

ORDINANCE AMENDING MANKATO CITY CODE CHAPTER 3 RELATED TO ALCOHOLIC BEVERAGES

WHEREAS, a review of Chapter 3 related to alcoholic beverages was conducted as a cleanup to former amendments and to provide further clarity of licensing requirements; and

WHEREAS, upon review of the Class B licenses it was found that a few are close to meeting the food quota for a Class R, Restaurant and it is recommended that the food percentage for a Class R, be lowered to 30 percent versus 40 percent to allow flexibility for business owners to meet the requirement; and

WHEREAS, former code changes occurred in 2007 and in 2020 that created an unclear path of tracking for licensing purposes for Class B, Bar liquor licenses without food service that are considered "grandfathered" as legal non-conforming uses that would only be able to continue at their existing location; and

WHEREAS, the requested amendments should alleviate any confusion and provide clarity.

NOW, THEREFORE BE IT ORDAINED, by the City Council for the City of Mankato, that Mankato City Code Chapter 3, Sec. 3-49, Sec. 3-158, Sec. 3-160, related to Alcoholic Beverages be and hereby is amended as follows:

Sec. 3-49. On-sale licenses.

- (a) *Generally.* On-sale licenses will be issued only to hotels, restaurants (including restaurants operated in the place of a manufacturer of a brewer licensed pursuant to M.S.A. § 340A.301, subd. 1), exclusive liquor stores, and clubs, and will permit on-sales of liquor only.
- (b) *Prerequisite percentage of food sales.* Except as otherwise provided in this section, no on-sale license shall be issued or renewed for any licensee that cannot demonstrate at least 20 percent of their gross sales from the serving of food prepared and consumed on the licensed premises after 12 months of operation. Licensees must submit a certified statement from an independent accountant, on the accountant's letterhead, stating that the establishment meets the requirements after 12 months of operation.
- (c) *Occupancy limit of under 400.* If the occupancy limit is over 400, the licensee may be subject to an occupancy fee established by resolution of the city council and provided in the city fee schedule.
- (d) *Class R, restaurant.* A premises licensed for on-sale liquor that derives ~~40~~ 35 percent or more of its gross sales from the serving of food, prepared and consumed on the premises ~~with an occupancy limit of under 400. If the occupancy limit is over 400, the licensee may be subject to an occupancy fee as established by resolution of the city council and provided in the city fee schedule.~~ Upon request, the licensee must submit a certified statement from an independent accountant, on the accountant's letterhead, stating that the establishment meets the requirements for a Class R, restaurant, designation with the license renewal application. This information must be verified against wholesale receipts from vendors.
 - (1) A restaurant must have a full kitchen and offer a full menu until at least 10:00 p.m. If not offering a full menu during the hours of operation, a limited menu must be offered after 10:00 p.m. consisting of at least four entrees.
 - (2) ~~All new establishments in the central business districts, core (CBD-C and CBD-F) must achieve a minimum of 40 percent food requirement to qualify for a Class R, restaurant, license. Failure to meet the minimum of 40 percent food requirement may result in revocation or suspension of the license.~~
- (e) *Class RO, restaurant other.*
 - (1) A premises licensed for on-sale liquor where the service of alcohol is incidental or secondary to the serving of food and some other type of activity (examples include billiard hall, indoor golf center, ballroom, movie theater, etc.). For movie theaters see conditions in Sec. 3-160 (11). The term "incidental or secondary" means those establishments that both:

- a. Sell and serve alcoholic beverages for consumption on the premises; and
 - b. Utilize ten percent or less of the gross floor area for the sale, display, and storage of alcoholic beverages for consumption on the premises.
- (2) For the purposes of this article, a bona fide restaurant shall not be considered an incidental on-sale alcoholic beverage establishment. This definition shall not include tasting rooms operated as an incidental use to a liquor license issued per M.S.A. § 340A.301. ~~Licenses should have an occupancy under 400. If the occupancy limit is over 400, the licensee may be subject to an occupancy fee in the amount provided in the city fee schedule.~~
- (f) Class B, bar. A premises that was previously licensed without food service that is considered “grandfathered” as a legal non-conforming use will continue to be allowed at the existing location until the use changes or is discontinued for more than 12 months.
- (g) Class B~~2~~, bar. A premises licensed for on-sale that derives a minimum of 20 percent of its gross sales from the serving of food, prepared and consumed on the premises with an occupancy limit of under 400. If the occupancy limit is over 400, the licensee may be subject to an occupancy fee as established by resolution of the city council and provided in the city fee schedule. Upon request, the licensee must submit a certified statement from an independent accountant, on the accountant's letterhead, stating that the establishment meets the requirements for a Class B, bar, designation with the license renewal application. This information must be verified against wholesale receipts from vendors. A bar must have a full kitchen and offer a full menu until at least 10:00 p.m. If not offering a full menu during the hours of operation, a limited menu must be offered after 10:00 p.m. consisting of at least two entrees. The on-sale licensed establishments without food service that were grandfathered in when the changes to this chapter were passed in 2007 will continue to be allowed to renew with a Class B license at the existing location and under the existing ownership. A change in ownership at the existing location will be allowed. A transfer of location or expansion of the licensed premises by the license holder will also be allowed. No new Class B licenses shall be issued in the central business districts (CBD-C and CBD-F).
- (h) Class O, other. A premises licensed as a Class O, other, shall be permitted as allowed in M.S.A. § 340A.404, and shall include bowling centers, hotels, theaters, or conventions centers; however, hotels must meet the statutory definition in state statutes, as it relates to the serving of food in a dining room and a minimum number of guests. ~~Licenses should have an occupancy under 400; if the occupancy limit is over 400, the licensee may be subject to an occupancy fee in the amount provided in the city fee schedule.~~
- (i) Class N, new. A licensee of an on-sale liquor license that has not established, through 12 months of operation, a ratio of revenues derived from the sales of food and liquor is eligible for a Class N license. At least 12 months of sales must be used to establish the ratio of food to liquor in order for a licensee to be licensed as a restaurant, ~~bar, restaurant other, or other~~ (R, RO, B, or O) class. ~~If the occupancy limit is over 400, the licensee may be subject to an occupancy fee as established by resolution of the city council and provided in the city fee schedule.~~ Applicants for a Class N license are subject to an investigation fee, as provided in the city fee schedule and pursuant to M.S.A. § 340A.412, subd. 2, as it may be amended from time to time.

Sec. 3-158. Issuance of license.

- (b) Renewal.
 - (1) Applications for the renewal of licenses granted under this chapter shall be mailed to the license holder no later than February 1 and must be filed with the city ~~clerk~~ designee no later than March 1 of each year preceding the expiration of the current license. Failure to submit a completed license application to the city by March 1 will result in a late fee penalty which shall be established by resolution of the city council. Failure to submit a completed license application may result in the interruption of liquor service. An application submitted by mail will be deemed to be submitted on the day it is postmarked by the U.S.

post office. If March 1 falls on a Saturday, Sunday or legal holiday, the application will be due the next business day.

- (2) A fully executed liquor license operating agreement must be ~~submitted on file in the city clerk's office~~ and acknowledged as part of the application for renewal of an on-sale liquor license issued pursuant to this chapter, establishing general conditions in which the licensee shall operate as per section 3-157(f). Failure by the licensee or their employees or agents to comply with the terms and conditions of the liquor license operating agreement may be used as a basis by the city council to review the license and take sanctions against the liquor license.

Sec. 3-160. Conditions of license.

(9) *Underage presence in licensed premises.*

- a. *Social host responsibility.* It shall be unlawful for any licensee to permit any person under the age of 21 years to loiter or remain in any room where intoxicating liquor is being sold or served, unless that person is accompanied by his or her parent or legal guardian, which parent or legal guardian is 21 years of age or older. Underage persons may lawfully be present in a licensed restaurant or ~~restaurant~~ movie theater, where alcohol is being sold or served if present for the purpose of consuming food, attending a movie, or in accordance with one of the provisions listed in subsection (9)d of this section. Breach of any duty imposed under subsection (10) of this section shall be in violation of this article and it subject to civil or criminal consequences including the imposition of fees and licensing action.
- b. *Identification.* It shall be unlawful for a person, except a person under the age of 18 years, who is accompanied by his or her parent or legal guardian, (which parent or legal guardian is 21 years of age or older), to enter or attempt to enter premises licensed for the on-sale or off-sale of intoxicating or 3.2 percent malt liquor, without having on their person a valid, unaltered driver's license or picture identification card issued by a state or the United States government identifying such person and their date of birth or, in the case of a foreign national, a valid passport.
- c. *Misrepresenting age.* It shall be unlawful for a person under the age of 21 years to represent themselves as being 21 years of age or older for the purposes of gaining admission to premises licensed for the sale of intoxicating or 3.2 percent malt liquor.
- d. *Admission to a licensed premises.* It shall be the duty of any on-sale or off-sale licensee, and all employees and agents thereof, to prohibit persons under the age of 21 years to enter their establishment for the sale, purchase, consumption, or delivery of any alcoholic beverage. The following provisions apply to minors and entry into licensed premises:
 1. Persons under the age of 18 years may enter a Class R, restaurant, Class ~~ROT~~, restaurant other theater, or Class O, other licensed establishment if:
 - (i) They are accompanied by a parent or legal guardian who is 21 years of age or older; or
 - (ii) They are consuming a meal, provided they do not remain unreasonably after the meal is completed; or
 - (iii) They are attending the celebration of a wedding, the anniversary of a wedding, retirement party or other social function held in a licensed premises but may only be present for the purpose of celebrating the occasion and not for the purpose of purchasing, being served or otherwise consuming any alcoholic beverage; or
 - (iv) They are attending a movie; or

- (v) They are performing work as a musician, bus person, or dishwasher.
2. Persons 18, 19, or 20 years of age shall be permitted to enter any licensed establishment if:
- (i) They are accompanied by a parent or legal guardian who is 21 years of age or older;
 - (ii) They are consuming a meal, provided they do not remain unreasonably after the meal is completed;
 - (iii) They are attending the celebration of a wedding, the anniversary of a wedding, retirement party or other social function held in a licensed premises but may only be present for the purpose of celebrating the occasion and not for the purpose of purchasing, being served or otherwise consuming any alcoholic beverage;
 - (iv) They are attending a movie; or
 - (v) They are performing work for the establishment, including the serving of alcoholic beverages, unless prohibited by M.S.A. § 340A.412, subd. 10.
- e. *Right to limit age of entry.* Nothing herein shall be deemed to limit the ability of a license holder to restrict admittance to a licensed premises to only those persons who are of legal drinking age.

- (11) *Restaurant other movie theater licensee special requirements and restrictions.* The following are in addition to all other requirements and conditions set forth in this chapter. Every movie theater shall:
- a. Be conducted in a manner that the principal part of the business for a license year is the serving of food and the sales of movie tickets. Principal part shall mean 65 percent or more of the gross receipts. Licensees must submit a certified statement from an independent accountant, on the accountant's letterhead, stating that the establishment meets the requirements for the movie theater designation with the license renewal application.
 - a. Be under the control and ownership of a single person. No part of the restaurant or movie theater, including, but not limited to, the property, equipment and operations, shall be owned or controlled by separate persons.
 - b. Consist of one contiguous and compact space with site plan or floor plan reviewed and approved by the city.
 - c. Have either separate tables and chairs, each permanently attached to the floor, or seats with tables attached permanently attached to the floor. If seats have tables attached, then every seat must have a table.
 - d. Appoint a manager, which manager shall operate both the restaurant and the movie theater.
 - e. Refrain from offering or selling wine or distilled spirits by the bottle.
 - f. Limit serving sizes of alcoholic beverages to no more than: eight fluid ounces of wine, three fluid ounces of distilled spirits, and 24 fluid ounces of malt liquor per serving.
 - g. Refrain from offering any discounts or happy hours.
 - h. Only offer or sell alcoholic beverages in their original packaging, or by using a measuring device.
 - i. Limit the offer or sale of alcoholic beverages to two per any single transaction.
 - j. Refrain from offering or selling any alcoholic beverages containing more than 50 percent alcohol by volume.
 - k. Only sell alcoholic beverages to persons providing adequate proof of age as established by M.S.A. § 340A.503.

(Code 2015, § 4.12; Ord. No. 16-1212-17, § 4.12, 12-12-2016)

This ordinance shall, in accordance with the provisions of Sections 2.14 and 5.06 of the Mankato City Charter, become effective 30 days after publication of notice of its adoption.

Adopted this 9th day of February 2026.

Najwa Massad
Mayor

ATTEST: _____
Renae Kopischke, MMC
City Clerk