

ALCOHOL RETAIL IN THE TRI-STATE AREA

The following chart summarizes the most important information related to licenses for the retail of alcoholic beverages in the states of Connecticut, New Jersey and New York (also known as the Tri-State Area). While the laws of these three (3) states with regard to alcohol retail licensing have significant differences, a retail license typically entitles its holder to operate a wine store and/or liquor store. A retail license does not entitle its holder to offer "on-premises" consumption of alcoholic beverages, such as would be the case at a bar or restaurant. Moreover, if you are planning to import alcoholic beverages into the United States, your business is subject to U.S. Federal regulations. Most importantly, you will need to obtain a Basic Permit from the Alcohol and Tobacco Tax and Trade Bureau (TTB), *please see our Wholesale Charts for more detail*. It is important to point out that on the Federal level, subject to certain exceptions, members of the alcoholic beverages industry (e.g. importers, manufacturers) are prohibited by law from having any interest in alcohol retailers. Similarly, the laws of the state in which you intend to operate may prohibit alcohol manufacturers and wholesalers from having ties to retail licensees (see below). It is therefore recommended that you obtain legal advice specific to your situation on these and any other legal or regulatory issues that may arise.

| STATE | NEW YORK (NY) | NEW JERSEY (NJ) | CONNECTICUT (CT) |
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| APPLICABLE LICENSE | Retail License (consumption off-premises): there are different categories, the most relevant include Wine Store and Liquor Store *On-premises consumption retail licenses have different classes and are not described in this chart | Retail License: There are various types of retail licenses. Among the licenses allowing for consumption off-premises, the Plenary Retail Distribution License permits the sale of alcoholic beverages for consumption off the licensed premises | Package Store Permit: allows for retail sale of alcohol to be consumed off-premises. *Other categories of retail permits for consumption off-premises exist, e.g. a Grocery Beer Permit, but are not described in this chart. On-premises Liquor Permits are also not described in this Chart. |
| STATE LICENSING AUTHORITY | New York State Liquor Authority (NYSLA) | New Jersey Department of Alcoholic Beverage Control (NJABC) and local municipalities | Connecticut State Department of Consumer Protection, Liquor Division (LCD) |
| FEE & COSTS | Wine Store License: \$640* plus non-refundable \$100 filing fee Liquor Store License: \$4,098* plus non-refundable \$200 filing fee. *Fees apply to New York City only, i.e. counties of New York, Kings, Queens and Bronx. Different fees apply in other counties of New York State | Plenary Retail Distribution License: The different municipalities issuing the license have set fees between \$120.00 and \$2,500.00/year. In addition, a \$200 non-refundable filing fee to the NJABC is required. | Package Store Permit: \$531.25 for one year plus \$100.00 non-refundable filing fee |
| MAIN REQUIREMENTS TO OBTAIN LICENSE | (1) \$1,000.00 penal bond must be posted; (2) Specific information about the premises intended for retail business must be provided, incl. sketches, in retail license application; and (3) Notice of the license must be published in local newspapers and notice of publication must be filed with NYSLA; (4) Premises must be located in area not restricted for alcohol sales | (1) Sketch of retail premises to be submitted; (2) Due to the quota restrictions on new Retail licenses, a municipality may issue a new license to eligible applicants pursuant to a bidding procedure; and (3) Local laws govern annual fees for retail licenses within the ranges set forth in the State statute; a municipality may increase the annual fees and impose certain additional fees | (1) Sketch of retail premises to be submitted; (2) Liquor permit applicants must obtain approval from local zoning agency and town clerk, who must sign their respective approvals on the permit application; and (3) Applicants must provide financial disclosure in the Permit application |
| DURATION OF LICENSE | Wine Store: 1 year; Liquor Store: 3 years | Plenary Retail Distribution License: 1 year | Package Store License: 1 year |

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| APPLICABLE RESTRICTIONS | Applicants and their representatives are automatically disqualified by law from obtaining retail licenses if they: (1) hold a NY wholesale license or an interest therein; and/or (2) do not fulfill U.S. citizenship/permanent residency requirements. <u>Corporation</u> : All the officers must be U.S. citizens or U.S. permanent residents, <i>and</i> the majority of shares must be held by U.S. citizens or U.S. permanent residents. <u>LLC</u> : The managing member has to be a U.S. citizen/permanent resident, <i>and</i> the majority of membership interest must be held by U.S. citizens or permanent residents | (1) A manufacturer, supplier or importer is prohibited from having any interest, directly or indirectly, in a retail license in New Jersey or in the retailing of alcoholic beverages; and (2) Number of Plenary Retail Distribution Licenses restricted by law to one per 7,500 residents in a municipality | (1) Number of Package Store permits restricted by law to one for every 2,500 residents of a town; and (2) One person not allowed to have interest in more than two (2) retail licenses |
| OTHER REQUIREMENTS FOR OPERATION OF BUSINESS | (1) Retail premises to be described on application; must comply with zoning laws and other regulations; (2) Retail licensee must buy from licensed NY wholesalers only; purchases from other retailers are not permitted; and (3) Maintain books and records with details and amounts of sales and purchases at the premises | (1) Retail licensees generally not permitted to sell alcoholic beverages to or purchase alcoholic beverages from another retailer; and (2) Must keep certain documents and records available for inspection on the retail premises, incl. license certificate & application, delivery receipts and invoices | (1) Retail licensee must buy from licensed CT wholesalers only; purchases from other retailers are not permitted; and (2) Maintain books and records with details and amounts of sales and purchases at the premises |
| ADVANTAGES | (1) Specifically in New York City, access to lucrative market; (2) No quotas for the issuance of new retail licenses; and (3) May obtain a temporary permit while application is pending provided a license already exists at the retail premises in question | (1) No bond required for retail license applicants; and (2) Unless prohibited by local law, other business may be conducted and other merchandise may be sold on the licensed premises | (1) No bond required for liquor permit applicants; and (2) May conduct tastings and offerings on the permit premises without additional license, subject to certain conditions; and (3) Applicants may request that a Provisional Permit be issued that allows them to conduct sales under certain conditions while the application is pending |
| DISADVANTAGES | (1) Bond requirement; and (2) Citizenship/ residency requirements for retail license applicants | (1) License issued by municipality; transfers and renewals subject to City/ Town Council resolution; and (2) Quotas restrict number of available licenses | (1) Purchases from manufacturers/wholesalers on credit restricted, in particular Provisional Liquor Permittees have to make cash payments for deliveries; and (2) Quotas restrict number of available licenses. |

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