

LIQUOR LICENSING FEES

LIQUOR LICENSE FEES

HISTORY:

- Vote of the electors of the City of Brookings held April 19, 1955
 - Election Canvass first declared the issue defeated – difference of 4 votes.
 - Brookings County Recount Board filed on May 31, 1955, determined the measure passed.
- SDCL 35-3-37
- “Shall a license or licenses for the sale of intoxicating liquor be issued to the City of Brookings?”
- PASSED: Resolution 839 - “to allow for the sale of intoxicating liquors within the City of Brookings and to provide funds as is necessary to establish and maintain such business.” (as a package dealer)
- City-held license effective as of July 1, 1955.

(RL) On-Sale Liquor License

On-Sale: consumption on the licensed premise (retail)
(SDCL 35-1-1)

Example – Bar, Restaurant

(RL) On-Sale Liquor License

- 18 licensees – limited by population
- Licenses Issued: January 1 - December 31
- Operating Agreements: 10-year, with a 5-year mid-term renewal

(RL) On-Sale Liquor License

Fees (SDCL 35-4-2(4)):

- Initial license Fee: \$25,000
- Resolution 38-11 (2011)
 - cannot be less than \$1 for each person residing within the municipality as measured by the last preceding federal census.
- Renewal Fee: \$1,500

(RR) Full-Service Restaurant On-Sale Liquor License

Full-Service Restaurant (SDCL 35-4-110)

Restaurant at which a waiter or waitress delivers food and drink offered from a printed food menu to patrons at tables, booths, or the bar. Restaurant that only serves fry orders or foodstuffs such as sandwiches, hamburgers, or salads is not a full-service restaurant.

- 60% of the gross revenue of the restaurant is derived from the sale of food and nonalcoholic beverages

(RR) Full-Service Restaurant Liquor License

- 2 Licensees – not limited by population
- Licenses Issued: January 1 - December 31
- Operating Agreements: 10-year, with a 5-year mid-term renewal

(RR) Full-Service Restaurant Liquor License

(SDCL 35-4-116)

- Ordinance 30-08 - licensing procedures
- Resolution setting fee w/in 90 days of approving Ordinance
- Fee for RR Liquor License was set for a period of 10 years.
- Initial Fee for the license was set at or above current fair market value (SDCL 35-4-117).
 - BASED ON documented price of the on-sale license most recently sold ;through an arm's length transaction, less the value of any real or personal property included in the transaction.

(RR) Full-Service Restaurant Liquor License

Fees (SDCL 35-4-116):

- Initial license Fee: \$100,000
- Resolution 38-11 (2011)
 - cannot be less than \$1 for each person residing within the municipality as measured by the last preceding decennial federal census.
 - Fee set for 10 years.
- Renewal Fee: may not exceed \$1,500

(RR) Full-Service Restaurant Liquor License

Renewal Requirements (SDCL 35-4-113):

- 60% gross revenue from sale of food and nonalcoholic beverages.
- Annual Report filed stating food and nonalcoholic beverage gross revenues and total gross revenues (report is confidential).

The 60% gross revenue requirement can be more restrictive than state law, but not less than. (E.g. percentage requirement could be increased to 75%, but not decreased to 40%)

First Class Municipalities – comparables

<u>Municipality</u>	<u>Population</u>	<u>On-Sale Liquor Fee</u>		<u>Full-Service On-Sale Liquor Restaurant Fee</u>		<u>Re-evaluation of fee</u>
Harrisburg	6,732	\$5,698	all licenses issued	\$4,089	1 licensee	No.
Sturgis	7,020	\$0	all licenses issued	\$650,000	none issued	No.
Brandon	11,048	\$6 / 1,000 population	all licenses issued	\$0	did not adopt	No.
Vermillion	11,695	\$0	all licenses issued	\$95,000	none issued	No.
Spearfish	12,193	\$0	all licenses issued	\$130,000	3 licensees	No.
Pierre	14,091	\$0	all licenses issued	\$110,000	1 licensee	No.
Huron	14,263	\$1,500	all licenses issued	\$75,000	none issued	No.
Yankton	15,411	\$0	all licenses issued	\$70,000	4 licensees	No.
Mitchell	15,660	\$0	over the limit due to annexations	\$190,000	none issued	No.
Watertown	22,655	\$0	over the limit due to annexations	\$100,000	none issued	No.
Brookings	23,377	\$25,000	all licenses issued	\$100,000	2 licensees	Yes.
Aberdeen	28,495	\$0	over limit due to annexations	\$100,000	3 licensees	No.
Rapid City	74,703	\$295,000	all licenses issued	\$295,000	2 licensees	No.
Sioux Falls	192,517	\$411,000	set by utilizing bid system - all licenses issued	\$192,517	7 licensees	Yes. Re-evaluated in 2023 -- decreased fee to \$1/resident

Brookings Area Chamber – survey results

Survey of 700 business, with 22 responses. – survey ran for 2 weeks / closing on October 25th.

Survey asked:

- Keep the restaurant liquor license fee at \$100,000 31%
- Set the RLL to \$1/person in City population 36%
- Set the RLL to a license fee at a different amount (50K, &75K, etc.) 22%
- No opinion 9%
- Additional thoughts on the topic.

Comments from surveys:

- Change fee to \$75,000.
- Don't want to devalue existing businesses with these licenses.
- Do not change the existing license fee.

On-Sale Liquor Licenses - Restricted by Population

SDCL 35-4-11. Municipal determination of number of licenses and amount of fees--Maximum number of on-sale licenses.

- The number of on-sale licenses issued
 - may not exceed **three each for the first 1,000 of population** or fraction thereof and
 - may not exceed **one each for each additional 1,500 of population or fraction thereof**
- The municipal governing body shall also establish the fee for on-sale licenses pursuant to subdivisions 35-4-2(4) and (13).
 - fee applies to all such on-sale licenses issued in the ensuing calendar year
- Population is equal to the population estimates published by the United States Census Bureau for each even-numbered year, except for the decennial year.
 - for a decennial year, population is equal to the amount determined by the decennial federal census

US Census Bureau Census Data

Brookings, SD

2000 – 18,560 (decennial year)

2010 – 22,056 (decennial year)

2020 – 23,377 (decennial year)

2022 – 23,993

2024 – ???

2030 – ??? (decennial year)

Population is equal to the population estimates published by the United States Census Bureau for each even-numbered year, except for the decennial year.

For a decennial year, population is equal to the amount determined by the decennial federal census.

Source: www.census.gov

of On-Sale Licenses Issued (SDCL 35-4-11)

<u>Population</u>	<u># of licenses</u>
1,000	3
1 for each 1,500	14
1,377 (fraction of 1,500)	1
493 (fraction of 1,500)	1 (1 additional license could be issued)

Population is equal to the population estimates published by the United States Census Bureau for each even-numbered year, except for the decennial year.

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Questions?