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Restaurant Group Opposes Ruling on Liquor Permits at Xanadu

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The New Jersey Restaurant Association said it may appeal a ruling this month that it said would allow restaurant and bar operators to serve alcohol at the Meadowlands Xanadu shopping and entertainment complex without having to abide by local liquor licensing regulations.

Last week, the state's Division of Alcoholic Beverage Control granted Benihana, a Japanese steakhouse chain, the first special concessionaire's permit at Meadowlands Xanadu in East Rutherford. Such a permit allows a restaurant or bar to serve alcohol on its premises for a \$2,000 annual fee, rather than purchasing a liquor license that can cost significantly more. The last two licenses in East Rutherford were sold for \$650,000 each in the last five years, according to the association.

The issuance of the special concessionaire's permit threatens to substantially devalue the liquor licenses that restaurateurs own in New Jersey, said **Deborah Dowdell**, president of the New Jersey Restaurant Association.

"Our concern is this ruling now says to the developer, 'We don't have to go through the normal process, we can go to Alcoholic Beverage Control and manipulate regulations in order to avoid having to pay fair market value for a license,'" she said. The Division of Alcohol Beverage Control declined to comment on the matter.

A business seeking to obtain a liquor license can apply through the municipality or if a license is up for sale, buy the license and then apply to the town for a transfer, according to the division. Xanadu, however, failed to do so, although several licenses were for sale in East Rutherford three years ago, she said. That number is likely to be higher today, given the current economic crisis, she added.

The division of Alcoholic Beverage Control said that businesses at Xanadu can only apply for a special concessionaire's permit, and not a liquor license, since the complex is being built on state-owned property. But Dowdell argued that because the developer of Xanadu, Meadowlands Development, has a 99-year lease on the land, the property should not be considered state-owned.

The NJRA is considering an appeal of the ruling within the 45-day period following the decision, Dowdell said. "We do not oppose the Xanadu project, per se," she said. "If Xanadu bought licenses fairly, we'd be happy campers."

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