

LIQUOR LICENSE REFORM

New Jersey's liquor license regulations are among the most restrictive in the country. With licenses being limited by each municipality's population, the cost of a license in many of our municipalities can easily soar into the six or seven figures if they are even available. In fact, it was reported that the most expensive license in that state's history was sold for an exorbitant \$1.8 million in 2016.

New Jersey should consider reforming its liquor license laws, which have not been reformed in decades. Liquor license restrictions are seen to impede the economic development of many of our communities - especially our downtowns.

Communities must compete with each other to attract and retain residents – especially millennials who New Jersey municipalities are losing to big cities like New York and Philadelphia. One of the elements of the “sense of place” that people are looking for in our downtowns, in addition to more housing options, walkability, good schools and access to transit, is a solid mix of high end and low end restaurants. Since restaurants have a much higher profit margin on liquor than they have on food, it will be easier for New Jersey communities to attract higher end restaurants if these establishments are able to sell alcohol, beer or wine. While “BYO” establishments may be a popular option for many New Jerseyans, the “BYO” culture does nothing to help our restaurants who are struggling to pay what are often very high rents.

Research has shown that expanding liquor licenses has a positive impact on local communities. For example, the state of Oregon has created a new identity around its bars and beerhalls, which has brought in more jobs since the big recession than its software industry: approximately 7,400 from January, 2008 through September, 2016. Additionally, a recent study from the University of Arkansas found considerable economic benefits for dry communities that legalized alcohol sales.

In New Jersey, there are a number of challenges to liquor license reform. The biggest obstacle is what the state should do to compensate the current license holders who all own an asset that will clearly diminish in value once new licenses are issued. Many of these license holders are New Jersey residents, as well as being mom and pop entrepreneurs who may suffer from the increased competition that more restaurants selling alcohol, beer or wine may bring.

There have been a number of different legislative fixes to the problem of too few and too costly licenses, including adding new classes of licenses that would make service bars available only to restaurants, adding a new license for each

special improvement district, and pilot programs for certain municipalities. While not recommending any particular legislative solution to the issue; it is recommended that the issue be studied, and that liquor license reform be considered as an economic tool for our downtowns throughout New Jersey.

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