33:1-99 to 33:1-101 LEGISLATIVE HISTORY CHECKLIST

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LAWS OF: 2021 **CHAPTER:** 48

NJSA: 33:1-99 to 33:1-101 (Permits certain licensees to acquire alcoholic beverage license from retail food store

that is bankruptcy asset; permits sell, display, and offer for sale alcoholic beverages within physically

seperated area in retail food store.)

BILL NO: S3364 (Substituted for A5267 (ACS))

SPONSOR(S) Sweeney, Stephen M. and others

DATE INTRODUCED: 1/12/2021

COMMITTEE: ASSEMBLY: Oversight, Reform & Federal Relations

SENATE: Economic Growth

Budget & Appropriations

AMENDED DURING PASSAGE: Yes

DATE OF PASSAGE: ASSEMBLY: 3/25/2021

SENATE: 3/25/2021

DATE OF APPROVAL: 4/16/2021

FOLLOWING ARE ATTACHED IF AVAILABLE:

FINAL TEXT OF BILL

(Senate Committee Substitute (First Reprint)) enacted)
Yes

S3364

INTRODUCED BILL (INCLUDES SPONSOR'S STATEMENT): Yes

COMMITTEE STATEMENT: ASSEMBLY: Yes Oversight, Reform and Federal

Relations

SENATE: Yes Econ. Growth

Budget & Appropr...

(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: No

A5267 (ACS)

INTRODUCED BILL (INCLUDES SPONSOR'S STATEMENT): Yes

COMMITTEE STATEMENT: ASSEMBLY: Yes Oversight, Reform and Federal

Relations

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:	No		
VETO MESSAGE:	No		
GOVERNOR'S PRESS RELEASE ON SIGNING:	Yes		
FOLLOWING WERE PRINTED: To check for circulating copies, contact New Jersey State Government Publications at the State Library (609) 278-2640 ext.103 or mailto:refdesk@njstatelib.org			
REPORTS:	No		
HEARINGS:	No		
NEWSPAPER ARTICLES:	No		

RH/CL

P.L. 2021, CHAPTER 48, *approved April 16*, 2021 Senate Committee Substitute (*First Reprint*) for Senate, No. 3364

1 AN ACT concerning alcoholic beverage licenses and certain retail 2 stores ¹ and supplementing Title 33 of the Revised Statutes ¹.

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

1. a. For the purposes of this act:

"Retail food store" means any retail establishment where groceries and other foodstuffs are regularly and customarily sold in a bona fide manner for off-premises consumption and constitute at least 65 percent of the store's total annual sales in dollars.

"Groceries and other foodstuffs" means dairy products; meat and delicatessen products; produce products; seafood products; carbonated beverages; coffee and other beverages; snack foods; candy products; baked products; paper products; household cleaning items; health and beauty products; frozen foods; pet foods and supplies; and any other edible product not previously listed.

- b. The provisions of section 1 of P.L.1962, c.152 (C.33:1-12.31) shall not apply to the acquisition of any additional plenary retail distribution license or any interest therein when ¹[the] that acquired license ¹[or licenses are] was, prior to the acquisition, used in connection with a retail food store that ¹[was] became an asset in bankruptcy pursuant to Chapter 7 of the federal Bankruptcy Code, 11 U.S.C. s.701 et seq. or Chapter 11 of the federal Bankruptcy Code, 11 U.S.C. s.1101 et seq. and is transferred for use in connection with another or the same retail food store.
- c. The holder of a plenary retail distribution license acquired pursuant to this section shall be prohibited from transferring the license from the premises of the retail food store for which the license was used prior to the bankruptcy proceeding to another location, other than to another retail food store, except in connection with a relocation of the retail food store to a new location within the same municipality that issued the license.
- d. A plenary retail distribution license that was in an inactive status pursuant to section 1 of P.L.1977, c.246 (C.33:1-12.39) at the time that the license was transferred as an asset in bankruptcy shall

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:

 $^{^{\}rm 1}$ Assembly AOF committee amendments adopted March 8, 2021.

be transferred again within two years following the ¹transfer in the ¹bankruptcy proceeding to a person or entity who does not hold a beneficial interest in the license.

The provisions of this subsection shall not apply to:

- (1) a person who held a beneficial interest in ¹ [less] fewer¹ than two licenses at the time of acquiring the inactive license in the bankruptcy proceeding and is entitled to hold not more than two retail licenses pursuant to section 1 of P.L.1962, c.152 (C.33:1-12.31); or
- (2) the holder of plenary retail distribution licenses used in connection with retail food stores who acquires any additional plenary retail distribution license or an interest therein when that license was used in connection with a retail food store that was an asset in bankruptcy pursuant to Chapter 7 of the federal Bankruptcy Code, 11 U.S.C. s.701 et seq., or Chapter 11 of the federal Bankruptcy Code, 11 U.S.C. s.1101 et seq., and when the interest in the retail food store is also acquired.
- e. ¹Plenary Retail Consumption licenses, pursuant to this act, shall be licenses with "Broad C Package Privileges."
- <u>f.</u>¹ A person shall not be entitled to acquire any additional plenary retail distribution license or an interest therein pursuant to this section unless the person purchases or successfully bids in the bankruptcy sale on the assets associated with the retail food store where the license was previously sited.

2. a. The provisions of section 1 of P.L.1962, c.152 (C.33:1-12.31) shall not apply to the holder of any plenary retail distribution license or licenses who uses the holder's license or licenses, subject to rules and regulations, in connection with the operation of a retail food store and who acquires any additional alcoholic beverage retail license or licenses in connection with the acquisition of any retail

food store as an asset in bankruptcy.

The license holder shall be entitled to sell ¹, display, and offer for sale ¹ alcoholic beverages on separate contiguous licensed premises with a separate point of sale situated adjacent to the retail food store or in a separated area within the retail food store ¹consistent with the requirements of section 3 of this act, P.L. c. (C.)(pending before the Legislature as this bill) ¹, subject to rules and regulations, in connection with the operation of a retail food store selling alcoholic beverages, and shall ¹otherwise ¹ be prohibited from selling alcoholic beverages within the public retail floor area where merchandise including, but not limited to, groceries and other foodstuffs or any other mercantile products are sold at retail.

b. The provisions of section 1 of P.L.1962, c.152 (C.33:1-12.31) shall not apply to the holder of any plenary retail distribution

[1R] SCS for **S3364**

license or licenses who used the holder's license or licenses in connection with the operation of one or more retail food stores prior to ¹[January 1, 2018] the effective date of this act, P.L. c. (C.)(pending before the Legislature as this bill) ¹ and who acquires or acquired any additional plenary retail distribution license in connection with the acquisition of any retail food store as an asset in bankruptcy.

A license holder authorized to acquire an additional license or licenses in accordance with this subsection shall be exempt from the restrictions established in ¹[subsection a. of this section and shall be entitled to offer alcoholic beverages for sale at such retail food store so acquired in the same public retail store floor area as merchandise including, but not limited to, groceries and other food stuffs on the same licensed premises, except in connection with a relocation of an existing retail food store to a new location in the same licensing municipality that will employ all of the existing prevailing wage positions at the new location of the retail food store] section 3 of this act, P.L. c. (C.)(pending before the Legislature as this bill)¹. The exemption established pursuant to this subsection shall not be transferred to any other location unless the operation of such retail food store, along with the plenary retail [consumption] distribution license, is so transferred.

13. Notwithstanding any other law, rule, or regulation to the contrary, a license holder may only sell, display, or offer for sale alcoholic beverages within a retail food store if the area containing the alcoholic beverages is capable of being physically separated from customers during the hours when the sale of alcoholic beverages is restricted by applicable State law or local ordinance. The physical separation shall be by a means reasonably designed to restrict customer access to alcoholic beverages during the prohibited time periods including, but not limited to, the use of a movable gate or fence. Nothing in this section shall require any license holder who, as of the effective date of this act, P.L. c. (C.)(pending before the Legislature as this bill) does not physically separate an area containing alcoholic beverages in a retail food store from establishing the physical separation in the future. 1

¹[3.] <u>4.</u>¹ This act shall take effect immediately ¹[,] <u>and</u> ¹ be retroactive to the first day of the 85th month prior to the date of enactment ¹[, and expire 90 days] <u>. Sections 1 and 2 shall not apply on or after the 180th day</u> ¹ next following the date of enactment.

[1R] SCS for **S3364**

4

- 1 Permits certain licensees to acquire alcoholic beverage license
- 2 from retail food store that is bankruptcy asset; permits sell, display,
- 3 and offer for sale alcoholic beverages within physically separated
- 4 area in retail food store.

SENATE, No. 3364

STATE OF NEW JERSEY

219th LEGISLATURE

INTRODUCED JANUARY 12, 2021

Sponsored by: Senator STEPHEN M. SWEENEY District 3 (Cumberland, Gloucester and Salem)

SYNOPSIS

Permits certain licensees to acquire alcoholic beverage license from retail food store that is bankruptcy asset.

CURRENT VERSION OF TEXT

As introduced.



AN ACT concerning alcoholic beverage licenses, supplementing 2 Title 33 of the Revised Statutes, and amending P.L.1962, c.152.

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

1. (New section) a. For the purposes of this act:

"Retail food store" means any retail establishment where groceries and other foodstuffs are regularly and customarily sold in a bona fide manner for off premises consumption and constitute at least 65 percent of the store's total annual sales in dollars.

"Groceries and other foodstuffs" means dairy products; meat and delicatessen products; produce products; seafood products; carbonated beverages; coffee and other beverages; snack foods; candy products; baked products; paper products; household cleaning items; health and beauty products; frozen foods; pet foods and supplies; and any other edible product not previously listed.

b. The provisions of section 1 of P.L.1962, c.152 (C.33:1-12.31) shall not apply to the acquisition of an additional plenary retail distribution license or an interest therein when that license was used in connection with a retail food store that was an asset in bankruptcy pursuant to Chapter 7 of the federal Bankruptcy Code, 11 U.S.C. s.701 et seq. or Chapter 11 of the federal Bankruptcy Code, 11 U.S.C. s.1101 et seq. and is transferred for use in connection with another retail food store.

- 2. Section 1 of P.L.1962, c. 152 (C.33:1-12.31) is amended to read as follows:
- 1. <u>a.</u> On and after the effective date of [this act no] <u>P.L.1962</u>, <u>c. 152 (C.33:1-12.31) et seq.</u>, a person [,] as [the same is] defined in R.S. 33:1-1 [,] shall not, except as hereinafter provided, acquire a beneficial interest in more than a total of two alcoholic beverage retail licenses, but nothing herein shall require any such person who has, on August 3, 1962, such an interest in more than two such licenses to surrender, dispose of, or release his interest in any such
- 36 license or licenses.
- b. The provisions of subsection a. of this section shall not apply to a license acquired pursuant to section 1 of P.L.
- 39 c. (C.) (pending before the Legislature as this bill) that is
 40 used in connection with a retail food store.
- 41 (cf: P.L.1962, c.152, s. 1)

3. This act shall take effect immediately and be retroactive to the first day of the 37th month prior to the date of enactment.

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

S3364 SWEENEY

1	STATEMENT
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3	This bill allows a person to hold more than two plenary retail
4	distribution licenses when the additional license or an interest

distribution licenses when the additional license or an interest therein was used in connection with a retail food store that was an asset in bankruptcy and is transferred for use in connection with another retail food store.

A plenary retail distribution license is generally issued to retail liquor or food stores and allows the licensee to sell any alcoholic beverage for consumption off the licensed premises. Current law prohibits any person or corporate entity from holding more than two plenary retail distribution licenses to sell alcoholic beverages. This bill waives this two license limitation when an additional license is acquired from a retail food store that was an asset in a bankruptcy proceeding and the license is transferred for use in connection with another retail food store.

The bill's effective date is retroactive to three years prior to the bill's enactment.

ASSEMBLY OVERSIGHT, REFORM AND FEDERAL RELATIONS COMMITTEE

STATEMENT TO

SENATE COMMITTEE SUBSTITUTE FOR **SENATE, No. 3364**

with committee amendments

STATE OF NEW JERSEY

DATED: MARCH 8, 2021

The Assembly Oversight, Reform and Federal Relations Committee reports favorably a Senate Committee Substitute for Senate Bill No. 3364.

As reported by the committee, the Senate Committee Substitute for Senate Bill No. 3364 allows a person to hold more than two plenary retail distribution licenses when the additional license or an interest therein was used in connection with a retail food store that was an asset in bankruptcy and is transferred for use in connection with another retail food store.

A plenary retail distribution license is generally issued to retail liquor or food stores and allows the licensee to sell any alcoholic beverage for consumption off the licensed premises. Current law prohibits any person or corporate entity from holding more than two plenary retail distribution licenses. This bill waives this two license limitation when an additional license is acquired from a retail food store that was an asset in a bankruptcy proceeding and the license is transferred for use in connection with another retail food store.

The committee substitute places certain restrictions on a plenary retail distribution license used in connection with the retail food store that was acquired following the bankruptcy proceeding. Under the substitute, the holder of a plenary retail distribution license or licenses acquired from a bankruptcy proceeding would be prohibited from transferring the license or licenses from the retail food store to another premises other than another retail food store. This restriction would not apply to a retail food store that relocates to another location within the same municipality that issued the license.

Under current law, an inactive Class C license or "pocket license" is a retail license that is not being used at an open and operating licensed premises. The 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 substitute provides that a plenary retail distribution license that was held in inactive status at the time that the license was transferred as an asset in

bankruptcy is to be transferred again within two years following the bankruptcy proceeding to an unrelated third party that does not have an interest in the license. This restriction would not apply if the person acquiring the inactive license held less than two licenses at the time of the acquisition in accordance with current law. The restriction also would not apply to the holder of a plenary retail distribution license used in connection with retail food stores and who acquires any additional plenary retail distribution license, or an interest therein, when that license was used in connection with a retail food store that was an asset in bankruptcy and when the interest in the retail food store is also acquired.

The committee substitute also provides that a person would be prohibited from holding more than two licenses pursuant to the bill's provisions unless the person purchases or successfully bids in the bankruptcy sale on the assets associated with the retail food store where the license was sited.

Finally, the committee substitute requires these retail food stores to sell alcoholic beverages in a separate premises that is situated adjacent to the food store or in a separated area within the food store, and prohibits food stores from selling alcoholic beverages on the floor area where merchandise including, but not limited to, groceries or other foodstuffs or any other mercantile products are sold at retail. A license holder used in connection with a retail food store or stores prior to January 1, 2018 would be entitled to continue to offer alcoholic beverages for sale in the same public retail store floor area as other merchandise, including groceries and other foodstuffs. However, this exemption would not be transferable to any other location unless the operation of such retail food store, along with the liquor license, is so transferred.

The committee substitute would take effect immediately and be retroactive to the first day of the 85th month prior to the date of enactment. This temporary enactment will expire 90 days following the bill's effective date.

This Senate Committee Substitute for Senate Bill No. 3364, as reported by this committee, is identical to the Assembly Committee Substitute for Assembly Bill No. 5267, as substituted and also reported by the committee.

SENATE ECONOMIC GROWTH COMMITTEE

STATEMENT TO

SENATE, No. 3364

with committee amendments

STATE OF NEW JERSEY

DATED: JANUARY 14, 2021

The Senate Economic Growth Committee reports favorably and with committee amendments Senate Bill No. 3364.

As amended and reported, this bill allows a person to hold more than two plenary retail distribution licenses when the additional license or an interest therein was used in connection with a retail food store that was an asset in bankruptcy and is transferred for use in connection with another retail food store.

A plenary retail distribution license is generally issued to retail liquor or food stores and allows the licensee to sell any alcoholic beverage for consumption off the licensed premises. Current law prohibits any person or corporate entity from holding more than two plenary retail distribution licenses to sell alcoholic beverages. This bill waives this two license limitation when an additional license is acquired from a retail food store that was an asset in a bankruptcy proceeding and the license is transferred for use in connection with another retail food store.

The bill's effective date is retroactive to the first day of the 85th month prior to the bill's date of enactment.

The committee amended the bill to extend the effective date retroactive to the first day of the 85th month prior to the bill's date of enactment.

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

SENATE COMMITTEE SUBSTITUTE FOR SENATE, No. 3364

STATE OF NEW JERSEY

DATED: FEBRUARY 11, 2021

The Senate Budget and Appropriations Committee reports favorably a Senate Committee Substitute for Senate Bill No. 3364.

As reported by the committee, the Senate Committee Substitute for Senate Bill No. 3364 allows a person to hold more than two plenary retail distribution licenses when the additional license or an interest therein was used in connection with a retail food store that was an asset in bankruptcy and is transferred for use in connection with another retail food store.

A plenary retail distribution license is generally issued to retail liquor or food stores and allows the licensee to sell any alcoholic beverage for consumption off the licensed premises. Current law prohibits any person or corporate entity from holding more than two plenary retail distribution licenses. This bill waives this two license limitation when an additional license is acquired from a retail food store that was an asset in a bankruptcy proceeding and the license is transferred for use in connection with another retail food store.

The committee substitute places certain restrictions on a plenary retail distribution license used in connection with the retail food store that was acquired following the bankruptcy proceeding. Under the substitute, the holder of a plenary retail distribution license or licenses acquired from a bankruptcy proceeding would be prohibited from transferring the license or licenses from the retail food store to another premises other than another retail food store. This restriction would not apply to a retail food store that relocates to another location within the same municipality that issued the license.

Under current law, an inactive Class C license or "pocket license" is a retail license that is not being used at an open and operating licensed premises. The 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 substitute provides that a plenary retail distribution license that was held in inactive status at the time that the license was transferred as an asset in bankruptcy is to be transferred again within two years following the bankruptcy proceeding to an unrelated third party that does not have an interest in the license. This restriction would not apply if the person acquiring the inactive license held less than two licenses at the time of the acquisition

in accordance with current law. The restriction also would not apply to the holder of a plenary retail distribution license used in connection with retail food stores and who acquires any additional plenary retail distribution license, or an interest therein, when that license was used in connection with a retail food store that was an asset in bankruptcy and when the interest in the retail food store is also acquired.

The committee substitute also provides that a person would be prohibited from holding more than two licenses pursuant to the bill's provisions unless the person purchases or successfully bids in the bankruptcy sale on the assets associated with the retail food store where the license was sited.

Finally, the committee substitute requires these retail food stores to sell alcoholic beverages in a separate premises that is situated adjacent to the food store or in a separated area within the food store, and prohibits food stores from selling alcoholic beverages on the floor area where merchandise including, but not limited to, groceries or other foodstuffs or any other mercantile products are sold at retail. A license holder used in connection with a retail food store or stores prior to January 1, 2018 would be entitled to continue to offer alcoholic beverages for sale in the same public retail store floor area as other merchandise, including groceries and other foodstuffs. However, this exemption would not be transferable to any other location unless the operation of such retail food store, along with the liquor license, is so transferred.

The committee substitute would take effect immediately and be retroactive to the first day of the 85th month prior to the date of enactment. This temporary enactment will expire 90 days following the bill's effective date.

FISCAL IMPACT:

This bill not certified as requiring a fiscal note.

ASSEMBLY, No. 5267

STATE OF NEW JERSEY

219th LEGISLATURE

INTRODUCED JANUARY 25, 2021

Sponsored by:

Assemblyman JOHN J. BURZICHELLI
District 3 (Cumberland, Gloucester and Salem)

SYNOPSIS

Permits certain licensees to acquire alcoholic beverage license from retail food store that is bankruptcy asset.

CURRENT VERSION OF TEXT

As introduced.



1 **AN ACT** concerning alcoholic beverage licenses, supplementing 2 Title 33 of the Revised Statutes, and amending P.L.1962, c.152.

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

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1. (New section) a. For the purposes of this act:

"Retail food store" means any retail establishment where groceries and other foodstuffs are regularly and customarily sold in a bona fide manner for off premises consumption and constitute at least 65 percent of the store's total annual sales in dollars.

"Groceries and other foodstuffs" means dairy products; meat and delicatessen products; produce products; seafood products; carbonated beverages; coffee and other beverages; snack foods; candy products; baked products; paper products; household cleaning items; health and beauty products; frozen foods; pet foods and supplies; and any other edible product not previously listed.

b. The provisions of section 1 of P.L.1962, c.152 (C.33:1-12.31) shall not apply to the acquisition of an additional plenary retail distribution license or an interest therein when that license was used in connection with a retail food store that was an asset in bankruptcy pursuant to Chapter 7 of the federal Bankruptcy Code, 11 U.S.C. s.701 et seq. or Chapter 11 of the federal Bankruptcy Code, 11 U.S.C. s.1101 et seq. and is transferred for use in connection with another retail food store.

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- 2. Section 1 of P.L.1962, c.152 (C.33:1-12.31) is amended to read as follows:
- 1. <u>a.</u> On and after the effective date of [this act no] <u>P.L.1962</u>, <u>c. 152 (C.33:1-12.31) et seq.</u>, <u>a</u> person [,] as [the same is] defined
- in R.S. 33:1-1 [,] shall not, except as hereinafter provided, acquire a beneficial interest in more than a total of two alcoholic beverage
- 33 retail licenses, but nothing herein shall require any such person who
- 34 has, on August 3, 1962, such an interest in more than two such
- 35 licenses to surrender, dispose of, or release his interest in any such
- 36 license or licenses.
- b. The provisions of subsection a. of this section shall not apply to a license acquired pursuant to section 1 of P.L. ,
- 39 c. (C.) (pending before the Legislature as this bill) that is
 40 used in connection with a retail food store.
- 41 (cf: P.L.1962, c.152, s.1)

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3. This act shall take effect immediately and be retroactive to the first day of the 37th month prior to the date of enactment.

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

A5267 BURZICHELLI

1	STATEMENT
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This bill allows a person to hold more than two plenary retail distribution licenses when the additional license or an interest therein was used in connection with a retail food store that was an asset in bankruptcy and is transferred for use in connection with another retail food store.

A plenary retail distribution license is generally issued to retail liquor or food stores and allows the licensee to sell any alcoholic beverage for consumption off the licensed premises. Current law prohibits any person or corporate entity from holding more than two plenary retail distribution licenses to sell alcoholic beverages. This bill waives this two license limitation when an additional license is acquired from a retail food store that was an asset in a bankruptcy proceeding and the license is transferred for use in connection with another retail food store.

The bill's effective date is retroactive to three years prior to the bill's enactment.

ASSEMBLY OVERSIGHT, REFORM AND FEDERAL RELATIONS COMMITTEE

STATEMENT TO

ASSEMBLY COMMITTEE SUBSTITUTE FOR ASSEMBLY, No. 5267

STATE OF NEW JERSEY

DATED: MARCH 8, 2021

The Assembly Oversight, Reform and Federal Relations Committee reports favorably an Assembly Committee Substitute for Assembly Bill No. 5267.

As reported by the committee, the Assembly Committee Substitute for Assembly Bill No. 5267 allows a person to hold more than two plenary retail distribution licenses when the additional license or an interest therein was used in connection with a retail food store that was an asset in bankruptcy and is transferred for use in connection with another retail food store.

A plenary retail distribution license is generally issued to retail liquor or food stores and allows the licensee to sell any alcoholic beverage for consumption off the licensed premises. Current law prohibits any person or corporate entity from holding more than two plenary retail distribution licenses. This bill waives this two license limitation when an additional license is acquired from a retail food store that was an asset in a bankruptcy proceeding and the license is transferred for use in connection with another retail food store.

The committee substitute places certain restrictions on a plenary retail distribution license used in connection with the retail food store that was acquired following the bankruptcy proceeding. Under the substitute, the holder of a plenary retail distribution license or licenses acquired from a bankruptcy proceeding would be prohibited from transferring the license or licenses from the retail food store to another premises other than another retail food store. This restriction would not apply to a retail food store that relocates to another location within the same municipality that issued the license.

Under current law, an inactive Class C license or "pocket license" is a retail license that is not being used at an open and operating licensed premises. The 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 substitute provides that a plenary retail distribution license that was held in inactive status at the time that the license was transferred as an asset in bankruptcy is to be transferred again within two years following the bankruptcy proceeding to an unrelated third party that does not have

an interest in the license. This restriction would not apply if the person acquiring the inactive license held less than two licenses at the time of the acquisition in accordance with current law. The restriction also would not apply to the holder of a plenary retail distribution license used in connection with retail food stores and who acquires any additional plenary retail distribution license, or an interest therein, when that license was used in connection with a retail food store that was an asset in bankruptcy and when the interest in the retail food store is also acquired.

The committee substitute also provides that a person would be prohibited from holding more than two licenses pursuant to the bill's provisions unless the person purchases or successfully bids in the bankruptcy sale on the assets associated with the retail food store where the license was sited.

Finally, the committee substitute requires these retail food stores to sell alcoholic beverages in a separate premises that is situated adjacent to the food store or in a separated area within the food store, and prohibits food stores from selling alcoholic beverages on the floor area where merchandise including, but not limited to, groceries or other foodstuffs or any other mercantile products are sold at retail. A license holder used in connection with a retail food store or stores prior to January 1, 2018 would be entitled to continue to offer alcoholic beverages for sale in the same public retail store floor area as other merchandise, including groceries and other foodstuffs. However, this exemption would not be transferable to any other location unless the operation of such retail food store, along with the liquor license, is so transferred.

The committee substitute would take effect immediately and be retroactive to the first day of the 85th month prior to the date of enactment. This temporary enactment will expire 90 days following the bill's effective date.

This Assembly Committee Substitute for Assembly Bill No. 5267, as reported by this committee, is identical to the Senate Committee Substitute for Senate Bill No. 3364, also reported by the committee.

Governor Murphy Takes Action on Legislation

04/16/2021

TRENTON - Today, Governor Phil Murphy signed the following bill into law:

S-3364/A-5267 (Sweeney/Burzichelli, Mukherji) – Permits certain licensees to acquire alcoholic beverage license from retail food store that is bankruptcy asset; permits sell, display, and offer for sale alcoholic beverages within physically separated area in retail food store.