

INTERVIEW WITH STEVE MILLER

RIW: Please explain the new legislation which came into effect in January 2007 regarding the issuance of new liquor licenses in Boston.

SM: The legislature provided the following new license issuances for the City of Boston:

- a) The legislature issued five new innkeeper licenses for hotels operating or to be built in Boston.
- b) Exchange of licenses – the legislature allowed ten existing malt and wine licenses to be turned in and converted into all alcoholic beverage licenses.
- c) The legislature granted ten new all alcoholic beverage licenses.
- d) The legislature granted thirty new malt and wine licenses. Additionally, the ten existing malt and wine licenses which were turned in to be converted into full liquor licenses then became available for issuance in the City. Accordingly, there are forty new malt and wine licenses available.

RIW: Can you explain the condition imposed upon the ultimate resale of the new licenses?

SM: The new legislation provides that if the holder of the license ceases to operate for whatever reason, then the license cannot be transferred but must be turned into the Licensing Board. Accordingly, if a restaurant owner wanted to sell its restaurant, it could not sell the liquor license as part of the transaction.

RIW: What is the effect of this condition on the ability of a restaurant owner to sell its restaurant?

SM: Since the legislation is pretty new, nobody is sure how this condition will effect entities obtaining these licenses. Minimally, this will affect the ability of the restaurant owner to sell his/her restaurant if they cannot sell the license along with the transfer of the business. The licensing attorneys are in discussions with the ABCC and the City of Boston Licensing Board on how this will be handled as it is not in anyone's interest to stifle the ability of a restaurant owner to ultimately sell his or her restaurant. Steve plans on discussing strategies with respect to resolving this condition when he speaks at the Restaurant Trends Seminar on May 1, 2007.

RIW: Have all of the new licenses been subscribed for?

SM: Applications are currently in process for the five new innkeeper licenses. The Licensing Board has granted eight of the newly exchanged full service licenses and has plenty of applications for the remaining two exchanged licenses and the ten new all alcoholic beverage licenses. Accordingly, all of the new alcoholic beverage licenses are likely to be spoken for after the City of Boston Licensing Board completes the decisions on the hearings which have already occurred. As to malt and wine licenses, there are still quite a few licenses left and there should be no shortage of this type of licenses for at least one to one and a half years. However, it is still easier to get local neighborhood approval (i.e., North End) if the applicant was to be receiving a transfer of an existing license in the neighborhood rather than trying to add a new beer and wine license to a location.

RIW: Did the City want to issue more licenses than the legislature ultimately granted?

SM: Yes, the City was pushing for more licenses to relieve the shortage of licenses in the City and reduce the price being paid for such licenses. However, the legislation which ultimately passed, did not grant as many licenses as the City wanted and contained the condition preventing transferability. Both of these factors should result in their being a continued shortage of licenses in Boston. Thereby, the price being paid for liquor licenses has not been affected very much and there should continue to be a strong market for sellers of full service alcoholic beverage licenses. The market for sellers of malt and wine licenses should go down due to the availability of these licenses.

RIW: Are other cities in the Commonwealth facing similar market conditions for all alcoholic and malt and wine licenses?

SM: Currently, most large cities (Springfield and Worcester) do not have available licenses due to the maximum cap of licenses allowed to be issued in the particular city. This is particularly true for all alcoholic beverage licenses. Malt and wine licenses can usually be obtained. In smaller towns, there is still licenses available under the Town's cap and therefore there is not a very significant price which needs to be paid to obtain a license.