LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

SENATE, No. 4404

STATE OF NEW JERSEY
222nd LEGISLATURE

DATED: JULY 6, 2026

SUMMARY

Synopsis:	Makes various revisions to the laws governing alcoholic beverage licensing.
Type of Impact:	Annual State and local expenditure increases. Annual State and local revenue increases.
Agencies Affected:	Department of Law and Public Safety; Department of the Treasury; Municipalities.

Office of Legislative Services Estimate

Annual Fiscal Impact	
State and Local Expenditure Increases	Indeterminate
State and Local Revenue Increases	Indeterminate

- The Office of Legislative Services (OLS) finds that the bill will result in indeterminate increases in annual State and municipal expenditures and revenues. The OLS, however, cannot assess the scope of the net effect of the increases given the absence of information on workload increases for the Division of Alcoholic Beverage Control in the Department of Law and Public Safety and municipalities as well as the potential revenue collected from the total number of licenses issued annually, future license fees, sales tax on products sold, and any penalty collections.

BILL DESCRIPTION

This bill makes various revisions to the law governing the manufacture and sale of alcoholic beverages in this State.

Craft Alcoholic Beverage Manufacturers: Under current law, craft alcoholic beverage manufacturers are entitled to hold certain events and coordinate with food vendors to allow food to be consumed on the licensed premises. A craft alcoholic beverage manufacturer is defined by current law as a limited brewery license, cidery and meadery license, and craft distillery license.

This bill defines the phrase "coordinate with food vendors" to mean a licensee, or anyone on the licensee's behalf, directly or indirectly arranging with a food truck, vendor, or restaurant to be

present on or off the licensed premises of a craft alcoholic beverage manufactures licensee, provided that the license holder does not own or operate the food truck, vendor, or restaurant and does not share in the proceeds or profits from the sale of food. The bill also clarifies that the holder of a craft manufacturer's license may sell snacks and non-alcoholic beverages for consumption on and off the licensed premises. In addition, the bill further clarifies that these craft manufacturer's license holders may sell their products by the glass or open container for immediate consumption, sell or gratuitously provide samples for immediate consumption, and sell chill and unchilled packaged goods or growlers and crowlers for off-premises consumption.

The bill also requires these license holders to obtain the endorsement of the municipal clerk or secretary of the municipal alcoholic beverage control board and the chief of police of the municipality when holding an event on private property.

Farm Brewery Licenses: This bill expands the privileges of farm brewery license holders. Specifically, the bill allows the holder of a farm brewery license to sell its products for consumption on and off the licensed premises. The bill allows the holder of a farm brewery license to distribute the license holder's products to alcoholic beverage wholesalers and retailers and to sell and distribute those products to persons outside of the state in accordance with the laws of that state. The license holder would also be entitled to maintain a warehouse.

The bill allows the farm brewery license holder to coordinate with food vendors and sell and distribute the license holder's products to alcoholic beverage retailers.

The bill requires these license holders to produce malt alcoholic beverages that contain at least 51 percent of its ingredients from hops, grains or other ingredients grown or cultivated on the tract of the licensee's land.

Renewal of Inactive Alcoholic Beverage Retail Licenses: Current law establishes procedures for transferring inactive Class C licenses, which allow for the retail sales of alcoholic beverages. Under current law, a license that remains inactive for two consecutive license terms is to expire.

This bill allows a governing body to extend this time period if it is satisfied that the licensee is making a good faith effort to activate or transfer the license either within or without the municipality. If the governing board of a municipality denies a licensee's request to extend the expiration date of its inactive license, a licensee may appeal to the Division of Alcoholic Beverage Control within 30 days after receipt of the notice of denial.

Transfer of Inactive Alcoholic Beverage Retail Licenses: Under current law, contiguous municipalities may transfer inactive plenary retail consumption licenses when the licenses are to be used within a redevelopment, improvement, or revitalization plan. Current law allows municipalities that have reached the population limit placed on the issuance of a plenary retail consumption license to issue a request for proposal to acquire an additional plenary retail consumption license from a contiguous municipality.

This bill changes the process of transferring inactive plenary retail consumption licenses. Under the bill, a municipality entitled to issue a new license would be able to offer that license at public sale to the highest bidding governing body of any other municipality in this State. In addition, the bill allows the holder or contract purchaser of an inactive plenary retail consumption license issued by any municipality to apply to the governing bodies of an issuing municipality and a receiving municipality located within the same county or a contiguous municipality not located in the same county to use the license in connection with a premises located in the receiving municipality. The license only would be used as part of an economic redevelopment plan or in connection with a premises located within a redevelopment, improvement, or revitalization area.

Shopping Malls: Current law authorizes special licenses to be issued to a person or other legal entity for use in connection with a food and beverage establishment located within a shopping mall. The license authorizes the sale of alcoholic beverages for immediate consumption on the operator's premises.

This bill amends the statutory definition of shopping mall to include office spaces with pad sites located on the same parcel or premises as the shopping mall. In addition, the bill amends the shopping mall definition to being both under common ownership "or has ownership interests in common or shares ownership or control among multiple entities."

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS finds that the bill will result in indeterminate increases in annual State and municipal expenditures and revenues. The OLS, however, cannot assess the scope of the net effect of the increases given the absence of information on workload increases for the Division of Alcoholic Beverage Control in the Department of Law and Public Safety and municipalities as well as the potential revenue collected from the total number of licenses issued annually, future license fees, sales tax on products sold, and any penalty collections.

State Revenue Impacts: This bill may increase State revenue from the taxable sale of products permitted to be sold by craft manufacturers licensees and farm brewery licensees as well as the potential transfer and sale of inactive plenary retail consumption licenses and special licenses in municipalities with shopping malls, and the taxable products eventually sold within these businesses.

The OLS anticipates that the expansion of licenses, and the transfer and sale of the inactive plenary retail consumption licenses, may increase the overall sale of alcohol beverage products, thus increasing the amount of State sales tax collected by the Division of Taxation in the Department of the Treasury.

State Expenditure Impacts: The bill may increase the Division of Alcoholic Beverage Control's workload depending on the enforcement and administrative requirements of the bill's provisions related to craft manufacturers licenses, farm brewery licenses, the transfer of plenary retail consumption licenses, inactive plenary retail consumption licenses, and special licenses issued in municipalities with shopping malls. Depending on the division's resource allocation policies, the added workload may or may not augment State administrative expenditures.

The OLS anticipates that any increased sales by the transfer and sale of the plenary retail consumption licenses may affect the workload of the Division of Taxation.

Municipal Revenue Impacts: The bill may increase the municipal revenue from the transfer and sale of the inactive plenary retail consumption license, from the transfer fee of the license to another receiving municipality, and any annual renewal fees charged. The OLS cannot determine the average price of alcoholic beverage licenses Statewide. Pursuant to State law, municipalities may charge an annual fee, established by ordinance, of no less $250, but no more than $2,500 for the renewal of a plenary retail consumption license.

Additionally, current law requires the fee for the initial issuance of the sale of special licenses in municipalities with shopping malls to be at least $250,000. The municipality is entitled to establish an annual fee that would not exceed the annual fee charged for the plenary retail consumption licenses within the municipality. By expanding the definition of shopping mall, the OLS estimates that additional licenses may be sold.

Municipal Expenditure Impacts: The bill may increase costs to municipalities associated with the administration, regulation, and enforcement of the transfer and sale of licenses.

The OLS notes that these municipalities may employ additional law enforcement due to the increased cost of public safety, as there may be an increased need for enforcement of alcoholic beverage statutes and ordinances.

Section: *Law and Public Safety*

Analyst: *Kristin Brunner Santos*
Lead Fiscal Analyst

Approved: *Thomas Koenig*
Legislative Budget and Finance Officer

This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

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