

**POLICY: LIQUOR STORE DONATIONS POLICY**

ORIGINAL ADOPTION: 11/22/2016

REFERENCE NO. FIN-009

REVIEWED/UPDATED: TBD

PURPOSE

To prescribe the policies and procedures for the municipal liquor store to make donations, contributions, and/or sponsorships of money or in-kind.

SUMMARY

The City of Mound owns and operates a municipal liquor store known as Harbor Wine & Spirits and, as a municipal entity, is governed by State of Minnesota statutes. Per the Office of the State Auditor's Statement of Opinion, in most circumstances, public entities have no authority to give away public funds as donations. Generally, in order to spend money, a public entity must have the authority to do so. Authority for an expenditure may be specifically stated in statute or charter, or it may be implied as necessary to do what an express power authorizes. In addition, the expenditure must be for a "public purpose".

Following these general principles, in-kind services, donations of product and/or gift cards to people, nonprofits, charities, or other groups are not permitted. In some cases, a specific contract for services may be put in place documenting the exchange of value and determining that there is a clear public purpose in doing so.

Cities (and other municipal liquor stores) may be able to advertise the "resources of the community" per Minnesota Statute 469.188. Advertising may be accomplished in multiple ways, and the Liquor Store Manager must determine how to spend the available budget. In addition, promotional items received from vendors at no cost to the city and no retail value may be "re-gifted" to local organizations for fundraising purposes.

PROCEDURES

The Liquor Store Manager will require all requests for donations to be in writing and will use judgement to determine if honoring the request serves the interests of the liquor store either in the form of advertising or by re-gifting a vendor's promotional item, assuming there are items available.

Advertising product and services in publications will comply with Minnesota Statute 469.188. Advertising must reach a large, local audience (ex: newspapers, resource guides, programs, etc.).

A contract for services must be authorized by the City Council for any services provided to nonprofits, charities, or other groups citing specific statutory authority, documenting the exchange of value in determining that there is a clear public purpose in doing so (ex: Spirit of the Lakes Festival).

In no event will product that can be sold in the store or gift cards be given away for free.