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Title: Adopt a resolution for a six-month waiver of certain liquor and tobacco license renewal fees and a one-year waiver of fees for outdoor seating permits for the 2020-2021 license year

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Date	Ver.	Action By	Action	Result
10/20/2020	1	City Council	adopted	Pass

CITY COUNCIL AGENDA ITEM

ACTION REQUESTED:

Adopt a resolution for a six-month waiver of certain liquor and tobacco license renewal fees and a one-year waiver of fees for outdoor seating permits for the 2020-2021 license year

DEPARTMENT: Legal Department

SUBMITTED BY: Jennifer Lutzke, Senior Assistant City Attorney

BOARD/COMMISSION REVIEW:

On June 4, 2020, in response to the COVID-19 pandemic, the Liquor Commission unanimously recommended that the Naperville City Council waive certain liquor and tobacco license renewal fees for the 2020-2021 license year.

BACKGROUND:

On March 13, 2020, the President of the United States declared a national emergency in response to the COVID-19 outbreak. Thereafter, the Illinois Governor, J.B. Pritzker (Governor) issued a series of executive stay-at-home orders and completely, or partially, suspended non-essential business operations. On March 16, 2020, the Governor suspended service of food and beverages for on-premises consumption; restaurants and bars could sell food and drink for carryout only. On-premises consumption was restricted until outdoor seating was permitted on May 29, 2020. As of June 26, 2020, restaurants and bars can offer indoor dining with groups of ten or less, with tables spaced six feet apart in seated areas, and with standing areas at no more than 25% of capacity.

On March 18, 2020, the Liquor Commissioner, Mayor Chirico (Mayor) suspended the City’s liquor license renewal process and associated late fees. The Mayor also issued Executive Order 2020-03 (EO-3) allowing Class A - Restaurants, Class B - Restaurant and Tavern, Class J - Hotel/Motel and Tavern, and Class P - Manufacturer to sell packaged alcoholic liquor and mixed cocktails for delivery

and carryout. The Class P - Manufacturer was included to allow licensees to conduct third party-delivery. EO-3 also allows Class B - Restaurant and Tavern license holders to sell growlers consistent with the state law.

Restrictions related to the pandemic also impacted certain cigarette and tobacco dealers. In response, the Mayor issued Executive Order 2020-06, which *inter alia*, suspended the Cigarette and Tobacco Dealer's license renewal process. On May 1, 2020, tobacco and alternative nicotine stores reopened with curbside pickup and delivery. As of May 29, 2020, these retail businesses reopened with capacity restrictions.

Since May 29, service of food and beverages for on-premises consumption has remained opened, but COVID-19 mitigation efforts remained in place in Will County from August 26, 2020 to September 18, 2020. Service of food and beverages consumption was limited during that period to outdoor seating which impacted 27 liquor licensees.

At its July 21, 2020, the City Council inquired about whether establishments were receiving assistance from the CARES Act or Paycheck Protection Program (PPP), the potential to provide relief at 50%, and how the revenue void would be filled. Council tabled the item to the first meeting in November to allow staff time to provide additional information regarding any assistance received by the establishments. Thereafter, staff researched whether liquor license holders received assistance from the CARES Act or PPP.

The U.S. Small Business Association (SBA) released business names, addresses, types, jobs supported and loan amount ranges in five brackets starting from \$150,000. For loans below \$150,000, only totals were released, aggregated by zip code, industry, business type, and various demographic categories. The City Clerk's Office pulled data from U.S. Department of the Treasury's website and compiled the attached spreadsheet. Based on the data provided by SBA, 34 liquor license holders received funds in excess of \$150,000. Of those 34 liquor license holders, 33 of them were on-premises consumption licensees. As for businesses that received less than \$150,000, there were 157 businesses. Although the names of these businesses were not released, it appears that 134 businesses could be considered on-premises consumption licensees and eligible for the six-month waiver of the annual liquor license fee. It is unknown whether all the 134 businesses have liquor licenses.

DISCUSSION:

Liquor Commission Recommendation

In recognition of the burden that the complete and partial suspension of operations has imposed, the Liquor Commission recommended waiving the liquor license fees for on-premises licenses, permit fees, and tobacco and cigarette dealers for the current license year (May 1, 2020 - April 30, 2021). The waiver is limited to on-premises liquor licenses and certain tobacco licenses because these businesses were directly impacted by the closure and suspension orders. Off-premises liquor licenses and certain tobacco licensees, e.g. grocery store and liquor stores, are not included, because these businesses were deemed essential and remained open during the stay-at-home order.

Staff Recommendation

Since the July City Council meeting, on-premises consumption of food and beverages has continued in some capacity. Due to the availability of on-premises consumption and financial assistance received by many businesses, staff recommends the following:

1. A six-month waiver of the liquor license and permit fees applied to the May 1, 2020 - April 30, 2021 license year for on-premises licensees;
2. A one-year waiver for outdoor seating permits fees applied to the May 1, 2020 - April 30, 2021 license year due to the restrictions placed on indoor dining; and
3. A six-month waiver of renewal fees applied to the May 1, 2020 - April 30, 2021 license year for certain tobacco and cigarette dealers that were closed during the stay-at-home order.

FISCAL IMPACT:

A six-month waiver of certain liquor and tobacco licensing fees will result in a revenue reduction of approximately \$120,000.