TO: Mayor and City Council Members

FROM: Pauline Sumption, Finance Director

RE: Report on Retail (on-sale) and Package (off-sale) Liquor Beverage Licenses

DATE: June 17, 2022

According to SDCL 35-4-11 if the City Council wishes to increase the number of on-sale and off-sale liquor licenses that are issued, they must pass a resolution prior to September 2 to determine the number of licenses issued for the following year.

Below is the excerpt from SDCL:

35-4-11. Municipal determination of number of licenses and amount of fees—Maximum number of on-sale licenses.

If not fixed by ordinance, the governing body of any municipality may, before the second of September in each year, by resolution, determine the number of on-sale and off-sale licenses that the body will approve for the ensuing calendar year, and the fees to be charged for the various classifications of licenses. The number of on-sale licenses issued pursuant to subdivision 35-4-2(4) may not exceed three each for the first one thousand of population or fraction thereof and may not exceed one each for each additional one thousand five hundred of population or fraction thereof. The number of licenses allowable may not be less than the total number of licenses allowable or issued as of July 1, 1981, and that have never been revoked or not reissued. The municipal governing body shall also establish the fee for on-sale licenses pursuant to subdivisions 35-4-2(4) and (13). The fee applies to all such on-sale licenses issued in the ensuing calendar year.

For the purposes of this section, population is equal to ninety percent of the population estimates published by the United States Census Bureau for each even-numbered year, except for the decennial year. For a decennial year, population is equal to the amount determined by the decennial federal census. No license issued pursuant to this section which exceeds the number of licenses that would have been issued upon the decennial federal census may be denied solely by reason that the license exceeds the number of licenses authorized by the decennial federal census.

According to the 2020 census numbers, the population of Rapid City is 74,703. Based on this population, Rapid City is allowed 53 on-sale (RL) licenses and 52 off-sale (PL) licenses. However, the City already had 56 on-sale (RL) licenses due to various annexations over the years so, so no
additional licenses are allowed at this time. However, Rapid City only has 47 off-sale (PL) licenses so the City COULD issue 5 more of these licenses.

I am asking for Council direction to work with the City Attorney’s office in drafting a resolution to increase the number of off-sale (PL) licenses the City will issue beginning in 2023. My recommendation would be to increase the number to 50 at this time. Any new license authorized will be based off of the process as outlined in RCMC 5.12.030 (B).