



Request for City Council Committee Action from the Department of Regulatory Services

Date: August 8, 2011

To: Council Member Elizabeth Glidden, Chair
Regulatory, Energy and Environment Committee

Subject: Amend MCO Chapters 360 and 362 to allow a brewer licensed under Minnesota Statute 340A.301, subd. (6) (c), (i), or (j) to obtain a taproom license for the sale and consumption of malt liquor on the licensed premises.

Recommendation: That the Regulatory, Energy and Environment Committee approve amending Chapters 360 and 362 of the Minneapolis Code of Ordinances by adding a brewer taproom establishment to the facilities eligible for an on sale alcoholic beverage license.

Department Information

Prepared by: Grant Wilson, Manager of Business Licenses, 673-3902

Approved by:

Henry Reimer, Interim Director of Regulatory Services

Dana Banwer, Director of Licensing & Environmental Services

Grant Wilson, Manager of Business Licenses

Presenters in Committee: Grant Wilson

Financial Impact

- Other financial impact: Two – Four taproom licenses are expected initially resulting in an estimated \$13,000.00 in additional license fee revenue. This revenue will cover costs of processing the licenses, inspections, and enforcement activities.

Community Impact

- Neighborhood Notification: Public hearing notices were posted on the business licenses' website and sent to all neighborhood organizations and business associations and current license holders.
- City Goals: Jobs and Economic Vitality: Businesses – big and small – start here, stay here, thrive here.

Supporting Information

In August 2010 the Minneapolis City Council amended the city code to allow brewers licensed under Minn. Stat. 340A.301, Subd.1 to sell growlers, 64-ounce containers of beer, on site to individual consumers for consumption off of the premises. Prior to this amendment, brewers were limited to selling malt liquor in barrels or kegs only to retail establishments.

In May 2011 the Minnesota legislature added Subd. 6b to Section 340A.301 creating a brewer taproom license: *A brewer taproom license authorizes on-sale of malt liquor produced by the brewer for consumption on the premises of or adjacent to one brewery location owned by the brewer.*

If this proposed amendment is approved, brewers licensed in Minneapolis would be eligible to sell their malt liquor for both off-sale and on-sale consumption. Food service requirements for a brewer taproom are eliminated with the exception of statutory Sunday sales requirements.

Applicants will be charged annually for an On-Sale Beer License as follows:

On-Sale Beer, Class A	\$5,305
On-Sale Beer, Class B	\$3,649
On-Sale Beer, Class C-1	\$3,154
On-Sale Beer, Class C-2	\$2,399
On-Sale Beer, Class D	\$1,567
On-Sale Beer, Class E	\$1,161

Comparative Cities Research

Several states have regulations for breweries to sell to wholesalers, retailers, and/or on- and off-premises consumption. A summary is attached at the end of this report. St. Paul is developing ordinance language and procedures to support the taproom legislation.

Related Minnesota Statutes

Minn Statute 340A.301

Subd. 6b. **Brewer taproom license.**

(a) A municipality may issue the holder of a brewer's license under subdivision 6, clause (c), (i), or (j), a brewer taproom license. A brewer taproom license authorizes on-sale of malt liquor produced by the brewer for consumption on the premises of or adjacent to one brewery location owned by the brewer. Nothing in this subdivision precludes the holder of a brewer taproom license from also holding a license to operate a restaurant at the brewery. Section 340A.409 shall apply to a license issued under this subdivision. All provisions of this chapter that apply to a retail liquor license shall apply to a license issued under this subdivision unless the provision is explicitly inconsistent with this subdivision.

(b) A brewer may only have one taproom license under this subdivision, and may not have an ownership interest in a brewery licensed under subdivision 6, clause (d).

(c) A municipality may not issue a brewer taproom license to a brewer if the brewer seeking the license, or any person having an economic interest in the brewer seeking the license or exercising control over the brewer seeking the license, is a brewer that brews more than 250,000 barrels of malt liquor annually or a winery that produces more than 250,000 gallons of wine annually.

(d) The municipality shall impose a licensing fee on a brewer holding a brewer taproom license under this subdivision, subject to limitations applicable to license fees under section 340A.408, subdivision 2, paragraph (a).

(e) A municipality shall, within ten days of the issuance of a license under this subdivision, inform the commissioner of the licensee's name and address and trade

name, and the effective date and expiration date of the license. The municipality shall also inform the commissioner of a license transfer, cancellation, suspension, or revocation during the license period.

Recommendation

That the Regulatory, Energy and Environment Committee approve amending Chapters 360.10, 360.65 and 362.46 of the Minneapolis Code of Ordinances by adding a brewer taproom license.

State Statutes: Brewers' License Opportunities

	On-Sale Consumption	Off-Sale Consumption	Samples	On-Sale Liquor	Other
Arizona	X	X	X	Add'l license required	93,000 gallons/year limit to licensed retailers
Colorado	X	X			300,000 gallon/year limit to licensed retailers
Indiana				Add'l license required	May operate as restaurant; May sell to retailers; May make home sales and delivery
Kentucky	Add'l License required	Add'l license required	Limited to up to one pint		Sales to licensed distributors
Maine	Add'l License required at a different location		X		Sales to licensed retailers
Michigan	X	X			
Missouri	X			Eligible for up to ten licenses	Sales to licensed retailers
Montana	If brewing less than 310,000 gallons/ year , 48 oz/day per customer		Yes if brewing less than 310,000 gallons per year		Sales to licensed retailers limited to 310,000 gallons/year
Nebraska	X	X			Sales to licensed distributors
Texas	X	X			Additional license required for sales to retailers
Washington					Allows sales at Farmers' Markets