

24-hour Restaurant License

24-hour Restaurant License: Currently, restaurant license fees in Chicago are not related to the number of hours the restaurant is open; fees for most retail food establishments are based on the square footage of the restaurant.

Background

Restaurants operating in Chicago must obtain a retail food establishment license, on the following fee schedule:

Retail Food Establishment (2 Year License)	
Square Footage of Establishment	Fee
0 – 4,500 square feet	\$660.00
4,500 – 10,000 square feet	\$880.00
10,000 plus square feet	\$1,100.00

The City does not currently license 24-hour restaurants differently from establishments that are open a lesser number of hours.

The City does require that liquor licensees who want to remain open beyond the legal closing time of 2AM obtain a secondary liquor license in addition to the applicable primary license, as set forth below. This license is required for the additional privilege of remaining open and selling alcohol until 4AM Monday-Saturday and 5AM Sunday. This secondary license is the only license available to address hours of operation. The additional license fee is intended to account for the increased regulatory and public safety expenses associated with late night establishments that serve liquor.

Liquor License (2 Year License)	Fees	Description
Tavern License	\$4,400.00+\$40.00 one-time publication fee	Required for businesses whose primary source of business is to serve and sell alcohol (e.g. bars, nightclubs, pubs)
Packaged Goods	\$4,400.00+\$40.00 one-time publication fee	Required for the retail sale of alcoholic liquor (e.g. grocery stores, liquor stores)
Consumption on Premises-Incidental Activity	\$4,400.00+\$40.00 one-time publication fee	Required for the retail sale of alcohol to be consumed on the premises at a place of business where the sale of alcoholic liquor is incidental or secondary to the primary activity (e.g. restaurant, hotel, theaters)
Late Hour License (Secondary Liquor License)	\$6,000.00+ \$40.00 one-time publication fee	Secondary liquor license allowing businesses to remain open selling alcohol after the normal legal closing time

Revenue Impact

There are an estimated 115 restaurants in Chicago that are open for 24 hours every day of the year and another 15 that are open 24 hours at least 2 days a week. The table below shows how much revenue could be generated by a fee of different amounts. Similar to other business licenses, such a license would be a 2-year license and would be in addition to the existing Retail Food Establishment License. As a result, revenue would vary from year to year depending on the number of renewals and new licenses issued.

24-Hour Retail Food Establishment License (2 Year License)	
Additional Fee	Revenue
\$1000	\$130,000
\$2000	\$260,000
\$3000	\$390,000
\$4000	\$520,000
\$5000	\$650,000
\$6000	\$780,000

Legal Authority

Increasing restaurant license fees is within the City’s authority and requires amendment of the Municipal Code. However, any increase that is imposed unevenly across restaurants (e.g., only on 24 hour establishments) must be justified by additional costs associated with the subject restaurants – in terms of regulation, public safety, or other resources. In addition, courts have generally invalidated legislation that restricts hours of operation of a business if not justified by specific dangers or conditions present in that business during those hours. It is possible that courts may find that an additional license fee for night operation of a restaurant is an attempt to regulate the hours of operation of these businesses, in which case the license requirement would need to be justified by such specific dangers or conditions.

Other Cities

Following are a few examples of extended hour-specific licenses for food establishments in other jurisdictions:

City/State	License Type/ Fee	Description
Minneapolis, MN	Special Late Night Food: \$97 Fee	Any establishment with a liquor, wine, or beer sales license may apply to remain open for food service beyond authorized alcohol service hours. The establishment must have sales from food and non-alcoholic beverages equal to at least 60% of gross sales revenues and be open for eight continuous hours daily, except Sunday, in addition to the hours authorized by the special late night food license.

	Extended Hours Permit: \$142 + \$400 Investigative Fee	Minneapolis code specifies allowed hours of operation depending on the zoning district the operation is located in. This permit is required for any applicable business that is open to the public outside the normally authorized hours of operation.
Madison, WI	Late Night Vending License: \$200-\$500	Certain areas within the Mall/Concourse and downtown area are established for vending food and drink between the hours of 9PM and 4AM. This is required in addition to a Street Vendor License.
Pennsylvania	Extended Hours Food Permit: \$50 Fee	This permit allows a licensed establishment to remain open after 2:30AM for the purpose of maintaining a restaurant business. To qualify for this permit, the licensee must qualify for a "Sunday Sales" permit.