property taxes in 1966.<sup>9</sup> If the figure of \$33,648 is accepted as accurate, this means the real estate tax for these firms was \$24,829, giving a ratio of about three dollars in real estate tax for each dollar in personal property tax. The above ratio seems rather consistent with those found among other cities in

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<sup>9</sup>Records of County Assessor's Office, Hennepin County, Minnesota.



Table 5-5. Off-Sale Prices Charged by Crystal Liquor Dispensaries on Selected Beer Items, June, 1967.

Type of Item	Paddock, Inc.*	E. Hartwig*	W. Briskey*	Bob's, Inc.*	Chalet, Inc.*	Haagland
Cheapest six pack of Hamm's Beer	\$1.25	\$1.20	\$1.25	\$1.25	\$1.25	\$1.20
Cheapest six pack of beer sold	\$1.05	\$1.05	\$1.05	\$1.05	\$1.05	\$1.00
Cheapest case of Hamm's Beer (24 bottles)	\$4.20	\$4.15	\$4.30	\$4.30	\$4.35	\$4.15

Type of Item	Nelson	Wally's	Paulsen	Smith	Bienias	Community Liquors, Inc.
Cheapest six pack of Hamm's Beer	\$1.20	\$1.20	\$1.10	\$1.20	\$1.20	\$1.25
Cheapest six pack of beer sold	\$1.05	\$1.00	\$ .95	\$ .90	\$1.00	\$ .90
Cheapest case of Hamm's Beer (24 bottles)	\$4.15	\$4.15	\$4.15	\$4.15	\$4.15	\$4.30

\*Combined On-Off-Sale Liquor Stores

SOURCE: Price check by the author on June 27 and 28, 1967.

this group. Thus the figure of \$33,648 will be used in this study. Applying the mill rates given in Appendix 5 to the \$33,648 figure, gives the following sums that were paid to various units of government by Crystal Liquor Dispensaries in 1966.

School District	\$18,725.10
City	\$ 5,437.52
County	\$ 7,234.34
State	\$ 2,032.34
Other Units	\$ 218.70

#### Additional Information about Liquor Dispensaries and Licensees in Crystal

The sales volume of two of the on-sale dispensaries reporting ranged from a low of \$122,000.00 to a high of \$420,000.00 per year. Three of the off-sale dispensaries reported that their sales in 1966 ranged from a low of \$100,000.00 to a high of \$140,000.00.

Wages and salaries paid to employees of all Crystal liquor dispensaries were uniformly \$135.00 per week for bartenders in four of the on-sale dispensaries. Hourly pay for waitresses and part-time bartenders ranged from a low of \$1.34 per hour to a high of \$2.00 per hour in four of these stores. The same rate applied to hourly employees in five of the seven strictly off-sale stores.

Five of the seven strictly off-sale stores were air conditioned. One of these had only a window cooler which may have been inadequate in very hot weather.

Of the off-sale liquor dealers who replied to the

question of their answer to a customer's request for a "good buy" in vodka, one replied he would try to gauge the customer's financial position and make a recommendation on that basis; two stated they never recommended as a matter of policy because they could lose customers that way; two stated they would recommend Smirnoff's as it was highly advertised; and two stated they would recommend Phillips because it was their most profitable brand.

Many of these stores sponsored bowling and other sports teams. One off-sale licensee stated he sponsored four bowling, one softball, and one hockey team during 1966. Five of the seven off-sale stores sponsored six bowling teams in 1966 while four on-sale stores reported they sponsored nine bowling teams.

One on- and off-sale dispensary provided regular bus service to professional baseball and football games during the summer and fall seasons, at a cost of one dollar per person.

#### Subjective Ratings\*

The author's subjective ratings of the Crystal on-sale dispensaries ranged from 12 to 18 with a mean of 14. Further information on the dispensaries' facilities and rating methods are given in Appendix 5.

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\*Explained in Chapter I.

Summary of Operations of Liquor Dispensaries  
in Fridley and Crystal, Minnesota

The total property taxes received by Crystal, Minnesota, from all liquor dispensaries was calculated to be \$5,437.52. This sum, when added to the moneys received by the City from the issuance of licenses and permits (estimated to be \$28,380.00 in 1966), gives total revenue received by the Municipality from these dispensaries of about \$33,817.00. Using 1965 population data, this represents a per capita return of \$1.16.

The profit earned during 1966 from the operations of the Fridley municipal liquor store, as reported in Appendix 5, was \$172,262.05. Again using 1965 census data, the per capita return was \$6.87.

From this information, it would appear that the City of Fridley is in a stronger financial position as a result of the differing methods the two cities have chosen to dispense liquor within their boundaries.

If other than financial factors are considered, the picture becomes much less clear. Crystal would appear to have some advantage in that more establishments were available to the consumer within her boundaries. Also, as shown in Appendix 5, more people found employment in the Crystal liquor dispensaries than in the Fridley dispensaries. In the summer of 1967, there were 36 full-time

employees and 36 part-time employees in Crystal. This did not include the number of employees in two dispensaries and did not include those owners who were employed and deriving income from the dispensaries.

Fridley reported that it had 15 full-time and 22 part-time employees. The number of hours worked by full-time employees in Fridley was four less than those employed in Crystal. Thus there was much less labor used in the Fridley dispensaries.

Wages paid employees were about equal in both cities. However, the public employee retirement and fringe benefits received by Fridley employees were superior to those received by Crystal employees.

The on-sale prices of the Fridley dispensary averaged five cents per item less than those charged by Crystal dispensaries. The off-sale prices were slightly higher for some items, however. Thus it seemed that the additional economic resources being used in the Crystal dispensaries resulted in higher prices.

Perhaps the major benefits accruing to the Crystal consumer were choice of establishments, even though he received little price alternative; live entertainment; and the opportunity to drink and dine if he so chose. Dining in such a manner was not possible in Fridley since municipal liquor dispensaries are prohibited from serving food. The liquor and food combination was available in Crystal and

other nearby communities, however.

The subjective ratings of Crystal on-sale dispensaries ranged from a low of twelve to a high of eighteen points. This would indicate that there were important differences in the dispensaries of Crystal. Some would correspond closely to the typical saloon while others would more nearly be classified as night or supper clubs. One Crystal dispensary received a rating of 18 points which tied it for high point total with a private dispensary in Owatonna.

The Fridley establishments were rated at eleven and sixteen points. Even though one was given a much higher rating, it was in reality only a fancier saloon.

Leaving Fridley and Crystal, we will next investigate the operation of dispensaries in Anoka and Hastings. These cities are similar to Fridley in that they have smaller populations and are less urban.

The Cities of Anoka and Hastings, Minnesota

The second pair of cities, selected for comparison, Anoka and Hastings, Minnesota, could be considered exurbs of the Twin Cities. Both are twenty plus miles from the central cities. Anoka lies to the northwest and Hastings to the southeast of the Twin Cities. Anoka has municipal liquor; Hastings has private liquor. Additional

comparative information on taxes, population, and income can be found in Appendix 5.

The following table provides information about the compensation paid to public safety officials in the two cities. Only data for police personnel are given as Hastings had a volunteer fire department.

Table 5-6. Salaries of Public Safety Officials in Anoka and Hastings, Minnesota, Spring of 1967.

Position	Anoka Salary (Per Month)	Hours Per Week	Hastings Salary (Per Month)	Hours Per Week
Police Chief	\$750 (4)*		\$740 (7)*	
Police Patrolman	\$510 \$540	40	\$535 low \$620 high#	40
Uniform Allowance	\$		\$120	

\*Number in brace indicates years of service in this position.

#The low and high salary can mean the lowest and highest pay actually received by employees, or the low and high permitted under current regulations.

SOURCE: 1967 Municipal Salary Survey, Over 10,000 Population, League of Minnesota Municipalities, Minneapolis, Minnesota, pp. 24, 35.

In the spring of 1967, Anoka had seventeen full-time and eleven part-time members on its police force while

other nearby communities, however.

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Position	Anoka Salary (Per Month)	Hours Per Week	Hastings Salary (Per Month)	Hours Per Week
Police Chief	\$750 (4)*		\$740 (7)*	
Police Patrolman	\$517 low-- \$597 high#	40	\$535 low \$620 high#	40
Uniform Allowance	\$ 75		\$120	

\*Number in brackets indicates years of service in this position.

#The low and high salary can mean the lowest and highest pay actually received by employees, or the low and high permitted under current regulations.

SOURCE: 1967 Municipal Salary Survey, Over 10,000 Population, League of Minnesota Municipalities, Minneapolis, Minnesota, pp. 24, 35.

In the spring of 1967, Anoka had seventeen full-time and eleven part-time members on its police force while

Hastings had eleven full-time members.<sup>10</sup> If part-time members are disregarded in Anoka, then it, using 1965 population data, had one police officer for each 678 persons while Hastings had one officer for each 962 persons. Salaries paid were substantially the same; thus it would appear that Anoka was providing somewhat better police protection for its citizens, especially if the part-time personnel are given some consideration.

The Anoka fire department and city were rated in class six by the 1967 Municipal Year Book. (See explanation of ratings in Chapter IV.)

In addition to the above salaries, the full-time employees of the two cities also receive fringe benefits that are listed in Appendix 5. Fringe benefits of the two communities are substantially the same.

#### Anoka and Its Municipal Liquor Operations

Anoka has several large industrial plants. For example, The Federal Cartridge Corporation employs about 1,600 and the Cornelius Corporation employs about 775 people.<sup>11</sup>

As of March 31, 1967, the City had \$7,912,786 in

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<sup>10</sup>1967 Municipal Salary Survey, Over 10,000 Population, op. cit., pp. 24, 25.

<sup>11</sup>City of Anoka, Offering Bond Prospectus, April 12, 1967, p. 12.

bonded debt.<sup>12</sup> The City owns and operates a municipal light and power plant and water and sewage system. In addition, it operates four municipal liquor stores, two of which sell off-sale and two on-sale liquor.

Financial statements of the Anoka municipal dispensaries are presented in Appendix 5.

Employment, Wages and Salaries of the  
Anoka Municipal Liquor Stores

During the summer of 1967, Anoka municipal liquor dispensaries employed twelve persons full-time and four part-time.<sup>13</sup> The full-time employees worked a total of forty hours per week.<sup>14</sup> The following table gives the wages and salaries of the employees of the Anoka dispensaries.

In addition to the amounts given in Table 5-7, it should be remembered that employees of the Anoka municipal dispensaries receive the fringe benefits available to all city employees as noted in Appendix 5.

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<sup>12</sup>City of Anoka, op. cit., p. 5.

<sup>13</sup>Information supplied by Mr. C. Pederson, Manager of Anoka Municipal Liquor Stores.

<sup>14</sup>Municipal Salary Survey, Over 10,000, op. cit., p. 50.

Table 5-7. Wages and Salaries for Full- and Part-Time Employees of the Anoka Municipal Liquor Dispensaries in 1966.

Position	Full-Time (Per Month)	Part-Time (Per Hour)
Manager	\$775	
Assistant Manager	\$526	
Bartender	\$501	\$2.60
Stock Clerk	\$501	\$2.40
Retail Clerk	\$501	\$2.40
Barmaid		\$1.65
Custodian	\$331	

SOURCE: 1967 Municipal Salary Survey, Over 10,000 Population, League of Minnesota Municipalities, Minneapolis, Minnesota, p. 50.

#### Operating Ratios of Anoka Municipal Dispensaries

From information provided in Appendix 5 plus employment figures given previously, with the assumption that a part-time employee is equal to one-half of a full-time employee, the following statistics are utilized below:

#### Anoka statistics.&

1. Sales	\$727,167
2. Net Income	\$123,049
3. Wages and Benefits	\$124,593
4. Surplus 4/10/66	\$213,596

& Balance sheet items are for 4/10/66, income statement items for year ended 3/31/67.

5. Number of Employees	14
6. Total Assets: 4/10/66	\$230,680
7. Gross Profit	\$227,149
8. Inventory 4/10/66	\$ 87,873
9. Cost of Sales	\$450,018

Operating ratios.

1. Dollar Sales per Employee	\$ 51,940
2. Dollar Sales per Dollar Paid in Wages and Benefits	\$ 5.84
3. Dollar Sales per Surplus at Close of Year	\$ 3.40
4. Dollars of Assets per Employee	\$ 16,480
5. Gross Profits as a Percentage of Sales	38.1%
6. Net Return on Surplus (Investment)	57.6%
7. Net Income as a Percentage of Sales	16.9%
8. Inventory Turnover (Using Cost of Sales)	4.2
9. Average Employee Pay per Week*	\$141.14

Statistics taken from the 1967 U.S. Census of Business, p. 24 for Dakota County, of which Hastings is the county seat, give the following comparative information. The data is for the year 1963. The statistics are for both private and municipal liquor dispensaries, but are largely for private dispensaries as on October 1, 1966, there were but two municipal liquor dispensaries in the

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\*Computed by dividing Wages and Benefits by 52 and this figure by 14. The figure may be overstated as employment was not given in any publication but was given by the manager who may not have included all employees.

county.<sup>15</sup> Twenty-nine liquor dispensaries having payrolls are represented by the following statistics.

1. Dollar Sales per Employee in 1963	\$10,950
2. Average Sales of Dispensaries in 1963	\$90,172
3. Average Employee Pay per Week	\$ 50.00

When one compares the dollar sales per employee of the Anoka municipal dispensaries and the private dispensaries of Dakota County it appears that the labor is being more efficiently used in the Anoka dispensaries, as sales are nearly \$40,000 per employee per year higher.

#### Information Concerning the Operations of the Anoks Municipal Liquor Dispensaries

The following information was obtained from the manager of the Anoka municipal liquor dispensaries, Mr. Chub Pederson. He stated that his turnover of full-time employees was very small, but that his part-time turnover was quite high. He was unable to quote any figures, however. Mr. Pederson stated that he had been employed by the municipal liquor stores for twenty years.

In response to other questions, he noted that the method of operation would not change should he be the owner instead of the manager of the stores; that he was not interfered with in the hiring and dismissing of personnel, and that the store did not use the perpetual

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<sup>15</sup>Municipal Liquor Stores, October 1, 1966,  
op. cit., entire publication.

inventory system but did take a physical inventory every three months. Mr. Pederson stated that he felt a perpetual inventory to be unnecessary since he was always aware of the stock of merchandise on hand and knew when a particular item needed to be ordered. The wholesale value of the inventory averaged \$80,000. Pederson felt that this was large enough to take advantage of all "worthwhile" discounts offered by distributors for quantity purchases.

The hours of operation of the two stores differed slightly. The downtown on-sale store opened at eight A.M. and closed at midnight excepting Friday nights when the closing time was twelve-thirty A.M. The store located near the golf course opened at nine A.M. and closed at one A.M.

Off-sale stores in Anoka were permitted to open at eight A.M. and close at eight P.M. On Saturdays, they could remain open until ten P.M. The two off-sale dispensaries in Anoka were open the maximum number of hours permitted by state law. Mr. Pederson felt that remaining open an additional hour at either of the two on-sale stores would add more to cost than it did to revenue.

The Anoka dispensaries spent a total of \$279.12 on advertising during the fiscal year ended March 31, 1967. This was spent largely in newspaper advertising which merely listed the stores' names and stated that legal liquor

was for sale on the premises.

There were no lawsuits pending against the Anoka municipal liquor dispensaries or the City as a result of the operations of the stores. There had been only one during the twenty years Mr. Pederson had been employed by the stores. This suit, occurring in the early 1960's, resulted in the plaintiff being awarded \$40,000. The store carried a one million dollar insurance policy to cover such claims.

Mr. Pederson stated that he usually did not recommend any particular brand of vodka when asked what he would recommend to a customer asking for his advice on a "good buy" in vodka.

Prices Charged by the Anoka Liquor  
Dispensaries

On-sale prices. Prices charged by the two on-sale liquor stores in Anoka differed. The prices of each store were as follows:

The two stores maintained by the City differed markedly; they were operated in somewhat the same manner as the Fridley on-sale stores. The Greenhaven store was located at the Anoka Municipal Golf Course--the C.C. below represents "Country Club."



	<u>C.C.</u>	<u>Lounge Downtown</u>
Price of one ounce shot of		
Calvert's Extra	\$.50	.45
Jim Beam	.50	.45
Seagram's V0	.60	.60
Cutty Sark Scotch	.70	Not available
Old Crow 86 Proof	.50	.45
Seagram's 7 Crown	.50	.45
Price of Manhattans, Martinis	.75	.75
Price of "bar" Whiskey, Gin, and Vodka	.45	.40
Price of bottle of Hamm's Beer	.35	.35
Price of cheapest bottle of beer	.35	.35
Price of glass of tap beer	.25	.20

Off-sale prices. The Anoka off-sale liquor prices were at or only one penny higher than the minimum price listed by the Liquor Control Commissioner. Since these prices have been listed in Table 5-3 the Anoka off-sale liquor prices need not be repeated here. However, prices charged on non-regulated beer items by the Anoka dispensaries are given below. These and the on-sale prices above were obtained during the author's visit in early July of 1967.

Price of cheapest six pack of Hamm's Beer	\$1.20
Price of cheapest six pack of beer sold by the store	\$1.10
Price of the cheapest case of Hamm's Beer (24 bottles)	\$4.25

None of the prices listed above changed during the day as the Anoka dispensaries did not have any type of live entertainment.

Subjective Ratings\*

The subjective ratings of the Anoka Downtown Dispensary was 12 while that of the Greenhaven Dispensary was 15. Further information about the dispensaries' facilities and rating methods is given in the Anoka section of Appendix 5.

Hastings and Its Private Liquor Operations

The City of Hastings, located on the west bank of the Mississippi, lies twenty miles south and east of the Twin Cities. The City does not have any one extremely large employer as does Anoka, but there are three companies which employ from 150 to 400 persons.<sup>16</sup> In addition, some citizens commute to nearby manufacturing plants located outside the city limits.

The City did not have a municipal light and power plant but did maintain a municipal water and sewage system. As of December 31, 1966, Hastings had a bonded indebtedness of \$1,684,000.<sup>17</sup>

On June 30, 1966, there were five private on-sale and nine private off-sale licenses issued in Hastings; the City was charging a fee of \$2,500 for its on-sale and

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\*Explained in Chapter I.

<sup>16</sup>Information supplied by Hastings City Clerk.

<sup>17</sup>"Annual Financial Statement, City of Hastings," The Hastings Gazette, March 23, 1967, p. 5.

\$75.00 for its off-sale licenses.<sup>18</sup> The City was thus to receive a total of \$13,175 from this source; \$12,500 from its on-sale licenses and \$675 from its off-sale licenses. In addition to this, the City received miscellaneous revenue for various other licenses and permits. This amounted to \$1,675.<sup>19</sup> If seventy-five percent of this total is allocated to the liquor dispensaries, the revenue received by Hastings from cigarette and similar licenses was \$1,256.25. Adding this sum to the liquor license revenue it is then estimated that the City received a total of \$14,431.25 from issuing licenses and permits to private liquor dispensaries.

#### Liquor Dispensaries in Hastings

The following information about liquor dispensaries in Hastings was obtained from the liquor licensees, their employees, and from personal observation. Additional information on this subject can be found in the Hastings section of Appendix 5.

#### On-Sale Prices Charged in Hastings

The following table gives the regular prices charged by the on-sale liquor dispensaries in Hastings. Only one of the dispensaries, that of M. O'Connell, did not provide

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<sup>18</sup>License Fees Charged by Municipalities, op. cit., p. 8.

<sup>19</sup>"Annual Financial Statement, etc.," op. cit., p. 4.

Table 5-8. Prices Charged by On-Sale Liquor Dispensaries in Hastings, Minnesota, prior to August 1, 1967.

Type of Beverage	Doth 3/4 oz.& "shot"	Loesch Bros. 3/4 oz.& "shot"	McNaughton 3/4 oz.& "shots"	M. O'Connell 3/4 oz.& "shots"	T. Olson 3/4 oz.& "shots"
"Shot" of Calvert's Extra	.45	.45	.45	.45	.50
Jim Beam	.45	.45	.45	.45	.50
Seagram's VO	.55	.55	.55	.55	.60
Cutty Sark Scotch	.75	.65	.65	.65	.75
Seagram's 7 Crown	.45	.45	.45	.45	.50
Old Crow 86 Proof	.45	.45	.45	.45	.50
"Bar" Whiskey, Gin and Vodka	.40	.40	.40	.40	.45
Manhattans and Martinis	.75	.65	.65	.65	.75
Bottle of 12 oz. Hamm's	.35	.35	.35	.35	.35
Cheapest 12 oz. bottle of beer sold	.35	.35	.35	.35	.35
Glass of tap beer	.20	.20	.20	.20	Not available

& Size of shot as stated by licensee or employee of business.

SOURCE: Price check by author on August 10, 1967.

live entertainment. The dispensary operated by T. Olson provided it every night except Monday. All other dispensaries provided entertainment every Friday and Saturday night. When live entertainment was provided, prices were raised by ten cents per item.

After the enactment of the state three percent sales tax, all prices were raised by five cents except the beer prices. From looking at the above prices, it is evident that there is little price competition among the five on-sale dispensaries in Hastings. The one real difference is that the prices of the Olson dispensary, the only dispensary to use automatic dispensing devices to achieve more uniform drinks, were about five cents higher per item. This establishment was a supper club type establishment and not just a "bar" or "saloon" as were the others.

#### Off-Sale Prices of Hastings Liquor Dispensaries

Four of the six liquor dispensaries in the survey which sold off-sale liquor had posted prices that were exactly at the legal minimum. Two of the dispensaries sold several items at one penny over the minimum price in order to sell for even money. The prices on selected beer items are given in the table on the following page for the various dispensaries in the survey. Three off-sale licensees have been omitted from the survey as they were pharmacies. Only one of these was still selling liquor at the time of the author's visit in August of 1967. This pharmacy reported it had no employees who specifically sold liquor.

Table 5-9. Off-Sale Prices Charged by Hastings Liquor Dispensaries on Selected Beer Items August, 1967.

Type of Item	Doth	Loesch	McNaughton	Freiermuth	Basch	Hastings Liquor, Inc.
Cheapest six pack of Hamm's Beer	\$1.35	\$1.25	\$1.25	\$1.15	\$1.25-	\$1.25
Cheapest six pack of beer sold	\$1.35	\$1.25	\$1.10	\$ .85	\$1.10	\$1.00
Cheapest case of Hamm's (24 bottles)	\$4.10	\$4.10	\$4.10	\$3.65	\$3.99	\$4.00

SOURCE: Price check by author August 10, 1967.

The off-sale prices given suggest that price competition does exist in the off-sale business. This appeared to be a result of the Friermuth dispensary which had the lowest prices found during this survey. Since this business also had the largest reported inventory of the survey and had been operated for twenty years, it becomes a distinct possibility that with efficient operation it is possible to sell at a low price and to do so at a profit.

#### Property Taxes Paid by Hastings Liquor Dispensaries

In order to obtain the amount of property taxes paid to the various levels of government, the author checked the records of the Dakota County Assessor. Hastings is the county seat of this county. With the help of employees of the Assessor's office, some allocations were made of the real estate tax. These are noted in the footnotes below the table on the following page. Because of the allocations, the figures given in the table must only be estimates of the tax paid.

#### Additional Information about Liquor Dispensaries and Licensees in Hastings

Sales of three of the dispensaries reporting this information ranged from a low of \$80,000 to a high of \$600,000 in 1966.

Wages and salaries paid to employees were reported by four of the dispensaries. Hourly wages paid varied from

Table 5-10. Estimated Property Taxes Paid by Liquor Dispensaries in Hastings for 1966, Taxes Payable in 1967.

Liquor Dispensary Licensed to	Paid to School District	Paid to Municipality	Paid to County	Paid to State	Paid to Other Units	Total Paid
# Bill Doth*	\$ 463.65	\$ 275.17	\$ 171.10	\$ 58.41	\$ .72	\$ 969.05
# Loesch Brothers	772.93	458.73	285.22	97.37	1.19	1,615.44
* John McNaughton	504.29	299.33	186.09	63.53	.75	1,053.99
† Millet O'Connell†	175.94	104.41	64.92	22.16	.28	367.71
‡ Thomas & Veronica Olson**	241.36	143.10	89.13	30.51	.36	504.46
Off-Sale Dispensaries Excluding Pharmacies	1,333.97	788.95	493.45	170.06	1.39	2,787.82
TOTALS	\$3,492.14	\$2,069.69	\$1,289.91	\$442.04	\$4.69	\$7,298.47

# On- and Off-Sale Dispensaries

‡ On-Sale Dispensaries

\* 66% of real estate tax allocated to liquor dispensary

† 20% of real estate tax allocated to liquor dispensary

\*\* 50% of personal property and 20% of real estate tax allocated to liquor dispensary

SOURCE: Records of County Assessor, Dakota County, Hastings, Minnesota.



two to two dollars and forty-five cents and monthly wages from four hundred fifty to five hundred dollars per month.

Two of the three strictly off-sale stores were adequately airconditioned.

Those off-sale licensees replying to the question of what type of vodka they would recommend in response to a customer request differed in opinion. Two stated they would recommend Gilbey's because it was a medium priced product and sold well, another stated he would recommend Smirnoff's because it was the most popular brand, and one stated that he would recommend Tavorski's because "its price is good."

Advertising, accomplished chiefly through sponsorship of sports teams, found six stores sponsoring the following: one race car, eleven bowling teams, five softball teams, and one volleyball team.

#### Subjective Ratings\*

The author's subjective ratings of the Hastings on-sale dispensaries ranged from ten to fourteen points, with a mean of 12.4. Further information on dispensary facilities and individual ratings is given in the Hastings section of Appendix 5.

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\*Explained in Chapter I.

Summary of Liquor Dispensaries Operations  
in Anoka and Hastings, Minnesota

The total property taxes collected by Hastings from its liquor dispensaries was calculated in table 5-10 to be \$2,069.69. The sum received for the issuance of licenses and permits was \$14,431.25. Hastings thus received a total revenue from this source of \$16,500.94, or a per capita return, based on the 1965 census figures given in Appendix 5, of \$1.56. Thus, as seen with Fridley and Crystal, the municipal operation of Anoka contributed more revenue to city coffers than did the private operations of Hastings --a difference in this case of more than \$100,000. Appendix 5 shows Anoka net income for the year ending April 10, 1966, to be \$123,249, or a per capita income of \$10.67.

A comparison of prices showed that on-sale liquor prices were slightly lower in Hastings although prices at the cheaper of the Anoka dispensaries were the same as those charged at many Hastings dispensaries. Off-sale prices in Hastings were generally lower than those charged in Anoka. This would indicate that where price competition exists, as in Hastings, prices tend to be somewhat lower than in the limited monopoly situation of a municipal liquor store.

In employment numbers, the Hastings private stores surpassed the Anoka municipal stores. As shown in Appendix 5 there were ten full-time and eighteen part-time

employees of the Hastings private stores. In addition, revenue was provided to owners and managers of these stores. Anoka had twelve full- and four part-time workers. Much more labor as well as land and capital resources were being used in Hastings, but at a lower cost to the consumer.

Wages were somewhat higher in Anoka. This does not include the fringe benefits which were likely to be superior to those received by employees of the Hastings dispensaries.

Again a major advantage of private dispensaries, as operated in Hastings, provided a larger choice of establishments where live entertainment was often provided and if desired, food was also available. How much extra utility this gives the customer cannot be estimated here, but it is fair to say that to some persons this is an important advantage while to others it is not. Because of municipal liquor, there existed in Anoka no public place where food and liquor could be consumed at the same time. Private clubs could be formed combining food and liquor, if persons so chose, however.

Subjective ratings in Hastings fluctuated from a low of ten to a high of fourteen points while Anoka's ratings were 12 and 15 points. This indicated differences in atmosphere in the various dispensaries in both cities. The two on-sale stores in Anoka differed largely only in decor and clientele. Four of the five on-sale stores in

Hastings differed little in either decor or clientele. The fifth was a supper club and did differ markedly from the others.

We will next consider the two northern Minnesota cities of Bemidji and Brainerd.

The Cities of Bemidji and Brainerd, Minnesota

The third pair of cities selected for comparison are Bemidji and Brainerd, Minnesota. Located in the northern section of the state, both cater to tourists, especially during the summer months. Bemidji is located one hundred miles northwest of Brainerd. Bemidji has municipal liquor stores while Brainerd has private stores. Further information on taxes, population, and income of the two cities can be found in Appendix 5.

The table on the following page gives information concerning compensation paid to public safety employees of the two communities. Both cities have largely volunteer fire departments so the salaries are limited to the police department.

In the spring of 1967, Bemidji had sixteen and Brainerd nineteen full-time police officers.<sup>20</sup> This was a ratio of one police officer for each 622 persons in Bemidji

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<sup>20</sup>1967 Municipal Salary Survey, Between 5,000 and 10,000 Population and Over 10,000 Population, League of Minnesota Municipalities, Minneapolis, Minnesota, pp. 17, 24.

and one for each 679 persons in Brainerd, using 1960 population figures; the 1965 special census did not include these cities. While it would appear that Bemidji has somewhat of an advantage in quantity, if salary can be used as a measure of ability, Brainerd has somewhat of an advantage in quality.

Table 5-11. Salaries of Public Safety Officials in Bemidji and Brainerd, Minnesota, Spring, 1967.

Position	Bemidji Salary (Per Month)	Hours Per Week	Brainerd Salary (Per Month)	Hours Per Week
Police Chief	\$600 (26)*		\$605 (18)*	
Police Sergeant	\$460	44	\$492 Low-- \$516 High//	40
Police Patrolman	\$360 Low-- \$435 High	44	\$431 Low-- \$483 High	
Uniform Allowance (per year)	\$100		\$100	

\* Number in brackets indicates years of service in position.

// Can mean the lowest and highest pay a person is receiving or can receive.

SOURCE: 1967 Municipal Salary Survey, Between 5,000 and 10,000 Population, and Over 10,000 Population. League of Minnesota Municipalities, Minneapolis, Minnesota, pp. 17, 24.

In addition to the above salaries, the full-time employees of the two cities received fringe benefits listed

in Appendix 5. The fringe benefits of Brainerd seem more valuable than those of Bemidji, and total compensation received by Brainerd employees superior to that received by Bemidji employees.

Bemidji and Its Municipal  
Liquor Operations

Bemidji does not have much industry with retail trade and government forming the main economic activities. The economic base is also strengthened by vacation, forestry, and agricultural activities of the region.

The City is the site of Bemidji State College, a four year school having a student body of about 3,300.<sup>21</sup> This institution is one of the largest employers in the City. Bemidji is the county seat of Beltrami County which also helps project government to the role of an important employer. As of December 31, 1966, Bemidji had a bonded debt of \$661,000.<sup>22</sup>

Bemidji operates a municipal water and sewage system but does not operate a municipal power plant. The City operates three municipal liquor dispensaries of which one is on- and off-sale, one on-sale and one off-sale. These liquor dispensaries earned a net income of \$108,913

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<sup>21</sup>Information supplied by publication of Bemidji Chamber of Commerce.

<sup>22</sup>Financial Report of City of Bemidji, no page number given.

on sales of \$682,351 in 1966.<sup>23</sup> This placed the Bemidji stores tenth in sales volume and sixth in net income among all municipal stores in the state.

The Income Statement and Balance Sheet of the Bemidji municipal liquor dispensaries appear in the Bemidji section of Appendix 5.

Employment, Wages and Salaries of the Bemidji  
Municipal Liquor Dispensaries

During the spring of 1967, the Bemidji municipal liquor dispensaries had eighteen full-time and seven part-time employees. The full-time employees worked forty-four hours per week.<sup>24</sup>

The table on the following page gives the wages and salaries of the employees of the Bemidji municipal stores during the spring of 1967.

In addition to the compensation listed, the full-time employees of the municipal liquor stores receive the fringe benefits of city employees listed in the Bemidji section of Appendix 5.

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<sup>23</sup>See Chapter II, table 2-4.

<sup>24</sup>1967 Municipal Salary Survey Between 5,000 and 10,000 Population, op. cit., p. 27.

Table 5-12. Wages and Salaries of Full- and Part-Time Employees, Bemidji Municipal Liquor Dispensaries, Spring, 1967.

Position	Full Time (Per Month)	Part Time (Per Hour)
Manager	\$550	
Assistant Manager	\$450	
Bartender	\$360 Low-- \$390 High#	
Retail Clerk	\$425 High	\$1.75
Barmaid	\$235 Low-- \$260 High	\$1.75
Custodian	\$125 Low-- \$350 High	

#The low and high salary can mean the lowest and highest pay an employee can receive or the lowest and highest he is receiving.

SOURCE: 1967 Municipal Salary Survey, Between 5,000 and 10,000 Population, p. 27.

#### Operating Ratios of Bemidji Municipal Dispensaries

From the information provided by the accounting statements in the Bemidji section of Appendix 5 plus employment figures given previously, the following statistics have been obtained and are utilized below. The assumption is made that a part-time employee is equal to 1/2 of a full-time employee.



Bemidji statistics.&

1. Sales	\$682,350
2. Net Income	\$110,587
3. Wages and Benefits	\$104,556
4. Surplus	\$176,863
5. Number of Employees	21.5
6. Total Assets	\$180,623
7. Gross Profit	\$211,789
8. Beginning Inventory	\$ 90,000
9. Cost of Sales	\$470,562

Operating ratios.

1. Dollar Sales per Employee	\$31,737
2. Dollar Sales per Dollar Paid in Wages and Benefits	6.53
3. Dollar Sales per Surplus at Close of Year	3.86
4. Dollars of Assets per Employee	\$ 8,401
5. Gross Profit as a Percentage of Sales	31%
6. Net Return on Surplus (Investment)	62.6%
7. Net Income as a Percentage of Sales	16.2%
8. Inventory Turnover (Using Cost of Sales)	5.2
9. Average Employee Pay per Week <sup>#</sup>	\$93.52

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<sup>#</sup>Computed by dividing wages and benefits by 52 and this figure by 21.5.

&Year ended December 31, 1966 for Income Statement items;  
December 31, 1966 for Balance Sheet items.

The following statistics are taken from the 1967  
U.S. Census of Business, p. 24. They are for Stearns

County, Minnesota, one of four counties for which such statistics were given. Stearns County more closely resembles Beltrami County, the location of Bemidji, than any of the other three. The statistics were for both municipal and private liquor dispensaries, but predominately private as on October 1, 1966, there were seven municipal liquor dispensaries in the county.<sup>25</sup> Forty-one liquor dispensaries having payrolls are represented by the following statistics which are for the year 1963.

1. Dollar Sales per Employee in 1963	\$14,900
2. Average Sales of Dispensaries in 1963	\$90,172
3. Average Employee Pay per Week	\$ 50.00

In comparing the dollar sales per employee and employee pay statistics, it can be seen that Bemidji municipal employees surpassed the 41 dispensaries in Stearns County by a wide margin. The average employee pay of the Bemidji dispensaries also included the salary of the manager which raises the average, however.

#### Information on the Operations of the Bemidji Municipal Liquor Dispensaries

The following information concerning the operations of the Bemidji liquor dispensaries was obtained from the manager, Mr. Wallace Reed. He had managed the stores for seven years; prior to that he had been a liquor salesman

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<sup>25</sup>Municipal Liquor Stores, October 1, 1966, op. cit., entire publication.

for twenty-eight years. Mr. Reed stated that he worked about forty-eight hours within the store itself. The turnover of full-time employees was quite low according to the manager; he estimated that the full-time employees had worked an average of seven years.

The store did no advertising, did not give any donations to charity, and did not supply any free materials to customers. There were no lawsuits pending against the Bemidji liquor dispensaries nor had there been any during the seven years of Mr. Reed's management.

The inventory was a perpetual or running inventory system. The value of the wholesale inventory carried by the stores ranged from eighty to one hundred thousand dollars. The manager felt this to be enough to allow him to take advantage of wholesale discounts offered for buying in quantity. Should he be the owner rather than the manager, Mr. Reed felt he would operate the stores in much the same manner. Although he had had disagreements over certain policy matters with members of the City Council, he still felt he operated the stores in the same manner he would were he to own them privately.

Prices Charged by Bemidji Liquor Dispensaries  
On-sale prices. The prices charged by the two on-sale stores in Bemidji were identical. This may be somewhat surprising because of the differences in decor

between the two stores. The stores were opened at different times; one opening at eight and the other at nine A.M. Closing hours differed also, one closing at twelve P.M. and the other at one A.M. Neither of the stores used automatic dispensing devices and each normally served three-fourths of an ounce. The prices charged during the author's visit in mid-July of 1967 were as follows:

Price of 3/4 ounce shot of Calvert's Extra	\$.45
Jim Beam	\$.45
Seagram's VO	\$.60
Cutty Sark Scotch	\$.65
Old Crow 86 proof	\$.45
Seagram's 7 Crown	\$.45
Price of Manhattans, Martinis	\$.65
Price of "bar" Whiskey, Gin and Vodka, per "shot"	\$.40
Price of bottle of Hamm's Beer	\$.35
Price of cheapest bottle of beer	\$.35

The above prices did not change during the day as no live entertainment was provided at any time.

Off-sale prices. The off-sale prices of the Bemidji municipal stores were found to be somewhat above state minimum prices in some of the selected items. Higher prices of off-sale liquor in this area, the author found, were likewise charged by some of the surrounding privately owned stores. The stores felt that they should charge more than the minimum legal price because of the extra costs incurred in obtaining liquor from wholesalers.

The off-sale prices charged by the Bemidji municipal dispensaries were as follows:

	Price	Amount above State Minimum
Price of 1/5 bottle of Calvert's Extra	\$5.15	\$.16
Jim Beam	\$5.00	\$.05
Seagram's VO	\$6.65	\$.06
Cutty Sark Scotch	\$7.70	\$.05
Seagram's 7 Crown	\$5.15	\$.16
Old Crown 86 Proof	\$5.05	\$.06
Smirnoff Vodka		
80 Proof	\$4.80	\$.10
Gordon's Gin	\$4.35	\$.06
Price of cheapest six pack of Hamm's Beer	\$1.50	
Price of six pack of cheapest beer sold	\$1.50	
Price of cheapest case of Hamm's Beer	price could not be ob- tained	

While the above prices are not far above the state minimum price, they do show a rather curious pattern of being somewhat higher on the lower priced liquors. The above prices would also indicate that while on-sale prices of the Bemidji liquor dispensaries were no higher than similar dispensaries, the off-sale prices of both liquor and beer were considerably higher.

#### Subjective Ratings\*

The author's subjective rating of the primary on-sale dispensary (see Appendix 5, Bemidji section) was 14 points while that of the secondary dispensary was 10 points. For further information on dispensary facilities and individual ratings see Appendix 5.

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\*See explanation in Chapter I.

Brainerd, Minnesota, and Its Private  
Liquor Dispensaries

Brainerd, Minnesota, has a more widely diversified economy than does Bemidji. Even though a major section of its economy is still based on the vacation trade, there is a rather healthy industrial base. This base is concentrated largely in mining, transportation, government, and forestry. The principal employers in the City are the Northwest Paper Company, Northern Pacific Railway, Hickerson Garment Factory, and Brainerd State School and Hospital. These employ a total of eighteen hundred persons.<sup>26</sup>

The City is located 135 miles northwest of the Twin Cities. There are 464 lakes within a twenty-five mile radius of the City which insures a vacation trade from Twin City residents.<sup>27</sup>

Brainerd has a municipally-owned electric power distribution system but does not generate its own power. This is purchased from a privately owned company which also serves a portion of the City. Brainerd also owns and operates a municipal water and sewage system.

For the year ended December 31, 1966, the City of Brainerd had a bonded indebtedness of \$484,000.<sup>28</sup> As of

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<sup>26</sup>"Consider Brainerd for Your Business." Publication of Brainerd Chamber of Commerce, 1966, p. 2.

<sup>27</sup>Ibid., p. 3.

<sup>28</sup>City of Brainerd, Recapitulation of Receipts and Disbursements for the Year Ended December 31, 1966, p. 7.

June 30, 1966, the City was charging \$2,500 for an on-sale liquor license and \$200 for an off-sale license; it had issued 10 on-sale and 11 off-sale licenses.<sup>29</sup> As a result of this liquor revenue, \$27,200 was added to the City coffers; \$25,000 from on-sale and \$2,200 from off-sale licenses.

In addition to the above revenue, the City also received miscellaneous revenue from various other licenses and permits the total of which came to \$8,388 in 1966.<sup>30</sup> If seventy-five percent of this sum is allocated to liquor dispensaries, the City would then receive \$6,291 from this source, or a total revenue from the issuance of licenses and permits to liquor stores of \$33,491.

#### Liquor Dispensaries of Brainerd

The following information about the liquor dispensaries was obtained from the licensees, their employees, and personal observation. Additional information may be obtained in the Brainerd section of Appendix 5.

#### On-sale Prices Charged in Brainerd, Minnesota

The following table gives the regular prices charged by the on-sale dispensaries in Brainerd. Four of the dispensaries provided live entertainment. This was usually confined to weekends during the fall, winter, and spring seasons, but was expanded to nightly entertainment during the summer

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<sup>29</sup> License Fees Charged by Municipalities, op. cit., p. 3.

<sup>30</sup> City of Brainerd, Recapitulation of Receipts, etc., p. 2.

Table 5-13. Prices Charged by the Liquor Dispensaries in Brainerd, Minnesota, July 6, 1967.

Type of Beverage	Close 1 oz.& "shot"	Burchill 1 oz.& "shot"	Log Cabin 1 oz.& "shot"	Land-0-Lakes 3/4 oz.& "shot"
"Shot" of Calvert's Extra	.45	.45	.45	.45
Jim Beam	.45	.45	.45	.45
Seagram's V0	.70	.65	.70	.70
Cutty Sark Scotch	.70	.65	.75	.75
Seagram's 7 Crown	.45	.45	.45	.45
Old Crow 86 Proof	.45	.45	.45	.45
"Bar" Whiskey, Gin and Vodka	.40	.40	.40	.40
Manhattans and Martinis	.80	.70	.75	.75
Bottle of Hamm's Beer (12 oz.)	.35	.35	.35	.35
Cheapest bottle of beer (12 oz.)	.35	.35	.35	.35
Glass of Tap Beer	.20	.20	.20	.20

(cont.)



Table 5-13 (Cont.)

Type of Beverage	Hoag 7/8 oz.& "shot"	Esser 7/8 oz.& "shot"	Compart 7/8 oz.& "shot"	Worms 3/4 oz.& "shot"	Bayer 1 oz.& "shot"
"Shot" of Calvert's Extra	.45	.45	.45	.45	.55
Jim Beam	.45	.45	.45	.45	.55
Seagram's VO	.70	.70	.70	.60	.70
Cutty Sark Scotch	.80	.65	.75	.65	.75
Seagram's 7 Crown	.45	.45	.45	.45	.45
Old Crow 86 Proof	.45	.45	.45	.45	.45
"Bar" Whiskey, Gin and Vodka	.40	.40	.40	.40	.40
Manhattans and Martinis	.80	.65	.80	Not available	.75
Bottle of Hamm's Beer (12 oz.)	.35	.35	.35	.35	.40
Cheapest bottle of beer (12 oz.)	.35	.30	.35	.35	.40
Glass of Tap Beer	.20	.20	.20	.20	Not available

& Size of shot as stated by licensee or employee of the business.

SOURCE: Price check by author, July 6, 11, 12, 1967.

tourist season. Prices rose ten cents per item when live entertainment was provided.

On a subsequent visit to Brainerd it was learned that all prices had been raised five cents on July 17, 1967, in all of the on-sale liquor dispensaries.

Only the dispensaries operated by R. Bayer and M. Esser used some automatic dispensing devices which aided in achieving more uniformity in drinks.

Price differences were minor. Only one dispensary, Bayer's, had prices which were consistently higher than the others. This dispensary was primarily a supper club with liquor being a supplement to the food business. Excluding this dispensary, it appears that the price of the lower priced drinks was uniform, but some difference existed among the higher priced imported liquors as well as in mixed drinks. Apparently any agreements on price did not apply to these. It is interesting to note that while there was little price competition in the usual sense, drink sizes as reported by the various dispensaries differed by as much as one-fourth of an ounce.

#### Off-Sale Prices of Brainerd Liquor Dispensaries

There were no combination on- and off-sale dispensaries in Brainerd. All the off-sale stores had posted prices at least as high as the legal minimum price. Only two dispensaries sold at precisely the posted minimum prices on all merchandise selected for examination in this survey. The

remaining dispensaries, however, sold this merchandise at no more than one penny above the minimum price.

The table on the following page gives the prices on selected non regulated beer items.

The off-sale beer prices given again suggest that there is some price competition among the off-sale dispensaries. This competition appears to be largely between the dispensaries operated by R. Esser and W. Bednark. Other than these, prices were uniform in the remaining dispensaries. The prices were competitive with those of off-sale dispensaries covered by this survey.

#### Property Taxes Paid by Brainerd Liquor Dispensaries

In order to determine the property taxes paid to the various levels of government by the liquor dispensaries in Brainerd, the author checked the records of the Brainerd City Assessor. With the help of this official, certain allocations of the property taxes were made. The allocated property taxes paid by these dispensaries are given in the table on page 131. Footnotes show the amount of allocations of the taxes that have been made.

#### Additional Information About Liquor Dispensaries and Licensees in Brainerd

The 1966 sales volume of the six off-sale stores providing the author this information ranged from a low of \$20,000 to a high of \$150,000 with a mean of \$51,000.

Table 5-14. Off-Sale Prices Charged by Brainerd Liquor Dispensaries on Selected Beer Items, July, 1967.

Type of Item	Hoeft	Ehrich	Benick	Ellwood	LaFond
Cheapest six pack of Hamm's Beer	\$.130	\$1.30	\$1.30	\$1.30	\$1.30
Cheapest six pack of beer sold	\$1.00	\$1.00	\$1.00	\$ .95	\$1.00
Cheapest case of Hamm's Beer (24 bottles)	\$4.30	\$4.30	\$4.30	\$4.30	\$4.30

Type of Item	Trudel	Peterson	Bondeson	Bednark	Esser
Cheapest six pack of Hamm's Beer	\$1.30	\$1.30	\$1.30	\$1.30	\$1.20
Cheapest six pack of beer sold	\$1.00	\$1.00	\$1.00	\$ .89	\$1.00
Cheapest case of Hamm's Beer (24 bottles)	\$4.30	\$4.30	\$4.30	\$4.30	\$4.05

SOURCE: Price Check by Author July 6, 11, 1967.

Table 5-15. Estimated Property Taxes Paid by Liquor Dispensaries in Brainerd for 1966, Taxes Payable in 1967.

Liquor Dispensary Licensed to	Paid to School District	Paid to Municipality	Paid to County	Paid to State	Total Paid
Clarence Close*	\$ 240.31	\$ 104.67	\$ 159.60	\$ 33.16	\$ 537.74
Elvin Burchill#	336.92	146.85	223.88	46.52	754.17
Log Cabin Bar, Inc.&	199.11	87.44	132.66	27.82	447.03
Land-O-Lakes Cafe, Inc.%	175.93	76.72	116.82	24.29	393.66
Loyal Hoag	411.21	179.09	273.10	56.75	920.15
Melvin G. Esser	553.31	240.99	367.47	76.37	1,238.14
Marcie Compant*	526.70	299.41	349.80	72.70	1,178.61
Edwin Worms*	317.74	138.39	211.03	43.96	711.02
Rueben Bayer@	519.46	226.25	344.99	71.69	1,162.39
All Off-Sale Dispensaries	2,431.73	1,059.43	1,614.98	335.18	5,441.32
Totals	\$5,712.42	\$2,489.14	\$3,794.33	\$788.34	\$12,784.23

\* Fifty percent of real estate tax allocated to liquor dispensary.

# Forty percent of real estate tax allocated to liquor dispensary.

& Twenty-five percent of real estate tax, fifty percent of personal property tax allocated to liquor dispensary.

% Twenty-five percent of real estate and personal property tax allocated to liquor dispensary.

@ Twelve and one-half percent of real estate tax and fifty percent of personal property tax allocated to liquor dispensary.

SOURCE: Records of City Assessor, Brainerd, Minnesota.

The sales volume of the four on-sale stores ranged from a low of \$45,000 to a high of \$100,000 with a mean of \$74,000.

Wages and salaries paid to employees of the Brainerd liquor dispensaries as reported by five of the off-sale stores ranged from \$1.70 to \$1.75 per hour while the full-time weekly wage was \$100. In the six on-sale stores the hourly rate ranged from two dollars to two dollars and fifty cents per hour while the weekly rate ranged from \$100 plus bonus to a high of \$125. Five of the off-sale stores seemed adequately air conditioned.

Replies to the question on what type of vodka the off-sale licensees would recommend to a customer asking for a "good buy" were as follows: four stated they would either recommend the cheapest brand or tell the customer "vodka is vodka"; two stated they would recommend Gilbey's one because the profit was greatest there, the other because the licensee felt the customer would not be satisfied with the cheapest vodka; one stated he would recommend Smirnoff's because he thought it was the best; one stated he would tell the customer the name of the brand he himself drinks; one stated he would try to estimate the financial position of the customer; and one stated he would recommend Gordon's because "It has a good name and price."

In total, the liquor dispensaries reported, under advertising and promotional expenses in Appendix 5, they

sponsored nine bowling teams during the winter of 1966-67. They also contributed \$400 to the City baseball team. The dispensaries in Brainerd did not appear to sponsor as many athletic teams vis-a-vis other cities in this group having private liquor dispensaries.

#### Subjective Ratings\*

The author's subjective ratings of the Brainerd on-sale dispensaries ranged from 12 to 15 points with a mean of 12.8. Additional information on dispensary facilities and individual ratings is given in the Brainerd section of Appendix 5.

#### Summary of Operations of Liquor Dispensaries in Bemidji and Brainerd, Minnesota

Table 5-15 shows liquor dispensaries in Brainerd paid a total of \$2,489.14 in property taxes to the municipality. The sum of \$33,491 was paid for licenses and permits. Brainerd thus received approximately \$35,980 from liquor dispensaries in 1966. This is a per capita figure, using 1960 population data, of \$2.79. Profit earned by the Bemidji municipal dispensaries for the year ending December 31, 1966, was \$110,582.67 or \$11.10 per person. These figures again suggest municipal liquor has provided more revenue to the City than private liquor and that Bemidji is

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\*Explained in Chapter I.

in a more favorable financial position than Brainerd as a result of the manner in which the two cities have chosen to handle liquor.

The prices charged for on-sale liquor were about the same on the day the price check was made. However the price change on July 17th in Brainerd may have put them above the prices charged in Bemidji. The off-sale beer and liquor prices were lower in Brainerd as the Bemidji store chose to sell much of its liquor more than a cent above the minimum price set by the Liquor Commissioner. The Bemidji off-sale beer prices were the highest found for any dispensary in this study.

More labor was utilized by the liquor dispensing industry in Brainerd. Appendix 5 shows there were twenty-seven full-time and twenty-five part-time employees in Brainerd not including owners and their families employed in the liquor dispensaries. Bemidji had eighteen full-time and seven part-time employees.

While the citizens of Bemidji do have an important source of municipal revenue in their liquor dispensaries, they do have to forego the possibility of having a supper club within the city, and they also have fewer choices as to where they wish to consume liquor. One method has been found, however, to circumvent this problem. Several small towns nearby have opened supper club establishments and if the citizens desire such an atmosphere they can, without



great inconvenience, have it.

The subjective ratings by the author of the on-sale dispensaries in Brainerd ranged from a low of twelve to a high of fifteen points while the ratings for the Bemidji dispensaries were ten and fourteen points respectively. It might be noted that the Brainerd dispensaries, except the supper club dispensary, were rated at twelve or thirteen points. This indicated that, in the author's opinion, there was little difference in the dispensaries. None were especially nice nor especially bad, but about average. Thus while there were a great number of horizontal alternatives in Brainerd, the vertical alternatives were minimal. There was probably more of a vertical alternative in the two Bemidji on-sale dispensaries.

The remainder of the chapter will discuss the final two cities in this classification and give a summary of the findings for this group as a whole.

#### The Cities of Northfield and Owatonna, Minnesota

The final pair of cities selected for comparison in this group are Northfield and Owatonna, Minnesota. Both are located in the southeastern part of the state and are about one hour's driving time from the Twin Cities. In this pair, Northfield is the city having municipal liquor while Owatonna has private liquor stores. Further information on taxes, population, and income of the two

cities can be found in Appendix 5.

The following table provides information regarding compensation paid to public safety officials and employees of the two municipalities. Owatonna had a largely professional fire department while Northfield had a volunteer department, thus the table gives compensation only for police department employees. The Owatonna Fire Department was rated in class seven while the City was rated in class six, by the 1967 Municipal Year Book. (See explanation of ratings in Chapter IV.) These ratings are below average.

Table 5-16. Salaries of Public Safety Officials in Northfield and Owatonna, Minnesota, for the year 1966.

Position	Northfield Salary (Per Month)	Hours Per Week	Owatonna Salary (Per Month)	Hours Per Week
Police Chief	\$615 (12)*		\$575 (25)*	
Police Patrolman	\$425	50	\$455 low-- \$500 high#	44
Uniform Allowance	\$100		\$100	

\* Number in brackets indicates years of service in the position.

# The low and high salary can mean the lowest and highest pay a person is receiving or can receive.

SOURCE: 1966 Municipal Salary Survey, Over 5,000 Population, League of Minnesota Municipalities, Minneapolis, Minnesota, pp. 24, 73.

In the spring of 1967, Northfield had nine full-time plus one part-time and Owatonna had seventeen full-time police officers employed.<sup>31</sup> This means that if the part-time man is not included, Northfield had one police officer for each 970 persons while Owatonna had one for each 790, using 1960 census data. However, Northfield required its officers to work 50 hours per week while Owatonna required a 44-hour work week. Rates of pay were slightly higher in Owatonna if the police Chief's salary is not considered; thus it appears that Owatonna provided both better quantity and quality of police protection to its citizens, though the difference in each area was not great. If fringe benefits are included, as shown in Appendix 5, the difference is further lessened.

Northfield and Its Municipal  
Liquor Operations

Northfield is not a highly industrialized city. It does have one large manufacturing company, the Schjeldahl Corporation, however. This firm employs several hundred people. In addition, Northfield is the site of two colleges, St. Olaf and Carlton. (The latter numbers as one of its graduates, Thorstein Veblen.) Both of these schools have student bodies of well over one thousand.

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<sup>31</sup>1967 Municipal Salary Survey, Between 5,000 and 10,000 and Over 10,000 Population, League of Minnesota Municipalities, Minneapolis, Minnesota, pp. 17, 24.

Northfield is also known as the place where the Jesse James gang was nearly annihilated. As of December 31, 1966, Northfield had a total indebtedness of \$2,196,000.<sup>32</sup> The City did not operate a municipal light plant, but did operate a municipal water and sewer system. It also operated a single municipal liquor dispensary located in the downtown area of the city. Accounting statements of the dispensary are presented in the Northfield section of Appendix 5.

Employment, Wages and Salaries of the Northfield  
Municipal Liquor Dispensary

During the spring of 1967, the Northfield liquor dispensary had five full- and five part-time employees, and full-time employees worked forty-four hours per week.<sup>33</sup>

The table on the following page gives the wages and salaries of the employees of the Northfield municipal store during the spring of 1967.

In addition to the compensation listed in the table, the full-time employees of the municipal liquor store receive the fringe benefits of Northfield city employees listed in Appendix 5.

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<sup>32</sup>Auditor's Report, City of Northfield, Minnesota, December 31, 1966, Reese, Abdo, Gazzola and Company, C.P.A., Northfield, Minnesota, pp. 44, 45, 46.

<sup>33</sup>1967 Municipal Salary Survey, Between 5,000 and 10,000 Population, op. cit., p. 27.

Table 5-17. Wages and Salaries of Full- and Part-Time Employees of the Northfield Municipal Liquor Dispensary, Spring, 1967.

Position	Full-Time (Per Month)	Part-Time (Per Hour)
Manager	\$700	
Assistant Manager	\$480	
Bartender	\$438.33	\$2.25
Barmaid	\$285.42	\$1.50
Custodian	\$240	
Bookkeeper	\$315	

SOURCE: 1967 Municipal Salary Survey, Between 5,000 and 10,000 Population, League of Minnesota Municipalities, Minneapolis, Minnesota, p. 27.

#### Operating Ratios of the Northfield Municipal Dispensary

From information provided by the accounting statements in the Northfield section of Appendix 5 plus employment figures given above, the following statistics have been obtained and are used below. The assumption is again made that a part-time employee equals 1/2 of a full-time employee.

#### Northfield Statistics.<sup>&</sup>

1. Sales	\$341,791
2. Net Income	\$ 65,065
3. Wages and Benefits	\$ 40,407
4. Surplus	\$330,337

5. Number of Employees	7.5
6. Total Assets	\$339,022
7. Gross Profit	\$115,392
8. Inventory*	\$ 60,000
9. Cost of Sales	\$226,400

Operating Ratios.

1. Dollar Sales per Employee	\$45,572
2. Dollar Sales per Dollar Paid in Wages and Benefits	\$ 8.56
3. Dollar Sales per Surplus June 30, 1967	\$ 1.03
4. Dollars of Assets per Employee	\$45,203
5. Gross Profits as a Percentage of Sales	33.8%
6. Net Return of Surplus (Investment)	19.7%
7. Net Income as a Percentage of Sales	19%
8. Inventory Turnover (Using Cost of Sales)	3.8
9. Average Employee Pay per Week <sup>#</sup>	\$103.61

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& Balance Sheet data is for June 30, 1967, Income Statement data is for year ended December 31, 1966.

\* Average Inventory as stated by assistant manager.

# Computed by dividing wages and benefits by 52 and this figure by 7.5.

Some of the above data might be compared with those of the liquor dispensaries in Dakota County in the Anoka-Hastings section of this chapter. Dakota County is adjacent to the Northfield area, and should provide a comparison with Northfield's operations.

Information on the Operations of the Northfield  
Municipal Liquor Dispensaries

As the manager of the Northfield municipal dispensary was on an extended vacation, it was necessary to get information about the operations of the store from the assistant manager. He noted the following things about the store's operations.

The turnover of regular employees was quite low. The average length of time full-time employees had served was over seven years. The assistant manager said that if he were operating the store privately he would expand its size especially the off-sale portion. He also stated that the store was open from 8 A.M. to 12 P.M. and that he would keep it open until 1 A.M. during the fall and winter months if he operated it privately. The usual inventory was \$60,000. It was felt that this was sufficient to enable the store to take advantage of most wholesaler price discounts. A perpetual inventory was kept. It was stated that the manager had been employed nine years, six of which had been served as manager. The assistant manager had been employed ten years. No advertising was done by the store nor did it make any donations. Its only contribution was to the municipality. The store also did not give away any free items to customers, and it sold off-sale liquor at exactly the minimum price set by the Liquor Control Commission.

When asked what type of vodka the assistant manager would recommend to a customer's request for a "good buy," he stated he had four different brands and would begin with the most expensive and recommend brands in order of price.

One method used by the store to check selling liquor to minors was to ask the customer to have his picture taken showing his identification. In this way, the store had proof that the person did use an identification card showing him to be twenty-one. As mentioned Northfield has a large college population which presents this problem in a larger degree than a city with a non college population might encounter. The assistant manager stated this seemed to be a very effective device for curbing purchase of liquor by persons under the age of twenty-one.

#### Prices Charged by Northfield Liquor Dispensary

On-sale prices. The following are the prices charged during the author's visit in August of 1967. These prices were not raised as a result of the sales tax which became effective on August 1, 1967. The size of the shot poured was stated by the assistant manager to be seven-eighths of an ounce. The store did use automatic dispensing devices on most of its bottles to give a more uniform measure of liquor per drink. This also provided for closer control of on-sale liquor sales. Prices were found to be as follows:



Price of 7/8 ounce "shot" of Calvert's Extra	\$.45
Jim Beam	.45
Seagram's V0	.50
Cutty Sark Scotch	.65
Old Crow 86 Proof	.45
Seagram s 7 Crown	.45
Price of Manhattans, Martinis	.75
Price of "bar" whiskey, gin, & vodka per "shot"	.40
Price of bottle of Hamm's Beer (12 ounce)	.35
Price of cheapest bottle of beer (12 ounce)	.35

Off-sale prices. The store did not sell over the state minimum on any of the brands checked by the author except for one cent in the event that this additional penny caused the price to be an even sum such as selling for \$5.00 rather than the legal minimum price of \$4.99. Minimum prices are given in table 5-3.

The non-regulated beer prices charged by this store were as follows:

Price of cheapest six pack of Hamm's Beer	\$1.30
Price of cheapest six pack of beer sold in store	1.10
Price of cheapest case of Hamm's Beer (24 bottle)	4.25

The above prices, both on- and off-sale, did not change during the day. The store did not have any live entertainment. Prices in this dispensary were about the same as those charged by other dispensaries in this group. The on-sale prices were somewhat higher than the prices charged by most of the municipal dispensaries in the two smaller population groups, however.

Subjective Rating\*

The author's subjective rating of the Northfield municipal liquor dispensary was 13 points. Further information on dispensary facilities and ratings in individual areas are given in the Northfield section of Appendix 5.

Owatonna and Its Private Liquor Operation

Owatonna has a rather large industrial base not dependent upon any one large employer as is Northfield. The following gives the number of persons employed in various industries in Owatonna, as listed by the Owatonna Chamber of Commerce.

Type of Industry	Number of Employees
Jewelry Manufacturing	600
Tool Manufacturing	225
Food Processing	425
Farm Implements	250
Power Tools	125
Sheet Metal	70

In addition to the above manufacturing firms, Owatonna is the home office of a large insurance company and the county seat of Steele County. Thus there are a large number of white collar jobs for residents.

The City of Owatonna has a municipally-owned power plant and a municipal water system.

For the year ended January 31, 1967, the City had a

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\*See Chapter I for explanation.

bonded indebtedness of \$1,115,000.<sup>34</sup>

As of June 30, 1966, seven off-sale liquor licenses costing \$200 each and nine private on-sale liquor licenses costing \$2,500 each had been issued by the City.<sup>35</sup> Owatonna thus collected a total revenue of \$23,900 from the issuance of liquor licenses in 1966. All dispensaries were operating during the author's visit in late July of 1967.

In addition to the above revenue, the City also received miscellaneous revenue from liquor licensees from permits issued by the City. The total of this revenue received by Owatonna in 1966 was \$1,120.<sup>36</sup> If seventy-five percent of this is allocated to the liquor dispensaries, then the sum paid by these dispensaries in 1966 was about \$840. This gives a total of \$24,740 in revenue received by Owatonna from licenses issued to liquor dispensaries in 1966.

#### Liquor Dispensaries of Owatonna

The following information about the liquor dispensaries was obtained from the liquor licensees, from their employees, and from personal observation. Additional information may be obtained from the Owatonna section of Appendix 5.

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<sup>34</sup>City of Owatonna, Minnesota, Bonded Debt Retirement, p. 1.

<sup>35</sup>License Fees Charged by Municipalities, op. cit., p. 12.

<sup>36</sup>Information supplied by City Clerk, Owatonna, Minnesota.

On-Sale Prices Charged in  
Owatonna, Minnesota

The following table gives the regular prices charged by the on-sale dispensaries in Owatonna.

No live entertainment was offered by the dispensaries licensed by Hager, Bulver, Schultz and Cashman. Those of Rademaker, Pedley, and Cossalter had live entertainment at times, usually weekends. Prices were generally raised from five to fifteen cents per item when live entertainment was presented. The dispensaries licensed by White and the Inn Towne Motel presented live entertainment every evening. The motel dispensary did not raise prices when this was presented. However, the White dispensary raised prices fifteen cents per item.

Only the dispensaries operated by Hager and the Inn Towne Motel used some automatic dispensing devices that aided in pouring more uniform sized drinks.

Price differences were again rather small. The three dispensaries operated by White, Cashman, and The Motel did have higher prices, but these were not operated as typical saloons; but as a night club, supper club, and motel supper club combination respectively. In the remaining dispensaries prices varied in only a minor way. The possible reason for this was given by one of the licensees who stated that all liquor dispensary licensees meet on occasion to agree on prices to be charged.

Table 5-18. Prices Charged by On-Sale Liquor Dispensaries in Owatonna, Minnesota, July, 1967.

Type of Beverage	Hager 1 oz.& "shots"	Rademaker 1 oz.& "shots"	Cossalter 1 oz.& "shots"	Bulver 1 oz.& "shots"	Schultz 1 oz.& "shots"
"Shot" of Calvert's Extra	.45	.45	.45	.45	.45
Jim Beam	.45	.45	.45	.45	.45
Seagram's V0	.60	.60	.60	.60	.60
Cutty Sark Scotch	.65	.65	.70	.65	.65
Seagrams 7 Crown	.45	.45	.45	.45	.45
Old Crow 86 Proof	.45	.45	.45	.45	.45
"Bar" whiskey, gin or vodka	.40	.40	.40	.40	.40
Manhattans and Martinis	N.A.	.70	.60	N.A.	N.A.
Bottle of Hamm's Beer (12 oz.)	.35	.35	.35	.35	.35
Cheapest bottle of beer (12 oz.)	.35	.35	.35	.35	.35
Glass of tap beer	.15	.15	.15	.15	.15

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(Cont.)

N.A. Not available.

Table 5-18 (Cont.)

Type of Beverage	Pedley 1 oz.& "shots"	White 1 oz.& "shots"	Cashman 1 oz.& "shots"	Motel Inn Towne 1 oz.& "shots"
"Shot" of Calvert's Extra	.45	.50	.65	.60
Jim Beam	.45	.50	.70	.60
Seagram's VO	.65	.55	.75	.70
Cutty Sark Scotch	.65	.65	.90	.80
Seagrams 7 Crown	.45	.50	.65	.60
Old Crow 86 Proof	.45	.50	.70	.60
"Bar" whiskey, gin or vodka	.40	.45	.65	.60
Manhattans and Martinis	.65	.60	.75	.80
Bottle of Hamm's Beer (12 oz.)	.35	.35	.45	.45
Cheapest bottle of beer (12 oz.)	.35	.35	.45	.45
Glass of tap beer	.15	N.A.	N.A.	N.A.

N.A. Not available.

& Size of shot as stated by licensee or employee of the business.

SOURCE: Price check by author July 26, 1967.

### Off-Sale Prices of Owatonna Dispensaries

There were no combination on- and off-sale dispensaries in Owatonna. All of the off-sale dispensaries had posted prices at least as high as the legal minimum price. None had posted prices that were over one cent above the minimum price on merchandise selected for examination in this survey.

The table on the following page gives the price on selected non-regulated beer items.

The off-sale prices suggest that there is some price competition among the off-sale dispensaries in beer. It is possible this would also be the case for off-sale liquor were it not for the price maintenance law.

### Property Taxes Paid by Owatonna Liquor Dispensaries

In order to obtain the amount of property taxes paid by the liquor dispensaries in Owatonna, records of the Owatonna City Assessor were examined. With the help of the City Assessor and his staff, certain allocations of the property taxes were made. The allocated property taxes paid by these dispensaries are given in the table on page 151 which also records the amount of allocations of the taxes that have been made.

Table 5-19. Off-Sale Prices Charged by Owatonna Liquor Dispensaries on Selected Beer Items, July, 1967.

Type of Item	Barrett	Anderson	Bion	McDonald	Diedrich	Lance & Randall	Christey
Cheapest Six Pack of Hamm's Beer	1.30	1.25	1.20	1.30	1.30	1.30	1.25
Cheapest Six Pack of Beer Sold	1.00	.95	1.00	1.00	.95	1.10	.90
Cheapest Case of Hamm's Beer (24 bottles)	4.35	4.25	4.25	4.50	4.35	4.35	4.25

SOURCE: Price check by author July 26, 27, 1967.



Table 5-20. Estimated Property Taxes Paid by Liquor Dispensaries in Owatonna in 1966, Taxes Payable in 1967.

Liquor Dispensary Licensed to	Paid to School District	Paid to Municipality	Paid to County	Paid to State	Total Paid
Richard Hager	\$ 541.15	\$ 290.84	\$ 211.32	\$ 70.15	\$ 1,113.46
Clarence Rademaker@	606.82	326.14	236.99	78.66	1,248.61
Sisto Cossalter*	353.55	190.01	138.07	45.84	727.47
Rodger M. Pedley	678.16	364.47	264.85	87.91	1,395.39
John Bulver*	296.72	159.47	115.88	38.46	610.53
Arnold Schultz	603.95	324.59	235.86	78.29	1,242.69
Vernon White <sup>≡</sup>	393.78	211.64	153.78	51.05	810.25
Florence E. Cashman <sup>=</sup>	390.49	209.87	152.50	50.61	803.47
Inn Towne Motel, Inc. <sup>c</sup>	600.73	322.85	234.60	77.87	1,236.05
All Off-Sale Dispensaries	2,231.50	1,199.32	871.48	289.27	4,591.57
	<u>\$6,696.85</u>	<u>\$3,599.20</u>	<u>\$2,615.33</u>	<u>\$868.11</u>	<u>\$13,779.49</u>

@ Records of City Assessor showed no real estate tax for this property; thus the real figure is an estimate by the author with the aid of the City Assessor.

\* 60% of both real and personal property taxes allocated to liquor dispensary.

<sup>≡</sup> 10% of personal property and 50% of real estate tax allocated to liquor dispensary.

= 30% of both personal and real property taxes allocated to liquor dispensary.

c 10% of personal property and 5% of real estate tax allocated to liquor dispensary.

SOURCE: Tax records of City Assessor, Owatonna, Minnesota.

Additional Information About Liquor Dispensaries  
and Licensees in Owatonna

The 1966 sales volume of the three on-sale stores that provided the author with this information ranged from a low of \$70,000 to a high of \$80,000 with a mean of \$74,000. The sales of the four off-sale stores ranged from \$75,000 to \$100,000, with a mean of \$85,000.

Wages and salaries paid to employees of the liquor dispensaries as reported by six of the on-sale dispensaries ranged from a low of one dollar thirty-five cents to a high of two dollars per hour plus meals, and from fifty-five to one hundred and twenty-five dollars per week. In the four off-sale stores which reported, salaries ranged from one dollar to one dollar fifty cents per hour. Only one reported paying a weekly salary which was seventy-five dollars.

Replies to the question on what type of vodka the off-sale licensee would recommend to a customer asking for a "good buy" were as follows: two stated they would recommend Smirnoff's as it was their largest seller; three stated they would recommend Gilbey's as they received the best deal from the distributor of that brand; one stated he would tell the customer that they were all good; and one stated he would recommend a medium priced brand as it would be satisfactory to most persons.

Under the advertising and promotional expenses

listed in Appendix 5, the dispensaries sponsored under other promotional expenses eleven bowling teams and three softball teams in 1966.

#### Subjective Ratings\*

The author's subjective ratings of the Owatonna on-sale dispensaries ranged from 9 to 18 points. The mean was 13.8. The wide range here was somewhat unusual as the subjective ratings often had a much narrower range. This points up the fact that there were substantial differences in the dispensaries in Owatonna, in contrast to many of the other municipalities in this paper where the private dispensaries were rather standardized. Further information on dispensary facilities and individual ratings is given in the Owatonna section of Appendix 5.

#### Summary of Operations of Liquor Dispensaries in Northfield and Owatonna, Minnesota

Table 5-20 shows that the private liquor dispensaries in Owatonna paid a total of \$3,599.20 in property taxes to the municipality, while the total received from licenses and permits was earlier listed as being \$24,740. The total revenue received by the municipality from the private liquor dispensaries was thus about \$28,339.20. This is a per capita figure, using 1960 population figures, of \$2.11.

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\*Explained in Chapter I.

The profit earned by the Northfield municipal dispensary for the year ended December 31, 1966, was \$65,065.18 or a per capita figure of \$7.47. The foregoing suggests that Northfield is in a superior financial position because it has chosen to municipalize the sale of liquor within its corporate limits.

Prices charged for on- and off-sale liquor were very similar in the two cities. Owatonna employed many more persons in its dispensaries than did Northfield. It was stated that there were five full-time and five part-time employees of the Northfield dispensary while Appendix 5 lists 14 full- and 35 part-time employees of Owatonna dispensaries with information missing for one of the on-sale dispensaries. These figures do not include the employment these stores provided for the owners and managers.

The present Northfield situation offers the consumer no choice since there is only one dispensary. One relatively small dispensary for such a city would seem to be inadequate. Owatonna dispensaries do present a choice as to type of premises. While this proliferation of liquor dispensaries could add to social costs it likely also contributes to utility of the consumers of this product. Owatonna consumers can also partake of liquor with their food in a public place, while Northfield has no such facility.

The subjective rating of the Northfield dispensary was thirteen, placing it about in the middle vis-a-vis the Owatonna dispensaries whose ratings ranged from 9 to 18 points.

#### Summary of Cities Over 8,500 Population

From the information presented in this chapter, it is evident that the cities having municipal liquor operations have received more income from their stores than did the cities having private dispensaries. The difference in revenue between the "sister" cities was greater than \$100,000 in the case of Anoka-Fridley vis-a-vis Crystal and Hastings; approximately \$75,000 greater between Bemidji and Brainerd; and slightly over \$35,000 greater in Northfield than in Owatonna.

In all cases the economic resources employed by the liquor business in the cities having private dispensaries were much larger than in the cities having municipal liquor dispensaries. However, some of these resources were being employed in the private dispensaries at small economic cost.

The various tables relating to taxes paid by the private liquor dispensaries point out that a considerable amount of tax shifting has occurred from the county and state governments to the municipal governments in cities having municipal liquor. As municipal governments have

had difficulties in obtaining enough revenue in Minnesota, as pointed out in Chapter I, this tax shifting kept the cities with municipal dispensaries from having to raise their mill rates to higher levels. There appeared to be a large amount of tax shifting away from the school districts, but this was probably made up in the form of a higher mill rate charged.

The municipal mill rates reported in Appendix 5 were lower in two of the cities having municipal liquor vis-a-vis their "sister" city and higher in the other two. Perhaps the most important determining factor in the size of two comparable mill rates is the taxable valuation. In the two cities having private liquor and lower mill rates than their "sister" cities, the taxable valuation was much higher in the private liquor cities. In the two cities having municipal liquor and lower tax rates than their corresponding "sister" cities, the taxable valuations were higher for the municipal liquor cities. It is probably fair to state that if it were not for the income received from the municipal liquor dispensaries, the mill rate would have been increased in the cities having municipal liquor.

Wages and salaries paid by municipal dispensaries were generally as high or higher than those paid by comparable private dispensaries. This was especially true if fringe and retirement benefits accruing to municipal employees were considered.

Advertising and promotional expenditures were far greater in cities having private liquor dispensaries. Much of expenditures were used to sponsor bowling teams and similar groups, with a somewhat lesser amount spent on regular advertising media.

There appeared to be about the same amount of turnover in private liquor proprietors as in municipal dispensary managers.

#### Comparison of Municipal Dispensary Results

The following data are presented so that the reader may better compare the operations of the four municipal liquor dispensaries in this chapter with each other and with data obtained from the 1967 Census of Business, pages 25-7. The data are for 1963 and cover 1,308 liquor dispensaries in Minnesota having payrolls. Some of the approximately 400 municipal liquor dispensaries operating in the state in 1963 are undoubtedly included.

(1) Dollar Sales per Employee in 1963 (Not including proprietors)	\$15,020
(2) Average Sales per Dispensary in 1963	\$72,300
(3) Average Employee Pay per Week in 1963	\$ 59.60

It is interesting to note that the Anoka dispensary surpasses the other three in sales per employee but is lowest in sales per dollar paid in wages and benefits. Net income as a percentage of sales of the four dispensaries averages 16.6 percent. Anoka and Northfield exceed

Table 5-21. 1966 Operating Results of Municipal Liquor Dispensaries, Plus Salaries of Managers, Bartenders, and Employees for 1967.

Category	Anoka	Bemidji	Fridley	Northfield
Dollar Sales Per Employee	\$51,940	\$31,737	\$46,164	\$45,572
Dollar Sales Per Dollar Paid in Wages and Benefits	5.84	6.53	7.36	8.56
Dollar Sales Per Surplus at End of Fiscal Year	3.40	3.86	1.96	1.03
Dollars of Assets Per Employee End of Fiscal Year	16,480	8,401	28,072	45,203
Gross Profit as a Percentage of Sales	38.1%	31%	33.9%	33.8%
Net Return on Investment (Surplus)	57.6%	62.6%	27.8%	19.7%
Net Income as a Percentage of Sales	16.9%	16.2%	14.2%	19%
Inventory Turnover (Using Cost of Sales)	5.1	5.2	4.2	3.8
Manager's Salary (Per Month)	\$775	\$550	Not Given	\$700
Bartender's Salary (Per Month or Hour)	\$501	\$375#	\$2.75 P.H.	\$438.33
Average Employee Pay Per Week	\$141.14*	\$93.52	\$125.40	\$103.61

# Mean average of high and low salaries given.

\* This is likely overstated; total employment was not available in a publication, thus employment total used was that given by the manager who may not have included all employees.



this important ratio while the other two dispensaries fall somewhat below. All four dispensaries greatly exceeded the ratio given above of sales per employee for the 1,308 dispensaries in Minnesota. There also appears to be some relationship between higher sales per employee and higher manager's, bartender's, and average salaries.

In the following chapter, this same type of analysis will be applied to municipalities with populations between 2,500 and 8,500 to determine whether findings change as the size of the municipalities changes.

## CHAPTER VI

### MUNICIPAL AND PRIVATE OPERATIONS OF LIQUOR DISPENSARIES IN MINNESOTA MUNICIPALITIES WITH POPULATIONS FROM 2,500 TO 8,500

The purpose of this chapter is to provide information on the operations of liquor dispensaries, both private and municipal, in selected municipalities in the population range from 2,500 to 8,500. To do this, four municipalities in this population range (1960 U.S. Census) were selected. For each of the municipalities with municipal liquor, a community of comparable population, location and income with privately operated liquor stores was selected. The operations of these eight liquor dispensaries were then examined.

The Chapter and its Appendix provide the following information:

- (1) Population, tax, and income data for the eight municipalities,
- (2) Financial data on the operation of the municipal liquor stores,
- (3) Methods of operation of the municipal stores and the effect on municipal finance,
- (4) Operational data on the private liquor stores and the effect on municipal finance,
- (5) Comparison of operational methods in both municipal and private liquor dispensaries.

The Cities of Alexandria and Little Falls,  
Minnesota

The first cities selected for comparison are Alexandria and Little Falls, Minnesota. These cities are located in the central part of Minnesota with Alexandria about 60 miles west of Little Falls. Alexandria has municipal while Little Falls has private liquor dispensaries. Further information on the cities is given in Appendix 6.

The following table gives information on the compensation of public safety employees of the two municipalities. This plus further information on numbers of employees should indicate what type of protection the two cities provide their citizens. Both of the cities have largely volunteer fire departments; therefore only police department figures are given.

In the spring of 1967, Alexandria had eight full-time and one part-time employee on its police force while Little Falls had nine full-time employees.<sup>1</sup> Alexandria thus had one full-time police officer for each 839 people while Little Falls also had one for each 839 persons. While there is no difference in quantity there appears to be some difference in quality using salary as a measure of same.

In addition to the salaries listed, the full-time

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<sup>1</sup>League of Minnesota Municipalities, Between 5,000 and 10,000 Population, op. cit., p. 17.

employees and elected officials of the cities received fringe benefits listed in Appendix 6. Fringe benefits of the two cities appeared to be of about equal value.

Table 6-1. Salaries of Public Safety Employees in Alexandria and Little Falls, Minnesota, Spring, 1967.

Position	Alexandria Salary (Per Month)	Little Falls Salary (Per Month)
Police Chief	\$525 (1)*	\$639 (9)*
Asst. Chief	\$475	\$543
Patrolman	\$400 Low# \$455 High	\$360 Low# \$527 High
Uniform Allowance (Per Year)	\$120	\$100

\*Number in brackets indicates years of service in position.

# The low and high salary indicates the lowest and highest actually paid or the lowest and highest salary permissible under current regulations.

SOURCE: 1967 Municipal Salary Survey, 5,000 to 10,000 Population, League of Minnesota Municipalities, Minneapolis, Minnesota, p. 17.

#### Alexandria and Its Municipal Liquor Operations

Alexandria is rather famous since the Kensington Runestone was discovered near the city. This stone purports to tell the story of Viking exploration journeys to the area in 1362. It is now in a museum operated by the Chamber of Commerce.

One of the important occupations of the city and

surrounding area is catering to tourists. Chamber of Commerce figures show 214 lakes in the surrounding area and 100 resorts.

The City operates its own electric light and power plant as well as heat, water, and sewage systems. It operates one on- and off-sale liquor dispensary. The building housing this operation was constructed in 1964. As of December 31, 1966, Alexandria had a bonded debt of \$309,000.<sup>2</sup>

Financial statements of the Alexandria municipal dispensary are presented in Appendix 6.

#### Employment, Wages and Salaries of the Alexandria Municipal Liquor Dispensary

During 1967 there were 11 full-time and 5 part-time employees of the Alexandria dispensary; full-time employees worked 44 hours per week.<sup>3</sup> The table on the following page gives the wages and salaries of the dispensary employees.

In addition to the salaries listed, the full-time employees of the Alexandria liquor dispensary are entitled to the fringe benefits listed in Appendix 6.

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<sup>2</sup>City of Alexandria, Annual Report, 1966, p. 13.

<sup>3</sup>1967 Municipal Salary Survey, Between 5,000 and 10,000 Population, op. cit., p. 27.

Table 6-2. Wages and Salaries of Full- and Part-Time Employees, Alexandria Municipal Liquor Dispensary, Spring, 1967.

Position	Full Time (Per Month)	Part Time (Per Hour)
Manager	\$660	
Bartender	\$350 Low# \$400 High#	\$1.50
Barmaid		\$1.40
Retail Clerk	\$380 Low# \$400 High#	\$1.50
Bookkeeper	\$360	
Custodian	\$300	

# Low and high salary may mean highest and lowest now being paid or the highest and lowest that can be paid under existing regulations.

SOURCE: 1967 Municipal Salary Survey, Between 5,000 and 10,000 Population, League of Minnesota Municipalities, Minneapolis, Minnesota, p. 27.

#### Operating Ratios of the Alexandria Municipal Dispensary

From the information provided by the accounting statements in Appendix 6 plus employment figures given, and with the assumption that a part-time employee is equal to  $\frac{1}{2}$  of a full-time employee, the following statistics are utilized below:

#### Alexandria Statistics.&

1. Sales	\$548,352
2. Net Income	79,621

3. Wages and Benefits*	\$60,770
4. Surplus	158,546
5. Number of Employees	13.5
6. Total Assets	269,572
7. Gross Profit	157,786
8. Beginning Inventory	54,051
9. Cost of Sales	390,566

Operating Ratios.

1. Dollar Sales per Employee	\$40,062
2. Dollar Sales per Dollar Paid in Wages and Benefits	9.02
3. Dollar Sales per Surplus at Close of Year	3.46
4. Dollars of Assets per Employee	19,968
5. Gross Profit as a Percentage of Sales	28.8%
6. Net Return on Surplus (Investment)	50.2%
7. Net Income as a Percentage of Sales	14.5%
8. Inventory Turnover (Using Cost of Sales)	7.2
9. Average Employee Pay per Week#	86.44

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& Income statistics are for year ended December 31, 1966;  
Balance Sheet statistics are for December 31, 1966.

\* Computed by adding all Wages and Benefits, plus retirement contributions.

# Computed by dividing Wages and Benefits by 52 and this figure by 13.5.

The above statistics when compared with those of other dispensaries in this group show that the Alexandria dispensary was somewhat above the figures stated for the other dispensaries in categories one, two, three, and four,

somewhat below in five and seven, and near the average in categories eight and nine. The above statistics might also be compared with those given for Stearns County liquor dispensaries in the Bemidji-Brainerd section of Chapter V. Stearns County is adjacent to Douglas County, the location of Alexandria.

#### Information on the Operations of the Alexandria Municipal Liquor Dispensary

The following information was obtained from the manager of the Alexandria municipal liquor dispensary, Ole Bornes. He stated that he had managed the store for a period of 19 years and that his full-time employees' service ranged from 2 to 18 years with a mean of 8 years.

The manager said he would not do anything differently if he owned the dispensary privately. He was allowed to hire and fire anyone he chose, but the three-man Liquor Commission of the city had the power to veto his decisions. They had not done so, however. The purpose of the commission was to save the time of the entire council by deciding matters of policy at times other than council meetings.

The dispensary kept a perpetual inventory system. The wholesale value of the alcoholic beverage inventory averaged about \$50,000. The manager felt this size was sufficient to take advantage of almost all discounts offered by wholesalers. A larger inventory would have cost more in interest charges than could have been saved in discounts.



The on-sale portion of the store was open from 8 A.M. until midnight, while the off-sale portion opened at 8 and closed at 10 P.M. Mr. Bornes stated that he did not believe staying open an extra hour in the evening in the on-sale portion of the store would increase profits.

The store did no advertising. The only contributions made, except for flowers for employees, were to the municipality.

There were currently no law suits pending against the City as a result of the operations of the store and there had been none during the nineteen years that Mr. Bornes had managed.

The store does not sell above the minimum price except for the matter of a penny on certain items, and does not have a policy of providing customers with any free items.

The manager stated that he would recommend Smirnoff's Vodka if a customer should ask him for a "good buy" in vodka. He would recommend this because he felt it was a good vodka and highly advertised.

Mr. Bornes said that the parking lot of the store would hold 40 automobiles. It was completed when the present building was opened in 1964.

The manager usually worked about 50 hours per week on the store's business. Part of this was spent selling in the off-sale portion of the store.

Prices Charged by the Alexandria  
Liquor Dispensary

On-sale prices. The following were the prices charged during the author's visit in mid-June, 1967. The prices were raised on June 15, 1967, by five cents per item. Prices given below reflect this price increase. The size of the shot poured was stated by the manager to be 7/8 ounce. The store did use automatic dispensing devices on most of its bottles. These should give a more uniform sized drink. On-sale prices were found to be as follows:

Price of seven-eighths of an ounce "shot" of	
Calvert's Extra	\$.40
Jim Beam	.40
Seagram's 7 Crown	.40
Old Crow 86 proof	.40
Seagram's VO	.50
Cutty Sark Scotch	.60
Price of "bar" Whiskey, Gin, and Vodka, per "shot"	.35
Price of Manhattan and Martinis	.70
Price of bottle of Hamm's Beer (12 ounce)	.35
Price of cheapest bottle of beer (12 ounce)	.35

Off-sale prices. Off-sale liquor prices were generally at or only pennies above the minimum price set by the Liquor Control Commission. One brand sold five cents above that price while all others were at or only one penny higher.

Beer prices were not subject to the minimum price law. The prices on selected beer items are given below.

Price of cheapest six pack of Hamm's Beer	\$1.30
Price of cheapest six pack of beer sold by store	\$1.00
Price of cheapest case of Hamm's Beer (24 bottle)	\$4.15

None of the above prices changed during the day; the store did not offer live entertainment. The prices charged by the dispensary were at or below the average charged by similar dispensaries.

#### Subjective Rating\*

The author's subjective rating of the Alexandria municipal dispensary was 16. Further information on dispensary facilities and rating methods is given in the Alexandria section of Appendix 6.

#### Little Falls and its Private Liquor Operations

This city is somewhat famous for being the boyhood home of Charles Lindbergh. There is a Charles Lindbergh State Park located nearby and the City maintains a museum in his boyhood home. Little Falls is located near a large national guard summer training camp, which provides the City with a large number of summer visitors. In this it is similar to Alexandria.

In addition to government employees, the City has a large amount of industry. The Chamber of Commerce lists the following products being manufactured in Little Falls: boats and equipment, paper products, snowmobiles, skis, and underwear. There are five firms listed that employ over 100 persons.

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\*See explanation given in Chapter I.

Little Falls operates a municipal water and sewer system only. Other utilities are furnished by private firms. As of November 30, 1966, Little Falls had a bonded debt of \$577,500.<sup>4</sup>

On June 30, 1966, there were six private on-sale liquor licenses issued in Little Falls and five off-sale licenses; the City charged a fee of \$3,500 for on-sale licenses and \$150 for off-sale.<sup>5</sup> Total revenue from all on- and off-sale licenses was \$21,750. The five off-sale licenses were held by five businesses that also had on-sale licenses. There were a total of six liquor dispensaries in Little Falls.

In addition to the above revenue the City also received miscellaneous revenue from liquor licensees for various licenses and permits. The total revenue received by Little Falls was \$1,008.<sup>6</sup> It is estimated that 75 percent of this revenue came from the various liquor dispensaries, or \$756.00. With the added \$756 the total revenue received by the City from liquor dispensaries is estimated to be \$22,506. It might be noted that Little Falls has one of the highest on-sale license fees in the state. It was

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<sup>4</sup>Include Little Falls in Your Plans for the Future, Chamber of Commerce, Little Falls, Minnesota, p. 14.

<sup>5</sup>License Fees Charged by Municipalities, op. cit., p. 9.

<sup>6</sup>Report of Public Examiner for Little Falls, Minnesota, p. 7.

exceeded only by eight of a total of 307 municipalities issuing private on-sale liquor licenses in 1966.<sup>7</sup>

#### Liquor Dispensaries in Little Falls

The following information about the liquor dispensaries in Little Falls was obtained from the liquor licensees, their employees, and by personal observation. Of all the twelve communities with private liquor dispensaries visited, the author felt that the cooperation of the liquor licensees here was the best. While not all information asked for was obtained, the desire to help in this project seemed strongest here. Additional information on dispensaries may be found in the Little Falls section of Appendix 6.

#### On-Sale Prices Charged in Little Falls

The table on the following page gives the regular on-sale prices charged by the liquor dispensaries in Little Falls. As none of the stores regularly provided live entertainment, none changed their prices during the day.

#### Off-Sale Prices of Little Falls Liquor Dispensaries

All dispensaries selling at off-sale had posted prices that were at least as high as the minimum price on all 1/5 gallons of liquor surveyed. None were over a penny higher. The prices on off-sale beer items are given in table 6-4.

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<sup>7</sup>License Fees Charged by Municipalities, op. cit.,  
p. 2.

Table 6-3. Prices Charged by On-Sale Liquor Dispensaries in Little Falls, Minnesota, during July, 1967.

Type of Beverage	Jacobson 1 oz.& "shots"	LaFond 1 oz.& "shots"	Meschke 7/8 oz.& "shots"	Ring 1 oz.& "shots"	Zulkosky 1 oz.& "shots"	Pine Beach 1 oz.& "shots"
"Shot" of Calvert's Extra	.45	.45	.45	.45	.45	.45
Jim Beam	.45	.45	.45	.45	.45	.55
Seagram's V0	.60	.60	.60	.60	.60	.70
Cutty Sark Scotch	.70	.75	.75	.70	.70	.75
Seagram's 7 Crown	.45	.45	.45	.45	.45	.55
Old Crow 86 proof	.45	.45	.40*	.45	.45	.55
"bar" Whiskey, Gin, or Vodka	.40	.40	.40	.40	.40	.50
Manhattans & Martinis	.75	.75	.75	.75	.70	.75
Bottle of Hamm's Beer (12 ounce)	.35	.35	.35	.35	.35	.40
Cheapest bottle of beer sold (12 ounce)	.30	.30	.30	.30	.30	.40
Glass of tap beer	.15	.15	.15	.15	.15	#

# Not available.

& Size of shot as stated by licensee or employee.

\* Used as bar whiskey.

SOURCE: Price check by author July 7, 1967.

Table 6-4. Off-Sale Prices Charged by Little Falls Liquor Dispensaries on Selected Beer Items, July, 1967.

Type of Item	Jacobson	LaFond	Meschke	Ring	Zulkosky
Cheapest six pack of Hamm's Beer	\$1.35	\$1.35	\$1.35	\$1.35	\$1.35
Cheapest six pack of beer sold	\$1.10	\$1.10	\$1.10	\$1.15	\$1.15
Cheapest case of Hamm's Beer (24 bottle)	\$4.50	\$4.50	\$4.60	\$4.50	\$4.50

SOURCE: Price check by the author, July 7, 1967.

It can be seen from the above tables that prices were quite uniform in the various liquor dispensaries in Little Falls. This would suggest that there was some agreement on prices not governed by the minimum price law. This was indeed borne out by conversations the author had with the liquor store licensees. Several stated that they did have meetings to set a uniform price to be charged.

#### Property Taxes Paid by Little Falls Liquor Dispensaries

To get the amount of property taxes paid to the various levels of government the author checked the records of the city assessor of Little Falls, Minnesota. With the help of the assessor some allocations were made of the real estate tax because the figure given in his records was for a certain piece of property and the dispensary did not

always utilize the entire property. The allocated property taxes paid by these businesses to the various levels of government are given in the following table. Where allocations were made, these are noted in the footnotes. Because of the allocations the figures must be only estimates of taxes paid.

Table 6-5. Estimated Property Taxes Paid by Liquor Dispensaries in Little Falls for 1966, Taxes Payable in 1967.

Liquor Dispensary	Paid to School District	Paid to Municipality	Paid to County	Paid to State	Total Paid
Arlo Jacobson*	\$ 433.94	\$ 295.76	\$ 290.94	\$ 52.92	\$1,073.56
Fred LaFond#	232.65	158.57	155.98	28.38	575.58
Gayle Meschke&	454.57	309.83	304.78	55.44	1,124.62
Leonard Ring	512.01	348.98	343.27	62.45	1,266.71
Tom Zulkosky%	630.70	429.88	422.86	76.92	1,560.35
Pine Beach Motel+	192.34	121.09	118.96	23.47	455.86
Total paid to each level of Govt.	\$2,456.21	\$1,664.11	\$1,636.79	\$299.58	\$6,056.69

\* 75 percent of the real estate tax allocated to the dispensary.

# 20 percent of the real estate tax allocated to the dispensary.

& 80 percent of the real estate tax allocated to the dispensary.

% 60 percent of the real estate tax allocated to the dispensary.

+ 10 percent of the real estate and personal property tax allocated to the dispensary.



Additional Information about Liquor Dispensaries  
and Licensees in Little Falls

The sales of these liquor dispensaries as reported by the owners or managers of four of the six stores ranged from \$50,000 to \$225,000 in 1966. The mean for the four stores was slightly over \$150,000.

Salaries paid as reported by five of the six dispensaries ranged from a low of \$110 per week with no benefits to a high of \$135 per week plus meals. Two of the stores reported that they supplemented the weekly salary of their employees with Christmas bonuses.

The replies by the dispensary owners on the question of their recommendations to a customer asking for a "good buy" in vodka were varied. Of the three owners that said they would make a recommendation, two stated they would recommend the brand "they got the best deal on," one stated he would tell the customer that all vodkas were about equal.

One dispensary proprietor said that as part of his promotional expenses he regularly took customers to the Twin Cities so they could attend major league baseball or football games. Except for travel, most promotional money was spent on the sponsorship of bowling, softball, and golf teams.

Subjective Ratings\*

The author's subjective ratings of the Little Falls on-sale dispensaries ranged from 11 to 16 with a mean of 14.5. Further information about these dispensaries and their individual ratings is given in the Little Falls section of Appendix 6.

Summary of Operations of Liquor Dispensaries in Alexandria and Little Falls, Minnesota

Total property taxes going to the municipality from the six liquor dispensaries in Little Falls is estimated in table 6-5 to be \$1,664.11. Adding this sum to that collected by the City in fees and permits which was \$22,506 we arrive at revenue received by the municipality from privately licensed liquor dispensaries of \$24,170.11. This is \$3.20 per person using 1960 census data. Appendix 6 shows a net income from the Alexandria municipal dispensary of \$76,033.30 or \$11.32 per person. The foregoing figures make it appear that in a financial way Alexandria is in a better position than is Little Falls because of municipal liquor. Citizens of Little Falls may be compensated for this by the greater number of alternatives in selecting a dispensary. Many more persons are employed in the liquor business in Little Falls than Alexandria. The total employment in Alexandria was 11 full- and 5 part-time

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\*Explained in Chapter I.

employees. Little Falls dispensaries employed a total of 20 people full-time and 10 part-time. In addition there were five owners that worked in the stores on a full-time basis.

In general the prices charged at on-sale were five cents per item higher in Little Falls vis-a-vis Alexandria. While there was some competition among Little Falls dispensaries, price competition was negligible.

The salaries paid by the Alexandria dispensary for bartenders were somewhat below those paid in Little Falls. Some of the differences could be attributed to the four or more extra hours per week worked by Little Falls bartenders. The salaries also do not reflect the fringe benefits accruing to municipal employees which were likely better than those provided by the private dispensaries.

The liquor industry was using many more economic resources in Little Falls. Whether the use of these additional resources was compensated by additional utility is a question that cannot be answered here. It is probably true, however, that many persons would feel that the additional resources could be used in a manner befitting society's needs more adequately.

From the viewpoint of the municipality the revenue received from operations of the municipal dispensary was greater and the cost of police protection for one store versus six should have been lower.

The second pair of cities to be investigated, Sleepy Eye and Springfield, both lie in the extreme southwestern part of Minnesota. They differ from the foregoing pair in that they are smaller and more dependent upon agriculture.

The Cities of Sleepy Eye and Springfield, Minnesota

These two cities, located in southwestern Minnesota, are fourteen miles apart. Sleepy Eye has municipal liquor while Springfield has private liquor. The cities are both in Brown County. Additional information on taxes, population, and income may be found in Appendix 6.

The following table gives information on the compensation of public safety employees of the two municipalities. As both cities had volunteer fire departments, only police salaries are given.

Table 6-6. Salaries of Public Safety Employees in Sleepy Eye and Springfield, Minnesota, Spring, 1967.

Position	Sleepy Eye (Per Month)	Hours per Week	Springfield (Per Month)	Hours per Week
Police Chief	\$444 (7)*		\$463 (5½)*	
Patrolman	\$332 Low# \$403 High#	44	\$375 Low# \$400 High#	44
Uniform Allowance (Per Year)	\$96		\$50	

\*Number in brackets indicates years of service in position.  
#The low and high salary indicates the lowest and highest actually paid or the lowest and highest salary permissible under current regulations.

SOURCE: 1967 Municipal Salary Survey, 1,000 to 5,000 Population, League of Minnesota Municipalities, Minneapolis, Minnesota, p. 36.

In the spring of 1967, Sleepy Eye had four full-time and two part-time police employees, while Springfield had four full-time employees.<sup>8</sup> Assuming that the two part-time employees equal one full-time officer, Sleepy Eye had one officer for each 698½ persons while Springfield had one for each 675. Springfield thus provided a slightly better ratio and its pay scale is slightly higher than is that of Sleepy Eye. If fringe benefits listed in Appendix 6 are considered, the Sleepy Eye salary becomes more attractive vis-a-vis Springfield.

#### Sleepy Eye and Its Municipal Liquor Operations

This community is located in one of the state's better agricultural areas. In addition to being a retail center for agriculture it does have several manufacturing establishments in and near the city. The two largest are a canning plant and a fertilizer plant. The community received its unusual name from a Sioux Indian Chief who was a friend of the white settlers in the area.

The municipality operates a municipal power and steam heating system in addition to water and sewer utilities. It also operates two on- and off-sale liquor dispensaries. The city fathers feel that by operating two such stores they can provide alternatives for their customers,

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<sup>8</sup>1967 Municipal Salary Survey, Between 1,000 and 5,000 Population, League of Minnesota Municipalities, Minneapolis, Minnesota, p. 36.

and allow each store to have a different type of clientele and atmosphere.

Bonded debt of Sleepy Eye as of February 28, 1967, was \$925,000.<sup>9</sup> Financial statements of the municipal liquor dispensaries are given in the Sleepy Eye section of Appendix 6.

Employment, Wages and Salaries of the Sleepy  
Eye Municipal Liquor Stores

During the spring of 1967 there were seven full-time and four part-time employees of the Sleepy Eye municipal liquor dispensaries; full-time employees worked 48 hours per week.<sup>9</sup> The following table gives the wages and salaries of the dispensary employees.

Table 6-7. Wages and Salaries of Full- and Part-Time Employees of Sleepy Eye Municipal Liquor Dispensary, Spring, 1967.

Position	Full Time (Per Month)	Part Time (Per Hour)
Manager	\$450	
Bartender	\$349	\$1.45
Barmaid	\$349	\$1.45

SOURCE: 1967 Municipal Salary Survey, Between 1,000 and 5,000 Population, League of Minnesota Municipalities, Minneapolis, Minnesota, p. 26.

In addition to the above salaries the full-time dispensary employees are entitled to the fringe benefits

<sup>9</sup>1967 Municipal Salary Survey, Between 1,000 and 5,000 Population, op. cit., p. 26.

listed in Appendix 6. While the above salaries are not high, they do not show any discrimination between the sexes.

Operating Ratios of Sleepy Eye  
Municipal Dispensaries

Information provided in Appendix 6 plus the above employment figures, provide the statistics below. The assumption is made that a part-time employee is equal to  $\frac{1}{2}$  of a full-time employee.

Sleepy Eye statistics.<sup>&</sup>

1. Sales	\$202,586
2. Net Income	33,012
3. Wages and Benefits*	40,048
4. Surplus	83,745
5. Number of Employees	9
6. Total Assets	84,265
7. Gross Profit	84,821
8. Inventory, Feb. 28, 1966	23,692
9. Cost of Sales	122,258

Operating ratios.

1. Dollar Sales per Employee	\$22,510
2. Dollar Sales per Dollar Paid in Wages and Benefits	5.06
3. Dollar Sales per Surplus at Close of Year	2.42
4. Dollars of Assets per Employee	9,363.00
5. Gross Profits as a Percentage of Sales	41.9%
6. Net Return on Surplus (Investment)	39.4%

7. Net Income as a Percentage of Sales	16.3%
8. Inventory Turnover (Using Cost of Sales)	5.2
9. Average Employee Pay per Week <sup>#</sup>	85.55

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& Income and Balance Sheet items are for Feb. 28, 1967, except where noted.

\* Computed by adding all salaries, wages, pensions and benefits.

# Computed by dividing Wages and Benefits by 52 and this figure by 9.

These statistics when compared with those of other municipalities in this group show the Sleepy Eye dispensaries are below the figures posted for other dispensaries in this group, except in the area of net income as a percentage of sales where it is somewhat above the average.

#### Information on the Operations of the Sleepy Eye Municipal Liquor Dispensary

The following information was obtained from the manager of the Sleepy Eye municipal liquor stores. He stated he had managed the store for one year. For his full-time employees the turnover ratio was quite high. He cited low pay as the reason for the high turnover.

The manager had previously operated a private liquor dispensary in Sleepy Eye before the City decided to municipalize liquor in 1947. He said that he ran the stores as if they were his own, except that he would have some type of live entertainment at times. The manager said he was



pretty free to make decisions, but at times he had encountered some interference from the city council.

The store used a perpetual inventory system with a physical inventory of the on-sale being taken every month and of the off-sale every three months. The wholesale value of the liquor and beer inventory averaged \$30,000 and the manager felt that this was large enough to take advantage of most discounts and still maintain a respectable turnover ratio.

The stores opened at 8 A.M. and closed at midnight. The off-sale portion of the business closed at 10 P.M. however. The manager did not believe remaining open additional hours would add to total profit of the dispensaries.

The Sleepy Eye dispensaries spent \$288 on advertising during the past year. This consisted of helping to sponsor, through advertising, activities of the Chamber of Commerce. The city clerk stated that this expenditure was annually criticized by the state auditors.

The stores did not regularly give away any free pretzels or similar materials to customers. There were no law suits pending against the City as a result of the operations of the stores.

The stores did not sell above the minimum price except in instances when the price was raised one penny, permitting the store to sell for even money.

The manager said he would not recommend a particular

type of vodka to a customer, but that he would merely show his stock and allow the customer to make his own decision.

The manager usually worked about fifty hours per week at the store's business. He did not regularly work in actual selling, but did help at times of brisk business.

Prices Charged by the Sleepy Eye  
Liquor Dispensary

On-sale prices. The following are the on-sale prices charged by the two Sleepy Eye dispensaries. The size of the shot at the stores, as stated by the manager, was 7/8 ounce. The stores did use automatic dispensing devices on most of their bottles. The prices were found to be as follows during the author's visit on July 27, 1967.

Price of seven-eighths ounce "shot" of	
Calvert's Extra	\$.40
Jim Beam	.40
Seagram's 7 Crown	.40
Old Crow 86 proof	.40
Seagram's V0	.50
Cutty Sark Scotch	.50
Price of "bar" Whiskey, Gin, and Vodka, per "shot"	.35
Price of Manhattans and Martinis	.75
Price of bottle of Hamm's Beer (12 ounce)	.35
Price of cheapest bottle of beer (12 ounce)	.30
Price of glass of tap beer	.15

Off-sale prices. The off-sale liquor prices were set at the minimum price, or in certain cases a penny higher. Beer prices, not subject to the minimum price law, are given below.

Price of cheapest six pack of Hamm's Beer	\$1.35
Price of cheapest six pack of beer sold by store	\$1.25
Price of cheapest case of Hamm's Beer (24 bottle)	\$4.45

None of the above prices changed during the day as no live entertainment was offered. The prices charged by these dispensaries were about in line with those of other municipal dispensaries in this group.

#### Subjective Rating\*

The author's subjective ratings of the Sleepy Eye dispensary were 12 points for the East End Dispensary and 11 points for the West End Dispensary. Further information on dispensary facilities and rating procedure is given in the Sleepy Eye section of Appendix 6.

#### Springfield and Its Private Liquor Operations

Springfield, Minnesota, has a largely German ethnic background. It has only one large industry, a brick and tile company. This plant is not in constant operation, but it does employ a number of persons when operating.

Springfield operates municipal electric and heat, water, and sewer utilities. As of February 28, 1967, the City had a bonded debt of \$398,000.<sup>10</sup>

As of June 30, 1966, there were five on-sale liquor

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\*Explanation in Chapter I.

<sup>10</sup> Report of Examination, February 28, 1967, Fleet and Moody, Auditors, Minneapolis, Minnesota, p. 26.

licenses issued in Springfield and eight off-sale licenses; the City charged a fee of \$1,800 for on-sale licenses and \$100 for off-sale.<sup>11</sup> The total revenue received from these licenses was thus \$9,800. Five of the off-sale licenses were held by persons having on-sale licenses. Of the other three, two were held by drug stores. Both of these maintained liquor inventory of about \$1,200. Due to the nature of these license holders and their small sales (reported by the owners to be less than \$10,000) they have been excluded from consideration in this paper; their license fees paid to the City, however, are considered. The City also charged other fees for miscellaneous licenses and permits. The total received from this source for the year ended February 28, 1967, was \$1,413.75.<sup>12</sup> If 75 percent of this sum is allocated to liquor dispensaries, the City received about \$1,060 from this source. With this sum added to the liquor license fees, the total received from liquor dispensaries by the municipalities was about \$10,860.

#### Liquor Dispensaries in Springfield

The following information about the liquor dispensaries in Springfield was obtained largely by personal interview with store licensees, employees, and by personal

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<sup>11</sup>License Fees Charged by Municipalities, op. cit.,  
p. 15.

<sup>12</sup>Fleet & Moody, Auditors, op. cit., p. 7.

observation. Other information on this subject can be found in the Springfield section of Appendix 6.

#### On-Sale Prices Charged in Springfield

The table on the following page gives the regular on-sale prices charged by the liquor dispensaries in Springfield. None of the dispensaries regularly provided any live entertainment and none changed their prices at any time during the day. On a subsequent visit to Springfield, after the three percent state sales tax became effective on August 1, 1967, the author found the prices given below had been raised by five cents on nearly all items.

#### Off-Sale Price of Springfield Liquor Dispensaries

All dispensaries selling at off-sale had posted prices that were at least as high as the minimum price, on all 1/5 gallons of liquor checked. None were higher than one penny above the state price. Prices of off-sale beer items for the six liquor dispensaries in Springfield covered by this survey are given in table 6-9.

Tables 6-8 and 6-9 reveal that the prices charged by Springfield liquor dispensaries for on-sale beverages were almost completely uniform. This would suggest that there was some price agreement. Several of the licensees mentioned such an agreement. Thus while there was nonprice competition the licensing of five liquor dispensaries did not bring about any important price competition. The

Table 6-8. Prices Charged by On-Sale Liquor Dispensaries in Springfield, Minnesota, July, 1967.

Type of Beverage	B. Carity 3/4 oz. & "shots"	E. Haase 3/4 oz. & "shots"	G. Meyers 3/4 oz. & "shots"	T. Windshied 7/8 oz. & "shots"	V. Streich 7/8 oz. & "shots"
"Shot" of					
Calvert's Extra	.40	.40	.40	.40	.40
Jim Beam	.40	.40	.40	.40	.40
Seagram's 7 Crown	.40	.40	.40	.40	.40
Old Crow 86 proof	.40	.40	.40	.40	.40
Seagram's VO	.55	.55	.55	.50	.55
Cutty Sark Scotch	.60	N.A.	N.A.	.55	N.A.
"bar" Whiskey, Gin and Vodka	.35	.35	.35	.35	.35
Manhattans and Martinis	.65	N.A.	N.A.	N.A.	N.A.
Price of bottle of Hamm's Beer (12 ounce)	.30	.30	.30	.30	.30
Price of cheapest bottle of beer (12 ounce)	.25	.25	.25	.25	.25
Price of glass of tap beer	.15	.15	.15	.15	.15

N.A. Not available.

SOURCE: Price check by author, July 30, 1967.

Table 6-9. Off-Sale Prices Charged by Springfield Liquor Dispensaries on Selected Beer Items, July, 1967.

	B. Carity	E. Haase	G. Meyers	T. Windchied	V. Streich	O. Roiger Off-Sale Only
Price of cheapest 6 pack of Hamm's Beer	1.35	1.35	1.35	1.35	1.30	1.30
Price of cheapest 6 pack of beer sold	1.25	1.25	1.25	1.25	1.15	1.00
Price of cheapest case of Hamm's Beer (24 bottle)	4.40	4.40	4.40	4.40	4.35	4.35

SOURCE: Price check by the author, July 30, 1967.

exception to this may be in the area of off-sale beer. It might be mentioned that despite the absence of price competition in the City, prices were relatively low when compared to other dispensaries, at least before the price rise on August First. While prices were low and uniform, they would not approach the economist's model of pure competition.

#### Property Taxes Paid by Springfield Liquor Dispensaries

To get the amount of property taxes paid to the various levels of government by the Springfield liquor dispensaries, the records of the county assessor's office were checked after the author failed to receive any aid from the city assessor. With the help of an employee of the office, certain allocations were made on real estate and personal property taxes. The allocated taxes paid are given below. The amount of allocations made are noted in the footnotes of the table.

#### Additional Information about Liquor Dispensaries and Licensees

Sales of the two liquor dispensaries reporting ranged from \$50,000 to \$62,000. Salaries of the three stores reporting this figure were \$75.00 per week, and hourly rates ranged from \$1.10 to \$1.50.

Replies of the various owners to the question on a recommendation to a customer asking for a "good buy" in vodka were given by four licensees. Of these one stated



Table 6-10. Estimated Property Taxes Paid by Liquor Dispensaries in Springfield for 1966, Taxes Payable in 1967.

Liquor Dispensary	Paid to School Dist.	Paid to Municipality	Paid to County	Paid to State	Total Property Taxes Paid
Buff Carity <sup>#</sup>	\$345.24	\$291.82	\$169.37	\$60.80	\$ 867.23
Emil Haase	374.79	316.79	183.87	66.00	941.45
Gerald Meyers <sup>@</sup>	389.50	329.21	191.07	68.54	978.32
Tom Windchied <sup>¢</sup>	464.13	385.46	223.71	80.30	1,153.60
Virgil Streich <sup>*</sup>	380.05	321.25	186.44	66.92	954.66
Otto Roiger	380.66	321.76	186.74	67.03	956.19
Totals	\$2,334.79	\$1,966.29	\$1,121.20	\$409.59	\$5,851.45

<sup>#</sup> 40% of personal property and real estate tax allocated to liquor dispensary.

<sup>@</sup> 80% of real estate tax allocated to liquor dispensary.

<sup>¢</sup> 75% of real estate tax allocated to liquor dispensary.

<sup>\*</sup> 65% of real estate tax allocated to liquor dispensary.

SOURCE: Records of county assessor, Brown County, Minnesota.

he had only two brands and would probably recommend the cheaper; two stated that they would merely tell the customers which brand was the best seller, and one stated that he would recommend the brand on which he made the most profit.

The one strictly off-sale store in Springfield was not located in the downtown area as were the other five

on- and off-sale dispensaries. This store was somewhat more convenient to reach for much of the City's population and maintained a larger selection of merchandise. It did not, however, provide any serious price competition for the other dispensaries on posted prices.

#### Subjective Rating\*

The author's subjective ratings of the Springfield on-sale dispensaries ranged from 11 to 13, with a mean of 11.4. Further information on these dispensaries and their individual ratings is given in the Springfield section of Appendix 6.

#### Summary of Operations of Liquor Dispensaries in Sleepy Eye and Springfield, Minnesota

Total property taxes going to the municipalities from liquor dispensaries in Springfield were estimated to be \$1,966. This sum together with that collected by the City in licenses and permits, estimated to be \$10,860, gives a total revenue of \$12,828. This is \$4.75 per person using 1960 census data. This sum compares with the profit of the Sleepy Eye municipal dispensaries of \$33.012, or \$9.45 per person. Thus in a purely financial manner, Sleepy Eye was in a stronger position because it had chosen to municipalize liquor. Sleepy Eye's per capita return was nearly double that of Springfield's.

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\*Explained in Chapter I.

Figures on employment, given in Appendix 6, and salaries and wages paid to employees in the liquor businesses of the two communities, found that there were more persons employed in Springfield but the difference was not great if one does not consider the store owners in this total. The wages and salaries paid employees in the two cities were quite comparable, neither being very high.

Prices of all on-sale dispensaries between the two cities were substantially the same at least before August 1, 1967. At that time Springfield raised its prices, while Sleepy Eye did not. Prices were generally five cents per drink higher after that date in Springfield. Off-sale beer prices, however, were somewhat lower in Springfield.

The author's subjective rating of the two Sleepy Eye dispensaries was eleven and twelve points; ratings for the stores in Springfield ranged from eleven to thirteen points. There seemed to be little difference in this area.

The people of Springfield had more choice in where they might consume alcoholic beverages, but without receiving much benefit in price or atmosphere. The additional \$20,000 in revenue received by Sleepy Eye likely was valuable in permitting the City to offer more and better services to its residents. Also the cost of adequately policing two liquor dispensaries should have been less than that of policing six.

The next pair of municipalities to be considered are Morris and Sauk Centre, Minnesota. These two cities are somewhat larger than the previous pair and are located in west central Minnesota.

The Cities of Morris and Sauk Centre, Minnesota

These cities are located about 54 miles apart. Morris has municipal while Sauk Centre has private liquor. Further comparative information on taxes, population and income can be found in Appendix 6.

The following table gives information on the compensation of public safety employees in Morris and Sauk Centre. This plus information on employees should suggest the type of protection the two communities provide their citizens. Both of the cities have largely volunteer fire departments; therefore only police department figures are given.

In the spring of 1967 Morris had four full-time and four part-time members of its police force while Sauk Centre had three full-time and five part-time members.<sup>13</sup> With the assumption that each part-time employee is equal to ½ of a full-time employee, Morris had one police officer for each 700 persons and Sauk Centre had one for each 650 persons. Thus Sauk Centre did provide somewhat better

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<sup>13</sup>1967 Municipal Salary Survey Between 1,000 and 5,000 Population, op. cit., p. 36.

protection in quantity terms. Salaries paid in these two cities differed little; thus it is assumed that the quality was comparable. Fringe benefits provided by the two cities as listed in Appendix 6 also appear to be of about equal value.

Table 6-11. Salaries of Public Safety Employees in Morris and Sauk Centre, Minnesota, Spring, 1967.

Position	Morris Salary (Per Month)	Hours Per Week	Sauk Centre Salary (Per Month)	Hours Per Week
Police Chief	\$525 (1/2) *		\$475 (14) *	
Patrolman	\$379	48	\$410 Low# \$435 High#	44
Yearly Uniform Allowance	\$100		Included in Salary	

\* Number in brackets indicated years of service in the particular job.

# Low and high salary indicates the lowest and highest actually paid or lowest and highest salary permissible under current regulation.

SOURCE: 1967 Municipal Salary Survey, 1,000 to 5,000 Population, League of Minnesota Municipalities, Minneapolis, Minnesota, p. 36.

#### Morris and Its Municipal Liquor Operations

This city is the county seat of Stevens County and the retail trade center for the surrounding agricultural area. The University of Minnesota has a branch at Morris. The City is also the location of the North Central Research Station for the U.S. Department of Agriculture and the

West Central Experiment Station of the University of Minnesota.<sup>14</sup> In 1966 the University had an instructional staff of 76 plus 179 non-instructional personnel.<sup>15</sup>

Morris operates a municipal water and sewage system. It buys its electric power from a privately owned corporation. As of December 31, 1966, Morris had a bonded debt of \$686,000.<sup>16</sup>

The City also operated one on- and off-sale liquor dispensary. This was located in the downtown area.

The Income Statement and Balance Sheet of the Morris municipal liquor dispensary appears in the Morris section of Appendix 6.

#### Employment, Wages and Salaries of the Morris Municipal Liquor Dispensary

During 1967 eight full-time and eight part-time employees were listed as working at the Morris municipal liquor dispensary; full-time employees worked 44 hours per week.<sup>17</sup> The following table gives the wages and salaries of Morris dispensary employees.

In addition to the salaries listed, the full-time employees of the Morris liquor dispensary receive the fringe benefits listed in Appendix 6.

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<sup>14</sup>Facts and Opportunities in Morris, Minnesota,  
Published by Chamber of Commerce, Morris, Minn., no page no.

<sup>15</sup>Ibid.

<sup>16</sup>Ibid.

<sup>17</sup>1967 Municipal Salary Survey Between 1,000 and 5,000 Population, op. cit., p. 26.

Table 6-12. Wages and Salaries of Full- and Part-Time Employees, Morris Municipal Liquor Dispensary, Spring, 1967.

Position	Full-Time (Per Month)	Part-Time (Per Hour)
Manager	\$546	
Bartender	\$357	\$1.50
Barmaid	\$240	\$1.25
Retail Clerk	\$368	
Janitor	\$315	
Bookkeeper	\$ 25	

SOURCE: 1967 Municipal Salary Survey, Between 1,000 and 5,000 Population, League of Minnesota Municipalities, Spring, 1967, p. 26.

#### Operating Ratios of the Morris Municipal Liquor Dispensary

From the information provided by the accounting statements in the Morris section of Appendix 6 plus employment figures given above, the following statistics have been obtained and are utilized below. The assumption is made that a part-time employee is equal to  $\frac{1}{2}$  of a full-time employee.

The most striking thing about the statistics is the very high turnover ratio achieved by this dispensary-- the highest of any of the thirteen municipal dispensaries in this survey. Despite this high ratio, other ratios are only average or below for this group.

Morris Statistics.<sup>&</sup>

1. Sales	\$322,648
2. Net Income	50,864
3. Wages and Benefits*	50,357
4. Surplus, 1965	138,084
5. Number of Employees	12
6. Total Assets, 1965	157,498
7. Gross Profit	120,083
8. Beginning Inventory	14,944
9. Cost of Sales	202,565

Operating Ratios.

1. Dollar Sales per Employee	\$25,887
2. Dollar Sales per Dollar Paid in Wages and Benefits	6.41
3. Dollar Sales per Surplus at Close of Year 1965	2.34
4. Dollars of Assets per Employee	13,125
5. Gross Profit as a Percentage of Sales	37.2%
6. Net Return on Surplus (Investment)	36.8%
7. Net Income as a Percentage of Sales	15.8%
8. Inventory Turnover (Using Cost of Sales)	13.5
9. Average Employee Pay per Week <sup>#</sup>	\$80.70

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<sup>&</sup> Balance Sheet items are for Dec. 31, 1965; Income Statement items are for year ended Dec. 31, 1966.

\* Computed by using all Wages and Salaries, plus retirement contributions.

<sup>#</sup> Computed by dividing Wages and Benefits by 52 and this figure by 12.



The above statistics may be compared with those given for Stearns County liquor dispensaries in the Bemidji-Brainerd section of Chapter V. Stearns County adjoins Stevens County. It is also the location of Sauk Centre whose five liquor dispensaries would be included in the figures.

#### Information on the Operations of the Morris Municipal Liquor Dispensary

The manager of the Morris dispensary, Mr. Leathert, said he had managed the dispensary for twenty-one years. His turnover ratio of full-time employees had been rather low but had begun to rise as better jobs were becoming available. Mr. Leathert stated he had a free hand in the hiring and firing of employees and had no problems with interference from the city council or other officials. Mr. Leathert said he would not run the store any differently if he owned it privately.

The dispensary used a perpetual inventory system and a very tight control was kept over on-sale liquor by use of whiskey scales to measure the exact number of drinks in a particular bottle. The average wholesale inventory of alcoholic beverages carried by the store was estimated to be \$18,000. The manager felt that this was sufficiently large to take advantage of most wholesale discounts. The dispensary usually purchased a minimum of twenty-five cases of liquor at a time.

The store was open from 8 A.M. until midnight, Monday through Saturday, with the off-sale closing at 10 P.M. Staying open an extra hour in the evening would add less to revenue than it would to cost, Mr. Leathert felt.

The dispensary did no advertising nor did it offer any free items to customers. There were no lawsuits pending against the City as a result of operations of the dispensary nor had there been any during the 21 years Mr. Leathert had managed the store. The manager stated he did not recommend items to customers, and he usually worked about 55 hours or more per week at the store's business, some of which was spent selling in the off-sale portion of the store.

#### Prices Charged by the Morris Liquor Dispensary

On-sale prices. The following were the on-sale prices charged by the Morris dispensary during the author's visit in late June of 1967. The size of the "shot" poured was stated by the manager to be 7/8 of an ounce. The store did not use automatic dispensing devices on most of its bottles.

Price of seven-eighths of an ounce "shot" of	
Calvert's Extra	\$ .40
Jim Beam	.40
Seagram's 7 Crown	.40
Old Crow 86 Proof	.40
Seagram's VO	.50
Cutty Sark Scotch	.60
Price of "bar" Whiskey, Gin, and Vodka, per "shot"	.35
Price of Manhattans and Martinis	.75

Price of bottle of Hamm's Beer (12 ounce)	.35
Price of cheapest bottle of beer (12 ounce)	.35
Price of glass of tap beer	.15

The only price change during opening hours is that tap beer goes to \$.20 per glass after waitresses begin working at 5 P.M.

Off-sale prices. Off-sale liquor prices were posted at the state minimum price or only one penny above on all merchandise checked. It was store policy to sell in this manner. The following are the off-sale prices on selected beer items sold by the Morris dispensary.

Price of cheapest six pack of Hamm's Beer	\$1.40
Price of cheapest six pack of beer sold by store	1.10
Price of cheapest case of Hamm's Beer (24 bottle)	4.75

The above price information reveals that while Morris on-sale prices were about in line with similar dispensaries, the off-sale prices were somewhat higher.

#### Subjective Rating\*

The author's subjective rating of the Morris dispensary was 16 points. For further information on the dispensary facilities and individual ratings in the five categories, see the Morris section of Appendix 6.

#### Sauk Centre and Its Private Liquor Operations

Sauk Centre claims the original "Main Street." Author Sinclair Lewis was born there and used the community

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\*See explanation given in Chapter I.

as a background for his book. Lewis' boyhood home has been purchased by the City for a museum and is open to the public. Sinclair Lewis' ashes were buried in Sauk Centre in 1951. The City has one manufacturing plant which makes automobile seat covers. The plant normally employs about 300 persons.<sup>18</sup>

Sauk Centre operates a municipal water and electric distribution system. As of March 31, 1967, the City had a bonded debt of \$221,000.<sup>19</sup>

On June 30, 1966, there were five on- and off-sale liquor licenses issued in Sauk Centre and the City was charging a fee of \$1,900 for an on-sale license and \$100 for off-sale.<sup>20</sup> It was thus receiving a total of \$10,000 from the issuance of private liquor licenses. The five persons having on-sale licenses also held the off-sale licenses.

Sauk Centre also issued various other licenses and permits which totaled \$1,715.57.<sup>21</sup> If 75 percent of this sum is allocated to the liquor dispensaries, they would have paid an additional \$1,287 to the City. With this the total revenue received by the City from liquor dispensaries is estimated to be \$11,287.

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<sup>18</sup>Information supplied by Sauk Centre Chamber of Commerce.

<sup>19</sup>City of Sauk Centre, Audit Report 3/31/67, Henkel, Swanson and Company, Minneapolis, Minn., p. 8.

<sup>20</sup>Publication of Liquor Control Commission, op. cit., p. 14.

<sup>21</sup>City of Sauk Centre, Audit Report, op. cit., p. 9.

Liquor Dispensaries of Sauk Centre

The following information about the liquor dispensaries in Sauk Centre was gathered largely by personal interview with licensees, store employees, and by personal observation. More information on this subject is given in the Sauk Centre section of Appendix 6.

On-Sale Prices of Sauk Centre Liquor  
Dispensaries

Table 6-13 gives the regular on-sale prices charged by the dispensaries in Sauk Centre. None of the dispensaries provided live entertainment; thus none changed their prices at any time during business hours.

Off-Sale Prices of Sauk Centre Liquor  
Dispensaries

All dispensaries selling at off-sale had posted prices that were at least as high as the minimum price, on all 1/5 gallons of liquor checked. None were more than one penny over the minimum price. Off-sale beer items sold by the five dispensaries in Sauk Centre are given in table 6-14.

It can be seen from table 6-14 that the prices charged by these dispensaries differed in only a minor way from each other. It would seem that there was an agreement among the various liquor licensees not to compete on the basis of price. This was borne out by remarks made to the author. Several of the licensees stated they held meetings for the purpose of setting on-sale liquor prices in Sauk

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Centre. Even in the area of off-sale beer, there was almost no price competition.

Table 6-14. Off-Sale Prices Charged by Sauk Centre Liquor Dispensaries for Selected Beer Items, June, 1967.

Type of Item	Bieringer	Heller	Schmid	Jurgens	Welle
Cheapest 6 pack of Hamm's Beer	\$1.30	\$1.30	\$1.30	\$1.35	\$1.30
Cheapest 6 pack of beer sold	\$1.10	\$1.10	\$1.10	\$1.10	\$1.10
Cheapest case of Hamm's Beer (24 bottle)	\$4.35	\$4.35	\$4.35	\$4.35	\$4.35

SOURCE: Price check by the author on June 15, 1967.

The on-sale prices of the Sauk Centre dispensaries are somewhat higher than those of similar dispensaries. The exception to this appears to be on-sale beer. Off-sale prices were about in line with those of comparable dispensaries.

#### Property Taxes Paid by Sauk Centre Liquor Dispensaries

To obtain the amount of property taxes paid by the liquor dispensaries in Sauk Centre, records of the city assessor were checked. The local assessor was very helpful in assisting the author in allocating the taxes paid where the entire property was not used as a dispensary. The amount of the allocations are noted in the following footnotes.

Table 6-15. Estimated Property Taxes Paid by Liquor Dispensaries in Sauk Centre for 1966, Taxes Payable in 1967.

Liquor Dispensary	Paid to School Dist.	Paid to Municipality	Paid to County	Paid to State	Total Property Taxes Paid
E. Bieringer	\$510.46	\$248.59	\$181.76	\$56.76	\$997.57
H. Heller <sup>#</sup>	400.55	195.08	142.63	44.54	782.80
V. Schmid <sup>@</sup>	619.55	301.73	220.61	68.89	1210.78
W. Jurgens <sup>¢</sup>	682.99	332.62	243.20	75.94	1334.75
W. Welle <sup>*</sup>	396.38	193.04	141.12	44.88	774.64
Totals	\$2609.92	\$1271.06	\$929.34	\$290.21	\$5100.54

<sup>#</sup> 80% of real estate tax allocated to liquor dispensary.

<sup>@</sup> 40% of real estate tax allocated to liquor dispensary.

<sup>¢</sup> 80% of real estate tax allocated to liquor dispensary.

<sup>\*</sup> 75% of real estate tax allocated to liquor dispensary.

SOURCE: Records of City Assessor of Sauk Centre, Minnesota.

#### Additional Information about Liquor Dispensaries and Licensees in Sauk Centre

Sales of the three liquor dispensaries reporting ranged from \$60,000 to \$75,000 during 1966 with a mean of \$66,000. Salaries paid by these three stores, all reported on a weekly basis, ranged from \$65.00 to \$90.00. This wide range is due to the range in number of hours worked by full-time employees shown in Appendix 6.

Replies by the various dispensary owners to the question on a recommendation to customers asking for a "good



buy" in vodka were given by two licensees. Both said they would recommend Smirnoff's because it was highly advertised.

Most of the promotional expenses of these dispensary owners went for sponsorship of various bowling teams and similar expenditures.

#### Subjective Ratings\*

The author's subjective ratings of the Sauk Centre on-sale dispensaries ranged from 8 to 14 with a mean of 11.4. Further information on these dispensaries and their individual ratings may be obtained in the Sauk Centre section of Appendix 6.

#### Summary of Operations of Liquor Dispensaries in Sauk Centre and Morris

Total property taxes going to the municipality from the five private liquor dispensaries in Sauk Centre were estimated to be \$1,371.06. Adding this sum to the fees collected by the City in licenses and permits, estimated to be \$11,287, gives a sum of \$12,558 contributed to Sauk Centre by the liquor dispensaries. This is \$3.51 per person using 1960 census data. Appendix 6 reports a net income of \$50,863.52 for the Morris municipal dispensary in 1966. This is \$12.11 per person, again using 1960 census data. The foregoing figures indicate that Morris is in a superior financial condition because it has chosen to municipalize

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\* Explained in Chapter I.

liquor, rather than license private dispensaries.

In other matters not strictly financial, Sauk Centre may have some advantages. Its citizens did have some choice offered them, though the subjective ratings for the Sauk Centre dispensaries were not as high as the rating given the Morris municipal dispensary. The number of employees in the liquor business did not differ greatly between the two cities. If owners are considered, then Sauk Centre's liquor business did provide some support for a larger number of persons. The salaries paid employees in the two cities differed little. Prices charged showed a pattern of being higher in Sauk Centre for on-sale liquor and cheaper for off-sale beer.

The final pair of cities in this group, Glencoe and LeSueur, are both located in "The Valley of the Jolly Green Giant."

The Cities of Glencoe and LeSueur, Minnesota

The two communities are located in south central Minnesota and are forty-five miles apart. Glencoe has municipal liquor while LeSueur has private liquor dispensaries. Further information on taxes, population, and income of the two cities can be found in Appendix 6.

The following table gives information on the compensation of public safety employees of the two municipalities. This plus the additional information on number of

employees should indicate what type of protection is provided by the two cities for its citizens. Neither city had a professional fire department.

Table 6-16. Salaries of Public Safety Officials in Glencoe and LeSueur, Minnesota, Spring, 1967.

Position	Glencoe Salary (Per Month)	LeSueur Salary (Per Month)
Police Chief	\$440 (15)*	\$550 (2)*
Patrolman	\$390 Low# \$455 High#	No low given \$425 High#
Uniform Allowance (per year)	\$125	\$100

\* Number in brackets indicates years of service in the particular job.

# Low and high salary indicates the lowest and highest actually paid or the lowest and highest salary permissible under current regulations.

SOURCE: 1967 Municipal Salary Survey, Between 1,000 and 5,000 Population, League of Minnesota Municipalities, Minneapolis, Minnesota, p. 36.

In the spring of 1967 Glencoe had four full-time employees on its police force while LeSueur had four full-time and one part-time employee.<sup>22</sup> As populations were similar, these figures indicate that each city provides about the same quantity of police protection for its citizens. The salaries would indicate that the quality is also similar.

<sup>22</sup>1967 Municipal Salary Survey Between 1,000 and 5,000 Population, op. cit., p. 36.

Fringe benefits received by employees of the two cities as shown in Appendix 6 appear to be of equal value.

Glencoe and Its Municipal Liquor Operations

Glencoe is the county seat of McLeod County and thus government is an important employer. The City has three manufacturing plants that usually employ over 100 persons each; the Green Giant Corporation has its frozen food headquarters here.<sup>23</sup>

The City operates its own light and power plant and also has municipal water and sewer utilities. It operates a municipal liquor dispensary in the downtown area. Bonded debt of Glencoe, as of March 31, 1967, was \$758,627.25.<sup>24</sup> Income and Balance Sheet statements of the dispensary are presented in the Glencoe section of Appendix 6.

Employment, Wages and Salaries of the Glencoe  
Municipal Liquor Dispensary

In the spring of 1967 the Glencoe municipal liquor dispensary had five full-time and two part-time employees; full-time employees worked 51 hours per week.<sup>25</sup> The following table gives the wages and salaries paid to employees of the dispensary.

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<sup>23</sup>Information supplied by city clerk, Glencoe, Minnesota.

<sup>24</sup>Financial Statement, City of Glencoe, Minnesota, April 1, 1967, p. 3.

<sup>25</sup>1967 Municipal Salary Survey Between 1,000 and 5,000 Population, op. cit., p. 26.

Table 6-17. Wages and Salaries of Full- and Part-Time Employees, Glencoe Municipal Liquor Dispensary, Spring, 1967.

Position	Full Time (Per Month)	Part Time (Per Hour)
Manager	\$440	
Bartender	\$400	\$1.65
Barmaid		\$1.60
Janitor	\$125	
Bookkeeper	\$100	

SOURCE: 1967 Municipal Salary Survey, Between 1,000 and 5,000 Population, League of Minnesota Municipalities, Minneapolis, Minnesota, p. 26.

#### Operating Ratios of the Glencoe Municipal Dispensary

From information provided by the accounting statements in the Glencoe section of Appendix 6 plus employment figures given above, the following statistics have been obtained and are used below. It is assumed a part-time employee equals  $\frac{1}{2}$  of a full-time employee.

#### Glencoe Statistics.<sup>&</sup>

1. Sales	\$251,191
2. Net Income Including Depreciation	52,074
3. Wages and Benefits*	30,900
4. Surplus	92,262
5. Number of Employees	6
6. Total Assets	95,967

7. Gross Profit	\$93,645
8. Beginning Inventory	37,685
9. Cost of Sales	157,535

Operating Ratios.

1. Dollar Sales per Employee	\$41,864
2. Dollar Sales per Dollar Paid in Wages and Benefits	8.13
3. Dollar Sales per Surplus March 31, 1966	2.72
4. Dollars of Assets per Employee	15,994
5. Gross Profit as a Percentage of Sales	37.3%
6. Net Return on Surplus (Investment)	56.4%
7. Net Income as a Percentage of Sales	20.7%
8. Inventory Turnover (Using Cost of Sales)	4.2
9. Average Employee Pay per Week <sup>#</sup>	\$99.04

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& Balance Sheet and Income Statement data are for March 31, 1966.

\* Computed by adding all Salaries and Wages plus retirement contributions.

# Computed by dividing Wages and Benefits by 52 and this by 6.

The above ratios show that the Glencoe dispensary is above the average for its group in net income as a percent of sales. Its inventory turnover ratio is somewhat below that of other group members, however. The Census Bureau did not give any county figures on liquor dispensaries that relate closely to the Glencoe area. Those

given for Stearns County in the Bemidji-Brainerd section of Chapter V would most closely compare.

Information on the Operations of the Glencoe  
Municipal Liquor Dispensary

Information on operations was obtained from Mr. Hartelt, the manager of the dispensary. He stated that he had managed the store for 14 years. Turnover ratio of full-time employees was small. The mean employment was nine years. Mr. Hartelt said he had a free hand in operating the dispensary, but if he were to own it privately he would have a larger store.

A perpetual inventory system was used and the manager stated he would continue to use that system if he owned the store privately. The usual value of the inventory was about \$40,000.

The dispensary was open from 8 A.M. until midnight Monday through Saturday, with the off-sale portion of the business closing at 10 P.M. The manager did not feel profits would be increased by remaining open one extra hour in the evenings.

There had been several lawsuits against the City as a result of the operations of the dispensary, but all had failed. There were none pending during the summer of 1967.

The manager said he does not try to push any particular brand or product, when asked what he would recommend

to a customer asking for a "good buy" in vodka. He did state he would tell the person that Smirnoff's was the best seller.

The work week for the manager was about 50 hours, some of which was spent actually selling. Mr. Hartelt felt the minimum price law was a good law in that it permitted the dispensary to make a larger profit.

Prices Charged by the Glencoe  
Liquor Dispensary

On-sale prices. The following are the on-sale prices charged by the Glencoe liquor dispensary. The size of the "shot" poured was stated by the manager to be 7/8 ounce. The dispensary did not use automatic dispensing devices on most of its bottles. The prices were found to be as follows during the author's visit July 11, 1967.

Price of seven-eighths ounce "shot" of	
Calvert's Extra	\$.45
Jim Beam	.45
Seagram's 7 Crown	.45
Old Crow 86 proof	.45
Seagram's VO	.55
Cutty Sark Scotch	.60
Price of "bar" Whiskey, Gin, and Vodka	.40
Price of Manhattans and Martinis	.60
Price of bottle of Hamm's Beer (12 ounce)	.35
Price of cheapest bottle of beer (12 ounce)	.35
Price of glass of tap beer	.15

The above prices which are generally five cents per item higher than in similar dispensaries may help explain the better ratios achieved by this dispensary. The above prices did not change during the day as the store did not have any live entertainment.



Off-sale prices. Off-sale liquor prices were at or only one penny higher than the minimum selling price listed by the Liquor Control Commission book. The following were the off-sale prices on selected beer items on July 11, 1967.

Price of cheapest six pack of Hamm's Beer	\$1.35
Price of cheapest six pack of beer sold by store	\$1.20
Price of cheapest case of Hamm's Beer (24 bottle)	\$4.25

While the on-sale prices were higher the off-sale beer prices were about in line with comparable dispensaries.

#### Subjective Rating\*

The author's subjective rating of the Glencoe municipal dispensary was 13 points. Further information on dispensary facilities and ratings in each category is given in the Glencoe section of Appendix 6.

#### LeSueur and Its Private Liquor Operations

LeSueur is located in the Minnesota River Valley, and much of the surrounding area is farm land. The Green Giant Corporation has its main plant and offices located here. LeSueur is thus the home of The Jolly Green Giant.

The City operates a municipal power and light plant as well as sewer and water utilities. As of March 31,

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\* See explanation in Chapter I.

1966, LeSueur had a bonded debt of \$590,000.<sup>26</sup>

On June 30, 1966, there were five private on-sale and five off-sale liquor licenses issued in LeSueur; the City was charging \$1,000 for on-sale and \$100 for off-sale licenses.<sup>27</sup> Total revenue received by the City from private liquor licenses was \$5,500. Four of the persons holding on-sale liquor licenses also held off-sale licenses. The City also issued other licenses and permits whose revenue totaled \$1,143.<sup>28</sup> If 75 percent of this is allocated to the liquor dispensaries, then the City received an additional \$857.25 from this source. The total revenue received from liquor dispensaries in licenses and permits is thus estimated to be \$6,357.

#### Liquor Dispensaries of LeSueur

The following information about the liquor dispensaries was obtained from liquor licensees, their employees, and from personal observation. Additional information may be obtained from the LeSueur section of Appendix 6.

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<sup>26</sup>Financial Report, LeSueur, Minnesota, for Year Ended March 31, 1966, Bernard W. May and Co., Minneapolis, Minnesota, p. 1.

<sup>27</sup>License Fees Charged by Municipalities, op. cit., p. 10.

<sup>28</sup>Financial Report, LeSueur, op. cit., p. 5.

### On-Sale Prices Charged in LeSueur

The table on the following page gives the regular on-sale prices charged by dispensaries in LeSueur prior to the state three percent sales tax becoming effective on August 1, 1967. The price of "bar" liquor was raised by five cents per drink on August First by two dispensaries. As of August Fourth the other three on-sale dispensaries had not yet followed the raise.

The prices listed usually did not rise during business hours even though live entertainment was presented by some of the dispensaries on certain weekends. No tap beer was sold at these times, however.

### Off-Sale Prices of LeSueur Liquor Dispensaries

All dispensaries selling off-sale liquor had posted prices that were at least as high as the minimum price, on all 1/5 gallons of liquor checked. None were higher than one penny above this price. Off-sale beer items in the five off-sale dispensaries in LeSueur are given in table 6-19. Prices do not include state sales tax.

The on-sale prices of the LeSueur dispensaries were somewhat higher than those of many similar stores, while off-sale prices were about in line with comparable dispensaries. Prices generally showed little variation among the dispensaries at least before the advent of the sales tax. This may have been an upsetting event and caused cooperation on prices to at least temporarily break down.

Table 6-18. Prices Charged by Liquor Dispensaries in LeSueur, Minnesota, July, 1967.

Type of Beverage	C. Coggins 3/4 oz.& "shots"	F. West 3/4 oz.& "shots"	W. Budke 3/4 oz.& "shots"	Hixs Inc. 3/4 oz.& "shots"	N. Wilke 3/4 oz.& "shots"
"Shot" of Calvert's Extra	.45	.45	.45	.45	.45
Jim Beam	.45	.45	.45	.45	.45
Seagram's VO	.55	.55	.55	.55	.55
Cutty Sark Scotch	.65	.65	.65	.65	.65
Seagram's 7 Crown	.45	.45	.45	.45	.45
Old Crow 86 proof	.45	.45	.45	.45	.45
"bar" Whiskey, Gin, or Vodka	.40	.40	.40	.40	.40
Manhattans and Martinis	.60	.60	.60	.60	.65
Price of bottle of Hamm's beer (12 ounce)	.35	.35	.35	.35	.35
Price of cheapest bottle of beer sold (12 ounce)	.35	.35	.35	.35	.35
Price of glass of tap beer	.15	.15	.15	.15	.15

& Size of shot as stated by licensee or employee.

SOURCE: Price check by author August 4, 1967.

Table 6-19. Off-Sale Prices Charged by LeSueur Liquor Dispensaries on Selected Beer Items, August, 1967.

Type of Item	Coggins	West	Budke	Hixs Inc.	Savage
Cheapest six pack of Hamm's Beer	\$1.30	\$1.35	\$1.35	\$1.35	\$1.35
Cheapest six pack of beer sold	\$1.10	\$1.10	\$1.15	\$1.10	\$1.10
Cheapest case of Hamm's Beer (24 bottle)	\$4.45	\$4.45	\$4.45	\$4.45	\$4.35

SOURCE: Price check by author on August 4, 1967.

#### Property Taxes Paid by LeSueur Liquor Dispensaries

To obtain the property taxes paid by liquor dispensaries in LeSueur, the records of the county assessor were examined. With the cooperation of the assessor certain allocations of the property tax were made. The amount of the taxes and the allocations made are noted in the following table.

#### Additional Information about Liquor Dispensaries and Licensees in LeSueur

None of the liquor dispensaries in LeSueur would divulge information on the sales of their stores during 1966. Salaries of two of the businesses providing this information were \$80 per week. One dispensary stated that it paid its part-time help \$1.25 per hour. One licensee

Table 6-20. Estimated Property Taxes Paid by Liquor Dispensaries in LeSueur for 1966, Taxes Payable in 1967.

Liquor Dispensary	Paid to School Dist.	Paid to Municipality	Paid to County	Paid to State	Total property taxes paid
C. Coggins#	\$684.59	\$268.43	\$254.42	\$67.17	\$1,274.61
F. West@	471.91	185.04	175.38	46.30	878.63
W. Budke	614.17	240.81	228.24	60.26	1,143.48
Hixs, Inc.	747.82	293.22	277.91	73.38	1,392.33
N. Wilke¢ (On-sale only)	403.41	158.18	149.92	39.58	751.09
D. Savage*(Off-sale)	202.58	79.43	75.29	19.88	377.18
Totals	\$3,124.48	\$1,225.11	\$1,161.16	\$306.57	\$5,817.32

# 80% of real estate tax allocated to liquor dispensary.

@ 75% of real estate tax allocated to liquor dispensary.

¢ 20% of real and personal property taxes allocated to liquor dispensary;;business was also operated as a restaurant and a hotel.

\* 50% of the real estate tax allocated to liquor dispensary.

SOURCE: Tax Records County Assessor, LeSueur County, Minnesota.

stated that he would recommend his "biggest seller" to a customer asking him for a "good buy" in vodka.

Subjective Rating\*

The author's subjective ratings of the LeSueur on-sale dispensaries ranged from 7 to 11 with a mean of 9.6. Further information on these dispensaries and their individual ratings may be obtained in the LeSueur section of Appendix 6.

Summary of Operations of Liquor Dispensaries in  
Glencoe and LeSueur, Minnesota

Total property taxes going to LeSueur from the six liquor dispensaries was estimated to be \$1,225.11. Adding this sum to the fees collected in licenses and permits, estimated to be \$6,375.25, gives a total revenue received by the City from private liquor dispensaries of \$7,582.36. Using 1960 census data this is \$2.29 per person. Revenue earned by the Glencoe municipal dispensary was placed at \$52,074, or \$16.19 per person using 1960 census data. Thus these two communities continue the pattern of the municipally operated liquor dispensary providing more city revenue than taxes and licenses of private dispensaries.

Employment in this business again is greater in the community having private liquor, as is the employment of land and capital. Perhaps the extra land, labor, and

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\*Explained in Chapter I.

capital resources in the private liquor industry of LeSueur could be better utilized in some other manner by society.

Prices at all the dispensaries in LeSueur were substantially the same. There was also very little difference in prices charged between the two municipalities.

The author's subjective rating of the Glencoe dispensary was 13 points while the ratings of the LeSueur stores ranged from 7 to 11 points. While there was some spread of subjective points among the LeSueur stores, none were extremely pleasant places and none extremely unpleasant. The LeSueur dispensaries and the Glencoe dispensary would closely fit the stereotype of a saloon.

It would be very difficult to offset the additional revenue received in Glencoe by any advantages accruing to LeSueur residents as a result of the operations of privately licensed liquor dispensaries. The costs of police protection and similar expenses would very likely be higher in LeSueur.

#### Summary of Cities 2,500 to 8,500 Population

From the information presented in this chapter it is evident that the cities having municipal liquor operations received substantially greater revenue from liquor than did the cities having private operations. In those issuing private licenses employment of resources was generally greater than in the municipal liquor cities. In at least some of the cities now having private liquor, it is quite



likely that were they to change to municipal liquor some of the land and capital used at present would become idle. This is most true of the smaller municipalities in this class.

There seems to have been a considerable amount of tax shifting especially from the county and state governments to the municipal governments because of the tax exempt status of municipal stores. People in communities having private liquor are paying a somewhat higher mill rate because of the presence of municipal dispensaries in other communities in the same county and state. Persons living in municipal liquor communities are also paying these higher taxes, but they are receiving the direct benefits of the profits, which come partly because of the tax shifting. Thus persons living in municipalities having private liquor, are, to some extent, subsidizing those who live in cities having municipal liquor. Benefits from the county and state governments are not apportioned directly in accordance with the amount of property taxes paid to them by municipalities.

As shown in Appendix 6 the mill rate in three of the four communities having municipal liquor was somewhat lower than that of its "sister" city. The one exception to this was Morris where the rate was about 13 mills higher than its "sister" city of Sauk Centre. In all cases the per capita property tax collected by the city for 1966 was higher in cities having municipal liquor dispensaries. This

would suggest that the services in the four cities having private liquor were not as good as the cities were getting a lower per capita property tax revenue and less in liquor revenue. This could be overcome, however, by the use of revenue bonds to finance certain community projects.

Wages and salaries paid by municipal dispensaries in the group were at least as high as those paid by the private dispensaries, and advertising and promotional expenditures of private dispensaries far exceeded those of the municipal stores. There was little difference in the turnover of municipal liquor managers and the ownership of private liquor licenses. Full-time employees of the municipal stores also appeared to have a rather low turnover.

The following data are presented so that the reader may better compare the operations of the four municipal liquor dispensaries in this chapter. The reader is also referred to the summary of Chapter V, where data covering 1,308 liquor dispensaries in Minnesota are given.

Despite the high turnover of inventory of the Morris dispensary, it does not rank particularly well in many of the other ratios. It might also be noted that Sleepy Eye, with its two municipal dispensaries, is much below the group average of nearly \$33,000 in sales per employee. It is still above those given for the 1,308 liquor dispensaries given in Chapter V's summary, however.

Table 6-21. 1966 Operating Results of Municipal Liquor Dispensaries-plus Salaries of Managers, Bartenders, and Employees for 1967.

Category	Alex- andria	Sleepy Eye	Morris	Glencoe
Dollar Sales per Employee	\$40,062	\$22,510	\$26,887	\$41,864
Dollar Sales per Dollar Paid in Wages & Benefits	9.02	5.06	6.41	8.13
Dollar Sales per Surplus at End of Fiscal Year	3.46	2.42	2.34	2.72
Dollars of Assets per Employee, End of Fiscal Year	19,968	9,363	13,125	15,994
Gross Profit as a Percentage of Sales	28.8%	41.9%	37.2%	37.3%
Net Return on Investment	50.2%	34.4%	36.8%	56.4%
Net Income as a Percentage of Sales	14.5%	16.3%	15.8%	20.7%
Inventory Turnover (Using Cost of Sales)	7.2	5.2	13.5	4.2
Manager's Salary (Per Month)	\$660	\$450	\$546	\$440
Bartender's Salary (Per Month)	\$375#	\$349	\$357	\$400
Average Employee Pay per Week	\$86.44	\$85.55	\$80.70	\$94.04

# Average of high and low salaries given.

There does not appear to be any correlation between wages and salaries paid managers and bartenders with the dollars of sales per employee figure in the table, though

there does appear to be some between average employee pay per week and such sales.

In the following chapter, communities of less than 2,500 population will be investigated to see if municipally operated liquor dispensaries continue to provide municipalities with more revenue than do "sister" communities having private liquor.

## CHAPTER VII

### MUNICIPAL AND PRIVATE OPERATIONS OF LIQUOR DISPENSARIES IN MINNESOTA MUNICIPALITIES WITH POPULATIONS OF LESS THAN 2,500

The purpose of this chapter is to provide information about the operations of liquor dispensaries in selected communities in Minnesota with 1960 populations of less than 2,500. To do this, four communities with municipal liquor dispensaries were selected. For each of these communities having municipal dispensaries a municipality was chosen comparable in population, location, and income, but having privately operated liquor dispensaries. The operations of liquor dispensaries in these eight communities were then examined.

This chapter and its appendix provide the following information:

- (1) Population, tax, and income data for the eight municipalities,
- (2) Financial data on the operations of the municipal liquor stores,
- (3) Operation data on the municipal stores and the effect on municipal finance,
- (4) Operations data on the privately operated liquor stores and the effect on municipal finance,

- (5) A comparison of operation methods in both municipal and private liquor stores.

The Municipalities of Morton and  
Franklin, Minnesota

The first two municipalities selected for comparison are Morton and Franklin, Minnesota. These two, the smallest selected, are located in the southwestern part of Minnesota and are seven miles apart. Morton operates a municipal liquor dispensary while Franklin issues a private license. Further tax and population information about the two communities is given in Appendix 7.

Both communities had only one police officer, thus the protection given citizens was about the same. Fringe benefits offered by both communities to their employees were rather limited. Morton offered 12 days vacation per year and five days sick leave, while Franklin offered 12 days vacation and 10 paid holidays per year.<sup>1</sup>

Morton and its Municipal Liquor Operations

The village of Morton has no industry. It is located in an agricultural region of the state, and serves, to some extent, as a retail trade center for some of the surrounding farmers. There is probably no good economic reason for the municipality of Morton to continue other than as a bedroom

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<sup>1</sup>1967 Municipal Salary Survey under 1,000 Population,  
League of Minnesota Municipalities, Minneapolis, Minnesota,  
p. 40.

community; it is possible that in the near future the business section of the community may be nonexistent. During the author's visit, many empty buildings were observed. This municipality is probably a good example of what is happening to many small communities in the United States, especially those dependent upon agriculture for much of their economic lives.

One business that does seem to be flourishing in Morton is the municipal liquor dispensary. This business operates an on- and off-sale liquor dispensary in the business district of the town. The community also has a municipal water system. Morton had no bonded indebtedness as of December 31, 1966.

The table on the following page gives the income statement of the Morton municipal liquor dispensary.

This statement has omitted a charge for depreciation. If this item had been included, the net income would certainly have been lower. However, as there was no balance sheet, it is understandable that no charge for depreciation was made. The county assessor estimated the value of the building occupied by the dispensary to be \$10,000 and the value of the furniture and fixtures to be \$6,000. Assuming these estimates to be reasonably accurate, and allowing for a five percent rate of depreciation on the building and ten percent on the furniture and fixtures, the total depreciation cost for 1966 would have been \$1,100. This

would have reduced the net income to \$14,117.26. This figure will be used here as the true profit of the dispensary in 1966.

Table 7-1. Municipal Liquor Dispensary, Morton, Minnesota, Statement of Income for the Year Ended December 31, 1966.

SALES		\$76,670.15
COST OF SALES		<u>45,214.82</u>
GROSS PROFIT		\$31,455.33
OPERATING EXPENSES:		
Salaries	\$8,139.20	
Miscellaneous Salaries	2,680.72	
Frieght	1,296.38	
Fuel	387.50	
Electricity	778.37	
Equipment	1,755.90	
Insurance	1,200.00	
TOTAL OPERATING EXPENSES		<u>\$16,238.07</u>
NET INCOME		<u><u>\$15,217.26</u></u>

SOURCE: Records of City Clerk, Morton, Minnesota.

During the year the liquor dispensary transferred a total of \$6,000 to the General Fund of the Village. Total receipts of this fund were \$19,282.99.<sup>2</sup> Thus receipts from the liquor dispensary made up 31 percent of total General Fund receipts.

<sup>2</sup>Records of City Clerk, Morton, Minnesota.



The following table gives the wages and salaries received by Morton liquor dispensary employees.

Table 7-2. Wages and Salaries of Full- and Part-Time Employees, Morton Municipal Liquor Dispensary, Spring, 1967.

Position	Per Year	Per Hour
Manager	\$5100	
Bartender	\$3000	
Barmaid		\$1.25

SOURCE: 1967 Municipal Salary Survey, Under 1000 Population, League of Minnesota Municipalities, Minneapolis, Minnesota, p. 28.

#### Operating Ratios of the Morton Municipal Liquor Dispensary

From the information provided in table 7-1, employment information, and the following assumptions, the operating ratios of the store are computed below:

#### Morton statistics.<sup>&</sup>

1. Sales	\$76,670
2. Net Income "	\$14,117
3. Wages and Benefits	\$10,820
4. Surplus*	\$30,000
5. Number of Employees as Stated by Manager@	3.5
6. Total Assets?	\$32,000
7. Gross Profit	\$31,455

8. Beginning Inventory%	\$16,000
9. Cost of Sales	\$45,215

Operating ratios.

1. Dollar Sales per Employee	\$21,900
2. Dollar Sales per Dollar Paid in Wages and Benefits	\$ 7.09
3. Dollar Sales per Surplus at Close of Year	\$ 2.56
4. Dollars of Assets per Employee	\$ 9,143
5. Gross Profit as a Percentage of Sales	36.6%
6. Net Return on Surplus (Investment)	48%
7. Net Income as a Percentage of Sales	18.4%
8. Inventory Turnover (Using Cost of Sales)	2.8
9. Average Employee Pay per Week <sup>#</sup>	\$ 59.43

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& Income Statement statistics are for year ended Dec. 31, 1966; Balance Sheet statistics for Dec. 31, 1966.

\* Assumed as being \$2,000 less than total assets.

@ Assumed part-time employee equals ½ of a full-time employee.

? Assumed made up of \$16,000 in fixed assets and \$16,000 in current assets.

% Inventory as stated by the store manager.

# Computed by dividing wages and benefits by 52 and the figure by 3.5.

" Net Income after charge for depreciation made by author.

The above ratios are lower than the ratios given for the larger municipalities, but comparable to other dispensaries in this group. It would seem that the lack of a balance sheet did not prevent the dispensary from being

quite well managed though it makes it more difficult to make an accurate statement on the matter.

Information on the Operations of the Morton  
Municipal Liquor Dispensary

The following information was obtained from personal conversation with the manager of the Morton dispensary. The manager stated he had managed the Morton dispensary for five years, and that the turnover ratio of full-time employees had been rather high in that time period. The mean time of employment of these people was about three years. The full-time employees worked 48 hours per week while the manager usually worked about 70 hours per week on the store's business. The store had three full-time and one part-time employee, the manager stated.

The manager said he was allowed a free rein in the operation of the store. If he owned the store privately, he would remodel it, provide some entertainment, do some advertising, and hire more help if business subsequently increased.

The dispensary used a perpetual inventory system with a physical inventory taken once a year. The wholesale value of the alcoholic beverage inventory averaged about \$16,000. This, he felt, permitted him to receive most of the discounts offered by distributors. He said he would not change the size of the inventory if operating the store privately.

The dispensary was open from 9 A.M. until midnight, six days a week. The manager felt that it would not be profitable to open at 8 A.M. and close at 1 A.M. as permitted under state law.

The store did no advertising during the year 1966. There were no lawsuits pending against the dispensary or village as a result of the store's operation, nor had there been any since the present manager was engaged.

The store did sell above the state minimum price for off-sale liquor. The manager felt he needed this extra price because of high freight costs. No free food or other such items were furnished customers at any time. When asked what brand of vodka he would recommend to a customer asking for a "good buy" the manager stated that he would recommend Gilbeys, "because it is a good, well-known brand."

Prices Charged by the Morton Municipal  
Liquor Dispensary

On-sale prices. The following are the on-sale prices charged by the Morton dispensary. Prices are those charged by the store before the instituting of the state three percent sales tax, August 1, 1967. The store did use automatic dispensing devices for a few major brands. The size of the "shot" poured was stated by the manager to be one ounce.

Prices were as follows:

Price of one ounce "shot" of:	
Calvert's Extra	\$.40
Jim Beam	.40
Seagram's 7 Crown	.40
Old Crow 86 Proof	.40
Seagram's VO	.60
Cutty Sark Scotch	.70
Price of "bar" Whiskey, Gin, and Vodka, per "shot"	.35
Price of Manhattans and Martinis	.70
Price of bottle of Hamm's Beer (12 ounce)	.35
Price of cheapest bottle of beer sold (12 ounce)	.30

The above prices do not change during the hours of store operation. After the three percent sales tax became effective, the price of "bar" liquor was raised by five cents per drink. The prices of this dispensary were about in line with those of other dispensaries in this group.

Off-sale prices. Of the eight brands of liquor checked for this survey, the price charged by the Morton dispensary was found to exceed the minimum price by more than one cent on two brands, Jim Beam was five cents and Cutty Sark 15 cents over. Two of the eight types were not available in the dispensary, Smirnoff's Vodka and Gordon's Gin. The following were the prices on beer items during the author's visit August 10, 1967.

Price of cheapest six pack of Hamm's Beer	\$1.35
Price of cheapest six pack of beer sold by store	\$1.20
Price of cheapest case of Hamm's Beer (24 bottle)	\$4.75

Off-sale six pack prices of this dispensary were competitive with those of similar stores, while the case price was higher than comparable dispensaries.

Subjective Rating\*

The author's subjective rating of the Morton dispensary was 12 points. Further information on store facilities and the rating can be found in the Morton section of Appendix 7.

Franklin and Its Private  
Liquor Operations

The previous statements made about Morton, Minnesota, can largely be applied to Franklin. There are no industrial concerns located there, and there probably is no present economic reason for Franklin. In former times when transportation systems were not developed, this town did serve an economic purpose. However, with the advent of the automobile, the economic need for a community here has largely passed. The business section reflects this lack of need.

The community had a municipal water system, but other utilities were furnished by private firms. On December 31, 1966, Franklin had \$1,000 in bonded debt.<sup>3</sup>

As of June 30, 1966, there was one private on- and off-sale liquor dispensary in Franklin, and the license fee charged by the municipality was \$4,900 for the on-sale and \$100 for the off-sale license.<sup>4</sup> Total revenue received by

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\*See explanation given in Chapter I.

<sup>3</sup>Village Financial Statement, as published in The Franklin Tribune, February 9, 1967, p. 2.

<sup>4</sup>License Fees Charged, op. cit., p. 6.

the town from private liquor license sales was thus \$5,000. There were also minor licenses and permits issued by the town and bought by this liquor store. These were estimated by the owner to be \$30.00. The estimated total receipts to the Village from the private liquor license issued in Franklin was \$5,030.00. The total receipts of the General Fund of the town in 1966 were \$16,452.23.<sup>5</sup> Thus the liquor store revenues were slightly over 30 percent of the total receipts of the General Fund.

The on-sale license fee of Franklin was the third highest such fee charged by 307 municipalities in Minnesota.<sup>6</sup>

#### Liquor Dispensary in Franklin, Minnesota

The following information about the Franklin liquor dispensary was obtained largely from Mr. George Serbus, the owner of the dispensary.

The one on- and off-sale store operated in Franklin did business under the name of "The Longbranch." Mr. Serbus had operated this dispensary four years and did not regularly supply pretzels or other free items to his customers. There were no regular full-time employees, but four part-time workers helped the owner. These were paid \$1.15 per hour. The owner reported he usually worked about 90 hours per week on the store's business.

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<sup>5</sup>Village Financial Statement, op. cit., p. 2.

<sup>6</sup>License Fees Charged, op. cit., p. 2.

Mr. Serbus stated that the business spent very little money on advertising and promotion during 1966. ; There were two highway signs but that was the extent of the advertising.

The store kept a wholesale inventory which averaged \$15,000. Mr. Serbus said the business did not necessarily need such a large inventory, but because of distributor discounts, he felt it was the cheapest way to buy. No perpetual inventory system was used, but a physical inventory was taken several times a year, and always at the end of the year. Mr. Serbus stated he did not like to recommend vodka or other liquors to his customers. The store was open from 9 A.M. until 1 A.M. six days per week.

#### On-Sale Prices Charged in Franklin

This business did not use automatic dispensing devices. The size of the "shot" poured as stated by the licensee was one ounce. The following listed prices were charged by this business prior to the instituting of the state three percent sales tax, August 1, 1967.

Price of one ounce "shot" of Calvert's Extra	\$.40
Jim Beam	.40
Seagram's VO	.50
Cutty Sark Scotch	.55
Old Crow 86 Proof	.40
Seagram's 7 Crown	.40
Price of "bar" Whiskey, Gin, and Vodka, per shot	.35
Price of Manhattans, Martinis	.65
Price of bottle of Hamm's Beer (12 ounce)	.30
Price of cheapest bottle of beer sold (12 ounce)	.25

The above prices were not raised during the day as the store did not offer live entertainment. As of August 1,



1967, all the above prices were raised by five cents per item.

Off-Sale Prices of Franklin  
Liquor Dispensary

On the date of the author's visit to this dispensary, August 10, 1967, all off-sale liquor prices were quoted including tax. After the tax was subtracted, the price of 1/5 gallon of six of the eight liquors used in this survey ranged from three to twenty cents above the minimum price. Two liquors, Smirnoff's Vodka and Gordon's Gin, were not available at this dispensary. The price of selected beer items is given below.

Price of cheapest six pack of Hamm's Beer	\$1.45
Price of cheapest six pack of beer sold	\$1.20
Price of cheapest case of Hamm's Beer (24 bottle)	\$4.70

In comparing the above on-sale prices between the liquor stores it is evident that prices were about the same before the three percent sales tax became effective. Afterward, they were generally five cents higher in the private store. Off-sale prices were also slightly higher in the private dispensary.

Property Taxes Paid by Franklin  
Liquor Dispensary

Records of the county assessor of Renville County show the total property tax of this business for 1966 to be \$633.63. No allocations were felt necessary. Thus the

tax would have been divided as follow: School District \$260.05; Municipality \$202.17; County \$123.67; State \$47.74.

Subjective Rating\*

The author's subjective rating of the Franklin liquor dispensary was 13 points. Further information on store facilities and ratings of individual characteristics may be found in the Franklin section of Appendix 7.

Summary of Operations of Liquor Dispensaries  
in Morton and Franklin, Minnesota

The total property taxes paid to the municipality by the liquor dispensary in Franklin was \$202.17. Adding this sum to the estimated amount of revenue obtained by the municipality for licenses and permits of \$5,030 gives a total of \$5,232.17 in revenue from this source. This is a per capita sum of \$9.55. In Morton the municipal dispensary earned, after correction for depreciation, \$14,117.26, or \$22.62 per person. Both the foregoing figures are based upon the 1960 census. The figures suggest that Morton is in a stronger financial position because it has chosen to municipalize the sale of liquor.

The number of persons employed in this industry in the two communities differs little. The private dispensary in Franklin had an owner and four part-time employees, while the municipal dispensary in Morton had a manager, two full-time, and one part-time employee.

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\*See explanation, Chapter I.

The prices charged by both dispensaries were similar, both selling above the state minimum price for off-sale liquor. The private store showed a tendency to raise prices by a greater amount than did the municipal store.

In neither community was there any competition for the existing dispensary. Hourly wages paid by the private store were ten cents per hour lower than those paid by the municipally operated store. The author's subjective ratings of the two stores were similar.

The following paragraphs will analyze two more municipalities in the group of below 2,500 population. These two communities are larger population-wise than the first two municipalities covered.

The Municipalities of Keewatin and  
Buhl, Minnesota

The next two communities selected for comparison purposes are Keewatin and Buhl, Minnesota. These are located in the northeastern part of the state and are about 22 miles apart. Both are located on the Mesabi Iron Range, and due to the decline of iron mining in recent years, the area has been depressed economically. However, this did not seem to greatly depress the liquor business. Additional information on taxes and population may be found in Appendix 7.

The following table gives information on the compensation of public safety employees of the two

municipalities. As both had volunteer fire departments, only police salaries are given.

Table 7-3. Salaries of Public Safety Employees in Keewatin and Buhl, Minnesota, Spring, 1967.

Position	Keewatin (Per Month or Hour)	Buhl (Per Month)
Police Chief	\$2.55 per Hour (6)*	\$425 (2)*
Patrolman	\$382 Low <sup>#</sup> \$578 High <sup>#</sup>	\$325 Low <sup>#</sup> \$400 High <sup>#</sup>

\* Number in brackets indicates years of service in position.

# Low and high salary indicates the lowest and highest actually paid or the lowest and highest salary permissible under current regulations.

SOURCE: 1967 Municipal Salary Survey, 1,000 to 5,000 Population, League of Minnesota Municipalities, Minneapolis, Minnesota, pp. 33, 35.

During the spring of 1967 Keewatin had three full-time and three part-time employees of its police department while Buhl had four full-time employees.<sup>7</sup> Assuming the three part-time employees to equal one and one-half full-time officers, Keewatin had one police officer per 367 citizens while Buhl had one per each 381 persons. While the quantity of police protection is nearly identical, the salaries of the Keewatin department are somewhat better. The fringe benefits of the two communities (given in Appendix 7) seem of about equal value.

<sup>7</sup>1967 Municipal Salary Survey, Between 1,000 and 5,000, op. cit., pp. 33-35.

Keewatin and its Municipal  
Liquor Operations

Keewatin is primarily an iron range community. National Steel and National Taconite Corporations have plants nearby. These plants employ many of the people living in Keewatin. The City operates a water and sewer utility in addition to one on- and off-sale liquor dispensary. As of December 31, 1966, Keewatin had no bonded debt and had \$40,000 in savings certificates.<sup>8</sup> Despite this, the municipal and total mill rate paid by residents of Keewatin, as shown in Appendix 7, is the highest of any community investigated.

The following table gives the income statement of the Keewatin municipal liquor dispensary.

There was no balance sheet available for the Keewatin municipal dispensary. The City Clerk stated that none had ever been prepared during the years he had held the job. He did estimate the real estate value of the dispensary to be \$20,000 and the value of the personal property to be \$2,500.

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<sup>8</sup>Records of City Clerk, Keewatin, Minnesota.

Table 7-4. Municipal Liquor Dispensary, Keewatin, Minnesota, Statement of Income for the Year Ended December 31, 1966.

SALES		\$119,847.00
COST OF SALES		72,840.87
GROSS PROFIT		\$ 47,006.13
SELLING EXPENSES		
Salaries and Wages	\$20,381.20	
Linen Supply	269.08	
Reimbursement - Petty Cash	249.12	
Paper Supplies	251.27	
Cash Register	124.60	
Miscellaneous Expenses (all below \$100)	179.22	
Total Selling Expenses		21,454.49
OVERHEAD EXPENSES*		4,095.64
ADMINISTRATIVE EXPENSES		91.00
NET INCOME		\$21,365.00

\* Includes depreciation expense.

SOURCE: Records of City Clerk, Keewatin, Minnesota.

Employment, Wages and Salaries of the  
Keewatin Municipal Liquor Store

During the spring of 1967 there were three full-time and two part-time employees of this dispensary; full-time employees worked 48 hours per week.<sup>9</sup>

The following table gives the wages and salaries of the dispensary employees.

<sup>9</sup>1967 Municipal Salary Survey, 1,000 to 5,000 Population, op. cit., p. 23.

Table 7-5. Wages and Salaries of Full- and Part-Time Employees of the Keewatin Municipal Liquor Dispensary, Spring, 1967.

Position	Per Month	Per Hour
Manager	\$535	
Bartender-Full-Time		\$2.40
Bartender-Part-Time		\$2.40
Barmaid		\$2.40
Janitor	\$95	

SOURCE: 1967 Municipal Salary Survey, Between 1,000 and 5,000 Population, League of Minnesota Municipalities, Minneapolis, Minnesota, p. 23.

The above salaries are above those paid by other municipal dispensaries in this group; this is especially true of the hourly rate. In addition to the above salaries, the full-time dispensary employees are entitled to the fringe benefits given in Appendix 7.

#### Operating Ratios of Keewatin Municipal Dispensaries

From information provided by table 7-4 plus employment figures given and inventory information as given by the manager, with assumptions made about total assets and surplus, operating ratios of the dispensary are computed from the following:

Keewatin statistics.&

1. Sales	\$119,847
2. Net Income	\$ 21,365
3. Wages and Benefits	\$ 20,381
4. Surplus*	\$ 27,000
5. Number of Employees	4
6. Total Assets?	\$ 29,000
7. Gross Profit	\$ 47,006
8. Inventory as stated by manager	\$ 6,500
9. Cost of Sales	\$ 72,841

Operating ratios.

1. Dollar Sales per Employee	\$29,962
2. Dollar Sales per Dollar Paid in Wages and Benefits	\$ 5.88
3. Dollar Sales per Surplus at Close of Year	\$ 2.84
4. Dollars of Assets per Employee	\$ 7,250
5. Gross Profit as a Percentage of Sales	39.2%
6. Net Return on Surplus (Investment)	78.1%
7. Net Income as a Percentage of Sales	17.8%
8. Inventory Turnover (Using Cost of Sales)	11.2
9. Average Employee Pay per Week <sup>#</sup>	\$ 98

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& Income statement items are for the year ended December 31, 1966.

\* Computed by assuming surplus to be \$2,000 less than total assets.

? Computed by adding estimated fixed assets of \$22,500 to estimated current assets of \$6,500.

# Computed by dividing Wages and Benefits by 52 and this figure by 4.



The above ratios when compared to other municipal dispensaries in this group are similar, except in the area of inventory turnover which is far above the average for this group of dispensaries and for all dispensaries in this paper. This ratio may be considered as unfavorable because it is too high and indicates a lack of adequate inventory. Again, even though the figures may not be precise, the lack of a balance sheet does not seem to have greatly hindered management in this dispensary. The second ratio is lower than the other dispensaries in this group likely reflecting the higher compensation to employees of this dispensary.

Information on the Operations of the Keewatin  
Municipal Liquor Store

Detailed information on the operations of the Keewatin dispensary was obtained from the manager, Mr. Boben, who stated that he had managed the dispensary for three years. He had worked in the dispensary for a total of seven years, and usually worked about 50 hours per week at the store's business. Full-time employees worked 48 hours per week. The manager said the turnover of full-time employees had been small with a mean length of service of five years.

Mr. Boben said he had experienced some interference from town officials regarding the store's operations, but that it had not been a serious problem. If he

owned the store privately he would do the following: maintain a larger inventory, redecorate the premises, and make the store more compact and efficient.

The dispensary used a perpetual inventory system, the wholesale value of which averaged about \$6,500. The store was open from 8 A.M. until 1 A.M., six days a week. This is the maximum allowed under present state law. Two dollars and seventy cents per month was spent on advertising. This was for placing of the dispensary's name in the yellow pages of the phone book.

There were no law suits pending against the dispensary nor had there been any during the present manager's seven years at the store. The store's policy was to sell liquor at the minimum price allowed, or for no more than one penny additional.

No free pretzels or other such items were furnished to customers. The manager said he usually did not like to recommend liquors.

#### Prices Charged by the Keewatin Liquor Dispensaries

On-sale prices. The following were the on-sale prices charged by this store during the author's visit in mid-July, 1967. This store did not use automatic dispensing devices. Size of the "shot" poured was stated by the manager to be seven-eighths of an ounce.

The on-sale prices of the Keewatin dispensary were

found to be as follows:

Price of seven-eighths of an ounce of	
Calvert's Extra	\$ .40
Jim Beam	.40
Seagram's 7 Crown	.40
Old Crow 86 Proof	.40
Seagram's VO	.60
Cutty Sark Scotch	.60
Price of "bar" Whiskey, Gin, and Vodka, per shot	.35
Price of Manhattans and Martinis	.50
Price of bottle of Hamm's Beer (twelve ounce)	.30
Price of cheapest bottle of beer sold (twelve ounce)	.30
Price of glass of tap beer	.15

The above prices did not change during the hours the store was open. There was no live entertainment presented by the dispensary. On-sale prices charged were as low or lower than most other dispensaries in this survey.

Off-sale prices. All posted prices checked on off-sale liquor were at or only one penny above the minimum price allowed under Liquor Control Commission regulations. The following were the prices found on off-sale beer during the author's visit on July 18, 1967.

Price of cheapest six pack of Hamm's Beer	\$1.35
Price of cheapest six pack of beer sold by the store	\$1.25
Price of cheapest case of Hamm's Beer (24 bottle)	\$4.25

The off-sale prices of beer are similar to many of the other dispensaries checked.

#### Subjective Ratings\*

The author's subjective rating of the Keewatin municipal dispensary was 13 points. Further information

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\*Explained in Chapter I.

on dispensary facilities and rating methods may be found in the Keewatin section of Appendix 7.

Buhl and its Private Liquor Operations

Again, much of what has been said about Keewatin applies to Buhl. In one respect Buhl is more fortunate in that there are extensive iron ore properties within the limits of the municipality. This gives Buhl an extremely high taxable valuation in relation to its population. Taxable valuation is nearly four million dollars higher than any other municipality in this group. Despite this, Buhl had a bonded indebtedness of \$170,000 on December 31, 1966.<sup>10</sup> The community did not have municipal liquor stores but did have a municipal water utility.

As of June 30, 1966, there were three private on-sale liquor licenses issued in Buhl, and four private off-sale licenses; the municipality was charging \$400 for on-sale and \$100 for off-sale licenses.<sup>11</sup> It also charged other fees for miscellaneous licenses and permits. The total revenue from this source was \$144.<sup>12</sup> Thus the municipality received \$1,600 from all on- and off-sale liquor licenses. If the entire revenue from miscellaneous permits

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<sup>10</sup>Records of City Clerk, Buhl, Minnesota.

<sup>11</sup>License Fees Charged by Municipalities, op. cit.,  
p. 4.

<sup>12</sup>Financial Statement of Village of Buhl, p. 3.

is allocated to the liquor dispensaries, total revenue received by the municipality in 1966 from licenses and permits, was \$1,744.

The on-sale license fee charged by Buhl was one of the lowest in the state. Of a total of 307 municipalities issuing such licenses in 1966, 38 had fees ranging from \$35.00 to \$499.<sup>13</sup> This was the lowest bracket of such fees. The total receipts of the Buhl General Fund in 1966 were \$106,488.14.<sup>14</sup> Thus the receipts of liquor and miscellaneous licenses and permits amounted to only 1.6 percent of the general revenue of Buhl.

#### Liquor Dispensaries in Buhl

The following information about the liquor dispensaries in Buhl was gathered by personal interview with the owners, their employees, and by personal observation. This information is given below and in the Buhl section of Appendix 7.

#### On-Sale Prices Charged in Buhl

The following table gives the regular on-sale prices charged by the liquor dispensaries in Buhl, Minnesota, during the author's visit in mid-July, 1967. None of the dispensaries offered live entertainment and did not change their prices during business hours.

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<sup>13</sup>License Fees Charged by Municipalities, op. cit.,  
p. 2.

<sup>14</sup>Buhl Financial Statement, op. cit., p. 3.

Table 7-6. Prices Charged by On-Sale Liquor Dispensaries in Buhl, Minnesota, July, 1967.

Type of Beverage	J. Ambrozich 7/8 oz.& "shots"	M. Billy 7/8 oz.& "shots"	F. Maras 7/8 oz.& "shots"
"Shot" of			
Calvert's Extra	.45	.45	.45
Jim Beam	.45	.45	.45
Seagram's 7 Crown	.45	.45	.45
Old Crow 86 Proof	.45	.45	.45
Seagram's VO	.50	.60	.55
Cutty Sark Scotch	.50	.60	Not Available
"bar" Whiskey, Gin, and Vodka	.40	.40	.40
Manhattans and Martinis	.60	.60	Not Available
Price of bottle of Hamm's Beer (12 ounce)	.35	.35	.35
Price of cheapest bottle of beer (12 ounce)	.35	.35	.35
Price of glass of tap beer	.20	.20	.20

& Size of shot as stated by licensee or employee of business.

SOURCE: Price check by author on July 18, 1967.

None of the above dispensaries used automatic dispensing devices in pouring "shots." The on-sale prices charged by these dispensaries were above those of many dispensaries in this group, except for the imported liquors.

#### Off-Sale Prices of Buhl Liquor Dispensaries

All dispensaries selling at off-sale had posted prices that were at least as high as the state minimum price on store merchandise checked. None of the prices were more

than five cents above the minimum price, and the five cents increase occurred in only one brand having a minimum price of \$4.95. This brand was sold by two of the stores at \$5.00. Other than this, all prices were at, or within, one cent of the minimum price. The following table gives the prices charged for selected beer items sold by the three on- and off-sale and one off-sale liquor dispensary.

Table 7-7. Off-Sale Prices Charged by Buhl Liquor Dispensaries for Selected Beer Items, July, 1967.

Type of Purchase	Ambrozich	Billy	Maras	Milacnik
Cost of cheapest six-pack of Hamm's Beer	\$1.35	\$1.35	\$1.35	\$1.35
Cost of cheapest six-pack of beer sold	\$1.00	\$1.00	\$1.00	\$1.00
Cost of cheapest case of Hamm's Beer (24 bottles)	\$4.15	\$4.15	\$4.15	\$4.15

SOURCE: Price check by author on July 18, 1967.

Off-sale prices of these dispensaries were about in line with those of other dispensaries in this and other groups.

#### Property Taxes Paid by Buhl Liquor Dispensaries

The records of the county assessor's office were examined to find the amount of property taxes paid to the various levels of state and local governments by the Buhl

dispensaries. The business operated by Mary Billy burned during 1966; as a result the assessments are pre-fire. The business was operating in a new building at the time of the author's visit in mid-July, 1967. Some allocations of the property tax were made here as not all of a particular piece of property was used by the dispensary. Taxes paid and allocations are given in the table on the following page.

Additional Information about Liquor Dispensaries  
and Licensees in Buhl

Two of the three on-sale dispensaries reported sales of \$50,000 in 1966. Salaries paid by two of the three on-sale stores were \$1.75 per hour plus social security payments. Replies to the question on recommending a "good buy" in vodka to a customer were received from only one licensee, who stated that he would tell the customer that all brands were about the same. All three on-sale dispensaries estimated that about 40 percent of their sales volume came from beer sales, and 60 percent from liquor.

Subjective Ratings\*

The author's subjective ratings for the Buhl on-sale dispensaries ranged from 10 to 14, with a mean of 12. Further information on dispensary facilities and ratings for each dispensary may be found in the Buhl section of Appendix 7.

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\*See explanation, Chapter I.



Table 7-8. Estimated Property Taxes Paid by Liquor Dispensaries in Buhl for 1966, Taxes Payable in 1967.

Liquor Dispensary	Paid to School District	Paid to Municipality	Paid to County	Paid to State	Total Property Taxes Paid
J. Ambrozich <sup>#</sup>	\$108.25	\$ 62.68	\$112.05	\$25.18	\$308.16
M. Billy	98.39	56.97	101.83	22.88	280.07
F. Maras <sup>@</sup>	66.47	38.49	68.80	15.46	189.22
S. Milacnik <sup>¢</sup>	24.74	14.33	25.61	5.76	70.44
Totals	\$297.85	\$172.47	\$308.129	\$69.28	\$847.89

<sup>#</sup> Ninety percent of real estate tax allocated to liquor dispensary.

<sup>@</sup> Eighty percent of real estate tax allocated to liquor dispensary.

<sup>¢</sup> Fifty percent of both personal and real estate tax allocated to liquor dispensary.

SOURCE: Tax records, County Assessor, Duluth, Minnesota.

Summary of Operations of Liquor Dispensaries in  
Keewatin and Buhl, Minnesota

Property taxes paid to Buhl by the liquor dispensaries was estimated to be \$172.47. Added to the revenue obtained from issuing licenses and permits, the City received \$1,946.77 from its liquor dispensaries. This was \$1.26 per person, using 1960 census data. The municipal dispensary at Keewatin earned a profit of \$21,365 which represented \$12.94 per person. Thus Keewatin is in a stronger financial position as a result of operating the municipal liquor dispensary vis-a-vis Buhl's private liquor dispensaries.

The number of persons employed in this business differs little. Keewatin had three full-time and two part-time and Buhl two full-time and four part-time employees. Even if licensees are included employment figures are not markedly different.

The prices charged in the Buhl liquor dispensaries were essentially the same. Here again it appears there may be some competition, but not in prices. The prices between municipalities showed the municipal dispensary in Keewatin generally charged five cents per drink less than did the private stores in Buhl. Liquor consumers in Keewatin benefited from their dispensary in two ways: lower prices and lower taxes. If the demand for this product is price inelastic, as it is here assumed to be, then the Keewatin consumer would spend less money on this commodity.

Wages paid employees were higher in Keewatin than in Buhl. Two of the three Buhl on-sale dispensaries reported full-time employees were paid \$1.75 per hour plus social security contributions. This was less than the \$2.40 plus public employee retirement and other fringe benefits paid by the Keewatin dispensary.

The author rated the Keewatin dispensary at thirteen points, while the three Buhl ratings were from ten to fourteen points. Had this rating been made in 1966, before fire destroyed one of the dispensaries, it is not unlikely that Buhl's top rating would have been lower.

Keewatin is handicapped vis-a-vis Buhl because of the latter's high taxable valuation, but in the matter of finances received from the liquor business, Keewatin appears to have the advantage.

The following section discusses two other "sister" municipalities of about the same size as Keewatin and Buhl, but located in a different section of the state.

The Municipalities of Arlington  
and Belle Plaine, Minnesota

These communities are located in south central Minnesota and are 19 miles apart. Both are about 50 miles south and west of the Twin Cities. Arlington has municipal liquor while Belle Plaine issues private licenses. Additional comparative information on taxes and population may be found in Appendix 7.

The following table gives information on compensation of public safety employees of Arlington and Belle Plaine. This information should reflect the type of protection given citizens of the communities. Both Arlington and Belle Plaine had volunteer fire departments.

Table 7-9. Salaries of Public Safety Employees of Arlington and Belle Plaine, Minnesota, Spring, 1967.

Position	Arlington (Per Month)	Belle Plaine (Per Month)
Police Chief	\$450	\$550
Police Patrolman	\$425	#

# Information not available.

SOURCE: 1967 Municipal Salary Survey, 1,000 to 5,000 Population, League of Minnesota Municipalities, Minneapolis, Minnesota, p. 38, and personal conversation with city clerk, Belle Plaine, Minnesota.

In the spring of 1967 Arlington had two full-time and one part-time police officer, while Belle Plaine had one full-time and two part-time officers.<sup>15</sup> With the assumption that each part-time employee is equal to ½ of a full-time employee, Arlington had one police officer for each 640 persons and Belle Plaine one per each 965 persons, using 1960 census data. Thus quantity-wise Arlington was providing better police protection. The salary of the

<sup>15</sup>1967 Municipal Salary Survey 1,000 to 5,000 Population, op. cit., p. 38, and telephone conversation with city clerk, Belle Plaine, Minnesota.

police chief was much higher in Belle Plaine. This may indicate the quality of protection in Belle Plaine was higher.

In addition to their salaries the full-time employees of Arlington, including those of the liquor dispensary, received the following fringe benefits:

1. One week vacation after one year of service.
2. Nine paid holidays per year.
3. Health insurance for the employee and his dependents at a cost to the town of \$13.06 per month.
4. Life insurance in the amount of \$9,000 for which the town paid one-half the premium.<sup>16</sup>

No fringe benefits were listed for Belle Plaine in League of Minnesota Municipalities' publications.

#### Arlington and its Municipal Liquor Operations

Arlington is largely a retail center for the surrounding farming area. The community has no large manufacturing plants within its boundaries, but some residents commute to such jobs in the surrounding area.

The community operates a municipal power plant, and a water and sewer utility. Arlington had a bonded debt of \$230,000 as of December 31, 1966.<sup>17</sup>

Arlington operates one on- and off-sale municipal liquor dispensary in the downtown area. The Income Statement and Balance Sheet of this store may be found in the Arlington section of Appendix 7.

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<sup>16</sup>1967 Municipal Salary Survey 1,000 to 5,000 Population, op. cit., pp. 59, 69, 74.

<sup>17</sup>County Auditor's Report of Outstanding Bonds, Sibley County, Minnesota.

Employment, Wages and Salaries of the Arlington  
Municipal Liquor Dispensary

In the spring of 1967 the municipal salary survey listed the Arlington dispensary as employing four full-time and three part-time workers. The following table gives wages and salaries paid to these employees.

Table 7-10. Wages and Salaries of Full- and Part-time Employees, Arlington Municipal Liquor Dispensary, Spring, 1967.

Position	Full-time (Per Month)	Part-time (Per Hour)
Manager	\$500.00	
Bartender	400.00	\$1.50
Barmaid	325.00	1.50

SOURCE: 1967 Municipal Salary Survey, 1,000 to 5,000 Population, League of Minnesota Municipalities, Spring, 1967, p. 28.

In addition to the above salaries, the full-time employees of the Arlington liquor dispensary receive the fringe benefits listed earlier. The salaries are similar to those of similar dispensaries.

Operating Ratios of the Arlington  
Municipal Liquor Dispensary

From the information provided in Appendix 7, plus the employment figures, and assuming a part-time employee equal to one-half a full-time employee, the following are utilized below:

Arlington statistics.&

1. Sales	\$140,372
2. Net Income	\$ 27,785
3. Wages and Benefits*	\$ 21,835
4. Surplus	\$ 57,803
5. Number of Employees	5.5
6. Total Assets	\$61,624
7. Gross Profit	\$ 57,022
8. Beginning Inventory	\$ 23,973
9. Cost of Sales	\$106,431

Operating ratios.

1. Dollar Sales per Employee	\$25,522
2. Dollar Sales per Dollar Paid in Wages and Benefits	\$ 6.43
3. Dollar Sales per Surplus at Close of Year	\$ 2.43
4. Dollars of Assets per Employee	\$11,204
5. Gross Profit as a Percentage of Sales	40.16%
6. Net Return on Surplus (Investment)	48%
7. Net Income as a Percentage of Sales	19.8%
8. Inventory Turnover (Using Cost of Sales)	4.4%
9. Average Employee Pay per Week#	\$ 76.35

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& Balance Sheet items are for Dec. 31, 1966; Income Statement items are for year ended Dec. 31, 1966.

\* Computed by using all Salaries, Employee Insurance and Accounting Costs.

# Computed by dividing Wages and Benefits by 52 and this figure by 5.5.

The above ratios are generally above those of other dispensaries in this group especially in the important fifth and seventh ratios. These ratios were achieved with the handicap of paying \$1,800 in rent for the year 1966; rent was not a payment most dispensaries incurred.

Information on the Operations of the Arlington  
Municipal Liquor Dispensary

The following information about the operations of the dispensary in Arlington was obtained from store manager, Fred Moskop. He said he had managed the dispensary for one and one-half years at the time of the author's visit in mid-August, 1967. The turnover of full-time employees had been negligible since he had become manager, but he could give no estimate of the mean years of employment. Full-time employees worked 52 hours per week while the manager worked about 56 hours on store business; most of this time was spent actually tending bar. Mr. Moskop said he had a free hand in the operation of the dispensary and that he would not change anything if he owned it.

This store maintained a perpetual inventory system. The inventory averaged about \$25,000 per year.

Business hours for the dispensary were from 8 A.M. until midnight, six nights a week. The manager felt that he could not increase profits by remaining open an extra hour in the evening. No advertising was done by the dispensary nor were there any law suits pending against the



store. There had been none during the present manager's tenure. The store did not furnish customers with any free items, and the manager stated he did not recommend brands to customers.

Prices Charged by the Arlington  
Liquor Dispensary

On-sale prices. The prices given below were those found by the author during his visit on August 17, 1967. The dispensary did not raise its prices as a result of the imposition of the state sales tax on August 1, 1967. No automatic dispensing devices were used by the dispensary to pour the "shots," which were said by the manager to be 7/8 ounce in size. The on-sale prices were as follows:

Price of seven-eighths of an ounce "shot" of	
Calvert's Extra	\$.40
Jim Beam	.40
Seagram's 7 Crown	.40
Old Crow 86 Proof	.40
Seagram's VO	.50
Cutty Sark Scotch	.50
Price of "bar" Whiskey, Gin, and Vodka	.35
Price of Manhattans and Martinis	Not Available
Price of bottle of Hamm's Beer (12 ounce)	.30
Price of cheapest bottle of beer sold (12 ounce)	.30
Price of glass of tap beer	.15

Prices quoted above do not change during the hours the store is open. There is no live entertainment offered. The schedule indicates that prices in Arlington were generally as low or lower than those of either private or public dispensaries in this or other groups. When one considers that the operating ratios of the dispensary were among the highest in this group, while prices were among

the lowest, it must be concluded that the dispensary has been well planned and managed, this with a pay scale that is about average for this group.

Off-sale prices. All posted off-sale liquor prices checked at the Arlington dispensary were found to be either at the legal price or no more than a penny above. The prices charged on selected beer items not covered by legal price restrictions are given below:

Price of cheapest six pack of Hamm's Beer	\$1.30
Price of cheapest six pack of beer sold by the store	\$1.10
Price of cheapest case of Hamm's Beer (24 bottle)	\$4.30

Off-sale beer prices in Arlington appear to be competitive with those charged by other dispensaries.

#### Subjective Rating\*

The author's subjective rating of the Arlington dispensary was 13 points. Further information on dispensary facilities and the rating may be found in Appendix 7.

#### The Borough of Belle Plaine and its Private Liquor Operations

Perhaps the most unique thing about Belle Plaine is its classification as a borough. It advertises itself as being the only borough west of the Mississippi. The borough does have some manufacturing in that a plastics plant is

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\*Explained in Chapter I.

located there. It employs about 100 persons.<sup>18</sup> Some of the residents also commute to nearby plants in the Twin Cities area. The borough is also a retail center for the surrounding agricultural area.

Belle Plaine has a municipal water and sewer system, but electricity is furnished by a private utility. As of December 31, 1966, the borough had a bonded indebtedness of \$380,000.<sup>19</sup> On June 30, 1966, there were five on- and off-sale liquor dispensaries operating in the borough; these stores were paying \$1,300 for on-sale licenses and \$100 for off-sale licenses.<sup>20</sup> Thus the borough received a total of \$7,000 from the issuance of private liquor licenses in 1966. Belle Plaine also issued miscellaneous licenses and permits which in 1966 totaled \$488.<sup>21</sup> If 75 percent of this sum is allocated to the liquor dispensaries, then \$366 more would have been paid to the borough by the dispensaries, making a total of \$7,366 in all.

#### Liquor Dispensaries in Belle Plaine

The following information on the liquor dispensaries in Belle Plaine was gathered by personal interview with

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<sup>18</sup>Information from the president of Belle Plaine Chamber of Commerce.

<sup>19</sup>Financial Statement published in Belle Plaine Herald, March 31, 1967, p. 3.

<sup>20</sup>License Fees Charged by Municipalities, op. cit., p. 3.

<sup>21</sup>Belle Plaine Herald, op. cit., p. 3.

licensees, their employees, and by personal observation. Additional information on the subject is also given in the Belle Plaine section of Appendix 7.

#### On-Sale Prices Charged in Belle Plaine

The on-sale prices charged by the liquor dispensaries in Belle Plaine just prior to the August First date when the sales tax became effective, are given in the following table.

Only the dispensary operated by B. Butts had live entertainment on a regular basis. When entertainment was provided, prices were raised by five cents per item. None of the other dispensaries raised prices during business hours. None used any type of automatic dispensing devices to aid in pouring uniform sized drinks.

#### Off-Sale Prices of Belle Plaine Liquor Dispensaries

All dispensaries selling off-sale liquor had posted prices that were at least as high as the state minimum price on all 1/5 gallons of liquor checked. None of the prices were over one cent above the legal price except in the case of the Bigot dispensary where one brand was priced at five cents above the state minimum. The prices of selected beer items sold by the five off-sale dispensaries are listed in the table on page 268. Beer prices are not subject to state minimum price regulations.

Table 7-11. Prices Charged by Liquor Dispensaries in Belle Plaine, Minnesota, July, 1967.

Type of Beverage	B. Butts 7/8 oz. & "shots"	Carlson 7/8 oz. & "shots"	Bigot 7/8 oz. & "shots"	Krant 7/8 oz. & "shots"	Eichens 7/8 oz. & "shots"
"Shot" of Calvert's Extra	.45	.45	.45	.45	.45
Jim Beam	.45	.45	.45	.45	.45
Seagram's 7 Crown	.45	.45	.45	.45	.45
Old Crow 86 Proof	.45	.45	.45	.45	.45
Seagram's VO	.60	.60	.60	.60	.60
Cutty Sark Scotch	.60	.60	.60	.60	.60
"Bar" Whiskey, Gin and Vodka	.40	.40	.40	.40	.40
Manhattans and Martinis	.60	Not available	.60	.60	.60
Bottle of 12 oz. Hamm's Beer	.30	.30	.30	.30	.30
Cheapest 12 oz. bottle of beer sold	.30	.30	.30	.30	.30
Glass of tap beer	.15	.15	.15	.15	.15

& Size of shot as stated by licensee or employee of business.

SOURCE: Price check by author on August 18, 1967.

Table 7-12. Off-Sale Prices Charged by Belle Plaine Liquor Dispensaries for Selected Beer Items, August, 1967.

Type of Item	Butts	Carlson	Bigot	Krant	Eichens
Cheapest six pack of Hamm's Beer	\$1.45	\$1.45	\$1.45	\$1.45	\$1.45
Cheapest six pack of beer sold	\$1.25	\$1.25	\$1.25	\$1.25	\$1.25
Cheapest case of Hamm's Beer (24 bottle)	\$4.35	\$4.35	\$4.35	\$4.35	\$4.35

SOURCE: Price check by author, August 17, 1967.

Tables 7-11 and 12 indicate that any competition among the various liquor dispensaries in Belle Plaine was not price competition. Prices were identical among the five stores. The prices charged for both on- and off-sale alcoholic beverages were higher than those charged by the Arlington municipal dispensary.

#### Property Taxes Paid by Belle Plaine Liquor Dispensaries

The records of the county assessor's office were examined to determine the amount of property taxes paid to the various levels of government by the Belle Plaine liquor dispensaries. The author was fortunate in obtaining the aid of the county assessor in making certain allocations of the taxes for the dispensaries. The county assessor was quite familiar with the borough and was in an excellent

position to estimate the amount of tax that should be allocated. Taxes paid and the allocations made are given in the following table.

The liquor dispensary operated by R. Carlson was combined with a restaurant and hotel so both personal property and real estate taxes have been allocated in this instance. In the other dispensaries the entire property was not used for the liquor business and thus the allocation of the tax was necessary.

#### Additional Information about Liquor Dispensaries and Licensees in Belle Plaine

None of the five stores in Belle Plaine would divulge their sales figures. Two of the five dispensaries reported that they paid their full-time employees \$100 per week, and the part-time employees, \$1.50 to \$1.75 per hour. One of the licensees stated he would suggest Tvarski vodka when asked what his recommendation to a customer would be for a "good buy" in vodka. Another stated he would recommend the brand that he made the most profit on.

#### Subjective Ratings\*

The author's subjective ratings of the Belle Plaine dispensaries ranged from 9 to 15 with a mean of 12. Further information on dispensary facilities and ratings may be found in the Belle Plaine section of Appendix 7.

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\*See explanation in Chapter I.

Table 7-13. Estimated Property Taxes Paid by Liquor Dispensaries in Belle Plaine for 1966, Taxes Payable in 1967.

Liquor Dispensary	Paid to School District	Paid to Borough	Paid to County	Paid to State	Total Property Taxes Paid
B. Butts <sup>#</sup>	\$ 582.42	\$ 248.05	\$ 260.87	\$ 62.91	\$1,154.25
R. Carlson <sup>@</sup>	350.44	149.24	156.95	37.85	694.48
A. Bigot <sup>¢</sup>	418.71	178.32	187.52	45.20	829.75
W. Krant <sup>?</sup>	635.18	270.51	284.48	68.62	1,258.79
U. Eischens <sup>&amp;</sup>	366.43	156.06	164.11	39.58	726.18
Totals	\$2,353.18	\$1,002.18	\$1,053.93	\$254.16	\$4,663.45

<sup>#</sup> Seventy percent of the real estate tax allocated to liquor dispensary.

<sup>@</sup> Forty percent of personal and real estate tax allocated to liquor dispensary.

<sup>¢</sup> Eighty-five percent of the real estate tax allocated to liquor dispensary.

<sup>?</sup> Seventy-five percent of the real estate tax allocated to liquor dispensary.

<sup>&</sup> Eighty percent of the real estate tax allocated to liquor dispensary.

SOURCE: Tax records, County Assessor, Scott County, Minnesota.



Summary of Operations of Liquor Dispensaries  
in Arlington and Belle Plaine

After allocations, the total property tax going to Belle Plaine from the liquor dispensaries was estimated to be \$1,002.18. This added to the estimated revenue obtained by the municipality from the issuance of licenses and permits, gives a total revenue from private liquor dispensaries of \$8,368.18. This is a per capita revenue of \$4.44. Net income from the Arlington municipal dispensary was \$27,784.52, giving the municipality a potential per capita revenue of \$17.35. From the foregoing figures it is evident that the municipality of Arlington is in a stronger financial position because it has chosen to operate a municipal liquor dispensary. It might also be stated that the residents of the municipality are better off to the extent that they pay lower taxes or receive more municipal services.

Employment in this business was greater in Belle Plaine than in Arlington. The stores in Belle Plaine employed four full-time persons and fourteen part-time helpers. This, plus those persons who derived income from the stores as owners, exceeded the Arlington municipal dispensary which employed four full-time persons and three part-time helpers. In times of full employment in the economy, marginal persons working in the liquor business in Belle Plaine may not be well allocated. However, in times of unemployment, it might be said that the additional jobs

provided by the liquor business in Belle Plaine were a plus for the community. While many of the employees were likely underemployed, they still had the dignity that goes with having a job.

Prices charged in Belle Plaine were generally a nickel per item higher than were those charged by the Arlington dispensary. Residents who choose to partake of this commodity were thus favored in Arlington.

Wages paid in the two municipalities differed little. Weekly wages were \$100 and hourly wages ranged from \$1.50 to \$1.75 in Belle Plaine. Table 7-10 shows wages for full-time bartenders in Arlington to be \$1.50 per hour, and \$400 per month.

The author's subjective rating of the Arlington dispensary was 13 points, while the ratings of the Belle Plaine stores ranged from 9 to 15 points. In Belle Plaine, in contrast to some other communities, some real difference among the liquor dispensaries was noted. Dispensaries in Belle Plaine did offer the consumer a choice. The patron generally paid five cents per drink for the privilege, however.

The following section presents information about the last two "sister" municipalities in this group. These are located in the extreme southwestern part of Minnesota.

The Municipalities of Fulda and  
Adrian, Minnesota

The final pair of municipalities selected for comparison is located in the largely agricultural area of extreme southwestern Minnesota. These municipalities are situated about 35 miles apart. Fulda has municipal liquor while Adrian has privately operated dispensaries. Further information on taxes and population can be found in Appendix 7.

Both of these communities had one full-time and one part-time employee on their police department; the police chief in Fulda received \$435 per month in salary and allowances while the Adrian chief received \$375 per month.<sup>22</sup> Thus both communities provided about the same protection quantity-wise. As the salaries were somewhat similar, the quality may have been similar. Fringe benefits offered by the two communities as listed in Appendix 7, show Fulda employees receive a more valuable package.

Fulda and its Municipal Liquor Operations

Fulda is largely a retail center for the surrounding area. The principal employers in town, other than the school district, are a nursing home and a private power

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<sup>22</sup>1967 Municipal Salary Survey 1,000 to 5,000  
Population, op. cit., p. 39.

company each having about 20 employees.<sup>23</sup> The City buys its power requirements from this private company, but has a municipal water and sewer utility. As of December 31, 1966, the bonded debt of the town was \$163,000.<sup>24</sup>

Fulda operates an on- and off-sale liquor dispensary in the downtown area. Accounting statements of this dispensary may be found in the Fulda section of Appendix 7.

Employment, Wages and Salaries of the  
Fulda Municipal Liquor Dispensary

In the spring of 1967 the Fulda municipal dispensary was employing two full-time and two part-time helpers.<sup>25</sup> Wages and salaries paid to these employees are listed below.

Table 7-14. Wages and Salaries of Full- and Part-Time Employees, Fulda Municipal Liquor Dispensary, Spring, 1967.

Position	Per Month	Per Hour
Manager	\$550.00	
Bartender (full-time)	\$415.00	
Barmaid		\$1.00

SOURCE: 1967 Municipal Salary Survey, 1,000 to 5,000 Population, League of Minnesota Municipalities, p. 29.

<sup>23</sup>Information supplied by Fulda city clerk.

<sup>24</sup>Financial Statement Village of Fulda, as published in the Fulda Press, May 11, 1967, p. 4.

<sup>25</sup>1967 Municipal Salary Survey, 1,000 to 5,000 Population, op. cit., p. 29.

The above compensation is somewhat above that paid by most dispensaries in this group, except for the hourly wage. In addition to the above salaries, the full-time employees of the Fulda liquor dispensary receive benefits listed in Appendix 7.

Operation Ratios of the Fulda  
Municipal Liquor Dispensary

From information provided in Appendix 7, plus the employment figures, and assuming a part-time employee equal to one-half of a full-time employee, the following are utilized below:

Fulda statistics.<sup>&</sup>

1. Sales	\$100,624
2. Net Income	\$ 20,183
3. Wages and Benefits	\$ 14,438
4. Surplus	\$ 65,765
5. Number of Employees	3
6. Total Assets	\$ 66,423
7. Gross Profit	\$ 37,111
8. Beginning Inventory	\$ 6,853
9. Cost of Sales	\$ 63,513

Operating ratios

1. Dollar Sales per Employee	\$33,541
2. Dollar Sales per Dollar Paid in Wages and Benefits	6.97
3. Dollar Sales per Surplus at Close of Year	1.53
4. Dollars of Assets per Employee	\$22,141

5. Gross Profit as a Percentage of Sales	36.9%
6. Net Return on Surplus (Investment)	30.7%
7. Net Income as a Percentage of Sales	19.8%
8. Inventory Turnover (Using Cost of Sales)	9.3
9. Average Employee Pay per Week <sup>#</sup>	\$ 92.55

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& Balance Sheet items are for December 31, 1966; Income Statement items are for year ended December 31, 1966.

# Computed by dividing Wages and Benefits by 52 and this by 3.

The above ratios compare favorably with those of other dispensaries in this and other groups, and strongly suggest that the dispensary is well managed.

#### Information on the Operations of the Fulda Municipal Liquor Dispensary

The manager, Mr. Charles Stock, furnished the following information about the operations of the Fulda dispensary. He said he had managed the dispensary for six years, and the other full-time employees had also worked six years. Full-time employees worked 45 hours per week. The manager, however, worked 65 to 70 hours per week, and about 55 hours of this were spent actually tending bar.

Mr. Stock stated that he had a completely free hand in running the dispensary. If he owned it, he would not change anything except to buy drinks for customers on occasion.

This dispensary maintained a perpetual inventory

control. A physical inventory was taken every three months. The wholesale value of the inventory carried usually averaged about \$7,000. He felt this large enough for his operations.

The dispensary was open from 9 A.M. until 1 A.M. six days per week. The manager felt that his profits would not increase if he were to open one hour earlier as permitted by state law. This had been checked by opening at 8 A.M., but costs had outweighed revenue received.

The Fulda store did not do any regular advertising, but it did have a party for customers during the Christmas season. This cost \$125 in 1966. In addition, the store provided a tub of herring every Friday during the winter months. Pretzels were also made available to customers with some regularity.

Of all the municipal dispensaries in this sample, none expressed their appreciation for business in the manner of the Fulda dispensary. Perhaps this particular manager, by adopting some practices used by private liquor stores, has not only promoted good will but likely increased profits as well.

#### Prices Charged by the Fulda Liquor Dispensary

On-sale prices. The following were the on-sale prices charged by this dispensary prior to the August First implementation of the state three percent sales tax. This dispensary did not raise its prices as a result of the

imposition of the tax. It did, however, use one and one-half ounce larger beer glasses for tap beer and this was raised to twenty cents per glass. This dispensary used no automatic dispensing devices, and the size of the "shot" poured was stated to be 7/8 ounce by the manager.

Price of seven-eighths ounce "shot" of	
Jim Beam	\$ .40
Calvert's Extra	.40
Seagram's 7 Crown	.40
Old Crow 86 Proof	.40
Seagram's VO	.55
Cutty Sark Scotch	.60
Price of "bar" Whiskey, Gin, and Vodka	.35
Price of Manhattans and Martinis	.75
Price of bottle of Hamm's Beer (12 ounce)	.30
Price of cheapest bottle of beer (12 ounce)	.30
Price of glass of tap beer	.15

The above prices do not change during the hours the store is open. No live entertainment is offered. The above prices are about as low as any found among municipal and private dispensaries in this survey.

Off-sale prices. The Fulda dispensary sold much of its off-sale liquor at above minimum price. On one-fifth gallons of liquor checked, prices ranged from one cent for Seagram's VO to sixteen cents above the minimum price for Smirnoff's Vodka. All seven brands checked had posted prices that averaged 5.7 cents above the legal minimum. Prices charged on selected beer items during the author's visit on August 1, 1967, are listed below:

Price of cheapest six pack of Hamm's Beer	\$1.40
Price of cheapest six pack of beer sold by store	\$1.15
Price of cheapest case of Hamm's Beer (24 bottle)	\$4.35



The off-sale beer prices are a bit above those of many other dispensaries, but are below those charged by the private dispensaries in Adrian. The dispensary appeared to have raised its prices further above the minimum price on the cheaper selling brands and least on the higher priced Scotch and Canadian whiskeys. This policy would not correspond to ability to pay.

#### Subjective Rating\*

The author's subjective rating of the Fulda municipal dispensary was 15 points. Further information on dispensary facilities and rating methods may be found in the Fulda section of Appendix 7.

#### Adrian and Its Private Liquor Operations

Adrian is, like Fulda, a retail center for the surrounding area. There is no manufacturing in Adrian; perhaps the largest employer is government. The village has a municipal power plant, hospital, and water and sewage system, but private liquor stores. The bonded indebtedness of the village, as of December 31, 1966, was \$472,000.<sup>26</sup> There is also an Air Force radar station located just outside Adrian. One hundred or more men are normally stationed there.

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\*See explanation, Chapter I.

<sup>26</sup>Financial Report, Village of Adrian, Minnesota, for year ended December 31, 1966, no page number given.

As of June 30, 1966, there were two on- and off-sale liquor dispensaries in Adrian, and the village charged \$3,400 for on-sale and \$100 for off-sale licenses.<sup>27</sup> This meant the village received \$7,000 from issuing private liquor licenses. In addition, Adrian also issued miscellaneous licenses, some of which were issued to liquor dispensaries. Total revenue from this source was \$142.<sup>28</sup> If 75 percent of this is allocated to the dispensaries, the village received \$106.50 from this source in 1966. Thus the total revenue received from liquor dispensaries is estimated to be \$7,106.50.

#### Liquor Dispensaries in Adrian

The following information about the liquor dispensaries in Adrian was gathered by personal interview with liquor licensees, their employees, and personal observation. Additional information may also be obtained from the Adrian section of Appendix 7.

#### On-Sale Prices Charged in Adrian

The following table gives the regular on-sale prices charged by the liquor dispensaries in Adrian just prior to August 1, 1967.

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<sup>27</sup>License Fees Charged by Municipalities, op. cit.,  
p. 1.

<sup>28</sup>Adrian Financial Report, op. cit.

Table 7-15. Prices Charged by Liquor Dispensaries in Adrian, Minnesota, July, 1967.

Type of Beverage	W. Reckers 3/4 oz. & "shots"	Yackel Bros. 3/4 oz. & "shots"
"Shot" of Calvert's Extra	\$.40	\$.40
Jim Beam	.40	.40
Seagram's 7 Crown	.40	.40
Old Crow 86 Proof	.40	.40
Seagram's VO	.50	.50
Cutty Sark Scotch "Bar" Whiskey, Gin, or Vodka	Not available	either store
Manhattans and Martinis	.35	.35
Price of bottle of Hamm's Beer	Not available	either store
Price of cheapest bottle of beer sold	.35	.35
Price of glass of tap beer	.20	.20

& Size of shot as stated by licensee or employee.

SOURCE: Price check by author, August 1, 1967.

#### Off-Sale Prices of Adrian Liquor Dispensaries

All posted prices of off-sale liquor were at least as high as the minimum price law demanded. The two dispensaries differed in their off-sale liquor prices in contrast to the sameness of their on-sale prices. At the Recker's dispensary prices were found to be no more than five cents over the minimum price and on four of the five items checked only one cent over. Prices at the Yackel dispensary, however, were found to be 11 cents over on four of the five items while being five cents over on the other. Normally seven types of liquor were checked in

1/5 gallon bottles, but neither dispensary stocked Smirnoff's Vodka or Gordon's Gin. It is possible the difference in prices is due to the manner of quoting prices. Reckers quoted prices minus tax while Yackel Brothers quoted their prices including tax. Perhaps many customers did not bother to assess the difference in cost when the price was quoted plus or minus sales tax. A later check by the author on November 21, 1967, found that the price differential still existed.

The prices of the two dispensaries on selected beer items are given in the following table.

Table 7-16. Off-Sale Prices Charged by Adrian Liquor Dispensaries for Selected Beer Items, August, 1967.

Type of Item	Reckers	Yackel
Price of cheapest six pack of Hamm's Beer	\$1.40	\$1.40
Price of cheapest six pack of beer sold	1.40	1.40
Price of cheapest case of Hamm's Beer (24 bottle)	4.60	4.60

SOURCE: Price check by author, August 1, 1967.

The above prices indicate that while the dispensaries in Adrian have little or no price competition in on-sale liquor and off-sale beer, they do have some competition in off-sale liquor which is subject to the minimum price law. It would seem more reasonable to expect competition where the minimum price law did not apply. Prices

in Adrian were comparable with those in Fulda on all items except off-sale beer where they were higher for two of the three items checked.

Property Taxes Paid by Adrian  
Liquor Dispensaries

To obtain information on the property taxes paid by the two dispensaries, the Adrian city assessor was contacted and supplied the material from which the following table was compiled. The city assessor suggested that no allocation of taxes would be necessary as substantially all of both properties were being used by the dispensaries.

Table 7-17. Property Taxes Paid by Liquor Dispensaries in Adrian for 1966, Taxes Payable in 1967.

Liquor Dispensary	Paid to School Dist.	Paid to Municipality	Paid to County	Paid to State	Total Taxes Paid
W. Reckers	\$155.33	\$170.69	\$ 84.95	\$29.41	\$440.38
Yackel Brothers	142.56	156.64	77.95	26.99	404.14
Totals	\$297.89	\$327.33	\$162.90	\$56.49	\$844.52

SOURCE: Tax Record, Village Assessor, Adrian, Minnesota.

Additional Information About Liquor  
Dispensaries and Licensees in Adrian

Because of the demise of one of the licensees it was not possible to obtain much additional information about the operations of one of the Adrian dispensaries. One store did report about 55 percent of its sales volume

was obtained from beer, while 45 percent came from liquor and miscellaneous items. One of the licensees when asked what vodka he would recommend to a customer as a "good buy" stated he would tell the customer that "vodka is vodka." One of the dispensaries reported it paid part-time employees \$1.25 per hour.

#### Subjective Ratings\*

The author's subjective ratings of the Adrian dispensaries were 8 and 12. Further information on dispensary facilities may be obtained in the Adrian section of Appendix 7.

#### Summary of Operations of Liquor Dispensaries in Fulda and Adrian, Minnesota

The total property taxes paid to the municipality by the liquor dispensaries in Adrian were \$327.33. This added to estimated revenue obtained from licenses and permits, gives the municipality total revenue from liquor dispensaries of \$7,433.83. Using 1960 census data, per capita revenue thus was \$6.12. Net income from the Fulda dispensary was \$20,183.37, which gave the municipality a potential per capita revenue of \$16.39. From the foregoing figures it would appear that Fulda was in a much stronger financial position than Adrian because of the operation of municipal vis-a-vis private liquor. This should permit

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\*See explanation, Chapter I.

residents of Fulda to pay lower taxes or to receive more municipal services.

Employment provided by the dispensaries in the "sister" municipalities was not greatly different. There were two full-time and two part-time employees in Fulda, and one full-time and two part-time employees in Adrian plus the licensees. No information was obtained on weekly wage rates in Adrian; however, hourly rates were higher in Adrian than in Fulda. Monthly wages paid in Fulda were higher than those paid by many similar dispensaries, however.

The author's subjective rating of the Fulda dispensary was 15, a substantially higher rating than either of the two Adrian dispensaries. Had toilet facilities been better in the Adrian dispensaries, the ratings would have compared more favorably with Fulda's.

Summary of Municipalities of Less  
than 2,500 Population

In every instance it was found that the community having a municipal liquor dispensary was in a better financial position when compared with its "sister" municipality having private liquor dispensaries. Morton received nearly \$9,000 more revenue than did Franklin; Keewatin \$19,000 more than did Buhl; Arlington received over \$19,000 more revenue than did Belle Plaine; and Fulda received over \$12,500 more revenue than did Adrian in 1966.

In the municipalities which issued private licenses employment was usually higher than in the corresponding "sister" municipalities. The difference in this group was smaller than in the two preceding groups. In the case of the smallest municipalities examined the difference was negligible. It again can be assumed that were the four municipalities which issued private licenses to change to municipal liquor, it would likely lead to idle land and capital within the community. This would be especially true of Belle Plaine which had five liquor dispensaries. In most communities the economic cost of operating more than one liquor dispensary, except in the area of labor, is nearly zero.

In most private dispensaries, proprietors worked many more hours per week than did municipal liquor store managers or their employees.

It is evident that there has been considerable tax shifting in this group. This has occurred mainly in the area of county government. Here it would likely have been possible to lower the mill rate for the entire county if municipal liquor stores had been subject to county property taxes. Part of the profits surely came from tax shifting.

In addition to receiving the benefits of higher earnings versus private license fees and property tax revenue, in two cases the persons living in municipalities having municipal liquor were paying a lower price for their



alcoholic beverages. On-sale liquor was generally five cents per item cheaper in Arlington and Keewatin than in their "sister" municipalities. In Fulda and Morton on-sale prices were about the same as in their "sister" municipalities having private liquor.

Wages and salaries in the two types of dispensaries, where they could be compared, were somewhat higher in Morton than in Franklin and higher in Keewatin than in Buhl. In the other two pairs of municipalities, wages and salaries seemed about equal.

The mill rate in three of the four communities having municipally operated liquor dispensaries was lower than in the "sister" municipality. However, in Buhl, because of the very high property valuation, the mill rate was substantially lower than in Keewatin.

The author's subjective ratings of the different municipal dispensaries in this class suggest that their services to customers are about equal to those supplied by private dispensaries. In certain situations they appear to be definitely superior.

The following data provide the reader an opportunity to better compare the operations of the four municipal liquor dispensaries in this chapter. These operations may also be compared with municipal dispensaries in Chapters V and VI and the data covering 1,308 liquor dispensaries in Minnesota given in Chapter V.

Table 7-18. 1966 Operating Results of Municipal Liquor Dispensaries plus Salaries of Managers, Bartenders, and Employees for 1967.

Category	Morton	Keewatin	Arlington	Fulda
Dollar Sales per Employee	\$21,900	\$29,962	\$25,522	\$33,541
Dollar Sales per Dollars Paid in Wages and Benefits	7.09	5.88	6.43	6.97
Dollar Sales per Surplus at End of Fiscal Year	2.56	2.84	2.43	1.53
Dollars of Assets per Employee at End of Fiscal Year	9,143	7,250	11,204	22,141
Gross Profit as a Percent of Sales	36.6%	39.2%	40.6%	36.9%
Net Return on Surplus (Investment)	48%	78.1%	48%	30.7%
Net Income as a Percentage of Sales	18.4%	17.8%	19.8%	19.8%
Inventory Turnover (Using Cost of Sales)	2.8	11.2	4.4	9.3
Manager's Salary (per month)	425	535	500	550
Bartender's Salary (per month or per hour)	250	2.40 PH	400	415
Average Employee Pay per Week	59.43	98	76.35	92.55

It might be mentioned that the net return on investment figures of the Morton and Keewatin dispensaries are only estimates as no balance sheet was available for them. Even with these two excluded it can be seen that the municipal dispensaries of Arlington and Fulda have done very well in earning a high return on the communities' investment. The sales per employee figures cover a smaller range than do those of dispensaries in Chapters V and VI. All dispensaries have exceeded the state average of net income as a percentage of sales. This average for all 329 on- and off-sale liquor dispensaries as shown in Chapter II was 14.8 percent. There does appear to be a strong correlation between managers' salaries and the dollar sales per employee, but little between the salary of the manager and net return on investment.

In general, the above operating ratios, when compared with those given in Chapters V and VI, suggest that small dispensaries operate with a rather high amount of efficiency.

In the following chapter the financial operations for 1965 of the private liquor dispensaries in the 12 selected municipalities will be studied. Information provided by the Internal Revenue Service has been used for this chapter.

## CHAPTER VIII

### OPERATING RATIOS OF MINNESOTA PRIVATE LIQUOR DISPENSARIES

#### Introduction

The data on private liquor dispensaries in Minnesota were obtained from federal tax returns of 1965. Since data for 1966 were not available at the time this paper was written, 1965 returns were used. Forms 1120, 1120-S, and 1065, and Schedule C of Form 1040 of selected liquor licensees from Minnesota provided the information. It was compiled by the Statistics Division of the Internal Revenue Service. Names of licensees were supplied by the author. Partial year returns, as well as some of the designated returns for taxpayers in businesses unrelated to the liquor industry, were omitted.

In several cases, selected returns showed a net loss rather than a net profit. These were returns for which business deductions exceeded gross profits. Groups where this occurred will be identified as discussed.

"Deductions claimed for taxes paid" as reported in later tables, included the tax amounts reported as ordinary and necessary business deductions as well as identifiable

taxes reported as part of the cost of sales and operations. Included among the deductible taxes were: social security and payroll taxes; unemployment insurance taxes; personal property (on business equipment and furniture); real estate taxes (on business property); taxes on business telephone services; excise and business stamp taxes; and business licenses and privilege taxes.

Inventory turnover ratios were computed by using beginning inventory, adding merchandise purchased, subtracting ending inventory, and dividing by beginning inventory. This method uses cost of sales and was the method used to determine inventory turnover ratios for municipal dispensaries.

In Brainerd, Crystal, Hastings, and Owatonna results are given for off-sale and on-sale dispensaries separately. In the remaining communities the two types were combined. There are no combination on- and off-sale dispensaries in Brainerd and Owatonna, but all other communities used in this paper have such dispensaries. There are twelve groups of private dispensaries, four of which are divided, on which the Internal Revenue Service provided information. These data were provided in five areas: Gross Sales, Gross Profits, Net Profits, Taxes Paid, and Inventory Turnover.

In the twelve groups it was necessary to include dispensaries from nearby communities so a minimum of six

liquor dispensaries were in each group. This was necessary so information from any single tax return could not be identified. Dispensaries added were chosen by the author from communities in the same area and were similar in character to dispensaries in the community under consideration. Proximity rather than population was the major concern in selection.

Most statistics from municipal dispensaries used in this chapter are for 1965. These statistics do not include non-operating income and expenses of the dispensaries. The net profit figure reported on the income statement would usually be slightly different from that stated in this chapter. In checking results for 1966, it was found that this item was small for most dispensaries and non-operating expenses and income tended to be self cancelling. All Inventory Turnover ratios given for the municipal dispensaries are for 1966.

The purpose of this chapter then is to compare and contrast accounting ratios of liquor dispensaries in 24 Minnesota communities, 12 having private liquor and 12 having municipal liquor. The comparisons will be by population groups and in total.

Accounting Data of Private and Municipal Liquor  
Dispensaries in Municipalities with  
Populations Under 2,500

Franklin and Morton

The following table gives results of operations of the Franklin on- and off-sale dispensary plus similar dispensaries in four nearby communities. Information was received on nine dispensaries and is reported in row one. In all there were 11 dispensaries in the five communities, and row two thus gives results of figures in line one multiplied by  $\frac{11}{9}$ . This figure should give the approximate total sales of dispensaries in the five communities. Franklin's population is 21 percent of the total population of all five communities, and line three thus is 21 percent of line two. The totals of line three are then compared with those of the Morton dispensary in line four.

Table 8-2 uses the data of Table 8-1 to present some operating ratios of the Franklin dispensary and those of the Morton municipal dispensary. Census figures used are from the 1960 Federal Census.

It may be noted that all ratios given favor the Franklin dispensary, except that of Gross Profit/Sales. Morton results for Per Capita Net Profit and Net Profit/Sales may be overstated as they do not include depreciation as a cost of doing business. Were this included the Franklin ratios would exceed Morton's by an even greater

Table 8-1. Operations of the Franklin and Morton Dispensaries for 1965.

1 Category and Row	2 No. of Returns	3 Gross Sales	4 Gross Profit	5 Net Profit	6 Taxes Paid	7 Net Profit Before Taxes Sum of Cols. 5 and 6	8 Inven- tory Turn- over
1. Total Reported	9	353,189	108,793	35,735	23,670	59,405	3.2
2. Line One Times $\frac{11}{9}$	-	431,675	132,969	43,676	28,930	72,606	-
3. Total Franklin Results or 21% of line two	-	90,652	27,923	9,172	6,075	15,247	-
4. 1965 Morton Data	-	70,173	28,616	12,793	#	12,793	2.8 <sup>¢</sup>

# Municipal dispensaries pay no taxes or municipal license fees.

¢ Turnover ratio is for 1966.

SOURCE: Internal Revenue Service, Statistics Division, Washington, D. C.: Minnesota Municipalities, Vol. 51, No. 7. July, 1966, League of Minnesota Municipalities, Minneapolis, Minnesota, p. 231.



amount. While Morton has not been able to match the figures of the Franklin dispensary in three areas, it does appear that management in Morton did a better job in buying, as its Gross Profit/Sales ratio is far above that of the private dispensary.

Table 8-2. The Estimated Operating Ratios of the Franklin and the Morton Dispensaries for 1965.

	Per Capita Sales	Per Capita Net Profit*	Gross Profit/ Sales	Net Profit/ Sales*
Franklin	\$165.42	\$27.82	30.8%	27.8%
Morton	\$112.46	\$20.50	40.8%	18.2%

\*Before taxes.

Chapter VII gave dollar sales per employee of the Morton dispensary as \$21,900. The chapter also noted that there were four part-time employees of the Franklin dispensary. Assuming a part-time employee equal to  $\frac{1}{2}$  a full-time employee, two employees using figures from row and column three of table 8-1 would each account for yearly sales of \$45,326. This figure does not include the licensee's labor, while Morton's does include the manager as an employee. Had it been possible to compute the above figures on an hours worked basis which included the labor of the manager, it is likely that the Morton dispensary's figures would have improved vis-a-vis those of the private dispensary.

## Buhl and Keewatin

The following table gives the results of operations of the Buhl on- and off-sale dispensaries, plus similar dispensaries in two nearby communities, and those of the Keewatin municipal dispensary. The method of dealing with the Buhl dispensaries will be the same as that used for Franklin.

Information was requested for three dispensaries in Buhl and 10 dispensaries in two nearby communities; information was received from nine of the 13 dispensaries. One off-sale dispensary in Buhl was omitted because its business was primarily selling groceries. One or more returns in this group showed a net loss for the year 1965.

Table 8-4 uses the data of table 8-3 to present some operating ratios of the Buhl dispensaries and those of the Keewatin municipal dispensary. Census figures used were taken from the 1960 Federal Census.

Keewatin's dispensary's ratios in table 8-4 trailed those of Buhl's dispensaries in every category except Gross Profit/Sales. This would indicate that the consumers preferred the choice and convenience they received from the private dispensaries to those of the single Keewatin store. The Keewatin dispensary appeared to be doing a good job of buying and handling inventory, but operating costs and other facets of the business were not handled too well when compared to the private Buhl dispensaries.

Table 8-3. Operations of Buhl and Keewatin Dispensaries for 1965.

1 Category and Row	2 No. of Returns	3 Gross Sales	4 Gross Profit	5 Net Profit	6 Taxes Paid	7 Net Profit Before Taxes Sum of Cols. 5 and 6	8 Inven- tory Turn- over
1. Total Reported	9	329,588	116,138	38,995	12,420	51,415	3.2
2. Line 1 Times $\frac{13}{9}$	-	476,072	167,755	56,326	17,940	74,266	-
3. Total Buhl Results or 29.5% of line 2	-	140,441 <sup>&amp;</sup>	49,488	16,616	5,292	21,908	-
4. 1965 Keewatin Data	-	94,759	37,523	11,884	#	11,884	11.2 <sup>¢</sup>

# Municipal dispensaries pay no taxes or municipal license fees.

¢ Turnover ratio is for 1966.

& Author's estimated sales of dispensary not included \$10,000, based on sales of similar dispensaries.

SOURCE: Internal Revenue Service, Statistics Division, Washington, D. C.: Minnesota Municipalities, Vol. 51, No. 7, July, 1966, League of Minnesota Municipalities, Minneapolis, Minnesota, p. 230.

Table 8-4. The Estimated Operating Ratios of the Buhl and the Keewatin Dispensaries for 1965.

	#Per Capita Sales	#Per Capita Net Profit*	#Gross Profit/ Sales	#Net Profit/ Sales*
Buhl	\$92.03	\$14.36	35.2%	15.6%
Keewatin	\$57.39	\$ 7.20	39.6%	12.5%

# Not including results of dispensary omitted.

\* Before taxes.

Dollar sales per employee of the Keewatin dispensary were given in Chapter VII as \$29,962. Buhl dispensaries, not including the grocery, reported employing two full-time and four part-time people. Assuming a part-time employee equal to  $\frac{1}{2}$  of a full-time person, employment is four and when divided into \$140,441 in estimated sales gives an employee to sales figure of \$35,110. While the private dispensaries have a better employee to sales ratio, were the three licensees included in the calculations the private dispensaries would fall behind the municipal dispensary, with a figure of \$20,063.

#### Belle Plaine and Arlington

The following table gives the results of operations of the Belle Plaine on- and off-sale dispensaries, plus those of one nearby community. Results for 1965 of the Arlington municipal dispensary are also given for comparison purposes. None of the dispensaries reported a net

Table 8-5. Operations of the Belle Plaine and Arlington Dispensaries for 1965.

1 Category and Row	2 No. of Returns	3 Gross Sales	4 Gross Profit	5 Net Profit	6 Taxes Paid	7 Net Profit Before Taxes Sum of Cols. 5 and 6	8 Inven- tory Turn- over
1. Total Reported	9	427,790	140,613	26,016	22,286	48,302	2.7
2. Line 1 Times $\frac{10}{9}$	-	475,322	156,237	28,907	24,762	53,669	-
3. Total Belle Plaine Results or 43% of Line 2	-	204,388	67,182	12,430	10,648	23,078	-
4. 1965 Arlington Data	-	133,214	55,531	27,998	#	27,998	4.4 <sup>c</sup>

# Municipal dispensaries pay no taxes or municipal license fees.

<sup>c</sup> Turnover ratio is for 1966.

SOURCE: Internal Revenue Service, Statistics Division, Washington, D. C.: Minnesota Municipalities, Vol. 51, No. 7. July, 1966, League of Minnesota Municipalities, Minneapolis, Minnesota, p. 229.

loss in 1965. Information was requested for all five liquor dispensaries in Belle Plaine and five from the nearby city of New Prague.

Table 8-6 uses the data given in table 8-5 to compare some of the operating ratios of private dispensaries in Belle Plaine and the municipal dispensary in Arlington. Per capita figures used 1960 census statistics.

Table 8-6. The Estimated Operating Ratios of the Belle Plaine and the Arlington Dispensaries for 1965.

	Per Capita Sales	Per Capita Net Profit*	Gross Profit/ Sales	Net Profit/ Sales*
Belle Plaine	\$105.08	\$11.95	32.9%	11.3%
Arlington	\$ 83.21	\$17.49	41.7%	21%

\*Before taxes.

The high ratio of Net Profit/Sales and Gross Profit/Sales achieved by Arlington suggests that the dispensary is well managed. Other data in tables 8-5 and 8-6 add further evidence to this statement.

Dollar sales per employee in Arlington were given in Chapter VII as \$25,522. Appendix 7 shows employment of Belle Plaine dispensaries to be four full-time and 14 part-time persons. Using this data and assuming a part-time employee equal to ½ of a full-time employee gives an employee total of 11 and dollar sales per employee are

\$18,581. This figure suggests that labor is more fully employed in the Arlington municipal dispensary.

#### Adrian and Fulda

The following table gives the results of operations of the Adrian on- and off-sale dispensaries plus seven small nearby communities, and those of the Fulda municipal dispensary. None of the dispensaries in this group reported a net loss in 1965. Information was requested for both Adrian dispensaries. The method of dealing with the Adrian dispensaries and those of surrounding communities is the same as that used earlier for Franklin.

Table 8-8 used the data of table 8-7 to present some of the operating ratios of the private dispensaries in Adrian and those of Fulda's municipal dispensary. Census figures used were for 1960.

The results indicate that except in the area of sales the Fulda dispensary has been managed rather well. It has exceeded the Adrian dispensaries in the two percentage categories which indicates it has done a better job in holding down cost of sales and operating expenses.

Dollar sales per employee in the Fulda dispensary were given in Chapter VII as \$33,541, the highest of the municipal dispensaries in the under 2,500 population group.

Table 8-7. Operations of the Adrian and Fulda Dispensaries for 1965.

1 Category and Row	2 No. of Returns	3 Gross Sales	4 Gross Profit	5 Net Profit	6 Taxes Paid	7 Net Profit Before Taxes Sum of Cols. 5 and 6	8 Inven- tory Turn- over
1. Total Reported	6	245,426	87,515	26,167	15,171	41,338	4.6
2. Line 1 Times $\frac{10}{6}$	-	409,043	145,858	43,612	25,285	68,897	-
3. Total Adrian Results or 45% of Line 2		184,069	65,636	19,625	11,378	31,003	-
4. 1965 Fulda Data		97,864	37,719	18,538	#	18,538	9.3 <sup>c</sup>

# Municipal dispensaries pay no taxes or municipal license fees.

c Turnover ratio is for 1966.

SOURCE: Internal Revenue Service, Statistics Division, Washington, D. C.: Minnesota Municipalities, Vol. 51, No. 7. July, 1966, League of Minnesota Municipalities, Minneapolis, Minnesota, p. 229.



Table 8-8. The Estimated Operating Ratios of the Adrian and the Fulda Dispensaries for 1965.

	Per Capita Sales	Per Capita Net Profit*	Gross Profit/ Sales	Net Profit/ Sales*
Adrian	\$151.48	\$25.52	35.7%	16.8%
Fulda	\$ 81.42	\$15.42	38.5%	18.9%

\*Before taxes.

Appendix 7 shows employment of the Adrian dispensaries to be two full-time and two part-time employees. Using these data and assuming part time employees equal to  $\frac{1}{2}$  of a full-time employee, total employment is three and dollar sales per employee is \$61,356. Here again the private dispensaries have the better record, but were the three licensees included (one dispensary was operated by partners) in the above sales per employee calculation, the figure would have fallen to \$30,678, giving the municipal dispensary an advantage.

Accounting Data of Private and Municipal Liquor  
Dispensaries in Municipalities with  
Populations from 2,500 to 8,500

Alexandria and Little Falls

The following table gives the comparison of operations between dispensaries in Little Falls plus two other municipalities and the Alexandria municipal dispensary. None of the eight dispensaries in this group on which information was received, reported a net loss for 1965.

Table 8-9. Operations of the Little Falls and Alexandria Dispensaries for 1965.

1 Category and Row	2 No. of Returns	3 Gross Sales	4 Gross Profit	5 Net Profit	6 Taxes Paid	7 Net Profit Before Taxes Sum of Cols. 5 and 6	8 Inven- tory Turn- over
1. Total Reported	8	909,516	327,020	75,447	35,091	110,538	5.9
2. Line 1 Times $\frac{13}{8}$	-	1,477,963	531,141	122,601	57,023	179,624	-
3. Total Little Falls Results or 62% of 2	-	916,337 <sup>&amp;</sup>	329,307	76,013	35,354	111,367	-
4. 1965 Alexandria Data		531,930	157,161	80,474	#	80,474	7.2 <sup>c</sup>

# Municipal dispensaries pay no taxes or municipal license fees.

c Turnover ratio is for 1966.

& Manager's estimate of 1965 liquor sales for omitted dispensary was \$50,000.

SOURCE: Internal Revenue Service, Statistics Division, Washington, D. C.: Minnesota Municipalities, Vol. 51, No. 7. July, 1966, League of Minnesota Municipalities, Minneapolis, Minnesota, p. 228.

One dispensary was excluded from the Little Falls list, that being principally a motel. The method of comparison will be the same as that used earlier for the Franklin dispensary. This was to present the total reported by the Internal Revenue Service for the eight dispensaries in row one. Row two then multiplies this figure by  $\frac{13}{8}$ , as total dispensaries primarily selling liquor in the communities used were 13. This figure should give a good estimate of the total sales of the three communities. As has been mentioned one dispensary in Little Falls has been omitted as it was not primarily a liquor dispensary. Row three multiplies row two by 62 percent, which is Little Falls' percentage of the total population of the three communities. This figure should closely approximate the total results of the Little Falls dispensaries. Row four presents the figures of the Alexandria dispensary.

The following table uses the above data to present some of the operating ratios of the private dispensaries in Little Falls and those of Alexandria's municipal dispensary. Census figures are for 1960.

Table 8-10. The Estimated Operating Ratios of the Little Falls and the Alexandria Dispensaries for 1965.

	#Per Capita Sales	#Per Capita Net Profit*	#Gross Profit/Sales	#Net Profit/Sales*
Little Falls	\$121.35	\$14.75	36%	12.2%
Alexandria	\$ 81.68	\$11.99	29.5%	15.1%

# Not including results of dispensary omitted.

\* Before taxes.

Results of table 8-10 indicate that the liquor dispensaries as a group in Little Falls are operated in a better manner than the Alexandria municipal dispensary, except in the area of Net Profit/Sales. In this area it would seem that the municipal dispensary has maintained a better control over operating expenses. Alexandria has the poorest ratio of Gross Profit/Sales among all the dispensaries in this study. Its ratio is about 10 percentage points lower than any other municipal dispensary in its group and nearly five points lower than any other dispensary regardless of population. This figure would suggest that management has been weak in this area when compared with other municipal dispensaries in this study. Inventories of Little Falls' private dispensaries shown in Appendix 6 are generally less than  $\frac{1}{2}$  the size of that maintained by the Alexandria dispensary. Thus it would seem this added

buying power should give the Alexandria dispensary a higher ratio of Gross Profit/Sales than that achieved by the private dispensaries.

Dollar sales per employee in the Alexandria dispensary were stated in Chapter VI as \$40,062. Appendix 6 shows employment of the Little Falls dispensaries to be 20 full- and 10 part-time employees. When the omitted dispensary's employees were subtracted there were 9 full- and 7 part-time employees. Making the usual assumption about part-time employees, gives total employment of 12.5 and dollar sales per employee of \$73,307.

#### Springfield and Sleepy Eye

The following table gives the results of the comparison of operations between the Springfield private dispensaries plus those of two nearby communities and those of the Sleepy Eye municipal dispensaries. Methods of comparison are the same as those used for Alexandria and Little Falls. One or more of the private dispensaries reported a net loss in 1965. Information was requested on four on- and off-sale and one off-sale dispensary in Springfield. Two pharmacies and one on- and off-sale dispensary were excluded as their business was not primarily selling liquor.

Table 8-12, page 309, uses the above data to present some of the operating ratios of the private dispensaries in Springfield and Sleepy Eye municipal dispensaries.

Table 8-11. Operations of the Springfield and Sleepy Eye Dispensaries for 1965.

1 Category and Row	2 No. of Returns	3 Gross Sales	4 Gross Profit	5 Net Profit	6 Taxes Paid	7 Net Profit Before Taxes Sum of Cols. 5 and 6	8 Inven- tory Turn- over
1. Total Reported	9	428,094	157,547	35,664	23,688	59,352	3.4
2. Line 1 Times $\frac{9}{9}$	-	428,094	157,547	35,664	23,688	59,352	-
3. Total Spring- field Results or 79% of 2	-	338,194 <sup>&amp;</sup>	124,462	28,175	18,714	46,889	-
4. 1965 Sleepy Eye Data	-	188,816	75,468	22,413	#	22,413	5.2 <sup>¢</sup>

# Municipal dispensaries pay no taxes or municipal license fees.

¢ Turnover ratio is for 1966.

& Author's estimate of liquor sales in Springfield by the three omitted dispensaries is \$60,000.

SOURCE: Internal Revenue Service, Statistics Division, Washington, D. C.: Minnesota Municipalities, Vol. 51, No. 7, July 1966, League of Minnesota Municipalities. Minneapolis, Minnesota, p. 232.

Census figures were taken from the 1960 Federal Census.

Table 8-12. The Estimated Operating Ratios of the Springfield and the Sleepy Eye Dispensaries for 1965.

	#Per Capita Sales	#Per Capita Net Profit*	#Gross Profit/Sales	#Net Profit/Sales*
Springfield	\$125.21	\$17.36	36.8%	13.9%
Sleepy Eye	\$ 54.07	\$ 6.42	40%	11.9%

# Not including results of dispensaries omitted.

\* Before taxes.

Except for the Gross Profit/Sales ratio the Sleepy Eye dispensaries results are inferior to those of the estimated results of the Springfield dispensaries. The ratio of Net Profit/Sales of the Sleepy Eye dispensaries is much below that of other municipal dispensaries in this group. Operating two dispensaries whereas other communities in this group had only one, likely is partly responsible for the poorer showing of Sleepy Eye in this area. Management was changed in Sleepy Eye during 1966 and it is interesting to note that operating profits advanced \$8,179 on a sales gain of \$13,770.<sup>1</sup>

Dollar sales per employee in the Sleepy Eye

<sup>1</sup>Minnesota Municipalities, Vols. 51 and 52, No. 7, July, 1966, 1967, League of Minnesota Municipalities, Minneapolis, Minnesota, pp. 231, 218.

dispensaries were listed in Chapter VI as \$22,510. Appendix 6 shows employment of the Springfield dispensaries to be five full-time and nine part-time employees. Making the usual assumption about part-time employees and excluding the two full-time and two part-time employees from the omitted dispensary, gives total employment of 6.5 and dollar sales per employee of \$52,030. Here Springfield dispensaries had a wide lead in total and per capita sales over the Sleepy Eye dispensaries.

#### Sauk Centre and Morris

The following table gives the results of the comparison of operations between Sauk Centre private dispensaries plus those of two nearby municipalities and the Morris municipal dispensary. None of the private dispensaries in this group reported a net loss for 1965. Information was requested on all five on- and off-sale dispensaries in Sauk Centre. The presentation is the same as that used and explained for Alexandria and Little Falls.

Table 8-14, page 312, uses the data of table 8-13 to present some of the operating ratios of the private dispensaries in Sauk Centre and Morris. Census figures used are for 1960.



Table 8-13. Operations of the Sauk Centre and Morris Dispensaries for 1965.

1 Category and Row	2 No. of Returns	3 Gross Sales	4 Gross Profit	5 Net Profit	6 Taxes Paid	7 Net Profit Before Taxes Sum of Cols. 5 and 6	8 Inven- tory Turn- over
1. Total Reported	8	537,291	159,133	33,778	22,778	56,515	4.5
2. Line 1 Times $\frac{12}{8}$	-	805,936	238,700	50,667	34,167	84,834	-
3. Total Sauk Centre Results or 60% of 2	-	483,561	143,220	30,400	20,500	50,900	-
4. 1965 Morris Data	-	316,085	120,921	45,789	#	45,789	13.5 <sup>c</sup>

# Municipal dispensaries pay no taxes or municipal license fees.

c Turnover ratio is for 1966.

SOURCE: Internal Revenue Service, Statistics Division, Washington, D. C.: Minnesota Municipalities, Vol. 51, No. 7, July, 1966, League of Minnesota Municipalities, Minneapolis, Minnesota, p. 231.

Table 8-14. The Estimated Operating Ratios of the Sauk Centre and the Morris Dispensaries for 1965.

	Per Capita Sales	Per Capita Net Profit*	Gross Profit/ Sales	Net Profit/ Sales
Sauk Centre	\$135.34	\$14.25	29.6%	10.5%
Morris	\$ 75.28	\$10.90	38.3%	14.5%

\* Before taxes.

The above figures suggest the Morris dispensary has operated rather well in that it has a relatively high ratio of both Gross Profits/Sales and Net Profit/Sales. In both these categories it has substantially exceeded the estimated figures for the Sauk Centre dispensaries. The per capita sales figures suggest that consumers prefer the choice and extra convenience they receive from the five private dispensaries in Sauk Centre over the single municipal dispensary in Morris.

Chapter VI listed dollar sales per employee for the Morris dispensary as \$26,887. Appendix 6 lists the Sauk Centre dispensaries as employing six full-time and four part-time persons. Making the usual assumption about part-time employees gives total employment of 8 and sales per employee of \$60,445. This suggests the employees of the Sauk Centre dispensaries are more fully employed, but it does ignore the services performed by the licensees.

## LeSueur and Glencoe

The following table gives the results of the comparisons of operations between the LeSueur private dispensaries plus those of one nearby city and the Glencoe municipal dispensary. The same method of analysis will be used in this table as in the table presenting Alexandria and Little Falls. One or more of the private dispensaries in this group reported a net loss for 1965. Information was requested on the four on- and off-sale dispensaries and one off-sale dispensary in LeSueur. One on-sale dispensary was omitted. The business was a combination hotel-restaurant which also served liquor.

A striking feature of the table is that taxes paid by the eight dispensaries exceeded their reported net profit by more than one thousand dollars. This was the only one of the twelve groups where this occurred.

Table 8-16 uses the data of table 8-15 to present some of the operating ratios of the dispensaries in Le Sueur and Glencoe. Census figures used are those of 1960's Federal Census.

The Glencoe municipal dispensary has exceeded LeSueur's private dispensaries in every category but per capita sales. The Glencoe dispensary exceeds all municipal dispensaries in its group in per capita net profit. This may be overstated as the dispensary did not enter a charge for depreciation in its 1966 income statement,

Table 8-15. Operations of the Le Sueur and Glencoe Dispensaries for 1965

1 Category and Row	2 No. of Returns	3 Gross Sales	4 Gross Profit	5 Net Profit	6 Taxes Paid	7 Net Profit Before Taxes Sum of Cols. 5 and 6	8 Inven- tory Turn- over
1. Total Reported	8	465,959	159,382	21,586	22,659	44,245	5.9
2. Line 1 Times $\frac{16}{8}$	-	931,918	318,764	43,172	45,318	88,490	-
3. Total Le Sueur Results or 39% of 2		363,448 <sup>&amp;</sup>	124,318	16,837	17,674	34,511	-
4. 1965 Glencoe Data		251,181	93,652	51,550	#	51,550	4.2 <sup>¢</sup>

# Municipal dispensaries pay no taxes or municipal license fees.

¢ Turnover ratio is for 1966.

& Author's estimate of liquor sales in Le Sueur by the omitted dispensary \$30,000.

SOURCE: Internal Revenue Service, Statistical Division, Washington, D. C.: Minnesota Municipalities, Vol. 51, No. 7, July, 1966, League of Minnesota Municipalities, Minneapolis, Minnesota, p. 228.

Table 8-16. The Estimated Operating Ratios of the LeSueur and the Glencoe Dispensaries in 1965.

	#Per Capita Sales	#Per Capita Net Profit*	#Gross Profit/ Sales	#Net Profit/ Sales*
LeSueur	\$109.98	\$10.43	34.2%	9.5%
Glencoe	\$ 78.10	\$16.03	37.3%	20.5%

# Not including results of dispensary omitted.

\* Before taxes.

therefore it is likely no such charge was made in 1965. Despite this it appears the Glencoe dispensary has been rather well managed vis-a-vis the LeSueur private dispensaries.

Glencoe dispensary dollar sales per employee were listed in Chapter VI as \$41,864. Appendix 6 shows employment of the Le Sueur dispensaries to be four full-time and ten part-time employees. Making the usual assumption about part-time employees and excluding the one part-time employee of the omitted dispensary, gives total employment of 8.5 and dollar sales per employee of \$42,759. While Le Sueur dispensaries had larger total sales, their sales per employee, excluding licensees, were about equal with those of Glencoe.

Accounting Data of Private and Municipal Liquor  
Dispensaries in Municipalities with  
Populations of over 8,500

Crystal and Fridley

The following table gives the results of the comparisons of operations in Crystal private dispensaries plus those of three other suburban communities and those of the Fridley municipal dispensaries. The information on Crystal is divided into off- and on-sale sales. The off-sale dispensaries in this group sold only at off-sale, however, some of the on-sale dispensaries listed, also sold liquor for consumption off the premises. None of the seven off-sale dispensaries for which information was received reported a net loss, but one or more of the eight on-sale dispensaries did report a net loss in 1965. Information was requested for six of the seven off-sale dispensaries in Crystal. One was omitted as it was a combination liquor and grocery store. Information on five of the seven on-sale dispensaries was requested. Two were omitted as they were not primarily liquor dispensaries.

The method of comparison will be similar to that used for dispensaries already discussed, but total sales for each group of liquor dispensaries will be estimated separately and their results added together and compared with those of the Fridley dispensary. Six dispensaries have been excluded from the totals of the two suburban communities being included with Crystal, making a total of

Table 8-17. Operations of the Crystal and Fridley Dispensaries in 1965

1 Category and Row	2 No. of Returns	3 Gross Sales	4 Gross Profit	5 Net Profit	6 Taxes Paid	7 Net Profit Before Taxes Sum of Cols. 5 and 6	8 Inven- tory Turn- over
1. Total Reported Off-Sale Only	7	1,775,736	305,704	61,601	18,167	79,768	4.4
2. Line 1 Times $\frac{30}{7}$	-	7,610,297	1,310,160	264,004	77,859	341,863	-
3. Total Crystal Off-Sale 20% of line 2		1,522,057	262,032	52,801	15,572	68,373	-
4. Total Reported On-Sale	8	1,830,842	1,016,018	89,218	55,020	144,238	9.3
5. Line 4 Times $\frac{19}{8}$		4,348,249	2,413,042	211,893	130,672	342,565	-
6. Total Crystal On-Sale or 38% of line 5		1,652,335	916,956	80,519	49,655	130,174	-
7. Total Crystal Sum of Lines 3 and 6		3,174,392	1,178,988	133,320	65,227	198,547	-
8. 1965 Fridley Data		1,048,895	359,180	131,715	#	131,715	4.2¢

# Municipal dispensaries pay no taxes or municipal license fees.

¢ Turnover ratio is for 1966.

& Author's estimate of liquor sales by dispensaries omitted in totals is \$500,000.

SOURCE: Internal Revenue Service, Statistics Division, Washington, D. C.; Minnesota Municipalities, Vol. 51, No. 7, July, 1966, League of Minnesota Municipalities, Minneapolis, Minnesota, p. 229.

eight on-sale dispensaries excluded. These were excluded because their businesses were largely concerned with other than liquor sales. Only one strictly off-sale dispensary was excluded and that was in Crystal. The two communities used to compare the off-sale and on-sale dispensaries with Crystal's were not the same; thus percentage figures differ.

The following table uses the above data from lines seven and eight to present some of the operating ratios of the dispensaries in Crystal and Fridley. Census figures are those of the 1965 Federal Census.

Table 8-18. The Estimated Operating Ratios of the Crystal and the Fridley Dispensaries for 1965.

	#Per Capita Sales	#Per Capita Net Profit*	#Gross Profit/ Sales	#Net Profit/ Sales*
Crystal	\$107.31	\$6.71	37.1%	6.2%
Fridley	\$ 42.31	\$5.31	34.2%	12.6%

# Not including results of dispensaries omitted.

\* Before taxes.

The above tables suggest that Crystal private dispensaries have done a better selling job than the Fridley dispensaries, even when some private dispensaries are omitted. Per capita sales are more than twice as large as Fridley's. However, it should be remembered that the private dispensaries were allowed to sell many more items



than municipal dispensaries. Also, in 1967, prices charged by the private dispensaries were somewhat higher than those of the Fridley municipal dispensaries.

Per capita net profit, unlike sales differed little between the cities. As Gross Profit/Sales ratios were similar, this would indicate the municipal dispensaries have done a good job holding down operating expenses. It is possible municipal dispensaries can make a better showing in larger communities with larger dispensaries, as the percentage of labor performed by the licensee is reduced in larger dispensaries.

Dollar sales per employee in the Fridley dispensaries were listed in Chapter V as \$46,164. Appendix 5 shows employment of the Crystal dispensaries to be 36 full-time and 36 part-time employees. Of these 21 full-time and 26 part-time were employed by Crystal dispensaries used in this survey. Assuming a part-time employee to equal  $\frac{1}{2}$  a full-time employee gives a total employment of 34 and dollar sales per employee of \$93,364. If we again ignore licensee labor, it appears the Crystal dispensary employees were more fully employed than were those in Fridley.

#### Hastings and Anoka

Results of the Hastings dispensaries have been split into off- and on-sale groups. The following table gives the results of comparisons of operations in Hastings

Table 8-19. Operations of the Hastings and Anoka Dispensaries for 1965.

1 Category and Row	2 No. of Returns	3 Gross Sales	4 Gross Profit	5 Net Profit	6 Taxes Paid	7 Net Profit Before Taxes Sum of Cols. 5 and 6	8 Inven- tory Turn- over
1. Total Reported Off-Sale Only	6	648,951	42,581	12,330	4,078	16,408	3.7
2. Line 1 Times $\frac{11}{6}$		1,189,744	78,065	22,605	7,476	30,081	-
3. Total Hastings Off-Sale or 46% of line 2		547,282	35,910	10,398	3,439	13,837	-
4. Total Reported On-Sale	7	502,502	250,045	63,631	23,074	86,705	6.0
5. Line 4 Times $\frac{13}{7}$	-	933,218	464,369	118,172	42,852	161,024	-
6. Total Hastings On-Sale 46% of line 5		429,280	213,610	554,359	19,712	74,071	-
7. Total Hastings, Sum of lines 3 and 6		976,562 <sup>&amp;</sup>	249,520	64,757	23,151	87,908	-
8. 1965 Anoka Data		643,994	235,954	96,023	#	96,023	5.1¢

# Municipal dispensaries pay no taxes or municipal license fees.

¢ Turnover ratio is for 1966.

& Author's estimate of liquor sales of omitted Hastings' dispensaries is \$70,000.

SOURCE: Internal Revenue Service, Statistics Division, Washington, D. C.; Minnesota Municipalities, Vol. 51, No. 7, July, 1966, League of Minnesota Municipalities, Minneapolis, Minnesota, p. 228.

private dispensaries, plus one other community, and Anoka's municipal dispensaries. One or more of the six off-sale dispensaries had losses. Information was requested on three Hastings off-sale dispensaries, three combination on- and off-sale dispensaries whose totals are listed with the on-sale, and one strictly on-sale dispensary. Three businesses holding off-sale licenses have been excluded as they were pharmacies. One on-sale dispensary was also omitted since it was heavily in the food business. One on- and one off-sale dispensary from the nearby community have also been eliminated because they were largely in other businesses. The method of comparison will be the same as that for Crystal and Fridley.

The following table used the above data from lines seven and eight to present some of the operating ratios of the Hastings and Anoka dispensaries. Census figures used are from 1965.

Table 8-20. The Estimated Operating Ratios of the Hastings and the Anoka Dispensaries for 1965.

	#Per Capita Sales	#Per Capita Net Profit*	#Gross Profit/ Sales	#Net Profit/ Sales*
Hastings	\$92.23	\$8.30	25.6%	9%
Anoka	\$55.86	\$8.33	36.6%	14.9%

# Not including results of dispensaries omitted.

\* Before taxes.

Except in the area of Per Capita Sales the Anoka dispensaries surpassed those of Hastings, usually by a wide margin. The table suggests the management of the Anoka dispensaries has done a better job than has the group of managers in Hastings. Individually some of the private licensees may have exceeded Anoka's figures, but the group as a whole was below.

Dollar sales per employee in the Anoka dispensaries was listed in Chapter V as \$51,940. Appendix 5 listed employment of the Hastings' dispensaries as ten full-time and 18 part-time employees. Of these one full-time and two part-time were employed by the dispensary omitted. There were therefore nine full-time and 16 part-time employees; making the usual assumption on part-time employees gives total employment of 17 and dollar sales per employee of \$57,445.

#### Brainerd and Bemidji

Brainerd dispensaries results have again been divided into off-sale and on-sale areas. None of the seven off-sale dispensaries reported a loss for 1965, while one or more on-sale dispensaries did report a loss. Information was requested for seven Brainerd on-sale and ten off-sale dispensaries. No information was requested on three on-sale dispensaries because they were heavily in the restaurant business. One off-sale dispensary listed in Chapter V was omitted as it was not in business

Table 8-21. Operations of the Brainerd and Bemidji Dispensaries for 1965

1 Category and Row	2 No. of Returns	3 Gross Sales	4 Gross Profit	5 Net Profit	6 Taxes Paid	7 Net Profit Before Taxes Sum of Cols. 5 and 6	8 Inven- tory Turn- over
1. Total Reported Off-Sale Only	7	404,920	83,872	26,167	15,171	41,338	6.9
2. Line 1 Times $\frac{10}{7}$	-	578,457	119,817	37,381	21,673	59,054	-
3. Total Brainerd Off-Sale 100% of line 2		578,457	119,817	37,381	21,673	59,054	-
4. Total Reported On-Sale Only		722,306	300,184	55,037	27,859	82,896	11
5. Line 4 Times $\frac{9}{7}$		928,679	385,951	70,762	35,819	106,581	-
6. Total Brainerd On-Sale 88% of line 5		817,238	339,637	62,271	31,521	93,792	-
7. Total Brainerd Sum of Lines 3 and 6		1,395,695 <sup>¢</sup>	459,454	99,652	53,194	152,846	-
8. 1965 Bemidji Data		615,952	213,594	95,829	#	95,829	5.2¢

# Municipal dispensaries pay no taxes or municipal license fees.

¢ Turnover ratio is for 1966.

& Author's estimate of liquor sales by dispensaries omitted is \$150,000.

SOURCE: Internal Revenue Service, Statistics Division, Washington, D. C.; Minnesota Municipalities, Vol. 51, No. 7, July, 1966, League of Minnesota Municipalities, Minneapolis, Minnesota, p. 228.

during 1965. All of the off-sale dispensaries are from Brainerd, but the on-sale dispensaries may contain returns from one other nearby community. The same procedure used for previous dispensaries in this group will be used to obtain quantitative sales figures for Brainerd.

The following table uses lines seven and eight of the above table to present some of the operating ratios of the dispensaries in Brainerd and Bemidji. Census figures used are for 1960.

Table 8-22. The Estimated Operating Ratios of the Brainerd and the Bemidji Dispensaries for 1965.

	#Per Capita Sales	#Per Capita Net Profit*	#Gross Profit Sales	#Net Profit/ Sales*
Brainerd	\$108.21	\$11.85	32.9%	11%
Bemidji	\$ 61.85	\$ 9.62	34.7%	15.5%

# Not including results of dispensaries omitted.

\* Before taxes.

The per capita sales figures imply consumers are ready to spend more money in private Brainerd dispensaries than in Bemidji's municipal dispensaries. This may be partly due to selling more items and having more dispensaries available, but aside from that it is probably the atmosphere is more conducive in a private dispensary. While Bemidji lags in the two per capita categories, it

surpasses Brainerd in the other two areas. These latter two would indicate management, outside the sales area, is doing a creditable job vis-a-vis the private dispensaries in Brainerd.

Dollar sales per employee in Bemidji dispensaries were listed in Chapter V as \$31,737. Appendix 5 shows employment of the Brainerd dispensaries to be 27 full-time and 25 part-time employees. Of these 11 full-time and 5 part-time were employed by omitted dispensaries. Therefore there were 16 full-time and 20 part-time employees; assuming a part-time employee to equal  $\frac{1}{2}$  of a full-time employee gives total employment of 26, and dollar sales per employee of \$53,681. Were the 17 private licensees included in the Brainerd employment total the Brainerd total would become \$32,458 and the two statistics would differ little.

#### Owatonna and Northfield

Owatonna tabulations have been divided into on- and off-sale areas. Table 8-23 gives the results of operations in Owatonna's private dispensaries plus those of one nearby city. In both groups at least one dispensary reported a net loss for 1965. Information was requested for seven Owatonna off-sale and seven on-sale dispensaries. There were no combination on- and off-sale dispensaries in Owatonna. Information was requested on all off-sale stores but two on-sale dispensaries were omitted. One was

Table 8-23. Operations of the Owatonna and Northfield Dispensaries for 1965

1 Category and Row	2 No. of Returns	3 Gross Sales	4 Gross Profit	5 Net Profit	6 Taxes Paid	7 Net Profit Before Taxes Sum of Cols. 5 and 6	8 Inven- tory Turn- over
1. Total Reported Off-Sale Only	8	592,116	103,601	46,263	7,087	53,350	6
2. Line 1 Times $\frac{15}{8}$	-	1,110,218	194,252	86,743	13,288	100,031	-
3. Total Owatonna Off-Sale 45% of line 2	-	499,598	87,413	39,034	5,980	45,014	-
4. Total Reported On-Sale Only	8	582,931	282,878	41,655	22,945	64,600	9.5
5. Line 4 Times $\frac{16}{8}$	-	1,165,862	565,756	83,310	45,890	129,200	-
6. Total Owatonna On-Sale 45% of line 5	-	524,638	254,590	37,490	20,650	58,140	-
7. Total Owatonna Sum of Lines 3 and 6	-	1,024,236 <sup>g</sup>	342,003	76,524	26,630	103,154	-
8. 1965 Northfield Data	-	304,205	104,125	53,041	#	53,041	3.8 <sup>e</sup>

<sup>#</sup> Municipal dispensaries pay no taxes or municipal license fees.

<sup>e</sup> Turnover ratio is for 1966.

& Author's estimate of liquor sales by dispensaries in Owatonna omitted is \$110,000

SOURCE: Internal Revenue Service, Statistics Division, Washington, D. C.; Minnesota Municipalities, Vol. 51, No. 7, July, 1966, League of Minnesota Municipalities, Minneapolis, Minnesota, p. 231.



primarily a motel-restaurant while the second was a supper club. The method of analysis will be the same as that used for the other dispensaries in this group. None of the dispensaries from the nearby city have been excluded from the off-sale category. Two from the on-sale have been omitted as they were not primarily liquor dispensaries.

The following table uses the above data from rows seven and eight to give some of the operating ratios of dispensaries in Owatonna and Northfield. Census figures are from 1960.

Table 8-24. The Estimated Operating Ratios of the Owatonna and the Northfield Dispensaries for 1965.

	#Per Capita Sales	#Per Capita Net Profit*	#Gross Profit/ Sales	#Net Profit/ Sales*
Owatonna	\$76.38	\$7.69	33.4%	10.1%
Northfield	\$34.94	\$6.09	34.2%	17.4%

# Not including results of dispensaries omitted.

\* Before taxes.

Per capita sales figures suggest the private dispensaries did a much better selling job than the municipal dispensary, even with some private dispensaries excluded. Other information in table 8-24 implies the Northfield dispensary is operating in an efficient manner when compared with private dispensaries in Owatonna. While lack

of sales have held down per capita net profit, the sales made have been more profitable in Northfield. This implies the municipal dispensary better controlled its operating expenses, especially when the gross profit percentage of the two types of dispensaries is about equal.

Dollar sales per employee in the Northfield dispensaries were listed in Chapter V as \$45,572. Appendix 5 shows employment of the Owatonna dispensaries to be 14 full-time and 35 part-time employees. Of these six full-time and six part-time were employed by omitted dispensaries. This left 8 full-time and 29 part-time employees. Assuming a part-time employee equals  $\frac{1}{2}$  a full-time employee gives a total employment of 22.5 and dollar sales per employee of \$45,522, or nearly identical to Northfield's.

#### Summary of Operating Ratios of Municipal and Private Dispensaries

Differences between the off-sale and on-sale operations in the largest dispensaries was evident in several areas. As would be expected the inventory turnover ratio of the on-sale dispensaries was much higher than was that of the off-sale dispensaries. The mean off-sale inventory turnover was 5.25, while that of on-sale dispensaries was 8.95. The mean for the municipal dispensaries in the population group of over 8,500 was 4.58. This lower ratio reflects the larger inventories kept by the municipal dispensaries.

In Brainerd and Owatonna, the two cities where there were no combination on- and off-sale dispensaries, sales were larger in the on-sale dispensaries. In off-sale stores in these two cities net profit before taxes as a percentage of sales was 10.2 percent in Brainerd and 9 percent in Owatonna or a mean of 9.6. In on-sale stores net profit before taxes/sales was 11.5 in Brainerd and 11.1 in Owatonna or a mean of 11.3. Thus the Minnesota minimum price law appears not to have enhanced net profits as a percentage of sales to the degree it might have been expected vis-a-vis the on-sale dispensaries to whom the law does not directly apply. The evidence presented in Chapter III on the illegal price cutting that occurs, despite the law, may have contributed to lowering the off-sale ratio of net profit before taxes to sales.

Table 8-25 gives the mean of data presented in even numbered tables in this chapter. The data have been broken down into the three population groups used in this study, plus averages for the three groups.

Per capita sales of the municipal dispensaries fall as population increases. This happens to a lesser degree in municipalities having private dispensaries. A possible reason for this is the larger municipal dispensaries in this study were located in areas where consumers could more easily substitute private dispensaries by merely crossing the city limits into another municipality.

Table 8-25. Table Showing Averages of Private and Municipal Dispensaries by Population Groups, and Averages for the Three Groups

Population Group	Per Capita Sales		Per Capita Net Profit		Gross Profit/Sales		Net Profit/Sales	
	Pri- vate	Munic- ipal	Pri- vate	Munic- ipal	Pri- vate	Munic- ipal	Pri- vate	Munic- ipal
Municipalities with Pops. under 2,500	\$128.50	\$ 83.62	\$19.91	\$15.15	33.6%	40.2%	17.9%	17.6%
Municipalities with Pops. between 2,500 and 8,500	\$122.30	\$ 72.33	\$14.20	\$11.34	34.2%	36.3%	11.5%	15.5%
Municipalities with Pops. over 8,500	\$ 96.03	\$ 48.74	\$ 8.64	\$ 7.34	32.2%	34.9%	9.0%	15.1%
TOTALS	\$346.83	\$204.69	\$42.75	\$33.83	100%	111.4%	38.4%	48.2%
Average All Groups	\$115.61	\$ 68.23	\$14.25	\$11.28	33.3%	37.1%	12.8%	16.1%

In the one large city relatively isolated from such competition, Bemidji, per capita sales were higher and the local monopoly was more valuable than in a community such as Fridley.

Per capita net profits between the two types of dispensaries did not show a large variation. The greatest difference was \$4.76 in the under 2,500 population group. Part of the spread here may be attributed to the larger use of the licensees labor which is seldom charged as an operating expense. Per capita net profits also decrease as the size of the community increases.

Gross Profits/Sales declined for the municipal dispensaries as population increased. This is rather surprising as it would seem larger dispensaries with larger inventories would be able to at least equal the results of the smaller stores. Possibly the need to carry a larger variety of merchandise is responsible for some of the poorer showing. Municipal dispensaries excelled the private stores on average with the largest advantage being in the under 2,500 communities. Here the municipal dispensary usually carried an inventory that was several times the size of the average private inventory.

In the area of Net Profit/Sales municipal dispensaries again out performed the private dispensaries on average. It might be noted results of the private dispensaries diminished rather rapidly as population increased.

This may be due to the need to hire more labor in dispensaries of larger cities, and possibly to the presence of more and stronger unions in the larger cities.

Averages given at the end of table 8-25 indicate that except in the area of sales, the municipal dispensaries as investigated by this study, conducted their operations in a manner that approached or bettered the performance of the comparable private dispensaries.

One rather surprising conclusion that seems to emerge from the preceding table is that while dispensaries in larger cities do report larger total figures, when these are put on a per capita basis, the dispensaries in the smaller communities out perform their larger brethren. These accounting ratios, especially for the more reliable municipal ratios, indicate that economies of scale are not present and that indeed diseconomies of scale seem to prevail. Were economic rather than accounting figures available, it is possible that in private dispensaries this trend would not have been so pronounced.

The following chapter will give a summary of the results of the study plus recommendations of the author utilizing data presented.

## CHAPTER IX

### SUMMARY, RECOMMENDATIONS, AND CONCLUSIONS

Municipal liquor is an oft discussed subject in Minnesota legislative, city, and beer halls. This paper hopes to have presented information helpful in determining the advantages and disadvantages of municipal liquor stores under present Minnesota law.

The question of whether a municipality should operate liquor dispensaries or any type of business is a normative one, with many persons contending it should not. However, if the business is of the natural monopoly type or the commodity has a special social significance as does liquor, many persons would agree that some type of government regulation is desirable. In some of these instances government ownership may be more desirable than government regulation.

#### Summary

In Chapter II this study found that municipal liquor stores were used by a large number of municipalities and were a widely accepted means of obtaining revenue. The chapter also gave combined operating ratios for all

municipal dispensaries operating in 1966, and listed the municipal dispensaries with the largest sales volumes. Dispensaries operating at a loss in one or more of the years 1964 through 1966 were also examined.

In Chapter III the records of the Minnesota Liquor Control Commission were examined. These showed that private dispensaries tended to violate Minnesota liquor laws more frequently than municipal stores. All violators of the state's minimum price laws were private stores. While private dispensaries committed more violations, the actual number was relatively low.

Chapter IV dealt with the municipal liquor dispensaries of Richfield. These dispensaries have led all Minnesota municipal dispensaries in both sales and profits in recent years. Geographic location and management were suggested as important reasons for this success.

Chapters V, VI, and VII followed the same pattern. Twelve municipalities having private liquor were compared with 12 "sister" municipalities having municipal liquor. The finding for all 12 pairs of communities was that a municipal government received more revenue from operating a municipal liquor dispensary than its "sister" community received from licensing and collecting taxes from private dispensaries. In the area of prices it was found that municipal dispensaries were usually at or below the prices charged by private dispensaries in comparable communities.



It was also found that there were more economic resources employed in the liquor business in private liquor communities than in the "sister" community having municipal liquor.

Chapter VIII used data supplied by the Statistics Division of the United States Internal Revenue Service. These data were used to make an accounting comparison between the private liquor dispensaries and the "sister" municipalities having municipal liquor. The data showed that in communities having private liquor operations the total sales and per capita sales exceeded those of the communities having municipal dispensaries. It also showed that the gross and net profit as a percentage of sales in a municipal dispensary usually exceeded combined operations of private dispensaries in the "sister" community. A surprising finding of this chapter was that economies of scale seemed to be entirely absent in this industry and indeed it appeared to more subject to rapid diseconomies of scale.

#### Recommendations of License Fees for Private Dispensaries

The question of why municipalities do not increase license fees to private liquor interests in order to obtain more revenue is easily answered for off-sale dispensaries. The off-sale fee is set by state law on a population basis. It ranges from a charge of \$100 for municipalities with a population of less than 500 to

\$250 for the largest cities.<sup>1</sup> Municipalities may charge less but cannot charge more than the above fees. There are, however, no restrictions on fees that may be charged on-sale licensees. These are determined by the municipality with various criteria used. In 1966 on-sale fees ranged from a low of \$35 to a high of \$5,250 per year.<sup>2</sup> Why the legislature felt it necessary to regulate off-sale fees might be a worthy study in the area of legislative lobbying. Another study might concern itself with how a municipality determines its on-sale license fees. Little consideration seems to be given to the ability to pay.

A method to be considered in assessing both on- and off-sale fees would be a schedule in which the licensee would pay a percentage of his annual gross liquor sales to the municipality. The rate set would depend upon the community and the number and size of its dispensaries. A rate of two percent might be considered. Using the two percent rate, a dispensary having \$50,000 in gross liquor sales would pay a fee of \$1,000 while one with sales of \$100,000 would pay \$2,000. The rate could be made progressive, much in the manner of the federal income tax, if the community felt it to be desirable. This would seem a more equitable method of assessing license fees.

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<sup>1</sup>State of Minnesota Liquor Laws and Regulations, 1966, Minnesota Liquor Control Commission, St. Paul, Minnesota, p. 31.

<sup>2</sup>License Fees Charged by Municipalities, Op. Cit., p. 2.

The problem of equity has several major aspects. The first is equal treatment of equals. The second is the proper relative treatment of persons in unequal circumstances. The above proposal would assess license fees on the basis of ability to pay and benefits received, two methods which have been widely suggested as bases for assessing taxes and fees. A dispensary having larger gross liquor sales should be making a larger profit, and thus have greater ability to pay. Assessing fees in this manner would also permit the municipality to collect license fees on the basis of the benefits received from the privilege granted the licensee. The larger the sales and profits the greater the worth of the license to the licensee. The proposed method would treat equals equally and would treat persons in unequal circumstances equitably in that they would be paying the same rate for their licenses. The present system of fixed fees does not consider either ability to pay or benefits received.

Another proposed method of assessing liquor fees is to auction them to the highest acceptable bidder. This method would better establish the true worth of the license. The person receiving the license would pay his bid price annually to the municipality with the license being returned to the municipality upon termination of the business. Both municipality and licensee might wish to reserve the right to change the fee at stated intervals of perhaps three to five years if it appeared

current prices would make the fee being paid too high or low. Under this method, competition for the license should divert monopoly profits to the municipality. It would eliminate buying the license when dispensaries are sold and convert this to municipal purposes.

Recommendations on Changes in Present Regulations  
Pertaining to Municipal Liquor

Another proposal is to allow both private and municipal liquor in a community. The municipality could retain control of off-sale liquor, while licensing private on-sale dispensaries. This proposal would appear to have a great deal of merit as it would provide the municipality with a number of the best features of both municipal and private liquor. The municipality would retain the part of the business which in most municipal systems provides the largest amount of profit, while allowing private licensees to operate the portion of the business at which municipal dispensaries do not seem to excel. Under this plan supper clubs could be established. This would remove an objection to municipal liquor held by many in urban communities. Under present regulations, municipal dispensaries are not allowed to serve food. Since food does not have the social significance of liquor, its service by municipal dispensaries would not seem advisable under our capitalistic system. The author's experiences with socialized restaurants in the Soviet

Union were not very favorable and thus a personal bias may enter into the above statement.

While the proposal to allow a municipality to have both private on-sale and municipal off-sale dispensaries may have much merit, it has been strongly opposed by special interest groups. Bills have been introduced into the Minnesota Legislature that would permit private and municipal liquor, but they have never been approved.

Permitting private on-sale licenses may aid a municipal liquor community in attracting new investment especially in the form of new hotels, motels, and restaurants. There is some feeling that an on-sale liquor license is important to the success of such enterprises. With the approval of the measure under discussion such licenses could be issued, investment in the community increased, and the tax base expanded.

#### Recommendations Affecting the Minimum Price Law

Minnesota's minimum price law, commonly referred to as the fair trade law, has been in effect since 1961. The law appears to have increased the price of off-sale liquor to the consumer, and has thus subsidized liquor dealers in the state.

To provide some comparison between Minnesota prices and those of off-sale dispensaries in Oklahoma where presently no such law exists, the following prices were checked by the author at a large off-sale dispensary

in Norman, Oklahoma, on December 18, 1967.

Brand of Liquor	Price (1/5 gal)	Amount <u>below</u> Minnesota Minimum price, Summer, 1967.
Seagram's 7 Crown	\$3.77	\$1.22
Calvert's Extra	\$3.87	\$1.12
Old Crow 86 Proof	\$3.87	\$1.12
Jim Bean	\$3.87	\$1.12
Seagram's VO Canadian Whiskey	\$4.99	\$1.60
Cutty Sark Scotch	\$4.98	\$2.67
Smirnoff's 80 Proof Vodka	\$3.87	\$ .83
Gordon's Gin	\$3.58	\$ .71

The above prices demonstrate that without a minimum price law savings to consumers can be substantial. While the two prices are not for the same period, it is unlikely that prices charged by the Oklahoma dispensary have gone down since the summer of 1967. Liquor taxes in the two states are substantially the same with the Oklahoma tax being \$2.40 and Minnesota's tax \$2.91 per gallon.<sup>3</sup> The off-sale license fee paid by the Oklahoma dispensary in question was \$1,200 per year while the maximum Minnesota fee is \$250. The above information would strongly suggest the minimum price law pegs prices far above the competitive level. This has led, as Chapter III suggests, to price cutting in violation of the law and shows some of the difficulties that are encountered when government attempts to set prices. It appears to the author that were it not for the minimum price law many communities

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<sup>3</sup>State and Local Taxes (Oklahoma), Prentice-Hall, Inc., Englewood Cliffs, New Jersey, p. 38540; and, State of Minnesota Liquor Laws and Regulations, 1966, op. cit., p. 13.

would have fewer but more efficient off-sale dispensaries. Were the law to be repealed those dispensaries that could operate efficiently would remain, economic resources employed would be more efficiently used, and many consumers benefited by lower prices. The situation in many municipalities would likely become similar to the handling of off-sale beer in Hastings as reported in Chapter V. The repeal of the minimum price law, however, would likely have some adverse effect on municipal liquor profits, if as it is here assumed, the demand for this product is price inelastic. Municipal dispensaries did exist before the passage of the minimum price law in 1961 and there is no reason to suppose they could not withstand its repeal. Profitability should not decline too much so long as the local monopoly is maintained. It is recommended here that no new minimum price laws on liquor be enacted and those now in force be repealed. It appears that the law is nearly unenforceable and it certainly does violence to the concept of competition.

Recommendations on Raising Additional Revenue  
in Municipal Dispensaries

There are several possible methods of obtaining revenue for municipal governments, but only the charges for services will be considered. When raising revenue by this method, as municipal dispensaries do, several factors should be considered.

First, does the charge result in the optimum use of the commodity? Optimum use of liquor is indeed a nebulous concept. However, if the assumption is correct that the commodity is price inelastic--there are probably few close substitutes for consuming on-sale liquor--total consumption will be little affected by changes in price, and the optimum use, whatever it may be, will not be substantially advanced or retarded. The author would recommend that where municipal dispensaries are regularly selling on-sale liquor below the price of other nearby communities, they increase prices to the levels prevailing in their immediate trade area. As the municipality has a monopoly on liquor sales, customers cannot readily avoid the price increase. Prices would be raised only to the levels of surrounding communities and thus little business should be lost to outside competition. Sales will likely fall a small amount, but revenues will be increased.

Second, can the charges be made without the cost of collections being too excessive in a municipal liquor dispensary? It will be recalled that some municipal dispensaries operated at a loss and thus further burdened municipal finance. In an early attempt to deal with the problem of collection cost and related matters, Adam Smith stated in his book, An Inquiry into the Nature and Causes of the Wealth of Nations, first published in 1776, the following relevant passage:



Every tax ought to be so contrived as both to take out and to keep out of the pockets of the people as little as possible, over and above what it brings into the public treasury of the state. A tax may either take out or keep out of the pockets of the people a great deal more than it brings into the public treasury, in the four following ways. First, the levying of it may require a greater number of officers, whose salaries may eat up the greater part of the produce on the tax, and whose perquisites may impose another additional tax upon the people. Secondly, it may obstruct the industry of the people, and discourage them from applying to certain branches of business which might give maintenance and employment to great multitudes. While it obliges the people to pay, it may thus diminish, or perhaps destroy some of the funds which might enable them more easily to do so...<sup>4</sup>

The above passage, though not specifically designed to cover this subject, could well be applied to municipal liquor dispensaries. Should the cost become excessive or much obstruction of private individuals occur, a possible objection to municipal dispensaries can be raised that has some support among economists.

With good management cost of collection need not be excessive, and private obstruction, though not the type referred to by Smith, could be reduced by the previously recommended change allowing private and municipal dispensaries in the same community.

Third, does the charge made by municipal liquor dispensaries result in an equitable distribution of the burden of supporting municipal government? It is assumed that ability to pay should be considered in assessing

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<sup>4</sup>Adam Smith, An Inquiry into the Nature and Causes of the Wealth of Nations, p. 778, The Modern Library: New York, 1937.

municipal charges; therefore, the basis used to set prices is important. If the municipal store were to maintain higher than normal prices on beer and cheaper than normal prices on liquors the pricing policy may be regressive. Some evidence of this policy was noted in both private and municipal dispensaries. The raising of municipal revenue by means of municipal liquor could not otherwise be considered inequitable. It indeed may help cut other municipal charges felt to be more regressive, such as those on water and sewage, that are not based on ability to pay.

#### Conclusions

In conclusion it should be reemphasized that municipal liquor is an effective method of providing both municipal control and revenue, however, gemütlichkeit may thereby be lessened.

It is the feeling here that the Minnesota municipal liquor dispensaries do provide a good method of obtaining badly needed revenue and at the same time provide control over a commodity with a special social significance. Municipal liquor stores might well be useful in other states where communities are having difficulty raising revenue.

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APPENDIX FIVE

FRIDLEY-CRYSTAL SECTION

Data on the Municipalities of Fridley and Crystal, Minnesota.

Category	Fridley	Crystal
1960 Population	15,173	24,283
1965 Population*	24,768	29,089
1960 Median Family Encome	\$7,171	\$7,100
Percentage of Population Engaged in Manufacturing in 1960	36.7%	28.5%
Median School Years Completed--persons over 25	12.3	12.3
1966 Taxable Valuation Real Property	\$14,346,874	\$12,880,284
Total Taxable Valuation	\$ 2,777,864	\$ 1,165,869
Total Property Taxes in 1966 (1966 Levy Collectible in 1967)	\$17,124,738	\$14,046,153
Total Property Taxes Payable to the Municipalities	\$ 5,437,257	\$ 3,866,914
Per Capita Municipal Property Taxes using 1965 Census Data	\$ 753,146	\$ 647,528
Percentage of Total Property Taxes going to Municipalities	\$ 30.41	\$ 22.26
1966 Mill Rate for Non-Homestead Property	13.8%	16.7%
State	17.24	17.24
County	61.32	61.32
Other Units	2.19	1.84
Municipal	43.98	46.10
School District Non-Agricultural Rate	204.79#	158.76
Total Mill Rate for the Municipality	329.52	285.26

\*A special Federal Census was taken in Minnesota in 1965. The 1965 population figure is taken from that census report.

#Rate for District Number Fourteen. This is the school district which serves most of Fridley. There are, however, three other school districts serving parts of the City, all of which have lower mill rates.

SOURCE: Census of Population, 1960, Vol. I. Characteristics of the Population, Part 25, Minnesota. U.S. Department of Commerce, Bureau of the Census, pp. 25, 189; and Minnesota Municipalities, Vol. LII, No. 5, May, 1967, League of Minnesota Municipalities, Minneapolis, Minnesota, pp. 142, 144.

Fridley full-time employees received the following fringe benefits in 1967:

1. twelve days of sick leave per year,
2. two weeks vacation after one year of service and three weeks after seven years,
3. twelve paid holidays a year,
4. health insurance for the employee and his dependents at a cost to the municipality of \$7.90 per month,
5. life insurance in the amount of \$2,000 for the employee at a cost to the municipality of \$1.46 per month.<sup>1</sup>

Crystal full-time employees received the following fringe benefits in 1967:

1. twelve days of sick leave per year,
2. two weeks and four days vacation after one year of service, three weeks after seven years of service, and three weeks and six days after fourteen years of service.
3. eleven paid holidays per year,
4. health insurance is available but the municipality pays nothing on the premium.<sup>2</sup>

#### Fridley Information

#### Accounting Statements

MUNICIPAL LIQUOR DISPENSARIES FRIDLEY, MINNESOTA  
Statement of Income for the Year Ended  
December 31, 1966--Combined Off-  
Sale Stores

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Sales		
Liquor	\$587,950.19	
Beer	289,694.50	
Mix and Miscellaneous	24,694.88	
		\$902,339.57
Beginning Inventory	\$186,992.19	
Purchases	707,639.01	
	\$894,631.20	
Less Ending Inventory	199,954.38	
Cost of Sales		694,676.38
Gross Profit		\$207,662.75

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<sup>1</sup>1967 Municipal Salary Survey over 10,000 Population, League of Minnesota Municipalities, Minneapolis, Minnesota, pp. 53, 60, 64.

<sup>2</sup>Ibid., pp. 52, 60, 64.

## Statement of Income (Fridley Off-Sale Stores, Cont.)

## Operating Expenses

## Selling

Salary--Managers	\$ 6,690.68
Salary--Clerks	48,265.66
Licenses	84.00
Cash Register	119.52
Bags and Wrapping	1,672.27
Cash Shortage	53.96
Uncollectable Checks	78.18

\$ 56,964.27

## Overhead

Salary--Janitor	\$ 3,038.57
Utilities	6,222.92
Insurance	10,251.50
Rent	9,759.56
Laundry	416.54
Maintenance	1,320.89
Supplies	424.61
Phone	672.50
Automatic Alarm	1,554.75
Waste Removal	601.00
Depreciation	6,291.40

40,554.24

## General

Bookkeeping	\$ 1,949.69
Inventory Control	2,721.68
Office Supplies	242.05
Audit	920.00
Hospitalization	949.43
Public Employee Retirement	3,484.71
Mileage	257.16
Miscellaneous	157.20

10,681.92

Total Operating Expenses

\$108,200.43

Operating Income

99,462.32

Other Income

4,257.98

Total Income

\$103,720.30

Interest on Bonds

1,290.63

Net Income

\$ 67,832.38

SOURCE: Liquor Fund Statement, City of Fridley,  
Year 1966, p. 5.

MUNICIPAL LIQUOR DISPENSARIES FRIDLEY, MINNESOTA  
Statement of Income for the Year Ended  
December 31, 1966 Combined  
On-Sale Stores

Sales	Liquor	\$186,057.03	
	Beer	\$105,536.90	
	Mix & Miscellaneous	\$ 6,320.73	
	Total Sales	<u>                    </u>	\$297,914.66
Beginning Inventory		\$ 2,795.92	
Purchases		\$ 98,423.29	
		<u>\$101,219.21</u>	
Less Ending Inventory		\$ 2,741.11	
Cost of Sales		<u>                    </u>	\$ 98,478.10
Gross Profit		<u>                    </u>	\$199,436.56
Operating Expense			
	Selling		
	Salary--Managers	\$ 11,436.94	
	Salary--Selling Personnel	\$ 72,634.48	
	Bar Supplies	\$ 955.99	
	Cash Register	\$ 71.76	
	Cash Shortage	\$ 201.73	
	Uncollectable Checks	\$ 306.89	
	Total Selling	<u>                    </u>	\$ 85,627.79
	Overhead		
	Salary--Janitor	\$ 6,550.11	
	Utilities	\$ 5,255.20	
	Insurance	\$ 5,107.74	
	Laundry	\$ 1,576.38	
	Maintenance & Repair	\$ 4,519.49	
	Supplies	\$ 2,436.71	
	Phone	\$ 566.79	
	Automatic Alarm	\$ 1,237.50	
	Waste Removal	\$ 713.00	
	Depreciation	\$ 10,301.12	
	Total Overhead	<u>                    </u>	\$ 38,264.04
	General		
	Bookkeeping	\$ 1,709.57	
	Inventory Control	\$ 1,590.12	
	Office Supplies	\$ 182.11	
	Audit	\$ 460.00	
	Hospitalization	\$ 1,098.98	
	P.E.R.A.	\$ 5,257.65	
	Mileage	\$ 637.83	
	Miscellaneous	\$ 100.50	
	Total General	<u>                    </u>	\$11,036.76
Total Operating Expenses		<u>                    </u>	\$134,928.59
Operating Income		<u>                    </u>	\$ 64,507.97
Other Income		<u>                    </u>	\$ 5,905.69
Total Income		<u>                    </u>	\$ 70,413.66
Interest on Bonds		<u>                    </u>	\$ 2,581.28
Net Income		<u>                    </u>	\$ 67,832.38

SOURCE: Liquor Fund Statement, City of Fridley,  
Year 1966, p. 10.

MUNICIPAL LIQUOR DISPENSARIES, FRIDLEY, MINNESOTA  
 Combined Income Statement for Year  
 Ending December 31, 1966

Sales	\$1,200,254.23
Cost of Sales	<u>793,154.92</u>
Gross Profit	\$ 407,099.31
Salaries	156,607.50
Other Expenses	86,521.52
Operating Expense	163,970.29
Other Income	10,163.67
Interest on Bonds	<u>3,871.91</u>
Net Profit	\$ 170,262.05*

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\*Net income here differs from that listed in Chapter II whose figures were compiled by the State Public Examiner omitting non-operating income and expense to arrive at net profit listed there.

SOURCE: Liquor Fund Statement, City of Fridley, Year 1966,  
 p. 2.

MUNICIPAL LIQUOR DISPENSARY, FRIDLEY, MINNESOTA  
Balance Sheet as of December 31, 1966

ASSETSCurrent Assets

Cash on hand and in bank		\$ 67,092.08
Investments		139,633.23
Inventory		202,695.49
Total Current Assets		<u>\$409,420.80</u>

Fixed Assets

Land and Improvements	\$ 33,416.93	
Less Depreciation	<u>3,276.20</u>	30,140.73
Buildings	\$198,417.91	
Less Depreciation	<u>36,120.94</u>	162,296.97
Fixtures and Equipments	\$110,460.57	
Less Depreciation	<u>57,888.60</u>	52,571.97
Permanent Signs	\$ 9,035.07	
Less Depreciation	<u>7,087.09</u>	1,947.98
Auto Equipment	\$ 2,123.30	
Less Depreciation	<u>132.70</u>	1,990.60
		<u>\$245,948.25</u>

Deferred Assets

Meter Deposits		\$ 236.17
Prepaid Insurance		775.85
Accrued Interest Receivable		2,304.60
Provisions for debt retirement		68,201.08
Total		<u>\$ 71,517.70</u>

TOTAL ASSETS \$729,886.75

LIABILITIES, RESERVES, AND SURPLUS

Accounts Payable		\$ 14,801.97
Bonds Payable		90,000.00
Interest Payable		11,722.50
Surplus Invested in Fixed Assets		248,948.25
Current Surplus		<u>364,414.03</u>
TOTAL LIABILITIES, RESERVES, AND SURPLUS		<u>\$729,886.75</u>

SOURCE: Liquor Fund Statement, City of Fridley, Minnesota,  
Year 1966, p. 1.



## Fridley Store Facilities and Subjective Ratings

## East River Road On-Sale Store

This dispensary was not air conditioned. It was located near the Mississippi River and appeared to be patronized by blue collar workers. This contrasted with the Shorewood Lounge which was patronized largely by white collar workers. The East River Road store had a radio and black and white television set for customer enjoyment. It also has one unique feature not found in any other municipal store visited. This was a special window where customers could cash their payroll checks by paying a small charge. This store also had an off-sale room.

The following is the author's subjective rating of this dispensary

Category	Rating	Comment
Courtesy and friendliness of employees	2	
Dress and general appearance of employees	2	
Toilet facilities	3	Partially closed stool; clean
General appearance of premises	2	
Efficiency of employees	<u>2</u>	
Total points of this dispensary	11	

## Shorewood Lounge On-Sale Store

This store was air conditioned in what seemed to be an adequate manner. It was located on the edge of a small lake. A large picture window located in the lounge afforded customers a view of this lake. The store had a radio, black

and white television, and piped in music for customer enjoyment. This store also had an area in which customers could purchase off-sale liquor.

The following is the author's subjective rating of this store.

Category	Rating	Comment
Courtesy and friendliness of employees	3	
Dress and general appearance of employees	3	
Toilet Facilities	3	Closed stool; adequate size
General appearance of premises	4	
Efficiency of employees	<u>3</u>	
Total points of the dispensary	16	

#### Crystal Information

The table on the following pages gives statistics about the liquor dispensaries in Crystal.

Data on Operations of Liquor Dispensaries in Crystal

Licensee of Liquor Dis- pensary	Years business operated by licensee	Number of Employees			Hours per week licensee works
		Full Time	Hours per Week Full Time	Part Time	
A. Roskaft	6½	1	48	2	55
Paddock, Inc.&	14*	8	48	5	54
E. Hartwig&	24	5@	48	4@	100
W. Brisky&	deceased	#	#	#	#
Bob's, Inc.&	#	2	48	3	#
Chalet, Inc.&	#	8@	48	6@	#
Coach, Inc.	#	8@	48	8@	#
D. Hoagland	1½	0	#	0	80
H. Nelson	¼	1	48	1	32
Wally's	16	1	48	1	48
L. Paulsen	12	2	50	5	65
J. Smith	6	0	#	1	65
M. Bienias	8	0	#	0	60
Community, Inc.	#	#	#	#	#
Totals		36		36	

Liquor Dispensaries in Crystal (Cont.)

Licensee of Liquor Dis- pensary	Advertising and Promotion				Average Value of Wholesale Alcoholic In- ventory	Perpetual Inventory	Gave Free Pretzels, etc.
	Total	News- paper	Radio	Other			
A. Roskaft	\$ 150	5%		95%	\$ 5,000	No	No
Paddock, Inc.&	550	70%		30%	10,000	No	No
E. Hartwig&	9,000	15%		85%	24,000	No	No
W. Brisky&	#	#		#	10,000	No	No
Bob's, Inc.&	#	#		#	10,000	No	No
Chalet, Inc.&	#	#		#	35,000	No	No
Coach, Inc.	#	#		#	7,500	No	No
D. Hoagland	None				\$14,500	No	Yes?
H. Nelson	\$ 550	60%	10%	30%	12,500	No	Yes?
Wally's	145			100%	12,000 <sup>c</sup>	No	No
L. Paulsen	1,250	20%		80%	60,000	No	Yes?
J. Smith	300			100%	11,000	No	No
M. Bienias	100=			100%	5,000 <sup>c</sup>	No	Yes?
Community, Inc.	#				36,000 <sup>c</sup>	No	No
	<u>\$12,045</u>						

- \* Corporation owned and operated by same person.
- & Denotes holder of both on- and off-sale licenses.
- @ Business was a combination liquor and food business; number shown is best estimate of employees primarily employed to sell or serve liquor.
- # Information not available or not applicable.
- ? Suckers usually available for children.
- ¢ Estimate of author with aid of property tax assessment data.
- % Includes donations to charity given by business.

SOURCE: Personal communication with licensees and employees of liquor dispensaries, and tax records of County Assessor, Hennepin County, Minnesota.

All the above on-sale liquor dispensaries were open from eight A.M. until one A.M., except The Coach, Inc., which did not open until eleven-thirty A.M. Off-sale dispensaries opened at eight A.M. and closed at eight P.M. Monday through Friday, but closed at ten P.M. on Saturday night.

#### Crystal Store Facilities and Subjective Ratings

#### Store Facilities and Subjective Rating Roskraft Dispensary

The premises were adequately air conditioned. There were a radio and color television set available to customers. In addition, there were a coin operated juke box and pool table available. On rare occasions, live entertainment was provided. A check cashing window was provided also. Other factors about the store thought

to affect the customer's satisfaction with a particular establishment were rated by the author as follows:

Category	Rating	Comment
Courtesy and friendliness of Employees	3	
Dress and general appearance of employees	3	
Toilet facilities	3	Completely closed stool; clean
General appearance of premises	3	
Efficiency of employees	<u>3</u>	
Total points of this dispensary	15	

#### Store Facilities and Subjective Rating Hartwig Dispensary

The premises were air conditioned in what seemed to be an adequate manner. A color television set and piped in music were available. A dining room was connected to the bar at this dispensary. Other factors thought to affect the customer's satisfaction with a particular place were rated by the author as follows:

Category	Rating	Comment
Courtesy and friendliness of employees	2	Manager was friendly, but employees were not
Dress and general appearance of employees	3	
Toilet facilities	3	Closed stool; very clean
General appearance of premises	3	
Efficiency of employees	1	Did not seem very alert to customer's needs
Total points of this dispensary	<u>    </u> 12	

## Store Facilities and Subjective Rating Briskey Dispensary

The premises here were air conditioned in what seemed to be an adequate manner. There were a radio and color television set available to customers. In addition there was a coin operated juke box. This dispensary had a separate lounge room well away from the main bar. Other factors thought to affect the customer's satisfaction with a particular place were rated by the author as follows:

Category	Rating	Comment
Courtesy and friendliness of employees	3	
Dress and general appearance of employees	2	
Toilet facilities	3	Two urinals; completely closed stool
General appearance of premises	2	
Efficiency of employees	<u>3</u>	
Total points of this dispensary	13	

## Store Facilities and Subjective Rating Bob's, Inc., Dispensary

The premises were air conditioned in what seemed to be an adequate manner. There were a radio and a color television set available to customers. In addition, there were a coin operated juke box and floor for dancing. This dispensary had live entertainment on special occasions and almost every weekend. Other factors thought to affect the customer's satisfaction with a particular place were rated by the author as follows:

Category	Rating	Comment
Courtesy and friendliness of employees	3	
Dress and general appearance of employees	2	
Toilet facilities	3	Partly closed stool; clean
General appearance of premises	2	
Efficiency of employees	<u>3</u>	
Total points of this dispensary	13	

Store Facilities and Subjective Rating Chalet, Inc. Dispensary

The premises were air conditioned in what seemed to be an adequate manner. This establishment had two bars--one appeared to be a "workingman's bar," the other a "businessman's bar." In the "workingman's bar" there were a radio and a black and white television set. In the other bar, there was only piped in music. Food was served to customers of the workingman's bar in the bar while a dining room adjoined the businessman's bar. Live entertainment was presented nightly.

Other factors thought to affect a customer's satisfaction with a particular place were rated by the author as follows:



Category	Rating	Comment
Courtesy and friendliness of employees	2	
Dress and general appearance of employees	3	
Toilet facilities	3	Several facilities available
General appearance of premises	4	Workingman's bar would be rated as 3
Efficiency of employees	<u>3</u>	
Total points of this dispensary	15	

Store Facilities and Subjective Rating Coach, Inc., Dispensary

The premises were adequately air conditioned. Both a radio and a color television set were available to customers. In addition there was a coin operated juke box. The business had live entertainment nightly. It had a bar in the basement and a bar on the main floor. The basement bar did not open until after six P.M. Most of the entertainment was confined to this bar. There was a large dining room on the main floor.

Other factors thought to affect the customer's satisfaction with a particular place were rated by the author as follows:

Category	Rating	Comment
Courtesy and friendliness of employees	3	
Dress and general appearance of employees	4	
Toilet facilities	4	Large, well lighted, clean
General appearance of premises	4	
Efficiency of employees	<u>3</u>	
Total points of this dispensary	18	

## ANOKA--HASTINGS SECTION

Data on the Municipalities  
of Anoka and Hastings, Minnesota

Category	Anoka	Hastings
1960 Population	10,562	8,965
1965 Population*	11,529	10,588
1960 Median Family Income	\$5,623.	\$6,598
Percentage of Population Engaged in Manufacturing in 1960	27.4%	42.6%
Median School Years Completed--	11.4	10.7
1966 Taxable Valuation		
Real Property	\$5,903,418	\$4,298,685
Personal Property	<u>\$1,422,995</u>	<u>\$ 470,839</u>
Total Taxable Valuation	\$7,326,413	\$4,769,524
Total Property Taxes in 1966 (1966 Levy Collectible in 1967)	\$2,051,489	\$1,362,736
Total Property Taxes Payable to the Municipalities	\$ 332,033	\$ 387,381
Per Capita Municipal Property Taxes Using 1965 Census Data	\$ 28.80	\$ 36.59
Percentage of Total Property Taxes Going to Municipalities	16.2%	28.4%
1966 Mill Rate for Non-Home- stead Property		
State	17.24	17.24
County	56.32	50.50
Other Units	.22	.21
Municipal	45.32	81.22
School District Non-Agri- cultural Rate	<u>160.99</u>	<u>136.85</u>
Total Mill Rate for the Municipality	280.09	286.02

\*A special Federal Census was taken in Minnesota in 1965.  
The 1965 population figure is taken from that census report.

SOURCE: "Characteristics of the Population, Part 25, Minnesota, W.S." Census of Population 1960, Vol. 1. Department of Commerce, Bureau of the Census, ps. 25, 187, 189; and Minnesota Municipalities, Vol. 52:5. League of Minnesota Municipalities, Minneapolis, Minnesota, May, 1967, ps. 142-43.

Anoka full-time employees received the following fringe benefits in 1967:<sup>3</sup>

1. twelve days of sick leave per year,
2. six days vacation after one year of service; two weeks after two years,
3. ten paid holidays per year,
4. health insurance for the employee and his dependents at a cost to the municipality of \$13.06 per month.<sup>3</sup>

Hastings full-time employees received the following fringe benefits in 1967:<sup>4</sup>

1. twelve days of sick leave per year,
2. six days vacation after one year of service; two weeks after two years,
3. ten paid holidays per year,
4. health insurance for the employee and his dependents at a cost to the municipality of \$8.30 per month.<sup>4</sup>

#### Anoka Information

#### Accounting Statements

MUNICIPAL LIQUOR DISPENSARIES, ANOKA, MINNESOTA  
Statement of Income for the Year Ended  
March 31, 1967.

Sales		\$727,167
Cost of Sales		450,018
		\$277,149
Operating Expenses		
Salary	\$114,653.79	
Employee Benefits	9,939.53	
Rent	7,044.36	
Insurance & Bonds	5,949.41	
Misc. Expenses	13,177.39	
		\$150,764
Total Operating Exp.		\$150,764
Operating Income		\$126,385
Other Expenses		3,336
		\$123,049
Net Income		\$123,049

SOURCE: Liquor Store Fund, City of Anoka, Minnesota, pp. 22, 23, 24, 25, 26.

<sup>3</sup>1967 Municipal Salary Survey, Over 10,000 Population, op. cit., pp. 54, 61.

<sup>4</sup>Ibid., pp. 55, 62.

## MUNICIPAL LIQUOR DISPENSARIES, ANOKA, MINNESOTA

Balance Sheet as of April 10, 1966

## Assets

## Current Assets

Cash			
Treasurer's Balance		\$ (805)	
Change Funds		1,350	\$ 545
Accounts Receivable			73
Due from Recreation Fund			2,000
Inventory, at Cost			<u>87,873</u>
Total Current Assets			<u>\$90,491</u>
Fixed Assets	\$173,277		
Less Depreciation	<u>51,936</u>		\$121,341
Other Assets			
Land Held for Expansion			<u>18,848</u>
Total Assets			<u>\$230,680</u>

## Liabilities and Surplus

Current Liabilities

Accounts Payable	\$ 652		
Salaries Payable	2,541		
Due P.E.R.A. Fund	541		
Due Improvement Bonds	<u>12,000</u>		
Total Current Liabilities			\$15,734
<u>Reserve for Change Funds</u>			1,350

Surplus

Retained Earnings 4/11/1965		\$165,625	
Additions			
Net Income for Year		93,227	
Interest and Service Charges		257	
Electricity & Labor Supplied by Water and Light Fund at no Cost		<u>1,637</u>	
Total		<u>\$260,746</u>	
Deductions			
Increase in Reserve for Change Fund	\$ 150		
Appropriation to Gener- al Fund	<u>47,000</u>	<u>47,150</u>	
Balance 4/10/66		213,596	
Total Liabilities and Surplus			\$230,680

SOURCE: Report of City of Anoka for Year Ended 4/10/66,  
Drotzman Olson and Co., Minneapolis, Minnesota,  
p. 79.

## Anoka Store Facilities and Subjective Ratings

## Downtown On-Sale Dispensary

This store was adequately air conditioned. It was a rather small building and was rented from the Veterans of Foreign Wars. This organization had its club rooms in another part of the building. In the lounge, there were several entertainment devices for the customers--a radio, a black and white television set, and a coin operated juke box. This dispensary apparently served mostly blue collar workers while the other on-sale store catered to white collar workers.

The following is the author's subjective rating of this store:

Category	Rating	Comment
Courtesy and friendliness of employees	3	Helpful in giving directions
Dress and general appearance of employees	2	
Toilet facilities	2	Two urinals, one stool
General appearance of premises	2	
Efficiency of employees	<u>3</u>	
Total points of this dispensary	12	

## Greenhaven On-Sale Dispensary

This store was located at the Anoka Municipal Golf Course, part of which could be viewed from its windows. It was adequately air conditioned and furnished a radio, color television, and piped in music for the enjoyment of its patrons. Prices averaged five cents per item higher

than those of the downtown dispensary.

The following is the author's subjective rating of this dispensary:

Category	Rating	Comment
Courtesy and friendliness of employees	2	
Dress and general appearance of employees	3	
Toilet facilities	4	Very clean and well-lighted
General appearance of premises	4	Attractive inside and out
Efficiency of employees	<u>2</u>	
Total points of this dispensary	15	

#### Hastings Information

The table on the following page gives data on liquor dispensaries in Hastings.

Data on Operations of Liquor Dispensaries in Hastings

Licensee of Liquor Dis- pensary	Years business operated by licensee	Number of Employees			Hours per week Licen- see works
		Full Time	Hours per Week Full Time	Part Time	
B. Doth*	5/6	2	48	3	75
Loesch, Bros.*	21	2	48	5	54
J. McNaughton*	7	1	48	4	55
M. O'Connell <sup>¢</sup>	#	1	48	2	#
T. Olson <sup>¢</sup>	#	1 <sup>&amp;</sup>	48	2 <sup>&amp;</sup>	#
Hastings Liquor <sup>%</sup> Inc.	2½	2	48	1	None
F. Pasch <sup>%</sup>	5	1	38	0	46
G. Freiermuth <sup>%</sup>	20	0	#	1	84
		—		—	
Totals		10		18	



Liquor Dispensaries in Hastings (Cont.)

Licensee of Liquor Dis- pensary	Advertising and Promotion				Ave. Value of Whole- sale Alco- holic Inv.	Perpetual Inventory	Gave Free Pretzels, etc.
	Total? Spent	News- paper	Radio	Other			
B. Doth*	\$1000	10%	0	90%	\$ 7,000	No	No
Loesch, Bros.*	600	15%	0	85%	5,400	No	No
J. McNaughton*	750	30%	0	70%	6,000	No	No
M. O Connell <sup>c</sup>	#	#	#	#	1,500@	No	No
T. Olson <sup>c</sup>	#	#	#	#	6,000@	No	Yes+
Hastings Liquor% Inc.	136	35%	0	65%	3,600	No	Yes+
F. Pasch%	#	#	#	#	4,500	No	Yes+
G. Freiermuth%	640	0	0	100%	128,000	No	Yes+
Totals	\$3126						

\* Denotes on- and off-sale store.

@ Assessed value of inventory.

# Information not available or not applicable.

<sup>c</sup> Denotes on-sale only.

% Denotes off-sale only.

& Business primarily a supper club and employment is estimated for only on-sale liquor operation.

+ Usually bottle openers or similar item.

SOURCE: Personal communication with licensees and employees of liquor dispensaries; tax records of County Assessor, Dakota County, Minnesota.

There are only eight names on the above table: three were excluded from the survey because all were pharmacies holding off-sale liquor licenses. Only one of these was dispensing liquor in early August, 1967, the time of the author's visit. This pharmacy carried only a small stock and employed no regular employee just to dispense liquor. Since liquor then was a minor item in these businesses, they were not included in the survey. Their 1966 license fees have been included, however.

All of the on-sale dispensaries were open from eight A.M. until one A.M. Monday through Saturday excepting the O'Connell and T. Olson dispensaries. Both stores opened at four P.M. The off-sale stores opened about eight A.M. and closed at ten P.M. Monday through Saturday.

#### Hastings Store Facilities and Subjective Ratings

Store Facilities and Subjective Rating of McNaughton Dispensary.

The premises were adequately air conditioned. A radio and a black and white television set were available to customers as were a coin operated juke box and a pool table. Live entertainment was provided on Friday and Saturday evenings.

Other factors thought to affect the customer's satisfaction with a particular location were rated by the author as follows:

Category	Rating	Comment
Courtesy and friendliness of employees	3	
Dress and general appearance of employees	2	
Toilet facilities	2	Partly closed stool; slightly dirty
General appearance of premises	3	
Efficiency of employees	4	Bartender handled large number of customers well
	—	
Total points of this dispensary	14	

Store Facilities and Subjective Rating Loesch Bros. Dispensary

The premises were adequately air conditioned. A radio, color television, coin operated juke box, and a pool table were available to customers. This dispensary also had live entertainment every Friday and Saturday nights.

Other factors thought to affect the customers satisfaction with a particular location were rated by the author as follows:

Category	Rating	Comment
Courtesy and friendliness of employees	2	
Dress and general appearance of employees	2	
Toilet facilities	1	No clean towels, one large urinal, partly closed stool, unpleasant odor
General appearance of premises	3	
Efficiency of employees	<u>3</u>	
Total points of this dispensary	10	

## Store Facilities and Subjective Rating O'Connell Dispensary

This dispensary sold only at on-sale. It provided no live entertainment. The dispensary was open from four P.M. until one A.M. The premises were not air conditioned but had several fans available to provide some cooling. A radio, color television set, coin operated juke box, and a pool table were available to customers. In addition, a bird cage with a parakeet inside was present.

Other factors thought to affect a customer's satisfaction with a particular place were rated by the author as follows:

Category	Rating	Comment
Courtesy and friendliness of employees	3	
Dress and general appearance of employees	2	
Toilet facilities	2	Located in connecting hotel, adequate but inconvenient
General appearance of premises	2	
Efficiency of employees	<u>2</u>	
Total points of this dispensary	<u>11</u>	

## Store Facilities and Subjective Rating Doth Dispensary

The premises were air conditioned in an adequate manner. A radio and a color television set were available to customers. In addition there were a coin operated juke box and a pool table available. Live entertainment was provided every Friday and Saturday evening.

Other factors thought to affect the customer's satisfaction with a particular location were rated by the

author as follows:

Category	Rating	Comment
Courtesy and friendliness of employees	3	
Dress and general appearance of employees	3	
Toilet facilities	2	Partly closed stool; slightly dirty
General appearance of premises	3	
Efficiency of employees	<u>3</u>	
Total points of this dispensary	<u>14</u>	

#### Store Facilities and Subjective Rating Olson Dispensary

The premises were adequately air conditioned.

This dispensary sold only at on-sale and was not primarily a liquor dispensary. Liquor was used as a supplement to its food business. Called "The Mississippi Belle," the store was modeled after a river steamboat. A radio, color television, and a piano were available to customers.

Other factors thought to affect customer satisfaction with a particular location were rated by the author as follows:

Category	Rating	Comment
Courtesy and friendliness of employees	2	
Dress and general appearance of employees	3	
Toilet facilities	4	Two urinals, closed stool, riverboat decor, pleasant odor
General appearance of premises	3	
Efficiency of employees	<u>2</u>	
Total points of this dispensary	<u>14</u>	

## BEMIDJI-BRAINERD SECTION

Data on the Municipalities of Bemidji  
and Brainerd, Minnesota

Category	Bemidji	Brainerd
1960 Population	9,958	12,898
1960 Median Family Income	\$4,703	\$5,497
Percentage of Population Engaged in Manufacturing	9.1%	15.4%
Median School Years Completed-- Persons Over 25	11	11.2
1966 Taxable Valuation		
Real Property	\$2,992,188.	\$4,733,491.
Personal Property	\$ 793,425.	\$1,094,556.
Total Taxable Valuation	\$3,715,613.	\$5,828,047.
Total Property Taxes in 1966 (1966 Levy Collectible in 1967)	\$1,393,852.	\$1,628,720.
Total Property Taxes Payable to the Municipalities	\$ 298,364.	\$ 317,046.
Per Capita Municipal Prop- erty Taxes (1960 census)	\$ 29.96	\$ 24.58
Percentage of Total Prop- erty Taxes Accruing to Municipalities	21.4%	19.5%
1966 Mill Rate for Non- Homesteaded Property		
State	17.24	17.24
County	111.66	82.95
Municipal	80.30	54.40
School District Non- Agricultural Rate	<u>166.70</u>	<u>124.90</u>
Total Mill Rate for the Municipality	375.90	279.49

SOURCE: Census of Population, 1960, Vol. 1. Character-  
istics of the Population, Part 25, Minnesota.  
U. S. Department of Commerce, Bureau of the Cen-  
sus, ps. 143, 145, 187, 189; and Minnesota  
Municipalities, Vol. LII, No. 5, May, 1967,  
League of Minnesota Municipalities, Minne-  
apolis, Minn. ps. 142, 144.

Bemidji full-time employees received the following fringe benefits in 1967:

1. twelve days sick leave per year,
2. one week vacation after one and two years of service, and two weeks after three years,
3. six paid holidays per year.<sup>5</sup>

Brainerd full-time employees received the following fringe benefits in 1967:

1. twelve days sick leave per year,
2. two weeks vacation after one year of service, three weeks after ten years, and four weeks after twenty years of service,
3. eleven paid holidays per year,
4. health insurance for the employee and his dependents at a cost to the municipality of \$21.68 per month.<sup>6</sup>

#### Bemidji Information

#### Accounting Statements

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<sup>5</sup>1967 Municipal Salary Survey, Between 5,000 and 10,000 Population, League of Minnesota Municipalities, Minneapolis, Minnesota, p. 29.

<sup>6</sup>1967 Municipal Salary Survey, Over 10,000 Population, op. cit., pp. 54, 61.

MUNICIPAL LIQUOR DISPENSARIES, BEMIDJI, MINNESOTA  
Statement of Income for the Year Ended  
December 31, 1966

SALES	\$682,350.75	
COST OF GOODS SOLD	<u>470,561.99</u>	
GROSS PROFIT		\$211,788.76
EXPENDITURES		
Salaries		
Manager	\$ 6,487.50	
Ass't. Manager	5,662.76	
Inv. Supervisor	5,965.24	
Off-Sale Clerks	17,467.78	
Bartenders and Waiters	54,481.06	
Janitors	6,391.88	
Administrative Services	3,000.00	
Supplies, Bar and Off-Sale	4,111.79	
Supplies, Janitorial	860.78	
Schools and Conventions	199.85	
Annual Audit	491.85	
Telephone	393.71	
Fuel and Gas	958.72	
Lights and Power	4,973.25	
Water	384.28	
Sewer Rents	200.20	
Rubbish Removal	429.30	
Laundry	1,507.00	
Pest Control	152.00	
Uniform Allowance	239.41	
Insurance	4,196.91	
Rents	1,800.00	
Equipment Rental	1,984.50	
Car Hire	164.90	
Equipment maintenance	1,029.32	
Building maintenance	3,854.10	
Unclassified	152.40	
PERA (Public Employee Retirement Association)	<u>5,099.38</u>	
TOTAL EXPENDITURES		\$132,639.97
OPERATING INCOME		79,148.79
OTHER INCOME		
Discounts		29,764.36
Other		1,866.57
Total Other Income		<u>\$ 31,630.93</u>
Operating and Other Income		110,779.72
Cash Variation		197.05
NET INCOME		<u><u>\$110,582.67</u></u>

\*Public Examiner deducts Other Income and Cash Variation to arrive at figure given in Chapter II of \$108,913.

SOURCE: City of Bemidji Statement of Income and Expenses, Municipal Liquor Dispensaries, December 31, 1966,  
no page number given.



MUNICIPAL LIQUOR DISPENSARIES, BEMIDJI, MINNESOTA  
Balance Sheet as of December 31, 1966

## ASSETS

Current Assets	\$121,250.11	
Fixed Assets	<u>59,372.98</u>	
Total Assets		\$180,623.09

## LIABILITIES AND RETAINED EARNINGS

Current Liabilities	\$ 3,760.34	
Retained Earnings	<u>176,862.75</u>	
Total Liabilities and Retained Earnings		\$180,623.09

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SOURCE: Report of Audit, Al. Olson Company C.P.A., Minneapolis, Minnesota, p. 5.

## Bemidji Store Facilities and Subjective Ratings

## Primary On-Sale Dispensary

Both of the on-sale dispensaries in Bemidji were located in the downtown area. They were in fact only one block apart. One of these stores was large and well decorated and will be referred to here as the primary on-sale store. The other store was much smaller and less well decorated and will be referred to here as the secondary store.

## Primary On-Sale Dispensary

This dispensary had a separate room which was used for off-sale purposes. It was air conditioned in an adequate manner and had a radio and color television for customer enjoyment. Other factors thought to affect the customer's satisfaction with a particular place were rated by the author as follows:

Category	Rating	Comment
Courtesy and friendliness of employees	3	
Dress and general appearance of employees	4	
Toilet facilities	2	Very clean, but no clean towels when checked
General appearance of premises	3	
Efficiency of employees	<u>2</u>	
Total points of this dispensary	<u>14</u>	

#### Secondary On-Sale Dispensary

The premises were not air conditioned. City officials stated that the reason for operating this store was to keep the people who patronized it out of the main dispensary. The store was rather small and had a radio and black and white television set for the enjoyment of customers. This particular store was rented while the other on-sale dispensary was owned by the City.

Factors thought to affect the customer's satisfaction with a particular place were rated by the author as follows:

Category	Rating	Comment
Courtesy and friendliness of employees	3	
Dress and general appearance of employees	2	
Toilet facilities	2	Old but clean--closed stool
General appearance of premises	1	
Efficiency of employees	<u>2</u>	
Total points of this dispensary	<u>10</u>	

#### Brainerd Information

The table on the following page gives information concerning operations of liquor dispensaries in Brainerd.

Data on Operations of Liquor Dispensaries in Brainerd

Licensee of Liquor Dis- pensary	Years business operated by licensee	Number of Employees			Hours per Week Licen- see Works
		Full Time	Hours per Week Full Time	Part Time	
ON SALE STORES					
C. Close	4	2	48	2	60
E. Burchill	5	2	48	0	72
Log Cabin, Inc.	22*	4	48	1	68 <sup>&amp;</sup>
Land-O-Lakes Cafe, Inc.	#	2		1	70
L. Hoag	3	2	48	2	25
M. Esser	17	5	48	3	60
M. Compart	1 $\frac{1}{2}$	1	48	7	84
E. Worms	17	1	48	1	75
R. Bayer	2	5	48	2	70
OFF SALE STORES					
J. Hoeft	3 $\frac{3}{4}$	0	#	1	60
F. Ehrich	4	1	44	1	30
J. Benick	14	0	#	0	42
R. Ellwood	4	0	#	1	84
J. LaFond	1 $\frac{1}{2}$	0	#	1	48
O. Trudel	1 $\frac{1}{2}$		#		48
A. Petersen	3		42	0	42
S. Bondeson	12	0	#	0	66
W. Bednar <sup>k</sup>	7	1	48	1	64
R. Esser <sup>x</sup>	4	0	#	0	60
Totals		<u>27</u>		<u>25</u>	

Data on Operations of Liquor Dispensaries in Brainerd

Licensee of Liquor Dis- pensary	ADVERTISING & PROMOTION =				Ave. Val. of Whlse Alcoholic Inv.	Perpetual Inv.	Gave Free Pretzels. etc.
	Total % Spent	News % Paper	Radio %	Other			
ON SALE STORES							
C. Close	\$300	0	66%	33%	\$3,000	No	No
E. Burchill	\$140	0	0	100%	\$3,000	No	No
Log Cabin, Inc.	\$2,500	20%	50%	70%	\$7,000	No	No
Land-O-Lakes Cafe, Inc.	\$300	10%	50%	20%	\$14,000	No	Yes
L. Hoag	\$620	55%	35%	10%	\$3,500	No	No
M. Esser	\$1040	40%	40%	20%	\$1,800@	No	No
M. Compart	\$600	20%	80%	0	\$2,750	No	Yes
E. Worms	\$100	0	0	100%	\$1,620@	No	No
R. Bayer	\$100¢	50%	30%	20%	\$5,000	No	Yes
OFF SALE STORES							
J. Hoeft	\$400	40%	30%	30%	\$11,500	No	Yes
F. Ehrich	\$ 50	0	0	100%	\$4,500	No	Yes
J. Benick	none				\$2,500	No	No
R. Ellwood	\$ 60	0	0	100%	\$8,200	No	No
J. LaFond	none				\$4,600@	No	No
O. Trudel	\$720	10%	70%	20%	\$20,000	Yes	Yes
A. Petersen	\$100	0	0	100%	\$12,000	No	No
S. Bondeson	\$ 30	0	0	100%	\$2,700	No	No
W. Bednark	\$900	0	0	20%	\$25,000	No	No
R. Esser <sup>X</sup>	X				\$4,500	No	No
Total	\$7,940						

- ? Includes donations in the stores' name to civic and charitable groups.
- \* Years principal owner has been connected with the business.
- & Hours worked by manager of the bar.
- # Indicates information not available or not applicable.
- @ Assessed value of the inventory.
- ¢ Amount of total advertising allocated to the liquor portion of the business.
- X Employees and advertising were combined with on-sale store operated by M. Esser.

SOURCE: Personal communication with licensees and employees of liquor dispensaries and tax records of City Assessor, Brainerd, Minnesota.

There are only nine names appearing on the on-sale list and ten on the off-sale list. It was previously stated that there were ten and eleven such licenses issued in Brainerd. During the author's visit in early July of 1967 it was found the one on- and one off-sale liquor dispensaries had been closed in the fall of 1966. These two dispensaries were thus omitted from consideration in this paper. Their license fees have, however, been considered as part of the revenue received by Brainerd in 1966.

All of the on-sale dispensaries in the above list opened at eight A.M. and closed at one A.M. six days a week except those operated by the Land-O-Lakes Cafe, Inc., R. Bayer, and E. Worms. The cafe dispensary opened at eleven A.M., the Bayer dispensary opened at four P.M. and the Worms dispensary closed at ten P.M. All of the

off-sale stores were open from eight A.M. until ten P.M. Monday through Saturday except the Bondeson dispensary which closed at seven P.M.

#### Brainerd Store Facilities and Subjective Ratings

##### Store Facilities and Subjective Rating Close Dispensary

The store was adequately air conditioned and offered a color television set for customer enjoyment. It did not offer live entertainment.

Other factors thought to affect the customer's welfare, as rated by the author, were as follows:

Category	Rating	Comment
Courtesy and friendliness of employees	3	
Dress and general appearance of employees	2	
Toilet facilities	2	Clean but completely open stool
General appearance of premises	2	Rather small interior
Efficiency of employees	<u>3</u>	
Total points of this dispensary	12	

##### Store Facilities and Subjective Rating Burchill Dispensary

The premises were air conditioned in an adequate manner. A radio, color television set, coin operated juke box, and a pool table were also provided. This dispensary did not provide any type of live entertainment. Other factors thought to affect the customer's satisfaction with a particular place were rated by the author as follows:

Category	Rating	Comment
Courtesy and friendliness of employees	3	
Dress and general appearance of employees	2	
Toilet facilities	2	Battered looking; a large hole in one wall
General appearance of premises	2	
Efficiency of employees	<u>3</u>	
Total points of this dispensary	12	

Store Facilities and Subjective Rating Log Cabin, Inc.,  
Dispensary

The premises were air conditioned in an adequate manner. This dispensary was a combination restaurant and bar, separated adequately by a door. While the bar did service food customers, it did operate semi-autonomously in that many of the customers were not there to partake of the food. A radio, color television set, coin operated juke box, and a large area for dancing were provided. No live entertainment was provided, however. Other factors thought to affect the customer's satisfaction with a particular place were rated by the author as follows:

Category	Rating	Comment
Courtesy and friendliness of employees	4	Made an effort to make customers feel welcome
Dress and general appearance of employees	3	
Toilet facilities	1	Strong disagreeable odor
General appearance of premises	3	
Efficiency of employees	<u>2</u>	
Total points of this dispensary	13	

Store Facilities and Subjective Rating Land-O-Lakes Cafe  
Dispensary

The air-conditioned establishment was primarily a restaurant with the bar being used merely to supplement the restaurant business. There were some bar customers not using the eating facilities, but this was a small factor. A radio, color television, and a coin operated juke box were provided for customer enjoyment. Other factors thought to affect a customer's satisfaction were rated by the author as follows:

Category	Rating	Comment
Courtesy and friendliness of employees	3	
Dress and general appearance of employees	3	
Toilet facilities	2	Somewhat small in size
General appearance of premises	2	
Efficiency of employees	<u>2</u>	
Total points of this dispensary	12	

Store Facilities and Subjective Rating Esser Dispensary

This air conditioned business provided a radio and television for customer entertainment; in addition there were a coin operated juke box and pin ball machine. The dispensary had live entertainment every evening but Sunday during the summer months, and several times a week during the winter season. Other factors thought to affect the customer's satisfaction were rated by the author as follows:



Category	Rating	Comment
Courtesy and friendliness of employees	3	
Dress and general appearance of employees	2	
Toilet facilities	2	
General appearance of premises	3	
Efficiency of employees	<u>3</u>	
Total points of this dispensary	13	

#### Store Facilities and Subjective Rating Compart Dispensary

The business was air conditioned in what seemed to be an adequate manner. A radio, black and white television and coin operated juke box were also provided. This dispensary had live entertainment nearly every night during the summer months and on Friday and Saturday nights during the winter. Other factors thought to affect a customer's satisfaction with a particular place were rated by the author as follows:

Category	Rating	Comment
Courtesy and friendliness of employees	3	
Dress and general appearance of employees	3	
Toilet facilities	2	Clean but old
General appearance of premises	2	
Efficiency of employees	<u>2</u>	
Total points of this dispensary	12	

#### Store Facilities and Subjective Rating Worms Dispensary

The premises here were air conditioned in what seemed to be an adequate manner. A radio and black and white television set were provided for customers. In addition a coin operated juke box and pool table were

present. No live entertainment was provided. The dispensary was usually open from 8 A.M. until 10 P.M. Monday through Saturday. The owner stated that on occasion he did remain open past ten. Other factors thought to affect customer's satisfaction were rated as follows:

Category	Rating	Comment
Courtesy and friendliness of employees	3	
Dress and general appearance of employees	3	Employees surprisingly well dressed
Toilet facilities	2	No closed stool but clean
General appearance of premises	1	
Efficiency of employees	3	Bartender handled customers well
Total points of this dispensary	<u>12</u>	

#### Store Facilities and Subjective Rating Hoag Dispensary

This air conditioned establishment provided live entertainment on Wednesday, Friday, and Saturday evenings. A radio, black and white television set, coin operated juke box, and a pin ball machine were provided for customers. Other factors about the store thought to affect a customer's enjoyment were rated by the author as follows:

Category	Rating	Comment
Courtesy and friendliness of employees	4	Special effort made here to make customers feel welcome
Dress and general appearance of employees	3	
Toilet facilities	1	Inadequate; only one open stool with no urinals
General appearance of premises	2	
Efficiency of employees	<u>3</u>	
Total points of this dispensary	13	

## Store Facilities and Subjective Rating Bayer Dispensary

This air conditioned establishment provided nightly entertainment. It also provided a radio, color television set, coin operated juke box, and a pin ball machine for its customers. Other factors about the store thought to affect the customer's satisfaction with a particular place were rated by the author as follows:

Category	Rating	Comment
Courtesy and friendliness of employees	4	Tried to make customers feel welcome
General appearance of employees	4	
Toilet facilities	1	Clean, but had pay toilets
General appearance of premises	3	
Efficiency of employees	<u>3</u>	
Total points of this dispensary	15	

## NORTHFIELD-OWATONNA SECTION

Table Giving Information About the Municipalities  
of Northfield and Owatonna, Minnesota

Category	Northfield	Owatonna
1960 Population	8,707	13,409
1960 Median Family Income	\$5,692	\$5,900
Percentage of Population Engaged in Farming	8.9%	27.9%
Median School Years Completed-- Persons Over 25	12.2	11.4
1966 Taxable Valuation		
Real Property	\$2,516,492	\$8,441,258
Personal Property	\$ 356,717	\$ 783,480
Total Taxable Valuation	\$2,873,209	\$9,224,738
Total Property Taxes in 1966 (1966 Levy Collectible in 1967)	\$1,045,378	\$2,516,522
Total Property Taxes Payable to the Municipalities	\$ 216,583	\$ 658,185
Per Capita Municipal Property Taxes Using 1960 Census Data	\$ 24.87	\$ 49.08
Percentage of Total Property Taxes	20.7%	26.15%
1966 Mill Rate for Non-Home- stead Property		
State	17.24	17.24
County	56.77	51.85
Municipal	75.38	71.35
School District Non- Agricultural Rate	<u>214.71</u>	<u>132.74</u>
Total Mill Rate for the Municipality	364.10	273.18*

\*There was an increase in taxable valuation of 41.6% in Owatonna between 1965 and 1966. This was largely due to a reassessment of property: the mill rate was thus dropped from 341.11 in 1965 to the rate listed above. Footnote Minnesota Municipalities, May, 1967, p. 142. League of Minnesota Municipalities, Minneapolis, Minnesota.

SOURCE: Census of Population 1960, Vol. 1, Characteristics of the Population part 25, Minnesota. U.S. Department of Commerce, Bureau of the Census, ps. 25, 187, 188, 189; and Minnesota Municipalities, May, 1967, Vol. 52, No. 5, League of Minnesota Municipalities, Minneapolis, Minnesota, ps. 143, 144, 145.

Northfield full-time employees received the following fringe benefits in 1967:

1. two weeks sick leave per year;
2. two weeks vacation after one year of service;
3. eight paid holidays per year;
4. health insurance for employee and his dependents at a cost to the municipality of \$27.40 per month;
5. a three thousand dollar term life insurance for which the municipality bore the entire cost.<sup>7</sup>

Owatonna full-time employees received the following fringe benefits in 1965:

1. ten days sick leave per year;
2. two weeks vacation after one year's service, three weeks after fifteen years service.<sup>8</sup>

#### Northfield Information

##### Accounting Statements

MUNICIPAL LIQUOR DISPENSARY, NORTHFIELD, MINNESOTA  
Statement of Income for the Year Ended  
December 31, 1966

Sales		
On-Sale		
Liquor	\$ 57,273.93	
Beer	42,256.08	
Miscellaneous	<u>2,329.32</u>	
Total -- on-sale		\$101,859.33
Off-Sale		
Liquor	\$165,722.89	
Beer	70,003.21	
Miscellaneous	<u>3,317.42</u>	
Total -- off-sale		239,043.52
Miscellaneous Sales		<u>888.63</u>
Total Sales		<u>\$341,791.48</u>

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<sup>7</sup>1967 Municipal Salary Survey, Between 5,000 and 10,000 Population, op. cit., pp. 29, 35, 38.

<sup>8</sup>1966 Municipal Salary Survey, Over 5,000 Population, League of Minnesota Municipalities, Minneapolis, Minnesota, p. 51.

Cost of Sales		
Beginning inventory	\$ 39,237.94	
Add: Purchases		
Liquor	155,689.84	
Beer	78,258.55	
Miscellaneous	5,840.63	
Freight - in	1,723.83	
		\$280,750.79
Less: Promotional Allowances		11,170.86
		\$269,579.93
Ending Inventory		43,180.25
Cost of Sales		\$226,399.68
Gross Profit		\$115,391.80
Operating Expenses		
Salaries	\$ 34,508.28	
Bar Supplies	1,284.72	
Store Supplies	671.64	
Telephone	204.91	
Heat, Light, & Power	1,615.23	
Water, Sewer, & Garbage	359.87	
Repairs & Maintenance	1,493.02	
Laundry	948.89	
Store Expense	1,238.01	
Insurance	2,632.84	
Licenses	96.00	
Depreciation	3,874.61	
Group Insurance	469.77	
Public Employees Retirement Assn.	5,429.00	
General Administrative	1,148.55	
Total Operating Expenses		55,975.34
Profit on operations		\$ 59,416.46
Non-operating Income		
Interest Income	\$ 4,804.45	
Cash Discounts Taken	827.01	
Cash Over	17.27	
		\$ 5,648.73
Net Income		\$ 65,065.19

SOURCE: Northfield News, Thursday, May 4, 1967, p. 6.

## MUNICIPAL LIQUOR DISPENSARY, NORTHFIELD, MINNESOTA

Balance Sheet as of June 30, 1967

ASSETS			
Current Assets			
Cash Balance	\$	38,421.37	
Cash on Hand--Sales	\$	1,665.32	
Petty Cash	\$	100.00	
Change Fund	\$	4,000.00	
Prepaid Insurance	\$	(303.30)	
Inventory	\$	57,060.20	
Accounts Receivable	\$	100,005.55	
Interest Income	\$	(4,804.45)	
Accrued Interest Receivable	\$	204.40	
Current Assets			\$196,349.09
Total Investments			\$104,344.10
Fixed Assets			
Building	\$	46,432.07	
Less Depreciation	\$	11,400.01	\$34,032.06
Furniture & Fixtures	\$	23,464.64	
Less Depreciation	\$	20,167.92	\$3,296.72
Total Assets			\$37,328.78
			\$339,021.97
LIABILITIES AND SURPLUS			
Current Liabilities			
Acts. Payable	\$	8,685.01	
Current Surplus			
Current Profit	\$	37,109.87	
Unappropriated Surplus	\$	254,898.31	
Invested Fixed Assets	\$	38,328.78	
Total Surplus	\$	330,336.96	
Total Liabilities and Surplus			\$339,021.97

SOURCE: Financial Statement of Northfield Municipal Liquor Dispensary; No page number given.

Northfield Store Facilities and Subjective Rating

The Northfield municipal liquor dispensary was air conditioned in what seemed to be an adequate manner. One novel innovation in this store was an imprint on its glasses "Jesse James Slipped Here" referring to the abortive attempt of the Jesse James gang to rob the Northfield bank. The store had no television set or radio in contrast to most other liquor dispensaries visited.

The following is the author's subjective rating of this store.

Category	Rating	Comment
Courtesy and friendliness of employees	2	
Dress and general appearance of employees	2	
Toilet facilities	3	One large urinal and closed stool; also electric deodorizer
General appearance of premises	3	
Efficiency of employees	<u>3</u>	
Total points of this dispensary	13	

Owatonna Information

The table on the following page gives data concerning liquor dispensaries in Owatonna.



Data on Operations of Liquor Dispensaries in Owatonna

Licensee of Liquor Dis- pensary	Years business operated by licensee	Number of Employees			Hours per week Li- censee works
		Full Time	Hours per Week Full Time	Part Time	
ON SALE STORES					
R. Hager	3/4	1	48	4	48
C. Rademaker	1	1	48	2	60
S. Cossalter	2	1	48	5	50
J. Bulver	#	#	#	#	#
A. Schultz	20	1	48	1	60
R. Pedley	1	1	48	1	48
V. White	3½	2	42	4	65
F. Cashman	2+	3	48	4	60+
Inn Towne Motel, Inc.	#	3	48	2	#
OFF SALE STORES					
Barrett Sales	2½	0	#	1	80\$
R. Anderson	4½	0	#	2	75
M. Bion	23	0	#	1	63
A. McDons	2	1	48	3	60
M. Diedrich	24	0	#	1	85
Lance & Randall	1	0	#	2	36
L. Christy	1/5	0	#	2	60
Totals		14		35	

Data on Operations of Liquor Dispensaries in Owatonna (Cont.)

Licensee of Liquor Dis- pensary	ADVERTISING & PROMOTION =				Ave. Val. of Whlse Alcoholic Inv.	Perpetual Inv.	Gave Free Pretzels, etc.
	Total % Spent	News % Paper	Radio %	Other			
ON SALE STORES							
R. Hager	\$ 50	100%	0	0	\$3,000	No	No
C. Rademaker	\$650	15	0	85%	\$5,000	No	No
S. Cossalter	\$550c	40	0	60	\$8,000	No	No
J. Bulver					\$2,200@	No	No
A. Schultz	none				\$1,800@	No	No
R. Pedley	\$300	100	0	0	\$1,700@	No	No
V. White	\$700	30	45	25	\$2,500	No	No
F. Cashman	\$420	80	0	20	\$5,000	No	Yes
Inn Towne Motel Inc.	#				#	No	Yes
OFF SALE STORES							
Barrett Sales	\$ 50			100	\$9,000	No	Yes
R. Anderson	\$ 75			100	\$16,500	No	Yes
M. Bion	\$200	80		20	\$16,000	No	Yes
A. McDonald	\$400			100	\$20,000	Yes	Yes
M. Diedrich	\$ 50			100	\$11,000	No	Yes
Lance & Randall	none				\$7,500	No	No
L. Christy	\$200			100	\$8,500	No	Yes
Total	\$3,645						

= Includes donations given in the name of the business to civic and charitable groups.

# Indicates information not available or applicable.

c Business also served food; thus, fifty percent of eleven hundred dollars has been allocated to the bar.

@ Assessed value of inventory.

+ Figures are for manager of the business.

& Amount allocated to the liquor business.

\$ Hours worked by husband and wife.

SOURCE: Personal communication with licensees and employees of liquor dispensaries and tax records of City Assessor, Owatonna, Minnesota.

All of the on-sale dispensaries listed above opened at eight A.M. and closed at one A.M. except those operated by F. Cashman, V. White, and the Motel which opened at eleven, twelve and 10:30 A.M. respectively. The off-sale stores all opened at eight A.M. and closed at ten P.M. Monday through Saturday.

#### Owatonna Store Facilities and Subjective Ratings

##### Store Facilities and Subjective Rating Hager Dispensary

The premises were adequately air conditioned. A radio, black and white television set, coin operated juke box, and bowling machine were available for use by customers. The store did not offer live entertainment. Other factors about the store thought to affect customer enjoyment were rated by the author as follows:

Category	Rating	Comment
Courtesy and frinedliness of employees	3	
Dress and general appearance of employees	2	
Toilet facilities	2	One large urinal and a closed stool, slight unpleasant odor
General appearance of premises	2	
Efficiency of employees	<u>3</u>	
Total points of this dispensary	12	

##### Store Facilities and Subjective Rating Rademacher Dispensary

The business was adequately air conditioned. A radio, black and white television set, coin operated juke

box, and a pool table were available to customers. Live entertainment was available on special occasions but no regular schedule was followed. Other factors about the store thought to affect a customer's satisfaction with a particular place were rated by the author as follows:

Category	Rating	Comment
Courtesy and friendliness of employees	3	Made some attempt to make the cus- tomers feel welcome
Dress and general appearance of employees	2	
Toilet facilities	2	Clean but no closed stool
General appearance of premises	2	
Efficiency of employees	<u>3</u>	
Total points of this dispensary	<u>12</u>	

#### Store Facilities and Subjective Rating Cossalter Dispensary

This combination liquor dispensary and restaurant was adequately air conditioned. The liquor business was much more than a supplement to the restaurant, however. A radio and coin operated pool table were available. Live entertainment was presented usually weekends, but not necessarily every weekend. Other factors about the store thought to affect a customer's satisfaction with a particular place were rated by the author as follows:

Category	Rating	Comment
Courtesy and friendliness of employees	4	Lady bartender appeared very skilled at making customers feel welcome
Dress and general appearance of employees	3	

Toilet facilities	4	Very clean and well-lighted; two urinals; two closed stools; electric deodorizer
General appearance of premises	3	
Efficiency of employees	<u>4</u>	
Total points of this dispensary	<u>18</u>	

#### Store Facilities and Subjective Rating Pedley Dispensary

The premises were air conditioned in what seemed to be an adequate manner. A radio and black and white television set were available. In addition there were a coin operated juke box and a game of skill that required shooting a simulated gun at targets. This dispensary had live entertainment every Friday and Saturday night. Other factors about the store thought to affect a customer's satisfaction with a particular place were rated by the author as follows:

Category	Rating	Comment
Courtesy and friendliness of employees	4	Gave customers a very friendly greeting
Dress and general appearance of employees	3	
Toilet facilities	3	Clean with a closed stool
General appearance of premises	3	
Efficiency of employees	<u>3</u>	
Total points of this dispensary	<u>16</u>	

#### Store Facilities and Subjective Rating Bulver Dispensary

The premises were adequately air conditioned. A radio and black and white television set were available. This dispensary also served food but again, the liquor dispensary was not operated primarily to supplement the

food business. Live entertainment was not offered. Other factors thought to affect a customer's satisfaction with a particular place were rated by the author as follows:

Category	Rating	Comment
Courtesy and friendliness of employees	2	
Dress and general appearance of employees	2	
Toilet facilities	1	No closed stool; Poorly lighted; one large urinal
General appearance of premises	1	
Efficiency of employees	<u>3</u>	
Total points of this dispensary	9	

#### Store Facilities and Subjective Rating Schultz Dispensary

The premises were adequately air conditioned. A black and white television set, coin operated juke box, and bowling machine were available. No live entertainment was offered. Other factors about the store thought to affect a customer's satisfaction with a particular place were rated by the author as follows:

Category	Rating	Comment
Courtesy and friendliness of employees	2	
Dress and general appearance of employees	2	
Toilet facilities	2	Clean but rather dark
General appearance of premises	1	
Efficiency of employees	<u>2</u>	
Total points of this dispensary	9	

#### Store Facilities and Subjective Rating White Dispensary

The premises were adequately air conditioned. There was a coin operated juke box available to customers.

The dispensary provided live entertainment nightly. This dispensary could be better described by the term "night club." Other factors about the dispensary thought to affect a customer's satisfaction with a particular place were rated by the author as follows:

Category	Rating	Comment
Courtesy and friendliness of employees	3	
Dress and general appearance of employees	3	
Toilet facilities	3	Clean and well-lighted
General appearance of premises	3	
Efficiency of employees	<u>3</u>	
Total points of this dispensary	15	

#### Store Facilities and Subjective Rating Cashman Dispensary

The premises were adequately air conditioned. Piped in music was provided but live entertainment was not. The business was that of a restaurant with the liquor being merely a supplement to the restaurant operation. Other factors thought to affect a customer's satisfaction with a particular place were rated by the author as follows:

Category	Rating	Comment
Courtesy and friendliness of employees	3	
Dress and general appearance of employees	4	
Toilet facilities	4	Very clean and well-lighted
General appearance of premises	3	
Efficiency of employees	<u>3</u>	
Total points of this dispensary	17	

Store Facilities and Subjective Rating Inn Towne Motel  
Inc. Dispensary

The premises were adequately air conditioned.

There was piped in music for the customers. This dispensary operated, as its name implies, primarily as a motel and supper club; however, the liquor dispensary did operate semi-independently of these. The dispensary offered live entertainment every evening. Other factors about the store thought to affect a customer's satisfaction with a particular place were rated by the author as follows:

Category	Rating	Comment
Courtesy and friendliness of employees	2	
Dress and general appearance of employees	4	
Toilet facilities	3	Clean but rather small
General appearance of premises	4	
Efficiency of employees	<u>3</u>	
Total points of this dispensary	<u>16</u>	



APPENDIX SIX

ALEXANDRIA-LITTLE FALLS SECTION

Data on the Municipalities of Alexandria and Little Falls, Minnesota

1960 Population Category	Alexandria	Little Falls
1960 Population	6,713	7,551
1960 Median Family Income	\$5,031	\$5,184
Median School Years Completed--		
Persons over 25	10	9.7
Percentage of Population in		
Manufacturing	9.9%	22.9%
1966 Taxable Valuation		
Real Property	\$2,813,020	\$2,512,828
Personal Property	657,310	697,124
Total Taxable Valuation	<u>\$3,470,820</u>	<u>\$3,209,952</u>
Total Property Taxes in 1966 (1966 Levy Collected in 1967)	\$1,131,820	\$1,116,791
Total Property Taxes Payable to the Municipality	\$ 288,766	\$ 309,150
Per Capita Municipal Property Tax	\$43.02	\$40.94
Percentage of Property Taxes Going to Municipalities	25.5%	27.7%
1966 Mill Rate for Non-Homestead Property		
State	17.24	17.24
County	74.56	94.75
Municipality	83.21	96.31
School District Non- Agricultural Rate	<u>151.33</u>	<u>141.30</u>
Total Mill Rate for the Municipality	326.34	349.60

SOURCE: Census of Population, 1960, Vol. 1. Characteristics of the Population Part 25, Minnesota, U.S. Department of Commerce, Bureau of the Census, pp. 25, 189; and Minnesota Municipalities, Vol. LII, No. 5, May, 1967, League of Minnesota Municipalities, Minneapolis, Minnesota, pp. 143, 144.

Alexandria full-time employees received the following fringe benefits in 1967:

1. twelve days of sick leave per year,
2. two weeks vacation after one year of service and three weeks after 10 years service,
3. eight paid holidays per year,
4. health insurance for the employee and his dependents at a cost to the city of \$17.02 per month,
5. life insurance in the amount of \$5,000 for the employee at a cost to the city of \$1.70 per month.<sup>1</sup>

Full-time employees of Little Falls received the following fringe benefits in 1967:

1. twelve days of sick leave per year,
2. one week vacation after one year of service and two weeks after two years,
3. eleven paid holidays per year,
4. health insurance for the employee and his dependents at a cost to the municipality of \$23.44 per month.<sup>2</sup>

Alexandria Information

Accounting Statements:

MUNICIPAL LIQUOR DISPENSARIES  
 Alexandria, Minnesota  
 Statement of Income  
 for the year ended  
 December 31, 1966

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SALES:		
Liquor On-Sale		\$ 70,090.07
Off-Sale		\$361,135.97
Beer and Miscellaneous	On-Sale	\$ 21,310.14
	Off-Sale	\$ 95,816.11
TOTAL SALES		\$548,352.29

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<sup>1</sup>1967 Municipal Salary Survey between 5,000 and 10,000 Population, League of Minnesota Municipalities, Minneapolis, Minnesota, pp. 30, 35, 38.

<sup>2</sup>Ibid., pp. 24, 35.

## COST OF GOODS SOLD:

Merchandise Inventory, Jan. 1, 1966	\$ 54,050.74
Merchandise Purchased & Freight	\$390,111.26
Total	\$444,162.00
Less: Merchandise Inventory, Dec. 31, 1966	53,595.75

COST OF GOODS SOLD: \$390,566.25

GROSS PROFIT ON SALES: \$157,786.04

## OPERATING EXPENSES:

Salaries and Wages	\$56,767.56
Retirement Fund Contribution	4,002.81
Glassware, Ice, and Bar Supplies	219.38
Janitor & Sanitation Supplies	732.78
Office Supplies & Printing	378.51
Heat, Light & Power	3,839.78
Maintenance & Repairs	1,451.62
Insurance & Bonds	4,793.30
Depreciation	4,495.33
Travel Expense	430.25
Telephone	141.86
Professional Services	1,251.80
Licenses	71.00
Laundry	689.50
Store Supplies	695.99
Dues & Subscriptions	30.00
Cash <u>Over</u> and Short	(10.01)
Flowers	180.00
Music	199.10

TOTAL OPERATING EXPENSES \$80,360.56

OPERATING INCOME \$77,425.48

## OTHER INCOME:

Discounts Earned	\$2,195.36
Interest Income	400.00

Total Other Income 2,595.36

TOTAL OPERATING AND OTHER INCOME \$80,020.84

## OTHER DEDUCTIONS:

Bond Interest Expense	\$ 3,987.54
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NET INCOME \$76,033.30\*

\*Public Examiner Deducts Non-Operating Income and Expenses to arrive at figure of \$79,621. profit given in Chapter II.  
SOURCE: Annual Report, City of Alexandria, Minnesota  
1966, p. 14.

MUNICIPAL LIQUOR DISPENSARY  
Alexandria, Minnesota  
Balance Sheet as of  
December 31, 1966

ASSETS

<u>Current Assets</u>		
Cash on Hand for Deposit		\$ 9,443.34
Cash on Hand - Change Funds		600.00
- Petty Cash		100.00
Cash in Bank:		20,925.01
Accrued Interest Receivable		400.00
Merchandise Inventory (at cost)		53,595.75
Supplies Inventory		669.41
Prepaid Insurance		1,991.13
Total Current Assets		<u>\$87,724.64</u>
<u>Restricted Cash Funds</u>		\$10,000.00
Certificate of Deposit		
<u>Fixed Assets (at Cost)</u>		
Land		\$27,468.10
Building	\$127,208.51	
Less: Acc.		
Depreciation	<u>8,667.06</u>	118,541.45
Furniture, Fixtures & Equipment	\$ 25,716.44	
Less: Acc.		
Depreciation	<u>5,551.99</u>	20,164.45
Parking Lot Improve- ments	6,545.85	
Less: Acc.		
Depreciation	<u>872.21</u>	<u>5,673.64</u>
Total Fixed Assets		<u>171,847.64</u>
TOTAL ASSETS		<u>\$269,572.28</u>

LIABILITIES

<u>Current Liabilities</u>		
Accounts Payable		\$ 406.70
Accrued Bond Interest Payable		619.17
Revenue Bonds, Payable, November 1, 1967		<u>5,000.00</u>
Total Current Liabilities		<u>\$ 6,025.87</u>
<u>Long Term Debt</u>		
Revenue Bonds, due annually from November 1, 1968 to 1977, Inclusive		<u>105,000.00</u>
Total Liabilities		<u>\$111,025.87</u>

RETAINED EARNINGS

Balance, January 1, 1966	\$162,513.11	
Add: Income for year ended December 31, 1966	76,033.30	
Total	<u>\$238,546.41</u>	
Deduct: Transfers to City General Fund	80,000.00	
Balance December 31, 1966		<u>\$158,546.41</u>
TOTAL LIABILITIES AND RETAINED EARNINGS		<u>\$269,572.28</u>

SOURCE: Records of City Clerk of Alexandria, Minnesota.

#### Alexandria Store Facilities and Subjective Rating

This dispensary was air conditioned in what seemed to be an adequate manner. The store had a radio, black and white T.V. set, and piped in music for the customers. It appeared to the author that the off-sale portion of the store was more than adequate in size while the on-sale portion was somewhat small. The following is the author's subjective rating of this dispensary:

Category	Rating	Comment
Courtesy and friendliness of employees	3	
Dress and general appearance of employees	3	
Toilet facilities	3	One closed stool and two urinals, clean and well lighted
General appearance of premises	4	
Efficiency of employees	<u>3</u>	
Total points of this dispensary	16	

## Little Falls Information

The table on the following page gives information on some of the operations of the private liquor dispensaries in Little Falls.

All liquor dispensaries in Little Falls were open from 8 A.M. until 1 A.M. Monday through Saturdays, except the motel dispensary which opened at 11 A.M. and closed at midnight.

## Little Falls Store Facilities and Subjective Ratings

All Little Falls dispensaries were air-conditioned in what seemed to be an adequate manner.

## Store Facilities and Subjective Rating of Jacobson Dispensary

This dispensary had a radio and color television available to customers. In addition there was a coin operated juke box. Other factors about the store thought to affect the customer's satisfaction with a particular place were rated by the author as follows:

Category	Rating	Comment
Courtesy and friendliness of employees	3	
Dress and general appearance of employees	3	
Toilet facilities	3	Closed stool and clean
General appearance of premises	3	
Efficiency of employees	3	
Total points of this dispensary	<u>15</u>	

Data on the Operations of Liquor Dispensaries in Little Falls, Minnesota

Licensee of Liquor Dis- pensary	Years business operated by licensee	Number of Employees			Hours per week Licen- see works
		Full Time	Hours per Week Full Time	Part Time	
Arlo Jacobson	5	5	48	1	80
Fred LaFond	6	2	48	2	75
Gayle Meschke	16	3	50	0	50
Leonard Ring	22	5	48	2	60
T. J. Zulkosky	3	4	48	2	60
Pine Beach Motel Inc. On-Sale Only	#	<u>1</u>	48	<u>3</u>	#
Totals		20		10	

Liquor Dispensaries in Little Falls (Cont.)

Licensee of Liquor Dis- pensary	Advertising and Promotion				Ave. Value of Whole- sale Alco- holic Inv.	Perpetual Inventory	Gave Free Pretzels, etc.
	Total+ Spent	News- paper	Radio	Other			
Arlo Jacobson	\$1900	15%	30%	55%	\$22,000	Yes	No
Fred LaFond	\$ 100	0	0	100%	\$12,000	No	No
Gayle Meschke	\$1000	35%	35%	30%	\$12,500	No	No
Leonard Ring	\$1500	33%	33%	33%	\$30,000	No	No
T.J. Zulkosky	\$1000	5%	85%	10%	\$22,000	No	No
Pine Beach Motel Inc., On-Sale Only	None for bar \$400 per month for motel				\$11,000	No	No
Totals	\$4500						

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#Indicates information not available or not applicable.

+Includes donations to charity.

SOURCE: Personal Communications with Licensees and Employees of Liquor Dispensaries.



## Store Facilities and Subjective Rating of LaFond Dispensary

A radio set was provided for customer entertainment here. In addition there were a coin operated juke box, pool table, bowling machine, and pin ball machine. Other factors thought to affect the customer's satisfaction with a particular place were rated by the author as follows:

Category	Rating	Comments
Courtesy and friendliness of employees	3	
Dress and general appearance of employees	2	
Toilet facilities	1	No closed stool & disagreeable odor about the place
General appearance of premises	2	
Efficiency of employees	3	
Total points of this dispensary	<u>11</u>	

## Store Facilities and Subjective Rating of Meschke Dispensary

Here there were a radio and black and white television set available to customers. Also a coin operated juke box and bowling machine were found on the premises. Other factors thought to affect the customer's satisfaction with this place were rated by the author as follows:

Category	Rating	Comment
Courtesy and friendliness of employees	3	
Dress and general appearance of employees	3	
Toilet facilities	3	Completely closed stool
General appearance of premises	3	
Efficiency of employees	3	
Total points of this dispensary	<u>15</u>	

## Store Facilities and Subjective Rating of Ring Dispensary

This business provided a radio and black and white television for customers. In addition there were a coin operated juke box and pool table. Other factors about the dispensary thought to affect customer's satisfaction with a particular place were rated by the author as follows:

Category	Rating	Comment
Courtesy and friendliness of employees	4	Tried to welcome each new customer
Dress and general appearance of employees	3	
Toilet facilities	3	Clean with a closed stool
General appearance of premises	2	
Efficiency of employees	3	
Total points of this dispensary	<u>15</u>	

## Store Facilities and Subjective Rating of Zulkosky Dispensary

The premises had a radio and television available to customers. In addition there were a coin operated juke box and pool table. Other factors about the dispensary thought to affect the customer's satisfaction with a particular place were rated by the author as follows:

Category	Rating	Comment
Courtesy and friendliness of employees	4	Made strong effort to make customer feel welcome
Dress and general appearance of employees	3	
Toilet facilities	3	Both towels and air hand dryers, closed stool
General appearance of premises	2	
Efficiency of employees	3	
Total points of this dispensary	<u>15</u>	

Store Facilities and Subjective Rating of Pine Beach Motel  
Dispensary

Here there was a black and white television available to customers. In addition there was piped in music. This bar was maintained primarily to serve drinks to the adjoining dining room. Other factors about the store thought to affect the customer's satisfaction with a particular place were rated by the author as follows:

Category	Rating	Comment
Courtesy and friendliness of employees	3	
Dress and general appearance of employees	3	
Toilet facilities	3	Clean and well lighted but rather unhandy
General appearance of premises	4	
Efficiency of employees	3	
Total points of this dispensary	<u>16</u>	

## SLEEPY EYE-SPRINGFIELD SECTION

Data on the Municipalities of Sleepy Eye and Springfield,  
Minnesota

Category	Sleepy Eye	Springfield
1960 Population	3,492	2,701
1960 Median Family Income	\$4,923	\$4,922
Median School Years Completed-- Persons Over 25	8.8	9
Percentage of Population in Manufacturing	21.7%	19.2%
1966 Taxable Valuation		
Real Property	\$1,418,037	\$1,041,923
Personal Property	252,538	172,589
Total Taxable Valuation	\$1,670,575	\$1,214,512
Total Property Taxes in 1966 (1966 Levy Collected in 1967)	\$ 383,240	\$ 297,832
Total Property Taxes Payable to the Municipality	134,565	100,465
Per Capita Municipal Property Tax	\$ 38.54	\$ 37.20
Percentage of Property Taxes Going to Municipalities	35.1%	33.7%
1966 Mill Rate for Non-Homestead Property		
State	17.24	17.24
County	48.00	48.00
Municipality	80.50	82.72
School District Non- Agricultural Rate	84.32	97.85
Total Mill Rate for Municipality	230.11	245.81

SOURCE: Census of Population 1960, Vol. 1, Characteristics of the Population Part 25, Minnesota, U.S. Department of Commerce, Bureau of the Census, pp. 25, 189; and Minnesota Municipalities, Vol. LII, No. 5, May, 1967, League of Minnesota Municipalities, Minneapolis, Minnesota, pp. 143, 144.

Sleepy Eye full-time employees received the following fringe benefits in 1967:

1. fifteen days sick leave per year,
2. one week vacation after one year service, two weeks after two years service,

3. seven paid holidays per year,
4. health insurance for the employee and dependents at a cost to the city of \$7.00 per month,
5. life insurance at a cost to the city of \$1.18 per month.<sup>3</sup>

Full-time employees of Springfield received the following fringe benefits in 1967:

1. ten days sick leave per year,
2. ten days vacation after one year of service, 12 days after ten years.
3. six paid holidays per year.<sup>4</sup>

#### Sleepy Eye Information

#### Accounting Statements

Municipal Liquor Dispensary  
Sleepy Eye, Minnesota  
Statement of Income for  
the year ended  
February 28, 1967

<hr/>	
SALES:	
Liquor and Beer, Off-Sale	\$83,148.15
Liquor, On-Sale	54,566.58
Liquor, Off and On-Sale	60,404.32
Soft Drinks	1,299.80
Other Merchandise	3,166.69
Total Sales	\$202,585.54
COST OF SALES:	
	122,258.00
	\$ 80,327.54
UNALLOCATED	
Trade and Promotional Discounts	\$5,626.40
Less Freight	1,133.10
Net Unallocated	4,493.30
GROSS PROFIT	\$ 84,820.84
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<sup>3</sup>1967 Municipal Salary Survey between 1,000 and 5,000 Population, League of Minnesota Municipalities, Minneapolis, Minnesota, pp. 57, 67, 73.

<sup>4</sup>Ibid., p. 58.

OPERATING EXPENSES:		
Salaries and Wages	\$36,702.92	
Pensions and Other		
Employee Benefits	3,345.51	
Janitor	1,248.84	
Office Supply	247.64	
Utilities	4,558.16	
Maintenance and Repair	957.92	
Insurance and Bonds	2,461.70	
Depreciation	2,149.72	
Advertising	288.00	
Commissions	243.72	
Professional Services	860.00	
Taxes and Licenses	93.00	
Other Operating Expenses	163.69	
Rent	1,320.00	
	<hr/>	
Total Operating Expenses		\$54,640.82
		<hr/>
OPERATING INCOME		\$30,180.02
OTHER INCOME		
Machine Commissions	\$ 528.06	
Cash Discounts	412.16	
Interest Income	1,037.39	
Cash Over	40.16	
Rent	750.00	
Ice Sales	106.45	
	<hr/>	
Total Other Income		2,874.22
		<hr/>
TOTAL OPERATING AND OTHER INCOME		\$33,054.24
OTHER DEDUCTIONS		
Cash Short	\$ 27.93	
Misc. Deductions	14.00	
	<hr/>	
Total Other Deductions		41.93
		<hr/>
NET INCOME		\$33,012.31
		<hr/> <hr/>

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SOURCE: Auditor's Report Year Ended Feb. 28, 1967,  
Drotzmann, Olson & Co. Accountants and Auditors,  
Minneapolis, Minnesota, p. 20.

MUNICIPAL LIQUOR DISPENSARY  
Sleepy Eye, Minnesota  
Balance Sheet as of  
February 28, 1967.

<u>ASSETS</u>		
<u>Current Assets</u>		
Cash	\$11,988.76	
Certificates of Deposit	7,155.00	
Petty Cash and Change	2,050.00	
Investments - Treasury		
Certificates	9,000.00	
Accounts Receivable	14.06	
Inventory - Cost or market whichever is lower	23,692.26	
Prepaid Expenses	868.60	
Total Current Assets		\$54,768.68
<u>Fixed Assets</u>		
Cost	\$67,118.30	
Less Depreciation	<u>35,495.21</u>	
Net Fixed Assets		28,623.09
Construction Work in Progress		<u>873.00</u>
Total Assets		<u>\$84,264.77</u>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>Current Liabilities</u>		
Accounts Payable		519.30
<u>Fund Balance</u>		
Retained Earnings March 1, 1966	\$99,733.16	
Added Net Income for the Year	<u>33,012.31</u>	
Total		\$132,745.47
Deductions:		
General Fund	\$30,000.00	
Special Assessment Fund	<u>19,000.00</u>	
Total Deductions		\$49,000.00
Fund Balance February 28, 1967		<u>\$83,745.47</u>
Total Liabilities and Fund Balance		<u><u>\$84,264.77</u></u>

SOURCE: Auditor's Report Year Ended February 28, 1967,  
Drotzman, Olson & Co. Accountants and Auditors,  
Minneapolis, Minnesota, p. 19.

## Sleepy Eye Store Facilities Subjective Rating

## Store Facilities and Subjective Rating of East End Dispensary

This dispensary was air conditioned in what seemed to be an adequate manner. The store had a radio and a black and white television set available. In addition it had a coin operated juke box. This was a rather large store with many booths and much room at the bar. The following is the author's subjective rating of this store located in the east business district of the city:

Category	Rating	Comment
Courtesy and friendliness of employees	3	
Dress and general appearance of employees	2	
Toilet facilities	2	Clean but old, partly closed stool and one large urinal
General appearance of premises	2	
Efficiency of employees	3	
Total points of this dispensary	<u>12</u>	

## Store Facilities and Subjective Rating of West End Dispensary

This dispensary was not air conditioned. A radio and black and white television set were available. It remained in business largely because it was a place for older members of the community to congregate. The store was much smaller than the East End Store. It did provide booths where persons could play cards. The profit earned by this dispensary as supplied by the city clerk was \$9,748.92 while that of the East End Store was \$23,263.39. The City was



thus providing a place for older retired persons to gather and also earning a profit. It is likely that if this store were closed most customers would move to the other dispensary, but this may be resented by the older group and by those presently patronizing the East End dispensary.

The following is the author's subjective rating of the West End Store which was located in the west end of the business district.

Category	Rating	Comment
Courtesy and friendliness of employees	2	
Dress and general appearance of employees	3	
Toilet facilities	2	One large urinal and partly closed stool
General appearance of premises	1	
Efficiency of employees	<u>3</u>	
Total points of this dispensary	11	

Springfield Information

Data on the Operations of Liquor Dispensaries in Springfield, Minnesota

Licensee of Liquor Dis- pensary	Years business operated by licensee	Number of Employees			Hours per week licensee works
		Full Time	Hours per Week Full Time	Part Time	
Buff Carity	12	2*	48	2*	84
Emil Haase	½	1	48	1	&
G. Meyers	17	1	48	2	80
T. Windchied	½	0	#	2	#
Virgil Streich	12	0	#	1	80
Otto Roiger Off Sale Only	1½	1	54	1	40
Totals		5		9	

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Data on the Operations of Liquor Dispensaries in Springfield, Minnesota

Licensee of Liquor Dis- pensary	Advertising and Promotion			Average Value of Wholesale Alcoholic In- ventory	Perpetual Inventory	Gave Free Pretzels, etc.	
	Total+ Spent	News- paper	Radio Other				
Buff Carity	\$ 600 <sup>&amp;</sup>	10%	90%	-	\$ 5,000	No	No
Emil Haase	#				\$ 6,000 <sup>@</sup>	No	No
G. Meyers	\$ 200	50%		50%	\$10,000	No	No
T. Windchied	#				\$ 7,000	No	No
Virgil Streich	\$ 25			100%	\$ 6,000	No	No
Otto Roiger Off Sale Only	\$ 200			100%	\$12,000 <sup>@</sup>	No	No
Totals	<u>\$1025</u>						

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- \* Business was a combination restaurant and bar; allocation was made of employees. Total employees of the business, 7 full time, 2 part time.
- + Includes donations to charity in the store's name.
- # Information not available or applicable.
- & Most of this sum spent on restaurant aspect of the business; owner could not estimate amount allocated for the liquor trade.
- @ Assessed value of Inventory.

SOURCE: Personal communication with licensees and employees of dispensaries and records of County Assessor, New Ulm, Minnesota.

All the above Springfield dispensaries were open from 8 A.M. until midnight Monday through Saturday, except the off-sale dispensary of Otto Roiger which closed at 10 P.M.

#### Springfield Store Facilities and Subjective Ratings

##### Store Facilities and Subjective Rating of Carity Dispensary

This dispensary was operated in conjunction with a restaurant and supper club. There were some customers who came primarily to consume liquor, but it was not the major part of the business.

The premises here were air conditioned in what seemed to be an adequate manner. There were available a radio and black and white television for customer enjoyment. Also available was a coin operated juke box. Other factors about the business thought to affect the customer's satisfaction with a particular place were rated by the author as follows:

Category	Rating	Comment
Courtesy and friendliness of employees	3	
Dress and general appearance of employees	3	
Toilet facilities	1	No urinal, only one stool, location poor
General appearance of premises	2	
Efficiency of employees	<u>2</u>	
Total points of this dispensary	11	

##### Store Facilities and Subjective Rating of Haase Dispensary

The premises here were air conditioned in what seemed to be an adequate manner. There were available a radio and black and white television for customer enjoyment.

Other factors about the business thought to affect the customer's satisfaction with a particular place are rated by the author as follows:

Category	Rating	Comment
Courtesy and friendliness of employees	3	
Dress and general appearance of employees	2	
Toilet facilities	2	Clean but poorly lighted
General appearance of premises	2	
Efficiency of employees	<u>2</u>	
Total points of this dispensary	11	

#### Store Facilities and Subjective Rating Meyers Dispensary

The premises here were air conditioned in what appeared to be an adequate manner. There were available a coin operated juke box and pool table for customer use. Other factors about the store thought to affect customer's satisfaction with a particular place were rated by the author as follows:

Category	Rating	Comment
Courtesy and friendliness of employees	4	Made real effort to welcome customers
Dress and general appearance of employees	2	
Toilet facilities	1	One large urinal, closed stool, otherwise good except for disagreeable odor
General appearance of premises	2	
Efficiency of employees	<u>3</u>	
Total points of this dispensary	12	

## Store Facilities and Subjective Rating Windschied Dispensary

The premises here were air conditioned but it did not appear that the large window cooler used would be adequate cooling for very warm days. There were available a radio and black and white T.V. set for customer enjoyment. In addition there was a coin operated juke box available to customers. Other factors about the business thought to affect customer's satisfaction with a particular place were rated by the author as follows:

Category	Rating	Comment
Courtesy and friendliness of employees	3	
Dress and general appearance of employees	2	
Toilet facilities	2	Rather old, poorly lighted
General appearance of premises	2	
Efficiency of employees	2	
Total points of this dispensary	<u>11</u>	

## Store Facilities and Subjective Rating Streich Dispensary

The premises here were air conditioned in what seemed to be an adequate manner. There were available a radio and black and white T.V. set for customer enjoyment. Other factors about the business thought to affect customer's satisfaction with a particular place were rated by the author as follows:

Category	Rating
Courtesy and Friendliness of employees	3
Dress and general appearance of employees	2

Toilet facilities	2
General appearance of premises	2
Efficiency of employees	<u>3</u>
Total points of this dispensary	12

## MORRIS-SAUK CENTRE SECTION

Data on the Municipalities of Morris and Sauk Centre, Minnesota

Category	Morris	Sauk Centre
1960 Population	4,199	3,573
1960 Median Family Income	\$5,124	\$4,572
Median School Years Completed-- Persons Over 25	11.3	9.1
Percentage of Population in Manu- facturing	5.9%	7.2%
1966 Taxable Valuation		
Real Property	\$1,862,657	\$1,091,136
Personal Property	418,397	255,835
Total Taxable Valuation	\$2,281,054	\$1,346,971
Total Property Taxes in 1966 (1966 Levy Collected in 1967)	\$ 719,317	\$ 407,631
Total Property Taxes Payable to the Municipality	\$ 198,543	\$ 101,696
Per Capita Municipal Property Tax	\$ 47.28	\$ 28.46
Percentage of Property Taxes Going to Municipalities	27.6%	24.9%
1966 Mill Rate for Non-Homestead Property		
State	17.24	17.24
County	74.56	94.75
Municipality	83.21	96.31
School District Non- Agricultural Rate	151.33	141.30
Total Mill Rate for the Municipality	326.34	349.60

SOURCE: Census of Population, 1960, Vol. 1. Characteristics of the Population Part 25, Minnesota, U.S. Department of Commerce, Bureau of the Census, pp. 25, 189; and Minnesota Municipalities, Vol. LII, No. 5, May, 1967, League of Minnesota Municipalities, Minneapolis, Minnesota, pp. 143, 145, 146.

Morris full-time employees received the following fringe benefits in 1967:

1. six days sick leave per year,
2. one week vacation after a year of service and two weeks after two years,



3. eleven paid holidays per year,
4. health insurance for the employee and his dependents at a cost to the city of \$12.84 per month,
5. life insurance in the amount of \$1,000 at a cost to the city of \$1.71 per month.<sup>5</sup>

Full-time employees of Sauk Centre received the following fringe benefits in 1967:

1. twelve days sick leave per year,
2. two weeks vacation after one year service,
3. eleven paid holidays per year,
4. health insurance for the employee and his dependents apid fully by the city (no cost given).<sup>6</sup>

#### Morris Information

#### Accounting Statements

Municipal Liquor Dispensary, Morris, Minnesota  
Operating Statement for Year Ended  
December 31, 1966

GROSS SALES		\$322,648.09
Cost of Sales		
Beginning Inventory	\$ 14,943.77	
Purchases	204,433.61	
Total	\$219,377.38	
Ending Inventory	16,812.00	
Cost of Sales	202,565.38	202,565.38
GROSS PROFIT		\$120,082.71
<u>OPERATING EXPENSES</u>		
Other Purchases	\$ 549.25	
Manager Salary, Gross	6,396.00	
Clerical Salary, Gross	330.00	
Bartender " (Regular)	28,973.38	
" " (Temporary)	8,548.50	
Janitor Salary	3,690.00	
General Supplies	1,297.31	
Office Supplies	214.06	
Heating	893.09	
Electricity	3,830.78	
Soft Water Service	137.25	
Water & Sewer	120.00	
Maintenance & Repair	650.26	
Insurance & Bonds	3,076.27	

<sup>5</sup>Ibid., pp. 57, 67, 73.

<sup>6</sup>Ibid., pp. 57, 67.

Group Insurance	\$	1,479.33	
Public Employees Retirement Assn.		2,419.55	
Telephones		305.11	
Licenses		76.00	
Misc. Expense		3,200.88	
Total Operating Expense	\$	66,187.02	
Net Operating Profit			\$53,895.69
<u>Other Income</u>			
Vending Machine Commission		\$990.95	
Non-operating Income		632.04	
Total Other Income			1,622.99
<u>Other Expense</u>			
Depreciation F & F	\$	4,255.20	
Interest on Bonds		399.96	
Total Other Expense			4,655.16
Net Income			\$50,863.52

Source: Records of City Clerk, Morris, Minnesota.

At the time of the writing of this paper, no balance sheet was available for the Morris dispensary for the year ended December 31, 1966. Thus the balance sheet will be given as of December 31, 1965.

Municipal Liquor Dispensary Morris, Minnesota  
Balance Sheet as of Close of Business  
December 31, 1965.

ASSETS

Current Assets			
Cash		\$10,361.52	
Change		3,130.77	
Inventories		15,207.06	
Prepaid Insurance		1,241.62	
Total Current Assets			\$29,940.97
General Fixed Assets (Less Depreciation)			\$127,557.37
Total Assets			\$157,498.34

## LIABILITIES AND SURPLUS

Current Liabilities		
Accounts Payable	\$ 9,214.53	
Accrued Int. Payable	200.00	
	<hr/>	
Total Current Liabilities		\$ 9,414.53
Fixed Liabilities - Bonds Payable		10,000.00
		<hr/>
Total Liabilities		\$ 19,414.53
Surplus		138,083.81
		<hr/>
Total Liabilities and Surplus		\$157,498.34

SOURCE: Audit Report, City of Morris, Minnesota, for December 31, 1965, by Raymond Morris, C.P.A. Morris, Minnesota.

## Store Facilities and Subjective Ratings\*

This dispensary was air conditioned in what seemed to be an adequate manner. The present building was constructed in 1962. It contained a large basement which was used for civic meetings. The dispensary had a radio and black and white television set available for use by customers. The following is the author's subjective rating of this dispensary:

Category	Rating	Comment
Courtesy and friendliness of employees	3	
Dress and general appearance of employees	3	
Toilet facilities	3	4 urinals, 1 closed stool, clean
General appearance of premises	4	
Efficiency of employees	3	
	<hr/>	
Total points of this dispensary	16	

## Sauk Centre Information

The table on the following page gives data on the operations of liquor dispensaries in Sauk Centre, Minnesota.

All of the dispensaries in Sauk Centre were open from 8 A.M. until 1 A.M. Monday through Saturday. This was the maximum number of hours permitted by state law.

Sauk Centre Store Facilities and  
Author's Subjective Rating

Store Facilities and Author's Subjective Rating Bieringer  
Dispensary

The premises here were not air conditioned. There were available a radio, black and white television for customer's use. In addition there were a coin operated juke box, pool table, and bowling machine. Other factors about this store thought to affect the customer's satisfaction with a particular place were rated by the author as follows:

Category	Rating	Comment
Courtesy and friendliness of employees	2	
Dress and general appearance of employees	2	
Toilet facilities	1	No closed stool and dirty
General appearance of premises	2	
Efficiency of employees	3	
Total points of this dispensary	10	

Store Facilities and Author's Subjective Rating Heller  
Dispensary

The premises here were air conditioned in what seemed to be an adequate manner. There were available a radio and color television set to customers. In addition there was

Data on the Operations of Liquor Dispensaries in Sauk Centre, Minnesota

Licensee of Liquor Dis- pensary	Years business operated by licensee	Number of Employees			Hours per week licensee works
		Full Time	Hours per Week Full Time	Part Time	
E. Bieringer	5	1	#	1	60
Howard Heller	6	1	30	1	70
V. Schmid	3/4	1	52	0	52
W. Jurgens	8	1	40	2	70
W. Welle	22	<u>2</u>	51	<u>0</u>	10
Total		6		4	

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Data on the Operations of Liquor Dispensaries in Sauk Centre, Minnesota

Licensee of Liquor Dis- pensary	Advertising and Promotion				Average Value of Wholesale Alcoholic In- ventory	Perpetual Inventory	Gave Free Pretzels, etc.
	Total+ Spent	News- paper	Radio	Other			
E. Bieringer	\$ 100	#	#	#	\$ 4,500@	No	No
Howard Heller	\$ 450			100%	\$ 6,000	No	No
V. Schmid	\$ 500	20%		80%	\$11,000	No	No
W. Jurgens	\$ 200	50%		50%	\$ 5,500@	No	No
W. Welle	\$ 400			100%	\$15,000	No	No
Total	\$1650						

+ Includes donations to charity.

# Information not available or applicable.

@ Assessed value of inventory.

SOURCE: Personal communication with licensees and employees of dispensaries and records of City Assessor, Sauk Centre, Minnesota.

a coin operated juke box on the premises. Other factors about this store thought to affect the customer's satisfaction with a particular place were rated by the author as follows:

Category	Rating	Comment
Courtesy and friendliness of employees	4	Made effort to welcome customers and was one of few places where bartender poured beer for customers
Dress and general appearance of employees	3	
Toilet facilities	2	
General appearance of premises	2	
Efficiency of employees	3	
Total points of this dispensary	<u>14</u>	

#### Store Facilities and Author's Subjective Rating Schmid Dispensary

The premises here were air conditioned in what seemed to be an adequate manner. There were available a radio and black and white television set to customers. In addition there were a coin operated juke box and pool table. Other factors about the store thought to affect the customer's satisfaction with a particular place of refreshment were rated by the author as follows:

Category	Rating	Comment
Courtesy and friendliness of employees	4	Made a real effort to welcome customers
Dress and general appearance of employees	2	
Toilet facilities	2	Clean but poorly lighted

General appearance of the premises	2
Efficiency of employees	3
	<hr/>
Total points of this dispensary	13

#### Store Facilities and Author's Subjective Rating Jurgen's Dispensary

The premises here were air conditioned in what seemed to be an adequate manner. There were available a radio and black and white television to customers. In addition there was a coin operated juke box and pool table. Other factors about this dispensary thought to affect the customer's satisfaction with a particular store were rated by the author as follows:

Category	Rating	Comment
Courtesy and friendliness of employees	2	
Dress and general appearance of employees	2	
Toilet facilities	0	One large urinal, neither clean nor odor free
General appearance of premises	2	
Efficiency of employees	2	Woman bar tender seemed more interested in talking to friends than in serving customers
	<hr/>	
Total points of this dispensary	8	

#### Store Facilities and Author's Subjective Rating Welle Dispensary

The premises here were air conditioned in what seemed to be an adequate manner. There were available a radio and color television set to customers. In addition there was a coin operated juke box on the premises. Other



factors about the store thought to affect customer's satisfaction with a particular place were rated by the author as follows:

Category	Rating	Comment
Courtesy and friendliness of employees	3	
Dress and general appearance of employees	3	
Toilet facilities	1	Dirty with no closed stool
General appearance of premises	2	
Efficiency of employees	3	
	<hr/>	
Total points of this dispensary	12	

## GLENCOE-LESUEUR SECTION

Data on the Municipalities of Glencoe and LeSueur, Minnesota

Category	Glencoe	LeSueur
1960 Population	3,216	3,310
1960 Median Family Income	\$4,962	\$5,631
Median School Years Completed-- Persons Over 25	8.9	12.0
Percentage of Population in Manu- facturing	16.7%	34.4%
1966 Taxable Valuation		
Real Property	\$1,564,234	\$1,468,506
Personal Property	450,228	288,265
Total Taxable Valuation	\$2,014,462	\$1,756,771
Total Property Taxes in 1966 (1966 Levy Collected in 1967)	\$1,535,790	\$1,573,883
Total Property Taxes Payable to the Municipality	\$ 143,913	\$ 120,989
Per Capita Municipal Property Tax	\$ 44.75	\$ 36.55
Percentage of Property Taxes Going to Municipalities	26.8%	21.1%
1966 Mill Rate for Non-Homestead Property		
State	17.24	17.24
County	49.18	65.27
Municipal	71.44	68.87
School District Non- agricultural Rate	128.16	175.61
Total Mill Rate for the Municipality	266.02	326.99

SOURCE: Census of Population, 1960, Vol. 1. Characteristics of the Population Part 25, Minnesota, U.S. Department of Commerce, Bureau of the Census, pp. 25, 189; and Minnesota Municipalities, Vol. LII, No. 5, May, 1967, League of Minnesota Municipalities, Minneapolis, Minnesota, pp. 143, 146.

Glencoe full-time employees received the following fringe benefits in 1967:

1. twelve days sick leave per year,
2. two weeks vacation after one year of service,

3. eleven paid holidays per year,
4. health insurance for the employee at a cost to the city of \$19.35 per month.<sup>7</sup>

Full-time employees of LeSueur received the following fringe benefits in 1967:

1. twelve days sick leave per year,
2. two weeks vacation after one year of service, three weeks after 15 years of service,
3. seven and one-half paid holidays per year,
4. health insurance for the employee and his dependents at a cost to the municipality of \$10.51 per month.<sup>8</sup>

#### Glencoe Information

#### Accounting Statements

#### Municipal Liquor Dispensary, Glencoe, Minnesota Profit and Loss Statement for Year Ended March 31, 1966.

SALES:		\$251,182.45
Less Goods Returned		1.70
Net Sales		\$251,180.75
COST OF GOODS SOLD:		
Purchases	\$151,794.34	
Freight	1,275.47	
Inventory 3/31/65	37,684.58	
	\$192,754.39	
Less Inventory 3/31/66	35,219.13	
Total Cost of Goods Sold		157,535.26
GROSS PROFIT ON SALES:		\$ 93,645.49
OPERATING EXPENSES		
Salaries	\$ 29,062.89	
Light and Power	1,592.29	
Fuel Oil	450.58	
Utilities	166.12	
Hospital Insurance	1,066.35	

<sup>7</sup>Ibid., pp. 57-68.

<sup>8</sup>Ibid., pp. 57, 68, 73.

Annual Audit	\$	300.00	
Bad Checks		150.00	
Claim		317.80	
Public Employee Retirement		1,837.12	
Supplies		742.35	
Bar Supplies		237.98	
Phone		158.33	
Repairs		864.36	
Insurance		2,267.28	
Laundry		194.90	
Misc. Expenses all less than \$100		336.64	
Total Operating Expenses		<u>\$39,744.99</u>	<u>\$39,744.99</u>
Operating Profit			<u>\$53,900.50</u>
Miscellaneous Income			<u>104.99</u>
NET INCOME			<u><u>\$54,005.49</u></u>

SOURCE: Records of City Clerk, Glencoe, Minnesota.

No provision has been made in the above table for depreciation costs. This statement thus overstates the true profitability of the store for the period. A depreciation charge of \$1,931 was made for the year ended March 31, 1966, in the audit report of the city's accounts. If this sum is subtracted from the stated profit of \$54,005.49, the net income is reduced to \$52,074.49. This latter sum will be used as the profit figure for this period.

Municipal Liquor Dispensary, Glencoe, Minnesota  
Balance Sheet as of Close of Business  
March 31, 1966

## ASSETS

Current Assets		
Cash	\$41,075.21	
Inventory	35,214.13	
Total Current Assets		\$76,294.34
Investments		34.57
Fixed Assets		
Building	\$35,325.01	
Furniture & Fixtures	26,091.85	
Total Fixed Assets	\$61,416.86	
Less Depreciation	41,778.59	
Net Fixed Assets		19,638.27
TOTAL ASSETS		\$95,967.18

## LIABILITIES AND SURPLUS

Current Liabilities	\$ 3,705.10
Surplus	92,262.08
Total Liabilities and Surplus	\$95,967.18

SOURCE: Audit Report, City of Glencoe, March 31, 1966,  
by Waldeman Hill, C.P.A., Minneapolis, Minnesota,  
p. 50.

## Glencoe Store Facilities and Subjective Rating

The Glencoe dispensary was air conditioned in what seemed to be an adequate manner. The store had a radio and color television set available. The following is the author's subjective rating of this dispensary given with the idea that these same things would affect the enjoyment of this dispensary by a stranger visiting this particular establishment.

Category	Rating	Comment
Courtesy and friendliness of employees	3	
Dress and general appearance of employees	3	
Toilet facilities	2	Clean but rather small
General appearance of premises	2	
Efficiency of employees	<u>3</u>	
Total points of this dispensary	<u>13</u>	

#### LeSueur Dispensary

The table on the following page gives data on the operations of liquor dispensaries in LeSueur, Minnesota.

All the dispensaries in LeSueur were open from 8 A.M. to 12 P.M. weekdays and until 1 A.M. on weekends.

LeSueur Store Facilities and Subjective Ratings  
Store Facilities and Subjective Rating Coggin's Dispensary .

The premises here were air conditioned in what seemed to be an adequate manner. There were available a radio and black and white television set for customer's enjoyment. In addition there was a coin operated juke box available. Other factors thought to affect the customer's satisfaction with a particular place were rated by the author as follows:

Category	Rating	Comment
Courtesy and friendliness of employees	3	
Dress and general appearance of employees	2	
Toilet facilities	2	One large urinal, partly closed stool
General appearance of premises	2	
Efficiency of employees	<u>2</u>	
Total points of this dispensary	<u>11</u>	

Data on the Operations of Liquor Dispensaries in LeSueur, Minnesota

Licensee of Liquor Dis- pensary	Number of Years Business Operated	Number of Employees			Hours per Week Licensee Works
		Full Time	Hours per Full-Time	Part Time	
C. Coggins	*	2	48	0	*
F. West	#	0	#	0	60
W. Budke	44	1		2	48
Hixs Inc.	½"	1	48	2	"
N. Wilke On-Sale only	25	0	48	1	#
D. Savage Off-Sale only	1	0	#	3	#
		—		—	
Totals		4		10	

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Data on the Operations of Liquor Dispensaries in LeSueur, Minnesota

Licensee of Liquor Dis- pensary	Advertising and Promotion				Average Value of Wholesale Alco- holic Inventory	Perpetual Inventory	Gave Free Pretzels, etc.
	Total	News- paper	Radio	Other			
C. Coggins	#	#	#	#	\$12,600@	No	No
F. West	#	#	#	#	9,600@	No	No
W. Budke	\$200	25%	25%	50%	6,000@	No	No
Hixs Inc.	"	#	#	#	12,300@	No	No
N. Wilke On-Sale only	None				3,600@	No	No
D. Savage Off-Sale only	#	#	#	#	4,400@	No	No
Totals	\$200						

\*Licensee deceased; operated as an estate.

#Information not available or applicable.

"New owner, business is now owned by three partners.

@Assessed value of inventory, as obtained from County Assessor of LeSueur County.

SOURCE: Personal communications with licensees and employees of these dispensaries.



## Store Facilities and Subjective Rating Budke Dispensary

The premises here were air conditioned in what seemed to be an adequate manner. There were available a radio and black and white television set for use by the customer. In addition there were a coin operated juke box, pool table, and bowling machine. Other factors about the store thought to affect the customer's satisfaction with a particular place were rated by the author as follows:

Category	Rating	Comment
Courtesy and friendliness of employees	2	
Dress and general appearance of employees	2	
Toilet facilities	3	One large urinal and completely closed stool, clean
General appearance of premises	2	
Efficiency of employees	<u>2</u>	
Total points of this dispensary	11	

## Store Facilities and Subjective Rating Hixs Inc.

The premises here were air conditioned in what seemed to be an adequate manner. There was available a radio for customer enjoyment. In addition there were a coin operated juke box and pin ball machine. The store also had some live entertainment upon occasion. Other factors about the business thought to affect the customer's satisfaction with a particular place were rated by the author as follows:

Category	Rating	Comment
Courtesy and friendliness of employees	2	
Dress and general appearance of employees	2	
Toilet facilities	1	No clean towels, no closed stool
General appearance of premises	2	
Efficiency of employees	<u>2</u>	
Total points of this dispensary	9	

#### Store Facilities and Subjective Rating Wilke Dispensary

The premises here were air conditioned in what seemed to be an acceptable manner. There was a coin operated juke box available. This business, while not run merely as a supplement to the restaurant and hotel business, occupied only a small portion of the property. Drinks from this bar were served in the dining room of the hotel. Factors about the business as rated by the author were as follows:

Category	Rating	Comment
Courtesy and friendliness of employees	1	
Dress and general appearance of employees	1	
Toilet facilities	2	
General appearance of premises	1	Shabby looking building
General appearance of premises	<u>2</u>	
Total points of this dispensary	7	--

APPENDIX SEVEN

MORTON-FRANKLIN SECTION

Data on the Municipalities of Morton and Franklin,  
Plus Renville County, Minnesota

Category	Morton	Franklin
1960 Population	624	548
1960 County Median Family Income	\$3,676	\$3,676
County Median School Years Completed--Persons Over 25	8.9	8.9
Percentage of County Population in Manufacturing	5%	5%
1966 Taxable Valuation	\$168,553	\$219,663
Total Property Taxes in 1966 (1966 Levy Payable 1967)	\$ 37,031	\$ 50,237
Total Property Tax Going to Municipality	\$ 10,349	\$ 16,035
Percentage of Total Property Tax Going to Municipality	27.9%	31.9%
Per Capita Municipal Property Taxes	\$ 16.58	\$ 29.26
1966 Mill Rate for Non-Home-stead Property		
State	17.24	17.24
County	44.66	44.66
Municipality	61.4	73.00
School District Non-Agricultural Rate	<u>96.5</u>	<u>93.90</u>
Total Mill Rate for the Municipality	219.8	228.8

SOURCE: Census of Population 1960, Vol. 1, Characteristics of the Population, Part 25, Minnesota, U.S. Department of Commerce, Bureau of the Census, ps. 25, 190, 191; and Records of the State Property Tax Department.

## Morton Store Facilities and Subjective Rating

The Morton dispensary was air conditioned. A radio and color television were available as well as a coin operated juke box and pool table. The following is the author's subjective rating of this dispensary.

Category	Rating	Comment
Courtesy and friendliness of employees	3	
Dress and general appearance of employees	2	
Toilet facilities	2	Partly closed stool and clean
General appearance of premises	3	
Efficiency of employees	<u>2</u>	
Total points of this dispensary	12	

## Franklin Information

## Store Facilities and Subjective Rating Serbus Dispensary

The premises here were air conditioned in what seemed to be an adequate manner. There were available a radio and black and white television set. In addition, there was a coin operated juke box. Other factors about the store thought to affect customer's satisfaction with this type of establishment were rated by the author as follows:

Category	Rating	Comment
Courtesy and friendliness of employees	3	
Dress and general appearance of employees	3	
Toilet facilities	2	No closed stool, rather dark, but clean
General appearance of premises	2	
Efficiency of employees	<u>3</u>	
Total points of this dispensary	13	

## KEEWATIN-BUHL SECTION

Data on the Municipalities of Keewatin and Buhl, Plus Itasca and St. Louis Counties, Minnesota

Category	Keewatin	Buhl
1960 Population	1,651	1,526
1960 County Median Family Income	\$4,546.	\$5,455.
County Median School Years Completed--Persons Over 25	10.1	11.1
Percentage of County Population in Manufacturing	10.6%	14.1%
1966 Taxable Valuation	\$748,202	\$4,428,644
Total Property Taxes in 1966 (1966 Levy Payable 1967)	\$379,188.77	\$ 933,736.72
Total Property Tax Going to Municipality	\$107,741.08	\$ 189,944.54
Percentage of Total Property Tax Going to Municipality	28.4%	20.3%
Per Capita Municipal Property Tax	\$65.26	\$124.47
1966 Mill Rate for Non-Home-stead Property		
State	17.24	17.24
County	74.26	76.68
Municipal	144.00	42.89
School District Non-Agricultural Rate	<u>271.30</u>	<u>74.08</u>
Total Mill Rate for the Municipality	<u>506.80</u>	<u>210.89</u>

SOURCE: Census of Population 1960, Vol. 1, Characteristics of the Population, Part 25, Minnesota, U.S. Department of Commerce, Bureau of the Census, ps. 25, 27, 190, 191; and Records of the State Property Tax Department.

Keewatin full-time employees received the following fringe benefits in 1967:

1. two weeks vacation after two years service,
2. six paid holidays per year,
3. health insurance for the employee and dependents at a cost to Keewatin of \$38.45 per month,
4. life insurance policy in the amount of \$4,000 fully paid by the municipality.<sup>1</sup>

<sup>1</sup>1967 Municipal Salary Survey between 1,000 and 5,000 Population, League of Minnesota Municipalities, Minneapolis, Minnesota, ps. 55, 65, 72.

The full-time employees of Buhl received the following fringe benefits in 1967:

1. two weeks vacation after two years service,
2. six paid holidays per year,
3. health insurance for the employee and dependents fully paid by the municipality
4. life insurance policy in the amount of \$4,000 fully paid by the municipality.<sup>2</sup>

#### Keewatin Store Facilities and Subjective Rating

The Keewatin dispensary was not air conditioned. It did have a radio and black and white television set. There was also a coin operated juke box. The following were the author's subjective ratings of this dispensary made with the idea that these same factors would affect the enjoyment of this dispensary by other customers.

Category	Rating	Comment
Courtesy and friendliness of employees	3	
Dress and general appearance of employees	2	
Toilet facilities	3	Large, clean, 2 urinals, 1 closed stool
General appearance of premises	2	
Efficiency of employees	<u>3</u>	
Total points of this dispensary	13	

#### Buhl Information

The following table gives information on some of the operations of the private liquor dispensaries in Buhl.

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<sup>2</sup>Ibid., ps. 56, 66, 73.

Data on the Operations of Liquor Dispensaries in Buhl, Minnesota

Licensee of Liquor Dis- pensary	Number of Years Business Operated	Number of Employees			Hours per Week Licensee Works
		Full Time	Hours per Week Full Time	Part Time	
J. Ambrozich	20	1	35	2	72
M. Billy	23	1	48	1	60
F. Maras	18	0	#	1	60
S. Milacnik Off-Sale Only	4	0	#	0	#
Totals		2		4	

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Data on the Operations of Liquor Dispensaries in Buhl, Minnesota

Licensee of Liquor Dis- pensary	Advertising and Promotion			Average Value of Wholesale Alco- holic Inventory	Perpetual Inventory	Gave Free Pretzels, etc.
	Total <sup>+</sup>	News- paper	Radio Other			
J. Ambrozich	\$310		40% 60%	\$6,000	No	No
M. Billy	None			4,000	No	No
F. Maras	None			2,500	No	No
S. Milacnik Off-Sale Only	None			2,000@	No	No
Total	\$310					

\*Business destroyed by fire in 1966--reopened in 1967.

#Information not available or applicable.

+Includes donations given in store's name.

@Estimate by the author.

SOURCE: Personal communication with licensees and employees of these dispen-  
saries.



All the above on-sale dispensaries were open from eight A.M. until one A.M., Monday through Saturday.

#### Buhl Store Facilities and Subjective Ratings

None of the Buhl dispensaries were air conditioned. It was probably not very useful in this far northern Minnesota community. A good furnace would be an absolute must, however.

#### Store Facilities and Subjective Rating Ambrozich Dispensary

There were available a radio and color television set. In addition, there were a coin operated juke box and pool table. Other factors about the dispensary thought to affect the customer's satisfaction were rated by the author as follows:

Category	Rating	Comment
Courtesy and friendliness of employees	3	
Dress and general appearance of employees	3	
Toilet facilities	1	No towels available
General appearance of premises	2	
Efficiency of employees	<u>3</u>	
Total points of this dispensary	12	

#### Store Facilities and Subjective Rating Billy Dispensary

This dispensary had a radio and color television set. In addition, there were a coin operated juke box and soccer game available. Other factors about the dispensary thought to affect customer satisfaction were rated

by the author as follows:

Category	Rating	Comment
Courtesy and friendliness of employees	2	
Dress and general appearance of employees	3	
Toilet facilities	3	Clean, addquate in size
General appearance of premises	3	
Efficiency of employees	<u>3</u>	
Total points of this dispensary	14	

#### Store Facilities and Subjective Rating Maras Dispensary

The business had a radio and black and white television set available to customers. In addition, it had a coin operated juke box and pool table. Other factors about the business as rated by the author were as follows:

Category	Rating	Comment
Courtesy and friendliness of employees	4	Gave customers a big welcome
Dress and general appearance of employees	2	
Toilet facilities	1	Small and dark
General appearance of premises	1	
Efficiency of employees	<u>2</u>	
Total points of this dispensary	10	

Data on the Municipalities of Arlington and Belle Plaine  
Plus Sibley and Scott Counties, Minnesota

Category	Arlington	Belle Plaine
1960 Population	1,601	1,931
1960 County Median Family Income	\$3,862	\$5,244
County Median School Years Completed--Persons Over 25	8.7	8.9
Percentage of County Population in Manufacturing	10.7%	20.1%
1966 Taxable Valuation	\$799,089	\$939,036
Total Property Taxes in 1966 (1966 Payable 1967)	\$200,043.94	\$297,073.43
Total Property Tax Going to Municipality	\$ 42,671.35	\$ 63,863.83
Percentage of Total Property Tax Going to Municipality	21.3%	21.5%
Per Capita Municipal Property Tax	\$26.65	\$33.07
1966 Mill Rate for Non-Home-stead Property		
State	17.24	17.24
County	55.90	71.50
Municipal	53.40	68.01
School District Non-Agricultural Rate	<u>123.80</u>	<u>159.61</u>
Total Mill Rate for the Municipality	250.34	316.36

SOURCE: Census of Population 1960, Vol. 1, Characteristics of the Population, Part 25, Minnesota, U.S. Department of Commerce, Bureau of the Census, ps. 25, 27, 190, 191; and Records of the State Property Tax Department.

Arlington Information

Accounting Statements

Municipal Liquor Dispensary--Arlington, Minnesota  
Income Statement for Year Ending  
December 31, 1966

<u>Sales</u>	
Off-Sale- Liquor	\$41,885.65
- Beer	19,714.35
On-Sale- Liquor and Beer	78,350.04
Cigarette Commission	200.77
Juke Box	<u>220.80</u>
Total Sales	\$140,371.61

<u>Cost of Sales</u>	
Inventory at beginning of period	\$23,972.93
Merchandise Purchases	81,952.55
Freight	505.66
Total Cost of Sales	<u>\$106,431.14</u>
Less inventory at end of period	23,081.89
Cost of Sales	<u>\$ 83,349.25</u>
 <u>Gross Profit</u>	 \$ 57,022.36
 <u>Expenses</u>	
Salaries	\$21,353.90
Bar Supplies	554.06
Lights	681.73
Rent	1,800.00
Depreciation	774.48
Insurance	1,905.00
Employee Group Insurance	130.60
Accounting Service	350.00
Laundry	254.63
Telephone	137.77
Repairs and Maintenance	855.44
Water Softening	100.80
Miscellaneous- all less than \$100	341.43
Total Expenses	<u>\$29,237.84</u>
Net Income for Year	<u>\$27,784.52</u>

SOURCE: Financial Statement, City of Arlington, Minnesota, published in Arlington Enterprise, February 16, 1967.

Municipal Liquor Dispensary--Arlington, Minnesota  
Balance Sheet as of Close of Business  
December 31, 1966

ASSETS

Current Assets:	
Cash on Hand	\$ 500.00
Cash in Bank	\$32,088.63
Inventory	<u>\$23,081.89</u>
Total Current Assets	\$55,670.52
Fixed Assets:	
Fixtures and Equipment	\$21,889.52
Less Allowance for Depreciation	<u>\$15,935.59</u>
Net Fixed Assets	<u>\$ 5,953.93</u>
Total Assets	<u>\$61,624.45</u>

## LIABILITIES AND SURPLUS

Current Liabilities:		
Accounts Payable- Trade	\$ 3,821.11	
Surplus:	<u>\$57,803.34</u>	
Total Liabilities and Surplus		<u>\$61,624.45</u>

SOURCE: Records of City Clerk, Arlington, Minnesota.

## Arlington Store Facilities and Subjective Rating

The Arlington dispensary was air conditioned by two large window coolers. Since the store was located in a basement, the two coolers were probably adequate even on the hottest days. The dispensary had a radio and black and white television set available to customers. There was also a coin operated juke box. Following is the author's subjective ratings of this dispensary, made with the idea that these factors would affect the enjoyment of a particular place by others.

Category	Rating	Comment
Courtesy and friendliness of employees	2	
Dress and general appearance of employees	2	
Toilet facilities	4	Five urinals, one closed stool, well lighted, clean and roomy
General appearance of premises	3	
Efficiency of employees	<u>2</u>	
Total points of this dispensary	13	

From the above ratings it can be seen that if the employees had been more attentive to customers the store would have received a rating that would have placed it

near the top of all dispensaries surveyed.

The following table gives information on some of the operations of the private liquor dispensaries in Belle Plaine.

All the dispensaries listed in the table on the following page were open from 8 A.M. to midnight Monday through Thursday, and until 1 A.M. on Friday and Saturday.

#### Belle Plaine Store Facilities and Subjective Ratings

##### Store Facilities and Subjective Rating Butts' Dispensary

This dispensary seemed to be adequately air conditioned. There were a radio and color television available to customers. In addition a coin operated juke box and bowling machine were present. Live entertainment was usually presented every Friday and Saturday night. Other factors about the dispensary thought to affect a customer's satisfaction with a particular place were rated by the author as follows:

Category	Rating	Comment
Courtesy and friendliness of employees	3	
Dress and general appearance of employees	3	
Toilet facilities	3	
General appearance of premises	3	
Efficiency of employees	<u>3</u>	
Total points of this dispensary	15	

Data on the Operations of Liquor Dispensaries in Belle Plaine, Minnesota.

Licensee of Liquor Dis- pensary	Number of Years Business Operated	Number of Employees			Hours per Week Licensee Works
		Full Time	Hours per Week Full Time	Part Time	
B. Butts	3	2	50	5	50
R. Carlson	#	1	50	1	#
A. Bigot	7	0	#	2	60
W. Krant	#	1	50	4	#
U. Eichens	#	0	#	2	70
Totals		<u>4</u>		<u>14</u>	

Data on the Operations of Liquor Dispensaries in Belle Plaine, Minnesota

Licensee' of Liquor Dis- pensary	Advertising and Promotion			Average Value of Wholesale Alco- holic Inventory	Perpetual Inventory	Gave Free Pretzels, etc.
	Total+	News- paper	Radio Other			
B. Butts	\$500		20% . 80%	\$6,500	Yes	No
R. Carlson	None			4,900@	No	No
A. Bigot	None			6,000@	No	No
W. Krant	#			8,000@	No	Yes
U. Eichens	None			4,000@	No	No
Total	\$500					

+ Includes donations made in the store's name.

# Information not available or applicable.

@ Assessed value of inventory.

SOURCE: Personal communication with licensees and employees and records of county assessor, Scott County.



## Store Facilities and Subjective Rating Carlson Dispensary

The premises here were not air conditioned, but there were several large fans available for cooling. A radio was available plus a coin operated juke box and pool table. This dispensary was located in a hotel building which also served as a bus stop. Other factors about the dispensary rated by the author were as follows:

Category	Rating	Comment
Courtesy and friendliness of employees	3	
Dress and general appearance of employees	1	
Toilet facilities	1	Shared with hotel, no closed stool, disagreeable odor
General appearance of premises	1	
Efficiency of employees	<u>3</u>	
Total points of this dispensary	9	

## Store Facilities and Subjective Rating Bigot Dispensary

The premises were not air conditioned. A radio and black and white television set were available. In addition there was a coin operated juke box. Other factors rated by the author were as follows:

Category	Rating	Comment
Courtesy and friendliness of employees	3	
Dress and general appearance of employees	2	
Toilet facilities	1	No toilet paper, only one open stool
General appearance of premises	2	
Efficiency of employees	<u>2</u>	
Total points of this dispensary	10	

## Store Facilities and Subjective Rating Krant Dispensary

The Krant dispensary was air conditioned in an apparently adequate manner. It had a radio, coin operated juke box, pool table, and color television available. Other factors thought to affect customer satisfaction with a business were rated by the author as follows:

Category	Rating	Comment
Courtesy and friendliness of employees	3	
Dress and general appearance of employees	2	
Toilet facilities	3	Closed stool, one large urinal, well lighted, clean
General appearance of premises	3	
Efficiency of employees	<u>3</u>	
Total points of this dispensary	14	

## Store Facilities and Subjective Rating Eischens Dispensary

This dispensary was air conditioned in what seemed an adequate manner. There were a radio, coin operated juke box, pool table, and black and white television for use by customers. Other factors thought to affect customer satisfaction were rated by the author as follows:

Category	Rating	Comment
Courtesy and friendliness of employees	3	
Dress and general appearance of employees	3	
Toilet facilities	1	Stool and urinal in different rooms on different floors
General appearance of premises	3	
Efficiency of employees	<u>2</u>	
Total points of this dispensary	12	

## FULDA-ADRIAN SECTION

Data on the Municipalities of Fulda and Adrian Plus Murray and Nobles Counties, Minnesota

Category	Fulda	Adrian
1960 Population	1,202	1,215
1960 County Median Family Income	\$3,621	\$4,012
County Median School Years Completed	9.	9.
Percentage of County Population in Manufacturing	4.7%	11.2%
1966 Taxable Valuation	\$558,901	\$490,875
Total Property Taxes in 1966 (1966 Levy Payable 1967)	\$140,178	\$126,646
Total Property Tax Going to Municipality	\$ 40,420	\$ 48,088
Percentage of Total Property Tax Going to Municipality	28.8%	38.8%
Per Capita Municipal Property Tax Using 1960 Census	\$33.63	\$39.58
1966 Mill Rate for Non-Home- stead Property		
State	17.24	17.24
County	46.05	49.76
Municipal	72.32	100.00
School District Non- Agricultural Rate	<u>115.20</u>	<u>91.00</u>
Total Mill Rate for Municipality	250.81	258.00

SOURCE: Census of Population 1960, Vol. 1, Characteristics of the Population, Part 25, Minnesota, U.S. Department of Commerce, Bureau of the Census, ps. 25, 27, 190, 191; and Records of the State Property Tax Department.

Fulda full-time employees received the following fringe benefits in 1967:

1. twelve days sick leave per year,
2. two weeks vacation after one year's service,
3. seven paid holidays per year,
4. health insurance for the employee and his dependents at a cost to the municipality of \$8.50 per month<sup>3</sup>

<sup>3</sup>Ibid., 60, 70.

Full-time employees of Adrian received the following fringe benefits in 1967:

1. ten days sick leave per year,
2. two weeks vacation after one year of service,
3. health insurance for the employee for which the municipality pays the entire cost, dependents can be included, but the municipality pays none of this charge.<sup>4</sup>

### Fulda Information

#### Accounting Statements

Municipal Liquor Dispensary, Fulda, Minnesota  
Profit and Loss Statement for Year  
Ended December 31, 1966

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<u>Sales:</u>		\$100,634.47
<u>Cost of Sales</u>		
Inventory, Jan. 1, 1966	\$ 6,852.85	
Purchases	<u>\$64,058.50</u>	
	\$70,911.35	
Inventory, Dec. 31, 1966	<u>\$ 7,398.06</u>	
Cost of goods sold		<u>\$ 83,513.29</u>
<u>Gross Profit</u>		\$ 37,111.18
<u>Operating Expenses</u>		
Wages- Manager	\$ 6,275.00	
Wages- Other	\$ 8,162.31	
General Supplies	153.84	
Repairs and Maintenance	347.70	
Utilities	1,572.37	
Contractual Services	370.57	
Bonds & Insurance	870.73	
Refunds	345.89	
Depreciation	2,782.11	
Miscellaneous Expenses	<u>266.82</u>	
Total Operating Expenses		<u>\$21,148.34</u>

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<sup>4</sup>Ibid., 60, 70.

<u>Operating Profit</u>	\$15,962.84
Other Income	<u>\$ 4,220.53</u>
<u>Net Profit</u>	\$20,183.37

SOURCE: Financial Statement Village of Fulda, Minnesota  
as published in Fulda Press, May 11, 1967, p. 4.

Municipal Liquor Dispensary, Fulda, Minnesota  
Balance Sheet as of Close of Business  
December 31, 1966

ASSETS

Current Assets:

Cash	\$ 50.00	
Cash on Hand	500.00	
Cash in Bank	<u>17,793.00</u>	
Total Cash		\$18,343.26
Inventory		<u>7,398.06</u>
Total Current Assets		\$25,741.32

Fixed Assets:

Land		\$ 5,000.
Building	\$42,356.80	
Less Depreciation	<u>9,530.28</u>	\$32,826.52
Furniture and Fixtures	\$18,006.07	
Less Depreciation	15,150.49	<u>\$ 2,855.58</u>
Total Fixed Assets		<u>\$40,682.10</u>

\$66,423.42

LIABILITIES AND FUND BALANCE

Current Liabilities:

Accounts Payable	\$ 213.24	
Withheld Payroll Taxes	<u>445.46</u>	
Total Current Liabilities		\$ 658.70

Fund Balance

Balance January 1, 1966	\$65,081.35
Add: Profit for Year	<u>20,183.37</u>
Less: Transfers Out	<u>85,264.37</u>
	<u>19,500.00</u>

Balance December 31, 1966	<u>\$65,764.72</u>
Total Liabilities and Fund Balance	\$66,423.42

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SOURCE: Records of Village Clerk, Fulda, Minnesota.

#### Fulda Store Facilities and Subjective Rating

This dispensary was air conditioned in what seemed to be an adequate manner. The dispensary provided black and white television and a radio set. There was also a coin operated juke box available. Following is the author's subjective rating of this dispensary, made with the idea that these factors would affect the enjoyment of other customers.

Category	Rating	Comment
Courtesy and friendliness of employees	3	
Dress and general appearance of employees	3	
Toilet facilities	2	No soap in dispensary, otherwise clean with closed stool.
General appearance of premises	4	
Efficiency of employees	<u>3</u>	
Total points of this dispensary	15	

This dispensary, although in one of the smaller communities, received one of the highest ratings of all municipal dispensaries visited.

Adrian Information

Data on the Operations of Liquor Dispensaries in Adrian, Minnesota

Licensee of Liquor Dis- pensary	Number of Years Business Operated	Number of Employees		Hours per Week Licensee Works	
		Full Time	Hours per Week Full Time		Part Time
W. Reckers&	#	2	48	1	#
Yackel Bros.	13	0	#	1	55
Totals		2		2	

Data on the Operations of Liquor Dispensaries in Adrian, Minnesota

Licensee of Liquor Dis- pensary	Advertising and Promotion			Average Value of Wholesale Alco- holic Inventory	Perpetual Inventory	Gave Free Pretzels, etc.
	Total <sup>+</sup>	News- paper	Radio Other			
W. Reckers <sup>&amp;</sup>	#			\$4,800*	No	No
Yackel Bros.	\$120	15%	85%	3,500	No	No
Total	\$120					

+ Includes donations made in the store's name.

# Information not available or applicable.

& Licensee recently deceased at time of author's visit.

\* Estimated by author based on assessed value of personal property

SOURCE: Personal communications with licensees and employees of dispensaries.



Both of the above dispensaries were open from 8 A.M. until midnight Monday through Saturday.

#### Adrian Store Facilities and Subjective Ratings

##### Store Facilities and Subjective Rating Reckers Dispensary

The premises were air conditioned in what seemed to be an adequate manner. There were available a radio and black and white television set for the customer's enjoyment. In addition, there was a coin-operated juke box. Other factors about the dispensary which were thought to affect the customer's satisfaction with a particular place were rated by the author as follows:

Category	Rating	Comment
Courtesy and friendliness of employees	2	
Dress and general appearance of employees	3	
Toilet facilities	0	No wash basin or stool
General appearance of premises	1	Shabby looking exterior
Efficiency of employees	<u>2</u>	
Total points of this dispensary	<u>8</u>	

##### Store Facilities and Subjective Rating Yackel Dispensary

The premises here were air conditioned adequately and there were a radio and black and white television set available to customers. In addition there was a coin operated juke box. Other factors about the dispensary were rated by the author as follows: