

DRAFT

Liquor License Proposals, for Boston

Lisa Jeanne Graf, Jan 2021

All owners of city liquor licenses would be allowed to split their current license into 2 city liquor licenses which would be called "Investment Licenses". This would allow for some business owners to have money from selling their license (& still be able to buy back a license at a half of the price) & other restaurants owners would be able to purchase new, less expensive licenses. Also new licenses of \$3,000 called "Opportunity Licenses" would be offered for specific neighborhoods with a low number of current liquor licenses.

Details:

- A list of business owners that would like to purchase Investment Liquor Licenses would be generated. That list would be used to contact business owners when new licenses were available for purchase in different locations.
- When a business owner wished to sell their liquor license through the Investment Liquor License program, their liquor license would be priced at the initial cost, plus inflation over the years. The price would be capped at \$400,000 for older licenses and at \$6,000 for recent, less expensive licenses. If the seller wished they would have the option to buy a new "Investment Liquor License" at the same location, at half of the original cost. These new licenses would remain at this price unless split at a later date (which would lower the price more).
- If the seller passed on purchasing a new liquor license, then the generated list of business owners would be contacted about this opportunity. If there was interest by more than one person, then that person would be chosen by lottery, and/or by prioritizing a person who was in an underrepresented group(s).
- A business owner could sell their license on the open market but would then not be allowed to purchase any new licenses in the present, or in the future. They would be allowed to buy another older market rate liquor license if they wished however.
- A long term goal would be for all the city's liquor licenses to cost a low amount (possibly \$3,000) to be affordable for more people. To reach this goal higher cost liquor licenses could be split numerous times for the cost to go down more and more. An example of a first step would be of a liquor license being sold at \$400,000. This would be split into two licenses:
 - one new license at \$200,000 in the same location
 - one new license at \$200,000 city wide but not in neighborhoods with a high number of liquor licenses.
- An example of a second split would be of a person who had purchased a \$200,000 license. This would also be split into two licenses:
 - one new license at \$100,000 in the same location.
 - one new license at \$100,000 wide but not in neighborhoods with a high number of liquor licenses.

- In this way a license starting at \$400,000 over time would go down to \$200,000, then to \$100,00, then to \$50,000, then to \$25,00, and then to \$ 12,500 and then to \$6,250 and then finally to \$3,125.00
- There would be a framework where the amounts of liquor licenses in the city would have to be equal in the various city neighborhoods or districts. As these new licenses “Investment Licenses” were being offered, at the same time new licenses of \$3,000 called “Opportunity Licenses” would be offered for specific neighborhoods with a low number of current liquor licenses.

Benefits:

- Business Owners with financial distress could have an influx of money that would allow them to reinvest in their business at no cost to themselves. These business owners would also know that they were able to contribute to the city by helping other small business owners start up.
- New Restaurant Owners could more easily start their businesses with less expensive licenses.
- New licenses would initially, only be offered in neighborhoods with a lower amount of current licenses which would create more opportunity and equity.
- This would be a minimal cost to city government. The cost would primarily be administrative.
- Over time more liquor licenses would get less expensive, making it easier for more business owners to start new businesses.
- Current liquor license owners would still have the ability to sell their liquor licenses at a market rate if they chose.

Questions:

1. How to address the issue that if all expensive liquor licenses were split in this fashion there this might generate a LOT of liquor licenses in the city. Is this an issue or not?
2. Would this require a home rule petition?

Note:

- This approach could also be considered for cab companies so that they could compete with Uber and Lyft more easily.

Resources

Cheaper Liquor Licenses? *Boston Globe*

<https://www.bostonglobe.com/metro/2017/08/20/liquorlicense/5Li2luzL6OjgZgcOOsPbEN/story.html>

The Case Against Dismantling the Liquor License Quota System, *Connellaw Offices*

<https://www.connellawoffices.com/the-case-against-dismantling-the-liquor-license-quota-system/>

I welcome feedback and ideas. This is a work in process: lisa_jeanne_graf@msn.com