

33:1-12.50 & 33:1-12.51
LEGISLATIVE HISTORY CHECKLIST
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LAWS OF: 2013 **CHAPTER:** 63

NJSA: 33:1-12.50 & 33:1-12.51 (Allows for the issuance of special licenses to sell alcoholic beverages in qualifying development projects)

BILL NO: S1904 (Substituted for A3131)

SPONSOR(S) Sarlo and others

DATE INTRODUCED: May 14, 2012

COMMITTEE: **ASSEMBLY:** Law and Public Safety
Budget

SENATE: Law and Public Safety
Budget and Appropriations

AMENDED DURING PASSAGE: Yes

DATE OF PASSAGE: **ASSEMBLY:** April 29, 2013

SENATE: October 4, 2012

DATE OF APPROVAL: June 13, 2013

FOLLOWING ARE ATTACHED IF AVAILABLE:

FINAL TEXT OF BILL (Second reprint enacted)

S1904

| | | | |
|-----------------------------|-------------------------------------|------------------|--|
| SPONSOR'S STATEMENT: | (Begins on page 3 of original bill) | Yes | |
| COMMITTEE STATEMENT: | | ASSEMBLY: | Yes |
| | | SENATE: | Yes Law and Public Budget and Approp. |

(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 NOTE: | Yes | 9-27-12 2-12-13 |

A3131

| | | | |
|-----------------------------|-------------------------------------|------------------|-----|
| SPONSOR'S STATEMENT: | (Begins on page 3 of original bill) | Yes | |
| COMMITTEE STATEMENT: | | ASSEMBLY: | Yes |
| | | SENATE: | No |

(continued)

FLOOR AMENDMENT STATEMENT: No

LEGISLATIVE FISCAL NOTE: Yes

VETO MESSAGE: No

GOVERNOR'S PRESS RELEASE ON SIGNING: No

FOLLOWING WERE PRINTED:

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REPORTS: No

HEARINGS: No

NEWSPAPER ARTICLES: No

LAW/KR

P.L.2013, CHAPTER 63, *approved June 13, 2013*
Senate, No. 1904 (*Second Reprint*)

1 AN ACT concerning the sale of alcoholic beverages in qualifying
2 development projects 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. The Director of the Division of Alcoholic Beverage
9 Control may issue special retail consumption licenses to one or
10 more individual corporations or other types of legal entities
11 operating a hotel, restaurant or bar on any premises located in a
12 qualifying development project, as defined in subsection g. of this
13 section. The number of such special retail consumption licenses
14 that may be issued in a specific qualifying development project
15 shall be calculated by dividing the total square footage of
16 improvements within the qualifying development project by 50,000,
17 not to exceed ²~~five~~ three² ¹~~permits~~ licenses. The director, as
18 the issuing authority, is authorized to issue, transfer, and renew
19 such special retail consumption licenses¹. Except as otherwise
20 provided by this act, each special retail consumption license shall
21 be governed by the provisions of R.S.33:1-12 with respect to
22 plenary retail consumption licenses.

23 b. The director may issue a special retail distribution license to
24 one or more individual corporations or other types of legal entities
25 operating a retail business on any premises located in a qualifying
26 development project, as defined in subsection g. of this section.
27 The number of such special retail ¹~~consumption~~ distribution¹
28 licenses that may be issued in a given qualifying development
29 project shall be calculated by dividing the total square footage of
30 improvements within the qualifying development project by
31 100,000, not to exceed ²~~three~~ two² ¹~~permits~~ licenses. The
32 director, as the issuing authority, is authorized to issue, transfer, and
33 renew such special retail distribution licenses¹. Except as otherwise
34 provided by this act, each special retail distribution license shall be
35 governed by the provisions of R.S.33:1-12 with respect to plenary
36 retail distribution licenses.

37 c. The special retail consumption or special retail distribution
38 licenses shall be subject to all the provisions of Title 33 of the

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

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

¹Senate SLP committee amendments adopted June 14, 2012.

²Senate SBA committee amendments adopted October 1, 2012.

1 Revised Statutes, rules and regulations promulgated by the director
2 and municipal ordinances.

3 d. A person who would fail to qualify as a licensee under Title
4 33 of the Revised Statutes shall not be permitted to operate a
5 licensed premises holding a special license under this act.

6 e. Application for each special license shall be made to the
7 director. ¹~~【The initial fee for a special license shall be based】~~
8 Every applicant, at the expense of the applicant, shall retain an
9 economist or similar expert, approved by the director, to determine
10 the appropriate initial issuance fee for the special license. The
11 economist or expert shall base this determination¹ upon the average
12 sales price for plenary retail consumption licenses or distribution
13 licenses, depending on the license sought, recently sold ²~~【in】~~
14 within² the county ²and within five miles of the premises in the
15 qualifying development project² where the license is being issued,
16 reduced by the fair market value of the limitation on transferability,
17 as set forth in subsection f. ¹~~【to】 of¹~~ this section. ¹One-half of the
18 initial issuance fee shall be allocated to the director and one-half
19 shall be allocated to the municipality in which the licensed premises
20 is located. The annual renewal fee shall be \$2,500.¹

21 f. No license issued pursuant to this section shall be transferred
22 to any premises other than a premises located within the same
23 qualifying development project.

24 g. As used in this act, a “qualifying development project”
25 means a real estate development project that:

26 (1) is located in a municipality which has a population of fewer
27 than 1,000 residents; and

28 (2) is in an area subject to a redevelopment plan adopted by the
29 New Jersey Meadowlands Commission pursuant to section 20 of
30 P.L.1968, c.404 (C.13:17-21).

31
32 2. The Director of the Division of Alcoholic Beverage Control
33 may, pursuant to the “Administrative Procedure Act,” P.L.1968,
34 c.410 (C.52:14B-1 et seq.), adopt rules and regulations necessary to
35 effectuate the purposes of this act.

36
37 3. This act shall take effect on the first day of the third month
38 after enactment; provided however, the Director of the Division of
39 Alcoholic Beverage Control, prior to the effective date, may take
40 such anticipatory action as needed for the act’s timely
41 implementation.

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45 _____
46 Allows for the issuance of special licenses to sell alcoholic
beverages in qualifying development projects.

SENATE, No. 1904

STATE OF NEW JERSEY
215th LEGISLATURE

INTRODUCED MAY 14, 2012

Sponsored by:
Senator PAUL A. SARLO
District 36 (Bergen and Passaic)

SYNOPSIS

Allows for the issuance of special licenses to sell alcoholic beverages in qualifying development projects.

CURRENT VERSION OF TEXT

As introduced.



S1904 SARLO

2

1 AN ACT concerning the sale of alcoholic beverages in qualifying
2 development projects 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. The Director of the Division of Alcoholic Beverage
9 Control may issue special retail consumption licenses to one or
10 more individual corporations or other types of legal entities
11 operating a hotel, restaurant or bar on any premises located in a
12 qualifying development project, as defined in subsection g. of this
13 section. The number of such special retail consumption licenses
14 that may be issued in a specific qualifying development project
15 shall be calculated by dividing the total square footage of
16 improvements within the qualifying development project by 50,000,
17 not to exceed five permits. Except as otherwise provided by this
18 act, each special retail consumption license shall be governed by the
19 provisions of R.S.33:1-12 with respect to plenary retail
20 consumption licenses.

21 b. The director may issue a special retail distribution license to
22 one or more individual corporations or other types of legal entities
23 operating a retail business on any premises located in a qualifying
24 development project, as defined in subsection g. of this section.
25 The number of such special retail consumption licenses that may be
26 issued in a given qualifying development project shall be calculated
27 by dividing the total square footage of improvements within the
28 qualifying development project by 100,000, not to exceed three
29 permits. Except as otherwise provided by this act, each special
30 retail distribution license shall be governed by the provisions of
31 R.S.33:1-12 with respect to plenary retail distribution licenses.

32 c. The special retail consumption or special retail distribution
33 licenses shall be subject to all the provisions of Title 33 of the
34 Revised Statutes, rules and regulations promulgated by the director
35 and municipal ordinances.

36 d. A person who would fail to qualify as a licensee under Title
37 33 of the Revised Statutes shall not be permitted to operate a
38 licensed premises holding a special license under this act.

39 e. Application for each special license shall be made to the
40 director. The initial fee for a special license shall be based upon the
41 average sales price for plenary retail consumption licenses or
42 distribution licenses, depending on the license sought, recently sold
43 in the county where the license is being issued, reduced by the fair
44 market value of the limitation on transferability, as set forth in
45 subsection f. to this section.

46 f. No license issued pursuant to this section shall be transferred
47 to any premises other than a premises located within the same
48 qualifying development project.

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1 g. As used in this act, a “qualifying development project”
2 means a real estate development project that:

3 (1) is located in a municipality which has a population of fewer
4 than 1,000 residents; and

5 (2) is in an area subject to a redevelopment plan adopted by the
6 New Jersey Meadowlands Commission pursuant to section 20 of
7 P.L.1968, c.404 (C.13:17-21).

8
9 2. The Director of the Division of Alcoholic Beverage Control
10 may, pursuant to the “Administrative Procedure Act,” P.L.1968,
11 c.410 (C.52:14B-1 et seq.), adopt rules and regulations necessary to
12 effectuate the purposes of this act.

13
14 3. This act shall take effect on the first day of the third month
15 after enactment; provided however, the Director of the Division of
16 Alcoholic Beverage Control, prior to the effective date, may take
17 such anticipatory action as needed for the act’s timely
18 implementation.

19

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STATEMENT

22

23 This bill establishes a procedure for the Director of the Division
24 of Alcoholic Beverage Control (ABC) to issue special licenses
25 authorizing a corporation, or other legal entity operating a hotel,
26 restaurant or bar in a qualifying development project to sell
27 alcoholic beverages for on-premise consumption. In addition, the
28 bill authorizes the issuance of a special license that allows a retail
29 business in a qualifying development project to sell alcoholic
30 beverages for off-premise consumption. Currently, a municipality
31 is limited to issuing one plenary retail consumption license for each
32 3,000 of its population and one plenary retail distribution license for
33 each 7,500 of its population. This limitation has resulted in a
34 shortage of licenses in some small municipalities.

35 Under this bill, one special retail consumption license may be
36 issued in a given qualifying development project for every 50,000
37 square feet of improvements, not to exceed five permits.
38 Additionally, one special retail distribution license may be issued in
39 a given qualifying development project for every 100,000 square
40 feet of improvements, not to exceed three permits. Special permits
41 may not be transferred to any premises other than a premises
42 located in the same qualifying development project.

43 A qualifying development project is a real estate development
44 project located in a municipality having fewer than 1,000 residents
45 and in a redevelopment area established by the New Jersey
46 Meadowlands Commission.

47 The initial fee paid for a special license is divided equally
48 between the Division of Alcoholic Beverage Control and the

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1 municipality and will be based on the average sales price for
2 plenary retail consumption licenses or distribution licenses,
3 depending on the type of license sought, recently sold in the county
4 where the license is being issued, less the value of any limitation
5 imposed by non-transferability.

SENATE LAW AND PUBLIC SAFETY COMMITTEE

STATEMENT TO

SENATE, No. 1904

with committee amendments

STATE OF NEW JERSEY

DATED: JUNE 14, 2012

The Senate Law and Public Safety Committee reports favorably and with committee amendments Senate Bill No. 1904.

As amended and reported by the committee, this bill establishes a procedure for the Director of the Division of Alcoholic Beverage Control (ABC) to issue special licenses authorizing a corporation or other legal entity operating a hotel, restaurant or bar in a qualifying development project to sell alcoholic beverages for on-premise consumption. In addition, the bill authorizes the issuance of a special license that allows a retail business in a qualifying development project to sell alcoholic beverages for off-premise consumption. The bill defines a “qualifying development project” as a real estate development project located in a municipality having fewer than 1,000 residents and in a redevelopment area established by the New Jersey Meadowlands Commission.

Under the provisions of the bill, one special retail consumption license may be issued in a given qualifying development project for every 50,000 square feet of improvements, not to exceed five permits. Additionally, one special retail distribution license may be issued in a given qualifying development project for every 100,000 square feet of improvements, not to exceed three permits. Special permits may not be transferred to any premises other than a premises located in the same qualifying development project. The committee amended the bill to provide that the director, as the issuing authority, is authorized to issue, transfer, and renew the special licenses created by the bill.

The amended bill requires applicants for a special license to retain an economist or similar expert approved by the director to determine the appropriate initial issuance fee for the special license. This determination is to be based on the average sales price for plenary retail consumption licenses or distribution licenses, depending on the type of license sought, recently sold in the county where the license is being issued, less the value of any limitation imposed by non-transferability. The initial fee paid for a special license is to be divided equally between the Division of Alcoholic Beverage Control and the municipality.

Currently, a municipality is limited to issuing one plenary retail consumption license for each 3,000 of its population and one plenary retail distribution license for each 7,500 of its population. According to the sponsor, this limitation has resulted in a shortage of licenses in some small municipalities.

The committee amendments:

- Require the director of ABC to issue, transfer, and renew the special licenses;
- Require the applicant to retain an economist or other expert approved by the director to determine the appropriate initial issuance fee for a special license;
- Provide that the fee is to be equally divided between the director and the municipality;
- Provide that the annual renewal fee is to be \$2,500;
- Make technical corrections.

FISCAL NOTE
[First Reprint]
SENATE, No. 1904
STATE OF NEW JERSEY
215th LEGISLATURE

DATED: SEPTEMBER 27, 2012

SUMMARY

Synopsis: Allows for the issuance of special licenses to sell alcoholic beverages in qualifying development projects.

Type of Impact: Revenue increase from one time issuance fee and an annual renewal fee.

Agencies Affected: Department of Law and Public Safety, Division of Alcoholic Beverage Control

Executive Estimate

| Fiscal Impact | <u>Years 1-3</u> |
|----------------------|------------------------------------|
| Revenue | |
| State | Indeterminate - See comments below |
| Local | Indeterminate - See comments below |

- The Office of Legislative Services (OLS) **concurs** with the Executive's estimate of this bill that revenue will increase from a one time special license issuance fee and an annual renewal fee of \$2,500. Further, the OLS concurs with the Executive that the estimated revenue is indeterminate as it is based on the market value and location of the licenses to be issued.
- Establishes a procedure for the Director of the Division of Alcoholic Beverage Control (ABC) to issue up to five special licenses authorizing certain entities in qualifying development projects to sell alcoholic beverages for on-premise consumption.
- Authorizes the issuance of up to three special retail distribution licenses that will allow retail businesses in qualifying development project to sell alcoholic beverages for off-premise consumption.
- Requires the applicant to retain an economist or other expert approved by the Director of the Division of ABC to determine the appropriate initial issuance fee for a special license. The

initial issuance fee is to be split between ABC and the municipality where the licensed premise is located.

- Provides a set annual renewal fee at a cost of \$2,500 per license, for a maximum of eight licenses.
- Authorizes the director to impose penalties on operators who commit serious violations or a series of violations which could result in a revocation or suspension of the license.

BILL DESCRIPTION

Senate Bill No. 1904 (1R) of 2012 establishes a procedure for the Director of the Division of ABC to issue special licenses authorizing a corporation or other legal entity operating a hotel, restaurant or bar in a qualifying development project to sell alcoholic beverages for on-premise consumption.

The bill authorizes the issuance of a special retail distribution license that allows a retail business in a qualifying development project to sell alcoholic beverages for off-premise consumption. The bill defines a “qualifying development project” as a real estate development project located in a municipality having fewer than 1,000 residents and in a redevelopment area established by the New Jersey Meadowlands Commission.

Under the provisions of the bill, one special retail consumption license may be issued in a given qualifying development project for every 50,000 square feet of improvements, not to exceed five permits. Additionally, one special retail distribution license may be issued in a given qualifying development project for every 100,000 square feet of improvements, not to exceed three permits. Special permits may not be transferred to any premises other than a premises located in the same qualifying development project. The committee amended the bill to provide that the director, as the issuing authority, is authorized to issue, transfer, and renew the special licenses created by the bill.

The bill requires applicants for a special license to retain an economist or similar expert approved by the director to determine the appropriate initial issuance fee for the special license. This determination is to be based on the average sales price for plenary retail consumption licenses or distribution licenses, depending on the type of license sought, recently sold in the county where the license is being issued, less the value of any limitation imposed by non-transferability.

The initial fee paid for a special license is to be divided equally between the Division of ABC and the municipality.

Currently, a municipality is limited to issuing one plenary retail consumption license for each 3,000 of its population and one plenary retail distribution license for each 7,500 of its population.

FISCAL ANALYSIS

EXECUTIVE BRANCH

The Executive notes there will be an increase in ABC revenue, but it is unclear how much because the initial cost of the special license is not stipulated in the bill and ABC is unable to provide an estimate of how many special licenses may be issued.

The OMB concurs that half of the fee is retained by the ABC and the other half remitted to the municipalities; however, OMB notes that the bill requires applicants for a special license to retain an economist or similar expert to determine the appropriate initial issuance fee for the license. The issuance fee is to be based on the average sales price for plenary retail consumption and distribution licenses recently sold in the county where the license is being issued, less the value of any limitation imposed by non-transferability.

OFFICE OF LEGISLATIVE SERVICES

The OLS concurs with the Executive's estimate of this bill that both State and municipal revenues will increase from one time special license issuance fee, and annual renewal fees for each special license of \$2,500. Further, OLS concurs with the Executive that the estimated revenue is undetermined as it is based on the market value and location of the license to be issued.

Although the initial fee is indeterminate, OLS estimates that all eight licenses permitted under the provisions of the bill will be purchased, providing ABC with an additional \$20,000 in annual revenue from license renewals once all licenses have been issued.

Section: Law and Public Safety
Analyst: Kristin Brunner Santos
Senior Fiscal Analyst
Approved: David J. Rosen
Legislative Budget and Finance Officer

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

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

[First Reprint]

SENATE, No. 1904

with committee amendments

STATE OF NEW JERSEY

DATED: OCTOBER 1, 2012

The Senate Budget and Appropriations Committee reports favorably Senate Bill No. 1904 (1R), with committee amendments.

As amended, this bill establishes a procedure for the Director of the Division of Alcoholic Beverage Control (ABC) to issue a limited number of special licenses authorizing a corporation or other legal entity operating a hotel, restaurant or bar in a qualifying development project to sell alcoholic beverages for on-premise consumption. In addition, the bill authorizes the issuance of a special license that allows a retail business in a qualifying development project to sell alcoholic beverages for off-premise consumption. The bill defines a “qualifying development project” as a real estate development project located in a municipality having fewer than 1,000 residents and in a redevelopment area established by the New Jersey Meadowlands Commission.

Under the provisions of the bill, one special retail consumption license may be issued in a given qualifying development project for every 50,000 square feet of improvements, not to exceed three licenses. Additionally, one special retail distribution license may be issued in a given qualifying development project for every 100,000 square feet of improvements, not to exceed two licenses. Special licenses may not be transferred to any premises other than a premises located in the same qualifying development project. The bill provides that the director, as the issuing authority, is authorized to issue, transfer, and renew the special licenses created by the bill.

The bill requires applicants for a special license to retain an economist or similar expert approved by the director to determine the appropriate initial issuance fee for the special license. This determination is to be based on the average sales price for plenary retail consumption licenses or distribution licenses, depending on the type of license sought, recently sold within the county and within five miles of the premises in the qualified development project in which the license is being issued, less the fair market value of the limitation imposed by transferability. The initial issuance fee paid for a special license is to be divided equally between the Division of Alcoholic

Beverage Control and the municipality. The annual renewal fee for a special license is to be \$2,500.

Currently, a municipality is limited to issuing one plenary retail consumption license for each 3,000 of its population and one plenary retail distribution license for each 7,500 of its population. According to the sponsor, this limitation has resulted in a shortage of licenses in some small municipalities.

COMMITTEE AMENDMENTS:

The committee amendments reduce the maximum number of special retail consumption licenses that may be issued in a given qualifying development project for every 50,000 square feet of improvements, from five to three licenses, and reduce the maximum number of special retail distribution licenses that may be issued in a given qualifying development project for every 100,000 square feet of improvements, from three to two licenses.

The amendments also specify that the determination of the average sale price of each special license must include, depending on the type of license sought, licenses recently sold within five miles of the premises in the qualified development project, in addition to the other specifications in the bill.

FISCAL IMPACT:

The Office of Legislative Services (OLS) concurs with the Executive's estimate for this bill that the Division of Alcoholic Beverage Control's revenue would increase from half of a one time special license issuance fee (the other half will be provided to the municipality) and an annual renewal fee of \$2,500. Further, OLS concurs with the Executive that the estimated revenue is indeterminate as it is based on the market value and location of the license to be issued.

ASSEMBLY BUDGET COMMITTEE

STATEMENT TO

[Second Reprint]
SENATE, No. 1904

STATE OF NEW JERSEY

DATED: FEBRUARY 7, 2013

The Assembly Budget Committee reports favorably Senate Bill No. 1904 (2R).

This bill establishes a procedure for the Director of the Division of Alcoholic Beverage Control to issue a limited number of special licenses authorizing a corporation or other legal entity operating a hotel, restaurant or bar in a qualifying development project to sell alcoholic beverages for on-premise consumption. In addition, the bill authorizes the issuance of a special license that allows a retail business in a qualifying development project to sell alcoholic beverages for off-premise consumption. The bill defines a “qualifying development project” as a real estate development project located in a municipality having fewer than 1,000 residents and in a redevelopment area established by the New Jersey Meadowlands Commission.

Under the provisions of the bill, one special retail consumption license may be issued in a given qualifying development project for every 50,000 square feet of improvements, not to exceed three licenses. Additionally, one special retail distribution license may be issued in a given qualifying development project for every 100,000 square feet of improvements, not to exceed two licenses. Special licenses may not be transferred to any premises other than a premises located in the same qualifying development project. The bill provides that the director, as the issuing authority, is authorized to issue, transfer, and renew the special licenses created by the bill.

The bill requires applicants for a special license to retain an economist or similar expert approved by the director to determine the appropriate initial issuance fee for the special license. This determination is to be based on the average sales price for plenary retail consumption licenses or distribution licenses, depending on the type of license sought, recently sold within the county and within five miles of the premises in the qualified development project in which the license is being issued, less the fair market value of the limitation imposed on transferability. The initial issuance fee paid for a special license is to be divided equally between the Division of Alcoholic Beverage Control and the municipality. The annual renewal fee for a special license is to be \$2,500.

Currently, a municipality is limited to issuing one plenary retail consumption license for each 3,000 of its population and one plenary retail distribution license for each 7,500 of its population. According to the sponsor, this limitation has resulted in a shortage of licenses in some small municipalities.

As reported, this bill is identical to Assembly Bill No. 3131, as also amended and reported by the committee.

FISCAL IMPACT:

The Office of Legislative Services (OLS) concurs with the Executive's estimate for this bill that the Division of Alcoholic Beverage Control's revenue would increase from half of a one time special license issuance fee (the other half will be provided to the municipality) and an annual renewal fee of \$2,500. Further, OLS concurs with the Executive that the estimated revenue is indeterminate as it is based on the market value and location of the license to be issued.

FISCAL NOTE
 [Second Reprint]
SENATE, No. 1904
STATE OF NEW JERSEY
215th LEGISLATURE

DATED: FEBRUARY 12, 2013

SUMMARY

Synopsis: Allows for the issuance of special licenses to sell alcoholic beverages in qualifying development projects.

Type of Impact: Revenue increase from one time issuance fee and an annual renewal fee.

Agencies Affected: Department of Law and Public Safety, Division of Alcoholic Beverage Control

Executive Estimate

| Fiscal Impact | <u>Year 1</u> | <u>Year 2</u> | <u>Year 3</u> |
|-------------------|---------------------------|--------------------|--------------------|
| State Cost | None – See comments below | | |
| Revenue | | Annual Renewal | Annual Renewal |
| | Half of Initial | Fee of \$2,500 per | Fee of \$2,500 per |
| State | Issuance Fee | license | license |
| | Half of Initial | | |
| Local | Issuance Fee | None | None |

- The Office of Legislative Services (OLS) **concurs** with the Executive's estimate of the proposed bill in that revenue will increase from a one time special license issuance fee and an annual renewal fee of \$2,500. Further, OLS concurs with the Executive that the estimated revenue is indeterminate as it is based on the market value and location of the licenses to be issued.
- Establishes a procedure for the Director of the Division of Alcoholic Beverage Control (ABC) to issue three special licenses authorizing certain entities in qualifying development projects to sell alcoholic beverages for on-premise consumption.

- Authorizes the issuance of two special retail distribution licenses that will allow retail businesses in qualifying development projects to sell alcoholic beverages for off-premise consumption.
- Requires the applicant to retain an economist or other expert approved by the Director of the Division of ABC to determine the appropriate initial issuance fee for a special license. This determination is to be made based on the sales price of licenses within the county and within five miles of the proposed establishment. The initial issuance fee is to be split between ABC and the municipality where the licensed premise is located.
- Establishes an annual renewal fee at a cost of \$2,500 per license, for a maximum of five licenses.
- Authorizes the director to impose penalties on operators who commit serious violations or a series of violations which could result in a revocation or suspension of the license.

BILL DESCRIPTION

Senate Bill No. 1904 (2R) of 2012 establishes a procedure for the Director of the Division of ABC to issue special licenses authorizing a corporation or other legal entity operating a hotel, restaurant or bar in a qualifying development project to sell alcoholic beverages for on-premise consumption.

The bill authorizes the issuance of a special retail distribution license that allows a retail business in a qualifying development project to sell alcoholic beverages for off-premise consumption. The bill defines a “qualifying development project” as a real estate development project located in a municipality having fewer than 1,000 residents and in a redevelopment area established by the New Jersey Meadowlands Commission.

Under the provisions of the bill, one special retail consumption license may be issued in a given qualifying development project for every 50,000 square feet of improvements, not to exceed three permits. Additionally, one special retail distribution license may be issued in a given qualifying development project for every 100,000 square feet of improvements, not to exceed two permits. Special permits may not be transferred to any premises other than a premises located in the same qualifying development project. The director, as the issuing authority, is authorized to issue, transfer, and renew the special licenses created by the bill.

The bill requires applicants for a special license to retain an economist or similar expert approved by the director to determine the appropriate initial issuance fee for the special license. This determination is to be based on the average sales price for plenary retail consumption licenses or distribution licenses, depending on the type of license sought, recently sold within the county and within five miles of where the license is being issued, less the value of any limitation imposed by non-transferability.

The initial fee paid for a special license is to be divided equally between the Division of Alcoholic Beverage Control and the municipality.

Currently, a municipality is limited to issuing one plenary retail consumption license for each 3,000 of its population and one plenary retail distribution license for each 7,500 of its population.

FISCAL ANALYSIS

EXECUTIVE BRANCH

Alcoholic Beverage Control

The Department of Law and Public Safety noted that the proposed bill would not have any fiscal impact on ABC or State resources.

Office of Management and Budget

The Office of Management and Budget (OMB) noted there will be an increase in ABC revenue, but it was unclear how much because the initial cost of the special license is not stipulated in the bill and ABC was unable to provide an estimate of how many special licenses may be issued.

The OMB concurs that half of the fee is retained by the ABC and the other half remitted to the municipalities; however, OMB notes that the bill requires applicants for a special license to retain an economist or similar expert to determine the appropriate initial issuance fee for the license. The issuance fee is to be based on the average sales price for plenary retail consumption and distribution licenses recently sold in the county where the license is being issued, less the value of any limitation imposed by non-transferability.

OFFICE OF LEGISLATIVE SERVICES

The OLS concurs with the Executive's estimate of the proposed bill in that revenue will increase from a one time special license issuance fee and an annual renewal fee for each special license of \$2,500. Further, OLS concurs with the Executive that the estimated revenue is undetermined as it is based on the market value and location of the license to be issued.

Although the initial fee is indeterminate, OLS estimates that if all five licenses permitted under the provisions of the bill are purchased, this would provide ABC with an additional \$12,500 in annual revenue once all licenses have been issued.

Section: Law and Public Safety
Analyst: Kristin Brunner Santos
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This fiscal note has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).

ASSEMBLY, No. 3131

STATE OF NEW JERSEY 215th LEGISLATURE

INTRODUCED JUNE 21, 2012

Sponsored by:

Assemblyman VINCENT PRIETO

District 32 (Bergen and Hudson)

Assemblywoman CONNIE WAGNER

District 38 (Bergen and Passaic)

SYNOPSIS

Allows for the issuance of special licenses to sell alcoholic beverages in qualifying development projects.

CURRENT VERSION OF TEXT

As introduced.



1 AN ACT concerning the sale of alcoholic beverages in qualifying
2 development projects 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. The Director of the Division of Alcoholic Beverage
9 Control may issue special retail consumption licenses to one or
10 more individual corporations or other types of legal entities
11 operating a hotel, restaurant or bar on any premises located in a
12 qualifying development project, as defined in subsection g. of this
13 section. The number of such special retail consumption licenses
14 that may be issued in a specific qualifying development project
15 shall be calculated by dividing the total square footage of
16 improvements within the qualifying development project by 50,000,
17 not to exceed five permits. Except as otherwise provided by this
18 act, each special retail consumption license shall be governed by the
19 provisions of R.S.33:1-12 with respect to plenary retail
20 consumption licenses.

21 b. The director may issue a special retail distribution license to
22 one or more individual corporations or other types of legal entities
23 operating a retail business on any premises located in a qualifying
24 development project, as defined in subsection g. of this section.
25 The number of such special retail consumption licenses that may be
26 issued in a given qualifying development project shall be calculated
27 by dividing the total square footage of improvements within the
28 qualifying development project by 100,000, not to exceed three
29 permits. Except as otherwise provided by this act, each special
30 retail distribution license shall be governed by the provisions of
31 R.S.33:1-12 with respect to plenary retail distribution licenses.

32 c. The special retail consumption or special retail distribution
33 licenses shall be subject to all the provisions of Title 33 of the
34 Revised Statutes, rules and regulations promulgated by the director
35 and municipal ordinances.

36 d. A person who would fail to qualify as a licensee under Title
37 33 of the Revised Statutes shall not be permitted to operate a
38 licensed premises holding a special license under this act.

39 e. Application for each special license shall be made to the
40 director. The initial fee for a special license shall be based upon the
41 average sales price for plenary retail consumption licenses or
42 distribution licenses, depending on the license sought, recently sold
43 in the county where the license is being issued, reduced by the fair
44 market value of the limitation on transferability, as set forth in
45 subsection f. to this section.

46 f. No license issued pursuant to this section shall be transferred
47 to any premises other than a premises located within the same
48 qualifying development project.

1 g. As used in this act, a “qualifying development project”
2 means a real estate development project that:

3 (1) is located in a municipality which has a population of fewer
4 than 1,000 residents; and

5 (2) is in an area subject to a redevelopment plan adopted by the
6 New Jersey Meadowlands Commission pursuant to section 20 of
7 P.L.1968, c.404 (C.13:17-21).

8
9 2. The Director of the Division of Alcoholic Beverage Control
10 may, pursuant to the “Administrative Procedure Act,” P.L.1968,
11 c.410 (C.52:14B-1 et seq.), adopt rules and regulations necessary to
12 effectuate the purposes of this act.

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14 3. This act shall take effect on the first day of the third month
15 after enactment; provided however, the Director of the Division of
16 Alcoholic Beverage Control, prior to the effective date, may take
17 such anticipatory action as needed for the act’s timely
18 implementation.

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21 STATEMENT

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23 This bill establishes a procedure for the Director of the Division
24 of Alcoholic Beverage Control (ABC) to issue special licenses
25 authorizing a corporation, or other legal entity operating a hotel,
26 restaurant or bar in a qualifying development project to sell
27 alcoholic beverages for on-premise consumption. In addition, the
28 bill authorizes the issuance of a special license that allows a retail
29 business in a qualifying development project to sell alcoholic
30 beverages for off-premise consumption. Currently, a municipality
31 is limited to issuing one plenary retail consumption license for each
32 3,000 of its population and one plenary retail distribution license for
33 each 7,500 of its population. This limitation has resulted in a
34 shortage of licenses in some small municipalities.

35 Under this bill, one special retail consumption license may be
36 issued in a given qualifying development project for every 50,000
37 square feet of improvements, not to exceed five permits.
38 Additionally, one special retail distribution license may be issued in
39 a given qualifying development project for every 100,000 square
40 feet of improvements, not to exceed three permits. Special permits
41 may not be transferred to any premises other than a premises
42 located in the same qualifying development project.

43 A qualifying development project is a real estate development
44 project located in a municipality having fewer than 1,000 residents
45 and in a redevelopment area established by the New Jersey
46 Meadowlands Commission.

47 The initial fee paid for a special license is divided equally
48 between the Division of Alcoholic Beverage Control and the

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1 municipality and will be based on the average sales price for
2 plenary retail consumption licenses or distribution licenses,
3 depending on the type of license sought, recently sold in the county
4 where the license is being issued, less the value of any limitation
5 imposed by non-transferability.

ASSEMBLY BUDGET COMMITTEE

STATEMENT TO

ASSEMBLY, No. 3131

with committee amendments

STATE OF NEW JERSEY

DATED: FEBRUARY 7, 2013

The Assembly Budget Committee reports favorably Assembly Bill No. 3131, with committee amendments.

As amended, this bill establishes a procedure for the Director of the Division of Alcoholic Beverage Control to issue a limited number of special licenses authorizing a corporation or other legal entity operating a hotel, restaurant or bar in a qualifying development project to sell alcoholic beverages for on-premise consumption. In addition, the bill authorizes the issuance of a special license that allows a retail business in a qualifying development project to sell alcoholic beverages for off-premise consumption. The bill defines a “qualifying development project” as a real estate development project located in a municipality having fewer than 1,000 residents and in a redevelopment area established by the New Jersey Meadowlands Commission.

Under the provisions of the bill, one special retail consumption license may be issued in a given qualifying development project for every 50,000 square feet of improvements, not to exceed three licenses. Additionally, one special retail distribution license may be issued in a given qualifying development project for every 100,000 square feet of improvements, not to exceed two licenses. Special licenses may not be transferred to any premises other than a premises located in the same qualifying development project. The bill provides that the director, as the issuing authority, is authorized to issue, transfer, and renew the special licenses created by the bill.

The bill requires applicants for a special license to retain an economist or similar expert approved by the director to determine the appropriate initial issuance fee for the special license. This determination is to be based on the average sales price for plenary retail consumption licenses or distribution licenses, depending on the type of license sought, recently sold within the county and within five miles of the premises in the qualified development project in which the license is being issued, less the fair market value of the limitation imposed on transferability. The initial issuance fee paid for a special license is to be divided equally between the Division of Alcoholic Beverage Control and the municipality. The annual renewal fee for a special license is to be \$2,500.

Currently, a municipality is limited to issuing one plenary retail consumption license for each 3,000 of its population and one plenary retail distribution license for each 7,500 of its population. According to the sponsor, this limitation has resulted in a shortage of licenses in some small municipalities.

As amended and reported, this bill is identical to Senate Bill No. 1904 (2R), as also reported by the committee.

FISCAL IMPACT:

The Office of Legislative Services (OLS) concurs with the Executive's estimate for this bill that the Division of Alcoholic Beverage Control's revenue would increase from half of a one time special license issuance fee (the other half will be provided to the municipality) and an annual renewal fee of \$2,500. Further, OLS concurs with the Executive that the estimated revenue is indeterminate as it is based on the market value and location of the license to be issued.

COMMITTEE AMENDMENTS:

The committee amendments make the following changes:

- Authorizes the director to issue, transfer, and renew the special licenses;
- Reduce the maximum number of special retail consumption licenses that may be issued in a given qualifying development project for every 50,000 square feet of improvements, from five to three;
- Reduce the maximum number of special retail distribution licenses that may be issued in a given qualifying development project for every 100,000 square feet of improvements, from three to two licenses;
- Require the applicant to retain an economist or other expert approved by the director to determine the appropriate initial issuance fee for a special license;
- Denote that the determination of the average sale price of each special license must include, depending on the type of license sought, licenses recently sold within five miles of the premises in the qualified development project;
- Provide that the initial issuance fee is to be equally divided between the director and the municipality in which the premise is located;
- Set the annual renewal fee at \$2,500; and
- Make technical corrections.

FISCAL NOTE
 [First Reprint]
ASSEMBLY, No. 3131
STATE OF NEW JERSEY
215th LEGISLATURE

DATED: MARCH 5, 2013

SUMMARY

Synopsis: Allows for the issuance of special licenses to sell alcoholic beverages in qualifying development projects.

Type of Impact: Revenue increase from one time issuance fee and an annual renewal fee.

Agencies Affected: Department of Law and Public Safety, Division of Alcoholic Beverage Control

Executive Estimate

| Fiscal Impact | <u>Year 1</u> | <u>Year 2</u> | <u>Year 3</u> |
|-------------------|------------------------------|---|---|
| State Cost | None - See Comments below | | |
| Revenue | | | |
| State | Half of Initial Issuance Fee | Annual Renewal Fee of \$2,500 per license | Annual Renewal Fee of \$2,500 per license |
| Local | Half of Initial Issuance Fee | None | None |

- The Office of Legislative Services (OLS) **concurs** with the Executive's estimate of the proposed bill in that revenue will increase from a one time special license issuance fee and an annual renewal fee of \$2,500. Further, OLS concurs with the Executive that the estimated revenue is indeterminate as it is based on the market value and location of the licenses to be issued.
- Establishes a procedure for the Director of the Division of Alcoholic Beverage Control (ABC) to issue three special licenses authorizing certain entities in qualifying development projects to sell alcoholic beverages for on-premise consumption.
- Authorizes the issuance of two special retail distribution licenses that will allow retail businesses in qualifying development projects to sell alcoholic beverages for off-premise consumption.

- Requires the applicant to retain an economist or other expert approved by the Director of the Division of the Alcoholic Beverage Control to determine the appropriate initial issuance fee for a special license. This determination is to be made based on the sales price of licenses within the county and within five miles of the proposed establishment. The initial issuance fee is to be split between ABC and the municipality where the licensed premises is located.
- Establishes an annual renewal fee at a cost of \$2,500 per license, for a maximum of five licenses.

BILL DESCRIPTION

Assembly Bill No. 3131 (1R) of 2012 establishes a procedure for the Director of the Division of Alcoholic Beverage Control to issue special licenses authorizing a corporation or other legal entity operating a hotel, restaurant or bar in a qualifying development project to sell alcoholic beverages for on-premise consumption.

The bill authorizes the issuance of a special retail distribution license that allows a retail business in a qualifying development project to sell alcoholic beverages for off-premise consumption. The bill defines a “qualifying development project” as a real estate development project located in a municipality having fewer than 1,000 residents and in a redevelopment area established by the New Jersey Meadowlands Commission.

Under the provisions of the bill, one special retail consumption license may be issued in a given qualifying development project for every 50,000 square feet of improvements, not to exceed three licenses. Additionally, one special retail distribution license may be issued in a given qualifying development project for every 100,000 square feet of improvements, not to exceed two licenses. Special licenses may not be transferred to any premises other than a premises located in the same qualifying development project. The director, as the issuing authority, is authorized to issue, transfer, and renew the special licenses created by the bill.

The bill requires applicants for a special license to retain an economist or similar expert approved by the director to determine the appropriate initial issuance fee for the special license. This determination is to be based on the average sales price for plenary retail consumption licenses or distribution licenses, depending on the type of license sought, recently sold within the county and within five miles of where the license is being issued, less the value of any limitation imposed by non-transferability.

The initial fee paid for a special license is to be divided equally between the Division of Alcoholic Beverage Control and the municipality.

Currently, a municipality is limited to issuing one plenary retail consumption license for each 3,000 of its population and one plenary retail distribution license for each 7,500 of its population.

FISCAL ANALYSIS

EXECUTIVE BRANCH

Alcoholic Beverage Control

The Department of Law and Public Safety noted that the proposed bill would not have any fiscal impact on Alcoholic Beverage Control or State resources.

Office of Management and Budget

The Office of Management and Budget (OMB) noted there will be an increase in ABC revenue, but it was unclear how much because the initial cost of the special license is not stipulated in the bill and ABC was unable to provide an estimate of how many special licenses may be issued.

The OMB concurs that half of the fee is retained by the ABC and the other half remitted to the municipalities; however, OMB notes that the bill requires applicants for a special license to retain an economist or similar expert to determine the appropriate initial issuance fee for the license. The issuance fee is to be based on the average sales price for plenary retail consumption and distribution licenses recently sold in the county and within five miles of the premises in the qualifying development project where the license is being issued, less the value of any limitation imposed by non-transferability.

OFFICE OF LEGISLATIVE SERVICES

The OLS concurs with the Executive's estimate of the proposed bill in that revenue will increase from a one time special license issuance fee and an annual renewal fee for each special license of \$2,500. Further, OLS concurs with the Executive that the estimated revenue is undetermined as it is based on the market value and location of the license to be issued.

Although the initial fee is indeterminate, OLS estimates that if all five licenses authorized for a qualifying development project under the provisions of the bill are issued, this would provide ABC with an additional \$12,500 in annual revenue.

Section: Law and Public Safety

*Analyst: Kristin Brunner Santos
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Legislative Budget and Finance Officer*

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