



City of Chicago



O2021-1215

Office of the City Clerk

Document Tracking Sheet

Meeting Date:	3/24/2021
Sponsor(s):	Sigcho-Lopez (25) La Spata (1) Rodriguez (22) Vasquez, Jr. (40) Napolitano (41) Martin (47) Hadden (49) Lopez (15) Rodriguez Sanchez (33) Tabares (23) Cardona, Jr. (31) Waguespack (32) Maldonado (26) Reboyas (30)
Type:	Ordinance
Title:	Reimbursement of liquor license fees with federal stimulus aid
Committee(s) Assignment:	Committee on Economic, Capital and Technology Development

ORDINANCE

WHEREAS, the food service industry has been severely impacted by the COVID-19 pandemic due to periods of necessary mandated shut-downs and operating at a limited capacity, resulting in a sustained loss of business over the period of a year and counting; and,

WHEREAS, the City of Chicago (the City) requires all businesses seeking to sell liquor to pay for a liquor license up front for a two year term at the cost of \$4,400 per license; and,

WHEREAS, the City of Chicago Data Portal shows that total liquor license revenue was \$93.1 million, with Tavern liquor licenses accounting for \$20.1 million, Caterer liquor licenses accounting for \$4.3 million, On premise liquor licenses accounting for \$47.2 million, and Package liquor licenses accounting for \$21.5 million; and

WHEREAS, the 2020 Budget Overview shows that the Department of Business Affairs and Consumer Protection (BACP), which is responsible for issuing licenses, permits, certificates, shows an anticipated revenue of \$134.1 million for the 2019 Budget; and

WHEREAS, The Small Business Center of the BACP that is responsible for issuing licenses has a budget of \$3.4 million with 29 full time employees and the Liquor Control Commission has a budget of \$569,000 with six full time employees; and

WHEREAS, the revenue brought in by liquor licenses exceeds the budget of the Small Business Center and the Liquor Control Commission by \$89.1 million; and,

WHEREAS, due to the pandemic shut-downs and limited capacity openings that have reduced or stopped business operations, businesses with liquor licenses have lost some or all of the value of their liquor license, for which they had to pay up front; and

WHEREAS, the City is due to receive federal stimulus dollars to aid in the economic recovery of the city of which restaurants, bars, and the food service industry as a whole are vital to; therefore

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF CHICAGO:

SECTION 1. Definitions

"Liquor License" is defined as any liquor license issued by the City of Chicago in the following categories: Tavern, Caterer, On premise, and Package liquor licenses.

SECTION 2. Reimbursement of Liquor License Fees with Federal Stimulus Aid

The City of Chicago (the City) will appropriate \$40 million of federal stimulus dollars to reimburse liquor license holders on a pro rata basis for lost use of the license due to forced shut-downs or limited capacity restrictions on their business operations since March 15, 2020. Any remaining funds after applications for reimbursement have been open for six months will be returned to the General Revenue Fund. Funds will be available on a first come first serve basis. Additional funds beyond \$40 million will not be available for this purpose.

SECTION 3. Application and Calculation of Reimbursement

The Department of Business Affairs and Consumer Protection (BACP) will within one month of the adoption of this ordinance establish an application for businesses to apply for reimbursement based on the number of days they were forced to shut down and operate with a limited capacity.

The BACP will collect the requisite information in the application to calculate the lost value of the liquor license as follows:

Number of days a liquor license covers: 730

Applicants will attest to the number of days they were not able to use their license due to mandated shut downs and limited capacity mandates.

Mandated shutdown days will vary by business and be up to the applicant to note applicable days. Applicants will check a box if their business was mandated to shut down during the 90 days from March 15-June 15, 2020. Space for claiming additional mandated closure days will be provided in the application.

Full day equivalent closures (FDE): (number of days operating at limited capacity) x (percent capacity mandate)

Lost days of license = Mandated full shutdown days + FDE

Lost monetary value of license = (Lost days of license/730) x (Cost of license)

SECTION 4. Timeline for Reimbursement

The BACP will reimburse license holders the lost monetary value of the license within 60 days of their application being accepted through a check to their registered business address OR to an alternate address provided in the application if the business has subsequently closed.

SECTION 5. Verification through Sales Tax Records

The BACP will randomly audit applications using the City's sales tax records to verify if businesses have been closed or operating at reduced capacity in accordance with the application they make to the City for liquor license reimbursement.

SECTION 6. Severability

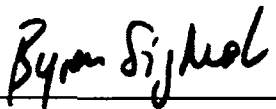
If any provision of this ordinance shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such provision shall not affect any of the other provisions of this ordinance.

SECTION 7. Conflicts

All ordinances, resolutions, motions or orders in conflict with this ordinance are hereby repealed to the extent of such conflict.

SECTION 8. Effective Date

This ordinance shall take effect upon its passage and approval.

A handwritten signature in black ink, appearing to read "Byron Sigcho-Lopez", is written over a horizontal line.

Byron Sigcho-Lopez
Alderman 25th Ward

BYRON SIGCHO-LOPEZ
ALDERMAN, 25TH WARD

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March 23, 2021

The following list of aldermen have requested their names to be included in the record as co-sponsors on the proposed RESOLUTION LIQUOR LICENSE FEE COVID-19 REIMBURSEMENT attached hereto regarding its strategy to addressing a formula for the City to issue reimbursements to small businesses and restaurant owners, based on the number of days of total mandated shut down coupled with losses due to be forced to operate at a limited capacity which is hereby submitted for introduction at the City Council meeting of 03/24/2021 and referral to the Committee on Economic Development.

Daniel LaSpata_____	(1 __)
Michael Rodriguez_____	(22__)
Andre Vasquez_____	(40__)
Anthony Napolitano_____	(41__)
Matt Martin_____	(47_)
Maria Hadden_____	(49_)
Raymond Lopez_____	(15_)
Rossana Rodriguez-Sanchez_____	(33_)
Silvana Tabores_____	(23_)
Felix Cardona Jr._____	(31)
Scott Waguespack_____	(32)
Roberto Maldonado_____	(26)
Ariel Reyboras_____	(30)

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Very truly yours,

Byron Sigcho-Lopez, (Ward 25)