Department of Safety and Inspections

Proposed Changes to Restaurant On-Sale Liquor Laws

Current Situation:

Saint Paul is a destination with highly regarded and award winning chefs and restaurants in Lowertown, downtown and neighborhoods across the city. In addition, Saint Paul is experiencing record levels of business and development activity. To support the momentum of interest to do business in Saint Paul, the City is evaluating changes to restaurant on-sale liquor laws. These changes recognize new restaurant market conditions that are creating challenges for restaurants with or desiring an on-sale liquor license in the City. In particular:

Customer alcohol choices (boutique cocktails craft brews and premium wines) have grown restaurant alcohol revenues at a greater rate than food revenues.

- City Ordinance requires 60% of restaurant sales be attributed to food.
- State law changed 2 years ago to eliminate the 60% requirement; other metro cities have or are in the process of eliminating the requirement.

- Liquor, beyond wine and beer, is now a greater part of the dining experience.
  - City Charter restricts the number of on-sale liquor licenses per Ward.
    - Three Wards currently have essentially no licenses available.
  - State law does not count on-sale liquor licenses issued to restaurants towards the number of liquor licenses allowed in cities.

Proposed Changes

Over the past year, the Department of Safety and Inspections (DSI) engaged the City's Business Review Council and District Councils to develop proposed language to amend the City Charter and the Legislative Code. The proposed changes will provide opportunities for existing and new restaurant operators as well as ensure a high quality of life in Saint Paul.

- Amend City Ordinance to change the definition of restaurant.
  - Replace 60% food sales requirement with stronger requirements reflective of a changing restaurant market. Requirements include:
    - Provide full menu service to people seated at eating surfaces.
    - Only serve alcohol to customers seated at tables.
    - Promote food sales and have substantial amount of food sales.
    - End service by midnight.
  - Create a regulatory tool to ensure restaurants do not operate as bars.
    - Current restaurant definition's reliance on a 60% requirement is not an effective tool.
      - Total food sales may not reflect how establishments operate during all hours of operation.
      - Authenticating records can be difficult.
    - New definition to include clear enforceable requirements.

- Amend City Charter to remove restaurant on-sale liquor licenses from the City's Ward and Citywide limits.
  - This is similar to the current Charter language which excludes Wine and Beer licenses from the limits.