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Introduction
The Alcohol and Gambling Enforcement Division is responsible to the people of Minnesota to maintain integrity in two highly regulated industries, both of which evolve constantly. Short-term goals include maintaining a comprehensive view of the industries and all their regulations, sharing resources with other agencies to promote efficiency, and streamlining processes with technology updates. All the agency’s goals, both short- and long-term, are based on service to the industry and the public, and serve as both action guides and performance-measurement tools.

Minnesota Department of Public Safety Mission
The Department of Public Safety is committed to protecting citizens and communities through activities that promote and support prevention, preparedness, response, recovery, education, and enforcement. These objectives are achieved through a focus on saving lives, providing efficient services, maintaining public trust, and developing strong partnerships.

AGED Mission
The Mission of the Alcohol and Gambling Enforcement Division is to protect and serve the public through uniform interpretation, regulation, and enforcement of the state’s liquor and gambling laws and rules. The Alcohol and Gambling Enforcement Division maintains stability and integrity in the alcoholic beverage and gaming industries through the management of licensing, education, regulation, and enforcement.

AGED Vision
The Alcohol and Gambling Enforcement Division strives to be the recognized public safety authority on alcohol and gambling regulation and enforcement in Minnesota. AGED is a progressive organization enforcing Minnesota laws and vigilantly monitoring developments in both industries to ensure consumer safety.

Core Values
- Integrity
- Impartiality
- Professionalism
- Dedication
Agency History And Staffing

After Prohibition ended, the Minnesota Liquor Control Division was formed in 1934. The Legislature created the Gambling Enforcement Division in 1989 after the first state/tribal compacts were formed for tribal gaming. The two agencies merged in 1996, forming the Alcohol and Gambling Enforcement Division of the Minnesota Department of Public Safety.

AGED has a staff of 19 full-time employees in its downtown St. Paul office. Eight of the full-time employees are sworn peace officers. Sworn agents and non-sworn liquor agents travel statewide in the course of conducting their work.
Alcohol

When Prohibition ended, a nationwide, three-tier system of alcohol circulation was put in place to assure that alcoholic beverages move in an orderly, sanctioned process from the manufacturer to a state-licensed wholesaler and on to a locally licensed retailer such as a bar, restaurant, or store. The three-tier system requires separation of producers from retailers to avoid market manipulation and pressure to increase alcohol sales without regard for social consequences.

Regulation of the three-tier system also enables proper collection of excise and sales taxes on liquor. Historically, crime, unscrupulous sales tactics, and anti-competitive business arrangements flourished in the alcohol industry absent this structure of commerce. In recent years, three license types created by statute eliminate the distributor tier. They are farm wineries, brew pubs, and breweries that produce fewer than 25,000 barrels annually. The current surge of innovation in alcohol products from craft brews to infusions are pushing boundaries and presenting challenges, but AGED’s mission to protect the public and maintain industry integrity doesn’t change.

Minnesota Alcohol Sales
(Billion Dollars)

Source: Minnesota Department of Revenue
Alcohol Licensing

There are many types of alcohol licenses issued by AGED, each with its own requirements and limits. On- and off-sale liquor licenses are issued by local jurisdictions. AGED approves and certifies those licenses, verifying that statutory requirements have been met. AGED also issues buyer’s cards to some retailers, making them eligible to purchase from distributors. State alcohol license fees have not been raised in almost ten years, and maximum fines have not increased since at least 1985.

Currently, applicants submit paper applications and payment for licenses, renewals, or buyer’s cards in person or via U.S. mail in a system that has been in place since 1990. AGED is now in the process of implementing an electronic licensing system to allow online applications and payments. This will make applications easier, reduce processing time, speed up licensing for applicants, provide more complete and current information on licenses, expand public database search capabilities, and eliminate postage costs.

Alcohol Licensing Activity

Licenses are generally classified in three categories. AGED approves, AGED certifies, AGED issues.
### Licenses Issued by AGED
- Manufacturer’s Warehouse Permit
- Wholesalers
- Brewpubs
- Brokers
- Farm Wineries
- Common-Carrier and Tour Boats
- Alcoholic Beverage Catering Permit
- Consumption and Display Permit
- Wine Educator License
- 2 a.m. License
- Ethyl Alcohol Permit
- Bed and Breakfast
- Manufacturer License
- Representative’s Identification Card
- Sales Person’s Identification Card
- Importers

AGED receives applications, checks paperwork and verifies that federal permits and bond requirements are met. Then applications go to AGED liquor agents who conduct a public-record violation check and review the application information. If an issue is found, an AGED special agent conducts a complete background check on the applicant. Liquor agents do a pre-license inspection of the business premises to verify that the applicant meets licensing standards as defined by statute.

### Licenses Approved by AGED
- County On-Sale, Sunday On-Sale and Seasonal On-Sale Intoxicating Liquor License
- Licenses located in certain areas of the Iron Range
- Club On-sale Intoxicating Liquor License
- Off-Sale Intoxicating Liquor License
- Wine License
- Off-Sale Growler License
- Combination On- and Off-sale Intoxicating Liquor License
- Temporary On-Sale Intoxicating Liquor License

These licenses are issued and approved at the local level. AGED receives an on-sale certification form and a copy of the business liquor liability insurance. Background investigations and any inspection required by local authorities are conducted at the local level. AGED issues these applicants retail ID cards.

### Licenses Certified by AGED
- City-issued, On-sale and Sunday On-sale Intoxicating Liquor License
- Municipal liquor stores AGED issues retail ID cards
- 3.2 Malt Beverage license
- Licenses in Indian Country AGED issues retail ID cards

These licenses are issued at the local level with the state providing final approval after staff receives applications, checks paperwork, and verifies liquor liability insurance. Background investigations and any inspection required by local authorities are conducted at the local level. AGED issues these applicants retail ID cards.
**Alcohol Field Inspections**

AGED liquor agents do on-site, pre-license inspections everywhere in Minnesota for licenses AGED issues and approves, but not for those it certifies. AGED liquor agents are also responsible for a variety of regulatory, enforcement, and proactive activities. The agency conducts regulatory investigations that may result in civil action taken against a licensee. The civil action can be a warning, a fine, or a license suspension or revocation. In cases of suspected criminal activity, AGED sworn agents and liquor agents work together to investigate and prosecute. AGED’s liquor agent staff has decreased since 1974 from 14 agents to three full-time agents who handle license inspections and investigate complaints for the entire state. To the left is a map of the areas covered by each of the three liquor agent positions.

**Enforcement/Compliance**

<table>
<thead>
<tr>
<th>Activity</th>
<th>FY ’09</th>
<th>FY ’10</th>
<th>FY ’11</th>
<th>FY ’12</th>
<th>FY ’13</th>
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<tr>
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<td>1,047</td>
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<td>Site Inspections</td>
<td>448</td>
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<td>479</td>
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<td>765</td>
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Education

As alcohol regulations become more complex, requests for subject-matter experts increase. Citizens, industry members, attorneys, prospective clients, government officials, and others routinely call AGED for interpretation and clarification of rules and regulations. One current goal is to reach out to all of the various industry and government groups to offer training to promote the agency mission.

Retail Alcohol Vendor Enforcement (R.A.V.E.) is a National Highway Traffic Safety Administration grant-funded initiative that allows an AGED employee to educate Minnesota law enforcement officers so they can work with licensed establishments to ensure safe and responsible alcohol service. The program places enforcement personnel into businesses that serve alcohol to (1) observe sales and service practices (2) determine if illegal sales are occurring and (3) take appropriate regulatory or criminal action.
Gambling

The gambling industry, with its estimated 3.7 billion dollar revenue, is a significant part of Minnesota’s economy. (Tribal entities are not required to report exact earnings; 3.7 billion is based on numbers reported by state agencies and estimates from tribal entities.)

The sworn agents of AGED work primarily on gambling related activities. They provide education, investigation, and enforcement services to local governments, the Gambling Control Board (GCB), the Minnesota Racing Commission (MRC) and their card rooms, the State Lottery, and the eleven tribal governments that own and operate 18 tribal casinos.

The gambling industry continues to expand in Minnesota. New forms of technology require new ways of regulating and investigating. As technologies advance, AGED must stay informed and ready to interpret or help develop laws and policies for their use. As conditions change, the goal remains the same: to maintain the integrity of gaming despite shifts in culture and technology.

Gambling Enforcement Efforts

Under Minnesota Statute, AGED is the state agency with authority to investigate criminal violations of the state’s gambling laws. In addition to providing law enforcement support to the other state gaming regulatory agencies, AGED provides law enforcement support and expertise to city and county law enforcement agencies throughout Minnesota. AGED investigations often center on theft, fraud, and identity theft related to gambling. Another key AGED service is public education on gambling laws. AGED receives a high volume of calls asking questions about gambling laws, and what is legal and illegal in Minnesota. Every effort is made to educate people prior to taking enforcement action.
Background Investigations

Per Minnesota Statute, AGED has authority to issue state gambling-device licenses and oversee state-licensed manufacturers and distributors of gambling devices. There are currently 28 gambling device manufacturers and/or distributors licensed by AGED to conduct business in Minnesota. Several more are in the application and background stage. While state statutes allow licensed gambling-device distributors to sell to the public strictly for personal use in their private dwelling, most gambling device sales are to the 18 tribal casinos. Gambling device manufacturer and distributor licenses must be renewed annually. AGED conducts comprehensive background investigations of license applicants and monitors shipments of gambling devices coming into the state. Investigations involve large numbers of complex, corporate documents and a significant amount of research. Some applicants are large, multi-national corporations located in other states or countries, with numerous subsidiaries and corporate offices.
AGED is also authorized by statute to conduct gaming license and vendor background investigations, record checks, and facility inspections as requested by the State Lottery, Gambling Control Board, and the Minnesota Racing Commission. AGED annually conducts more than 20,000 criminal-history record checks for these other state agencies and the 18 tribal casinos.

**Background Investigations**
(AGED, GCB, MRC, Lottery and Tribal)

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**Tribal Gaming**
Under the state-tribal compacts with Minnesota’s 11 Native American Tribes, AGED is the state agency with authority to monitor and conduct compact-compliance inspections of Class III gaming in the casinos. Slot machines and blackjack operations are federally defined as Class III gaming. AGED also reviews tribal gaming audits and facilitates criminal background checks on casino job applicants. There are approximately 22,000 slot machines and 300 blackjack gaming tables in the 18 tribal casinos in Minnesota. Agents travel to each casino to do inspections and audits.
Tribal Casions Across Minnesota

1. Black Bear — Cloquet
2. Fond Du Luth — Duluth
3. Fortune Bay — Tower
4. Grand Casino Hinckley — Hinckley
5. Grand Casino Mille Lacs — Onamia
6. Grand Portage — Grand Portage
7. Jackpot Junction — Morton
8. Little Six — Prior Lake
9. Mystic Lake — Prior Lake
10. Northern Lights — Walker
11. Palace — Cass Lake
12. Prairies Edge — Granite Falls
13. Seven Clans Red Lake — Red Lake
14. Seven Clans Thief River — Thief River Falls
15. Seven Clans Warroad — Warroad
16. Shooting Star — Mahnomen
17. Treasure Island — Welch
18. White Oak — Deer River

Tribal Compliance
Slot and Blackjack Inspections, Audits and Technology Upgrades (e-prints)

<table>
<thead>
<tr>
<th>FY '03</th>
<th>FY '04</th>
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<th>FY '06</th>
<th>FY '07</th>
<th>FY '08</th>
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<td>36</td>
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Budget
AGED’s allocations for fiscal year 2013 were approximately $2.1 million. AGED receives its funding from general funds, special revenue, tribal compacts, and a federal grant. AGED has managed to maintain a working balance in its budget over the years through attrition and elimination of expenses.

AGED Budget Allocation

AGED Primary Funding Sources

<table>
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<tr>
<th>Source</th>
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<tr>
<td>General Fund $1,687,000</td>
<td>79%</td>
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<tr>
<td>Special Revenue $153,000</td>
<td>7%</td>
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<tr>
<td>Tribal Compacts and Fingerprint</td>
<td>9%</td>
</tr>
<tr>
<td>Federal Grants $98,876</td>
<td>5%</td>
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AGENCY GOALS AND OUTCOME MEASURES

Deliver dedicated regulation and enforcement of alcohol laws and licenses to ensure public safety and integrity of the alcoholic beverage industry.

- Develop and implement a pre-license application and background process
- Monitor and evaluate trends impacting alcohol regulation
- Refocus regulatory oversight on AGED issued licenses and those we approve
- Collaborate with other state agencies to establish guidelines related to the initial licensing of brewers, farm wineries and distillers entering the retail market
- Ensure brand label registration compliance

Outcome indicators
- Uniformity in processes and products
- Preparedness for inquiries from citizens and legislative body
- Increased compliance with states statutory areas of responsibility

Provide uniform regulation and enforcement of gambling-related activities to ensure public safety and ethical standards in the gambling industry.

- Investigate criminal cases in a timely manner
- Partner and foster relationships with other state entities and stakeholders for efficient resolutions
- Standardize and perform efficient background investigations for licensing
- Establish protocol for gambling device licensing renewal
- Prepare agency and legislative leaders for emerging trends in the gambling industry
- Build upon tribal relationships while maintaining compact compliance standards

Outcome indicators
- New and better relationships with partner agencies allow better communication
- Work flow measurements will provide for maximum efficiency
- Preparedness for inquiries from citizens and legislative bodies.
Provide education and services to our customers, and increase visibility and assistance to local municipalities.

- Expand the prevalence of Retail Alcohol Vendor Enforcement (RAVE) through train-the-trainer program
- Utilize social media and other platforms to further branding and education efforts
- Update and improve alcohol training presentations frequently
- Establish AGED as a known industry expert through education and increasing our visibility with stakeholders
- Use education and assistance to empower local authorities to assist in our mission

**Outcome indicators**

- AGED will be well known among the industry and government agencies as the industry experts
- AGED training will be successful in furthering its mission with local governments

Focus on improving our technology and data management.

- Streamline data management procedures
- Create user friendly application process for customers
- Utilize conferences and organizations to promote interest and participation in e-licensing
- Implement all facets of the new electronic records management system within AGED

**Outcome indicators**

- Online application and payment processes operational
- Functional internal records management and report system

Develop and retain a quality diverse workforce.

- Encourage employee learning and career growth
- Institute quarterly meetings and team building efforts to further enhance department transparency
- Provide timely and honest performance feedback
- Collaborate among division personnel to foster employee satisfaction and great customer service

**Outcome indicators**

- Increased communication and employee satisfaction
Summary
The Minnesota Department of Public Safety Alcohol and Gambling Enforcement Division is a unique agency that combines regulation and enforcement services for two of Minnesota’s most highly regulated industries. Despite a declining number of staff, the agency continues to be praised for its prompt and courteous service. Consistent focus is on maintaining integrity in both industries and protecting the citizens of Minnesota.

AGED’s goals for the future are reasonable and manageable; they are based on providing better service to the citizens of Minnesota and keeping the division transparent, efficient, and effective. These goals drive every decision, and on-going evaluation provides guidance for future planning.
Alcohol and Gambling Enforcement
STRATEGIC PLAN 2014 – 2016

MISSION STATEMENT
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VISION STATEMENT
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CORE VALUES
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