

CITIZENS LEAGUE REPORT

No. 113

City of Minneapolis Procedures for Issuing Liquor Licenses

January 1960

Citizens League
545 Mobil Oil Building
Minneapolis 2, Minnesota

Adopted by
Bd of Directors
1/6/60

January 5, 1960

(113)

REPORT TO: Board of Directors

FROM: Licensing Committee, Harold Evarts, Chairman

SUBJECT: Proposed Guiding Principles and Procedures for Issuing Liquor Licenses in the City of Minneapolis

RECOMMENDATIONS

The Citizens League, through its Board of Directors and on the recommendation of its Licensing Committee, urges the City Council to consider and adopt the following recommendations:

1. That, in view of the unusual and unprecedented situation now existing because of the recent revision in the liquor patrol limits and the impending condemnation proceedings in the Lower Loop Redevelopment Area, no liquor license should be granted to anyone without giving careful consideration to the totality of the situation.
2. That the City Council declare a moratorium of brief duration -- say of not less than 60 nor more than 90 days -- on the granting of any liquor license for a new location anywhere in the city. While we doubt the practicality of making any exceptions to this moratorium, it is possible to imagine a situation where so arbitrary a policy might seem unduly harsh and unwarranted. Any such exceptions should be strictly limited to a situation where a licensee can demonstrate that the delay would cause irreparable harm to his business and, in addition, that granting the license is both non-controversial and clearly beneficial to the community.
3. That the City Council, in establishing such a moratorium on the issuing of liquor licenses, should advise each licensee now located in the Lower Loop Redevelopment Area that he must file his application for transfer to a new location prior to the terminal date of the moratorium if he wishes his application to be considered in conjunction with those previously filed.
4. That the City Council, during the period of the moratorium, formulate and make public the guiding policy it proposes to follow in issuing these licenses.
5. That among important elements of any such policy should be the following:
 - a. That a liquor license, as it has been held to be under the law, is a privilege, not a right, and that, therefore, the City Council should feel no compulsion to issue up to the maximum number of authorized licenses unless doing so is clearly in the best long-range interests of the community.
 - b. That two legitimate interests be recognized and put into proper perspective:
 - (1) The legitimate interest of liquor licensees now located in the Lower Loop Area, whose establishments are soon to be taken by the government, in relocating elsewhere in the city.
 - (2) The interest of the community in making certain that existing business areas and the surrounding residential areas they serve

do not deteriorate to the point where they eventually give rise to problems similar to those we are now facing in the Lower Loop.

If and as these two legitimate interests come into conflict, the interest of the community must always prevail.

- c. That among the important considerations the City Council must weigh during the next few months in determining which and how many liquor licenses to grant are the following:
 - (1) The impact on the business community immediately affected. This consideration includes such interrelated factors as the desires of the people in the area, the type of establishment proposed, and the danger of over-concentration resulting from too many licenses in the immediate vicinity, and the resultant effect on property valuations.
 - (2) The personal character of the applicant, including among other things the type and manner of the applicant's operation at his present or former location, the type and source of proposed financing, and a careful scrutiny of family relationships which might indicate possible multiple ownership, with particular emphasis on the applicant's record in the past rather than any assurances he might make as to his future conduct.
 - (3) Equitable treatment of licensees who will soon be forced from their present locations because their property is being taken by condemnation for a public purpose. Interrelated factors in assessing this consideration are the following:
 - (a) To the extent that all other considerations are equal, and only to that extent, the licensee who is being forced to move against his own wishes should be entitled to preferential treatment over applicants not suffering a similar hardship.
 - (b) All licensees now located in the Lower Loop Redevelopment Area should be given assurance that they will have sufficient time to take the necessary steps to have their application for a new location given equitable consideration. In other words, the date of the application should not be an all-important consideration -- within short-range time limits, this should not be a race of the swift.
 - d. That since the issuance of liquor licenses in Minneapolis, although admittedly of vital concern to the area affected, involves issues of important public policy which concern the entire city, the Council's established practice of following aldermanic courtesy must be subordinate to the broader interests of the total community.
6. That the Chief of Police, through the assignment of additional personnel and the allocation of additional space, and the City Council, if necessary, through the appropriation of additional funds, take immediate steps to strengthen the licensing division within the Police Department so that adequate investigation of each application for a liquor license, both at the time of original application and annually when each license comes up for renewal, can be made.

HISTORICAL BACKGROUND AND RECENT DEVELOPMENTS

Under state law, cities of the first class in Minnesota are authorized to issue up to one on-sale license per 1,500 population, with a maximum of 200 licenses. All 200 licenses authorized under the law are presently outstanding in Minneapolis. State law also authorizes a maximum of one off-sale liquor license for each 5,000 residents in any city of the first class. Under the 1950 census, Minneapolis is authorized to issue up to 104 off-sale licenses. At present, 94 of these are outstanding.

Applications for liquor licenses in Minneapolis are considered and determined by the City Council by majority vote. Over the years the custom has developed of not issuing any liquor license within a ward unless the alderman of the ward is favorable to the granting of the license. The Police Department, through its licensing division, is charged with the responsibility for making the investigation of each applicant and reporting its findings to the Council.

Two factors make the present situation both unusual and unprecedented, and give rise to the need for special treatment in the processing and issuing of liquor licenses during the coming weeks and months.

- A. Because of the Redevelopment project now underway in the Lower Loop Area, approximately 60 liquor licensees will soon have their present locations taken over by the government, and if they wish to continue in business will be forced to relocate elsewhere in the city. Twenty-one of these licenses are off-sale, with the remainder being on-sale licenses. This factor is resulting in the filing of a considerable number of applications within a relatively short period of time, of which perhaps less than half have thus far been filed.
- B. Recent approval by the voters of Minneapolis of a charter amendment revising the liquor patrol limits has resulted in an expansion of the geographical area in which licenses presently located within the previous patrol limits may be issued. Although a number of liquor establishments are presently located within this new expanded area, the sudden surge of applications for locations within this area compels the consideration of a number of basic policy issues.

DISCUSSION

Without question, the strongest and most controversial recommendation contained in this report is the one urging a moratorium of brief duration on the granting of any liquor licenses for a new location. Any such arbitrary policy will inevitably result in some injustice to individuals. But on balance, these injustices or inequities are far outweighed by the special circumstances and the difficult situation now existing, and we are convinced that the brief delay will prove to be clearly in the best long-range interests, not only of our community but of the applicants for liquor licenses themselves.

Only by holding up the issuance of licenses, rather than granting them on a first-come first-served basis, can the totality of the situation, both from

the standpoint of the community interest and of the licensees themselves, be adequately considered. Only by such a brief delay can all licensees now located in the Lower Loop Redevelopment Area be given an equitable opportunity to apply for relocation. Only by such a delay can the commercial areas immediately affected, and the residential areas which they serve, fully assess the impact of the surge of applications which are now coming in and which are expected during the next several weeks. And only in this way can the Council weigh the merits of one application against another in terms of such considerations as desirability of the applicant, the danger of over-concentration, and the nature of the proposed establishment.

The decision as to the most suitable location for liquor licenses throughout the City of Minneapolis must be a matter of citywide policy. In this connection, the interests of the individual in obtaining a liquor license should be subordinated to the strong and expressed desires of the area immediately affected, and similarly the desires of the affected area must be subordinate to the interests of the city as a whole. Only by establishing this criteria of relative priorities of equities can approximately 300 liquor licenses be intelligently located throughout the city. We might add that it will be the exception, rather than the rule, when the interests of the affected area and the city as a whole will come into conflict.

Naturally, we are sympathetic to the situation confronting the approximately 60 licensees now located within the Lower Loop Redevelopment Area. They, for no reason of their own, are being forced out of business for a public purpose. To the extent it is not inconsistent with the general welfare of the community, these licensees should be given some preferential treatment in finding new locations. However, we wish to make it crystal clear that, in a situation where two license applications are being considered and the general public interest dictates the issuance of only one, this preferential treatment should not be extended where one license is clearly more desirable to the community.

The inadequacy of the present procedure for inspection of liquor applications by the licensing division in the Police Department is conceded by almost everyone familiar with the situation, including the licensing division itself. The licensing division consists of the Licensing Inspector and five deputies. Two of these five deal with liquor and beer licensing. These two deputies are charged with the responsibility for making all investigations of original applications, as well as any necessary investigations at the time of annual renewal of each license. In addition to the approximately 300 on-sale and off-sale intoxicating liquor licenses, there are several hundred non-intoxicating malt beverage licenses outstanding throughout the city. Every one of these licenses comes up for renewal on the same date each year. That two men, neither of whom has had long experience in this specialized area, cannot adequately cope with the problem is so obvious that it needs no further amplification. When we add to the general problem that exists under normal conditions the problem resulting from the surge of additional license applications now being filed, it becomes an urgent necessity to take the necessary steps to strengthen this division of the Police Department. In addition to the problem of lack of sufficient personnel, the licensing division suffers from lack of adequate office space. The personnel of this division are so crowded together that they find it all but impossible to hold a confidential interview with any applicant or licensee. If additional personnel are to be assigned to this division, then it is equally imperative that additional space be provided.

Most of the recommendations set forth in this report are in the nature of a general statement of policy. We believe it would be beneficial for the City Council to issue a statement of policy governing the issuance of licenses during the next several months and we respectfully urge that the recommendations contained herein be included in such a statement.

This statement of policy is not intended to be all inclusive, nor does it touch on a number of important specific additional considerations that should be spelled out more clearly than is presently the case. The Licensing Committee plans to give immediate attention to issuing a supplemental report at an early date incorporating these additional policies and procedures.