

## LEGISLATIVE HISTORY CHECKLIST

**NJSA:** 33:1-43 (Alcoholic beverages-- sales by hotels and motel-- permit limited sales)

**LAWS OF:** 1987 **CHAPTER:** 433

**BILL NO:** S2891

**Sponsor(s):** Costa and Garibaldi

**Date Introduced:** December 18, 1986

**Committee:** **Assembly:** \_\_\_\_\_  
**Senate:** Law, Public Safety and Defense

**Amended during passage:** Yes Amendments during passage denoted by asterisks.

**Date of Passage:** **Assembly:** January 11, 1988  
**Senate:** December 14, 1987

**Date of Approval:** January 15, 1988

**following statements are attached if available:**

**Sponsor statement:** Yes

**Committee statement:** **Assembly** No  
**Senate** Yes

**Fiscal Note:** No

**Veto Message:** No

**Message on Signing:** No

**Following were printed:**

**Reports:** No

**Hearings:** Yes

974.90 New Jersey. Alcoholic Beverage Control Study Commission.  
 L767 Public hearing on tied-house  
 1986a statutes in liquor industry . . June 13, 1986.  
 Trenton, 1986.

CORRECTED COPY  
[OFFICIAL COPY REPRINT]  
SENATE, No. 2891

STATE OF NEW JERSEY

INTRODUCED DECEMBER 18, 1986

By Senators COSTA and GARIBALDI

Referred to Committee on Law, Public Safety and Defense

AN ACT concerning alcoholic beverages and amending R. S. 33:1-43.

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

1 1. R. S. 33:1-43 is amended to read as follows:

2 33:1-43. a. It shall be unlawful for any owner, part owner, stock-  
3 holder or officer or director of any corporation, or any other person  
4 whatsoever interested in any way whatsoever in any brewery,  
5 winery, distillery or rectifying and blending plant, or any wholesal-  
6 er of alcoholic beverages, to conduct, own either in whole or in part,  
7 or be directly or indirectly interested in the retailing of any alco-  
8 holic beverages *in New Jersey* except as provided in this chapter,  
9 and such interest shall include any payments or delivery of money  
10 or property by way of loan or otherwise accompanied by an agree-  
11 ment to sell the product of said brewery, winery, distillery, rectify-  
12 ing and blending plant or wholesaler.

13 b. It shall be unlawful for any owner, part owner, stockholder or  
14 officer or director of any corporation, or any other person what-  
15 soever, interested in any way whatsoever in the retailing of  
16 alcoholic beverages to conduct, own either whole or in part, or to  
17 be a shareholder, officer or director of a corporation or association,  
18 directly or indirectly, interested in any brewery, winery, distillery,  
19 rectifying and blending plant, or wholesaling or importing interest  
20 of any kind whatsoever.

21 No interest in the retailing of alcoholic beverages shall be deemed  
22 to exist by reason of the ownership, delivery or loan of interior  
23 signs designed for and exclusively used for advertising the product

**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 printed in italics *thus* is new matter.**

**Matter enclosed in asterisks or stars has been adopted as follows:**

**\*—Senate committee amendment adopted November 9, 1987.**

24 of or product offered for sale by such brewery, winery, distillery  
25 or rectifying and blending plant or wholesaler

26 c. Nothing in this section shall prohibit:

27 (1) The exercise of limited retail privileges by Class A or Class B  
28 licensees conferred pursuant to R. S. 33:1-10, R. S. 33:1-11, by  
29 rule or regulation or by special permit issued by the director;

30 (2) Any owner, part owner, stockholder, officer or director of any  
31 corporation, or any other person whatsoever interested in any way  
32 whatsoever in any brewery, winery, distillery, rectifying and  
33 blending plant or any wholesaler of alcoholic beverages, from  
34 conducting, owning, either in whole or in part, or being directly  
35 or indirectly interested in the retailing of any alcoholic beverages,  
36 under any retail consumption license or State issued permit, in  
37 conjunction with and as a part of the operations of a hotel or motel;  
38 or

39 (3) Any owner, part owner, stockholder or officer or director of  
40 any corporation, or any other person or corporation interested in  
41 any way whatsoever in the retailing of alcoholic beverages, under  
42 a retail consumption license or State issued permit, in conjunction  
43 with and as a part of the operations of a hotel or motel from con-  
44 ducting, owning, either in whole or in part, or being a shareholder,  
45 officer or director of a corporation or association, directly or indi-  
46 rectly interested in any brewery, winery, distillery, rectifying and  
47 blending plant, or wholesaling or importing interest of any kind  
48 whatsoever.

49 No more than 20% of the total gross annual revenues of a hotel  
50 or motel described in paragraphs (2) and (3) shall be derived from  
51 the sale of alcoholic beverages by the hotel or motel. A retail  
52 licensee described in paragraphs (2) and (3) shall not purchase or  
53 sell any alcoholic beverage product produced or sold by the brew-  
54 ery, winery, distillery, rectifying and blending plant **[or]**, whole-  
55 saler or importer that has any interest in the retail license of the  
56 hotel or motel, **[and]** unless the total of all such products is 5%  
57 or less of the total volume of alcoholic beverage products pur-  
58 chased and sold \*annually\* by the hotel or motel holding the retail  
59 license. The retail licensee shall, within 30 days following the  
60 effective date of this act, file with the Division of Alcoholic Bever-  
61 age Control a list of all alcoholic beverage products which shall  
62 not be purchased or sold by the hotel or motel *except to the extent*  
63 *permitted herein*. Thereafter, the retail licensee shall file a new or  
64 amended list with the division within 30 days of any changed cir-  
65 cumstances which affect the information on the list. This list shall  
66 be made available to the public upon request.

67 For purposes of this subsection "hotel" or "motel" means an  
68 establishment containing at least 100 guest room accommodations  
69 where the relationship between the occupants thereof and the  
70 owner or operator of the establishment is that of innkeeper and  
71 guest.

1 2. This act shall take effect immediately.

---

#### ALCOHOLIC BEVERAGES

Allows limited sales by certain hotels and motels of certain  
alcoholic beverages.

---

## STATEMENT

This bill, which has the support of the State Alcoholic Beverage Control Study Commission, amends the "tied house" law in New Jersey.

The addition of the words "in New Jersey" in subsection a. is intended to limit the statute to the interest of New Jersey and to eliminate conflict with the laws of sister states which sometimes permit tied-house interests which would be prohibited in New Jersey. The statute has previously been interpreted by the Division of Alcoholic Beverage Control as prohibiting the holding of a Class A (manufacturing) or Class B (wholesaling) license in New Jersey if the person or corporation had a retailing interest in alcoholic beverages anywhere in the world, even if permitted by the jurisdiction in which the retailing interest was located. This is untenable, given the multistate interests of many brewers, vintners and distillers. The addition of the words "in New Jersey" will eliminate this problem.

The present statute prohibits a hotel or motel which is excepted from the "tied-house" prohibitions by reason of the exceptions in paragraphs (2) and (3) of subsection c. from purchasing or selling any products produced or sold by a brewer, vintner, distiller, blender and rectifier, importer, or wholesaler with an ownership interest in the hotel or motel. Experience since the early 1984 amendment to the statute, which added the exception, has proven this cumbersome to the consuming public that is unable to obtain some popular products. The proposed amendment to this section would allow the hotel or motel to purchase and sell such products provided that they did not, in total, account for more than 5% of the total volume of alcoholic beverages sold by such retailer. Such a limitation will preserve the "tied-house" protection without unduly and unnecessarily inconveniencing the consuming public of the State.

---

ALCOHOLIC BEVERAGES

Allows limited sales by certain hotels and motels of certain alcoholic beverages.

---

S2891

LAW LIBRARY COPY  
DO NOT REMOVE

SENATE LAW, PUBLIC SAFETY AND DEFENSE  
COMMITTEE

STATEMENT TO

**SENATE, No. 2891**

with Senate committee amendments

---

**STATE OF NEW JERSEY**

---

DATED: NOVEMBER 9, 1987

The Senate Law, Public Safety and Defense Committee favorably reports Senate Bill No. 2891 with amendments.

Senate Bill No. 2891 amends the "tied house" law in New Jersey.

The addition of the words "in New Jersey" in subsection a. is intended to limit the statute to the interest of New Jersey and to eliminate conflict with the laws of sister states which sometimes permit tied-house interests which would be prohibited in New Jersey. The statute has previously been interpreted by the Division of Alcoholic Beverage Control as prohibiting the holding of a Class A (manufacturing) or Class B (wholesaling) license in New Jersey if the person or corporation had a retailing interest in alcoholic beverages anywhere in the world, even if permitted by the jurisdiction in which the retailing interest was located. This is untenable, given the multistate interests of many brewers, vintners and distillers. The addition of the words "in New Jersey" will eliminate this problem.

The present statute prohibits a hotel or motel, which is exempted from the "tied-house" prohibitions by reason of the exceptions in paragraphs (2) and (3) of subsection c., from purchasing or selling any products produced or sold by a brewer, vintner, distiller, blender and rectifier, importer, or wholesaler with an ownership interest in the hotel or motel. Experience since the early 1984 amendment to the statute, which added the exceptions, has proven this cumbersome to the consuming public that is unable to obtain some popular products. The proposed amendment to this section would allow the hotel or motel to purchase and sell such products provided that they did not, in total, account for more than 5% of the total volume of alcoholic beverages sold annually by such retailer. Such a limitation will preserve the "tied-house" protection without unduly and unnecessarily inconveniencing the consuming public of the State.

The committee amended the bill by adding the word "annually" in order to clarify that a hotel or motel may sell up to 5% of a product based on the total volume of alcoholic beverages sold annually.

This bill is supported by the Alcoholic Beverage Control Study Commission.

Prior to being amended, this bill was identical to Assembly Bill No. 3563.

---