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Update on NJ Inactive Liquor License Transfers and Expirations

Following the adoption of rules in September, which we reported on previously here, the New Jersey Economic Development Authority (NJEDA) board approved the creation of the Small Business Liquor License Grant Program. The new program, funded at $10 million, will offer eligible New Jersey-based small businesses a reimbursement of up to 50 percent of the liquor license purchase price — not to exceed $100,000 on a recently acquired New Jersey inactive plenary retail consumption liquor license.

Some of the grant eligibility requirements include that the license must have been purchased within the past 12 months and have been an inactive plenary retail consumption liquor license. The applicant business must be open and been operating for at least 12 months prior to the application. Subsequently, the license must remain active for a minimum of five years. Applicants that have transferred the license between entities with a common ownership are not eligible. Applicant businesses must rent or own and operate from a New Jersey-based commercial facility and own the liquor license for the applicant's exclusive use. A real estate holding company and landlords are ineligible for this grant; it is available only to occupant small-business owners. Applicants are eligible to receive a Small Business Lease Grant, a Small Business Improvement Grant and a Small Business Liquor License Grant for the same location.

Additionally, 40 percent of grant funding is reserved for applicant businesses located in eligible Opportunity Zone census tracts, which are "low income" census tracts with a poverty rate of 20 percent or a median family income up to 80 percent of the area median. Gov. Phil Murphy nominated 169 tracts on March 20, 2018, which were approved by the U.S. Department of the Treasury on April 9, 2018. These Opportunity Zones can be found on the Department of Community Affairs' website.

The NJEDA expects to open the application process in early 2025. The Small Business Liquor License Grant Program is part of a larger set of financial offerings under the Main Street Recovery Financial Program established through the Economic Recovery Act, which aims to support the growth and success of small businesses in New Jersey.

This alert is only meant to summarize the new grant funding program and is not intended as legal advice. Interested license holders, developers, redevelopers, municipalities, agencies and other parties that wish to obtain more information regarding funding under the Small Business Liquor License Grant Program are encouraged to reach out to any of the Day Pitney attorneys listed in the sidebar.

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