



## Legislation Text

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File #: 18-580, Version: 1

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### CITY COUNCIL AGENDA ITEM

#### **ACTION REQUESTED:**

Conduct the first reading of an ordinance amending Sections 3-3-3 and 3-3-11 of the Naperville Municipal Code amending the Class P liquor license to incorporate craft distilleries.

**DEPARTMENT:** Legal Department

**SUBMITTED BY:** Jennifer Lutzke, Senior Assistant City Attorney

#### **BOARD/COMMISSION REVIEW:**

On June 7, 2018, the Liquor Commission voted unanimously to recommend a liquor code text amendment amending the Class P liquor license to incorporate craft distilleries.

#### **BACKGROUND:**

The Class P - Brewery License allows for local craft beer and cider manufacturers to include a retail component onsite where the manufacturers' may offer their craft beer and cider for retail sale, both for consumption on premises and off premises (package sales). At present, there are two Class P licensees: Solemn Oath Brewery and 2 Fools Cider, both located on Quincy Ave.

Recently, Derek Krause and Joe Rehbein ("Petitioners") approached the City opening a local craft distillery. The craft distillery will be similar to Solemn Oath Brewery and 2 Fools Cider except that instead of manufacturing and distributing craft beer and cider, the primary function will be the manufacture and distribution of distilled spirits. Like Solemn Oath and 2 Fools Cider, the secondary function of the craft distillery will be tours of the facility and the retail sale of the craft distilled spirits manufactured onsite for consumption on premises and off premises.

Regulating the *manufacture and distribution* of alcohol is solely within the State of Illinois' jurisdiction. Regulating the *retail sale* of alcohol is within the purview of both the state and the City (dual licensing). Therefore, the proposed craft distillery is required to obtain a local liquor license from the City since the distillery intends to sell its distilled spirits at retail for on premises and off premises consumption.

The proposed craft distillery does not yet have a name or location. The petitioners want to first ensure the City will allow the concept before committing to a name and location. If allowed, the craft distillery's proposed retail hours are Thursday through Saturday from 11:00am to 9:00pm and Sunday from 11:00am to 4:00pm.

#### **DISCUSSION:**

The Liquor Commission voted unanimously to recommend to the City Council modification of the Class P - Brewery/Retailer license to include craft distilleries. Minutes from the June 7, 2018 Liquor

Commission meeting are attached.

The proposed liquor code text amendment applies the existing Class P regulations to craft distilleries, but changes the title of the license from "Brewery/Retailer" to "Manufacturer" to reflect that it pertains to the secondary retail component of local alcohol manufacturers. It also incorporates restrictions for the serving size of craft distilled spirits, limits the manufacture of craft distilled spirits per year to 100,000 gallons, clarifies the appropriate serving size for wine, and raises the Class P cap from two to three with the expectation that the three licenses will be held by Solemn Oath Brewery, 2 Fools Cider, and the new craft distillery.

**FISCAL IMPACT:**

An annual increase of \$2,400.00 in licensing fees and a corresponding increase in sales tax.