



Meeting Date:	June 8, 2026
Submitter:	Daniel Ritter, Community Development Director
Department:	Community Development
Agenda Item:	Discuss Adding a New Liquor License Category - Limited Beer and Wine Restaurant

Summary:

The City offers a variety of liquor license classifications; however, for most new restaurant establishments seeking a liquor license, only one category is generally available. This category is the Class H (Restaurant) Liquor License, which requires approval by the Liquor Commissioner (Mayor), includes minimum floor area requirements, and permits the sale of alcoholic beverages only when food is being prepared and served. The license allows the sale of all types of alcoholic beverages, including beer, wine, and distilled spirits, without restriction.

Several restaurant operators have expressed concerns regarding both the scope and annual cost of the Class H license. The current annual fee is \$1,200 and authorizes full bar service, including hard liquor. While this may be appropriate for larger establishments or businesses that intend to generate significant revenue from alcohol sales, it can be difficult for smaller restaurants to justify the expense. Many of these businesses are interested only in offering beer and wine as an accompaniment to meals and may not generate sufficient alcohol sales to offset the cost of a full liquor license. In addition, the current license grants the authority to sell hard liquor, even when such sales are not part of the business's operating model.

As a result, several businesses have requested the creation of a lower-cost liquor license category that would permit the sale of beer and wine only. This type of license is common in municipalities throughout the region and provides greater flexibility for new and smaller businesses. A beer-and-wine-only license allows restaurants to meet customer expectations and enhance their dining experience while avoiding the higher costs associated with a full liquor license. For many small businesses, the ability to offer beer and wine can be an important factor in attracting and retaining customers, even when alcohol sales are not intended to be a primary source of revenue.

Currently, Crest Hill is the only surrounding community that does not offer a beer-and-wine-only liquor license option. The absence of this license may place local businesses at a competitive disadvantage and could influence prospective restaurant operators to locate in neighboring communities that provide more flexible licensing options. National restaurant chains such as Chipotle, Noodles & Company, Blaze Pizza, Shake Shack, and Starbucks have incorporated beer and wine service at select locations, although the greatest benefit would likely be realized by locally owned and independent restaurants.

City Council Work Session

June 8, 2026 – Beer & Wine Only Restaurant Liquor License

Establishing a beer-and-wine-only license would also provide the City with an additional regulatory tool. In situations where a full liquor license may not be appropriate due to factors such as the business model, location, menu, ownership experience, or operational considerations, the City could approve a more limited license rather than choosing between outright denial and unrestricted hard liquor sales. This option would allow the City to better tailor liquor licensing decisions to the circumstances of each application.

While liquor license structures, fees, and demand vary among municipalities, nearby communities consistently offer reduced-fee license categories for establishments serving only beer and wine. Some communities impose additional limitations, such as requiring beverages to be sold only in pre-packaged bottles or cans, prohibiting draft service, or restricting the presence of a dedicated bar area. These examples demonstrate the range of regulatory approaches available while still providing businesses with a more affordable and limited alcohol service option.

Area Examples:

- Joliet – Class D (Beer & Wine Only) - \$750
- Romeoville – Class S (Canned/Bottled Beer & Wine Only) - \$500
- Plainfield - Class E (Limited Service Dining Beer & Wine Only) - \$1,000
- Lockport – Class J-1 (Restaurant – Beer and Wine) - \$1,000
- Shorewood – Class B-1 (Restaurants Serving Beer and Wine Only) - \$1,325
- New Lenox – Class D (Restaurant Beer and Wine) - \$1,000
- Minooka – Class A4 (Restaurant, Wine and Beer Only, Prohibiting Bars) - \$1,000

The initial request for a beer-and-wine-only license was submitted by Black Sheep Craft Kitchen; however, staff has also received interest from several other restaurant operators. Some establishments currently maintain a full liquor license despite operating at a loss on alcohol sales, while others have chosen not to obtain a liquor license due to the cost of the existing Class H license.

The City recently amended its liquor regulations to allow establishments operating under the Class H (Restaurant) license to serve alcohol indoors until midnight. Staff recommends that the proposed beer-and-wine-only license maintain the same permitted hours of operation, as well as the existing requirement that food be prepared and available whenever alcoholic beverages are offered for sale. Proposed is the creation of a new H-1 liquor license classification. The H-1 license would be subject to all of the same requirements and restrictions as the existing Class H (Restaurant) license, with the exception that alcohol sales would be limited to beer and wine (served from bottles, cans, or draft). No distilled spirits or mixed drinks would be permitted under this license category.

The annual license fee is subject to City Council direction; however, staff's initial recommendation is an annual fee of \$800. This recommendation is based on a review of the City's existing liquor license fee structure, as well as comparable beer-and-wine-only license fees in neighboring communities. The proposed fee would provide a meaningful cost savings for qualifying restaurants while still generating revenue to offset administrative and regulatory oversight costs.

Recommendation for Discussion: *Discuss staff recommendation for creation of a new liquor license (H-1) for a beer and wine only restaurant and direct the attorney to draft the applicable ordinance for adoption.*