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June 22, 2017

VIA REGULAR MAIL & E-MAIL

Hon. Robert M. Gordon
14-25 Plaza Road
P.O. Box 398
Fair Lawn, New Jersey 07410

**Re: Downtown NJ
Review of S3222**

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Dear Senator Gordon:

We are honored that you have requested input from Downtown NJ on Senate Bill No. 3222, which “allows municipality to issue one permit to sell alcoholic beverages in downtown business improvement zone, pedestrian mall, or special improvement district.” The Board of Trustees of Downtown NJ has reviewed S3222 and has determined to support it. Granting municipalities the power to issue an additional liquor license in such zones will greatly enhance the viability of downtowns and other commercial areas throughout New Jersey. With this in mind, we offer the following comments on the bill as written:

1. The bill assumes that each municipality would have one business improvement zone, pedestrian mall or special improvement district (collectively, “Improvement Zone”). For example, see Sections b and g(1). However, some municipalities, as you know, have multiple Improvement Zones. The bill could be clarified to provide that one special permit is available for each such area in a municipality, up to a maximum number of permits so as to avoid municipalities breaking up its Improvement Zones into multiple smaller zones so as to obtain an artificially high number of special permits.

2. Section (e) of the bill may lead to some confusion. It begins by stating that the municipal issuing authority may acquire the special permit for reissuance if the permit is not actively used for more than 18 months. However, it then provides that upon a showing of good cause only, the municipal issuing authority may grant not more than an additional six months of inactive status upon demonstration that the permit holder is making a good faith effort to resume active use of the special permit. The phrase “may acquire” could be replaced with “shall acquire” in order to achieve the intended goal that the special permit not be allowed to languish. This section may also benefit by providing clear instruction as to how the permit may be acquired by the municipal issuing authority. Similar to Section (f), the purchase price can be fixed at the amount that the permit holder paid for the permit, adjusted for inflation.

3. We anticipate that Section (f) could have the unintended consequence of discouraging business owners from purchasing the special permit. If there is a risk that the special permit could be lost due to a rescission of the designation of the Improvement Zone, business owners would likely be unwilling to invest \$250,000 and more into its business. While the owner would be paid back the purchase price of the permit, the owner would be unable to recoup its total investment into the business. It is our recommendation that even if the designation of the Improvement Zone is rescinded, that the business owner be permitted the option of either keeping the permit, or selling the permit back to the municipal issuing authority.

Once again, thank you for the opportunity to provide comments on S3222. Please let us know if Downtown NJ can be of any further assistance on S3222 or any other legislation aimed at improving our downtowns.

Sincerely,

A handwritten signature in black ink, appearing to read 'R. Goldsmith', with a long horizontal flourish extending to the right.

Robert Goldsmith Esq.
Chair, Board of Directors