

03/26/2008

Record

Hackensack, N.J.
Daily 151138
Sunday 200000
GARDEN STATE
PRESS CLIPPING
Phone: 732-842-1616



TRENTON

Liquor stores oppose revised bill

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A proposed law that would enable supermarkets to obtain more than two licenses to sell alcohol faces tough opposition from liquor vendors, even after the bill was modified to make it more palatable.

The new bill (S-1608), introduced on March 17, would lift the current limit of two retail liquor licenses per person or corporate entity, which was enacted in the 1960s.

The bill's introduction follows the failure of a similar bill to pass in December after critics charged that it would hurt mom-and-pop liquor store owners.

In response to the criticism, Sen. Raymond Lesniak, D-Union, the current bill's sponsor, revised the legislation to permit supermarkets that obtain more than two licenses to sell only wine and beer with the extra licenses.

The bill also would stop supermarkets that have more than two licenses and are located in Urban Enterprise Zones from using the additional licenses to sell alcohol in the zones. That change was

made to soothe opponents who said the bill would particularly hurt urban areas, which tend to have a higher proportion of small liquor stores.

And the bill also would prevent so-called big-box stores from obtaining an interest in a businesses that hold more than two licenses.

"What we are trying to do is make shopping more convenient for the consumers," Lesniak said. "And at the same time [we are] balancing the small-business concerns who fear that allowing supermarkets to serve liquor will put them out of business."

But New Jersey Wine and Spirits Wholesalers Association, which represents two of the state's biggest wholesalers, said the changes have done little to quell the anxieties of small vendors.

"It still allows the creation of chain stores in New Jersey that sell alcoholic beverages," said Jeffrey Warsh, a lobbyist and the association's executive director. "Every single entity involved in the New Jersey hospitality sector is opposed

to any changes in the two-license limitation law."

He said the limit, which was created in 1962, was designed to promote competition by ensuring that one or two large businesses did not

dominate the industry.

Yet even that restriction has loopholes, he said. A&P, which had more than two licenses at the time, was grandfathered in, he said. And ShopRite gets around the law by having different family members hold the licenses, he added.

Lesniak said he has no doubt that the law, if enacted, will be the first step in the deregulation of New Jersey's liquor trade.

"This is really going to be a transition to full competition down the road, no doubt in my mind," he said. But for the moment, he said, the state must offer some protection to businesses that invested heavily in a liquor license under the existing system.

"To pull the plug overnight is not good policy," he said.

Deborah Dowdell, president of the New Jersey Restaurant Association, said the group opposes the bill because it attempts to rewrite the liquor laws in piecemeal fashion, instead of making an overall evaluation of what's needed.

"With a stroke of the pen, you can effectively knock out a sector of the industry," she said. "We have a general principle that if we are going to amend our liquor licensing, we should look at the entire liquor licensing law in New Jersey."

But Deana Lykins, a lobbyist for Retailers for Responsible Liquor Licensing, a grocery owners trade group, said the supermarkets continue to back the law.

She said beer and wine are the main priority of supermarkets anyway.

"What we support is a loosening of the market," said Lykins, adding that group members include Acme, Whole Foods, Stop & Shop and Wegmans. "They want the liquor license as a complement to food. It's only natural that beer and wine is a complement to food."

This column appears Wednesday.
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