

Governor Phil Murphy

Governor Murphy Holds Roundtable Discussion on Modernizing New Jersey's Antiquated Liquor Licensing Laws

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Broad Coalition of Stakeholders Support Governor's Equitable, Affordable Pathway to Ignite Massive Economic Opportunities Statewide

CLINTON – Governor Phil Murphy today held a roundtable discussion where he met with stakeholders to gather input and learn from diverse perspectives for his new legislative proposal to reform and modernize New Jersey's antiquated liquor license laws. At Clinton restaurant Pru Thai, Governor Murphy was joined by key stakeholders who voiced their support and recommendations for a new equitable, affordable framework that has the potential to generate massive economic opportunities for small businesses and communities statewide.

"Our current liquor license law is a relic of Prohibition New Jersey. We need a liquor license law for the Next New Jersey," said **Governor Murphy**. "We need to face the simple reality that a liquor license is a game-changer. Current financial barriers prevent equitable access for small businesses and those in underserved communities while suppressing New Jersey's economy. Our impending proposal will create an affordable, equitable path for the next generation of aspiring restaurateurs, brewers, distillers, and vintners, making them more competitive with small businesses in neighboring states while transforming our economies and our downtowns. Equally important, it will establish a tax credit to support existing license holders and it will maintain local control over the licensing process so that communities have a say in the future of their town."

Joining the Governor for a robust roundtable discussion today were Senator Gordon Johnson and Assemblyman Raj Mukherji, who have been leading voices in the Legislature on the need for liquor license reform; Clinton Mayor Janice Kovach; Korn Wongsarochana and his wife Chayanee, owners of Pru Thai; Ehren Ryan, Owner and Head Chef of Common Lot restaurant in Millburn; and Daniel Rios, Co-Owner of Sabor Y Arte restaurant in Elizabeth, who possesses a liquor license but supports creating fair and affordable access for all.

"I am excited to be working alongside the Governor to reform our archaic liquor license laws. Updating these outdated statutes will uplift our main streets and finally give our local restaurants a real chance to purchase a license," said **Senator Gordon Johnson**.

"New Jersey's antiquated liquor license laws are an obstacle to realizing the full potential of economic growth and job creation in the industry and are stifling competition," said **Assemblyman Raj Mukherji**. "I applaud the Governor's call for modernization and the creation of new opportunities for restaurateurs and small business operators throughout our state, while seeking a fair and innovative approach to balancing growth with the interests and significant investments of existing liquor license holders."

"Clinton is thrilled to host a roundtable with the Governor on liquor license reform," said **Mayor Janice Kovach**. "This is an opportunity for economic development and revitalization of our downtown communities and small businesses not only in Clinton but across the state. Many of my fellow mayors are just as excited about the prospect for new licenses in their own towns."

"A liquor license for our restaurant would bring in extra revenue to support us during these challenging times in the devastating aftermath of COVID," said **Korn Wongsarochana, owner of Pru Thai restaurant**. "Not only would it make life easier for our customers who want to enjoy drinks to complement their meal, it would also give other small family-owned restaurants the chance to obtain a license which, up until now, has been impossible."

"Governor Murphy's proposal is a game changer for small restaurant owners like myself, who may finally be able to realize our dreams of owning, not just a successful restaurant, but one that is sustainable for the long-term," said **Ehren Ryan, owner of Common Lot restaurant**. "This modernization of our liquor license laws will help to build an industry that supports all existing hospitality establishments and most importantly, will inspire the next generation of New Jersey-born and -bred chefs and restaurateurs who want to establish and pursue their careers in this state."

"As license holders, my family and I know how expensive liquor licenses can be and the obstacle it creates for people like us who want to open a restaurant" said **Daniel Rios, Co-Owner of Sabor y Arte Restaurant, member of the Statewide Hispanic Chamber of Commerce of New Jersey**. "We believe liquor license reform will help successful businesses like ours expand into new areas and markets."

Addressing Barriers

Governor Murphy first proposed a comprehensive statewide strategy to modernize New Jersey's consumption liquor license laws during his State of the State Address last month. Today's event will help inform final decisions as the Governor prepares to introduce a legislative proposal that will build upon his Administration's whole-of-government approach to promoting a stronger and fairer economy.

New Jersey's current liquor license laws only allow local governments to issue one consumption liquor license for every 3,000 residents, limiting the supply of available licenses and driving up prices significantly. As a result, prospective buyers are forced to either purchase licenses from existing holders on a secondary market – sometimes as high as seven figures – or pay a high price to a municipality through an auction.

According to 2019 U.S. Census figures and data from the NJ Division of Alcoholic Beverage Control, New Jersey trails New York in number of restaurants per capita and both New York and Pennsylvania in number of liquor licenses per capita. Additionally, New York and Pennsylvania have more than three times as many breweries and distilleries as New Jersey and generate billions more in economic impact.

The New Jersey Economic Development Authority estimates that reforming New Jersey's liquor license system could generate up to \$10 billion in new economic activity over 10 years and create upwards of 10,000 jobs annually.

Proposed Reforms

Governor Murphy's legislative proposal would increase the availability of Plenary Retail Consumption Licenses gradually over five years through the following framework:

- *Phase out the population cap:* The existing population cap for plenary retail consumption licenses and seasonal retail consumption licenses would be reduced each year by 10% for five years until it is completely removed. This phase-out will gradually increase the number of new licenses available in municipalities over time – which will grow the market but not overwhelm it. After the phase-out, licenses will be issued as needed and without a cap, subject to local control.
- *Local review:* New licenses would continue to follow the same local review process that they do today, maintaining municipal control. New licenses would be issued by the local authority with supervision by the State Division of Alcohol Beverage Control (ABC) upon municipal application and approval. Each local authority will be able to determine and regulate the number and type of licenses to be issued upon reduction and removal of the existing population cap.
- *Establish administrative prices and fees for new licenses:* New licenses would be issued at progressive prices and associated fees based upon business size, which will be measured by number of employees. These prices will be reviewed and set by ABC annually. In addition, municipalities would maintain the right to assess local fees upon the issuance of a new license with a cap on the annual renewal fee – not to exceed \$2,500 – in order to maintain affordability.
- *Address breweries, distilleries, and wineries:* This proposal would also expand the rights of holders of certain brewery, cidery and meadery, distillery, and winery licenses, many of which are restricted from serving food and non-alcoholic beverages, limited from participating in events, and required to host tours. Under the proposed legislation, these restrictions would be lifted, allowing for coordination with food vendors; attendance at unlimited off-premises events; and the hosting of unlimited events on premises. Restricted brewery licensees may convert to a limited brewery license, and receive these new benefits, upon payment of a fee to be established by the ABC.
- *Repatriation of inactive licenses to boost availability:* Under the proposal, licenses that have been purchased but not in use for more than two years can no longer be held in perpetuity by the license owner. Additionally, existing licenses that have not been active for five years preceding enactment of this legislation, will go to the municipality for reissuance at public sale. Any future issues with inactive licenses will be handled by the municipality, rather than the ABC.
- *Provide a mechanism to support existing license holders:* The proposed legislation would authorize the State to establish a means-tested tax credit for current plenary retail consumption license holders impacted by the expanded supply of licenses. The tax credit to be issued to the license holder will be determined based on the taxable sales within the preceding three calendar years.

Governor Murphy expects the legislation to be introduced with Senator Gordon Johnson as a prime sponsor. The proposed reforms can be found here ([https://urldefense.com/v3/_https://t.e2ma.net/click/zc2f5i/nrddit/vpx1b2_!!J30X0ZrnC1oQtba!JCpQ5kEiaVaEy6BLrDwK5XPLnw-zDNhWsgaoZPlcRFn_vqQ65muFMfPiJeJugR0NxXwrk6jPwocNgGHNEJPKrscUXKRQ\\$](https://urldefense.com/v3/_https://t.e2ma.net/click/zc2f5i/nrddit/vpx1b2_!!J30X0ZrnC1oQtba!JCpQ5kEiaVaEy6BLrDwK5XPLnw-zDNhWsgaoZPlcRFn_vqQ65muFMfPiJeJugR0NxXwrk6jPwocNgGHNEJPKrscUXKRQ$)).

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