

R.S. 33:1-12.36

LEGISLATIVE FACT SHEET

ON

N.J.R.S. 33:1-12.36 (*Liquor license trans. - Corp*)  
(*1965* Amendment)

LAWS OF 1965

CHAPTER 197

SENATE 321

ASSEMBLY

INTRODUCED *May 10, 1965*

BY *Ozzard*

STATEMENT

YES

NO

AMENDED DURING PASSAGE

YES

NO

HEARING

VETO

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CHAPTER 197 LAWS OF N. J. 1965

APPROVED 12-17-65

SENATE COMMITTEE SUBSTITUTE FOR

**SENATE, No. 321**

# STATE OF NEW JERSEY

ADOPTED NOVEMBER 29, 1965

AN ACT to amend "An act concerning alcoholic beverages and supplementing Title 33 of the Revised Statutes," approved August 3, 1962 (P. L. 1962, c. 152).

1 BE IT ENACTED *by the Senate and General Assembly of the State of New*  
2 *Jersey:*

1 1. Section 6 of the act to which this act is amendatory is amended to read  
2 as follows:

3 6. Nothing in this act shall affect (a) the right of any person having a  
4 beneficial interest in a retail license or licenses to hold or acquire an interest  
5 of not more than 10% of any corporation the shares of which are traded on a  
6 national securities exchange or regularly traded in an over-the-counter  
7 market by one or more members of a national or affiliated securities associa-  
8 tion or (b) the right of any person to hold or acquire an interest in a cor-  
9 poration from his parent or grandparent provided such child or grandchild  
10 does not have a beneficial interest in any retail license or licenses other than  
11 those held by the corporation.

1 2. This act shall take effect immediately.

## STATEMENT

The purpose of this bill is to relieve an inequity in the chain store liquor license act of 1962 as it affects family corporations. The 1962 act has been interpreted to prohibit any transfer of stock in public corporations to be traded. This discriminatory treatment makes it impossible, for instance, for a father to

transfer his stock in the family corporation to his child. And this is true even though the child has no other licenses, or interests in licenses.

This bill will relieve the inequity in the most severe situations by permitting transfers to children and grandchildren where the alternative would be a loss of inheritance. The bill is sharply limited. It applies only to transfers to one's child or grandchild, and it applies only if the child has no other licenses or interests in licenses. The latter provision assures that the bill will prevent development or expansion of chains, and thus carry out the intent of the original statute.

SENATE, No. 321

STATE OF NEW JERSEY

INTRODUCED MAY 10, 1965

By Senator OZZARD

(Without Reference)

AN ACT to amend and supplement "An act concerning alcoholic beverages and supplementing Title 33 of the Revised Statutes," approved August 3, 1962 (P. L. 1962, c. 152).

1 BE IT ENACTED *by the Senate and General Assembly of the State of New*  
2 *Jersey:*

1 1. Section 2 of the act of which this act is amendatory is amended to read  
2 as follows:

3 2. The provisions of this act shall not apply to the acquisition of an ad-  
4 ditional license or licenses or an interest therein, when such license is issued  
5 to a person for use in connection with the operation of a hotel containing at  
6 least 50 sleeping rooms, or for use in connection with the operation of a res-  
7 taurant, nor shall the provisions of this act affect the right of any person to  
8 dispose of an interest in a license or licenses by will or to the transfer of  
9 such an interest by descent and distribution *or by the sale or transfer of*  
10 *stock in a family or other closely held corporation where such sale or trans-*  
11 *fer is made within a family, or if made outside the family, the sale or trans-*  
12 *fer is approved in advance by the Director of Alcoholic Beverage Control as*  
13 *hereinafter provided.*

14 Any additional license acquired for use in connection with a restaurant,  
15 as herein authorized, shall be limited, however, to the sale of alcoholic bev-  
16 erage for consumption on the licensed premises only.

1       2. Section 3 of the act of which this act is amendatory is amended to  
2 read as follows:

3       3. Whenever a person shall acquire a beneficial interest in a retail li-  
4 cense or licenses, held by a publicly owned corporation as described in section  
5 6 of this act from the estate of a decedent which results in such person own-  
6 ing more than 10% interest in a publicly owned corporation having a bene-  
7 ficial interest in more than 2 licenses, the Director of Alcoholic Beverage Con-  
8 trol shall, by order, prescribe a reasonable time within which such person  
9 shall comply with the provisions of this act and the holding of any such  
10 license or interest during the time permitted under such an order shall not  
11 constitute a violation of this act.

1       3. In order that the purpose and intent of the act to which this act is a  
2 supplement, namely, to prevent the growth of chain operated retail alcoholic  
3 beverage establishments, may be effected without undue impact upon the  
4 business operations of family and other closely held corporations, the Di-  
5 rector of Alcoholic Beverage Control is authorized to grant exceptions to the  
6 provisions of said act and by order to approve continued use of, and the right  
7 to renew, licenses held by a family or other closely held corporation notwith-  
8 standing a sale or transfer of a stockholder's interest in the corporate  
9 licensee, upon proof to his satisfaction, in advance of the stock sale or trans-  
10 fer that the same is desired or required to facilitate continued operation of  
11 a family controlled business or to permit a stockholder to retire or withdraw  
12 from active participation in the business operations of a family or other  
13 closely held corporation for reasons of age or health or to attract manage-  
14 ment or required capital for the continued operation of the corporation's  
15 business, provided the proposed transfer will not be made to a person hav-  
16 ing a beneficial interest in any retail license other than those of the corpora-  
17 tion and the director is satisfied that the proposed transfer will not promote  
18 or facilitate growth of chain operation of retail alcoholic beverage establish-  
19 ments.

1       4. This act shall take effect immediately.

## STATEMENT

The purpose of this bill is to relieve an inequity in the chain store liquor license act of 1962 as it affects family and other closely held corporations. The 1962 act has been interpreted to prohibit transfer of stock of these corporations, even though it allows stock in other corporations to be traded. This discriminatory treatment makes it impossible, for instance, for a father to transfer his stock in the family corporation to his child.

This bill will relieve the inequity by permitting transfer of stock in family and other closely held corporations. Any sale of stock outside a family will require approval of the Director of Alcoholic Beverage Control. Moreover, the bill will not permit sale to anyone if he has an interest in other licenses. This will prevent any development or expansion of chains and carry out the original intent of the legislation.