

OVER THE BAR

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Hospitality Sector Under Attack in Trenton

For the last two legislative sessions, it is clear that major forces in the New Jersey Legislature have placed a relentless and unjust bulls eye squarely on the backs of the over 10,000 small businesses that comprise the New Jersey hospitality sector. As New Jersey's largest employer, in the midst of the worst economic downturn since the Great Depression, times are tough for New Jersey's bars, taverns and restaurants. An aggressive and damaging legislative agenda is throwing the proverbial wet blanket on the few small sparks still faintly glowing in New Jersey's hospitality hearth.

Still reeling from the direct to consumer wine shipment bill, which became effective on May 1, 2012, a historically unprecedented broadside to New Jersey's time-tested three-tier distribution system, our industry is now embroiled in another major fight against A-1325 (D-Greenwald). This bill will eliminate New Jersey's long-standing and judicially upheld prohibition against holding more than two liquor store licenses. It will allow individuals and corporations to hold ten (10) package store licenses – effectively wiping out small, family-owned businesses throughout New Jersey.

The so-called Two License Limitation Law – in effect since 1962 and upheld in Federal Court as recently as 1998 – has been a highly effective tool in assuring opportunities for small, family-owned businesses to gain a foothold as independent businesses. It has assured the presence of wine shops and liquor stores in downtowns across New Jersey. It has prevented the scourge of the big box domination that we currently witness in states without the Two License Limitation. Supporters of the bill, big boxes like Walmart and Costco and large grocery store and convenience store chains (yes, convenience stores throughout New Jersey would carry full lines of alcoholic beverages under A1325!) call for “modernization” of New Jersey's alcoholic beverage distribution system. “Modernization” is a euphemism for the elimination of those pesky small businesses in the way of global, big box domination and should be summarily rejected by the New Jersey Legislature and by Governor Christie.

Our industry also faces a major challenge in the form of a bill to create a new class of licenses permitted to sell wine and beer for on-premises consumption. A1525/S1429, sponsored by Senator James Beach (D-Camden) and Assemblyman John Burzichelli (D- Gloucester) would create an unlimited number of new wine and beer licenses for an annual renewal fee of 75% of the annual renewal fee for alcoholic beverage retail licenses. This bill would obviously result in massive

economic damage to the 8000 existing holders of Plenary Retail Consumption Licenses throughout the Garden State. This effort must be stopped cold at all costs.

The rumor on the street is that the sponsors of the bills discussed above plan to move the Two License Bill by June 30th and the Beer and Wine License Bill after the Legislature's Summer Recess.

As if these two challenges were not enough, we also find ourselves fighting an unbelievable attempt in the midst of a moribund economy to raise the minimum wage for tipped employees. Sponsored by newly elected Assemblywoman Shavonda Sumter (D-Passaic), A2708 proposes to increase the current minimum wage from its current level of \$2.13 per hour to \$2.90 in June and then to \$5.00 per hour in 2013. As we all now, the \$2.13 per hour is what employers are required to contribute above and beyond minimum wage. When a tipped employee receives less than the minimum wage (currently \$7.25 per hour) in tips, the employer is required by law to make up the difference. Waiters and bartenders, like everyone else, are currently guaranteed the minimum wage of \$7.25 per hour every day they go to work. Our sector works on a 6% to 8% profit margin. A2708 proposes to double our payrolls and would drive many businesses, already on the brink, into ruin and bankruptcy. It will also eliminate many of the jobs the sponsors profess to support. We must loudly voice our opposition to this ill-considered and factually incorrect legislation.

It is for the challenges described above and many others that it is critical for bar, tavern and restaurant owners to become politically active. While many of you are actively engaged in the political process, we all know fellow business owners who are not. Do your best to recruit them to add their voice and their efforts to the cause. Now is the time. Remember the sage words of Benjamin Franklin who, in opposing British Empire attempts to crush American Liberty, said: "Gentlemen we must all hang together or we shall most assuredly all hang separately." Contact the New Jersey Licensed Beverage Association and get involved. The NJLBA - since 1933, your voice in Trenton.