

33:1-10b, 33:1-24.3a, 33:1-12.55 et al
LEGISLATIVE HISTORY CHECKLIST
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LAWS OF: 2023 **CHAPTER:** 290

NJSA: 33:1-10b, 33:1-24.3a, 33:1-12.55 et al Makes various revisions to alcoholic beverage manufacturing and retailing license laws.

BILL NO: S4265 (Substituted for A5912)

SPONSOR(S) Gopal, Vin and others

DATE INTRODUCED: 1/2/2024

COMMITTEE: ASSEMBLY: Appropriations
SENATE: Budget & Appropriations

AMENDED DURING PASSAGE: Yes

DATE OF PASSAGE: ASSEMBLY: 01/08/2024
SENATE: 01/08/2024

DATE OF APPROVAL: 01/16/2024

FOLLOWING ARE ATTACHED IF AVAILABLE:

FINAL TEXT OF BILL (S4265 Sca (1R) enacted) Yes

S4265

INTRODUCED BILL: (Includes sponsor(s) statement) Yes

COMMITTEE STATEMENT: ASSEMBLY: No
SENATE: Yes

(Audio archived recordings of the committee meetings, corresponding to the date of the committee statement, *may possibly* be found at www.njleg.state.nj.us)

FLOOR AMENDMENT STATEMENT: No
LEGISLATIVE FISCAL ESTIMATE: Yes

A5912

INTRODUCED BILL: (Includes sponsor(s) statement) Yes

COMMITTEE STATEMENT: ASSEMBLY: Yes

SENATE: No

(Audio archived recordings of the committee meetings, corresponding to the date of the committee statement, *may possibly* be found at www.njleg.state.nj.us)

FLOOR AMENDMENT STATEMENT: No

LEGISLATIVE FISCAL ESTIMATE: Yes

VETO MESSAGE: No

GOVERNOR'S PRESS RELEASE ON SIGNING: Yes

FOLLOWING WERE PRINTED:

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REPORTS: No

HEARINGS: No

NEWSPAPER ARTICLES: Yes

Brent Johnson, 'Gov. hints of more to come in liquor reforms Murphy signs watered-down license bill, adding it's not last call on his efforts.', *South Jersey Times*, 18 Jan 2024

Brent Johnson, 'His liquor reforms became near beer, but Murphy hints of a chaser Gov. signs watered down license bill, adding it's not last call for his efforts.', *Star-ledger, The*, 17 Jan 2024

Kimberly Redmond, 'Liquor license legislation gets Murphy's Signature', *NJBIZ*, 16 Jan 2024

John Russo, 'Brewers hoping for fewer restrictions Local brewers, distillers look to future with looser liquor license laws', *Press of Atlantic City, The*, 15 Jan 2024

CL/MM

§1
C.33:1-10b
§3
C.33:1-24.3a
§6
C.33:1-12.55
§7
Note to
§§3-6

P.L. 2023, CHAPTER 290, *approved January 16, 2024*
Senate, No. 4265 (*First Reprint*)

1 **AN ACT** concerning alcoholic beverage licensing, supplementing
2 Title 33 of the Revised Statutes, and amending R.S.33:1-10,
3 P.L.1977, c.246, and P.L.1947, c.94.

4
5 **BE IT ENACTED** by the Senate and General Assembly of the State
6 of New Jersey:

7
8 1. (New section) a. As used in this section:

9 “Craft manufacturer’s license” means a limited brewery license,
10 cidery and meadery license, and craft distillery license issued pursuant
11 to R.S.33:1-10.

12 “Off-premises special events” means special events that take
13 place at a location other than on the licensed premises or the
14 sidewalk, parking lot, or other area owned by the licensee that is
15 adjacent to or adjoining the licensed premises and shall include, but
16 not be limited to: beer, music, and arts festivals; civic events; foot
17 races, bike races, and other athletic events; craft manufacturers’
18 anniversary celebrations; and holiday celebrations.

19 “On-premises special event” means an event that is open to the
20 public and held on the licensed premises or the sidewalk, parking
21 lot, or other area owned by the licensee that is adjacent to or
22 adjoining the licensed premises. An on-premises special event shall
23 include, but not be limited to: trivia and quiz games; paint and sip;
24 craftmaking; pop up shops; DJs, live music, amplified music and
25 open mic; televised or streamed sporting events; educational events
26 and seminars; movies and theatrical events; animal adoption, to the
27 extent permitted by local ordinance; yoga and exercise classes; and
28 games of skill.

29 “Private party” means an event that is held on the licensed
30 premises and closed to the general public, either by the
31 establishment of a special area of the licensed premises that may be
32 reserved to be occupied only by the hosts or guests of the private

EXPLANATION – Matter enclosed in bold-faced brackets **[thus]** in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

¹Senate SBA committee amendments adopted January 4, 2024.

1 party, or by closure of the licensed premises to the public for the
2 duration of the private party.

3 b. The holder of a craft manufacturer's license shall be entitled
4 to sell and serve customers tableside utilizing servers or wait staff
5 employed by the license holder. The license holder shall be entitled
6 to serve the licensee's products for on-premises consumption in
7 outdoor spaces approved by the municipality. A craft manufacturer
8 that serves alcoholic beverages in outdoor spaces may utilize a
9 permanent or portable tap system located in the approved outdoor
10 space. Pourers and servers employed by a craft manufacturer's
11 license holder shall be certified by an industry-recognized server
12 training program.

13 c. The holder of a craft manufacturer's license shall be
14 permitted to offer for sale or make the gratuitous offering of de
15 minimis food items including, but not limited to, packaged crackers,
16 chips, nuts, and similar snacks to customers. The license holder
17 may sell non-alcoholic beverages, whether or not manufactured by
18 the license holder. The license holder also may coordinate with a
19 food vendor for the provision of food on the licensed premises and
20 provide menus to customers for the sale of food.

21 The holder of a craft manufacturer's license may offer for sale
22 suitable gift items and novelty wearing apparel identified with the
23 name of the craft manufacturer, or to promote the craft beverage
24 industry.

25 d. The holder of a craft manufacturer's license shall be entitled to
26 hold an unlimited number of on-premises special events, for which
27 the license holder may sell tickets or charge a cover fee for
28 attendance. The license holder shall not be required to obtain a
29 permit or provide electronic notification to the division of on-
30 premises special events.

31 e. The holder of a craft manufacturer's license shall be entitled to
32 annually hold not more than 25 off-premises special events
33 authorized by a permit issued by the director for each off-premises
34 special event. An off-premises special event permit may be issued
35 for an event that is held for a maximum of three consecutive days.
36 The license holder shall be entitled to coordinate with food vendors
37 for the provision of food at off-premises events. If an off-premises
38 special event is to be held on a publicly-owned or controlled
39 property, the license holder shall be required to obtain the consent
40 of the political subdivision that owns or controls the property or the
41 chief law enforcement officer of the law enforcement agency that
42 has jurisdiction over the property.

43 f. The holder of a craft manufacturer's license shall be entitled
44 to hold an unlimited number of private parties per year to occur on
45 the licensed premises including, but not limited to, birthdays,
46 weddings, anniversaries, civic and political functions, professional
47 and trade association events, or class reunions and alumni events.
48 The license holder shall be entitled to coordinate with food vendors

1 for the provision of food at private parties. Subject to the consent of
2 the licensee, the host of a private party may provide wine and malt
3 alcoholic beverages purchased off the licensed premises to be
4 served at the private party. A host of a private party may hire an
5 employee of the craft manufacturer license holder to pour the
6 alcoholic beverages served at the party. The license holder shall not
7 be required to obtain a permit or provide electronic notification to
8 the director of private parties.

9 g. The holder of a craft manufacturer's license shall be entitled
10 to hold on the licensed premises not more than 25 social affair
11 events hosted by the holder of a social affair permit issued pursuant
12 to R.S.33:1-74. Subject to the consent of the license holder, the
13 holder of the social affair permit may sell and serve any wine and
14 malt alcoholic beverages for on-premises consumption only,
15 provided the wine and malt alcoholic beverages are obtained in
16 accordance with regulations promulgated by the director governing
17 the issuance of social affair permits. A host of a social affair
18 permitted event may hire employees or agents of the licensee to
19 pour the alcoholic beverages served at the event. The holder of this
20 license shall be entitled to sell the products manufactured pursuant
21 to the license for consumption off the craft manufacturer's premises
22 during a social affair permitted event.

23 h. The holder of a craft manufacturer's license shall be entitled
24 to sell the holder's products at a discount for promotional purposes,
25 provide targeted discounts, and establish membership programs that
26 offer discounts provided that the licensee's products are not sold
27 below the cost of manufacturing the product. Nothing in this
28 subsection shall waive the requirement that the holder of a craft
29 manufacturer's license file a current price list with the division in
30 accordance with rules and regulations.

31 i. The holder of a craft manufacturer's license shall be entitled to
32 exercise the privileges established pursuant to this section and
33 R.S.33:1-10 regardless of whether the property on which alcoholic
34 beverages are manufactured is owned or leased by the licensee.

35 j. The holder of a craft manufacturer's license shall be entitled to
36 show or display any televised program on televisions or other
37 screening devices of any number or size on the licensed premises.
38 The televised programs may include any sporting event, including
39 live-televised championship sporting events. The holder of this
40 license may publicly advertise that a televised event will be
41 displayed on the licensed premises in advance thereof. The license
42 holder shall not be required to provide notice to or obtain a permit
43 from the division prior to showing or displaying any televised
44 event.

45 k. The holder of a craft manufacturer's license who coordinates
46 with a food vendor pursuant to this section, including, but not
47 limited to, a food truck or restaurant, shall not own or operate the
48 food vendor. The holder of a craft manufacturer's license that is

1 used in connection with a licensed premises that is adjoining a food
2 vendor's premises shall have its own entrance and exit way to and
3 from the licensed premises and shall not have a doorway that allows
4 direct access and egress to the food vendor's premises.

5 1. The holder of a craft manufacturer's license shall not operate
6 on the same licensed premises as the holder of another craft
7 manufacturer's license. The holder of a craft manufacturer's
8 license shall not jointly control or operate a salesroom with the
9 holder of another craft manufacturer's license.

10

11 2. R.S.33:1-10 is amended to read as follows:

12 33:1-10. Class A licenses shall be subdivided and classified as
13 follows:

14 Plenary brewery license. 1a. The holder of this license shall be
15 entitled, subject to rules and regulations, to brew any malt alcoholic
16 beverages and to sell and distribute his products to wholesalers and
17 retailers licensed in accordance with this chapter, and to sell and
18 distribute without this State to any persons pursuant to the laws of
19 the places of such sale and distribution, and to maintain a
20 warehouse; provided, however, that the delivery of this product by
21 the holder of this license to retailers licensed under this title shall be
22 from inventory in a warehouse located in this State which is
23 operated under a plenary brewery license. The fee for this license
24 shall be \$10,625.

25 Limited brewery license. 1b. The holder of this license shall be
26 entitled, subject to rules and regulations, to brew any malt alcoholic
27 beverages in a quantity to be expressed in said license, dependent
28 upon the following fees and not in excess of 300,000 barrels of 31
29 fluid gallons capacity per year and to sell and distribute this product
30 to wholesalers and retailers licensed in accordance with this
31 chapter, and to sell and distribute without this State to any persons
32 pursuant to the laws of the places of such sale and distribution, and
33 to maintain a warehouse; provided, however, that the delivery of
34 this product by the holder of this license to retailers licensed under
35 this title shall be from inventory in a warehouse located in this State
36 which is operated under a limited brewery license. The holder of
37 this license shall be entitled to sell this product at retail to
38 consumers on the licensed premises of the brewery for consumption
39 on the premises, **【but only in connection with a tour of the**
40 **brewery,】** or **【for consumption off the premises】** in a quantity of
41 not more than 15.5 fluid gallons per person for consumption off the
42 premises, and to offer samples for sampling purposes **【only**
43 **pursuant to an annual permit issued by the director】**. The holder of
44 this license shall not be required to pay a fee to the division for the
45 privilege of offering samples pursuant to this section. If the holder
46 of this license holds a bonded warehouse bottling license issued
47 pursuant to subsection 5 of this section, product brewed in
48 accordance with this subsection and transferred to a bonded

1 warehouse for bottling and storage may be sold at retail and offered
2 for sampling on the licensed premises of the brewery by the holder
3 of this license. The holder of this license shall not sell food or
4 operate a restaurant on the licensed premises but may coordinate
5 with food vendors pursuant to section 1 of P.L. , c. (C.)
6 (pending before the Legislature as this bill). The holder of this
7 license shall be entitled to engage in the privileges established
8 pursuant to section 1 of P.L. , c. (C.) (pending before the
9 Legislature as this bill).

10 The fee for this license shall be graduated as follows:

11 to so brew not more than 50,000 barrels of 31 liquid gallons
12 capacity per annum, \$1,250;

13 to so brew not more than 100,000 barrels of 31 fluid gallons
14 capacity per annum, \$2,500;

15 to so brew not more than 200,000 barrels of 31 fluid gallons
16 capacity per annum, \$5,000;

17 to so brew not more than 300,000 barrels of 31 fluid gallons
18 capacity per annum, \$7,500.

19 For the purposes of this subsection, "sampling" means the selling
20 at a nominal charge or the gratuitous offering of an open container
21 not exceeding four ounces of any malt alcoholic beverage. For the
22 purposes of this subsection, "product" means any malt alcoholic
23 beverage that is produced on the premises licensed under this
24 subsection.

25 Restricted brewery license. 1c. The holder of this license shall
26 be entitled, subject to rules and regulations, to brew any malt
27 alcoholic beverages in a quantity to be expressed in such license not
28 in excess of **【10,000】** 300,000 barrels of 31 gallons capacity per
29 year. Notwithstanding the provisions of R.S.33:1-26, the director
30 shall issue a restricted brewery license only to a person or an entity
31 which has identical ownership to an entity which holds a plenary
32 retail consumption license issued pursuant to R.S.33:1-12, provided
33 that such plenary retail consumption license is operated in
34 conjunction with a restaurant regularly and principally used for the
35 purpose of providing meals to its customers and having adequate
36 kitchen and dining room facilities, and that the licensed restaurant
37 premises is immediately adjoining the premises licensed under this
38 subsection. The holder of this license shall be entitled to sell or
39 deliver the product to that restaurant premises. The holder of this
40 license also shall be entitled to sell and distribute the product to
41 wholesalers and retailers licensed in accordance with this chapter,
42 and to sell and distribute without this State to any persons pursuant
43 to the laws of those places of such sale and distribution, and to
44 maintain a warehouse; provided, however, that the delivery of this
45 product by the holder of this license to retailers licensed under this
46 title shall be from inventory in a warehouse located in this State
47 which is operated under a restricted brewery license. The amount of
48 malt alcoholic beverages that may be sold and distributed directly to

1 retailers pursuant to this subsection on an annual basis shall be not
2 more than 50 percent of the product manufactured in that year by the
3 holder of this license. The fee for this license shall be \$1,250, which
4 fee shall entitle the holder to brew up to 1,000 barrels of 31 liquid
5 gallons per annum. The licensee also shall pay an additional \$250
6 for every additional 1,000 barrels of 31 fluid gallons produced. The
7 fee shall be paid at the time of application for the license, and
8 additional payments based on barrels produced shall be paid within
9 60 days following the expiration of the license term upon
10 certification by the licensee of the actual gallons brewed during the
11 license term. No more than 10 restricted brewery licenses shall be
12 issued to a person or entity which holds an interest in a plenary
13 retail consumption license. If the governing body of the
14 municipality in which the licensed premises will be located should
15 file a written objection, the director shall hold a hearing and may
16 issue the license only if the director finds that the issuance of the
17 license will not be contrary to the public interest. All fees related to
18 the issuance of both licenses shall be paid in accordance with
19 statutory law. The provisions of this subsection shall not be
20 construed to limit or restrict the rights and privileges granted by the
21 plenary retail consumption license held by the holder of the
22 restricted brewery license issued pursuant to this subsection.

23 The holder of this license shall be entitled to offer samples of its
24 product for promotional purposes at charitable or civic events off
25 the licensed premises pursuant to an annual permit issued by the
26 director.

27 For the purposes of this subsection, "sampling" means the selling
28 at a nominal charge or the gratuitous offering of an open container
29 not exceeding four ounces of any malt alcoholic beverage product.
30 For the purposes of this subsection, "product" means any malt
31 alcoholic beverage that is produced on the premises licensed under
32 this subsection.

33 Farm brewery license. 1d. The holder of this license shall be
34 entitled, subject to rules and regulations, to brew any malt alcoholic
35 beverages in a quantity to be expressed in the license not in excess of
36 2,500 barrels of 31 fluid gallons per year and to sell products to
37 consumers for consumption off the licensed premises and to offer
38 samples for sampling purposes only. The license shall be issued only
39 when the brewery at which such malt alcoholic beverages are brewed
40 is located and constructed upon a tract of land exclusively under the
41 control of the licensee, the licensee is actively engaged in farming on
42 or adjacent to the brewery premises, and the malt alcoholic beverages
43 are substantially produced from hops or other ingredients grown or
44 cultivated on that tract of land. The holder of this license shall not
45 sell or offer food for consumption on the licensed premises.

46 The fee for this license shall be graduated as follows: to
47 manufacture between 1,200 and 2,500 barrels per year, \$300; to
48 manufacture between 100 and 1,199 barrels per year, \$200; to

1 manufacture fewer than 100 barrels per year, \$100. An individual or
2 entity shall not hold more than one farm brewery license.

3 For purposes of this subsection, "sampling" means the selling at a
4 nominal charge or the gratuitous offering of an open container not
5 exceeding one and one-half ounces of a malt alcoholic beverage.

6 Plenary winery license. 2a. Provided that the holder is engaged
7 in growing and cultivating grapes or fruit used in the production of
8 wine on at least three acres on, or adjacent to, the winery premises,
9 except as otherwise provided in this subsection for certain
10 alternating proprietorship agreements, the holder of this license
11 shall be entitled, subject to rules and regulations, to produce any
12 fermented wines, and to blend, fortify and treat wines, and to sell
13 and distribute his products to wholesalers licensed in accordance
14 with this chapter and to churches for religious purposes, and to sell
15 and distribute without this State to any persons pursuant to the laws
16 of the places of such sale and distribution, and to maintain a
17 warehouse, and to sell his products at retail to consumers on the
18 licensed premises of the winery for consumption on or off the
19 premises and to offer samples for sampling purposes only. The fee
20 for this license shall be \$938. A holder of this license who
21 produces not more than 250,000 gallons per year shall also have the
22 right to sell and distribute his products to retailers licensed in
23 accordance with this chapter, except that the holder of this license
24 shall not use a common carrier for such distribution. The fee for
25 this additional privilege shall be graduated as follows: a licensee
26 who manufactures more than 150,000 gallons, but not in excess of
27 250,000 gallons per annum, \$1,000; a licensee who manufactures
28 more than 100,000 gallons, but not in excess of 150,000 gallons per
29 annum, \$500; a licensee who manufactures more than 50,000
30 gallons, but not in excess of 100,000 gallons per annum, \$250; a
31 licensee who manufactures 50,000 gallons or less per annum, \$100.
32 A holder of this license who produces not more than 250,000
33 gallons per year shall have the right to sell such wine at retail in
34 original packages in 15 salesrooms apart from the winery premises
35 for consumption on or off the premises and for sampling purposes
36 for consumption on the premises, at a fee of \$250 for each
37 salesroom. Licensees shall not jointly control and operate
38 salesrooms. Additionally, the holder of this license who produces
39 not more than 250,000 gallons per year may ship not more than 12
40 cases of wine per year, subject to regulation, to any person within or
41 without this State over 21 years of age for personal consumption
42 and not for resale. A case of wine shall not exceed a maximum of
43 nine liters. A copy of the original invoice shall be available for
44 inspection by persons authorized to enforce the alcoholic beverage
45 laws of this State for a minimum period of three years at the
46 licensed premises of the winery. For the purposes of this
47 subsection, "sampling" means the selling at a nominal charge or the

1 gratuitous offering of an open container not exceeding one and one-
2 half ounces of any wine.

3 A holder of this license who produces not more than 250,000
4 gallons per year shall not own, either in whole or in part, or hold,
5 either directly or indirectly, any interest in a winery that produces
6 more than 250,000 gallons per year. In addition, a holder of this
7 license who produces more than 250,000 gallons per year shall not
8 own, either in whole or in part, or hold, either directly or indirectly,
9 any interest in a winery that produces not more than 250,000
10 gallons per year.

11 An applicant for a plenary winery license or the holder of a
12 plenary winery license may apply to the director for approval to
13 enter into an agreement with a host New Jersey winery to use the
14 host's equipment and space in an alternating proprietorship for
15 production of wine, provided that the applicant or holder has
16 obtained approval of the proposed alternating proprietorship
17 arrangement from the Alcohol and Tobacco Tax and Trade Bureau.
18 The director shall approve the agreement if the director determines
19 that the Alcohol and Tobacco Tax and Trade Bureau has approved
20 the agreement and the agreement does not violate any applicable
21 New Jersey alcohol licensing and taxation laws and related
22 regulations or special rulings of the director. The director shall
23 approve or deny the application no later than 180 days after receipt
24 of the application, unless the applicant agrees to an extension.

25 An applicant for a plenary winery license who also applies to the
26 director to enter into an alternating proprietorship agreement
27 pursuant to this subsection shall, upon approval by the director of
28 both applications, be permitted to grow and cultivate grapes or fruit
29 used in the production of wine on at least three acres within a five-
30 mile radius of the host winery premises.

31 For the purposes of this subsection, "product" means any wine
32 that is produced, blended, fortified, or treated by the licensee on its
33 licensed premises situated in the State of New Jersey. For the
34 purposes of this subsection, "wine" shall include "hard cider" and
35 "mead" as defined in this section.

36 Farm winery license. 2b. The holder of this license shall be
37 entitled, subject to rules and regulations, to manufacture any
38 fermented wines and fruit juices in a quantity to be expressed in
39 said license, dependent upon the following fees and not in excess of
40 50,000 gallons per year and to sell and distribute his products to
41 wholesalers and retailers licensed in accordance with this chapter
42 and to churches for religious purposes and to sell and distribute
43 without this State to any persons pursuant to the laws of the places
44 of such sale and distribution, and to maintain a warehouse and to
45 sell at retail to consumers for consumption on or off the licensed
46 premises and to offer samples for sampling purposes only. The
47 license shall be issued only when the winery at which such
48 fermented wines and fruit juices are manufactured is located and

1 constructed upon a tract of land exclusively under the control of the
2 licensee, provided that the licensee is actively engaged in growing
3 and cultivating an area of not less than three acres on or adjacent to
4 the winery premises and on which are growing grape vines or fruit
5 to be processed into wine or fruit juice, except in the case of certain
6 alternating proprietorship agreements, as provided in this
7 subsection; and provided, further, that for the first five years of the
8 operation of the winery such fermented wines and fruit juices shall
9 be manufactured from at least 51 percent grapes or fruit grown in
10 the State and that thereafter they shall be manufactured from grapes
11 or fruit grown in this State at least to the extent required for
12 labeling as "New Jersey Wine" under the applicable federal laws
13 and regulations. The containers of all wine sold to consumers by
14 such licensee shall have affixed a label stating such information as
15 shall be required by the rules and regulations of the Director of the
16 Division of Alcoholic Beverage Control. The fee for this license
17 shall be graduated as follows: to so manufacture between 30,000
18 and 50,000 gallons per annum, \$375; to so manufacture between
19 2,500 and 30,000 gallons per annum, \$250; to so manufacture
20 between 1,000 and 2,500 gallons per annum, \$125; to so
21 manufacture less than 1,000 gallons per annum, \$63. No farm
22 winery license shall be held by the holder of a plenary winery
23 license.

24 The holder of this license shall also have the right to sell and
25 distribute his products to retailers licensed in accordance with this
26 chapter, except that the holder of this license shall not use a
27 common carrier for such distribution. The fee for this additional
28 privilege shall be \$100. The holder of this license shall have the
29 right to sell his products in original packages at retail to consumers
30 in 15 salesrooms apart from the winery premises for consumption
31 on or off the premises, and for sampling purposes for consumption
32 on the premises, at a fee of \$250 for each salesroom. Licensees
33 shall not jointly control and operate salesrooms. Additionally, the
34 holder of this license may ship not more than 12 cases of wine per
35 year, subject to regulation, to any person within or without this
36 State over 21 years of age for personal consumption and not for
37 resale. A case of wine shall not exceed a maximum of nine liters.
38 A copy of the original invoice shall be available for inspection by
39 persons authorized to enforce the alcoholic beverage laws of this
40 State for a minimum period of three years at the licensed premises
41 of the winery. For the purposes of this subsection, "sampling"
42 means the selling at a nominal charge or the gratuitous offering of
43 an open container not exceeding one and one-half ounces of any
44 wine.

45 A holder of this license who produces not more than 250,000
46 gallons per year shall not own, either in whole or in part, or hold,
47 either directly or indirectly, any interest in a winery that produces
48 more than 250,000 gallons per year.

1 An applicant for a farm winery license or the holder of a farm
2 winery license may apply to the director for approval to enter into
3 an agreement with a host New Jersey winery to use the host's
4 equipment and space in an alternating proprietorship for production
5 of wine, provided that the applicant or holder has obtained approval
6 of the proposed alternating proprietorship arrangement from the
7 Alcohol and Tobacco Tax and Trade Bureau. The director shall
8 approve the agreement if the director determines that the Alcohol
9 and Tobacco Tax and Trade Bureau has approved the agreement
10 and the agreement does not violate any applicable New Jersey
11 alcohol licensing and taxation laws and related regulations or
12 special rulings of the director. The director shall approve or deny
13 the application no later than 180 days after receipt of the
14 application, unless the applicant agrees to an extension.

15 An applicant for a farm winery license who also applies to the
16 director to enter into an alternating proprietorship agreement
17 pursuant to this subsection shall, upon approval by the director of
18 both applications, be permitted to grow and cultivate grapes or fruit
19 used in the production of wine on at least three acres within a five-
20 mile radius of the host winery premises.

21 Unless otherwise indicated, for the purposes of this subsection,
22 with respect to farm winery licenses, "manufacture" means the
23 vinification, aging, storage, blending, clarification, stabilization and
24 bottling of wine or juice from New Jersey fruit to the extent
25 required by this subsection.

26 For the purposes of this subsection, "wine" shall include "hard
27 cider" and "mead" as defined in this section.

28 Wine blending license. 2c. The holder of this license shall be
29 entitled, subject to rules and regulations, to blend, treat, mix, and
30 bottle fermented wines and fruit juices with non-alcoholic
31 beverages, and to sell and distribute his products to wholesalers and
32 retailers licensed in accordance with this chapter, and to sell and
33 distribute without this State to any persons pursuant to the laws of
34 the places of such sale and distribution, and to maintain a
35 warehouse. The fee for this license shall be \$625.

36 For the purposes of this subsection, "wine" shall include "hard
37 cider" and "mead" as defined in this section.

38 Instructional winemaking facility license. 2d. The holder of this
39 license shall be entitled, subject to rules and regulations, to instruct
40 persons in and provide them with the opportunity to participate
41 directly in the process of winemaking and to directly assist such
42 persons in the process of winemaking while in the process of
43 instruction on the premises of the facility. The holder of this
44 license also shall be entitled to manufacture wine on the premises
45 not in excess of an amount of 10 percent of the wine produced
46 annually on the premises of the facility, which shall be used only to
47 replace quantities lost or discarded during the winemaking process,
48 to maintain a warehouse, and to offer samples produced by persons

1 who have received instruction in winemaking on the premises by
2 the licensee for sampling purposes only on the licensed premises for
3 the purpose of promoting winemaking for personal or household use
4 or consumption. Wine produced on the premises of an instructional
5 winemaking facility shall be used, consumed or disposed of on the
6 facility's premises or distributed from the facility's premises to a
7 person who has participated directly in the process of winemaking
8 for the person's personal or household use or consumption. The
9 holder of this license may sell mercantile items traditionally
10 associated with winemaking and novelty wearing apparel identified
11 with the name of the establishment licensed under the provisions of
12 this section. The holder of this license may use the licensed
13 premises for an event or affair, including an event or affair at which
14 a plenary retail consumption licensee serves alcoholic beverages in
15 compliance with all applicable statutes and regulations promulgated
16 by the director. The fee for this license shall be \$1,000. For the
17 purposes of this subsection, "sampling" means the gratuitous
18 offering of an open container not exceeding one and one-half
19 ounces of any wine.

20 For the purposes of this subsection, "wine" shall include "hard
21 cider" and "mead" as defined in this section.

22 Out-of-State winery license. 2e. Provided that the applicant
23 does not produce more than 250,000 gallons of wine per year, the
24 holder of a valid winery license issued in any other state may make
25 application to the director for this license. The holder of this
26 license shall have the right to sell and distribute his products to
27 wholesalers licensed in accordance with this chapter and to sell
28 such wine at retail in original packages in 16 salesrooms apart from
29 the winery premises for consumption on or off the premises at a fee
30 of \$250 for each salesroom. Licensees shall not jointly control and
31 operate salesrooms. The annual fee for this license shall be \$938.
32 A copy of a current license issued by another state shall accompany
33 the application. The holder of this license also shall have the right
34 to sell and distribute his products to retailers licensed in accordance
35 with this chapter, except that the holder of this license shall not use
36 a common carrier for such distribution. The fee for this additional
37 privilege shall be graduated as follows: a licensee who
38 manufactures more than 150,000 gallons, but not in excess of
39 250,000 gallons per annum, \$1,000; a licensee who manufactures
40 more than 100,000 gallons, but not in excess of 150,000 gallons per
41 annum, \$500; a licensee who manufactures more than 50,000
42 gallons, but not in excess of 100,000 gallons per annum, \$250; a
43 licensee who manufactures 50,000 gallons or less per annum, \$100.
44 Additionally, the holder of this license may ship not more than 12
45 cases of wine per year, subject to regulation, to any person within or
46 without this State over 21 years of age for personal consumption
47 and not for resale. A case of wine shall not exceed a maximum of
48 nine liters. A copy of the original invoice shall be available for

1 inspection by persons authorized to enforce the alcoholic beverage
2 laws of this State for a minimum period of three years at the
3 licensed premises of the winery.

4 The licensee shall collect from the customer the tax due on the
5 sale pursuant to the "Sales and Use Tax Act," P.L.1966, c.30
6 (C.54:32B-1 et seq.) and shall pay the tax due on the delivery of
7 alcoholic beverages pursuant to the "Alcoholic beverage tax law,"
8 R.S.54:41-1 et seq. The Director of the Division of Taxation in the
9 Department of the Treasury shall promulgate such rules and
10 regulations necessary to effectuate the provisions of this paragraph,
11 and may provide by regulation for the co-administration of the tax
12 due on the delivery of alcoholic beverages pursuant to the
13 "Alcoholic beverage tax law," R.S.54:41-1 et seq. with the
14 administration of the tax due on the sale pursuant to the "Sales and
15 Use Tax Act," P.L.1966, c.30 (C.54:32B-1 et seq.).

16 A holder of this license who produces not more than 250,000
17 gallons per year shall not own, either in whole or in part, or hold,
18 either directly or indirectly, any interest in a winery that produces
19 more than 250,000 gallons per year.

20 For the purposes of this subsection, "wine" shall include "hard
21 cider" and "mead" as defined in this section.

22 Cidery and meadery license. 2f. The holder of this license shall
23 be entitled, subject to rules and regulations, to manufacture hard
24 cider and mead and to sell and distribute these products to
25 wholesalers and retailers licensed in accordance with this chapter,
26 and to sell and distribute without this State to any persons pursuant
27 to the laws of the places of such sale and distribution, and to
28 maintain a warehouse. The holder of this license shall be entitled to
29 sell these products at retail to consumers on the licensed premises
30 for consumption on or off the premises and to offer samples for
31 sampling purposes only. The holder of this license shall be
32 permitted to offer for sale or make the gratuitous offering of
33 packaged crackers, chips, nuts, and similar snacks to consumers **【**,
34 **but】** . The holder of this license shall not operate a restaurant on
35 the licensed premises but may coordinate with food vendors
36 pursuant to section 1 of P.L. , c. (C.) (pending before the
37 Legislature as this bill). The holder of this license shall be entitled to
38 engage in the privileges established pursuant to section 1 of P.L. , c.
39 (C.) (pending before the Legislature as this bill). The fee for this
40 license shall be \$938.

41 The holder of this license shall be entitled to manufacture hard
42 cider in a quantity not to exceed 50,000 barrels of 31 fluid gallons
43 capacity per year. With respect to the sale and distribution of hard
44 cider to a wholesaler, the licensee shall be subject to the same
45 statutory and regulatory requirements as a brewer, and hard cider
46 shall be considered a malt alcoholic beverage, for the purposes of
47 the "Malt Alcoholic Beverage Practices Act," P.L.2005, c.243

1 (C.33:1-93.12 et seq.). The holder of this license shall not directly
2 ship hard cider either within or without this State.

3 The holder of this license shall be entitled to manufacture not
4 more than 250,000 gallons of mead per year. The holder of this
5 license may ship not more than 12 cases of mead per year, subject
6 to regulation, to any person within or without this State over 21
7 years of age for personal consumption and not for resale. A case of
8 mead shall not exceed a maximum of nine liters. A copy of the
9 original invoice shall be available for inspection by persons
10 authorized to enforce the alcoholic beverage laws of this State for a
11 minimum period of three years at the licensed premises.

12 As used in this subsection:

13 "Hard cider" means a fermented alcoholic beverage derived
14 primarily from apples, pears, apple juice concentrate and water, or
15 pear juice concentrate and water, which may include spices, herbs,
16 honey, or other flavoring, and which contains at least one half of
17 one percent but less than eight and one half percent alcohol by
18 volume.

19 "Mead" means an alcoholic beverage primarily made from
20 honey, water, and yeast, and which may contain fruit, fruit juices,
21 spices, or herbs added before or after fermentation has completed,
22 except that the ratio of fermentable sugars from fruit or fruit juices
23 shall not exceed 49 percent of the total fermentable sugars used to
24 produce mead.

25 "Sampling" means the selling at a nominal charge or the
26 gratuitous offering of an open container not exceeding four ounces
27 of hard cider or mead produced on the licensed premises.

28 Plenary distillery license. 3a. The holder of this license shall be
29 entitled, subject to rules and regulations, to manufacture any
30 distilled alcoholic beverages and rectify, blend, treat and mix, and
31 to sell and distribute his products to wholesalers and retailers
32 licensed in accordance with this chapter, and to sell and distribute
33 without this State to any persons pursuant to the laws of the places
34 of such sale and distribution, and to maintain a warehouse. The fee
35 for this license shall be \$12,500.

36 Limited distillery license. 3b. The holder of this license shall be
37 entitled, subject to rules and regulations, to manufacture and bottle
38 any alcoholic beverages distilled from fruit juices and rectify,
39 blend, treat, mix, compound with wine and add necessary
40 sweetening and flavor to make cordial or liqueur, and to sell and
41 distribute to wholesalers and retailers licensed in accordance with
42 this chapter, and to sell and distribute without this State to any
43 persons pursuant to the laws of the places of such sale and
44 distribution and to warehouse these products. The fee for this
45 license shall be \$3,750.

46 Supplementary limited distillery license. 3c. The holder of this
47 license shall be entitled, subject to rules and regulations, to bottle
48 and rebottle, in a quantity to be expressed in said license, dependent

1 upon the following fees, alcoholic beverages distilled from fruit
2 juices by such holder pursuant to a prior plenary or limited distillery
3 license, and to sell and distribute his products to wholesalers and
4 retailers licensed in accordance with this chapter, and to sell and
5 distribute without this State to any persons pursuant to the laws of
6 the places of such sale and distribution, and to maintain a
7 warehouse. The fee for this license shall be graduated as follows:
8 to so bottle and rebottle not more than 5,000 wine gallons per
9 annum, \$313; to so bottle and rebottle not more than 10,000 wine
10 gallons per annum, \$625; to so bottle and rebottle without limit as
11 to amount, \$1,250.

12 Craft distillery license. 3d. The holder of this license shall be
13 entitled, subject to rules and regulations, to manufacture not more
14 than 20,000 gallons of distilled alcoholic beverages, to rectify,
15 blend, treat and mix distilled alcoholic beverages, to sell and
16 distribute this product to wholesalers and retailers licensed in
17 accordance with this chapter, and to sell and distribute without this
18 State to any persons pursuant to the laws of the places of such sale
19 and distribution, and to maintain a warehouse. The holder of this
20 license shall be entitled to sell this product at retail to consumers on
21 the licensed premises of the distillery for consumption on the
22 premises, **【but only in connection with a tour of the distillery,】** and
23 for consumption off the premises in a quantity of not more than five
24 liters per person. In addition, the holder of this license may offer
25 any person not more than three samples per calendar day for
26 sampling purposes only. For the purposes of this subsection,
27 "sampling" means the gratuitous offering of an open container not
28 exceeding one-half ounce serving of distilled alcoholic beverage
29 produced on the distillery premises. If the holder of this license
30 holds a bonded warehouse bottling license issued pursuant to
31 subsection 5 of this section, product manufactured in accordance
32 with this subsection and transferred to a bonded warehouse for
33 bottling and storage may be sold at retail and offered for sampling
34 on the licensed premises of the distillery by the holder of this
35 license. Nothing in this subsection shall be deemed to permit the
36 direct shipment of distilled spirits either within or without this
37 State. The holder of this license shall be entitled to engage in the
38 privileges established pursuant to section 1 of P.L. , c. (C.)
39 (pending before the Legislature as this bill).

40 The holder of this license shall not sell food or operate a
41 restaurant on the licensed premises but may coordinate with food
42 vendors pursuant to section 1 of P.L. , c. (C.) (pending before
43 the Legislature as this bill). A holder of this license who certifies that
44 not less than 51 percent of the raw materials used in the production
45 of distilled alcoholic beverages under this section are grown in this
46 State or purchased from providers located in this State may,
47 consistent with all applicable federal laws and regulations, label

1 these distilled alcoholic beverages as "New Jersey Distilled." The
2 fee for this license shall be \$938.

3 Rectifier and blender license. 4. The holder of this license shall
4 be entitled, subject to rules and regulations, to rectify, blend, treat
5 and mix distilled alcoholic beverages, and to fortify, blend, and
6 treat fermented alcoholic beverages, and prepare mixtures of
7 alcoholic beverages, and to sell and distribute his products to
8 wholesalers and retailers licensed in accordance with this chapter,
9 and to sell and distribute without this State to any persons pursuant
10 to the laws of the places of such sale and distribution, and to
11 maintain a warehouse. The fee for this license shall be \$7,500.

12 Bonded warehouse bottling license. 5. The holder of this license
13 shall be entitled, subject to rules and regulations, to bottle alcoholic
14 beverages in bond on behalf of all persons authorized by federal and
15 State law and regulations to withdraw alcoholic beverages from
16 bond. The fee for this license shall be \$625. This license shall be
17 issued only to persons holding permits to operate Internal Revenue
18 bonded warehouses pursuant to the laws of the United States.

19 The provisions of section 21 of P.L.2003, c.117 amendatory of
20 this section shall apply to licenses issued or transferred on or after
21 July 1, 2003, and to license renewals commencing on or after July
22 1, 2003.

23 (cf: P.L.2023, c.141, s.1)

24

25 3. (New section) a. As used in this act:

26 "Contiguous" means when municipalities in this State are
27 adjoined by land and share a common boundary line but does not
28 include municipalities that are separated solely by a river, lake, bay,
29 or other body of water.

30 "Inactive license" means a plenary retail consumption license
31 that has been placed on inactive status and renewed as authorized
32 by the provisions of section 1 of P.L.1977, c.246 (C.33:1-12.39) for
33 two consecutive license terms.

34 "Receiving municipality" means a municipality that enters into
35 an agreement to acquire an inactive plenary retail consumption
36 license from a contiguous sending municipality as part of an
37 economic redevelopment plan or in connection with a premises
38 located within a redevelopment, improvement, or revitalization area
39 pursuant to P.L. , c. (C.) (pending before the Legislature
40 as this bill).

41 "Redevelopment, improvement, or revitalization area" means an
42 urban enterprise zone designated pursuant to P.L.1983, c.303
43 (C.52:27H-60 et seq.) or P.L.2001, c.347 (C.52:27H-66.2 et al.); a
44 downtown business improvement zone designated pursuant to
45 P.L.1998, c.115 (C.40:56-71.1 et seq.); a pedestrian mall or
46 pedestrian mall improvement or special improvement district as
47 defined in section 2 of P.L.1972, c.134 (C.40:56-66); a transit
48 oriented development as defined by section 2 of P.L.2011, c.149

1 (C.34:1B-243); an area determined to be in need of redevelopment
2 pursuant to sections 5 and 6 of P.L.1992, c.79 (C.40A:12A-5 and
3 40A:12A-6); or an area determined to be in need of rehabilitation
4 pursuant to section 14 of P.L.1992, c.79 (C.40A:12A-14), or any
5 improvement which is 100 percent new construction, which is an
6 entirely new improvement not previously occupied or used for any
7 purpose.

8 “Sending municipality” means a municipality from which an
9 inactive license is issued pursuant to P.L. , c. (C.) (pending
10 before the Legislature as this bill) to the governing body of a
11 contiguous receiving municipality as part of an economic
12 redevelopment plan or in connection with a premises located within
13 a redevelopment, improvement, or revitalization area.

14 b. A receiving municipality in which the number of plenary
15 retail consumption licenses has reached the population limitation
16 established in section 2 of P.L.1947, c.94 (C.33:1-12.14) may issue
17 a request for proposal to acquire from a license holder an additional
18 inactive plenary retail consumption license that was initially issued
19 by a contiguous sending municipality. The inactive license
20 acquired pursuant to this section shall be used in connection with a
21 premises as part of an economic redevelopment plan or a
22 redevelopment, improvement, or revitalization area. A sending
23 municipality shall not be entitled to transfer a license pursuant to
24 this section unless the sending municipality and receiving
25 municipality are contiguously located.

26 c. The request for proposal issued pursuant to subsection b. of
27 this section shall specify a time and date after which no further
28 applications from license holders will be accepted. The request
29 shall be published in a newspaper circulating generally throughout
30 the State by not less than two insertions, one week apart, the second
31 of which shall be made not less than 30 days prior to the time and
32 date specified in the notice as the time and date after which no
33 further applications will be accepted. In addition, the request for
34 proposal shall be published by the governing body on the official
35 Internet website of the receiving municipality. The request for
36 proposal shall require that all bids be sealed and remain confidential
37 to other bidders. Notwithstanding the provisions of section 1 of
38 P.L.1981, c. 416 (C.33:1-19.3) the license shall be awarded to the
39 highest qualified bidder.

40 The request for proposal shall establish a minimum bid amount,
41 which shall be based on the average sale price of the three most
42 recent plenary retail consumption license sales in the receiving
43 municipality or an appraisal completed pursuant to this subsection at
44 the receiving municipality’s expense, whichever amount is greater.

45 The appraisal process shall include an examination of previous
46 transactions in the receiving municipality or surrounding
47 municipalities, as the case may be, and shall reflect what a willing
48 buyer, under no pressure to buy, would pay a willing seller, under no

1 pressure to sell, for a plenary retail consumption license in that
2 municipality or municipalities, as the case may be.

3 d. The holder of an inactive plenary retail consumption license
4 shall apply to the governing body of the sending municipality for
5 permission to transfer the inactive plenary retail consumption
6 license from the sending municipality prior to the submission of
7 bids in response to the request for proposal. The governing body of
8 the sending municipality may approve the application only by a
9 resolution adopted by a majority vote. The sending municipality
10 shall not require the applicant to disclose the location of the
11 proposed licensed premises.

12 After the receiving municipality accepts a successful bid, the
13 sending municipality shall submit to the director notice of the intent
14 to transfer a license at least 90 days prior to the transfer. The
15 sending and receiving municipalities shall adopt by majority vote
16 identical resolutions authorizing the transfer of the license. The
17 identical resolutions shall establish the license transfer fee of
18 \$25,000 or more, which shall be paid by the license holder and
19 deposited in the general fund of the sending municipality. Prior to
20 adopting the resolution pursuant to this section, the governing body
21 of both municipalities shall give special consideration as to whether
22 sufficient attempts were made by the license holder to use or
23 transfer the license for use in connection with a premises located in
24 the sending municipality.

25 e. A receiving municipality that acquires a license pursuant to
26 subsection b. of this section shall be entitled to offer the license at
27 public sale pursuant to P.L.1975, c.275 (C.33:1-19.1 et seq.). A
28 license issued by the receiving municipality to a qualified bidder
29 that is not actively used in connection with the operation of a
30 premises within two years of the issuance date shall expire and shall
31 not be reissued by the receiving municipality. The license holder
32 shall not be entitled to appeal the expiration of the license to the
33 director or a court of law unless the license holder has been
34 deprived of the use of the licensed premises as a result of eminent
35 domain, fire, or other casualty, and establishes by affidavit filed
36 with the director that the license holder is making a good faith
37 effort to resume active use of the license in connection with the
38 operation of a licensed premises.

39 f. A receiving municipality shall be entitled to acquire one
40 inactive license pursuant to this section in each calendar year but
41 not more than two inactive licenses in five calendar years.

42 g. A plenary retail consumption license transferred pursuant to
43 this section shall entitle the license holder to sell alcoholic
44 beverages for consumption on the licensed premises but not for
45 consumption off the licensed premises. Licenses transferred
46 pursuant to this section shall otherwise be subject to all the
47 provisions of Title 33 of the Revised Statutes, rules and regulations
48 promulgated by the director, and municipal ordinances.

1 h. A license issued pursuant to this section shall not be
2 included in the total combined population necessary to issue a new
3 plenary retail consumption or seasonal retail consumption license
4 pursuant to section 2 of P.L.1947, c.94 (C.33:1-12.14).

5
6 4. Section 1 of P.L.1977, c.246 (C.33:1-12.39) is amended to
7 read as follows:

8 1. ~~【No】~~ a. On and after the effective date of
9 P.L. , c. (C.) (pending before the Legislature as this bill), a
10 Class C license [,] as [the same is] defined in R.S.33:1-12 [,]
11 shall not be renewed if the [same] license has not been actively
12 used in connection with the operation of a licensed premises within
13 [a period of two years prior to the commencement date of the
14 license period for which the renewal application is filed unless the
15 director, for good cause and after a hearing, authorizes a further
16 application for one or more renewals within a stated period of
17 years; provided, however that, if] two consecutive license terms. A
18 license that remains inactive at the end of the two-year period shall
19 expire, provided, however, the governing body of a municipality
20 may in its discretion extend the period during which the license may
21 remain inactive for an additional year.

22 b. Notwithstanding subsection a. of this section, if the licensee
23 has been deprived of the use of the licensed premises as a result of
24 eminent domain, fire or other casualty, and establishes by affidavit
25 filed with the director that [he] the licensee is making a good faith
26 effort to resume active use of the license in connection with the
27 operation of a licensed premise [then] the time period [of two
28 years] provided for in this section shall be automatically extended
29 for an additional period of two [years] license terms.

30 c. Following the effective date of P.L. , c. (C.) (pending
31 before the Legislature as this bill), prior to the expiration of an
32 inactive license pursuant to subsection a. of this section, an inactive
33 license shall be:

34 (1) actively used by the license holder;

35 (2) transferred in a private transaction for fair market value to
36 another person who intends to use the license. The transferee shall
37 actively use the license in connection with a premises upon receipt
38 of the license; or

39 (3) transferred from a sending municipality to a receiving
40 municipality in accordance with section 3 of P.L. , c. (C.)
41 (pending before the Legislature as this bill).

42 d. The director shall divide the inactive plenary retail
43 consumption licenses that were placed on inactive status prior to the
44 effective date of P.L. , c. (C.) (pending before the Legislature
45 as this bill) into quartiles based on the total length of time that the
46 licenses have been inactive. The licenses shall be transferred

1 pursuant to subsection c. of this section in accordance with the
2 following time schedule:

3 (1) the quartile that has been inactive for the longest period of
4 time shall be transferred pursuant to subsection c. of this section
5 within one year of the effective date of P.L. , c. (C.) (pending
6 before the Legislature as this bill);

7 (2) the quartile that has been inactive for the second longest
8 period of time shall be transferred pursuant to subsection c. of this
9 section within two years following the effective date of
10 P.L. , c. (C.) (pending before the Legislature as this bill);

11 (3) the quartile that has been inactive for the third longest period
12 of time shall be transferred pursuant to subsection c. of this section
13 within three years following the effective date of P.L. , c. (C.)
14 (pending before the Legislature as this bill); and

15 (4) the quartile that has been inactive for the shortest period of
16 time shall be transferred pursuant to subsection c. of this section
17 within four years following the effective date of P.L. , c. (C.)
18 (pending before the Legislature as this bill).

19 e. Any request for relief under this section shall be
20 accompanied by a nonreturnable filing fee of **[\$100.00]** \$100
21 payable to the director.

22 (cf: P.L.1996, c.127, s.1)

23

24 5. Section 6 of P.L.1947, c.94 (C.33:1-12.18) is amended to read
25 as follows:

26 6. a. Except as provided in subsection d. of this section, in any
27 case in which a timely renewal was not filed, nothing in this act
28 shall be deemed to prevent the issuance of a new license to a person
29 who files an application therefor within one year following the
30 expiration of the license renewal period, but who pays the
31 municipal and State renewal fees for the year for which a timely
32 renewal application was not filed, if the director shall determine in
33 writing that the applicant's failure to apply for a renewal of his
34 license was due to circumstances beyond his control or other
35 extraordinary circumstances.

36 b. Any request for relief under this section shall be filed not
37 later than one year following the expiration of the license renewal
38 period for the license which was not renewed in a timely manner
39 and shall be accompanied by a nonreturnable filing fee of \$100
40 payable to the director for each license term.

41 c. A new license issued pursuant to this section shall be
42 assigned the same license number as the license which was not
43 renewed in a timely manner.

44 d. Notwithstanding subsection a. of this section, a person with
45 an expired license which was not renewed within the five years
46 immediately preceding the enactment of P.L.2010, c.14, but who
47 pays the municipal and State renewal fees for each year for which a
48 timely renewal application was not filed, may file for issuance of a

1 new license in accordance with subsection a. of this section within
2 six months of the effective date of P.L.2010, c.14.

3 e. Notwithstanding the limitation set forth in section 2 of
4 P.L.1947, c.94 (C.33:1-12.14) concerning the number of licenses
5 that may be issued within a municipality, the governing body of a
6 municipality in which an inactive Class C license has been
7 permitted to lapse and has not been renewed within eight years
8 immediately preceding the enactment of P.L. , c. (C.)
9 (pending before the Legislature as this bill) may issue a new Class
10 C license at public sale for use at a licensed premises located within
11 the municipality in a manner consistent with the provisions of
12 P.L.1975, c.275 (C.33:1-19.1 et seq.).

13 Any Class C license issued pursuant to this subsection shall be of
14 the same license type as the expired license and shall be used in a
15 manner consistent with the provisions of Title 33 of the Revised
16 Statutes and any regulation promulgated by the director.

17 (cf: P.L.2010, c.14, s.1)

18

19 6. (New section) a. As used in this section:

20 “Eligible municipality” means a municipality in which at least one
21 shopping mall is located and the number of plenary retail consumption
22 licenses has reached the population limitation established in section 2
23 of P.L.1947, c.94 (C.33:1-12.14).

24 “Enforcing agency” means the enforcing agency in any
25 municipality designated to administer and enforce the "State Uniform
26 Construction Code Act" pursuant to section 8 of
27 P.L.1975, c.217 (C. 52:27D-126), and regulations promulgated
28 thereunder.

29 “Shopping mall” means a standalone, publicly accessible enclosed
30 walkway or hall area that serves to connect retail, entertainment, and
31 food and beverage establishments, and office space and:

32 (1) that is under common ownership or control and connects with
33 or provides access to separate retail establishments, including at least
34 one restaurant or other establishment that serves alcoholic beverages
35 pursuant to a plenary retail consumption license; and

36 (2) was constructed prior to the effective date of P.L. , c. (C.)
37 (pending before the Legislature as this bill) or for which an application
38 for a construction permit has been declared complete by an enforcing
39 agency prior to the effective date of P.L. , c. (C.) (pending
40 before the Legislature as this bill).

41 “Strip mall” means a retail shopping complex that consists of
42 stores, restaurants, or other businesses in adjacent spaces or storefronts
43 in one or more buildings that are connected by a doorway or open onto
44 a common parking lot or outdoor pedestrian walkway.

45 b. The governing body of an eligible municipality may, by
46 ordinance or resolution, issue within the municipality not more than:

47 (1) two special licenses to a person or other legal entity for use in
48 connection with a food and beverage establishment located within a

1 shopping mall with a minimum gross square footage of not less than
2 750,000; and

3 (2) four special licenses to a person or other legal entity for use in
4 connection with a food and beverage establishment located within a
5 shopping mall with a gross square footage of 1,500,000 or more.

6 c. A special license issued pursuant to subsection b. of this
7 section shall authorize the sale of alcoholic beverages for immediate
8 consumption on the operator's premises.

9 d. A person who would fail to qualify as a licensee under Title 33
10 of the Revised Statutes shall not be permitted to hold an interest in a
11 special license under the provisions of this section.

12 e. Licenses shall be subject to all the provisions of Title 33 of the
13 Revised Statutes, rules and regulations promulgated by the director,
14 and municipal ordinances.

15 f. A special license issued pursuant to this section shall not be
16 transferred for use in connection with any premises other than a
17 premises that is operated as a food and beverage establishment located
18 within the same shopping mall.

19 g. Application for the initial issuance and renewal of each license
20 shall be made to the municipal governing body on an annual basis.
21 The fee for the initial issuance of the license shall be ¹based on the
22 average sale price of the three most recent plenary retail consumption
23 license sales in the eligible municipality in which the license is being
24 issued or an appraisal completed pursuant to this subsection at the
25 applicant's expense, whichever amount is greater.

26 The appraisal process shall include an examination of previous
27 transactions in the eligible municipality or surrounding municipalities,
28 as the case may be, and shall reflect what a willing buyer, under no
29 pressure to buy, would pay a willing seller, under no pressure to sell,
30 for a plenary retail consumption license in that municipality or
31 municipalities, as the case may be] at least \$250,000¹.

32 One half of the ¹amount of the application fee for the ¹initial
33 issuance ¹of] fee for¹ the license shall be paid upon the issuance of
34 the license and the other half of that amount shall be paid one year
35 later. The governing body of the municipality shall establish an annual
36 fee for the license which shall not exceed the fee which may be
37 imposed by a municipality for a plenary retail consumption license
38 pursuant to R.S.33:1-12. The fee for the initial issuance of the license
39 shall be paid to the eligible municipality in which the license is issued.

40 h. If the individual corporation or entity holding the license
41 determines to transfer a special license issued pursuant to this section,
42 the license shall be sold for the sum paid pursuant to subsection g. of
43 this section. A special license issued pursuant to this section shall not
44 be transferred to the governing body of another municipality or for use
45 in connection with any premises other than a premises that is operated
46 as a food and beverage establishment located within a shopping mall.

1 i. The director shall not issue a special concessionaire permit for
2 any location or premises which is eligible to obtain a license to serve
3 alcoholic beverages under the provisions of this section.

4 j. A special license issued pursuant to this section shall not be
5 subject to the population limitation established pursuant to section 2 of
6 P.L.1947, c.94 (C.33:1-12.14). An interest in a special license issued
7 pursuant to this section shall be excluded in determining the maximum
8 number of plenary retail consumption licenses issued to a person
9 pursuant to P.L.1962, c.152 (C.33:1-12.31 et seq.).

10 k. The provisions of this section shall not apply to a strip mall as
11 defined in subsection a. of this section.

12 l. Pursuant to the "Administrative Procedure Act," P.L.1968,
13 c.410 (C.52:14B-1 et seq.), the director may adopt rules and
14 regulations to effectuate the purposes of this act..

15

16 7. Sections 1 and 2 of this act shall take effect immediately and
17 sections 3 through 6 shall take effect on the first day of the seventh
18 month next following the date of enactment, except the Director of
19 the Division of Alcoholic Beverage Control may take anticipatory
20 administrative action in advance thereof as shall be necessary for
21 the implementation of this act.

22

23

24

25

26 _____
27 Makes various revisions to alcoholic beverage manufacturing and
retailing license laws.

SENATE, No. 4265

STATE OF NEW JERSEY
220th LEGISLATURE

INTRODUCED JANUARY 2, 2024

Sponsored by:

Senator VIN GOPAL

District 11 (Monmouth)

Senator PAUL A. SARLO

District 36 (Bergen and Passaic)

Senator TROY SINGLETON

District 7 (Burlington)

SYNOPSIS

Makes various revisions to alcoholic beverage manufacturing and retailing license laws.

CURRENT VERSION OF TEXT

As introduced.



1 AN ACT concerning alcoholic beverage licensing, supplementing
2 Title 33 of the Revised Statutes, and amending R.S.33:1-10,
3 P.L.1977, c.246, and P.L.1947, c.94.

4
5 **BE IT ENACTED** by the Senate and General Assembly of the State
6 of New Jersey:

7
8 1. (New section) a. As used in this section:

9 “Craft manufacturer’s license” means a limited brewery license,
10 cidery and meadery license, and craft distillery license issued pursuant
11 to R.S.33:1-10.

12 “Off-premises special events” means special events that take
13 place at a location other than on the licensed premises or the
14 sidewalk, parking lot, or other area owned by the licensee that is
15 adjacent to or adjoining the licensed premises and shall include, but
16 not be limited to: beer, music, and arts festivals; civic events; foot
17 races, bike races, and other athletic events; craft manufacturers’
18 anniversary celebrations; and holiday celebrations.

19 “On-premises special event” means an event that is open to the
20 public and held on the licensed premises or the sidewalk, parking
21 lot, or other area owned by the licensee that is adjacent to or
22 adjoining the licensed premises. An on-premises special event shall
23 include, but not be limited to: trivia and quiz games; paint and sip;
24 craftmaking; pop up shops; DJs, live music, amplified music and
25 open mic; televised or streamed sporting events; educational events
26 and seminars; movies and theatrical events; animal adoption, to the
27 extent permitted by local ordinance; yoga and exercise classes; and
28 games of skill.

29 “Private party” means an event that is held on the licensed
30 premises and closed to the general public, either by the
31 establishment of a special area of the licensed premises that may be
32 reserved to be occupied only by the hosts or guests of the private
33 party, or by closure of the licensed premises to the public for the
34 duration of the private party.

35 b. The holder of a craft manufacturer’s license shall be entitled
36 to sell and serve customers tableside utilizing servers or wait staff
37 employed by the license holder. The license holder shall be entitled
38 to serve the licensee’s products for on-premises consumption in
39 outdoor spaces approved by the municipality. A craft manufacturer
40 that serves alcoholic beverages in outdoor spaces may utilize a
41 permanent or portable tap system located in the approved outdoor
42 space. Pourers and servers employed by a craft manufacturer’s
43 license holder shall be certified by an industry-recognized server
44 training program.

EXPLANATION – Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

1 c. The holder of a craft manufacturer's license shall be
2 permitted to offer for sale or make the gratuitous offering of de
3 minimis food items including, but not limited to, packaged crackers,
4 chips, nuts, and similar snacks to customers. The license holder
5 may sell non-alcoholic beverages, whether or not manufactured by
6 the license holder. The license holder also may coordinate with a
7 food vendor for the provision of food on the licensed premises and
8 provide menus to customers for the sale of food.

9 The holder of a craft manufacturer's license may offer for sale
10 suitable gift items and novelty wearing apparel identified with the
11 name of the craft manufacturer, or to promote the craft beverage
12 industry.

13 d. The holder of a craft manufacturer's license shall be entitled to
14 hold an unlimited number of on-premises special events, for which
15 the license holder may sell tickets or charge a cover fee for
16 attendance. The license holder shall not be required to obtain a
17 permit or provide electronic notification to the division of on-
18 premises special events.

19 e. The holder of a craft manufacturer's license shall be entitled to
20 annually hold not more than 25 off-premises special events
21 authorized by a permit issued by the director for each off-premises
22 special event. An off-premises special event permit may be issued
23 for an event that is held for a maximum of three consecutive days.
24 The license holder shall be entitled to coordinate with food vendors
25 for the provision of food at off-premises events. If an off-premises
26 special event is to be held on a publicly-owned or controlled
27 property, the license holder shall be required to obtain the consent
28 of the political subdivision that owns or controls the property or the
29 chief law enforcement officer of the law enforcement agency that
30 has jurisdiction over the property.

31 f. The holder of a craft manufacturer's license shall be entitled
32 to hold an unlimited number of private parties per year to occur on
33 the licensed premises including, but not limited to, birthdays,
34 weddings, anniversaries, civic and political functions, professional
35 and trade association events, or class reunions and alumni events.
36 The license holder shall be entitled to coordinate with food vendors
37 for the provision of food at private parties. Subject to the consent of
38 the licensee, the host of a private party may provide wine and malt
39 alcoholic beverages purchased off the licensed premises to be
40 served at the private party. A host of a private party may hire an
41 employee of the craft manufacturer license holder to pour the
42 alcoholic beverages served at the party. The license holder shall not
43 be required to obtain a permit or provide electronic notification to
44 the director of private parties.

45 g. The holder of a craft manufacturer's license shall be entitled
46 to hold on the licensed premises not more than 25 social affair
47 events hosted by the holder of a social affair permit issued pursuant
48 to R.S.33:1-74. Subject to the consent of the license holder, the

1 holder of the social affair permit may sell and serve any wine and
2 malt alcoholic beverages for on-premises consumption only,
3 provided the wine and malt alcoholic beverages are obtained in
4 accordance with regulations promulgated by the director governing
5 the issuance of social affair permits. A host of a social affair
6 permitted event may hire employees or agents of the licensee to
7 pour the alcoholic beverages served at the event. The holder of this
8 license shall be entitled to sell the products manufactured pursuant
9 to the license for consumption off the craft manufacturer's premises
10 during a social affair permitted event.

11 h. The holder of a craft manufacturer's license shall be entitled
12 to sell the holder's products at a discount for promotional purposes,
13 provide targeted discounts, and establish membership programs that
14 offer discounts provided that the licensee's products are not sold
15 below the cost of manufacturing the product. Nothing in this
16 subsection shall waive the requirement that the holder of a craft
17 manufacturer's license file a current price list with the division in
18 accordance with rules and regulations.

19 i. The holder of a craft manufacturer's license shall be entitled to
20 exercise the privileges established pursuant to this section and
21 R.S.33:1-10 regardless of whether the property on which alcoholic
22 beverages are manufactured is owned or leased by the licensee.

23 j. The holder of a craft manufacturer's license shall be entitled to
24 show or display any televised program on televisions or other
25 screening devices of any number or size on the licensed premises.
26 The televised programs may include any sporting event, including
27 live-televised championship sporting events. The holder of this
28 license may publicly advertise that a televised event will be
29 displayed on the licensed premises in advance thereof. The license
30 holder shall not be required to provide notice to or obtain a permit
31 from the division prior to showing or displaying any televised
32 event.

33 k. The holder of a craft manufacturer's license who coordinates
34 with a food vendor pursuant to this section, including, but not
35 limited to, a food truck or restaurant, shall not own or operate the
36 food vendor. The holder of a craft manufacturer's license that is
37 used in connection with a licensed premises that is adjoining a food
38 vendor's premises shall have its own entrance and exit way to and
39 from the licensed premises and shall not have a doorway that allows
40 direct access and egress to the food vendor's premises.

41 l. The holder of a craft manufacturer's license shall not operate
42 on the same licensed premises as the holder of another craft
43 manufacturer's license. The holder of a craft manufacturer's
44 license shall not jointly control or operate a salesroom with the
45 holder of another craft manufacturer's license.

46

47 2. R.S.33:1-10 is amended to read as follows:

1 33:1-10. Class A licenses shall be subdivided and classified as
2 follows:

3 Plenary brewery license. 1a. The holder of this license shall be
4 entitled, subject to rules and regulations, to brew any malt alcoholic
5 beverages and to sell and distribute his products to wholesalers and
6 retailers licensed in accordance with this chapter, and to sell and
7 distribute without this State to any persons pursuant to the laws of
8 the places of such sale and distribution, and to maintain a
9 warehouse; provided, however, that the delivery of this product by
10 the holder of this license to retailers licensed under this title shall be
11 from inventory in a warehouse located in this State which is
12 operated under a plenary brewery license. The fee for this license
13 shall be \$10,625.

14 Limited brewery license. 1b. The holder of this license shall be
15 entitled, subject to rules and regulations, to brew any malt alcoholic
16 beverages in a quantity to be expressed in said license, dependent
17 upon the following fees and not in excess of 300,000 barrels of 31
18 fluid gallons capacity per year and to sell and distribute this product
19 to wholesalers and retailers licensed in accordance with this
20 chapter, and to sell and distribute without this State to any persons
21 pursuant to the laws of the places of such sale and distribution, and
22 to maintain a warehouse; provided, however, that the delivery of
23 this product by the holder of this license to retailers licensed under
24 this title shall be from inventory in a warehouse located in this State
25 which is operated under a limited brewery license. The holder of
26 this license shall be entitled to sell this product at retail to
27 consumers on the licensed premises of the brewery for consumption
28 on the premises, **【but only in connection with a tour of the**
29 **brewery,】** or **【for consumption off the premises】** in a quantity of
30 not more than 15.5 fluid gallons per person for consumption off the
31 premises, and to offer samples for sampling purposes **【only**
32 **pursuant to an annual permit issued by the director】**. The holder of
33 this license shall not be required to pay a fee to the division for the
34 privilege of offering samples pursuant to this section. If the holder
35 of this license holds a bonded warehouse bottling license issued
36 pursuant to subsection 5 of this section, product brewed in
37 accordance with this subsection and transferred to a bonded
38 warehouse for bottling and storage may be sold at retail and offered
39 for sampling on the licensed premises of the brewery by the holder
40 of this license. The holder of this license shall not sell food or
41 operate a restaurant on the licensed premises but may coordinate
42 with food vendors pursuant to section 1 of P.L. , c. (C.)
43 (pending before the Legislature as this bill). The holder of this
44 license shall be entitled to engage in the privileges established
45 pursuant to section 1 of P.L. , c. (C.) (pending before the
46 Legislature as this bill).

47 The fee for this license shall be graduated as follows:

1 to so brew not more than 50,000 barrels of 31 liquid gallons
2 capacity per annum, \$1,250;

3 to so brew not more than 100,000 barrels of 31 fluid gallons
4 capacity per annum, \$2,500;

5 to so brew not more than 200,000 barrels of 31 fluid gallons
6 capacity per annum, \$5,000;

7 to so brew not more than 300,000 barrels of 31 fluid gallons
8 capacity per annum, \$7,500.

9 For the purposes of this subsection, "sampling" means the selling
10 at a nominal charge or the gratuitous offering of an open container
11 not exceeding four ounces of any malt alcoholic beverage. For the
12 purposes of this subsection, "product" means any malt alcoholic
13 beverage that is produced on the premises licensed under this
14 subsection.

15 Restricted brewery license. 1c. The holder of this license shall
16 be entitled, subject to rules and regulations, to brew any malt
17 alcoholic beverages in a quantity to be expressed in such license not
18 in excess of ~~【10,000】~~ 300,000 barrels of 31 gallons capacity per
19 year. Notwithstanding the provisions of R.S.33:1-26, the director
20 shall issue a restricted brewery license only to a person or an entity
21 which has identical ownership to an entity which holds a plenary
22 retail consumption license issued pursuant to R.S.33:1-12, provided
23 that such plenary retail consumption license is operated in
24 conjunction with a restaurant regularly and principally used for the
25 purpose of providing meals to its customers and having adequate
26 kitchen and dining room facilities, and that the licensed restaurant
27 premises is immediately adjoining the premises licensed under this
28 subsection. The holder of this license shall be entitled to sell or
29 deliver the product to that restaurant premises. The holder of this
30 license also shall be entitled to sell and distribute the product to
31 wholesalers and retailers licensed in accordance with this chapter,
32 and to sell and distribute without this State to any persons pursuant
33 to the laws of those places of such sale and distribution, and to
34 maintain a warehouse; provided, however, that the delivery of this
35 product by the holder of this license to retailers licensed under this
36 title shall be from inventory in a warehouse located in this State
37 which is operated under a restricted brewery license. The amount of
38 malt alcoholic beverages that may be sold and distributed directly to
39 retailers pursuant to this subsection on an annual basis shall be not
40 more than 50 percent of the product manufactured in that year by the
41 holder of this license. The fee for this license shall be \$1,250, which
42 fee shall entitle the holder to brew up to 1,000 barrels of 31 liquid
43 gallons per annum. The licensee also shall pay an additional \$250
44 for every additional 1,000 barrels of 31 fluid gallons produced. The
45 fee shall be paid at the time of application for the license, and
46 additional payments based on barrels produced shall be paid within
47 60 days following the expiration of the license term upon
48 certification by the licensee of the actual gallons brewed during the

1 license term. No more than 10 restricted brewery licenses shall be
2 issued to a person or entity which holds an interest in a plenary
3 retail consumption license. If the governing body of the
4 municipality in which the licensed premises will be located should
5 file a written objection, the director shall hold a hearing and may
6 issue the license only if the director finds that the issuance of the
7 license will not be contrary to the public interest. All fees related to
8 the issuance of both licenses shall be paid in accordance with
9 statutory law. The provisions of this subsection shall not be
10 construed to limit or restrict the rights and privileges granted by the
11 plenary retail consumption license held by the holder of the
12 restricted brewery license issued pursuant to this subsection.

13 The holder of this license shall be entitled to offer samples of its
14 product for promotional purposes at charitable or civic events off
15 the licensed premises pursuant to an annual permit issued by the
16 director.

17 For the purposes of this subsection, "sampling" means the selling
18 at a nominal charge or the gratuitous offering of an open container
19 not exceeding four ounces of any malt alcoholic beverage product.
20 For the purposes of this subsection, "product" means any malt
21 alcoholic beverage that is produced on the premises licensed under
22 this subsection.

23 Farm brewery license. 1d. The holder of this license shall be
24 entitled, subject to rules and regulations, to brew any malt alcoholic
25 beverages in a quantity to be expressed in the license not in excess of
26 2,500 barrels of 31 fluid gallons per year and to sell products to
27 consumers for consumption off the licensed premises and to offer
28 samples for sampling purposes only. The license shall be issued only
29 when the brewery at which such malt alcoholic beverages are brewed
30 is located and constructed upon a tract of land exclusively under the
31 control of the licensee, the licensee is actively engaged in farming on
32 or adjacent to the brewery premises, and the malt alcoholic beverages
33 are substantially produced from hops or other ingredients grown or
34 cultivated on that tract of land. The holder of this license shall not
35 sell or offer food for consumption on the licensed premises.

36 The fee for this license shall be graduated as follows: to
37 manufacture between 1,200 and 2,500 barrels per year, \$300; to
38 manufacture between 100 and 1,199 barrels per year, \$200; to
39 manufacture fewer than 100 barrels per year, \$100. An individual or
40 entity shall not hold more than one farm brewery license.

41 For purposes of this subsection, "sampling" means the selling at a
42 nominal charge or the gratuitous offering of an open container not
43 exceeding one and one-half ounces of a malt alcoholic beverage.

44 Plenary winery license. 2a. Provided that the holder is engaged
45 in growing and cultivating grapes or fruit used in the production of
46 wine on at least three acres on, or adjacent to, the winery premises,
47 except as otherwise provided in this subsection for certain
48 alternating proprietorship agreements, the holder of this license

1 shall be entitled, subject to rules and regulations, to produce any
2 fermented wines, and to blend, fortify and treat wines, and to sell
3 and distribute his products to wholesalers licensed in accordance
4 with this chapter and to churches for religious purposes, and to sell
5 and distribute without this State to any persons pursuant to the laws
6 of the places of such sale and distribution, and to maintain a
7 warehouse, and to sell his products at retail to consumers on the
8 licensed premises of the winery for consumption on or off the
9 premises and to offer samples for sampling purposes only. The fee
10 for this license shall be \$938. A holder of this license who
11 produces not more than 250,000 gallons per year shall also have the
12 right to sell and distribute his products to retailers licensed in
13 accordance with this chapter, except that the holder of this license
14 shall not use a common carrier for such distribution. The fee for
15 this additional privilege shall be graduated as follows: a licensee
16 who manufactures more than 150,000 gallons, but not in excess of
17 250,000 gallons per annum, \$1,000; a licensee who manufactures
18 more than 100,000 gallons, but not in excess of 150,000 gallons per
19 annum, \$500; a licensee who manufactures more than 50,000
20 gallons, but not in excess of 100,000 gallons per annum, \$250; a
21 licensee who manufactures 50,000 gallons or less per annum, \$100.
22 A holder of this license who produces not more than 250,000
23 gallons per year shall have the right to sell such wine at retail in
24 original packages in 15 salesrooms apart from the winery premises
25 for consumption on or off the premises and for sampling purposes
26 for consumption on the premises, at a fee of \$250 for each
27 salesroom. Licensees shall not jointly control and operate
28 salesrooms. Additionally, the holder of this license who produces
29 not more than 250,000 gallons per year may ship not more than 12
30 cases of wine per year, subject to regulation, to any person within or
31 without this State over 21 years of age for personal consumption
32 and not for resale. A case of wine shall not exceed a maximum of
33 nine liters. A copy of the original invoice shall be available for
34 inspection by persons authorized to enforce the alcoholic beverage
35 laws of this State for a minimum period of three years at the
36 licensed premises of the winery. For the purposes of this
37 subsection, "sampling" means the selling at a nominal charge or the
38 gratuitous offering of an open container not exceeding one and one-
39 half ounces of any wine.

40 A holder of this license who produces not more than 250,000
41 gallons per year shall not own, either in whole or in part, or hold,
42 either directly or indirectly, any interest in a winery that produces
43 more than 250,000 gallons per year. In addition, a holder of this
44 license who produces more than 250,000 gallons per year shall not
45 own, either in whole or in part, or hold, either directly or indirectly,
46 any interest in a winery that produces not more than 250,000
47 gallons per year.

1 An applicant for a plenary winery license or the holder of a
2 plenary winery license may apply to the director for approval to
3 enter into an agreement with a host New Jersey winery to use the
4 host's equipment and space in an alternating proprietorship for
5 production of wine, provided that the applicant or holder has
6 obtained approval of the proposed alternating proprietorship
7 arrangement from the Alcohol and Tobacco Tax and Trade Bureau.
8 The director shall approve the agreement if the director determines
9 that the Alcohol and Tobacco Tax and Trade Bureau has approved
10 the agreement and the agreement does not violate any applicable
11 New Jersey alcohol licensing and taxation laws and related
12 regulations or special rulings of the director. The director shall
13 approve or deny the application no later than 180 days after receipt
14 of the application, unless the applicant agrees to an extension.

15 An applicant for a plenary winery license who also applies to the
16 director to enter into an alternating proprietorship agreement
17 pursuant to this subsection shall, upon approval by the director of
18 both applications, be permitted to grow and cultivate grapes or fruit
19 used in the production of wine on at least three acres within a five-
20 mile radius of the host winery premises.

21 For the purposes of this subsection, "product" means any wine
22 that is produced, blended, fortified, or treated by the licensee on its
23 licensed premises situated in the State of New Jersey. For the
24 purposes of this subsection, "wine" shall include "hard cider" and
25 "mead" as defined in this section.

26 Farm winery license. 2b. The holder of this license shall be
27 entitled, subject to rules and regulations, to manufacture any
28 fermented wines and fruit juices in a quantity to be expressed in
29 said license, dependent upon the following fees and not in excess of
30 50,000 gallons per year and to sell and distribute his products to
31 wholesalers and retailers licensed in accordance with this chapter
32 and to churches for religious purposes and to sell and distribute
33 without this State to any persons pursuant to the laws of the places
34 of such sale and distribution, and to maintain a warehouse and to
35 sell at retail to consumers for consumption on or off the licensed
36 premises and to offer samples for sampling purposes only. The
37 license shall be issued only when the winery at which such
38 fermented wines and fruit juices are manufactured is located and
39 constructed upon a tract of land exclusively under the control of the
40 licensee, provided that the licensee is actively engaged in growing
41 and cultivating an area of not less than three acres on or adjacent to
42 the winery premises and on which are growing grape vines or fruit
43 to be processed into wine or fruit juice, except in the case of certain
44 alternating proprietorship agreements, as provided in this
45 subsection; and provided, further, that for the first five years of the
46 operation of the winery such fermented wines and fruit juices shall
47 be manufactured from at least 51 percent grapes or fruit grown in
48 the State and that thereafter they shall be manufactured from grapes

1 or fruit grown in this State at least to the extent required for
2 labeling as "New Jersey Wine" under the applicable federal laws
3 and regulations. The containers of all wine sold to consumers by
4 such licensee shall have affixed a label stating such information as
5 shall be required by the rules and regulations of the Director of the
6 Division of Alcoholic Beverage Control. The fee for this license
7 shall be graduated as follows: to so manufacture between 30,000
8 and 50,000 gallons per annum, \$375; to so manufacture between
9 2,500 and 30,000 gallons per annum, \$250; to so manufacture
10 between 1,000 and 2,500 gallons per annum, \$125; to so
11 manufacture less than 1,000 gallons per annum, \$63. No farm
12 winery license shall be held by the holder of a plenary winery
13 license.

14 The holder of this license shall also have the right to sell and
15 distribute his products to retailers licensed in accordance with this
16 chapter, except that the holder of this license shall not use a
17 common carrier for such distribution. The fee for this additional
18 privilege shall be \$100. The holder of this license shall have the
19 right to sell his products in original packages at retail to consumers
20 in 15 salesrooms apart from the winery premises for consumption
21 on or off the premises, and for sampling purposes for consumption
22 on the premises, at a fee of \$250 for each salesroom. Licensees
23 shall not jointly control and operate salesrooms. Additionally, the
24 holder of this license may ship not more than 12 cases of wine per
25 year, subject to regulation, to any person within or without this
26 State over 21 years of age for personal consumption and not for
27 resale. A case of wine shall not exceed a maximum of nine liters.
28 A copy of the original invoice shall be available for inspection by
29 persons authorized to enforce the alcoholic beverage laws of this
30 State for a minimum period of three years at the licensed premises
31 of the winery. For the purposes of this subsection, "sampling"
32 means the selling at a nominal charge or the gratuitous offering of
33 an open container not exceeding one and one-half ounces of any
34 wine.

35 A holder of this license who produces not more than 250,000
36 gallons per year shall not own, either in whole or in part, or hold,
37 either directly or indirectly, any interest in a winery that produces
38 more than 250,000 gallons per year.

39 An applicant for a farm winery license or the holder of a farm
40 winery license may apply to the director for approval to enter into
41 an agreement with a host New Jersey winery to use the host's
42 equipment and space in an alternating proprietorship for production
43 of wine, provided that the applicant or holder has obtained approval
44 of the proposed alternating proprietorship arrangement from the
45 Alcohol and Tobacco Tax and Trade Bureau. The director shall
46 approve the agreement if the director determines that the Alcohol
47 and Tobacco Tax and Trade Bureau has approved the agreement
48 and the agreement does not violate any applicable New Jersey

1 alcohol licensing and taxation laws and related regulations or
2 special rulings of the director. The director shall approve or deny
3 the application no later than 180 days after receipt of the
4 application, unless the applicant agrees to an extension.

5 An applicant for a farm winery license who also applies to the
6 director to enter into an alternating proprietorship agreement
7 pursuant to this subsection shall, upon approval by the director of
8 both applications, be permitted to grow and cultivate grapes or fruit
9 used in the production of wine on at least three acres within a five-
10 mile radius of the host winery premises.

11 Unless otherwise indicated, for the purposes of this subsection,
12 with respect to farm winery licenses, "manufacture" means the
13 vinification, aging, storage, blending, clarification, stabilization and
14 bottling of wine or juice from New Jersey fruit to the extent
15 required by this subsection.

16 For the purposes of this subsection, "wine" shall include "hard
17 cider" and "mead" as defined in this section.

18 Wine blending license. 2c. The holder of this license shall be
19 entitled, subject to rules and regulations, to blend, treat, mix, and
20 bottle fermented wines and fruit juices with non-alcoholic
21 beverages, and to sell and distribute his products to wholesalers and
22 retailers licensed in accordance with this chapter, and to sell and
23 distribute without this State to any persons pursuant to the laws of
24 the places of such sale and distribution, and to maintain a
25 warehouse. The fee for this license shall be \$625.

26 For the purposes of this subsection, "wine" shall include "hard
27 cider" and "mead" as defined in this section.

28 Instructional winemaking facility license. 2d. The holder of this
29 license shall be entitled, subject to rules and regulations, to instruct
30 persons in and provide them with the opportunity to participate
31 directly in the process of winemaking and to directly assist such
32 persons in the process of winemaking while in the process of
33 instruction on the premises of the facility. The holder of this
34 license also shall be entitled to manufacture wine on the premises
35 not in excess of an amount of 10 percent of the wine produced
36 annually on the premises of the facility, which shall be used only to
37 replace quantities lost or discarded during the winemaking process,
38 to maintain a warehouse, and to offer samples produced by persons
39 who have received instruction in winemaking on the premises by
40 the licensee for sampling purposes only on the licensed premises for
41 the purpose of promoting winemaking for personal or household use
42 or consumption. Wine produced on the premises of an instructional
43 winemaking facility shall be used, consumed or disposed of on the
44 facility's premises or distributed from the facility's premises to a
45 person who has participated directly in the process of winemaking
46 for the person's personal or household use or consumption. The
47 holder of this license may sell mercantile items traditionally
48 associated with winemaking and novelty wearing apparel identified

1 with the name of the establishment licensed under the provisions of
2 this section. The holder of this license may use the licensed
3 premises for an event or affair, including an event or affair at which
4 a plenary retail consumption licensee serves alcoholic beverages in
5 compliance with all applicable statutes and regulations promulgated
6 by the director. The fee for this license shall be \$1,000. For the
7 purposes of this subsection, "sampling" means the gratuitous
8 offering of an open container not exceeding one and one-half
9 ounces of any wine.

10 For the purposes of this subsection, "wine" shall include "hard
11 cider" and "mead" as defined in this section.

12 Out-of-State winery license. 2e. Provided that the applicant
13 does not produce more than 250,000 gallons of wine per year, the
14 holder of a valid winery license issued in any other state may make
15 application to the director for this license. The holder of this
16 license shall have the right to sell and distribute his products to
17 wholesalers licensed in accordance with this chapter and to sell
18 such wine at retail in original packages in 16 salesrooms apart from
19 the winery premises for consumption on or off the premises at a fee
20 of \$250 for each salesroom. Licensees shall not jointly control and
21 operate salesrooms. The annual fee for this license shall be \$938.
22 A copy of a current license issued by another state shall accompany
23 the application. The holder of this license also shall have the right
24 to sell and distribute his products to retailers licensed in accordance
25 with this chapter, except that the holder of this license shall not use
26 a common carrier for such distribution. The fee for this additional
27 privilege shall be graduated as follows: a licensee who
28 manufactures more than 150,000 gallons, but not in excess of
29 250,000 gallons per annum, \$1,000; a licensee who manufactures
30 more than 100,000 gallons, but not in excess of 150,000 gallons per
31 annum, \$500; a licensee who manufactures more than 50,000
32 gallons, but not in excess of 100,000 gallons per annum, \$250; a
33 licensee who manufactures 50,000 gallons or less per annum, \$100.
34 Additionally, the holder of this license may ship not more than 12
35 cases of wine per year, subject to regulation, to any person within or
36 without this State over 21 years of age for personal consumption
37 and not for resale. A case of wine shall not exceed a maximum of
38 nine liters. A copy of the original invoice shall be available for
39 inspection by persons authorized to enforce the alcoholic beverage
40 laws of this State for a minimum period of three years at the
41 licensed premises of the winery.

42 The licensee shall collect from the customer the tax due on the
43 sale pursuant to the "Sales and Use Tax Act," P.L.1966, c.30
44 (C.54:32B-1 et seq.) and shall pay the tax due on the delivery of
45 alcoholic beverages pursuant to the "Alcoholic beverage tax law,"
46 R.S.54:41-1 et seq. The Director of the Division of Taxation in the
47 Department of the Treasury shall promulgate such rules and
48 regulations necessary to effectuate the provisions of this paragraph,

1 and may provide by regulation for the co-administration of the tax
2 due on the delivery of alcoholic beverages pursuant to the
3 "Alcoholic beverage tax law," R.S.54:41-1 et seq. with the
4 administration of the tax due on the sale pursuant to the "Sales and
5 Use Tax Act," P.L.1966, c.30 (C.54:32B-1 et seq.).

6 A holder of this license who produces not more than 250,000
7 gallons per year shall not own, either in whole or in part, or hold,
8 either directly or indirectly, any interest in a winery that produces
9 more than 250,000 gallons per year.

10 For the purposes of this subsection, "wine" shall include "hard
11 cider" and "mead" as defined in this section.

12 Cidery and meadery license. 2f. The holder of this license shall
13 be entitled, subject to rules and regulations, to manufacture hard
14 cider and mead and to sell and distribute these products to
15 wholesalers and retailers licensed in accordance with this chapter,
16 and to sell and distribute without this State to any persons pursuant
17 to the laws of the places of such sale and distribution, and to
18 maintain a warehouse. The holder of this license shall be entitled to
19 sell these products at retail to consumers on the licensed premises
20 for consumption on or off the premises and to offer samples for
21 sampling purposes only. The holder of this license shall be
22 permitted to offer for sale or make the gratuitous offering of
23 packaged crackers, chips, nuts, and similar snacks to consumers [,
24 but] . The holder of this license shall not operate a restaurant on
25 the licensed premises but may coordinate with food vendors
26 pursuant to section 1 of P.L. , c. (C.) (pending before the
27 Legislature as this bill). The holder of this license shall be entitled to
28 engage in the privileges established pursuant to section 1 of P.L. , c.
29 (C.) (pending before the Legislature as this bill). The fee for this
30 license shall be \$938.

31 The holder of this license shall be entitled to manufacture hard
32 cider in a quantity not to exceed 50,000 barrels of 31 fluid gallons
33 capacity per year. With respect to the sale and distribution of hard
34 cider to a wholesaler, the licensee shall be subject to the same
35 statutory and regulatory requirements as a brewer, and hard cider
36 shall be considered a malt alcoholic beverage, for the purposes of
37 the "Malt Alcoholic Beverage Practices Act," P.L.2005, c.243
38 (C.33:1-93.12 et seq.). The holder of this license shall not directly
39 ship hard cider either within or without this State.

40 The holder of this license shall be entitled to manufacture not
41 more than 250,000 gallons of mead per year. The holder of this
42 license may ship not more than 12 cases of mead per year, subject
43 to regulation, to any person within or without this State over 21
44 years of age for personal consumption and not for resale. A case of
45 mead shall not exceed a maximum of nine liters. A copy of the
46 original invoice shall be available for inspection by persons
47 authorized to enforce the alcoholic beverage laws of this State for a
48 minimum period of three years at the licensed premises.

1 As used in this subsection:

2 "Hard cider" means a fermented alcoholic beverage derived
3 primarily from apples, pears, apple juice concentrate and water, or
4 pear juice concentrate and water, which may include spices, herbs,
5 honey, or other flavoring, and which contains at least one half of
6 one percent but less than eight and one half percent alcohol by
7 volume.

8 "Mead" means an alcoholic beverage primarily made from
9 honey, water, and yeast, and which may contain fruit, fruit juices,
10 spices, or herbs added before or after fermentation has completed,
11 except that the ratio of fermentable sugars from fruit or fruit juices
12 shall not exceed 49 percent of the total fermentable sugars used to
13 produce mead.

14 "Sampling" means the selling at a nominal charge or the
15 gratuitous offering of an open container not exceeding four ounces
16 of hard cider or mead produced on the licensed premises.

17 Plenary distillery license. 3a. The holder of this license shall be
18 entitled, subject to rules and regulations, to manufacture any
19 distilled alcoholic beverages and rectify, blend, treat and mix, and
20 to sell and distribute his products to wholesalers and retailers
21 licensed in accordance with this chapter, and to sell and distribute
22 without this State to any persons pursuant to the laws of the places
23 of such sale and distribution, and to maintain a warehouse. The fee
24 for this license shall be \$12,500.

25 Limited distillery license. 3b. The holder of this license shall be
26 entitled, subject to rules and regulations, to manufacture and bottle
27 any alcoholic beverages distilled from fruit juices and rectify,
28 blend, treat, mix, compound with wine and add necessary
29 sweetening and flavor to make cordial or liqueur, and to sell and
30 distribute to wholesalers and retailers licensed in accordance with
31 this chapter, and to sell and distribute without this State to any
32 persons pursuant to the laws of the places of such sale and
33 distribution and to warehouse these products. The fee for this
34 license shall be \$3,750.

35 Supplementary limited distillery license. 3c. The holder of this
36 license shall be entitled, subject to rules and regulations, to bottle
37 and rebottle, in a quantity to be expressed in said license, dependent
38 upon the following fees, alcoholic beverages distilled from fruit
39 juices by such holder pursuant to a prior plenary or limited distillery
40 license, and to sell and distribute his products to wholesalers and
41 retailers licensed in accordance with this chapter, and to sell and
42 distribute without this State to any persons pursuant to the laws of
43 the places of such sale and distribution, and to maintain a
44 warehouse. The fee for this license shall be graduated as follows:
45 to so bottle and rebottle not more than 5,000 wine gallons per
46 annum, \$313; to so bottle and rebottle not more than 10,000 wine
47 gallons per annum, \$625; to so bottle and rebottle without limit as
48 to amount, \$1,250.

1 Craft distillery license. 3d. The holder of this license shall be
2 entitled, subject to rules and regulations, to manufacture not more
3 than 20,000 gallons of distilled alcoholic beverages, to rectify,
4 blend, treat and mix distilled alcoholic beverages, to sell and
5 distribute this product to wholesalers and retailers licensed in
6 accordance with this chapter, and to sell and distribute without this
7 State to any persons pursuant to the laws of the places of such sale
8 and distribution, and to maintain a warehouse. The holder of this
9 license shall be entitled to sell this product at retail to consumers on
10 the licensed premises of the distillery for consumption on the
11 premises, **[but only in connection with a tour of the distillery,]** and
12 for consumption off the premises in a quantity of not more than five
13 liters per person. In addition, the holder of this license may offer
14 any person not more than three samples per calendar day for
15 sampling purposes only. For the purposes of this subsection,
16 "sampling" means the gratuitous offering of an open container not
17 exceeding one-half ounce serving of distilled alcoholic beverage
18 produced on the distillery premises. If the holder of this license
19 holds a bonded warehouse bottling license issued pursuant to
20 subsection 5 of this section, product manufactured in accordance
21 with this subsection and transferred to a bonded warehouse for
22 bottling and storage may be sold at retail and offered for sampling
23 on the licensed premises of the distillery by the holder of this
24 license. Nothing in this subsection shall be deemed to permit the
25 direct shipment of distilled spirits either within or without this
26 State. The holder of this license shall be entitled to engage in the
27 privileges established pursuant to section 1 of P.L. , c. (C.)
28 (pending before the Legislature as this bill).

29 The holder of this license shall not sell food or operate a
30 restaurant on the licensed premises but may coordinate with food
31 vendors pursuant to section 1 of P.L. , c. (C.) (pending before
32 the Legislature as this bill). A holder of this license who certifies that
33 not less than 51 percent of the raw materials used in the production
34 of distilled alcoholic beverages under this section are grown in this
35 State or purchased from providers located in this State may,
36 consistent with all applicable federal laws and regulations, label
37 these distilled alcoholic beverages as "New Jersey Distilled." The
38 fee for this license shall be \$938.

39 Rectifier and blender license. 4. The holder of this license shall
40 be entitled, subject to rules and regulations, to rectify, blend, treat
41 and mix distilled alcoholic beverages, and to fortify, blend, and
42 treat fermented alcoholic beverages, and prepare mixtures of
43 alcoholic beverages, and to sell and distribute his products to
44 wholesalers and retailers licensed in accordance with this chapter,
45 and to sell and distribute without this State to any persons pursuant
46 to the laws of the places of such sale and distribution, and to
47 maintain a warehouse. The fee for this license shall be \$7,500.

1 Bonded warehouse bottling license. 5. The holder of this license
2 shall be entitled, subject to rules and regulations, to bottle alcoholic
3 beverages in bond on behalf of all persons authorized by federal and
4 State law and regulations to withdraw alcoholic beverages from
5 bond. The fee for this license shall be \$625. This license shall be
6 issued only to persons holding permits to operate Internal Revenue
7 bonded warehouses pursuant to the laws of the United States.

8 The provisions of section 21 of P.L.2003, c.117 amendatory of
9 this section shall apply to licenses issued or transferred on or after
10 July 1, 2003, and to license renewals commencing on or after July
11 1, 2003.

12 (cf: P.L.2023, c.141, s.1)

13

14 3. (New section) a. As used in this act:

15 “Contiguous” means when municipalities in this State are
16 adjoined by land and share a common boundary line but does not
17 include municipalities that are separated solely by a river, lake, bay,
18 or other body of water.

19 “Inactive license” means a plenary retail consumption license
20 that has been placed on inactive status and renewed as authorized
21 by the provisions of section 1 of P.L.1977, c.246 (C.33:1-12.39) for
22 two consecutive license terms.

23 “Receiving municipality” means a municipality that enters into
24 an agreement to acquire an inactive plenary retail consumption
25 license from a contiguous sending municipality as part of an
26 economic redevelopment plan or in connection with a premises
27 located within a redevelopment, improvement, or revitalization area
28 pursuant to P.L. , c. (C.) (pending before the Legislature
29 as this bill).

30 “Redevelopment, improvement, or revitalization area” means an
31 urban enterprise zone designated pursuant to P.L.1983, c.303
32 (C.52:27H-60 et seq.) or P.L.2001, c.347 (C.52:27H-66.2 et al.); a
33 downtown business improvement zone designated pursuant to
34 P.L.1998, c.115 (C.40:56-71.1 et seq.); a pedestrian mall or
35 pedestrian mall improvement or special improvement district as
36 defined in section 2 of P.L.1972, c.134 (C.40:56-66); a transit
37 oriented development as defined by section 2 of P.L.2011, c.149
38 (C.34:1B-243); an area determined to be in need of redevelopment
39 pursuant to sections 5 and 6 of P.L.1992, c.79 (C.40A:12A-5 and
40 40A:12A-6); or an area determined to be in need of rehabilitation
41 pursuant to section 14 of P.L.1992, c.79 (C.40A:12A-14), or any
42 improvement which is 100 percent new construction, which is an
43 entirely new improvement not previously occupied or used for any
44 purpose.

45 “Sending municipality” means a municipality from which an
46 inactive license is issued pursuant to P.L. , c. (C.) (pending
47 before the Legislature as this bill) to the governing body of a
48 contiguous receiving municipality as part of an economic

1 redevelopment plan or in connection with a premises located within
2 a redevelopment, improvement, or revitalization area.

3 b. A receiving municipality in which the number of plenary
4 retail consumption licenses has reached the population limitation
5 established in section 2 of P.L.1947, c.94 (C.33:1-12.14) may issue
6 a request for proposal to acquire from a license holder an additional
7 inactive plenary retail consumption license that was initially issued
8 by a contiguous sending municipality. The inactive license
9 acquired pursuant to this section shall be used in connection with a
10 premises as part of an economic redevelopment plan or a
11 redevelopment, improvement, or revitalization area. A sending
12 municipality shall not be entitled to transfer a license pursuant to
13 this section unless the sending municipality and receiving
14 municipality are contiguously located.

15 c. The request for proposal issued pursuant to subsection b. of
16 this section shall specify a time and date after which no further
17 applications from license holders will be accepted. The request
18 shall be published in a newspaper circulating generally throughout
19 the State by not less than two insertions, one week apart, the second
20 of which shall be made not less than 30 days prior to the time and
21 date specified in the notice as the time and date after which no
22 further applications will be accepted. In addition, the request for
23 proposal shall be published by the governing body on the official
24 Internet website of the receiving municipality. The request for
25 proposal shall require that all bids be sealed and remain confidential
26 to other bidders. Notwithstanding the provisions of section 1 of
27 P.L.1981, c. 416 (C.33:1-19.3) the license shall be awarded to the
28 highest qualified bidder.

29 The request for proposal shall establish a minimum bid amount,
30 which shall be based on the average sale price of the three most
31 recent plenary retail consumption license sales in the receiving
32 municipality or an appraisal completed pursuant to this subsection at
33 the receiving municipality's expense, whichever amount is greater.

34 The appraisal process shall include an examination of previous
35 transactions in the receiving municipality or surrounding
36 municipalities, as the case may be, and shall reflect what a willing
37 buyer, under no pressure to buy, would pay a willing seller, under no
38 pressure to sell, for a plenary retail consumption license in that
39 municipality or municipalities, as the case may be.

40 d. The holder of an inactive plenary retail consumption license
41 shall apply to the governing body of the sending municipality for
42 permission to transfer the inactive plenary retail consumption
43 license from the sending municipality prior to the submission of
44 bids in response to the request for proposal. The governing body of
45 the sending municipality may approve the application only by a
46 resolution adopted by a majority vote. The sending municipality
47 shall not require the applicant to disclose the location of the
48 proposed licensed premises.

1 After the receiving municipality accepts a successful bid, the
2 sending municipality shall submit to the director notice of the intent
3 to transfer a license at least 90 days prior to the transfer. The
4 sending and receiving municipalities shall adopt by majority vote
5 identical resolutions authorizing the transfer of the license. The
6 identical resolutions shall establish the license transfer fee of
7 \$25,000 or more, which shall be paid by the license holder and
8 deposited in the general fund of the sending municipality. Prior to
9 adopting the resolution pursuant to this section, the governing body
10 of both municipalities shall give special consideration as to whether
11 sufficient attempts were made by the license holder to use or
12 transfer the license for use in connection with a premises located in
13 the sending municipality.

14 e. A receiving municipality that acquires a license pursuant to
15 subsection b. of this section shall be entitled to offer the license at
16 public sale pursuant to P.L.1975, c.275 (C.33:1-19.1 et seq.). A
17 license issued by the receiving municipality to a qualified bidder
18 that is not actively used in connection with the operation of a
19 premises within two years of the issuance date shall expire and shall
20 not be reissued by the receiving municipality. The license holder
21 shall not be entitled to appeal the expiration of the license to the
22 director or a court of law unless the license holder has been
23 deprived of the use of the licensed premises as a result of eminent
24 domain, fire, or other casualty, and establishes by affidavit filed
25 with the director that the license holder is making a good faith
26 effort to resume active use of the license in connection with the
27 operation of a licensed premises.

28 f. A receiving municipality shall be entitled to acquire one
29 inactive license pursuant to this section in each calendar year but
30 not more than two inactive licenses in five calendar years.

31 g. A plenary retail consumption license transferred pursuant to
32 this section shall entitle the license holder to sell alcoholic
33 beverages for consumption on the licensed premises but not for
34 consumption off the licensed premises. Licenses transferred
35 pursuant to this section shall otherwise be subject to all the
36 provisions of Title 33 of the Revised Statutes, rules and regulations
37 promulgated by the director, and municipal ordinances.

38 h. A license issued pursuant to this section shall not be
39 included in the total combined population necessary to issue a new
40 plenary retail consumption or seasonal retail consumption license
41 pursuant to section 2 of P.L.1947, c.94 (C.33:1-12.14).

42
43 4. Section 1 of P.L.1977, c.246 (C.33:1-12.39) is amended to
44 read as follows:

45 1. **[No]** a. On and after the effective date of P.L. _____,
46 c. (C. _____) (pending before the Legislature as this bill), a Class
47 C license **[,]** as **[the same is]** defined in R.S.33:1-12 **[,]** shall not
48 be renewed if the **[same]** license has not been actively used in

1 connection with the operation of a licensed premises within [a
2 period of two years prior to the commencement date of the license
3 period for which the renewal application is filed unless the director,
4 for good cause and after a hearing, authorizes a further application
5 for one or more renewals within a stated period of years; provided,
6 however that, if] two consecutive license terms. A license that
7 remains inactive at the end of the two-year period shall expire,
8 provided, however, the governing body of a municipality may in its
9 discretion extend the period during which the license may remain
10 inactive for an additional year.

11 b. Notwithstanding subsection a. of this section, if the licensee
12 has been deprived of the use of the licensed premises as a result of
13 eminent domain, fire or other casualty, and establishes by affidavit
14 filed with the director that [he] the licensee is making a good faith
15 effort to resume active use of the license in connection with the
16 operation of a licensed premise [then] the time period [of two
17 years] provided for in this section shall be automatically extended
18 for an additional period of two [years] license terms.

19 c. Following the effective date of P.L. , c. (C.) (pending
20 before the Legislature as this bill), prior to the expiration of an
21 inactive license pursuant to subsection a. of this section, an inactive
22 license shall be:

23 (1) actively used by the license holder;

24 (2) transferred in a private transaction for fair market value to
25 another person who intends to use the license. The transferee shall
26 actively use the license in connection with a premises upon receipt
27 of the license; or

28 (3) transferred from a sending municipality to a receiving
29 municipality in accordance with section 3 of P.L. , c. (C.)
30 (pending before the Legislature as this bill).

31 d. The director shall divide the inactive plenary retail
32 consumption licenses that were placed on inactive status prior to the
33 effective date of P.L. , c. (C.) (pending before the Legislature
34 as this bill) into quartiles based on the total length of time that the
35 licenses have been inactive. The licenses shall be transferred
36 pursuant to subsection c. of this section in accordance with the
37 following time schedule:

38 (1) the quartile that has been inactive for the longest period of
39 time shall be transferred pursuant to subsection c. of this section
40 within one year of the effective date of P.L. , c. (C.) (pending
41 before the Legislature as this bill);

42 (2) the quartile that has been inactive for the second longest
43 period of time shall be transferred pursuant to subsection c. of this
44 section within two years following the effective date of P.L. , c.
45 (C.) (pending before the Legislature as this bill);

46 (3) the quartile that has been inactive for the third longest period
47 of time shall be transferred pursuant to subsection c. of this section

1 within three years following the effective date of P.L. , c. (C.)
2 (pending before the Legislature as this bill); and

3 (4) the quartile that has been inactive for the shortest period of
4 time shall be transferred pursuant to subsection c. of this section
5 within four years following the effective date of P.L. , c. (C.)
6 (pending before the Legislature as this bill).

7 e. Any request for relief under this section shall be
8 accompanied by a nonreturnable filing fee of **[\$100.00]** \$100
9 payable to the director.

10 (cf: P.L.1996, c.127, s.1)

11

12 5. Section 6 of P.L.1947, c.94 (C.33:1-12.18) is amended to read
13 as follows:

14 6. a. Except as provided in subsection d. of this section, in any
15 case in which a timely renewal was not filed, nothing in this act
16 shall be deemed to prevent the issuance of a new license to a person
17 who files an application therefor within one year following the
18 expiration of the license renewal period, but who pays the
19 municipal and State renewal fees for the year for which a timely
20 renewal application was not filed, if the director shall determine in
21 writing that the applicant's failure to apply for a renewal of his
22 license was due to circumstances beyond his control or other
23 extraordinary circumstances.

24 b. Any request for relief under this section shall be filed not
25 later than one year following the expiration of the license renewal
26 period for the license which was not renewed in a timely manner
27 and shall be accompanied by a nonreturnable filing fee of \$100
28 payable to the director for each license term.

29 c. A new license issued pursuant to this section shall be
30 assigned the same license number as the license which was not
31 renewed in a timely manner.

32 d. Notwithstanding subsection a. of this section, a person with
33 an expired license which was not renewed within the five years
34 immediately preceding the enactment of P.L.2010, c.14, but who
35 pays the municipal and State renewal fees for each year for which a
36 timely renewal application was not filed, may file for issuance of a
37 new license in accordance with subsection a. of this section within
38 six months of the effective date of P.L.2010, c.14.

39 e. Notwithstanding the limitation set forth in section 2 of
40 P.L.1947, c.94 (C.33:1-12.14) concerning the number of licenses
41 that may be issued within a municipality, the governing body of a
42 municipality in which an inactive Class C license has been
43 permitted to lapse and has not been renewed within eight years
44 immediately preceding the enactment of P.L. , c. (C.)
45 (pending before the Legislature as this bill) may issue a new Class
46 C license at public sale for use at a licensed premises located within
47 the municipality in a manner consistent with the provisions of
48 P.L.1975, c.275 (C.33:1-19.1 et seq.).

1 Any Class C license issued pursuant to this subsection shall be of
2 the same license type as the expired license and shall be used in a
3 manner consistent with the provisions of Title 33 of the Revised
4 Statutes and any regulation promulgated by the director.

5 (cf: P.L.2010, c.14, s.1)

6
7 6. (New section) a. As used in this section:

8 “Eligible municipality” means a municipality in which at least
9 one shopping mall is located and the number of plenary retail
10 consumption licenses has reached the population limitation established
11 in section 2 of P.L.1947, c.94 (C.33:1-12.14).

12 “Enforcing agency” means the enforcing agency in any
13 municipality designated to administer and enforce the "State
14 Uniform Construction Code Act" pursuant to section 8 of P.L.1975,
15 c.217 (C. 52:27D-126), and regulations promulgated thereunder.

16 “Shopping mall” means a standalone, publicly accessible
17 enclosed walkway or hall area that serves to connect retail,
18 entertainment, and food and beverage establishments, and office
19 space and:

20 (1) that is under common ownership or control and connects with
21 or provides access to separate retail establishments, including at
22 least one restaurant or other establishment that serves alcoholic
23 beverages pursuant to a plenary retail consumption license; and

24 (2) was constructed prior to the effective date of P.L. ,
25 c. (C.) (pending before the Legislature as this bill) or for which
26 an application for a construction permit has been declared complete
27 by an enforcing agency prior to the effective date of
28 P.L. , c. (C.) (pending before the Legislature as this bill).

29 “Strip mall” means a retail shopping complex that consists of
30 stores, restaurants, or other businesses in adjacent spaces or
31 storefronts in one or more buildings that are connected by a
32 doorway or open onto a common parking lot or outdoor pedestrian
33 walkway.

34 b. The governing body of an eligible municipality may, by
35 ordinance or resolution, issue within the municipality not more than:

36 (1) two special licenses to a person or other legal entity for use in
37 connection with a food and beverage establishment located within a
38 shopping mall with a minimum gross square footage of not less than
39 750,000; and

40 (2) four special licenses to a person or other legal entity for use
41 in connection with a food and beverage establishment located
42 within a shopping mall with a gross square footage of 1,500,000 or
43 more.

44 c. A special license issued pursuant to subsection b. of this section
45 shall authorize the sale of alcoholic beverages for immediate
46 consumption on the operator's premises.

1 d. A person who would fail to qualify as a licensee under Title 33
2 of the Revised Statutes shall not be permitted to hold an interest in a
3 special license under the provisions of this section.

4 e. Licenses shall be subject to all the provisions of Title 33 of the
5 Revised Statutes, rules and regulations promulgated by the director,
6 and municipal ordinances.

7 f. A special license issued pursuant to this section shall not be
8 transferred for use in connection with any premises other than a
9 premises that is operated as a food and beverage establishment
10 located within the same shopping mall.

11 g. Application for the initial issuance and renewal of each license
12 shall be made to the municipal governing body on an annual basis.
13 The fee for the initial issuance of the license shall be based on the
14 average sale price of the three most recent plenary retail consumption
15 license sales in the eligible municipality in which the license is being
16 issued or an appraisal completed pursuant to this subsection at the
17 applicant's expense, whichever amount is greater.

18 The appraisal process shall include an examination of previous
19 transactions in the eligible municipality or surrounding municipalities,
20 as the case may be, and shall reflect what a willing buyer, under no
21 pressure to buy, would pay a willing seller, under no pressure to sell,
22 for a plenary retail consumption license in that municipality or
23 municipalities, as the case may be.

24 One half of the amount of the application fee for the initial issuance
25 of the license shall be paid upon the issuance of the license and the
26 other half of that amount shall be paid one year later. The governing
27 body of the municipality shall establish an annual fee for the license
28 which shall not exceed the fee which may be imposed by a
29 municipality for a plenary retail consumption license pursuant to
30 R.S.33:1-12. The fee for the initial issuance of the license shall be paid
31 to the eligible municipality in which the license is issued.

32 h. If the individual corporation or entity holding the license
33 determines to transfer a special license issued pursuant to this section,
34 the license shall be sold for the sum paid pursuant to subsection g. of
35 this section. A special license issued pursuant to this section shall
36 not be transferred to the governing body of another municipality or
37 for use in connection with any premises other than a premises that
38 is operated as a food and beverage establishment located within a
39 shopping mall.

40 i. The director shall not issue a special concessionaire permit for
41 any location or premises which is eligible to obtain a license to serve
42 alcoholic beverages under the provisions of this section.

43 j. A special license issued pursuant to this section shall not be
44 subject to the population limitation established pursuant to section 2
45 of P.L.1947, c.94 (C.33:1-12.14). An interest in a special license
46 issued pursuant to this section shall be excluded in determining the
47 maximum number of plenary retail consumption licenses issued to a
48 person pursuant to P.L.1962, c.152 (C.33:1-12.31 et seq.).

1 k. The provisions of this section shall not apply to a strip mall as
2 defined in subsection a. of this section.

3 l. Pursuant to the "Administrative Procedure Act," P.L.1968,
4 c.410 (C.52:14B-1 et seq.), the director may adopt rules and
5 regulations to effectuate the purposes of this act.

6
7 7. Sections 1 and 2 of this act shall take effect immediately and
8 sections 3 through 6 shall take effect on the first day of the seventh
9 month next following the date of enactment, except the Director of
10 the Division of Alcoholic Beverage Control may take anticipatory
11 administrative action in advance thereof as shall be necessary for
12 the implementation of this act.

13

14

15 STATEMENT

16

17 This bill makes various revisions to the law governing the
18 manufacture and sale of alcoholic beverages in this State.

19

20 Craft Alcoholic Beverage Manufacturers

21 Under the bill, certain craft alcoholic beverage manufacturers
22 would be entitled to hold events. Under the bill, a craft alcoholic
23 beverage manufacturer is defined as a limited brewery license,
24 cidery and meadery license, and craft distillery license.

25 Specifically, the bill allows these craft alcoholic beverage
26 manufacturers to hold not more than 25 off-premises special events
27 and an unlimited number of on-premises special events and private
28 parties. In addition, these license holders would be entitled to hold
29 not more than 25 social affair events hosted by the holder of a
30 social affair permit.

31 Under the bill, a craft alcoholic beverage manufacturer would be
32 entitled to sell and serve customers tableside utilizing servers or
33 wait staff employed by the license holder. The license holder also
34 would be entitled to serve the licensee's products for on-premises
35 consumption in outdoor spaces approved by the municipality. A
36 license holder that serves alcoholic beverages in outdoor spaces
37 would be entitled to utilize a permanent or portable tap system
38 located in the approved outdoor space. Pourers and servers
39 employed by a craft manufacturer's license holder are to be
40 certified by an industry-recognized server training program.

41 The bill also allows the holder of a craft manufacturer's license
42 to offer for sale or make the gratuitous offering of de minimis food
43 items including, but not limited to, packaged crackers, chips, nuts,
44 and similar snacks to consumers. The license holder also would be
45 entitled to sell non-alcoholic beverages.

46 Under the bill, a license holder also may coordinate with a food
47 vendor, including food trucks and restaurants, for the provision of
48 food on the licensed premises and provide menus to consumers for

1 the sale of food. The bill prohibits a craft manufacturer's license
2 holder from owning the food vendor. In addition, a craft
3 manufacturer's licensed premises that is adjoining a food vendor's
4 premises would be required to have its own entrance and exit to and
5 from the licensed premises and would be prohibited from having a
6 doorway that allows direct access and egress to the food vendor's
7 premises.

8 Under the bill, the holder of a craft manufacturer license would
9 be entitled to offer discounts for promotional purposes, provide
10 targeted discounts, and establish membership programs that offer
11 discounts. A craft manufacturer's licensee also would be entitled to
12 show or display any televised program on televisions or other
13 screening devices of any number or size on the licensed premises.
14 The license holder would not be required to provide notice to or
15 obtain a permit from the Division of Alcoholic Beverage Control
16 prior to showing or displaying any televised event.

17 The bill also removes from current law the tour requirement for
18 limited brewery and craft distillery license holders. Under current
19 law, these licensees are authorized to sell their products at retail to
20 consumers on the licensed premises for on-site consumption, but
21 only in connection with a tour of the brewery or distillery. Under
22 the bill, consumers would not be required to take a tour of the
23 brewery or distillery to purchase beverages for on-site consumption.

24 The bill also increases from 10,000 to 300,000 the number of
25 barrels that the holder of a restricted brewery license may
26 manufacture per year. Under current law, a restricted brewery
27 license is only issued to a person who also holds a Class C
28 consumption license, which is generally issued to bars and
29 restaurants. The restricted brewery license allows the licensee to
30 brew the beer, while the Class C license allows the licensee to sell
31 that beer directly to restaurant patrons. This bill allows the holder of
32 restricted brewery license to manufacture more beer per year.
33 These license holders also would be entitled to directly sell and
34 distribute to retailers 50 percent of the beer that is produced on
35 premises in each year.

36

37 Farm-Brewery License

38 The bill also establishes a farm-brewery license that would
39 permit the licensee to produce malt alcoholic beverages for retail
40 sale to consumers for consumption off the licensed premises. A
41 farm brewery licensee would be permitted to brew up to 2,500
42 barrels of malt alcoholic beverages per year for retail sale for
43 consumption off the premises and to offer samples. The license
44 would be issued only when the brewery is located and constructed
45 upon a tract of land exclusively under the license holder's control and
46 the license holder is actively engaged in farming on or adjacent to the
47 brewery premises. The bill also requires the license holder to
48 manufacturer beer that is substantially produced from hops or other

1 ingredients grown or cultivated on the license holder's tract of land.
2 The bill prohibits a license holder from selling or offering food for
3 consumption on the licensed premises.

4 A graduated license based on volume would range in cost from
5 \$100 to \$300 a year. A single individual or entity would be
6 permitted to hold only one farm brewery license.

7

8 Transfer of Inactive Plenary Retail Consumption Licenses

9 In addition, this bill establishes procedures for transferring
10 inactive Class C licenses, which allow for the retail sales of
11 alcoholic beverages. Under current law, an inactive Class C license
12 is a license to sell alcoholic beverages to the public that is not being
13 used at an open and operating licensed premises. A licensee is
14 required to place the license on "inactive status" when the licensed
15 business ceases operation and the license continues to be held by
16 the licensee of record.

17 Under this bill, a license that remains inactive for two
18 consecutive license terms is to expire. However, the bill allows the
19 governing body of a municipality to extend the period during which
20 the license may remain inactive for an additional year. Prior to the
21 expiration of the license, an inactive license is to be actively used
22 by the license holder, transferred to another person who intends to
23 use the license in a private transaction for fair market value, or
24 transferred from a sending municipality to a contiguous receiving
25 municipality for use in a redevelopment, improvement, or
26 revitalization area. The bill requires the Director of the Division of
27 Alcoholic Beverage Control to divide the inactive Class C licenses
28 that were placed on inactive status prior to the bill's effective date
29 into quartiles based on the total length of time that the licenses have
30 been inactive. The quartile that has been inactive for the longest
31 period of time would be required to be transferred within one year
32 of the bill's effective date. The quartile that has been inactive for
33 the second longest period of time would be required to be
34 transferred within two years of the bill's effective date. The
35 quartile that has been inactive for the third longest period of time
36 would be transferred within three years following the bill's
37 effective date. The quartile that has been inactive for the shortest
38 period of time would be required to be transferred within four years
39 following the effective date.

40 The bill also allows a receiving municipality that has reached the
41 license population limitation established under current law to issue
42 a request for proposal (RFP) to acquire an inactive plenary retail
43 consumption license, generally issued to bars and restaurants, from
44 a licensee who holds a license in another contiguous municipality.
45 The bill requires the receiving municipality to issue the license for
46 use in connection with a premises as part of economic
47 redevelopment plan or a redevelopment, improvement, or

1 revitalization area. The bill prohibits the transfer of licenses
2 between municipalities that are not contiguously located.

3 Finally, the bill allows a municipality in which an inactive Class
4 C license has lapsed and has not been renewed within eight years
5 prior to the bill's enactment to issue a new Class C license at public
6 sale. The bill allows the municipality to issue a new Class C license
7 regardless of the limitation placed on the number of retail licenses
8 that a municipality is permitted to issue.

9

10 Issuance of Special Licenses in Municipalities with Shopping Malls

11 Finally, the bill authorizes the issuance of special licenses to a
12 person or other legal entity for use in connection with a food and
13 beverage establishment located within a shopping mall. The license
14 authorizes the sale of alcoholic beverages for immediate consumption
15 on the operator's premises. Under the bill, an eligible municipality
16 may, by ordinance or resolution, issue not more than two of these
17 special licenses for use in connection with a shopping mall that has a
18 gross square footage of not less than 750,000. A mall with a gross
19 square footage of 1,500,000 or more would be entitled to receive
20 four special licenses.

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

SENATE, No. 4265

with committee amendments

STATE OF NEW JERSEY

DATED: JANUARY 4, 2024

The Senate Budget and Appropriations Committee reports favorably and with committee amendments Senate Bill No. 4265.

As amended and reported by the committee, Senate Bill No. 4265 makes various revisions to the law governing the manufacture and sale of alcoholic beverages in this State.

Craft Alcoholic Beverage Manufacturers

Under the bill, certain craft alcoholic beverage manufacturers would be entitled to hold events. Under the bill, a craft alcoholic beverage manufacturer is defined as a limited brewery license, cidery and meadery license, and craft distillery license.

Specifically, the bill allows these craft alcoholic beverage manufacturers to hold not more than 25 off-premises special events and an unlimited number of on-premises special events and private parties. In addition, these license holders would be entitled to hold not more than 25 social affair events hosted by the holder of a social affair permit.

Under the bill, a craft alcoholic beverage manufacturer would be entitled to sell and serve customers tableside utilizing servers or wait staff employed by the license holder. The license holder also would be entitled to serve the licensee's products for on-premises consumption in outdoor spaces approved by the municipality. A license holder that serves alcoholic beverages in outdoor spaces would be entitled to utilize a permanent or portable tap system located in the approved outdoor space. Pourers and servers employed by a craft manufacturer's license holder are to be certified by an industry-recognized server training program.

The bill also allows the holder of a craft manufacturer's license to offer for sale or make the gratuitous offering of de minimis food items including, but not limited to, packaged crackers, chips, nuts, and similar snacks to consumers. The license holder also would be entitled to sell non-alcoholic beverages.

Under the bill, a license holder also may coordinate with a food vendor, including food trucks and restaurants, for the provision of food on the licensed premises and provide menus to consumers for the sale of food. The bill prohibits a craft manufacturer's license holder from

owning the food vendor. In addition, a craft manufacturer's licensed premises that is adjoining a food vendor's premises would be required to have its own entrance and exit to and from the licensed premises and would be prohibited from having a doorway that allows direct access and egress to the food vendor's premises.

Under the bill, the holder of a craft manufacturer license would be entitled to offer discounts for promotional purposes, provide targeted discounts, and establish membership programs that offer discounts. A craft manufacturer's licensee also would be entitled to show or display any televised program on televisions or other screening devices of any number or size on the licensed premises. The license holder would not be required to provide notice to or obtain a permit from the Division of Alcoholic Beverage Control prior to showing or displaying any televised event.

The bill also removes from current law the tour requirement for limited brewery and craft distillery license holders. Under current law, these licensees are authorized to sell their products at retail to consumers on the licensed premises for on-site consumption, but only in connection with a tour of the brewery or distillery. Under the bill, consumers would not be required to take a tour of the brewery or distillery to purchase beverages for on-site consumption.

The bill also increases from 10,000 to 300,000 the number of barrels that the holder of a restricted brewery license may manufacture per year. Under current law, a restricted brewery license is only issued to a person who also holds a Class C consumption license, which is generally issued to bars and restaurants. The restricted brewery license allows the licensee to brew the beer, while the Class C license allows the licensee to sell that beer directly to restaurant patrons. This bill allows the holder of restricted brewery license to manufacture more beer per year. These license holders also would be entitled to directly sell and distribute to retailers 50 percent of the beer that is produced on premises in each year.

Farm-Brewery License

The bill also establishes a farm-brewery license that would permit the licensee to produce malt alcoholic beverages for retail sale to consumers for consumption off the licensed premises. A farm brewery licensee would be permitted to brew up to 2,500 barrels of malt alcoholic beverages per year for retail sale for consumption off the premises and to offer samples. The license would be issued only when the brewery is located and constructed upon a tract of land exclusively under the license holder's control and the license holder is actively engaged in farming on or adjacent to the brewery premises. The bill also requires the license holder to manufacture beer that is substantially produced from hops or other ingredients grown or cultivated on the license holder's tract of land. The bill prohibits a

license holder from selling or offering food for consumption on the licensed premises.

A graduated license based on volume would range in cost from \$100 to \$300 a year. A single individual or entity would be permitted to hold only one farm brewery license.

Transfer of Inactive Plenary Retail Consumption Licenses

In addition, this bill establishes procedures for transferring inactive Class C licenses, which allow for the retail sales of alcoholic beverages. Under current law, an inactive Class C license is a license to sell alcoholic beverages to the public that is not being used at an open and operating licensed premises. A licensee is required to place the license on “inactive status” when the licensed business ceases operation and the license continues to be held by the licensee of record.

Under this bill, a license that remains inactive for two consecutive license terms is to expire. However, the bill allows the governing body of a municipality to extend the period during which the license may remain inactive for an additional year. Prior to the expiration of the license, an inactive license is to be actively used by the license holder, transferred to another person who intends to use the license in a private transaction for fair market value, or transferred from a sending municipality to a contiguous receiving municipality for use in a redevelopment, improvement, or revitalization area. The bill requires the Director of the Division of Alcoholic Beverage Control to divide the inactive Class C licenses that were placed on inactive status prior to the bill’s effective date into quartiles based on the total length of time that the licenses have been inactive. The quartile that has been inactive for the longest period of time would be required to be transferred within one year of the bill’s effective date. The quartile that has been inactive for the second longest period of time would be required to be transferred within two years of the bill’s effective date. The quartile that has been inactive for the third longest period of time would be transferred within three years following the bill’s effective date. The quartile that has been inactive for the shortest period of time would be required to be transferred within four years following the effective date.

The bill also allows a receiving municipality that has reached the license population limitation established under current law to issue a request for proposal (RFP) to acquire an inactive plenary retail consumption license, generally issued to bars and restaurants, from a licensee who holds a license in another contiguous municipality. The bill requires the receiving municipality to issue the license for use in connection with a premises as part of economic redevelopment plan or a redevelopment, improvement, or revitalization area. The bill prohibits the transfer of licenses between municipalities that are not contiguously located.

Finally, the bill allows a municipality in which an inactive Class C license has lapsed and has not been renewed within eight years prior to the bill's enactment to issue a new Class C license at public sale. The bill allows the municipality to issue a new Class C license regardless of the limitation placed on the number of retail licenses that a municipality is permitted to issue.

Issuance of Special Licenses in Municipalities with Shopping Malls

Finally, the bill authorizes the issuance of special licenses to a person or other legal entity for use in connection with a food and beverage establishment located within a shopping mall. The license authorizes the sale of alcoholic beverages for immediate consumption on the operator's premises. Under the bill, an eligible municipality may, by ordinance or resolution, issue not more than two of these special licenses for use in connection with a shopping mall that has a gross square footage of not less than 750,000. A mall with a gross square footage of 1,500,000 or more would be entitled to receive four special licenses.

As amended, the bill requires the fee for the initial issuance of this license to be at least \$250,000. The municipal governing body would be entitled to establish an annual fee that would not exceed the annual fee charged for plenary retail consumption licenses within the municipality.

COMMITTEE AMENDMENTS

The committee amended the bill to:

1) change the fee for the initial issuance of a special license used in connection with a shopping mall to at least \$250,000. As introduced, the bill provided that the initial issuance fee was to be based on the three most recent sale amounts paid for plenary retail consumption licenses within the municipality, or an appraisal completed at the license applicant's expense, whichever amount is greater; and

2) make a technical correction.

FISCAL IMPACT:

The OLS finds that the bill will result in indeterminate increases in annual State and municipal revenues and expenditures. The OLS, however, cannot assess the direction of the net effect of the increases given the absence of information on workload increases for the Division of Alcoholic Beverage Control and municipalities as well as the potential revenue collected from the total number of licenses issued annually, the future license fees, sales tax on products sold, and any penalty collections.

LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

SENATE, No. 4265 STATE OF NEW JERSEY 220th LEGISLATURE

DATED: JANUARY 11, 2024

SUMMARY

- Synopsis:** Makes various revisions to alcoholic beverage manufacturing and retailing license laws.
- Type of Impact:** Annual State and municipal revenue and expenditure increases.
- Agencies Affected:** Department of Law and Public Safety; Department of the Treasury; Municipalities; State, County, and Municipal Law Enforcement.

Office of Legislative Services Estimate

Fiscal Impact	
Annual State and Local Expenditure Increases	Indeterminate
Annual State and Local Revenue Increases	Indeterminate

- The Office of Legislative Services (OLS) finds that the bill will result in indeterminate increases in annual State and municipal revenues and expenditures. The OLS, however, cannot assess the direction of the net effect of the increases given the absence of information on workload increases for the Division of Alcoholic Beverage Control and municipalities as well as the potential revenue collected from the total number of licenses issued annually, the future license fees, sales tax on products sold, and any penalty collections.
- This bill may increase State revenue from the expansion of the number of gallons produced and sold by the holder of a restricted brewery license, the sale of farm-brewery licenses, the sale of products in new businesses which obtain inactive plenary retail consumption licenses, and the sale of special licenses in municipalities with shopping malls, as well as the products sold within these businesses. These fees may to some extent offset the indeterminate increased costs to the State to administer, regulate, and enforce the licenses.
- The bill may increase the municipal revenue from the transfer of inactive plenary retail consumption licenses, from the transfer fee of the license to another municipality, and any annual renewal fees charged. These fees may to some extent offset the indeterminate increased costs to municipalities to administer, regulate, and enforce the licenses.

BILL DESCRIPTION

This bill makes various revisions to the law governing the manufacture and sale of alcoholic beverages in this State. The bill expands the number of events held by craft alcoholic beverage manufacturers; establishes a farm-brewery license; permits the transfer of certain inactive plenary retail consumption licenses to contiguous municipalities; and establishes special licenses in municipalities with shopping malls.

Craft Alcoholic Beverage Manufacturers: Under the bill, certain craft alcoholic beverage manufacturers would be entitled to hold events. Specifically, the bill allows these craft alcoholic beverage manufacturers to hold not more than 25 off-premises special events, an unlimited number of on-premises special events and private parties and not more than 25 social affair events hosted by the holder of a social affair permit.

The bill also increases from 10,000 to 300,000 the number of barrels that the holder of a restricted brewery license may manufacture per year. Under current law, a restricted brewery license is only issued to a person who also holds a Class C consumption license, which is generally issued to bars and restaurants. The restricted brewery license allows the licensee to brew the beer, while the Class C license allows the licensee to sell that beer directly to restaurant patrons. This bill allows the holder of restricted brewery license to manufacture more beer per year. These license holders also would be entitled to directly sell and distribute to retailers 50 percent of the beer that is produced on premises in each year.

Farm-Brewery License: The bill establishes a farm-brewery license that would permit the licensee to produce malt alcoholic beverages for retail sale to consumers for consumption off the licensed premises. A graduated license based on volume would range in cost from \$100 to \$300 a year. A single individual or entity would be permitted to hold only one farm brewery license.

Transfer of Inactive Plenary Retail Consumption Licenses: This bill establishes procedures for the transfer and sale of certain inactive Class C licenses, which allow for the retail sales of alcoholic beverages. Under current law, an inactive Class C license is a license to sell alcoholic beverages to the public that is not being used at an open and operating licensed premises. A licensee is required to place the license on "inactive status" when the licensed business ceases operation and the license continues to be held by the licensee of record. The bill requires that these inactive licenses be used by the license holder, transferred to another person who intends to use the license in a private transaction for fair market value, or transferred from a sending municipality to a contiguous receiving municipality for use in a redevelopment, improvement, or revitalization area.

Issuance of Special Licenses in Municipalities with Shopping Malls: The bill authorizes the issuance of special licenses to a person or other legal entity for use in connection with a food and beverage establishment located within a shopping mall. The license authorizes the sale of alcoholic beverages for immediate consumption on the operator's premises. Under the bill, an eligible municipality may, by ordinance or resolution, issue not more than two of these special licenses for use in connection with a shopping mall that has a gross square footage of not less than 750,000. A mall with a gross square footage of 1,500,000 or more would be entitled to receive four special licenses. This bill exempts strip-mall locations.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS finds that the bill will result in indeterminate increases in annual State and municipal revenues and expenditures. The OLS, however, cannot assess the direction of the net effect of the increases given the absence of information on workload increases for the Division of Alcoholic Beverage Control and municipalities as well as the potential revenue collected from the total number of licenses issued annually, the future license fees, sales tax on products sold, and any penalty collections.

State Revenue Impacts: This bill may increase State revenue from the expansion of the number of gallons produced and sold by restricted brewery licenses holders, the sale of farm-brewery licenses, the sale of products in new businesses which obtain the inactive plenary retail consumption licenses, and the sale of special licenses in municipalities with shopping malls and the products sold within these businesses.

The OLS anticipates that expansion of licenses and transfer and sale of the inactive plenary retail consumption licenses may increase the overall sale of alcohol beverage products, thus increasing the amount of State sales tax collected by the Division of Taxation in the Department of the Treasury.

State Expenditure Impacts: The bill may increase the Division of Alcoholic Beverage Control's workload depending on the number of farm-brewery licenses sold, plenary retail consumption licenses transferred, and the number of special licenses issued in municipalities with shopping malls. Depending on the division's resource allocation policies, the added workload may or may not augment State administrative expenditures.

The OLS anticipates that any increased sales by the transfer and sale of the plenary retail consumption licenses may affect the workload of the Division of Taxation.

Municipal Revenue Impacts: The bill would increase the municipal revenue from the transfer and sale of the inactive plenary retail consumption license, from the transfer fee of the license to another receiving municipality, and any annual renewal fees charged. The OLS cannot determine the average price of alcoholic beverage licenses Statewide. Pursuant to State law, municipalities may charge an annual fee, established by ordinance, of no less \$250, but no more than \$2,500 for the renewal of a plenary retail consumption license.

Additionally, the bill requires the fee for the initial issuance of the sale of special licenses in municipalities with shopping malls to be at least \$250,000. The municipality would be entitled to establish an annual fee that would not exceed the annual fee charged for the plenary retail consumption licenses within the municipality.

Municipal Expenditure Impacts: The bill may increase costs to municipalities associated with the administration, regulation, and enforcement of the transfer and sale of licenses.

The OLS notes that these municipalities may employ additional law enforcement due to the increased cost of public safety, as there may be an increased need for enforcement of alcoholic beverage statutes and ordinances.

Section: Law and Public Safety

*Analyst: Kristin Brunner Santos
Lead Fiscal Analyst*

*Approved: Thomas Koenig
Legislative Budget and Finance Officer*

This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).

ASSEMBLY, No. 5912

STATE OF NEW JERSEY

220th LEGISLATURE

INTRODUCED JANUARY 4, 2024

Sponsored by:

Assemblyman CLINTON CALABRESE

District 36 (Bergen and Passaic)

Assemblyman JOE DANIELSEN

District 17 (Middlesex and Somerset)

Assemblyman JOHN F. MCKEON

District 27 (Essex and Morris)

Co-Sponsored by:

Assemblyman Freiman and Assemblywoman McKnight

SYNOPSIS

Makes various revisions to alcoholic beverage manufacturing and retailing license laws.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 1/8/2024)

1 AN ACT concerning alcoholic beverage licensing, supplementing
2 Title 33 of the Revised Statutes, and amending R.S.33:1-10,
3 P.L.1977, c.246, and P.L.1947, c.94.

4
5 **BE IT ENACTED** by the Senate and General Assembly of the State
6 of New Jersey:

7
8 1. (New section) a. As used in this section:

9 “Craft manufacturer’s license” means a limited brewery license,
10 cidery and meadery license, and craft distillery license issued pursuant
11 to R.S.33:1-10.

12 “Off-premises special events” means special events that take
13 place at a location other than on the licensed premises or the
14 sidewalk, parking lot, or other area owned by the licensee that is
15 adjacent to or adjoining the licensed premises and shall include, but
16 not be limited to: beer, music, and arts festivals; civic events; foot
17 races, bike races, and other athletic events; craft manufacturers’
18 anniversary celebrations; and holiday celebrations.

19 “On-premises special event” means an event that is open to the
20 public and held on the licensed premises or the sidewalk, parking
21 lot, or other area owned by the licensee that is adjacent to or
22 adjoining the licensed premises. An on-premises special event shall
23 include, but not be limited to: trivia and quiz games; paint and sip;
24 craftmaking; pop up shops; DJs, live music, amplified music and
25 open mic; televised or streamed sporting events; educational events
26 and seminars; movies and theatrical events; animal adoption, to the
27 extent permitted by local ordinance; yoga and exercise classes; and
28 games of skill.

29 “Private party” means an event that is held on the licensed
30 premises and closed to the general public, either by the
31 establishment of a special area of the licensed premises that may be
32 reserved to be occupied only by the hosts or guests of the private
33 party, or by closure of the licensed premises to the public for the
34 duration of the private party.

35 b. The holder of a craft manufacturer’s license shall be entitled
36 to sell and serve customers tableside utilizing servers or wait staff
37 employed by the license holder. The license holder shall be entitled
38 to serve the licensee’s products for on-premises consumption in
39 outdoor spaces approved by the municipality. A craft manufacturer
40 that serves alcoholic beverages in outdoor spaces may utilize a
41 permanent or portable tap system located in the approved outdoor
42 space. Pourers and servers employed by a craft manufacturer’s
43 license holder shall be certified by an industry-recognized server
44 training program.

EXPLANATION – Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

1 c. The holder of a craft manufacturer's license shall be
2 permitted to offer for sale or make the gratuitous offering of de
3 minimis food items including, but not limited to, packaged crackers,
4 chips, nuts, and similar snacks to customers. The license holder
5 may sell non-alcoholic beverages, whether or not manufactured by
6 the license holder. The license holder also may coordinate with a
7 food vendor for the provision of food on the licensed premises and
8 provide menus to customers for the sale of food.

9 The holder of a craft manufacturer's license may offer for sale
10 suitable gift items and novelty wearing apparel identified with the
11 name of the craft manufacturer, or to promote the craft beverage
12 industry.

13 d. The holder of a craft manufacturer's license shall be entitled to
14 hold an unlimited number of on-premises special events, for which
15 the license holder may sell tickets or charge a cover fee for
16 attendance. The license holder shall not be required to obtain a
17 permit or provide electronic notification to the division of on-
18 premises special events.

19 e. The holder of a craft manufacturer's license shall be entitled to
20 annually hold not more than 25 off-premises special events
21 authorized by a permit issued by the director for each off-premises
22 special event. An off-premises special event permit may be issued
23 for an event that is held for a maximum of three consecutive days.
24 The license holder shall be entitled to coordinate with food vendors
25 for the provision of food at off-premises events. If an off-premises
26 special event is to be held on a publicly-owned or controlled
27 property, the license holder shall be required to obtain the consent
28 of the political subdivision that owns or controls the property or the
29 chief law enforcement officer of the law enforcement agency that
30 has jurisdiction over the property.

31 f. The holder of a craft manufacturer's license shall be entitled
32 to hold an unlimited number of private parties per year to occur on
33 the licensed premises including, but not limited to, birthdays,
34 weddings, anniversaries, civic and political functions, professional
35 and trade association events, or class reunions and alumni events.
36 The license holder shall be entitled to coordinate with food vendors
37 for the provision of food at private parties. Subject to the consent of
38 the licensee, the host of a private party may provide wine and malt
39 alcoholic beverages purchased off the licensed premises to be
40 served at the private party. A host of a private party may hire an
41 employee of the craft manufacturer license holder to pour the
42 alcoholic beverages served at the party. The license holder shall not
43 be required to obtain a permit or provide electronic notification to
44 the director of private parties.

45 g. The holder of a craft manufacturer's license shall be entitled
46 to hold on the licensed premises not more than 25 social affair
47 events hosted by the holder of a social affair permit issued pursuant
48 to R.S.33:1-74. Subject to the consent of the license holder, the

1 holder of the social affair permit may sell and serve any wine and
2 malt alcoholic beverages for on-premises consumption only,
3 provided the wine and malt alcoholic beverages are obtained in
4 accordance with regulations promulgated by the director governing
5 the issuance of social affair permits. A host of a social affair
6 permitted event may hire employees or agents of the licensee to
7 pour the alcoholic beverages served at the event. The holder of this
8 license shall be entitled to sell the products manufactured pursuant
9 to the license for consumption off the craft manufacturer's premises
10 during a social affair permitted event.

11 h. The holder of a craft manufacturer's license shall be entitled
12 to sell the holder's products at a discount for promotional purposes,
13 provide targeted discounts, and establish membership programs that
14 offer discounts provided that the licensee's products are not sold
15 below the cost of manufacturing the product. Nothing in this
16 subsection shall waive the requirement that the holder of a craft
17 manufacturer's license file a current price list with the division in
18 accordance with rules and regulations.

19 i. The holder of a craft manufacturer's license shall be entitled to
20 exercise the privileges established pursuant to this section and
21 R.S.33:1-10 regardless of whether the property on which alcoholic
22 beverages are manufactured is owned or leased by the licensee.

23 j. The holder of a craft manufacturer's license shall be entitled to
24 show or display any televised program on televisions or other
25 screening devices of any number or size on the licensed premises.
26 The televised programs may include any sporting event, including
27 live-televised championship sporting events. The holder of this
28 license may publicly advertise that a televised event will be
29 displayed on the licensed premises in advance thereof. The license
30 holder shall not be required to provide notice to or obtain a permit
31 from the division prior to showing or displaying any televised
32 event.

33 k. The holder of a craft manufacturer's license who coordinates
34 with a food vendor pursuant to this section, including, but not
35 limited to, a food truck or restaurant, shall not own or operate the
36 food vendor. The holder of a craft manufacturer's license that is
37 used in connection with a licensed premises that is adjoining a food
38 vendor's premises shall have its own entrance and exit way to and
39 from the licensed premises and shall not have a doorway that allows
40 direct access and egress to the food vendor's premises.

41 l. The holder of a craft manufacturer's license shall not operate
42 on the same licensed premises as the holder of another craft
43 manufacturer's license. The holder of a craft manufacturer's
44 license shall not jointly control or operate a salesroom with the
45 holder of another craft manufacturer's license.

1 2. R.S.33:1-10 is amended to read as follows:

2 33:1-10. Class A licenses shall be subdivided and classified as
3 follows:

4 Plenary brewery license. 1a. The holder of this license shall be
5 entitled, subject to rules and regulations, to brew any malt alcoholic
6 beverages and to sell and distribute his products to wholesalers and
7 retailers licensed in accordance with this chapter, and to sell and
8 distribute without this State to any persons pursuant to the laws of
9 the places of such sale and distribution, and to maintain a
10 warehouse; provided, however, that the delivery of this product by
11 the holder of this license to retailers licensed under this title shall be
12 from inventory in a warehouse located in this State which is
13 operated under a plenary brewery license. The fee for this license
14 shall be \$10,625.

15 Limited brewery license. 1b. The holder of this license shall be
16 entitled, subject to rules and regulations, to brew any malt alcoholic
17 beverages in a quantity to be expressed in said license, dependent
18 upon the following fees and not in excess of 300,000 barrels of 31
19 fluid gallons capacity per year and to sell and distribute this product
20 to wholesalers and retailers licensed in accordance with this
21 chapter, and to sell and distribute without this State to any persons
22 pursuant to the laws of the places of such sale and distribution, and
23 to maintain a warehouse; provided, however, that the delivery of
24 this product by the holder of this license to retailers licensed under
25 this title shall be from inventory in a warehouse located in this State
26 which is operated under a limited brewery license. The holder of
27 this license shall be entitled to sell this product at retail to
28 consumers on the licensed premises of the brewery for consumption
29 on the premises, **【but only in connection with a tour of the**
30 **brewery,】** or **【for consumption off the premises】** in a quantity of
31 not more than 15.5 fluid gallons per person for consumption off the
32 premises, and to offer samples for sampling purposes **【only**
33 **pursuant to an annual permit issued by the director】**. The holder of
34 this license shall not be required to pay a fee to the division for the
35 privilege of offering samples pursuant to this section. If the holder
36 of this license holds a bonded warehouse bottling license issued
37 pursuant to subsection 5 of this section, product brewed in
38 accordance with this subsection and transferred to a bonded
39 warehouse for bottling and storage may be sold at retail and offered
40 for sampling on the licensed premises of the brewery by the holder
41 of this license. The holder of this license shall not sell food or
42 operate a restaurant on the licensed premises but may coordinate
43 with food vendors pursuant to section 1 of P.L. , c. (C.)
44 (pending before the Legislature as this bill). The holder of this
45 license shall be entitled to engage in the privileges established
46 pursuant to section 1 of P.L. , c. (C.) (pending before the
47 Legislature as this bill).

- 1 The fee for this license shall be graduated as follows:
2 to so brew not more than 50,000 barrels of 31 liquid gallons
3 capacity per annum, \$1,250;
4 to so brew not more than 100,000 barrels of 31 fluid gallons
5 capacity per annum, \$2,500;
6 to so brew not more than 200,000 barrels of 31 fluid gallons
7 capacity per annum, \$5,000;
8 to so brew not more than 300,000 barrels of 31 fluid gallons
9 capacity per annum, \$7,500.

10 For the purposes of this subsection, "sampling" means the selling
11 at a nominal charge or the gratuitous offering of an open container
12 not exceeding four ounces of any malt alcoholic beverage. For the
13 purposes of this subsection, "product" means any malt alcoholic
14 beverage that is produced on the premises licensed under this
15 subsection.

16 Restricted brewery license. 1c. The holder of this license shall
17 be entitled, subject to rules and regulations, to brew any malt
18 alcoholic beverages in a quantity to be expressed in such license not
19 in excess of ~~10,000~~ 300,000 barrels of 31 gallons capacity per
20 year. Notwithstanding the provisions of R.S.33:1-26, the director
21 shall issue a restricted brewery license only to a person or an entity
22 which has identical ownership to an entity which holds a plenary
23 retail consumption license issued pursuant to R.S.33:1-12, provided
24 that such plenary retail consumption license is operated in
25 conjunction with a restaurant regularly and principally used for the
26 purpose of providing meals to its customers and having adequate
27 kitchen and dining room facilities, and that the licensed restaurant
28 premises is immediately adjoining the premises licensed under this
29 subsection. The holder of this license shall be entitled to sell or
30 deliver the product to that restaurant premises. The holder of this
31 license also shall be entitled to sell and distribute the product to
32 wholesalers and retailers licensed in accordance with this chapter,
33 and to sell and distribute without this State to any persons pursuant
34 to the laws of those places of such sale and distribution, and to
35 maintain a warehouse; provided, however, that the delivery of this
36 product by the holder of this license to retailers licensed under this
37 title shall be from inventory in a warehouse located in this State
38 which is operated under a restricted brewery license. The amount of
39 malt alcoholic beverages that may be sold and distributed directly to
40 retailers pursuant to this subsection on an annual basis shall be not
41 more than 50 percent of the product manufactured in that year by the
42 holder of this license.

43 The fee for this license shall be \$1,250,
44 which fee shall entitle the holder to brew up to 1,000 barrels of 31
45 liquid gallons per annum. The licensee also shall pay an additional
46 \$250 for every additional 1,000 barrels of 31 fluid gallons
47 produced. The fee shall be paid at the time of application for the
48 license, and additional payments based on barrels produced shall be
paid within 60 days following the expiration of the license term

1 upon certification by the licensee of the actual gallons brewed
2 during the license term. No more than 10 restricted brewery
3 licenses shall be issued to a person or entity which holds an interest
4 in a plenary retail consumption license. If the governing body of
5 the municipality in which the licensed premises will be located
6 should file a written objection, the director shall hold a hearing and
7 may issue the license only if the director finds that the issuance of
8 the license will not be contrary to the public interest. All fees
9 related to the issuance of both licenses shall be paid in accordance
10 with statutory law. The provisions of this subsection shall not be
11 construed to limit or restrict the rights and privileges granted by the
12 plenary retail consumption license held by the holder of the
13 restricted brewery license issued pursuant to this subsection.

14 The holder of this license shall be entitled to offer samples of its
15 product for promotional purposes at charitable or civic events off
16 the licensed premises pursuant to an annual permit issued by the
17 director.

18 For the purposes of this subsection, "sampling" means the selling
19 at a nominal charge or the gratuitous offering of an open container
20 not exceeding four ounces of any malt alcoholic beverage product.
21 For the purposes of this subsection, "product" means any malt
22 alcoholic beverage that is produced on the premises licensed under
23 this subsection.

24 Farm brewery license. 1d. The holder of this license shall be
25 entitled, subject to rules and regulations, to brew any malt alcoholic
26 beverages in a quantity to be expressed in the license not in excess of
27 2,500 barrels of 31 fluid gallons per year and to sell products to
28 consumers for consumption off the licensed premises and to offer
29 samples for sampling purposes only. The license shall be issued only
30 when the brewery at which such malt alcoholic beverages are brewed
31 is located and constructed upon a tract of land exclusively under the
32 control of the licensee, the licensee is actively engaged in farming on
33 or adjacent to the brewery premises, and the malt alcoholic beverages
34 are substantially produced from hops or other ingredients grown or
35 cultivated on that tract of land. The holder of this license shall not
36 sell or offer food for consumption on the licensed premises.

37 The fee for this license shall be graduated as follows: to
38 manufacture between 1,200 and 2,500 barrels per year, \$300; to
39 manufacture between 100 and 1,199 barrels per year, \$200; to
40 manufacture fewer than 100 barrels per year, \$100. An individual or
41 entity shall not hold more than one farm brewery license.

42 For purposes of this subsection, "sampling" means the selling at a
43 nominal charge or the gratuitous offering of an open container not
44 exceeding one and one-half ounces of a malt alcoholic beverage.

45 Plenary winery license. 2a. Provided that the holder is engaged
46 in growing and cultivating grapes or fruit used in the production of
47 wine on at least three acres on, or adjacent to, the winery premises,
48 except as otherwise provided in this subsection for certain

1 alternating proprietorship agreements, the holder of this license
2 shall be entitled, subject to rules and regulations, to produce any
3 fermented wines, and to blend, fortify and treat wines, and to sell
4 and distribute his products to wholesalers licensed in accordance
5 with this chapter and to churches for religious purposes, and to sell
6 and distribute without this State to any persons pursuant to the laws
7 of the places of such sale and distribution, and to maintain a
8 warehouse, and to sell his products at retail to consumers on the
9 licensed premises of the winery for consumption on or off the
10 premises and to offer samples for sampling purposes only. The fee
11 for this license shall be \$938. A holder of this license who
12 produces not more than 250,000 gallons per year shall also have the
13 right to sell and distribute his products to retailers licensed in
14 accordance with this chapter, except that the holder of this license
15 shall not use a common carrier for such distribution. The fee for
16 this additional privilege shall be graduated as follows: a licensee
17 who manufactures more than 150,000 gallons, but not in excess of
18 250,000 gallons per annum, \$1,000; a licensee who manufactures
19 more than 100,000 gallons, but not in excess of 150,000 gallons per
20 annum, \$500; a licensee who manufactures more than 50,000
21 gallons, but not in excess of 100,000 gallons per annum, \$250; a
22 licensee who manufactures 50,000 gallons or less per annum, \$100.
23 A holder of this license who produces not more than 250,000
24 gallons per year shall have the right to sell such wine at retail in
25 original packages in 15 salesrooms apart from the winery premises
26 for consumption on or off the premises and for sampling purposes
27 for consumption on the premises, at a fee of \$250 for each
28 salesroom. Licensees shall not jointly control and operate
29 salesrooms. Additionally, the holder of this license who produces
30 not more than 250,000 gallons per year may ship not more than 12
31 cases of wine per year, subject to regulation, to any person within or
32 without this State over 21 years of age for personal consumption
33 and not for resale. A case of wine shall not exceed a maximum of
34 nine liters. A copy of the original invoice shall be available for
35 inspection by persons authorized to enforce the alcoholic beverage
36 laws of this State for a minimum period of three years at the
37 licensed premises of the winery. For the purposes of this
38 subsection, "sampling" means the selling at a nominal charge or the
39 gratuitous offering of an open container not exceeding one and one-
40 half ounces of any wine.

41 A holder of this license who produces not more than 250,000
42 gallons per year shall not own, either in whole or in part, or hold,
43 either directly or indirectly, any interest in a winery that produces
44 more than 250,000 gallons per year. In addition, a holder of this
45 license who produces more than 250,000 gallons per year shall not
46 own, either in whole or in part, or hold, either directly or indirectly,
47 any interest in a winery that produces not more than 250,000
48 gallons per year.

1 An applicant for a plenary winery license or the holder of a
2 plenary winery license may apply to the director for approval to
3 enter into an agreement with a host New Jersey winery to use the
4 host's equipment and space in an alternating proprietorship for
5 production of wine, provided that the applicant or holder has
6 obtained approval of the proposed alternating proprietorship
7 arrangement from the Alcohol and Tobacco Tax and Trade Bureau.
8 The director shall approve the agreement if the director determines
9 that the Alcohol and Tobacco Tax and Trade Bureau has approved
10 the agreement and the agreement does not violate any applicable
11 New Jersey alcohol licensing and taxation laws and related
12 regulations or special rulings of the director. The director shall
13 approve or deny the application no later than 180 days after receipt
14 of the application, unless the applicant agrees to an extension.

15 An applicant for a plenary winery license who also applies to the
16 director to enter into an alternating proprietorship agreement
17 pursuant to this subsection shall, upon approval by the director of
18 both applications, be permitted to grow and cultivate grapes or fruit
19 used in the production of wine on at least three acres within a five-
20 mile radius of the host winery premises.

21 For the purposes of this subsection, "product" means any wine
22 that is produced, blended, fortified, or treated by the licensee on its
23 licensed premises situated in the State of New Jersey. For the
24 purposes of this subsection, "wine" shall include "hard cider" and
25 "mead" as defined in this section.

26 Farm winery license. 2b. The holder of this license shall be
27 entitled, subject to rules and regulations, to manufacture any
28 fermented wines and fruit juices in a quantity to be expressed in
29 said license, dependent upon the following fees and not in excess of
30 50,000 gallons per year and to sell and distribute his products to
31 wholesalers and retailers licensed in accordance with this chapter
32 and to churches for religious purposes and to sell and distribute
33 without this State to any persons pursuant to the laws of the places
34 of such sale and distribution, and to maintain a warehouse and to
35 sell at retail to consumers for consumption on or off the licensed
36 premises and to offer samples for sampling purposes only. The
37 license shall be issued only when the winery at which such
38 fermented wines and fruit juices are manufactured is located and
39 constructed upon a tract of land exclusively under the control of the
40 licensee, provided that the licensee is actively engaged in growing
41 and cultivating an area of not less than three acres on or adjacent to
42 the winery premises and on which are growing grape vines or fruit
43 to be processed into wine or fruit juice, except in the case of certain
44 alternating proprietorship agreements, as provided in this
45 subsection; and provided, further, that for the first five years of the
46 operation of the winery such fermented wines and fruit juices shall
47 be manufactured from at least 51 percent grapes or fruit grown in
48 the State and that thereafter they shall be manufactured from grapes

1 or fruit grown in this State at least to the extent required for
2 labeling as "New Jersey Wine" under the applicable federal laws
3 and regulations. The containers of all wine sold to consumers by
4 such licensee shall have affixed a label stating such information as
5 shall be required by the rules and regulations of the Director of the
6 Division of Alcoholic Beverage Control. The fee for this license
7 shall be graduated as follows: to so manufacture between 30,000
8 and 50,000 gallons per annum, \$375; to so manufacture between
9 2,500 and 30,000 gallons per annum, \$250; to so manufacture
10 between 1,000 and 2,500 gallons per annum, \$125; to so
11 manufacture less than 1,000 gallons per annum, \$63. No farm
12 winery license shall be held by the holder of a plenary winery
13 license.

14 The holder of this license shall also have the right to sell and
15 distribute his products to retailers licensed in accordance with this
16 chapter, except that the holder of this license shall not use a
17 common carrier for such distribution. The fee for this additional
18 privilege shall be \$100. The holder of this license shall have the
19 right to sell his products in original packages at retail to consumers
20 in 15 salesrooms apart from the winery premises for consumption
21 on or off the premises, and for sampling purposes for consumption
22 on the premises, at a fee of \$250 for each salesroom. Licensees
23 shall not jointly control and operate salesrooms. Additionally, the
24 holder of this license may ship not more than 12 cases of wine per
25 year, subject to regulation, to any person within or without this
26 State over 21 years of age for personal consumption and not for
27 resale. A case of wine shall not exceed a maximum of nine liters.
28 A copy of the original invoice shall be available for inspection by
29 persons authorized to enforce the alcoholic beverage laws of this
30 State for a minimum period of three years at the licensed premises
31 of the winery. For the purposes of this subsection, "sampling"
32 means the selling at a nominal charge or the gratuitous offering of
33 an open container not exceeding one and one-half ounces of any
34 wine.

35 A holder of this license who produces not more than 250,000
36 gallons per year shall not own, either in whole or in part, or hold,
37 either directly or indirectly, any interest in a winery that produces
38 more than 250,000 gallons per year.

39 An applicant for a farm winery license or the holder of a farm
40 winery license may apply to the director for approval to enter into
41 an agreement with a host New Jersey winery to use the host's
42 equipment and space in an alternating proprietorship for production
43 of wine, provided that the applicant or holder has obtained approval
44 of the proposed alternating proprietorship arrangement from the
45 Alcohol and Tobacco Tax and Trade Bureau. The director shall
46 approve the agreement if the director determines that the Alcohol
47 and Tobacco Tax and Trade Bureau has approved the agreement
48 and the agreement does not violate any applicable New Jersey

1 alcohol licensing and taxation laws and related regulations or
2 special rulings of the director. The director shall approve or deny
3 the application no later than 180 days after receipt of the
4 application, unless the applicant agrees to an extension.

5 An applicant for a farm winery license who also applies to the
6 director to enter into an alternating proprietorship agreement
7 pursuant to this subsection shall, upon approval by the director of
8 both applications, be permitted to grow and cultivate grapes or fruit
9 used in the production of wine on at least three acres within a five-
10 mile radius of the host winery premises.

11 Unless otherwise indicated, for the purposes of this subsection,
12 with respect to farm winery licenses, "manufacture" means the
13 vinification, aging, storage, blending, clarification, stabilization and
14 bottling of wine or juice from New Jersey fruit to the extent
15 required by this subsection.

16 For the purposes of this subsection, "wine" shall include "hard
17 cider" and "mead" as defined in this section.

18 Wine blending license. 2c. The holder of this license shall be
19 entitled, subject to rules and regulations, to blend, treat, mix, and
20 bottle fermented wines and fruit juices with non-alcoholic
21 beverages, and to sell and distribute his products to wholesalers and
22 retailers licensed in accordance with this chapter, and to sell and
23 distribute without this State to any persons pursuant to the laws of
24 the places of such sale and distribution, and to maintain a
25 warehouse. The fee for this license shall be \$625.

26 For the purposes of this subsection, "wine" shall include "hard
27 cider" and "mead" as defined in this section.

28 Instructional winemaking facility license. 2d. The holder of this
29 license shall be entitled, subject to rules and regulations, to instruct
30 persons in and provide them with the opportunity to participate
31 directly in the process of winemaking and to directly assist such
32 persons in the process of winemaking while in the process of
33 instruction on the premises of the facility. The holder of this
34 license also shall be entitled to manufacture wine on the premises
35 not in excess of an amount of 10 percent of the wine produced
36 annually on the premises of the facility, which shall be used only to
37 replace quantities lost or discarded during the winemaking process,
38 to maintain a warehouse, and to offer samples produced by persons
39 who have received instruction in winemaking on the premises by
40 the licensee for sampling purposes only on the licensed premises for
41 the purpose of promoting winemaking for personal or household use
42 or consumption. Wine produced on the premises of an instructional
43 winemaking facility shall be used, consumed or disposed of on the
44 facility's premises or distributed from the facility's premises to a
45 person who has participated directly in the process of winemaking
46 for the person's personal or household use or consumption. The
47 holder of this license may sell mercantile items traditionally
48 associated with winemaking and novelty wearing apparel identified

1 with the name of the establishment licensed under the provisions of
2 this section. The holder of this license may use the licensed
3 premises for an event or affair, including an event or affair at which
4 a plenary retail consumption licensee serves alcoholic beverages in
5 compliance with all applicable statutes and regulations promulgated
6 by the director. The fee for this license shall be \$1,000. For the
7 purposes of this subsection, "sampling" means the gratuitous
8 offering of an open container not exceeding one and one-half
9 ounces of any wine.

10 For the purposes of this subsection, "wine" shall include "hard
11 cider" and "mead" as defined in this section.

12 Out-of-State winery license. 2e. Provided that the applicant
13 does not produce more than 250,000 gallons of wine per year, the
14 holder of a valid winery license issued in any other state may make
15 application to the director for this license. The holder of this
16 license shall have the right to sell and distribute his products to
17 wholesalers licensed in accordance with this chapter and to sell
18 such wine at retail in original packages in 16 salesrooms apart from
19 the winery premises for consumption on or off the premises at a fee
20 of \$250 for each salesroom. Licensees shall not jointly control and
21 operate salesrooms. The annual fee for this license shall be \$938.
22 A copy of a current license issued by another state shall accompany
23 the application. The holder of this license also shall have the right
24 to sell and distribute his products to retailers licensed in accordance
25 with this chapter, except that the holder of this license shall not use
26 a common carrier for such distribution. The fee for this additional
27 privilege shall be graduated as follows: a licensee who
28 manufactures more than 150,000 gallons, but not in excess of
29 250,000 gallons per annum, \$1,000; a licensee who manufactures
30 more than 100,000 gallons, but not in excess of 150,000 gallons per
31 annum, \$500; a licensee who manufactures more than 50,000
32 gallons, but not in excess of 100,000 gallons per annum, \$250; a
33 licensee who manufactures 50,000 gallons or less per annum, \$100.
34 Additionally, the holder of this license may ship not more than 12
35 cases of wine per year, subject to regulation, to any person within or
36 without this State over 21 years of age for personal consumption
37 and not for resale. A case of wine shall not exceed a maximum of
38 nine liters. A copy of the original invoice shall be available for
39 inspection by persons authorized to enforce the alcoholic beverage
40 laws of this State for a minimum period of three years at the
41 licensed premises of the winery.

42 The licensee shall collect from the customer the tax due on the
43 sale pursuant to the "Sales and Use Tax Act," P.L.1966, c.30
44 (C.54:32B-1 et seq.) and shall pay the tax due on the delivery of
45 alcoholic beverages pursuant to the "Alcoholic beverage tax law,"
46 R.S.54:41-1 et seq. The Director of the Division of Taxation in the
47 Department of the Treasury shall promulgate such rules and
48 regulations necessary to effectuate the provisions of this paragraph,

1 and may provide by regulation for the co-administration of the tax
2 due on the delivery of alcoholic beverages pursuant to the
3 "Alcoholic beverage tax law," R.S.54:41-1 et seq. with the
4 administration of the tax due on the sale pursuant to the "Sales and
5 Use Tax Act," P.L.1966, c.30 (C.54:32B-1 et seq.).

6 A holder of this license who produces not more than 250,000
7 gallons per year shall not own, either in whole or in part, or hold,
8 either directly or indirectly, any interest in a winery that produces
9 more than 250,000 gallons per year.

10 For the purposes of this subsection, "wine" shall include "hard
11 cider" and "mead" as defined in this section.

12 Cidery and meadery license. 2f. The holder of this license shall
13 be entitled, subject to rules and regulations, to manufacture hard
14 cider and mead and to sell and distribute these products to
15 wholesalers and retailers licensed in accordance with this chapter,
16 and to sell and distribute without this State to any persons pursuant
17 to the laws of the places of such sale and distribution, and to
18 maintain a warehouse. The holder of this license shall be entitled to
19 sell these products at retail to consumers on the licensed premises
20 for consumption on or off the premises and to offer samples for
21 sampling purposes only. The holder of this license shall be
22 permitted to offer for sale or make the gratuitous offering of
23 packaged crackers, chips, nuts, and similar snacks to consumers [,
24 but] . The holder of this license shall not operate a restaurant on
25 the licensed premises but may coordinate with food vendors
26 pursuant to section 1 of P.L. , c. (C.) (pending before the
27 Legislature as this bill). The holder of this license shall be entitled to
28 engage in the privileges established pursuant to section 1 of
29 P.L. , c. (C.) (pending before the Legislature as this bill). The
30 fee for this license shall be \$938.

31 The holder of this license shall be entitled to manufacture hard
32 cider in a quantity not to exceed 50,000 barrels of 31 fluid gallons
33 capacity per year. With respect to the sale and distribution of hard
34 cider to a wholesaler, the licensee shall be subject to the same
35 statutory and regulatory requirements as a brewer, and hard cider
36 shall be considered a malt alcoholic beverage, for the purposes of
37 the "Malt Alcoholic Beverage Practices Act," P.L.2005, c.243
38 (C.33:1-93.12 et seq.). The holder of this license shall not directly
39 ship hard cider either within or without this State.

40 The holder of this license shall be entitled to manufacture not
41 more than 250,000 gallons of mead per year. The holder of this
42 license may ship not more than 12 cases of mead per year, subject
43 to regulation, to any person within or without this State over 21
44 years of age for personal consumption and not for resale. A case of
45 mead shall not exceed a maximum of nine liters. A copy of the
46 original invoice shall be available for inspection by persons
47 authorized to enforce the alcoholic beverage laws of this State for a
48 minimum period of three years at the licensed premises.

1 As used in this subsection:

2 "Hard cider" means a fermented alcoholic beverage derived
3 primarily from apples, pears, apple juice concentrate and water, or
4 pear juice concentrate and water, which may include spices, herbs,
5 honey, or other flavoring, and which contains at least one half of
6 one percent but less than eight and one half percent alcohol by
7 volume.

8 "Mead" means an alcoholic beverage primarily made from
9 honey, water, and yeast, and which may contain fruit, fruit juices,
10 spices, or herbs added before or after fermentation has completed,
11 except that the ratio of fermentable sugars from fruit or fruit juices
12 shall not exceed 49 percent of the total fermentable sugars used to
13 produce mead.

14 "Sampling" means the selling at a nominal charge or the
15 gratuitous offering of an open container not exceeding four ounces
16 of hard cider or mead produced on the licensed premises.

17 Plenary distillery license. 3a. The holder of this license shall be
18 entitled, subject to rules and regulations, to manufacture any
19 distilled alcoholic beverages and rectify, blend, treat and mix, and
20 to sell and distribute his products to wholesalers and retailers
21 licensed in accordance with this chapter, and to sell and distribute
22 without this State to any persons pursuant to the laws of the places
23 of such sale and distribution, and to maintain a warehouse. The fee
24 for this license shall be \$12,500.

25 Limited distillery license. 3b. The holder of this license shall be
26 entitled, subject to rules and regulations, to manufacture and bottle
27 any alcoholic beverages distilled from fruit juices and rectify,
28 blend, treat, mix, compound with wine and add necessary
29 sweetening and flavor to make cordial or liqueur, and to sell and
30 distribute to wholesalers and retailers licensed in accordance with
31 this chapter, and to sell and distribute without this State to any
32 persons pursuant to the laws of the places of such sale and
33 distribution and to warehouse these products. The fee for this
34 license shall be \$3,750.

35 Supplementary limited distillery license. 3c. The holder of this
36 license shall be entitled, subject to rules and regulations, to bottle
37 and rebottle, in a quantity to be expressed in said license, dependent
38 upon the following fees, alcoholic beverages distilled from fruit
39 juices by such holder pursuant to a prior plenary or limited distillery
40 license, and to sell and distribute his products to wholesalers and
41 retailers licensed in accordance with this chapter, and to sell and
42 distribute without this State to any persons pursuant to the laws of
43 the places of such sale and distribution, and to maintain a
44 warehouse. The fee for this license shall be graduated as follows:
45 to so bottle and rebottle not more than 5,000 wine gallons per
46 annum, \$313; to so bottle and rebottle not more than 10,000 wine
47 gallons per annum, \$625; to so bottle and rebottle without limit as
48 to amount, \$1,250.

1 Craft distillery license. 3d. The holder of this license shall be
2 entitled, subject to rules and regulations, to manufacture not more
3 than 20,000 gallons of distilled alcoholic beverages, to rectify,
4 blend, treat and mix distilled alcoholic beverages, to sell and
5 distribute this product to wholesalers and retailers licensed in
6 accordance with this chapter, and to sell and distribute without this
7 State to any persons pursuant to the laws of the places of such sale
8 and distribution, and to maintain a warehouse. The holder of this
9 license shall be entitled to sell this product at retail to consumers on
10 the licensed premises of the distillery for consumption on the
11 premises, **[but only in connection with a tour of the distillery,]** and
12 for consumption off the premises in a quantity of not more than five
13 liters per person. In addition, the holder of this license may offer
14 any person not more than three samples per calendar day for
15 sampling purposes only. For the purposes of this subsection,
16 "sampling" means the gratuitous offering of an open container not
17 exceeding one-half ounce serving of distilled alcoholic beverage
18 produced on the distillery premises. If the holder of this license
19 holds a bonded warehouse bottling license issued pursuant to
20 subsection 5 of this section, product manufactured in accordance
21 with this subsection and transferred to a bonded warehouse for
22 bottling and storage may be sold at retail and offered for sampling
23 on the licensed premises of the distillery by the holder of this
24 license. Nothing in this subsection shall be deemed to permit the
25 direct shipment of distilled spirits either within or without this
26 State. The holder of this license shall be entitled to engage in the
27 privileges established pursuant to section 1 of P.L. , c. (C.)
28 (pending before the Legislature as this bill).

29 The holder of this license shall not sell food or operate a
30 restaurant on the licensed premises but may coordinate with food
31 vendors pursuant to section 1 of P.L. , c. (C.) (pending before
32 the Legislature as this bill). A holder of this license who certifies that
33 not less than 51 percent of the raw materials used in the production
34 of distilled alcoholic beverages under this section are grown in this
35 State or purchased from providers located in this State may,
36 consistent with all applicable federal laws and regulations, label
37 these distilled alcoholic beverages as "New Jersey Distilled." The
38 fee for this license shall be \$938.

39 Rectifier and blender license. 4. The holder of this license shall
40 be entitled, subject to rules and regulations, to rectify, blend, treat
41 and mix distilled alcoholic beverages, and to fortify, blend, and
42 treat fermented alcoholic beverages, and prepare mixtures of
43 alcoholic beverages, and to sell and distribute his products to
44 wholesalers and retailers licensed in accordance with this chapter,
45 and to sell and distribute without this State to any persons pursuant
46 to the laws of the places of such sale and distribution, and to
47 maintain a warehouse. The fee for this license shall be \$7,500.

1 Bonded warehouse bottling license. 5. The holder of this license
2 shall be entitled, subject to rules and regulations, to bottle alcoholic
3 beverages in bond on behalf of all persons authorized by federal and
4 State law and regulations to withdraw alcoholic beverages from
5 bond. The fee for this license shall be \$625. This license shall be
6 issued only to persons holding permits to operate Internal Revenue
7 bonded warehouses pursuant to the laws of the United States.

8 The provisions of section 21 of P.L.2003, c.117 amendatory of
9 this section shall apply to licenses issued or transferred on or after
10 July 1, 2003, and to license renewals commencing on or after July
11 1, 2003.

12 (cf: P.L.2023, c.141, s.1)

13

14 3. (New section) a. As used in this act:

15 “Contiguous” means when municipalities in this State are
16 adjoined by land and share a common boundary line but does not
17 include municipalities that are separated solely by a river, lake, bay,
18 or other body of water.

19 “Inactive license” means a plenary retail consumption license
20 that has been placed on inactive status and renewed as authorized
21 by the provisions of section 1 of P.L.1977, c.246 (C.33:1-12.39) for
22 two consecutive license terms.

23 “Receiving municipality” means a municipality that enters into
24 an agreement to acquire an inactive plenary retail consumption
25 license from a contiguous sending municipality as part of an
26 economic redevelopment plan or in connection with a premises
27 located within a redevelopment, improvement, or revitalization area
28 pursuant to P.L. , c. (C.) (pending before the Legislature
29 as this bill).

30 “Redevelopment, improvement, or revitalization area” means an
31 urban enterprise zone designated pursuant to P.L.1983, c.303
32 (C.52:27H-60 et seq.) or P.L.2001, c.347 (C.52:27H-66.2 et al.); a
33 downtown business improvement zone designated pursuant to
34 P.L.1998, c.115 (C.40:56-71.1 et seq.); a pedestrian mall or
35 pedestrian mall improvement or special improvement district as
36 defined in section 2 of P.L.1972, c.134 (C.40:56-66); a transit
37 oriented development as defined by section 2 of P.L.2011, c.149
38 (C.34:1B-243); an area determined to be in need of redevelopment
39 pursuant to sections 5 and 6 of P.L.1992, c.79 (C.40A:12A-5 and
40 40A:12A-6); or an area determined to be in need of rehabilitation
41 pursuant to section 14 of P.L.1992, c.79 (C.40A:12A-14), or any
42 improvement which is 100 percent new construction, which is an
43 entirely new improvement not previously occupied or used for any
44 purpose.

45 “Sending municipality” means a municipality from which an
46 inactive license is issued pursuant to P.L. , c. (C.) (pending
47 before the Legislature as this bill) to the governing body of a
48 contiguous receiving municipality as part of an economic

1 redevelopment plan or in connection with a premises located within
2 a redevelopment, improvement, or revitalization area.

3 b. A receiving municipality in which the number of plenary
4 retail consumption licenses has reached the population limitation
5 established in section 2 of P.L.1947, c.94 (C.33:1-12.14) may issue
6 a request for proposal to acquire from a license holder an additional
7 inactive plenary retail consumption license that was initially issued
8 by a contiguous sending municipality. The inactive license
9 acquired pursuant to this section shall be used in connection with a
10 premises as part of an economic redevelopment plan or a
11 redevelopment, improvement, or revitalization area. A sending
12 municipality shall not be entitled to transfer a license pursuant to
13 this section unless the sending municipality and receiving
14 municipality are contiguously located.

15 c. The request for proposal issued pursuant to subsection b. of
16 this section shall specify a time and date after which no further
17 applications from license holders will be accepted. The request
18 shall be published in a newspaper circulating generally throughout
19 the State by not less than two insertions, one week apart, the second
20 of which shall be made not less than 30 days prior to the time and
21 date specified in the notice as the time and date after which no
22 further applications will be accepted. In addition, the request for
23 proposal shall be published by the governing body on the official
24 Internet website of the receiving municipality. The request for
25 proposal shall require that all bids be sealed and remain confidential
26 to other bidders. Notwithstanding the provisions of section 1 of
27 P.L.1981, c. 416 (C.33:1-19.3) the license shall be awarded to the
28 highest qualified bidder.

29 The request for proposal shall establish a minimum bid amount,
30 which shall be based on the average sale price of the three most
31 recent plenary retail consumption license sales in the receiving
32 municipality or an appraisal completed pursuant to this subsection at
33 the receiving municipality's expense, whichever amount is greater.

34 The appraisal process shall include an examination of previous
35 transactions in the receiving municipality or surrounding
36 municipalities, as the case may be, and shall reflect what a willing
37 buyer, under no pressure to buy, would pay a willing seller, under no
38 pressure to sell, for a plenary retail consumption license in that
39 municipality or municipalities, as the case may be.

40 d. The holder of an inactive plenary retail consumption license
41 shall apply to the governing body of the sending municipality for
42 permission to transfer the inactive plenary retail consumption
43 license from the sending municipality prior to the submission of
44 bids in response to the request for proposal. The governing body of
45 the sending municipality may approve the application only by a
46 resolution adopted by a majority vote. The sending municipality
47 shall not require the applicant to disclose the location of the
48 proposed licensed premises.

1 After the receiving municipality accepts a successful bid, the
2 sending municipality shall submit to the director notice of the intent
3 to transfer a license at least 90 days prior to the transfer. The
4 sending and receiving municipalities shall adopt by majority vote
5 identical resolutions authorizing the transfer of the license. The
6 identical resolutions shall establish the license transfer fee of
7 \$25,000 or more, which shall be paid by the license holder and
8 deposited in the general fund of the sending municipality. Prior to
9 adopting the resolution pursuant to this section, the governing body
10 of both municipalities shall give special consideration as to whether
11 sufficient attempts were made by the license holder to use or
12 transfer the license for use in connection with a premises located in
13 the sending municipality.

14 e. A receiving municipality that acquires a license pursuant to
15 subsection b. of this section shall be entitled to offer the license at
16 public sale pursuant to P.L.1975, c.275 (C.33:1-19.1 et seq.). A
17 license issued by the receiving municipality to a qualified bidder
18 that is not actively used in connection with the operation of a
19 premises within two years of the issuance date shall expire and shall
20 not be reissued by the receiving municipality. The license holder
21 shall not be entitled to appeal the expiration of the license to the
22 director or a court of law unless the license holder has been
23 deprived of the use of the licensed premises as a result of eminent
24 domain, fire, or other casualty, and establishes by affidavit filed
25 with the director that the license holder is making a good faith
26 effort to resume active use of the license in connection with the
27 operation of a licensed premises.

28 f. A receiving municipality shall be entitled to acquire one
29 inactive license pursuant to this section in each calendar year but
30 not more than two inactive licenses in five calendar years.

31 g. A plenary retail consumption license transferred pursuant to
32 this section shall entitle the license holder to sell alcoholic
33 beverages for consumption on the licensed premises but not for
34 consumption off the licensed premises. Licenses transferred
35 pursuant to this section shall otherwise be subject to all the
36 provisions of Title 33 of the Revised Statutes, rules and regulations
37 promulgated by the director, and municipal ordinances.

38 h. A license issued pursuant to this section shall not be
39 included in the total combined population necessary to issue a new
40 plenary retail consumption or seasonal retail consumption license
41 pursuant to section 2 of P.L.1947, c.94 (C.33:1-12.14).

42
43 4. Section 1 of P.L.1977, c.246 (C.33:1-12.39) is amended to
44 read as follows:

45 1. **[No]** a. On and after the effective date of
46 P.L. , c. (C.) (pending before the Legislature as this bill), a
47 Class C license [,] as [the same is] defined in R.S.33:1-12 [,]
48 shall not be renewed if the [same] license has not been actively

1 used in connection with the operation of a licensed premises within
2 【a period of two years prior to the commencement date of the
3 license period for which the renewal application is filed unless the
4 director, for good cause and after a hearing, authorizes a further
5 application for one or more renewals within a stated period of
6 years; provided, however that, if】 two consecutive license terms. A
7 license that remains inactive at the end of the two-year period shall
8 expire, provided, however, the governing body of a municipality
9 may in its discretion extend the period during which the license may
10 remain inactive for an additional year.

11 b. Notwithstanding subsection a. of this section, if the licensee
12 has been deprived of the use of the licensed premises as a result of
13 eminent domain, fire or other casualty, and establishes by affidavit
14 filed with the director that 【he】 the licensee is making a good faith
15 effort to resume active use of the license in connection with the
16 operation of a licensed premise 【then】 the time period 【of two
17 years】 provided for in this section shall be automatically extended
18 for an additional period of two 【years】 license terms.

19 c. Following the effective date of P.L. , c. (C.) (pending
20 before the Legislature as this bill), prior to the expiration of an
21 inactive license pursuant to subsection a. of this section, an inactive
22 license shall be:

23 (1) actively used by the license holder;

24 (2) transferred in a private transaction for fair market value to
25 another person who intends to use the license. The transferee shall
26 actively use the license in connection with a premises upon receipt
27 of the license; or

28 (3) transferred from a sending municipality to a receiving
29 municipality in accordance with section 3 of P.L. , c. (C.)
30 (pending before the Legislature as this bill).

31 d. The director shall divide the inactive plenary retail
32 consumption licenses that were placed on inactive status prior to the
33 effective date of P.L. , c. (C.) (pending before the Legislature
34 as this bill) into quartiles based on the total length of time that the
35 licenses have been inactive. The licenses shall be transferred
36 pursuant to subsection c. of this section in accordance with the
37 following time schedule:

38 (1) the quartile that has been inactive for the longest period of
39 time shall be transferred pursuant to subsection c. of this section
40 within one year of the effective date of P.L. , c. (C.) (pending
41 before the Legislature as this bill);

42 (2) the quartile that has been inactive for the second longest
43 period of time shall be transferred pursuant to subsection c. of this
44 section within two years following the effective date of
45 P.L. , c. (C.) (pending before the Legislature as this bill);

46 (3) the quartile that has been inactive for the third longest period
47 of time shall be transferred pursuant to subsection c. of this section

1 within three years following the effective date of P.L. , c. (C.)
2 (pending before the Legislature as this bill); and

3 (4) the quartile that has been inactive for the shortest period of
4 time shall be transferred pursuant to subsection c. of this section
5 within four years following the effective date of P.L. , c. (C.)
6 (pending before the Legislature as this bill).

7 e. Any request for relief under this section shall be
8 accompanied by a nonreturnable filing fee of **[\$100.00]** \$100
9 payable to the director.
10 (cf: P.L.1996, c.127, s.1)

11
12 5. Section 6 of P.L.1947, c.94 (C.33:1-12.18) is amended to read
13 as follows:

14 6. a. Except as provided in subsection d. of this section, in any
15 case in which a timely renewal was not filed, nothing in this act
16 shall be deemed to prevent the issuance of a new license to a person
17 who files an application therefor within one year following the
18 expiration of the license renewal period, but who pays the
19 municipal and State renewal fees for the year for which a timely
20 renewal application was not filed, if the director shall determine in
21 writing that the applicant's failure to apply for a renewal of his
22 license was due to circumstances beyond his control or other
23 extraordinary circumstances.

24 b. Any request for relief under this section shall be filed not
25 later than one year following the expiration of the license renewal
26 period for the license which was not renewed in a timely manner
27 and shall be accompanied by a nonreturnable filing fee of \$100
28 payable to the director for each license term.

29 c. A new license issued pursuant to this section shall be
30 assigned the same license number as the license which was not
31 renewed in a timely manner.

32 d. Notwithstanding subsection a. of this section, a person with
33 an expired license which was not renewed within the five years
34 immediately preceding the enactment of P.L.2010, c.14, but who
35 pays the municipal and State renewal fees for each year for which a
36 timely renewal application was not filed, may file for issuance of a
37 new license in accordance with subsection a. of this section within
38 six months of the effective date of P.L.2010, c.14.

39 e. Notwithstanding the limitation set forth in section 2 of
40 P.L.1947, c.94 (C.33:1-12.14) concerning the number of licenses
41 that may be issued within a municipality, the governing body of a
42 municipality in which an inactive Class C license has been
43 permitted to lapse and has not been renewed within eight years
44 immediately preceding the enactment of P.L. , c. (C.)
45 (pending before the Legislature as this bill) may issue a new Class
46 C license at public sale for use at a licensed premises located within
47 the municipality in a manner consistent with the provisions of
48 P.L.1975, c.275 (C.33:1-19.1 et seq.).

1 Any Class C license issued pursuant to this subsection shall be
2 of the same license type as the expired license and shall be used in a
3 manner consistent with the provisions of Title 33 of the Revised
4 Statutes and any regulation promulgated by the director.

5 (cf: P.L.2010, c.14, s.1)

6
7 6. (New section) a. As used in this section:

8 “Eligible municipality” means a municipality in which at least
9 one shopping mall is located and the number of plenary retail
10 consumption licenses has reached the population limitation established
11 in section 2 of P.L.1947, c.94 (C.33:1-12.14).

12 “Enforcing agency” means the enforcing agency in any
13 municipality designated to administer and enforce the "State
14 Uniform Construction Code Act" pursuant to section 8 of P.L.1975,
15 c.217 (C. 52:27D-126), and regulations promulgated thereunder.

16 “Shopping mall” means a standalone, publicly accessible
17 enclosed walkway or hall area that serves to connect retail,
18 entertainment, and food and beverage establishments, and office
19 space and:

20 (1) that is under common ownership or control and connects with
21 or provides access to separate retail establishments, including at
22 least one restaurant or other establishment that serves alcoholic
23 beverages pursuant to a plenary retail consumption license; and

24 (2) was constructed prior to the effective date of P.L. , c. (C.
25) (pending before the Legislature as this bill) or for which an
26 application for a construction permit has been declared complete by
27 an enforcing agency prior to the effective date of P.L. , c. (C.)
28 (pending before the Legislature as this bill).

29 “Strip mall” means a retail shopping complex that consists of
30 stores, restaurants, or other businesses in adjacent spaces or
31 storefronts in one or more buildings that are connected by a
32 doorway or open onto a common parking lot or outdoor pedestrian
33 walkway.

34 b. The governing body of an eligible municipality may, by
35 ordinance or resolution, issue within the municipality not more than:

36 (1) two special licenses to a person or other legal entity for use in
37 connection with a food and beverage establishment located within a
38 shopping mall with a minimum gross square footage of not less than
39 750,000; and

40 (2) four special licenses to a person or other legal entity for use
41 in connection with a food and beverage establishment located
42 within a shopping mall with a gross square footage of 1,500,000 or
43 more.

44 c. A special license issued pursuant to subsection b. of this section
45 shall authorize the sale of alcoholic beverages for immediate
46 consumption on the operator's premises.

1 d. A person who would fail to qualify as a licensee under Title 33
2 of the Revised Statutes shall not be permitted to hold an interest in a
3 special license under the provisions of this section.

4 e. Licenses shall be subject to all the provisions of Title 33 of the
5 Revised Statutes, rules and regulations promulgated by the director,
6 and municipal ordinances.

7 f. A special license issued pursuant to this section shall not be
8 transferred for use in connection with any premises other than a
9 premises that is operated as a food and beverage establishment
10 located within the same shopping mall.

11 g. Application for the initial issuance and renewal of each
12 license shall be made to the municipal governing body on an annual
13 basis. The fee for the initial issuance of the license shall be at least
14 \$250,000.

15 One half of the initial issuance fee for the license shall be paid
16 upon the issuance of the license and the other half of that amount
17 shall be paid one year later. The governing body of the
18 municipality shall establish an annual fee for the license which shall
19 not exceed the fee which may be imposed by a municipality for a
20 plenary retail consumption license pursuant to R.S.33:1-12. The fee
21 for the initial issuance of the license shall be paid to the eligible
22 municipality in which the license is issued.

23 h. If the individual corporation or entity holding the license
24 determines to transfer a special license issued pursuant to this section,
25 the license shall be sold for the sum paid pursuant to subsection g. of
26 this section. A special license issued pursuant to this section shall
27 not be transferred to the governing body of another municipality or
28 for use in connection with any premises other than a premises that
29 is operated as a food and beverage establishment located within a
30 shopping mall.

31 i. The director shall not issue a special concessionaire permit for
32 any location or premises which is eligible to obtain a license to serve
33 alcoholic beverages under the provisions of this section.

34 j. A special license issued pursuant to this section shall not be
35 subject to the population limitation established pursuant to section 2
36 of P.L.1947, c.94 (C.33:1-12.14). An interest in a special license
37 issued pursuant to this section shall be excluded in determining the
38 maximum number of plenary retail consumption licenses issued to a
39 person pursuant to P.L.1962, c.152 (C.33:1-12.31 et seq.).

40 k. The provisions of this section shall not apply to a strip mall as
41 defined in subsection a. of this section.

42 l. Pursuant to the "Administrative Procedure Act," P.L.1968,
43 c.410 (C.52:14B-1 et seq.), the director may adopt rules and
44 regulations to effectuate the purposes of this act.

45

46 7. Sections 1 and 2 of this act shall take effect immediately and
47 sections 3 through 6 shall take effect on the first day of the seventh
48 month next following the date of enactment, except the Director of

1 the Division of Alcoholic Beverage Control may take anticipatory
2 administrative action in advance thereof as shall be necessary for
3 the implementation of this act.

4

5

6

STATEMENT

7

8 This bill makes various revisions to the law governing the
9 manufacture and sale of alcoholic beverages in this State.

10

11 Craft Alcoholic Beverage Manufacturers

12 Under the bill, certain craft alcoholic beverage manufacturers
13 would be entitled to hold events. Under the bill, a craft alcoholic
14 beverage manufacturer is defined as a limited brewery license,
15 cidery and meadery license, and craft distillery license.

16 Specifically, the bill allows these craft alcoholic beverage
17 manufacturers to hold not more than 25 off-premises special events
18 and an unlimited number of on-premises special events and private
19 parties. In addition, these license holders would be entitled to hold
20 not more than 25 social affair events hosted by the holder of a
21 social affair permit.

22 Under the bill, a craft alcoholic beverage manufacturer would be
23 entitled to sell and serve customers tableside utilizing servers or
24 wait staff employed by the license holder. The license holder also
25 would be entitled to serve the licensee's products for on-premises
26 consumption in outdoor spaces approved by the municipality. A
27 license holder that serves alcoholic beverages in outdoor spaces
28 would be entitled to utilize a permanent or portable tap system
29 located in the approved outdoor space. Pourers and servers
30 employed by a craft manufacturer's license holder are to be
31 certified by an industry-recognized server training program.

32 The bill also allows the holder of a craft manufacturer's license
33 to offer for sale or make the gratuitous offering of de minimis food
34 items including, but not limited to, packaged crackers, chips, nuts,
35 and similar snacks to consumers. The license holder also would be
36 entitled to sell non-alcoholic beverages.

37 Under the bill, a license holder also may coordinate with a food
38 vendor, including food trucks and restaurants, for the provision of
39 food on the licensed premises and provide menus to consumers for
40 the sale of food. The bill prohibits a craft manufacturer's license
41 holder from owning the food vendor. In addition, a craft
42 manufacturer's licensed premises that is adjoining a food vendor's
43 premises would be required to have its own entrance and exit to and
44 from the licensed premises and would be prohibited from having a
45 doorway that allows direct access and egress to the food vendor's
46 premises.

47 Under the bill, the holder of a craft manufacturer license would
48 be entitled to offer discounts for promotional purposes, provide

1 targeted discounts, and establish membership programs that offer
2 discounts. A craft manufacturer's licensee also would be entitled to
3 show or display any televised program on televisions or other
4 screening devices of any number or size on the licensed premises.
5 The license holder would not be required to provide notice to or
6 obtain a permit from the Division of Alcoholic Beverage Control
7 prior to showing or displaying any televised event.

8 The bill also removes from current law the tour requirement for
9 limited brewery and craft distillery license holders. Under current
10 law, these licensees are authorized to sell their products at retail to
11 consumers on the licensed premises for on-site consumption, but
12 only in connection with a tour of the brewery or distillery. Under
13 the bill, consumers would not be required to take a tour of the
14 brewery or distillery to purchase beverages for on-site consumption.

15 The bill also increases from 10,000 to 300,000 the number of
16 barrels that the holder of a restricted brewery license may
17 manufacture per year. Under current law, a restricted brewery
18 license is only issued to a person who also holds a Class C
19 consumption license, which is generally issued to bars and
20 restaurants. The restricted brewery license allows the licensee to
21 brew the beer, while the Class C license allows the licensee to sell
22 that beer directly to restaurant patrons. This bill allows the holder of
23 restricted brewery license to manufacture more beer per year.
24 These license holders also would be entitled to directly sell and
25 distribute to retailers 50 percent of the beer that is produced on
26 premises in each year.

27

28 Farm-Brewery License

29 The bill also establishes a farm-brewery license that would
30 permit the licensee to produce malt alcoholic beverages for retail
31 sale to consumers for consumption off the licensed premises. A
32 farm brewery licensee would be permitted to brew up to 2,500
33 barrels of malt alcoholic beverages per year for retail sale for
34 consumption off the premises and to offer samples. The license
35 would be issued only when the brewery is located and constructed
36 upon a tract of land exclusively under the license holder's control and
37 the license holder is actively engaged in farming on or adjacent to the
38 brewery premises. The bill also requires the license holder to
39 manufacturer beer that is substantially produced from hops or other
40 ingredients grown or cultivated on the license holder's tract of land.
41 The bill prohibits a license holder from selling or offering food for
42 consumption on the licensed premises.

43 A graduated license based on volume would range in cost from
44 \$100 to \$300 a year. A single individual or entity would be
45 permitted to hold only one farm brewery license.

1 Transfer of Inactive Plenary Retail Consumption Licenses

2 In addition, this bill establishes procedures for transferring
3 inactive Class C licenses, which allow for the retail sales of
4 alcoholic beverages. Under current law, an inactive Class C license
5 is a license to sell alcoholic beverages to the public that is not being
6 used at an open and operating licensed premises. A licensee is
7 required to place the license on “inactive status” when the licensed
8 business ceases operation and the license continues to be held by
9 the licensee of record.

10 Under this bill, a license that remains inactive for two
11 consecutive license terms is to expire. However, the bill allows the
12 governing body of a municipality to extend the period during which
13 the license may remain inactive for an additional year. Prior to the
14 expiration of the license, an inactive license is to be actively used
15 by the license holder, transferred to another person who intends to
16 use the license in a private transaction for fair market value, or
17 transferred from a sending municipality to a contiguous receiving
18 municipality for use in a redevelopment, improvement, or
19 revitalization area. The bill requires the Director of the Division of
20 Alcoholic Beverage Control to divide the inactive Class C licenses
21 that were placed on inactive status prior to the bill’s effective date
22 into quartiles based on the total length of time that the licenses have
23 been inactive. The quartile that has been inactive for the longest
24 period of time would be required to be transferred within one year
25 of the bill’s effective date. The quartile that has been inactive for
26 the second longest period of time would be required to be
27 transferred within two years of the bill’s effective date. The
28 quartile that has been inactive for the third longest period of time
29 would be transferred within three years following the bill’s
30 effective date. The quartile that has been inactive for the shortest
31 period of time would be required to be transferred within four years
32 following the effective date.

33 The bill also allows a receiving municipality that has reached the
34 license population limitation established under current law to issue
35 a request for proposal (RFP) to acquire an inactive plenary retail
36 consumption license, generally issued to bars and restaurants, from
37 a licensee who holds a license in another contiguous municipality.
38 The bill requires the receiving municipality to issue the license for
39 use in connection with a premises as part of economic
40 redevelopment plan or a redevelopment, improvement, or
41 revitalization area. The bill prohibits the transfer of licenses
42 between municipalities that are not contiguously located.

43 Finally, the bill allows a municipality in which an inactive Class
44 C license has lapsed and has not been renewed within eight years
45 prior to the bill’s enactment to issue a new Class C license at public
46 sale. The bill allows the municipality to issue a new Class C license
47 regardless of the limitation placed on the number of retail licenses
48 that a municipality is permitted to issue.

1 Issuance of Special Licenses in Municipalities with Shopping Malls

2 Finally, the bill authorizes the issuance of special licenses to a
3 person or other legal entity for use in connection with a food and
4 beverage establishment located within a shopping mall. The license
5 authorizes the sale of alcoholic beverages for immediate consumption
6 on the operator's premises. Under the bill, an eligible municipality
7 may, by ordinance or resolution, issue not more than two of these
8 special licenses for use in connection with a shopping mall that has a
9 gross square footage of not less than 750,000. A mall with a gross
10 square footage of 1,500,000 or more would be entitled to receive
11 four special licenses.

12 The bill requires the fee for the initial issuance of this license to
13 be at least \$250,000. The municipal governing body would be
14 entitled to establish an annual fee that would not exceed the annual
15 fee charged for plenary retail consumption licenses within the
16 municipality.

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

ASSEMBLY, No. 5912

STATE OF NEW JERSEY

DATED: JANUARY 4, 2024

The Assembly Appropriations Committee reports favorably Assembly Bill No. 5912.

This bill makes various revisions to the law governing the manufacture and sale of alcoholic beverages in this State.

Craft Alcoholic Beverage Manufacturers

Under the bill, certain craft alcoholic beverage manufacturers would be entitled to hold events. Under the bill, a craft alcoholic beverage manufacturer is defined as a limited brewery license, cidery and meadery license, and craft distillery license.

Specifically, the bill allows these craft alcoholic beverage manufacturers to hold not more than 25 off-premises special events and an unlimited number of on-premises special events and private parties. In addition, these license holders would be entitled to hold not more than 25 social affair events hosted by the holder of a social affair permit.

Under the bill, a craft alcoholic beverage manufacturer would be entitled to sell and serve customers tableside utilizing servers or wait staff employed by the license holder. The license holder also would be entitled to serve the licensee's products for on-premises consumption in outdoor spaces approved by the municipality. A license holder that serves alcoholic beverages in outdoor spaces would be entitled to utilize a permanent or portable tap system located in the approved outdoor space. Pourers and servers employed by a craft manufacturer's license holder are to be certified by an industry-recognized server training program.

The bill also allows the holder of a craft manufacturer's license to offer for sale or make the gratuitous offering of de minimis food items including, but not limited to, packaged crackers, chips, nuts, and similar snacks to consumers. The license holder also would be entitled to sell non-alcoholic beverages.

Under the bill, a license holder also may coordinate with a food vendor, including food trucks and restaurants, for the provision of food on the licensed premises and provide menus to consumers for the sale of food. The bill prohibits a craft manufacturer's license holder from owning the food vendor. In addition, a craft manufacturer's licensed premises that is adjoining a food vendor's premises would be required to have its own entrance and exit to and from the licensed premises

and would be prohibited from having a doorway that allows direct access and egress to the food vendor's premises.

Under the bill, the holder of a craft manufacturer license would be entitled to offer discounts for promotional purposes, provide targeted discounts, and establish membership programs that offer discounts. A craft manufacturer's licensee also would be entitled to show or display any televised program on televisions or other screening devices of any number or size on the licensed premises. The license holder would not be required to provide notice to or obtain a permit from the Division of Alcoholic Beverage Control prior to showing or displaying any televised event.

The bill also removes from current law the tour requirement for limited brewery and craft distillery license holders. Under current law, these licensees are authorized to sell their products at retail to consumers on the licensed premises for on-site consumption, but only in connection with a tour of the brewery or distillery. Under the bill, consumers would not be required to take a tour of the brewery or distillery to purchase beverages for on-site consumption.

The bill also increases from 10,000 to 300,000 the number of barrels that the holder of a restricted brewery license may manufacture per year. Under current law, a restricted brewery license is only issued to a person who also holds a Class C consumption license, which is generally issued to bars and restaurants. The restricted brewery license allows the licensee to brew the beer, while the Class C license allows the licensee to sell that beer directly to restaurant patrons. This bill allows the holder of restricted brewery license to manufacture more beer per year. These license holders also would be entitled to directly sell and distribute to retailers 50 percent of the beer that is produced on premises in each year.

Farm-Brewery License

The bill also establishes a farm-brewery license that would permit the licensee to produce malt alcoholic beverages for retail sale to consumers for consumption off the licensed premises. A farm brewery licensee would be permitted to brew up to 2,500 barrels of malt alcoholic beverages per year for retail sale for consumption off the premises and to offer samples. The license would be issued only when the brewery is located and constructed upon a tract of land exclusively under the license holder's control and the license holder is actively engaged in farming on or adjacent to the brewery premises. The bill also requires the license holder to manufacture beer that is substantially produced from hops or other ingredients grown or cultivated on the license holder's tract of land. The bill prohibits a license holder from selling or offering food for consumption on the licensed premises.

A graduated license based on volume would range in cost from \$100 to \$300 a year. A single individual or entity would be permitted to hold only one farm brewery license.

Transfer of Inactive Plenary Retail Consumption Licenses

In addition, this bill establishes procedures for transferring inactive Class C licenses, which allow for the retail sales of alcoholic beverages. Under current law, an inactive Class C license is a license to sell alcoholic beverages to the public that is not being used at an open and operating licensed premises. A licensee is required to place the license on “inactive status” when the licensed business ceases operation and the license continues to be held by the licensee of record.

Under this bill, a license that remains inactive for two consecutive license terms is to expire. However, the bill allows the governing body of a municipality to extend the period during which the license may remain inactive for an additional year. Prior to the expiration of the license, an inactive license is to be actively used by the license holder, transferred to another person who intends to use the license in a private transaction for fair market value, or transferred from a sending municipality to a contiguous receiving municipality for use in a redevelopment, improvement, or revitalization area. The bill requires the Director of the Division of Alcoholic Beverage Control to divide the inactive Class C licenses that were placed on inactive status prior to the bill’s effective date into quartiles based on the total length of time that the licenses have been inactive. The quartile that has been inactive for the longest period of time would be required to be transferred within one year of the bill’s effective date. The quartile that has been inactive for the second longest period of time would be required to be transferred within two years of the bill’s effective date. The quartile that has been inactive for the third longest period of time would be transferred within three years following the bill’s effective date. The quartile that has been inactive for the shortest period of time would be required to be transferred within four years following the effective date.

The bill also allows a receiving municipality that has reached the license population limitation established under current law to issue a request for proposal (RFP) to acquire an inactive plenary retail consumption license, generally issued to bars and restaurants, from a licensee who holds a license in another contiguous municipality. The bill requires the receiving municipality to issue the license for use in connection with a premises as part of economic redevelopment plan or a redevelopment, improvement, or revitalization area. The bill prohibits the transfer of licenses between municipalities that are not contiguously located.

Finally, the bill allows a municipality in which an inactive Class C license has lapsed and has not been renewed within eight years prior to

the bill's enactment to issue a new Class C license at public sale. The bill allows the municipality to issue a new Class C license regardless of the limitation placed on the number of retail licenses that a municipality is permitted to issue.

Issuance of Special Licenses in Municipalities with Shopping Malls

Finally, the bill authorizes the issuance of special licenses to a person or other legal entity for use in connection with a food and beverage establishment located within a shopping mall. The license authorizes the sale of alcoholic beverages for immediate consumption on the operator's premises. Under the bill, an eligible municipality may, by ordinance or resolution, issue not more than two of these special licenses for use in connection with a shopping mall that has a gross square footage of not less than 750,000. A mall with a gross square footage of 1,500,000 or more would be entitled to receive four special licenses.

FISCAL IMPACT:

Fiscal information is currently unavailable.

LEGISLATIVE FISCAL ESTIMATE
ASSEMBLY, No. 5912
STATE OF NEW JERSEY
220th LEGISLATURE

DATED: JANUARY 11, 2024

SUMMARY

- Synopsis:** Makes various revisions to alcoholic beverage manufacturing and retailing license laws.
- Type of Impact:** Annual State and municipal revenue and expenditure increases.
- Agencies Affected:** Department of Law and Public Safety; Department of the Treasury; Municipalities; State, County, and Municipal Law Enforcement.

Office of Legislative Services Estimate

Fiscal Impact	
Annual State and Local Expenditure Increases	Indeterminate
Annual State and Local Revenue Increases	Indeterminate

- The Office of Legislative Services (OLS) finds that the bill will result in indeterminate increases in annual State and municipal revenues and expenditures. The OLS, however, cannot assess the direction of the net effect of the increases given the absence of information on workload increases for the Division of Alcoholic Beverage Control and municipalities as well as the potential revenue collected from the total number of licenses issued annually, the future license fees, sales tax on products sold, and any penalty collections.
- This bill may increase State revenue from the expansion of the number of gallons produced and sold by the holder of a restricted brewery license, the sale of farm-brewery licenses, the sale of products in new businesses which obtain inactive plenary retail consumption licenses, and the sale of special licenses in municipalities with shopping malls, as well as the products sold within these businesses. These fees may to some extent offset the indeterminate increased costs to the State to administer, regulate, and enforce the licenses.
- The bill may increase the municipal revenue from the transfer of inactive plenary retail consumption licenses, from the transfer fee of the license to another municipality, and any annual renewal fees charged. These fees may to some extent offset the indeterminate increased costs to municipalities to administer, regulate, and enforce the licenses.

BILL DESCRIPTION

This bill makes various revisions to the law governing the manufacture and sale of alcoholic beverages in this State. The bill expands the number of events held by craft alcoholic beverage manufacturers; establishes a farm-brewery license; permits the transfer of certain inactive plenary retail consumption licenses to contiguous municipalities; and establishes special licenses in municipalities with shopping malls.

Craft Alcoholic Beverage Manufacturers: Under the bill, certain craft alcoholic beverage manufacturers would be entitled to hold events. Specifically, the bill allows these craft alcoholic beverage manufacturers to hold not more than 25 off-premises special events, an unlimited number of on-premises special events and private parties and not more than 25 social affair events hosted by the holder of a social affair permit.

The bill also increases from 10,000 to 300,000 the number of barrels that the holder of a restricted brewery license may manufacture per year. Under current law, a restricted brewery license is only issued to a person who also holds a Class C consumption license, which is generally issued to bars and restaurants. The restricted brewery license allows the licensee to brew the beer, while the Class C license allows the licensee to sell that beer directly to restaurant patrons. This bill allows the holder of restricted brewery license to manufacture more beer per year. These license holders also would be entitled to directly sell and distribute to retailers 50 percent of the beer that is produced on premises in each year.

Farm-Brewery License: The bill establishes a farm-brewery license that would permit the licensee to produce malt alcoholic beverages for retail sale to consumers for consumption off the licensed premises. A graduated license based on volume would range in cost from \$100 to \$300 a year. A single individual or entity would be permitted to hold only one farm brewery license.

Transfer of Inactive Plenary Retail Consumption Licenses: This bill establishes procedures for the transfer and sale of certain inactive Class C licenses, which allow for the retail sales of alcoholic beverages. Under current law, an inactive Class C license is a license to sell alcoholic beverages to the public that is not being used at an open and operating licensed premises. A licensee is required to place the license on "inactive status" when the licensed business ceases operation and the license continues to be held by the licensee of record. The bill requires that these inactive licenses be used by the license holder, transferred to another person who intends to use the license in a private transaction for fair market value, or transferred from a sending municipality to a contiguous receiving municipality for use in a redevelopment, improvement, or revitalization area.

Issuance of Special Licenses in Municipalities with Shopping Malls: The bill authorizes the issuance of special licenses to a person or other legal entity for use in connection with a food and beverage establishment located within a shopping mall. The license authorizes the sale of alcoholic beverages for immediate consumption on the operator's premises. Under the bill, an eligible municipality may, by ordinance or resolution, issue not more than two of these special licenses for use in connection with a shopping mall that has a gross square footage of not less than 750,000. A mall with a gross square footage of 1,500,000 or more would be entitled to receive four special licenses. This bill exempts strip-mall locations.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS finds that the bill will result in indeterminate increases in annual State and municipal revenues and expenditures. The OLS, however, cannot assess the direction of the net effect of the increases given the absence of information on workload increases for the Division of Alcoholic Beverage Control and municipalities as well as the potential revenue collected from the total number of licenses issued annually, the future license fees, sales tax on products sold, and any penalty collections.

State Revenue Impacts: This bill may increase State revenue from the expansion of the number of gallons produced and sold by restricted brewery licenses holders, the sale of farm-brewery licenses, the sale of products in new businesses which obtain the inactive plenary retail consumption licenses, and the sale of special licenses in municipalities with shopping malls and the products sold within these businesses.

The OLS anticipates that expansion of licenses and transfer and sale of the inactive plenary retail consumption licenses may increase the overall sale of alcohol beverage products, thus increasing the amount of State sales tax collected by the Division of Taxation in the Department of the Treasury.

State Expenditure Impacts: The bill may increase the Division of Alcoholic Beverage Control's workload depending on the number of farm-brewery licenses sold, plenary retail consumption licenses transferred, and the number of special licenses issued in municipalities with shopping malls. Depending on the division's resource allocation policies, the added workload may or may not augment State administrative expenditures.

The OLS anticipates that any increased sales by the transfer and sale of the plenary retail consumption licenses may affect the workload of the Division of Taxation.

Municipal Revenue Impacts: The bill would increase the municipal revenue from the transfer and sale of the inactive plenary retail consumption license, from the transfer fee of the license to another receiving municipality, and any annual renewal fees charged. The OLS cannot determine the average price of alcoholic beverage licenses Statewide. Pursuant to State law, municipalities may charge an annual fee, established by ordinance, of no less \$250, but no more than \$2,500 for the renewal of a plenary retail consumption license.

Additionally, the bill requires the fee for the initial issuance of the sale of special licenses in municipalities with shopping malls to be at least \$250,000. The municipality would be entitled to establish an annual fee that would not exceed the annual fee charged for the plenary retail consumption licenses within the municipality.

Municipal Expenditure Impacts: The bill may increase costs to municipalities associated with the administration, regulation, and enforcement of the transfer and sale of licenses.

The OLS notes that these municipalities may employ additional law enforcement due to the increased cost of public safety, as there may be an increased need for enforcement of alcoholic beverage statutes and ordinances.

Section: Law and Public Safety

*Analyst: Kristin Brunner Santos
Lead Fiscal Analyst*

*Approved: Thomas Koenig
Legislative Budget and Finance Officer*

This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).

Governor Murphy Signs Legislation Overhauling New Jersey's Liquor License Laws for the First Time in Nearly a Century

01/16/2024

TRENTON – Governor Phil Murphy signed legislation (S-4265/A-5912) into law today that will substantially boost the number of available liquor licenses statewide and ease a wide range of restrictions that have stifled breweries and distilleries, marking the first substantive overhaul of New Jersey's antiquated liquor license laws since the aftermath of Prohibiti

"For the first time in nearly a century, New Jersey has shown the fortitude to tackle an age-old problem that has stifled economic growth and hampered the dreams of countless small business owners," said **Governor Murphy**. "We knew this wasn't going to be an easy lift – nothing that has been entrenched for nearly a century ever is. Together with our partner the Legislature, we are laying new ground rules to help our breweries and distilleries flourish at the same time creating new opportunities for smaller and more diverse mom-and-pop establishments to set up shop or expand in New Jersey and help transform our downtowns."

The prime sponsors of the legislation, which contains most of the reforms recommended in the Governor's conditional veto last month, include Senator Vin Gopal and Assemblyman Clinton Calabrese.

"The New Jersey craft brewing and distilling industry is growing rapidly across New Jersey, becoming a mainstay for tourists and locals alike," said **Senator Gopal**. "It only makes sense to give this industry room to grow and prosper. Under this law, craft alcohol manufacturers will flourish and revitalize Main Street business districts across the state."

"Our outdated laws on liquor licenses are stifling development and our economy," said **Assemblyman Calabrese**. "People want to be able to have a glass of wine while out to dine and good restaurants can be the cornerstone of development efforts on main streets across New Jersey. Pennsylvania and New York have thriving industries for craft beer and wine but here in New Jersey we are blocking that growth. This bill is a step in the right direction to open opportunities for new development in our communities. I look forward to continuing to advocate for common sense reforms that will allow our downtowns to thrive."

"This is a smart and responsible way of increasing the number of active liquor licenses at the same time we retain the value for existing businesses that are so important to the economies of local communities," said **Senator Paul Sarlo, the chairman of the Senate Budget Committee**. "We are making use of inactive pocket licenses that had gone unused and allowing for a reasonable number of new licenses, including those for shopping malls, which will be a financial boost for malls that are experiencing difficult times. This is good for the economy, for local businesses and for the customers they serve."

"Changes to New Jersey's archaic liquor licensing system are long overdue. For too long individuals have held unused licenses hostage, preventing small businesses from gaining access and ultimately harming our downtowns," said **Senator Gordon Johnson**. "This will not only free up those pocket licenses but allow their transfer to bordering municipalities, creating new opportunities for our small towns to revitalize their main streets."

"In New Jersey, the cobwebs of our archaic liquor license laws have ensnared the potential of economic growth and job creation in the industry," said **Senator Raj Mukherji**. "The outdated framework not only throttles the aspirations of restaurateurs and small business owners in license-starved municipalities but also hampers the growth of our craft breweries and distilleries through arbitrary regulations. This much-needed modernization harmonizes growth with the interests and substantial investments of our beloved existing watering holes and liquor license holders."

Inactive/Pocket Licenses

The new law attacks the main cause for the scarcity of liquor licenses for decades now, which consequently has sent the price of licenses through the roof – inactive and pocket licenses. Inactive licenses are those that are associated with a specific location but are not in use, while pocket licenses are those that have been purchased but are not attached to a specific location.

Under the new law, license holders will no longer be able to indefinitely retain a retail consumption license without using it. If a license has remained inactive for two consecutive license terms – a total of two years – the license holder will now be required to either use the license or sell it. If neither option is exercised, the license can be transferred from one municipality to a contiguous municipality.

Additionally, the governing body of a municipality where an inactive consumption license has lapsed and not been renewed for the last eight years, may issue a new consumption license at public sale for use at a licensed premises located within the town.

These changes will substantially boost accessibility by injecting as many as 1,356 licenses back into the market, a roughly 15% increase over the 8,905 active retail consumption licenses presently being used, according to the NJ Division of Alcoholic Beverage Control (ABC).

Mall Licenses

Additionally, the law establishes a new class of retail consumption liquor license that will potentially create upwards of 100 new licenses throughout the state. Specifically, the law will allow municipalities to issue:

- Up to two new licenses for food and beverage establishments in shopping malls with a minimum of 750,000 square feet; and
- Up to four new licenses for establishments in shopping malls with a minimum of 1.5 million square feet

With malls in nearly every county, plus qualifying strip malls, New Jersey could potentially see upwards of 100 new licenses created under this provision – bolstering the survival of malls, which have been struggling due to the pandemic and the proliferation of online shopping and boosting economic activity for towns statewide.

Breweries, Cideries, Meaderies, and Distilleries

The new law also permanently eases the existing restrictions that have stifled breweries, distilleries, cideries, and meaderies, hampering their ability to compete against burgeoning industries in neighboring states. The law eliminates the long-standing burden that required these establishments to provide tours of the premises to patrons, while also allowing the

- Offer snacks and other non-alcoholic beverages;
- Collaborate with outside vendors including food trucks;
- Host unlimited onsite events and private parties, including birthdays, weddings, anniversaries, and civic and political functions;
- Host up to 25 off-site special events; and
- Participate in up to 25 events hosted by the holder of a social affairs permit.

The bill also increases the number of barrels that may be manufactured per year from 10,000 to 300,000 and allows license holders to directly sell and distribute 50 percent of the that is produced on premises in each year to retailers, rather than having to rely solely on wholesalers.

The bill also establishes a new farm-brewery license that would permit the licensee to produce malt alcoholic beverages for retail sale to consumers for consumption off the license premises.

"Clarifying the rights and privileges afforded to craft breweries in our state will give our industry a stronger foundation to operate on moving forward. The legislation allows all state beverage manufacturers more opportunities to deliver both the unique products and experiences our customers deserve in our tasting rooms and throughout our communities," said **Eric Orlando, Executive Director Brewers Guild of New Jersey**. "Governor Murphy's approval will most certainly set New Jersey's craft beer industry on a positive trajectory for years to come and shows the state's commitment towards embracing the ingenuity and local pride which are at the core of every craft brewery which calls the Garden State home."