

LIQUOR WHOLESALE

FEDERAL LEVEL

At the Federal Level, the Alcohol and Tobacco Tax and Trade Bureau (TTB), a division of the United States Treasury is the agency that issues the so-called "Basic Permit". The Basic Permit encompasses import of alcoholic beverages and/or wholesale of alcoholic beverages at the Federal level. Applicants who plan to only wholesale those products that they will import into the United States, need a Basic Permit only for their importer (and not for their wholesale) activities. However miscellaneous regulations apply to the wholesale in each state in which business is to be conducted, *see below*. The main requirements for the Basic Permit are (1) Employer Identification Number (also applies if applicant is an individual), (2) Physical location in the U.S. with staff present during normal business hours, and records available for inspection by TTB, (3) For importers, letter of intent from or contract with foreign supplier. Applicants for a Basic Permit or their representatives do not need to be U.S. citizens or U.S. permanent residents (*regarding the residency requirements for wholesalers on the state level, see below*). The TTB currently charges no fees to process and issue its Basic Permit. Provided a complete application is furnished, the processing takes approximately 65 days. Longer processing times apply where applicants have lived abroad in the last ten (10) years. Following the receipt of the Basic Permit and before any alcoholic product can be imported into the US, a Certificate of Label Approval (COLA) needs to be obtained for each product label.

STATE LEVEL (TRI-STATE AREA)

STATE	NEW YORK (NY)	NEW JERSEY (NJ)	CONNECTICUT (CT)
NAME OF THE LICENSE	Wholesale Liquor (permits wholesale of wine & liquor)	Plenary Wholesale License (permits wholesale of wine & liquor)	Liquor and Wine Wholesale Permit
STATE AUTHORITY ISSUING THE WHOLESALE LIQUOR LICENSE	New York State Liquor Authority (NYSLA)	New Jersey Department of Alcoholic Beverage Control (NJDABC)	Connecticut State Department of Consumer Protection, Liquor Control Division (LCD)
FEE	\$27,280.00 (\$400 thereof is non-refundable filing fee)	\$8,750.00 (payable upfront; 90% of the fee will be refunded if application is denied)	\$2,625.00 plus \$100.00 application fee
OTHER REQUIREMENTS AND COSTS TO PROCESS THE LICENSE	The posting of a penal bond in the amount of \$20,000.00 is also required	The posting of a beverage tax bond in the amount of \$50,000.00 is required	The posting of a surety or cash bond with the CT Department of Revenue Services is required; the amount is to be determined by the CT Department of Revenue Services
DURATION OF THE LICENSE	3 years	1 year	1 year
ORDER OF FILING	Generally, the Basic Permit has to be obtained from the TTB before wholesale application may be submitted to the NYSLA. Wholesale application may however be submitted if approval of the Basic Permit is actually pending at time of submission	Applications for Basic Permit and wholesale licenses can be submitted concurrently. However, NJDABC will not issue a wholesale license to an applicant before a Basic Permit has been obtained.	Applications for Basic Permit and wholesale license and out of state shipper's permit can be submitted concurrently. However, LCD will <u>not</u> issue the applicable permit to an applicant before a Basic Permit has been obtained.
RESIDENCY REQUIREMENTS FOR REPRESENTATIVES OF LICENSEE COMPANY	<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	<u>Corporation</u> : One officer must be a U.S. citizen or U.S. permanent resident. No residency requirements for shareholders. <u>LLC</u> : The managing member must be a U.S. citizen or U.S. permanent resident	No residency or citizenship requirements for officers, shareholders (Corporation) or members (LLC) inclusive for its managing member; licensee company must however have a representative who is authorized to work in the US

ADVANTAGES	<u>General</u> : Direct and full access to vast and profitable market, in particular New York City	(1) Contiguous to the industrial centers of Northern New Jersey and to New York City, with rents significantly lower than those in New York City; (2) Plenary Wholesale License allows wholesale of wine as well as liquor; (3) NJ wholesale applicants are not required to have an office in the state, since warehouse location or space is sufficient; and (4) NJ licensed wholesalers may obtain a special permit from the NYSLA allowing them to sell to NY wholesalers	(1) No citizenship or residency requirements; (2) CT licensed wholesalers may obtain a special permit from the NYSLA allowing them to sell to NY wholesalers
OTHER REQUIREMENTS; DISADVANTAGES	1) High commercial rents and state/local taxes, especially in New York City; and (2) Citizenship/ residency requirements apply to representatives/shareholders of corporate applicants; (3) LLC Publication requirement adds costs; (4) NY Wholesaler must maintain physical office in the state; and (5) Location from which business operates must be exclusively dedicated to wholesale of Liquor	(1) Certain citizenship/residency requirements apply to corporate officers/ LLC members; (2) If selling to retailers, wholesaler must store inventory in NJ warehouse for at least 24 hours prior to delivery to retailers	If shipping to larger commercial ports in NY or NJ instead of directly to CT, an "Out of State Shipper's Permit" is needed to bring the products into CT (for CT wholesalers, the initial permit fee is \$1,250.00 plus \$100 non-refundable application fee)
WHOLESALE OBLIGATIONS	(1) The bond application process requires a credit check of the entity to be licensed. If the entity is newly formed, a credit check of the company's principal will be required. In either case, problems may arise due to insufficient or negative information in the credit report; (2) Brand label registration required for each liquor product sold in NY; and (3) Wholesalers required to monthly post price of each product to be sold at wholesale	(1) Brand registration required; registration is \$23 per brand; (2) Wholesalers required to monthly post price of each product to be sold at wholesale; and (3) See NY Re. credit check	(1) Brand label registration required-Registration is \$200 per brand label (for products not produced in CT) renewable every three (3) years; (2) Wholesalers required to monthly post price of each product to be sold at wholesale; and (3) Credit check required for bond application, see NY requirements

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