



Legislation Text

File #: Res. 2021-022, **Version:** 1

City Council Meeting Date: March 2, 2021

To: Mayor and City Council

From: Ben Martig, City Administrator
Lynette R. Peterson, City Clerk
Brenda Angelstad, Finance Director

Consider Resolution Approving a Budget Amendment to Waive Renewal Liquor License Fees for 2021 for On-Sale Intoxicating, On-Sale Wine/3.2% Malt Liquor, Club, Taproom, Cocktail Room, Sunday and Off-Sale 3.2 Licenses, Renewal Background Check Fees and Rice County Certification Fees.

Action Requested:

Consider Resolution Approving Budget Amendment Waiving Liquor License Fees for 2021.

Summary Report:

The Council had a discussion at their February 16, 2021 Council Meeting regarding waiving liquor license fees for 2021. Based on the support expressed during the discussion, this item was included on this consent agenda for consideration of action by the City Council.

Due to the COVID-19 pandemic, Minnesota Governor Walz issued several needed executive orders that have impacted businesses. In recognition of these impacts, staff has been researching potential options to help impacted businesses. Liquor license fees are meant to pay for license issuance, inspection, monitoring compliance (insurance, training, etc.), enforcement, and compliance checks of the licensee.

A recent State Chamber of Commerce report noted that "...Minnesota had lost over 13% of its total employment and nearly 614,000 Minnesotans filed claims for unemployment insurance, marking the steepest economic downturn in over 70 years." The pandemic-induced recession had a significant impact on particular industries. According to this recent State Chamber of Commerce Report, "Leisure and hospitality alone lost half of its total jobs in the spring, with industries like full service restaurants declining by nearly 75%." (Minnesota Chamber of Commerce: Growing Minnesota Blueprint for Economic Recovery January 2021). With the effects of the pandemic allowing most businesses to only be open to full capacity about 10 weeks of 2020, staff feels waiving these renewal fees for 2021 would have a positive impact on these businesses and help them recoup some of the missed revenues from the pandemic.

The City of Northfield licensing year runs from April 1 - March 31. Northfield currently has licenses issued in the following license categories:

Type	Fee	Permitted to sell
On-sale Only:		

On-sale Intoxicating	\$2,600	All types of liquor
On-sale Wine & 3.2% malt liquor	\$800	Wine, malt liquor (strong beer, hard seltzer, cider)
On-sale Club	\$300*	All types of liquor to members
On & Off Sale:		
Taprooms/Cocktail rooms	\$300	Only the products they produce. Fee covers on & off sale
Off Sale Only:		
Off-sale 3.2% malt liquor	\$300	Permitted to sell 3.2 malt liquor off-sale only

* Fee based on number of members and is set by the State.

City Code Sec. 6-63 (c) states in part that no license shall be granted or renewed for operation on any premises on which taxes, assessments, service charges or other financial claims of the city or of the state are delinquent. Staff recommends that the waiving of renewal fees follow this same language related to delinquent financial claims of the City.

Rice County Board of Commissioners waived the liquor license fees for year 2021 at their January 26 Board Meeting. The City of Faribault has reduced their liquor license fees by 50% for 2021. Cities in Dakota County have been across the board with either issuing refunds/credits from 4-12 months, reducing fees or waiving fees for 6-12 months.

Alternative Options:

Council could choose partially waive the 2021 renewal fees, not to waive fees at all or change the licensing categories proposed to waive renewal fees.

Financial Impacts:

Estimated financial impacts for waiving renewal liquor license fees for 2021 for On-Sale Intoxicating, On-Sale Wine/3.2% Malt Liquor, Club, Taproom, Cocktail Room, Sunday and Off-Sale 3.2 Licenses, renewal background check fees and Rice County certification fees is as follows:

License Type	Per License	Total Cost
On-sale Intoxicating	\$2,600	\$49,400
On-sale Wine/3.2	\$800	\$6,400
Club	\$300	\$300
Off-Sale 3.2	\$300	\$1,500
Taproom/Cocktail Room	\$300	\$900
Sunday	\$200	\$3,800
Background Check	\$200	\$7,000
Rice County Certification	\$10	\$350
Grand Total		\$69,650

In the 2021 Budget, Liquor License fees were budgeted at \$79,000 and the budget amendment resolution

reflects this number.

The funding would come from the general fund designated reserves. The City had designated reserves of over \$650,000 for a contingency in the event of local government aid cuts from the State of Minnesota. While the budget session is in process, it appears very unlikely there would be any local government aid cuts for the budget they are preparing for the next two years.

The Federal government is also exploring additional stimulus that may be available to cover these costs. However, that is an unknown at this point and still pending.

Tentative Timelines:

- March 2nd - Regular Meeting Proposed Consent Agenda

The Northfield City Council considers approving the attached Resolution approving a budget amendment waiving renewal liquor license fees for 2021 for On-Sale Intoxicating, On-Sale Wine/3.2% Malt Liquor, Club, Taproom, Cocktail Room, Sunday and Off-Sale 3.2 Licenses, renewal background check fees and Rice County certification fees.