

FLOOR AMENDMENT STATEMENT:

Yes

LEGISLATIVE FISCAL ESTIMATE:

Yes

VETO MESSAGE:

No

GOVERNOR'S PRESS RELEASE ON SIGNING:

Yes

FOLLOWING WERE PRINTED:

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P.L. 2018, CHAPTER 101, *approved August 17, 2018*
Assembly, No. 3888 (*Second Reprint*)

1 **AN ACT** concerning the issuance of alcoholic beverage licenses in
2 special project areas and supplementing Title 33 of the Revised
3 Statutes.

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

7
8 1. a As used in this act:

9 “Host municipality” means a municipality within a project area.

10 “Original transferee” means the State, a political subdivision or
11 subdivisions thereof, or a board, commission, authority, or agency
12 established by the State, to which control of a project area has been
13 transferred for purposes of conversion, redevelopment, or
14 revitalization.

15 “Project area” means an area located within the borders of three
16 municipalities and at which a federally owned or operated military
17 installation was closed or scheduled for closure by recommendation
18 of the federal Base Realignment and Closure Commission on or
19 after May 13, 2005, the control of which has been transferred to an
20 original transferee.

21 “Special license” means a plenary retail consumption license to
22 sell alcoholic beverages for consumption on the premises issued by
23 a host municipality pursuant to this section.

24 b. Notwithstanding the provisions of section 2 of P.L.1947,
25 c.94 (C.33:1-12.14), ²at the request of the original transferee,² the
26 issuing authority of a host municipality located within a project area
27 may, by ordinance or resolution, issue special licenses to one or
28 more individual corporations or other types of legal entities
29 operating a hotel, restaurant, or bar on any premises located within
30 a project area as defined in subsection a. of this section. The special
31 licenses may be issued within 36 months following the effective
32 date of this act.

33 The special licenses shall be issued by the three host
34 municipalities in the following manner:

35 (1) The host municipality with the largest population shall issue
36 two licenses;

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:

¹Assembly AOF committee amendments adopted May 17, 2018.

²Senate floor amendments adopted June 25, 2018.

1 (2) The host municipality with the smallest population shall
2 issue four licenses; and

3 (3) the remaining host municipality shall issue six licenses.

4 c. ²Notwithstanding the provisions of any other law to the
5 contrary, a special license shall be provided for every 100 acres of
6 the project area with 12 special licenses for a project area over
7 1,000 acres.

8 d.² A host municipality that has not issued a license pursuant to
9 subsection b. of this section as of the first day of the 37th month
10 following the effective date of this act, may have up to two years to
11 transfer the license, for a fee, to another host municipality for
12 issuance within a premises located within a project area. ²**[d.]** The
13 fee shall be based upon the average sales price of a plenary retail
14 consumption license in the receiving host municipality.

15 e.² The fee for the initial issuance of a license issued pursuant to
16 this section shall be based upon the average sales price of plenary
17 retail consumption licenses in the applicable host municipality or
18 municipalities during the five years immediately preceding the date
19 of enactment of P.L. , c. (C.) (pending before the Legislature
20 as this bill). If less than three plenary retail consumption licenses
21 have been sold in the host municipality within the previous five
22 years, the ²**[applicant]** host municipality² shall obtain an appraisal,
23 at the applicant's expense, to determine the appropriate fair market
24 value of the license. The appraisal process shall include an
25 examination of previous transactions in the host municipality or
26 municipalities, as the case may be, and shall reflect what a willing
27 buyer, under no pressure to buy, would pay a willing seller, under
28 no pressure to sell, for a plenary retail consumption license in the
29 host municipality or municipalities.

30 ²**[e.]** f.² The initial issuance fee established pursuant to this
31 section for a special license shall be reduced by the fair market
32 value of the limitation on transferability, as set forth in subsection
33 g. of this section.

34 ²**[f.]** g.² ¹(1)¹ A special license issued pursuant to this section
35 shall not be issued to any person who would not qualify as a plenary
36 retail consumption licensee pursuant to Title 33 of the Revised
37 Statutes and rules and regulations of the director.

38 ¹(2) A special license issued pursuant to this section shall not be
39 issued to any entity under subsection b. of this section that has not
40 completed the mandatory conceptual review process, when
41 applicable, established pursuant to subsection b. of section 17 of
42 P.L.2010, c.51 (C.52:27I-34) and the regulations issued in
43 accordance therewith.¹

44 ²**[g.]** h.² If the property upon which the special license will be
45 sited is owned by the original transferee:

1 (1) the license shall be issued without being designated for a site
2 or licensed premises and shall remain inactive until the property is
3 transferred to a private individual or entity; and

4 (2) an application for renewal of an inactive special license
5 issued in accordance paragraph (1) of this subsection shall not be
6 approved by the issuing authority unless accompanied by a letter of
7 consent from the original transferee.

8 ²**[h.] i.**² A special license issued pursuant to this section shall
9 not be transferred to any premises other than a premises located in
10 the project area until the dissolution of the authority overseeing,
11 administering, and implementing the plan for the project area.
12 Following the dissolution of the authority overseeing administering,
13 and implementing the plan for the project area, the special licenses
14 issued pursuant to this section may be used in connection with any
15 premises located within the host municipality. A special license
16 issued pursuant to this section shall not be transferred out of the
17 issuing municipality except as provided in subsection ²**[c.] d.**² of
18 this section.

19 ²**[i.] j.**² Any increase in population in the host municipalities
20 resulting from residential development in the project area shall not
21 be included in the total combined population necessary to issue a
22 new plenary retail consumption or seasonal retail consumption
23 license pursuant to section 2 of P.L.1947, c.94 (C.33:1-12.14).

24
25 2. A special license shall not be issued pursuant to section 1 of
26 P.L. , c. (C.) (pending before the Legislature as this bill)
27 unless the application is supported by a letter of consent from the
28 original transferee. The decision by the original transferee to
29 provide a letter of consent shall be based upon consideration of
30 whether the proposed special license will advance the conversion,
31 redevelopment, or revitalization of the project area in accordance
32 with the original transferee's plan for the project area and based
33 upon objective criteria established by the original transferee.

34
35 3. Pursuant to the "Administrative Procedure Act," P.L.1968,
36 c.410 (C.52:14B-1 et seq.), the Director of the Division of
37 Alcoholic Beverage Control may promulgate regulations necessary
38 to effectuate the provisions of P.L. , c. (C.) (pending before
39 the Legislature as this bill).

40
41 4. This act shall take effect on the first day of the seventh
42 month after enactment, except the Director of the Division of
43 Alcoholic Beverage Control may take any anticipatory
44 administrative action in advance thereof as shall be necessary for
45 the implementation of this act.

46
47
48

A3888 [2R]

4

- 1 Allows issuance of additional alcoholic beverage licenses within
- 2 boundaries of formerly federally owned or operated military
- 3 installations.

ASSEMBLY, No. 3888

STATE OF NEW JERSEY
218th LEGISLATURE

INTRODUCED MAY 7, 2018

Sponsored by:

Assemblyman ERIC HOUGHTALING

District 11 (Monmouth)

Assemblywoman JOANN DOWNEY

District 11 (Monmouth)

SYNOPSIS

Allows issuance of additional alcoholic beverage licenses within boundaries of formerly federally owned or operated military installations.

CURRENT VERSION OF TEXT

As introduced.



1 AN ACT concerning the issuance of alcoholic beverage licenses in
2 special project areas and supplementing Title 33 of the Revised
3 Statutes.

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

7
8 1. a. As used in this act:

9 “Host municipality” means a municipality within a project area.

10 “Original transferee” means the State, a political subdivision or
11 subdivisions thereof, or a board, commission, authority, or agency
12 established by the State, to which control of a project area has been
13 transferred for purposes of conversion, redevelopment, or
14 revitalization.

15 “Project area” means an area located within the borders of three
16 municipalities and at which a federally owned or operated military
17 installation was closed or scheduled for closure by recommendation
18 of the federal Base Realignment and Closure Commission on or
19 after May 13, 2005, the control of which has been transferred to an
20 original transferee.

21 “Special license” means a plenary retail consumption license to
22 sell alcoholic beverages for consumption on the premises issued by
23 a host municipality pursuant to this section.

24 b. Notwithstanding the provisions of section 2 of P.L.1947,
25 c.94 (C.33:1-12.14), the issuing authority of a host municipality
26 located within a project area may, by ordinance or resolution, issue
27 special licenses to one or more individual corporations or other
28 types of legal entities operating a hotel, restaurant, or bar on any
29 premises located within a project area as defined in subsection a. of
30 this section. The special licenses may be issued within 36 months
31 following the effective date of this act.

32 The special licenses shall be issued by the three host
33 municipalities in the following manner:

34 (1) The host municipality with the largest population shall issue
35 two licenses;

36 (2) The host municipality with the smallest population shall issue
37 four licenses; and

38 (3) the remaining host municipality shall issue six licenses.

39 c. A host municipality that has not issued a license pursuant to
40 subsection b. of this section as of the first day of the 37th month
41 following the effective date of this act, may have up to two years to
42 transfer the license, for a fee, to another host municipality for
43 issuance within a premises located within a project area.

44 d. The fee for the initial issuance of a license issued pursuant to
45 this section shall be based upon the average sales price of plenary
46 retail consumption licenses in the applicable host municipality or
47 municipalities during the five years immediately preceding the date
48 of enactment of P.L. , c. (C.) (pending before the Legislature

1 as this bill). If less than three plenary retail consumption licenses
2 have been sold in the host municipality within the previous five
3 years, the applicant shall obtain an appraisal, at the applicant's
4 expense, to determine the appropriate fair market value of the
5 license. The appraisal process shall include an examination of
6 previous transactions in the host municipality or municipalities, as
7 the case may be, and shall reflect what a willing buyer, under no
8 pressure to buy, would pay a willing seller, under no pressure to
9 sell, for a plenary retail consumption license in the host
10 municipality or municipalities.

11 e. The initial issuance fee established pursuant to this section
12 for a special license shall be reduced by the fair market value of the
13 limitation on transferability, as set forth in subsection g. of this
14 section.

15 f. A special license issued pursuant to this section shall not be
16 issued to any person who would not qualify as a plenary retail
17 consumption licensee pursuant to Title 33 of the Revised Statutes
18 and rules and regulations of the director.

19 g. If the property upon which the special license will be sited is
20 owned by the original transferee:

21 (1) the license shall be issued without being designated for a site
22 or licensed premises and shall remain inactive until the property is
23 transferred to a private individual or entity; and

24 (2) an application for renewal of an inactive special license
25 issued in accordance paragraph (1) of this subsection shall not be
26 approved by the issuing authority unless accompanied by a letter of
27 consent from the original transferee.

28 h. A special license issued pursuant to this section shall not be
29 transferred to any premises other than a premises located in the
30 project area until the dissolution of the authority overseeing,
31 administering, and implementing the plan for the project area.
32 Following the dissolution of the authority overseeing administering,
33 and implementing the plan for the project area, the special licenses
34 issued pursuant to this section may be used in connection with any
35 premises located within the host municipality. A special license
36 issued pursuant to this section shall not be transferred out of the
37 issuing municipality except as provided in subsection c. of this
38 section.

39 i. Any increase in population in the host municipalities
40 resulting from residential development in the project area shall not
41 be included in the total combined population necessary to issue a
42 new plenary retail consumption or seasonal retail consumption
43 license pursuant to section 2 of P.L.1947, c.94 (C.33:1-12.14).

44

45 2. A special license shall not be issued pursuant to section 1 of
46 P.L. , c. (C.) (pending before the Legislature as this bill)
47 unless the application is supported by a letter of consent from the
48 original transferee. The decision by the original transferee to

1 provide a letter of consent shall be based upon consideration of
2 whether the proposed special license will advance the conversion,
3 redevelopment, or revitalization of the project area in accordance
4 with the original transferee's plan for the project area and based
5 upon objective criteria established by the original transferee.
6

7 3. Pursuant to the "Administrative Procedure Act," P.L.1968,
8 c.410 (C.52:14B-1 et seq.), the Director of the Division of
9 Alcoholic Beverage Control may promulgate regulations necessary
10 to effectuate the provisions of P.L. , c. (C.) (pending before
11 the Legislature as this bill).
12

13 4. This act shall take effect on the first day of the seventh
14 month after enactment, except the Director of the Division of
15 Alcoholic Beverage Control may take any anticipatory
16 administrative action in advance thereof as shall be necessary for
17 the implementation of this act.
18
19

20 STATEMENT
21

22 This bill authorizes the issuance of additional alcoholic beverage
23 licenses in a project area within the borders of three municipalities
24 and at which a federally owned or operated military installation is
25 closed and transferred to a government entity for the purpose of
26 conversion, redevelopment, or revitalization. The special licenses
27 would allow the license holder to sell alcoholic beverages for
28 consumption on the licensed premises. Specifically, the bill applies
29 to federally owned or operated military installations which were
30 closed or are scheduled for closure on or after May 13, 2005, and
31 the control of which has been transferred to the State, a political
32 subdivision, or a board, commission, authority, or agency
33 established by the State.

34 Within three years of the bill's effective date, each of the three
35 municipalities located within a project area may, by ordinance or
36 resolution, issue the special licenses in the following manner:

37 (1) The host municipality with the largest population is to issue
38 two licenses;

39 (2) The host municipality with the smallest population is to issue
40 four licenses; and

41 (3) the remaining host municipality is to issue six licenses.

42 Following the three year period, a host municipality that has not
43 issued a license may have up to two years to transfer the license, for
44 a fee, to another host municipality for issuance within a premises
45 located within a project area.

46 The license's initial issuance fee would be based upon the
47 average sales price of plenary retail consumption licenses in the
48 issuing host municipalities during the five years preceding the bill's

1 enactment. If less than three licenses have been sold in the
2 municipality within the previous five years, the licensee would be
3 required to obtain an appraisal, at the licensee's expense, to
4 determine the appropriate fair market value of the license. The
5 appraisal process would include an examination of previous
6 transactions in the host municipality and reflect what a willing
7 buyer would pay a willing seller for a plenary retail consumption
8 license.

9 Under the bill, a license is to be issued without being designated
10 for a site and remain inactive until the property upon which the
11 license is to be sited is transferred from the government entity to a
12 private entity. In addition, the bill prohibits the licenses from being
13 transferred to a premises located outside of the boundaries of the
14 project area until the authority overseeing, administering, and
15 implementing the plan for the project area has been dissolved.
16 Following the dissolution of the authority, the special licenses may
17 be transferred for use in connection with any premises located
18 within the host municipality.

19 Under current law, a municipality may issue one plenary retail
20 consumption license (for bars and restaurants) for each 3,000 of its
21 population. This bill provides that an increase in population resulting
22 from residential development in a formerly federally owned or
23 operated military installation would not be included in the
24 calculation used to issue new licenses.

ASSEMBLY OVERSIGHT, REFORM AND FEDERAL
RELATIONS COMMITTEE

STATEMENT TO
ASSEMBLY, No. 3888

with committee amendments

STATE OF NEW JERSEY

DATED: MAY 17, 2018

The Assembly Oversight, Reform and Federal Relations Committee reports favorably and with committee amendments Assembly Bill No. 3888.

As amended, this bill authorizes the issuance of additional alcoholic beverage licenses in a project area within the borders of three municipalities and at which a federally owned or operated military installation is closed and transferred to a government entity for the purpose of conversion, redevelopment, or revitalization. The special licenses would allow the license holder to sell alcoholic beverages for consumption on the licensed premises. Specifically, the bill applies to federally owned or operated military installations which were closed or are scheduled for closure on or after May 13, 2005, and the control of which has been transferred to the State, a political subdivision, or a board, commission, authority, or agency established by the State.

Within three years of the bill's effective date, each of the three municipalities located within a project area may, by ordinance or resolution, issue the special licenses in the following manner:

- (1) The host municipality with the largest population is to issue two licenses;
- (2) The host municipality with the smallest population is to issue four licenses; and
- (3) the remaining host municipality is to issue six licenses.

A special license may only be issued to an entity that has completed the mandatory conceptual review process established pursuant to N.J.S.A.52:27I-34 and the accompanying regulations, currently codified at N.J.A.C.19:31C-3.20.

Following the three year period, a host municipality that has not issued a license may have up to two years to transfer the license, for a fee, to another host municipality for issuance within a premises located within a project area.

The license's initial issuance fee would be based upon the average sales price of plenary retail consumption licenses in the issuing host municipalities during the five years preceding the bill's

enactment. If less than three licenses have been sold in the municipality within the previous five years, the licensee would be required to obtain an appraisal, at the licensee's expense, to determine the appropriate fair market value of the license. The appraisal process would include an examination of previous transactions in the host municipality and reflect what a willing buyer would pay a willing seller for a plenary retail consumption license.

Under the bill as amended, a license is to be issued without being designated for a site and remain inactive until the property upon which the license is to be sited is transferred from the government entity to a private entity. In addition, the bill prohibits the licenses from being transferred to a premises located outside of the boundaries of the project area until the authority overseeing, administering, and implementing the plan for the project area has been dissolved. Following the dissolution of the authority, the special licenses may be transferred for use in connection with any premises located within the host municipality.

Under current law, a municipality may issue one plenary retail consumption license (for bars and restaurants) for each 3,000 of its population. This amended bill provides that an increase in population resulting from residential development in a formerly federally owned or operated military installation would not be included in the calculation used to issue new licenses.

COMMITTEE AMENDMENTS

The committee amended the bill to require that a special license be issued only to an entity that has completed the mandatory conceptual review process established pursuant to N.J.S.A.52:27I-34 and the accompanying regulations, currently codified at N.J.A.C.19:31C-3.20.

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

[First Reprint]

ASSEMBLY, No. 3888

STATE OF NEW JERSEY

DATED: JUNE 4, 2018

The Assembly Appropriations Committee reports favorably Assembly Bill No. 3888 (1R).

This bill authorizes the issuance of additional alcoholic beverage licenses in a project area within the borders of three municipalities and at which a federally owned or operated military installation is closed and transferred to a government entity for the purpose of conversion, redevelopment, or revitalization. The special licenses would allow the license holder to sell alcoholic beverages for consumption on the licensed premises. Specifically, the bill applies to federally owned or operated military installations which were closed or are scheduled for closure on or after May 13, 2005, and the control of which has been transferred to the State, a political subdivision, or a board, commission, authority, or agency established by the State.

Within three years of the bill's effective date, each of the three municipalities located within a project area may, by ordinance or resolution, issue the special licenses in the following manner:

- (1) The host municipality with the largest population is to issue two licenses;
- (2) The host municipality with the smallest population is to issue four licenses; and
- (3) The remaining host municipality is to issue six licenses.

A special license may only be issued to an entity that has completed the mandatory conceptual review process established pursuant to N.J.S.A.52:27I-34 and the accompanying regulations, currently codified at N.J.A.C.19:31C-3.20.

Following the three year period, a host municipality that has not issued a license may have up to two years to transfer the license, for a fee, to another host municipality for issuance within a premises located within a project area.

The license's initial issuance fee would be based upon the average sales price of plenary retail consumption licenses in the issuing host municipalities during the five years preceding the bill's enactment. If less than three licenses have been sold in the municipality within the previous five years, the licensee would be required to obtain an appraisal, at the licensee's expense, to

determine the appropriate fair market value of the license. The appraisal process would include an examination of previous transactions in the host municipality and reflect what a willing buyer would pay a willing seller for a plenary retail consumption license.

Under the bill, a license is to be issued without being designated for a site and remain inactive until the property upon which the license is to be sited is transferred from the government entity to a private entity. In addition, the bill prohibits the licenses from being transferred to a premises located outside of the boundaries of the project area until the authority overseeing, administering, and implementing the plan for the project area has been dissolved. Following the dissolution of the authority, the special licenses may be transferred for use in connection with any premises located within the host municipality.

Under current law, a municipality may issue one plenary retail consumption license (for bars and restaurants) for each 3,000 of its population. This bill provides that an increase in population resulting from residential development in a formerly federally owned or operated military installation would not be included in the calculation used to issue new licenses.

FISCAL IMPACT:

The Office of Legislative Services (OLS) concludes that implementation of the bill will result in indeterminate increases in State and municipal revenues and expenditures. The OLS cannot determine the net effect of these fiscal impacts due to the absence of information on potential revenue collections (e.g. license fees and sales tax revenues) and expenditures for increased expenditures for State and municipal regulation and enforcement functions.

The State would collect additional revenues from the sale of up to 12 plenary retail licenses and from license transfer fees. The OLS anticipates that sales by plenary retail consumption licensees may increase due to an increase in the number of locations permitted to sell these products, thereby increasing State tax revenue collections.

Municipalities would collect additional revenues from the initial sale of a plenary retail consumption license, fees for the transfer of the license to another municipality, and annual renewal fees. These fee revenues may offset an increase in costs associated with municipal administration and enforcement of the State's alcohol beverage control statutes.

STATEMENT TO
[First Reprint]
ASSEMBLY, No. 3888

with Assembly Floor Amendments
(Proposed by Senator GOPAL)

ADOPTED: JUNE 25, 2018

Assembly Bill No. 3888 (1R) authorizes the issuance of 12 additional alcoholic beverage licenses in a project area within the borders of three municipalities and at which a federally owned or operated military installation is closed and transferred to a government entity for the purpose of conversion, redevelopment, or revitalization. The special licenses would allow the license holder to sell alcoholic beverages for consumption on the licensed premises.

These Senate amendments require that a special license be provided for every 100 acres of the project area with 12 special licenses for a project area over 1,000 acres. The Senate amendments also require that the original transferee is required to initiate the process by which a host municipality is to issue the special license.

As introduced, the bill provided that following a three year period, a host municipality that has not issued a license may have up to two years to transfer the license, for a fee, to another host municipality for issuance within a premises located within a project area. These Senate amendments provide that the fee is to be based on the average sales price of a plenary retail consumption license in the receiving host municipality.

As introduced, the bill also provided that license's initial issuance fee would be based upon the average sales price of plenary retail consumption licenses in the issuing host municipalities during the five years preceding the bill's enactment. If less than three licenses have been sold in the municipality within the previous five years, the licensee would be required to obtain an appraisal, at the licensee's expense, to determine the appropriate fair market value of the license. These Senate amendments provide that the host municipality is required to obtain the appraisal at the license applicant's expense.

These Senate amendments make this bill identical to Senate Bill No. 2498, as amended by the Senate on this same date.

LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

ASSEMBLY, No. 3888

STATE OF NEW JERSEY 218th LEGISLATURE

DATED: JUNE 7, 2018

SUMMARY

- Synopsis:** Allows issuance of additional alcoholic beverage licenses within boundaries of formerly federally owned or operated military installations.
- Type of Impact:** Annual State and Local Revenue and Expenditure Increase.
- Agencies Affected:** Department of Law and Public Safety; Department of Treasury; Municipal Government.

Office of Legislative Services Estimate

Fiscal Impact	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
Annual State and Local Cost Increase		Indeterminate	
Annual State and Local Revenue Increase		Indeterminate	

- 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 the potential revenue collected from the sale of the total number of licenses annually, the future license fees, and sales tax on products sold. It is unknown if there will be additional revenues from penalty collections which would be offset by expenditures for increased regulation and enforcement and additional costs for the division's and municipalities' increased workload.
- The bill authorizes the Division of Alcoholic Beverage Control, in the Department of Law and Public Safety, to permit the sale of up to 12 plenary retail licenses, which have an annual renewal fee of \$200. The bill may increase or decrease the division's workload depending on the number of plenary retail consumption licenses issued. Depending on the board's resource allocation policies, the added workload may or may not augment State administrative expenditures.
- The bill may increase the municipal revenue from the initial sale for the plenary retail consumption license, from the transfer fee of the license to another municipality, and any annual renewal fees charged. These fees may offset the indeterminate increased costs to municipalities to administer, regulate, and enforce the year-round licenses.

BILL DESCRIPTION

This bill authorizes the issuance of additional alcoholic beverage licenses in a project area within the borders of three municipalities and at which a federally owned or operated military installation is closed and transferred to a government entity for the purpose of conversion, redevelopment, or revitalization.

The special licenses would allow the license holder to sell alcoholic beverages for consumption on the licensed premises. Specifically, the bill applies to the three municipalities located at the former Fort Monmouth property: the Boroughs of Eatontown, Oceanport, and Tinton Falls.

Within three years of the bill's effective date, each of the three municipalities located within a project area may, by ordinance or resolution, issue the special licenses in the following manner:

- (1) The host municipality with the largest population is to issue two licenses;
- (2) The host municipality with the smallest population is to issue four licenses; and
- (3) The remaining host municipality is to issue six licenses.

A special license may only be issued to an entity that has completed the mandatory conceptual review process established pursuant to N.J.S.A.52:27I-34 and the accompanying regulations, currently codified at N.J.A.C.19:31C-3.20.

Following the three year period, a host municipality that has not issued a license may have up to two years to transfer the license, for a fee, to another host municipality for issuance within a premises located within a project area.

The license's initial issuance fee would be based upon the average sales price of plenary retail consumption licenses in the issuing host municipalities during the five years preceding the bill's enactment. If less than three licenses have been sold in the municipality within the previous five years, the licensee would be required to obtain an appraisal, at the licensee's expense, to determine the appropriate fair market value of the license. The appraisal process would include an examination of previous transactions in the host municipality and reflect what a willing buyer would pay a willing seller for a plenary retail consumption license.

A license is to be issued without being designated for a site and would remain inactive until the property upon which the license is to be sited is transferred from the government entity to a private entity. The property is now governed by the Fort Monmouth Economic Revitalization Authority. In addition, the bill prohibits the licenses from being transferred to a premises located outside of the boundaries of the project area until the authority overseeing, administering, and implementing the plan for the project area has been dissolved. Following the dissolution of the authority, the special licenses may be transferred for use in connection with any premises located within the host municipality.

Under current law, a municipality may issue one plenary retail consumption license (for bars and restaurants) for each 3,000 of its population. This bill provides that an increase in population resulting from residential development in a formerly federally owned or operated military installation would not be included in the calculation used to issue new licenses.

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 the potential revenue collected from the sale of the total number of licenses annually, the future license fees, and sales tax on products sold. It is unknown if there will be additional revenues from penalty collections which would be offset by expenditures for increased regulation and enforcement and additional costs for the division's and municipalities' increased workload.

State Revenue Impacts: The bill will increase annual State revenue collections from the sale of up to 12 plenary retail licenses. As of 2015, the annual renewal fee for a plenary retail consumption license was \$200. Additionally, if the license were sold, the State may realize revenue from the transfer fee (\$200 per transfer).

The OLS anticipates that sales by plenary retail consumption licensees may increase with additional locations to sell their products, thus increasing the amount of State sales tax collected.

State Expenditure Impacts: The bill may increase or decrease the division's workload depending on the number of plenary retail consumption licenses issued. Depending on the board's resource allocation policies, the added workload may or may not augment State administrative expenditures.

The OLS anticipates that any increased sales by plenary retail consumption licensees may impact the workload of the Division of Taxation.

Municipal Revenue Impacts: The bill would increase the municipal revenue from the initial sale for the plenary retail consumption license, from the transfer fee of the license to another municipality, and any annual renewal fees charged. According to a recent news article, of the 12 plenary retail consumption licenses available to municipalities bordering the former Fort Monmouth property, Eatontown would be allocated six licenses, Oceanport would be allocated four licenses, and Tinton Falls would be allocated two licenses.

As noted above, the license's initial issuance fee would be based upon the average sales price of plenary retail consumption licenses in the issuing host municipalities during the five years preceding the bill's enactment. The OLS cannot determine the average price of liquor licenses for the area; however, a recent article noted a liquor license sold in a neighboring town for \$350,000 in 2017.

Pursuant to N.J.S.A.33:1-12, 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.

Municipal Expenditure Impacts: The bill may increase costs to municipalities associated with the administration, regulation, and enforcement of the new 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
Senior Fiscal Analyst

Approved: Frank W. Haines III
Legislative Budget and Finance Officer

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

LEGISLATIVE FISCAL ESTIMATE

[Second Reprint]

ASSEMBLY, No. 3888

STATE OF NEW JERSEY 218th LEGISLATURE

DATED: JULY 2, 2018

SUMMARY

- Synopsis:** Allows issuance of additional alcoholic beverage licenses within boundaries of formerly federally owned or operated military installations.
- Type of Impact:** Annual State and Local Revenue and Expenditure Increase.
- Agencies Affected:** Department of Law and Public Safety; Department of Treasury; Municipal Government; Fort Monmouth Economic Revitalization Authority.

Office of Legislative Services Estimate

Fiscal Impact	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
Annual State and Local Cost Increase		Indeterminate	
Annual State and Local Revenue Increase		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 the potential revenue collected from the sale of the total number of licenses annually, the future license fees, and sales tax on products sold. It is unknown if there will be additional revenues from penalty collections which would be offset by expenditures for increased regulation and enforcement and additional costs for the division's and municipalities' increased workload.
- The bill authorizes the Division of Alcoholic Beverage Control, in the Department of Law and Public Safety, to permit the sale of up to 12 plenary retail licenses, which have an annual renewal fee of \$200. The bill may increase or decrease the division's workload depending on the number of plenary retail consumption licenses issued. Depending on the board's resource allocation policies, the added workload may or may not augment State administrative expenditures.

- The bill may increase the municipal revenue from the initial sale for the plenary retail consumption license, from the transfer fee of the license to another municipality, and any annual renewal fees charged. These fees may offset the indeterminate increased costs to municipalities to administer, regulate, and enforce the year-round licenses.

BILL DESCRIPTION

This bill authorizes the issuance of additional alcoholic beverage licenses in a project area within the borders of three municipalities and at which a federally owned or operated military installation is closed and transferred to a government entity for the purpose of conversion, redevelopment, or revitalization.

The special licenses would allow the license holder to sell alcoholic beverages for consumption on the licensed premises. Specifically, the bill applies to the three municipalities located at the former Fort Monmouth property: the Boroughs of Eatontown, Oceanport, and Tinton Falls. The bill stipulates that one special license will be provided for every 100 acres of the project area and 12 special licenses will be issued for a project area over 1,000 acres.

Within three years of the bill's effective date, each of the three municipalities located within a project area may, by ordinance or resolution, issue the special licenses in the following manner:

- (1) The host municipality with the largest population is to issue two licenses;
- (2) The host municipality with the smallest population is to issue four licenses; and
- (3) The remaining host municipality is to issue six licenses.

A special license may only be issued to an entity that has completed the mandatory conceptual review process established pursuant to N.J.S.A.52:27I-34 and the accompanying regulations, currently codified at N.J.A.C.19:31C-3.20.

Following the three year period, a host municipality that has not issued a license may have up to two years to transfer the license, for a fee, to another host municipality for issuance within a premises located within a project area. The fee based on the average sales price of a plenary retail consumption license in the receiving host municipality.

The license's initial issuance fee would be based upon the average sales price of plenary retail consumption licenses in the issuing host municipalities during the five years preceding the bill's enactment. If less than three licenses have been sold in the municipality within the previous five years, the licensee would be required to obtain an appraisal, at the licensee's expense, to determine the appropriate fair market value of the license. The appraisal process would include an examination of previous transactions in the host municipality and reflect what a willing buyer would pay a willing seller for a plenary retail consumption license.

A license is to be issued without being designated for a site and would remain inactive until the property upon which the license is to be sited is transferred from the government entity to a private entity. The property is now governed by the Fort Monmouth Economic Revitalization Authority. In addition, the bill prohibits the licenses from being transferred to a premises located outside of the boundaries of the project area until the authority overseeing, administering, and implementing the plan for the project area has been dissolved. Following the dissolution of the authority, the special licenses may be transferred for use in connection with any premises located within the host municipality.

Under current law, a municipality may issue one plenary retail consumption license (for bars and restaurants) for each 3,000 of its population. This bill provides that an increase in population resulting from residential development in a formerly federally owned or operated military installation would not be included in the calculation used to issue new licenses.

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 the potential revenue collected from the sale of the total number of licenses annually, the future license fees, and sales tax on products sold. It is unknown if there will be additional revenues from penalty collections which would be offset by expenditures for increased regulation and enforcement and additional costs for the division's and municipalities' increased workload.

State Revenue Impacts: The bill will increase annual State revenue collections from the sale of up to 12 plenary retail licenses, as the Ft. Monmouth site is 1,126 acres. As of 2015, the annual renewal fee for a plenary retail consumption license was \$200. Additionally, if any licenses were sold, the State may realize revenue from the transfer fee (\$200 per transfer).

The OLS anticipates that sales by plenary retail consumption licensees may increase with additional locations to sell their products, thus increasing the amount of State sales tax collected.

State Expenditure Impacts: The bill may increase or decrease the division's workload depending on the number of plenary retail consumption licenses issued. Depending on the board's resource allocation policies, the added workload may or may not augment State administrative expenditures.

The OLS anticipates that any increased sales by plenary retail consumption licensees may impact the workload of the Division of Taxation.

Municipal Revenue Impacts: The bill would increase the municipal revenue from the initial sale for the plenary retail consumption license, from the transfer fee of the license to another host municipality, and any annual renewal fees charged. According to a recent news article, of the 12 plenary retail consumption licenses available to municipalities bordering the former Fort Monmouth property, Eatontown would be allocated six licenses, Oceanport would be allocated four licenses, and Tinton Falls would be allocated two licenses.

As noted above, the license's initial issuance fee would be based upon the average sales price of plenary retail consumption licenses in the issuing host municipalities during the five years preceding the bill's enactment. The OLS cannot determine the average price of liquor licenses for the area; however, a recent article noted a liquor license sold in a neighboring town for \$350,000 in 2017.

Pursuant to N.J.S.A.33:1-12, 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.

Municipal Expenditure Impacts: The bill may increase costs to municipalities associated with the administration, regulation, and enforcement of the new 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
Senior Fiscal Analyst*

*Approved: Frank W. Haines III
Legislative Budget and Finance Officer*

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

SENATE, No. 2498

STATE OF NEW JERSEY
218th LEGISLATURE

INTRODUCED APRIL 16, 2018

Sponsored by:

Senator VIN GOPAL

District 11 (Monmouth)

Senator NICHOLAS P. SCUTARI

District 22 (Middlesex, Somerset and Union)

SYNOPSIS

Allows issuance of additional alcoholic beverage licenses within boundaries of formerly federally owned or operated military installations.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 6/26/2018)

1 AN ACT concerning the issuance of alcoholic beverage licenses in
2 special project areas and supplementing Title 33 of the Revised
3 Statutes.

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

7
8 1. a. As used in this act:

9 “Host municipality” means a municipality within a project area.

10 “Original transferee” means the State, a political subdivision or
11 subdivisions thereof, or a board, commission, authority, or agency
12 established by the State, to which control of a project area has been
13 transferred for purposes of conversion, redevelopment, or
14 revitalization.

15 “Project area” means an area located within the borders of three
16 municipalities and at which a federally owned or operated military
17 installation was closed or scheduled for closure by recommendation
18 of the federal Base Realignment and Closure Commission on or
19 after May 13, 2005, the control of which has been transferred to an
20 original transferee.

21 “Special license” means a plenary retail consumption license to
22 sell alcoholic beverages for consumption on the premises issued by
23 a host municipality pursuant to this section.

24 b. Notwithstanding the provisions of section 2 of P.L.1947,
25 c.94 (C.33:1-12.14), the issuing authority of a host municipality
26 located within a project area may, by ordinance or resolution, issue
27 special licenses to one or more individual corporations or other
28 types of legal entities operating a hotel, restaurant, or bar on any
29 premises located within a project area as defined in subsection a. of
30 this section. The special licenses may be issued within 36 months
31 following the effective date of this act.

32 The special licenses shall be issued by the three host
33 municipalities in the following manner:

34 (1) The host municipality with the largest population shall issue
35 two licenses;

36 (2) The host municipality with the smallest population shall
37 issue four licenses; and

38 (3) the remaining host municipality shall issue six licenses.

39 c. A host municipality that has not issued a license pursuant to
40 subsection b. of this section as of the first day of the 37th month
41 following the effective date of this act, may have up to two years to
42 transfer the license, for a fee, to another host municipality for
43 issuance within a premises located within a project area.

44 d. The fee for the initial issuance of a license issued pursuant to
45 this section shall be based upon the average sales price of plenary
46 retail consumption licenses in the applicable host municipality or
47 municipalities during the five years immediately preceding the date
48 of enactment of P.L. , c. (C.) (pending before the Legislature

1 as this bill). If less than three plenary retail consumption licenses
2 have been sold in the host municipality within the previous five
3 years, the applicant shall obtain an appraisal, at the applicant's
4 expense, to determine the appropriate fair market value of the
5 license. The appraisal process shall include an examination of
6 previous transactions in the host municipality or municipalities, as
7 the case may be, and shall reflect what a willing buyer, under no
8 pressure to buy, would pay a willing seller, under no pressure to
9 sell, for a plenary retail consumption license in the host
10 municipality or municipalities.

11 e. The initial issuance fee established pursuant to this section
12 for a special license shall be reduced by the fair market value of the
13 limitation on transferability, as set forth in subsection g. of this
14 section.

15 f. A special license issued pursuant to this section shall not be
16 issued to any person who would not qualify as a plenary retail
17 consumption licensee pursuant to Title 33 of the Revised Statutes
18 and rules and regulations of the director.

19 g. If the property upon which the special license will be sited is
20 owned by the original transferee:

21 (1) the license shall be issued without being designated for a site
22 or licensed premises and shall remain inactive until the property is
23 transferred to a private individual or entity; and

24 (2) an application for renewal of an inactive special license
25 issued in accordance paragraph (1) of this subsection shall not be
26 approved by the issuing authority unless accompanied by a letter of
27 consent from the original transferee.

28 h. A special license issued pursuant to this section shall not be
29 transferred to any premises other than a premises located in the
30 project area until the dissolution of the authority overseeing,
31 administering, and implementing the plan for the project area.
32 Following the dissolution of the authority overseeing administering,
33 and implementing the plan for the project area, the special licenses
34 issued pursuant to this section may be used in connection with any
35 premises located within the host municipality. A special license
36 issued pursuant to this section shall not be transferred out of the
37 issuing municipality except as provided in subsection c. of this
38 section.

39 i. Any increase in population in the host municipalities
40 resulting from residential development in the project area shall not
41 be included in the total combined population necessary to issue a
42 new plenary retail consumption or seasonal retail consumption
43 license pursuant to section 2 of P.L.1947, c.94 (C.33:1-12.14).

44

45 2. A special license shall not be issued pursuant to section 1 of
46 P.L. , c. (C.) (pending before the Legislature as this bill)
47 unless the application is supported by a letter of consent from the
48 original transferee. The decision by the original transferee to

1 provide a letter of consent shall be based upon consideration of
2 whether the proposed special license will advance the conversion,
3 redevelopment, or revitalization of the project area in accordance
4 with the original transferee's plan for the project area and based
5 upon objective criteria established by the original transferee.
6

7 3. Pursuant to the "Administrative Procedure Act," P.L.1968,
8 c.410 (C.52:14B-1 et seq.), the Director of the Division of
9 Alcoholic Beverage Control may promulgate regulations necessary
10 to effectuate the provisions of P.L. , c. (C.) (pending before
11 the Legislature as this bill).
12

13 4. This act shall take effect on the first day of the seventh
14 month after enactment, except the Director of the Division of
15 Alcoholic Beverage Control may take any anticipatory
16 administrative action in advance thereof as shall be necessary for
17 the implementation of this act.
18
19

20 STATEMENT
21

22 This bill authorizes the issuance of additional alcoholic beverage
23 licenses in a project area within the borders of three municipalities
24 and at which a federally owned or operated military installation is
25 closed and transferred to a government entity for the purpose of
26 conversion, redevelopment, or revitalization. The special licenses
27 would allow the license holder to sell alcoholic beverages for
28 consumption on the licensed premises. Specifically, the bill applies
29 to federally owned or operated military installations which were
30 closed or are scheduled for closure on or after May 13, 2005, and
31 the control of which has been transferred to the State, a political
32 subdivision, or a board, commission, authority, or agency
33 established by the State.

34 Within three years of the bill's effective date, each of the three
35 municipalities located within a project area may, by ordinance or
36 resolution, issue the special licenses in the following manner:

37 (1) The host municipality with the largest population is to issue
38 two licenses;

39 (2) The host municipality with the smallest population is to
40 issue four licenses; and

41 (3) the remaining host municipality is to issue six licenses.

42 Following the three year period, a host municipality that has not
43 issued a license may have up to two years to transfer the license, for
44 a fee, to another host municipality for issuance within a premises
45 located within a project area.

46 The license's initial issuance fee would be based upon the
47 average sales price of plenary retail consumption licenses in the
48 issuing host municipalities during the five years preceding the bill's

1 enactment. If less than three licenses have been sold in the
2 municipality within the previous five years, the licensee would be
3 required to obtain an appraisal, at the licensee's expense, to
4 determine the appropriate fair market value of the license. The
5 appraisal process would include an examination of previous
6 transactions in the host municipality and reflect what a willing
7 buyer would pay a willing seller for a plenary retail consumption
8 license.

9 Under the bill, a license is to be issued without being designated
10 for a site and remain inactive until the property upon which the
11 license is to be sited is transferred from the government entity to a
12 private entity. In addition, the bill prohibits the licenses from being
13 transferred to a premises located outside of the boundaries of the
14 project area until the authority overseeing, administering, and
15 implementing the plan for the project area has been dissolved.
16 Following the dissolution of the authority, the special licenses may
17 be transferred for use in connection with any premises located
18 within the host municipality.

19 Under current law, a municipality may issue one plenary retail
20 consumption license (for bars and restaurants) for each 3,000 of its
21 population. This bill provides that an increase in population resulting
22 from residential development in a formerly federally owned or
23 operated military installation would not be included in the
24 calculation used to issue new licenses.

STATEMENT TO
SENATE, No. 2498

with Senate Floor Amendments
(Proposed by Senator GOPAL)

ADOPTED: JUNE 25, 2018

Senate Bill No. 2498 authorizes the issuance of 12 additional alcoholic beverage licenses in a project area within the borders of three municipalities and at which a federally owned or operated military installation is closed and transferred to a government entity for the purpose of conversion, redevelopment, or revitalization. The special licenses would allow the license holder to sell alcoholic beverages for consumption on the licensed premises.

These Senate amendments require that a special license be issued only to an entity that has completed the mandatory conceptual review process required under the Fort Monmouth Reuse and Redevelopment Plan pursuant to section 17 of P.L.2010 (C.52:27I-34) and the accompanying regulations, currently codified at N.J.A.C.19:31C-3.20. In addition, the Senate amendments require that a special license be provided for every 100 acres of the project area with 12 special licenses for a project area over 1,000 acres. The Senate amendments also require that the original transferee is required to initiate the process by which a host municipality is to issue the special license.

As introduced, the bill provided that following a three year period, a host municipality that has not issued a license may have up to two years to transfer the license, for a fee, to another host municipality for issuance within a premises located within a project area. These Senate amendments provide that the fee is to be based on the average sales price of a plenary retail consumption license in the receiving host municipality.

As introduced, the bill also provided that license's initial issuance fee would be based upon the average sales price of plenary retail consumption licenses in the issuing host municipalities during the five years preceding the bill's enactment. If less than three licenses have been sold in the municipality within the previous five years, the licensee would be required to obtain an appraisal, at the licensee's expense, to determine the appropriate fair market value of the license. These Senate amendments provide that the host municipality is required to obtain the appraisal at the license applicant's expense.

These Senate amendments make this bill identical to Assembly Bill No. 3888 (1R), as amended by the Senate on this same date.

LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

SENATE, No. 2498

STATE OF NEW JERSEY 218th LEGISLATURE

DATED: JULY 2, 2018

SUMMARY

- Synopsis:** Allows issuance of additional alcoholic beverage licenses within boundaries of formerly federally owned or operated military installations.
- Type of Impact:** Annual State and Local Revenue and Expenditure Increase.
- Agencies Affected:** Department of Law and Public Safety; Department of Treasury; Municipal Government; Fort Monmouth Economic Revitalization Authority.

Office of Legislative Services Estimate

Fiscal Impact	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
Annual State and Local Cost Increase		Indeterminate	
Annual State and Local Revenue Increase		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 the potential revenue collected from the sale of the total number of licenses annually, the future license fees, and sales tax on products sold. It is unknown if there will be additional revenues from penalty collections which would be offset by expenditures for increased regulation and enforcement and additional costs for the division's and municipalities' increased workload.
- The bill authorizes the Division of Alcoholic Beverage Control, in the Department of Law and Public Safety, to permit the sale of up to 12 plenary retail licenses, which have an annual renewal fee of \$200. The bill may increase or decrease the division's workload depending on the number of plenary retail consumption licenses issued. Depending on the board's resource allocation policies, the added workload may or may not augment State administrative expenditures.

- The bill may increase the municipal revenue from the initial sale for the plenary retail consumption license, from the transfer fee of the license to another municipality, and any annual renewal fees charged. These fees may offset the indeterminate increased costs to municipalities to administer, regulate, and enforce the year-round licenses.

BILL DESCRIPTION

This bill authorizes the issuance of additional alcoholic beverage licenses in a project area within the borders of three municipalities and at which a federally owned or operated military installation is closed and transferred to a government entity for the purpose of conversion, redevelopment, or revitalization.

The special licenses would allow the license holder to sell alcoholic beverages for consumption on the licensed premises. Specifically, the bill applies to the three municipalities located at the former Fort Monmouth property: the Boroughs of Eatontown, Oceanport, and Tinton Falls. The bill stipulates that one special license will be provided for every 100 acres of the project area and 12 special licenses will be issued for a project area over 1,000 acres.

Within three years of the bill's effective date, each of the three municipalities located within a project area may, by ordinance or resolution, issue the special licenses in the following manner:

- (1) The host municipality with the largest population is to issue two licenses;
- (2) The host municipality with the smallest population is to issue four licenses; and
- (3) The remaining host municipality is to issue six licenses.

A special license may only be issued to an entity that has completed the mandatory conceptual review process established pursuant to N.J.S.A.52:27I-34 and the accompanying regulations, currently codified at N.J.A.C.19:31C-3.20.

Following the three year period, a host municipality that has not issued a license may have up to two years to transfer the license, for a fee, to another host municipality for issuance within a premises located within a project area. The fee based on the average sales price of a plenary retail consumption license in the receiving host municipality.

The license's initial issuance fee would be based upon the average sales price of plenary retail consumption licenses in the issuing host municipalities during the five years preceding the bill's enactment. If less than three licenses have been sold in the municipality within the previous five years, the licensee would be required to obtain an appraisal, at the licensee's expense, to determine the appropriate fair market value of the license. The appraisal process would include an examination of previous transactions in the host municipality and reflect what a willing buyer would pay a willing seller for a plenary retail consumption license.

A license is to be issued without being designated for a site and would remain inactive until the property upon which the license is to be sited is transferred from the government entity to a private entity. The property is now governed by the Fort Monmouth Economic Revitalization Authority. In addition, the bill prohibits the licenses from being transferred to a premises located outside of the boundaries of the project area until the authority overseeing, administering, and implementing the plan for the project area has been dissolved. Following the dissolution of the authority, the special licenses may be transferred for use in connection with any premises located within the host municipality.

Under current law, a municipality may issue one plenary retail consumption license (for bars and restaurants) for each 3,000 of its population. This bill provides that an increase in population resulting from residential development in a formerly federally owned or operated military installation would not be included in the calculation used to issue new licenses.

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 the potential revenue collected from the sale of the total number of licenses annually, the future license fees, and sales tax on products sold. It is unknown if there will be additional revenues from penalty collections which would be offset by expenditures for increased regulation and enforcement and additional costs for the division's and municipalities' increased workload.

State Revenue Impacts: The bill will increase annual State revenue collections from the sale of up to 12 plenary retail licenses, as the Ft. Monmouth site is 1,126 acres. As of 2015, the annual renewal fee for a plenary retail consumption license was \$200. Additionally, if any licenses were sold, the State may realize revenue from the transfer fee (\$200 per transfer).

The OLS anticipates that sales by plenary retail consumption licensees may increase with additional locations to sell their products, thus increasing the amount of State sales tax collected.

State Expenditure Impacts: The bill may increase or decrease the division's workload depending on the number of plenary retail consumption licenses issued. Depending on the board's resource allocation policies, the added workload may or may not augment State administrative expenditures.

The OLS anticipates that any increased sales by plenary retail consumption licensees may impact the workload of the Division of Taxation.

Municipal Revenue Impacts: The bill would increase the municipal revenue from the initial sale for the plenary retail consumption license, from the transfer fee of the license to another host municipality, and any annual renewal fees charged. According to a recent news article, of the 12 plenary retail consumption licenses available to municipalities bordering the former Fort Monmouth property, Eatontown would be allocated six licenses, Oceanport would be allocated four licenses, and Tinton Falls would be allocated two licenses.

As noted above, the license's initial issuance fee would be based upon the average sales price of plenary retail consumption licenses in the issuing host municipalities during the five years preceding the bill's enactment. The OLS cannot determine the average price of liquor licenses for the area; however, a recent article noted a liquor license sold in a neighboring town for \$350,000 in 2017.

Pursuant to N.J.S.A.33:1-12, 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.

Municipal Expenditure Impacts: The bill may increase costs to municipalities associated with the administration, regulation, and enforcement of the new 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
Senior Fiscal Analyst*

*Approved: Frank W. Haines III
Legislative Budget and Finance Officer*

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



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Newark, N.J.

Governor Murphy Takes Action on Legislation

08/17/2018

TRENTON – Governor Phil Murphy earlier today signed the following bills into law:

AJR-125/SJR-85 (Quijano, Jimenez/Pou, Cruz-Perez) - Designates June 20th annually as “World Refugee Day” in New Jersey.

ACS for A-538/S-2257 (Mazzeo, Murphy, Mukherji/Beach) - Permits county governing body, with approval of county board of taxation, to revise real property assessment calendar.

A-1033/S-1760 (Johnson, Vainieri Huttel/Weinberg) - Makes Palisades Interstate Park Commission eligible for certain open space and historic preservation funding.

A-1627/S-1873 (Schepisi, A.M. Bucco, Auth, Danielsen, DiMaio/Sarlo, T. Kean) - Provides that PERS or PFRS member who continues to be volunteer firefighter or emergency services worker after retirement with employer from whom member retires has bona fide severance for compliance with State and federal law.

A-2041/S-1840 (Coughlin, Holley, Pintor Marin/Vitale, Gopal) - Establishes “Economic Redevelopment and Growth Grant Bond Financing Act,” authorizing issuance of bonds secured by pledge of Economic Redevelopment and Growth Grant proceeds, municipal liens, and special assessment; expands “Redevelopment Area Bond Financing Law;” extends time to complete certain projects under “Long Term Tax Exemption Law”.

ACS for A-2747, 880/S-1532 (Houghtaling, Downey, Munoz, Danielsen/Bateman) - Limits time continuing care retirement communities may retain refundable entrance fee after resident vacates facility; provides for disposition of certain personal property.

A-3704/S-2550 (DeAngelo, Space, Quijano/Cryan, Sweeney) - Clarifies training requirements of certain HVACR contractors.

A-3765/S-2456 (Houghtaling, Downey, Jones, Wimberly/Gopal, Oroho) - Permits school district superintendent to designate school employee with certain expertise as school safety specialist.

A-3888/S-2498 (Houghtaling, Downey, Egan/Gopal, Scutari) - Allows issuance of additional alcoholic beverage licenses within boundaries of formerly federally owned or operated military installations.

A-4065/S-2724 (Lopez, Mukherji/Vitale) - Authorizes State Treasurer to sell surplus real property located in Township of Woodbridge, Middlesex County.

A-4194/S-2738 (Coughlin/Weinberg, Beach) - Requires NJ Historical Commission to establish program for commemorations and observance of 250th anniversary of United States; permits commission to enter into public-private partnership agreement in preparation of anniversary; appropriates \$500,000.

S-767/A-3829 (Cunningham, Sweeney, T. Kean/Jasey) - Directs Secretary of Higher Education to establish

communication campaign to encourage students to enroll in 30 credits per year and institutions to report to secretary on strategies and incentives to accomplish this goal.

S-1265/A-3634 (Turner, Cruz-Perez, Singer/Jasey, Pinkin) - Provides that no more than 120 credits will be required for baccalaureate degree awarded by a public institution and no more than 60 credits for associate degree.

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