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# 2016-2017 Report

Governor Andrew M. Cuomo  
Chairman Vincent Bradley

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## **HISTORICAL OVERVIEW**

On December 5, 1933, President Franklin Delano Roosevelt signed Presidential Proclamation 2,065, officially declaring the 18th Amendment to the U.S. Constitution replaced by the 21st Amendment. The 21st Amendment repealed Prohibition and gave each state the power to regulate the trafficking of alcoholic beverages within its borders. Chapter 180 of the Laws of 1933 provided for the manufacture of malt beverages and wine not exceeding 3.2 percent alcohol content under the guidance of an Alcoholic Beverage Control Board.

In May 1934, New York State enacted Chapter 478, known as the Alcoholic Beverage Control Law (“ABC Law”), creating the State Liquor Authority and the Division of Alcoholic Beverage Control effective July 1, 1934. The State Liquor Authority’s first Annual Report noted that Chapter 478 was enacted by the Legislature to provide for “the protection, health, welfare and safety of the people of the State.”

The agency consists of the following which collectively ensure that the agency’s Mission Statement is met: Executive Office, Public Information Office/Public Affairs, Licensing Bureau, Enforcement Bureau, Counsel Office, Hearing Bureau, and Secretary’s Office.

The agency currently operates three offices: New York City (Zone 1); Albany, which serves as the administrative headquarters (Zone 2); and Buffalo (Zone 3).

## **MISSION STATEMENT**

The State Liquor Authority (SLA) has two main functions; issuing licenses and permits and ensuring compliance with the ABC Law. The SLA’s licensing activities focus on the timely processing of permit and license applications in order to facilitate business and job creation. The SLA’s enforcement activities focus on the protection of the public health, welfare, and safety by working with local law enforcement agencies and local communities to bring administrative actions against licensees who violate the law.

The SLA consists of three Members, or Commissioners. While statutorily “the Authority” refers to the three Members of the State Liquor Authority, the phrase is most often used to identify the entire agency, the Members and all agency staff. When the Members meet to take an action, or render a decision, they are often referred to as “the Full Board” and the meetings as “Full Board meetings.” The Commissioners of the Authority are nominated by the Governor and confirmed by the Senate for a term of three years. One of the Members is designated by the Governor to serve as the Chairman, with the two other Commissioners serving on a “per diem” basis.

## **POWERS OF THE FULL BOARD**

Acting together, the Full Board are provided statutory powers in Section 17 of the ABC Law. The two most commonly exercised powers are making determinations on

applications for licenses and permits and taking disciplinary action against licensees and permit holders accused of violating the ABC Law or the Rules of the Authority.

The Full Board can delegate its powers to the Chairman or agency staff. Exercising this option, the Full Board has delegated the power to act on routine applications to selected staff, referred to collectively as Licensing Board, as way to more efficiently process applications. The Full Board has also delegated to individual Members the ability to act on certain requests for reconsideration and routine disciplinary matters.

## **POWERS OF THE CHAIRMAN OF THE AUTHORITY**

Administrative control over the agency rests with the Chairman. The Chairman can perform any administrative duties that are not specifically vested by the ABC Law with the Full Board. Among the powers expressly given to the Chairman are presiding over Full Board meetings and prescribing the forms for license and permit applications. In 2012, amendments were made to the ABC Law regarding the respective powers of the Full Board and the Chairman. As a result, certain powers that had rested with the Full Board were transferred to the Chairman as a means of creating administrative efficiencies. Those powers include: staffing decisions; overseeing the Alcohol Training Awareness Program and the submission of annual reports.

## **MEETINGS OF THE FULL BOARD**

Full Board meetings are typically conducted at the SLA's New York City office and video-conferenced to the agency's Albany and Buffalo offices. Anyone wishing to participate or attend can do so at any of the three locations. In addition, the meetings are "webcast" live and recordings of prior meetings are available on the SLA web site.

## **2016 CALENDAR HIGHLIGHTS**

### **2016 New York State Tourism and Craft Beverage Summit**

On October 18, 2016, Governor Cuomo hosted the New York State Tourism and Craft Beverage Summit where he announced a \$55 million investment dedicated to promoting New York's attractions, drawing more visitors, creating jobs and further growing the tourism industry. Additional initiatives were announced to provide \$2 million in funding to promote special events specifically related to agritourism and the craft beverage industry and to open new welcome centers in every region of the state featuring Taste NY markets offering locally grown and produced food and beverages.

### **Recommendations of the Alcoholic Beverage Control Working Group**

On April 13, 2016, Governor Cuomo announced the final reports and recommendations of the Alcoholic Beverage Control Law Working Group, a diverse group of industry experts

assembled in November 2015 to review ways to modernize and simplify New York's 80-year old Alcoholic Beverage Control Law.

The working group held four public meetings and agreed to over a dozen recommendations to revise, consolidate and modernize the law, including:

- Reorganizing the Alcoholic Beverage Control Law in a coherent, customer-focused manner to better serve regulated businesses;
- Consolidating the nine licenses authorizing the sale of alcohol for on-premises businesses into three licenses: one for beer, a second for wine and beer and a third for establishments that serve beer, wine and liquor, as well as clearly stating the types of businesses eligible for each license to simplify the application process;
- Modernizing New York's laws regarding the sale of alcoholic beverages at on-premises establishments on Sundays to amend the statewide hours from 12 noon to 8 a.m., or to create a permit to allow on-premises licenses to serve before noon on Sunday;
- Combining craft manufacturing licenses into one application to reduce mandatory paperwork for small businesses;
- Authorizing wineries and farm wineries to allow customers to take home partially finished bottles of wine;
- Reducing the fee and eliminating the mandatory bond for solicitor's permits for craft manufacturers; and
- Allowing wineries to sell wine in refillable growlers.

### **Craft Cidery and Distillery Growth**

On October 18, 2016, Governor Cuomo announced the number of farm cideries operating and manufacturing facilities in New York State tripled, growing from just 8 in October 2014 to 24. In addition, five off-site branch stores were opened where farm cideries can sell farm-produced wine, beer, spirits and cider by the bottle or by the glass. This growth has strengthened the state's apple industry, promoted job growth and boosted tourism throughout New York State.

On December 13, 2016 Governor Cuomo announced the number of farm distilleries had nearly doubled since the Craft New York Act was implemented in 2014, putting the number of farm distilleries operating in New York State at 107. Additionally, it was announced that the elimination of a brand label registration fee had saved New York distilleries \$687,000 in fees since 2014.

### **Campaign to Combat Underage Drinking in New York**

On May 3, 2016, Governor Cuomo launched the “No Excuses” campaign aimed at curbing underage drinking in New York. More than 15,000 display materials, in Spanish and English, were distributed to restaurants and liquor stores across the state.

The SLA partnered with the Foundation for Advancing Alcohol Responsibility just ahead of prom and graduation season to distribute the display materials to liquor licensees throughout New York. In addition, the groups hosted launch events with spirit retailers in Albany, Buffalo, New York City and Rochester, with participation by local law enforcement officials.

The SLA has dramatically intensified enforcement actions to crack down on sales to minors in addition to providing education to licensees on their responsibilities. SLA prosecutions for underage sales were up 50 percent since 2010, while the number of licensees and their staff completing the Alcohol Training Awareness Program to prevent underage sales increased by over 150 percent over the same time.

On December 2, 2016, Governor Cuomo announced that underage drinking sweeps conducted in 2016 produced a single year record with the seizure of 862 fraudulent licenses and the arrest of 818 individuals for underage drinking. The previous record of 751 seized ID documents and 758 arrests was set in 2015.

## **2016 LEGISLATIVE SUMMARY**

### **Expanding the Alcohol Beverage Production Tax Credit**

On June 9, 2016, Governor Cuomo expanded the Beer Production Credit, now referred to as the Alcohol Production Credit, to include New York’s wine, spirits and cider industries. Any brewery in New York that produces 60 million gallons or less of beer is currently eligible for a refundable tax credit applied against New York State personal income and business taxes, and this new law gives wineries, cideries and distilleries this same credit, allowing them to reinvest in their businesses.

The credit is now available to craft beverage businesses producing 60 million gallons or less of beer or cider, 20 million gallons or less of wine and 800,000 gallons or less of liquor in New York State.

### **Expanding Sunday Sales for On-Premises Establishments**

On September 7, 2016, Governor Cuomo signed legislation to expand the sale of alcoholic beverages at on-premises establishments by changing the statewide opening hours from noon to 10 a.m. Additionally, these licensees can apply for a permit, limited to twelve per year, to sell alcoholic beverages for consumption on the premises on Sundays between 8 a.m. and the new 10 a.m. opening hour in areas outside New York City.

### **Eliminating Paperwork Requirements for Craft Manufacturers**

On September 7, 2016, Governor Cuomo signed legislation to combine craft/farm manufacturing licenses into one license application, one filing fee and one renewal to reduce paperwork for these small businesses. A combined craft/farm manufacturer's license may merge two or more of the following licenses: farm brewery, micro-brewery, farm cidery, farm winery, micro-distillery, micro-rectifier and farm distillery. Previously, businesses holding multiple licenses had to file paperwork and renewals for each separate license.

### **Authorizing the Sale of Wine in Growlers**

On September 7, 2016, Governor Cuomo signed legislation to allow wineries to fill their customers' growlers. Previously, wine sold at retail for off-premises consumption had to be kept in its original sealed container, which unduly burdened wineries that could open a container to sell wine for on-premises consumption, or sell wine for off-premises consumption, but could not fill a growler to be taken away from the winery. This new legislation enacts a common-sense change to the law that allows wineries to fill their customers' growlers. Additionally, wineries are authorized to allow customers to take home partially finished bottles of wine.

### **Reducing Fees for Craft Beverage Salespeople**

On September 7, 2016, Governor Cuomo signed legislation to eliminate the fee for a solicitor's permit for a person who is soliciting on behalf of a craft/farm manufacturer and to remove the bond requirement for all manufacturers. Previously, the law required any salesperson or solicitor employed by a manufacturer or wholesaler to obtain a solicitor's permit in addition to a bond, which caused a financial hardship.

Additionally, the term of a temporary solicitor's permit for all other manufacturers and wholesalers was extended from 60 days to 6 months, provided the solicitor files his/her application for a solicitor's permit within 60 days of employment.

### **Reducing Fees for Small Wholesalers**

On September 7, 2016, Governor Cuomo signed legislation to create a low-cost "importer's license" that would be available to wholesalers that sell only to other wholesalers. Most alcohol beverage wholesalers sell their products to licensed retailers. However, there are currently small wholesalers in New York that sell a limited number of brands they import directly to large wholesalers for distribution to retailers.

Under the previous law, these small wholesalers had to pay the same amount for their license as their larger counterparts, with costs ranging from \$1,460 for a one-year beer license to \$27,280 for a three-year liquor wholesale license. This financial burden often required these small businesses to make a choice between continuing to hold a New York wholesale license or to relocate their business outside of New York. Now, the businesses may obtain an importer's license at a cost of only \$125 a year.

### **Authorizing Liquor Stores to Sell Gift Wrapping**

On September 7, 2016, Governor Cuomo signed legislation to allow liquor and wine stores to sell gift wrapping, gift boxes or gift bags, at profit, to their customers for alcoholic beverages purchased at the licensed establishment.

### **Expanding Sales by the Glass to Farm Wineries, Breweries and Cideries**

On September 13, 2016, Governor Cuomo signed legislation to allow farm wineries, breweries and cideries to sell any New York-made farm alcoholic beverage by the glass at their production facility or off-site branch store. Under the previous law, farm manufacturers were limited to selling only products by the glass they produce on site.

### **Creation and Operation of Custom Production Centers**

On November 14, 2016, Governor Cuomo signed legislation creating a license that allows the operation of custom beer, wine and cider production centers that will rent space and equipment to customers looking to produce beer, wine or cider for home consumption.

### **Businesses with Adjacent Licenses**

On September 7, 2016, Governor Cuomo signed legislation allowing a business with an adjacent on-premises liquor/wine license and off-premises beer license to move liquor through the beer premises, rather than having to go around the beer business to deliver liquor or wine.

### **Mixed Martial Arts**

On April 14, 2016, Governor Cuomo signed legislation modifying a provision of the ABC Law to allow contests involving physical contact between participants, such as mixed martial arts competitions, at licensed premises. Previously, the ABC Law restricted such events at licensed premises.

### **Temporary Retail Permits for New Applicants**

In 2010, the ABC Law was amended to establish Temporary Retail Permits for new applicants outside of New York City while their license applications are being reviewed. These permits are typically issued within one week of the filing of an application. The new permit section of the statute was set to “sunset” after one year. The provision, extended for an additional year in 2011, 2012, 2013, 2014, 2015 and 2016, will remain in effect until October 2017.

### **Definition of “For Cause” in Disciplinary Proceedings**



On September 29, 2016, Governor Cuomo signed legislation amending the definition of “for cause” in revocation proceedings to include an on-premises licensee who deliberately misleads the SLA as to the nature or character of the business to be operated on the licensed premises, or those who substantially alter the nature and character of the business without SLA approval.

### **Temporary Acting Chairman**

On September 7, 2016, Governor Cuomo signed legislation providing that in the event of the resignation, death, removal or disability of a Chairman of the SLA, the Governor will now be able to appoint one of the Commissioners to temporarily serve as acting Chairman until a new Chairman is appointed.

## **2017 CALENDAR HIGHLIGHTS**

### **50 Percent Growth in Craft Beverage Manufacturers**

On December 12, 2017, Governor Cuomo announced the number of craft beverage manufacturers had grown by 50 percent since the enactment of the Craft New York Act three years prior. A direct result of the Governor's Beer, Wine, Spirits and Cider Summits, the Craft Act went into effect on December 13, 2014, continuing the state's support of the growing craft beverage industry. Since then, 340 new craft beverage businesses have opened their doors across the state.

### **Craft Beverage Store Growth**

On February 23, 2017, Governor Cuomo announced the number of craft beverage manufacturers operating off-site branch stores increased to 105 locations in 35 counties across New York, with 32 new locations opening in the previous year alone. As part of the Governor's continuing efforts to boost the craft beverage industry, all farm-based beverage manufacturers, including wineries, breweries, cideries and distilleries, are allowed to open off-site retail stores with no additional licensing fees.

### **Inaugural Taste New York Craft Beer Challenge**

On May 2, 2017, Governor Cuomo announced the launch of the Taste NY Inaugural Craft Beer Challenge, in which New Yorkers were invited to vote for their favorite New York craft brewery in celebration of the diversity, range, and quality of New York's craft beer industry. Nearly 70 breweries from across the state participated in the competition.

On May 17, 2017, Governor Cuomo hosted a final tasting event for the five New York breweries with the most online votes and announced that Brewery Ommegang in Cooperstown and Roscoe NY Beer Co. in Roscoe were the winners in a tie.

### **Taste New York Experience Tasting Event**

On May 18, 2017, Governor Cuomo announced the first-ever Taste NY Experience tasting event to showcase more than four dozen of the State’s top wine, beer, spirits and cider producers in New York City. The event was held on May 24<sup>th</sup>. In addition to the Taste NY Experience, the Governor also announced the launch of the Taste NY Cuisine and Craft Beverage Trail webpage. This one-stop site was the first webpage to compile information on the State’s 18 cuisine and beverage trails across the state.

### **New York State Fair Craft Beer Industry Competition**

On June 19, 2017, Governor Cuomo announced that the Great New York State Fair would host a professionally judged beer competition to further promote New York’s growing craft beverage industry. The competition was open to any craft brewer located in the State, and 40 judges sampled a total 707 entries in the largest professionally judged craft beer competition held in New York State. The Governor’s Excelsior Cup winner and other awardees were displayed at the Fair.

### **Taste New York Craft Beverage Week**

On September 12, 2017, Governor Cuomo announced that the first-ever Taste NY Craft Beverage Week would be held November 5, 2017 through November 11, 2017 in New York City. During Craft Beverage Week, participating restaurants, bars, taverns and retail stores offered special events and promotions to highlight New York wine, beer, spirits and ciders and increase sales of these top-notch products.

### **Cider Week NYC**

On October 13, 2017, Governor Cuomo announced that 30 New York State cider makers would participate in the 7<sup>th</sup> annual Cider Week NYC, held October 20<sup>th</sup> through October 29<sup>th</sup>. The cider industry has quadrupled since 2014 due to the Governor’s Farm Cidery Law, and Cider Week encourages New Yorkers to celebrate the success of New York cideries and the State’s agricultural industry.

### **Campaign to Combat Underage Drinking in New York**

On October 18, 2017, Governor Cuomo announced the results of joint efforts by the SLA and the Department of Motor Vehicles to combat underage drinking. During this enforcement effort, SLA underage decoys visited 404 establishments, 93 of which made illegal sales, and DMV investigators arrested 368 people under 21 attempting to use false identification to purchase alcohol during the months of July, August and September. On March 2<sup>nd</sup>, the Governor announced a similar statewide crackdown to combat illegal sales and purchases of alcohol by underage individuals, which resulted in sales to minor charges for 184 of the 647 total businesses checked.

### **Farm Distillery On-Premises Consumption Privileges**

On July 25, 2017, Governor Cuomo signed legislation allowing farm distilleries to sell for on or off premises consumption: any New York state labelled beer manufactured by a licensed brewer or farm brewer; New York state labelled cider manufactured by a licensed brewer, farm brewer, farm winery, cider producer or farm cidery; or New York state labelled wine manufactured by a licensed winery of farm winery.

### **Farm Cidery Enhancements**

On August 17, 2017, Governor Cuomo signed legislation allowing cider producers to conduct tastings of any New York state labelled cider. Farm cideries and wineries may sell their cider for resale to licensed wineries in addition to other farm manufacturers, and may also sell an increased variety of cider making supplies including apples, presses, yeasts and various bottles and other cider storage and fermenting barrels. Licensed wineries may conduct tastings of and sell for on or off premises consumption any New York state labelled cider.

### **Establishment of Upper Hudson Wine Trail**

On August 21, 2017, Governor Cuomo signed legislation designating a portion of the state highway system in the counties of Albany and Saratoga as the “Upper Hudson Wine Trail.”

### **Extension of Temporary Permits**

On August 21, 2017, Governor Cuomo signed legislation extending, until October 2018, a provision allowing the SLA to issue temporary operating permits to new retail applicants outside of New York City.

### **Educational Seminars for Off-Premises Liquor and Wine Licensees**

On October 23, 2017, Governor Cuomo signed legislation allowing off-premises liquor and wine stores to charge customers for educational seminars without it being considered an impermissible second business on their premises.

### **Electronic Filing of Brand Label Applications and Three-Year Brand Label Renewals**

On October 23, 2017, Governor Cuomo signed legislation allowing brand owners to file brand label applications electronically as soon as the requisite IT systems are in place. Also, brand label renewals will now take place every three years rather than annually.

### **New License Expands Recreational Production of Craft Beverage in New York State**

On June 12, 2017, the SLA began accepting applications for custom craft production centers, where craft beverage enthusiasts, hobbyists and other amateur brewers, vintners and cider makers can utilize the expertise, space and equipment of existing facilities to produce craft beverages for personal consumption.

## CHAIRMAN’S AND EXECUTIVE OFFICE OVERVIEW

The Office of the Chairman and Executive includes a Chief Executive Officer, Deputy Commissioners, Director of Administration, Director of Internal Audit and an administrative support team.

The Office coordinates the daily operations of the agency, providing external support to a wide variety of public and licensed interests, as well as internal support to all agency program areas (e.g. supply and equipment acquisition, maintenance and inventory control, internal controls, telecommunications, and tenancy, etc.). The Administrative Support Team provides direct support to the Chairman and functions as program liaisons with our host partner, New York State Office of General Services (“OGS”), on all finance and human resource activities.

### Appropriations and Revenue

<b>Fiscal Year</b>	<b>Appropriation</b>
2015-16	\$18,065,000
2016-17	\$18,065,000

<b>Fiscal Year</b>	<b>Total Revenues</b>
2015-16	\$59,832,180
2016-17	\$60,537,797

## PUBLIC INFORMATION OFFICE/OFFICE OF PUBLIC AFFAIRS OVERVIEW

The Public Information Office/Office of Public Affairs fosters positive working relationships with federal, state and local legislators, community groups and their staffs; engages in discussions in support of the SLA’s annual legislative program and, where appropriate, Governor’s Program Bills bearing on alcoholic beverage control policy; responds to media requests, distributes press releases, coordinates press-related events and assists in the management of the content of the agency’s website. The Public Information Office/Office of Public Affairs is committed to keeping the media, licensees and the public up to date on news, policies and current events concerning the SLA.

## LICENSING BUREAU OVERVIEW

The Licensing Bureau coordinates statewide licensing policies, standards, initiatives, and ensures that all applicants meet the statutory requirements to obtain a license or permit in the most efficient and expeditious manner possible. Staff review all license and permit applications for completeness and accuracy. Staff then prepares detailed reports of the application’s facts to ensure that either the Licensing Board or the Full Board can make a proper determination on each application. Units within the Licensing Bureau include:

**Intake Unit** – The intake unit receives all applications from the agency’s lockbox. In 2016 the intake unit received and processed 16,415 non-renewal applications: 7,384 new applications, 5,926 change applications and 3,105 temporary retail permit applications. In 2017 they received and processed 17,192 non-renewal applications: 7,630 new applications, 6,394 change applications and 3,168 temporary retail permit applications.

**Licensing Unit** – Examiners receive applications from the intake unit and review and analyze each application. Applications include those for manufacturing, wholesale, retail and temporary retail permits. In 2016 this activity generated \$13,326,974 in revenue. Of the 7,384 new applications received 6,911 of those were approved by the licensing board or the Members. In 2017 this activity generated \$13,881,849 in revenue. Of the 7,630 new applications received 6,668 of those were approved by the licensing board or the Members.

**Renewal Unit** – The renewal unit, centered in Albany, processes all license and permit renewal applications statewide. In 2016, the SLA processed 35,887 renewal applications which generated \$36,466,504 in revenue. In 2017 The SLA processed 44,247 renewal applications which generated \$42,482,213 in revenue.

**Permit Unit** – The permit unit, centered in Albany, processes all permit applications statewide. These permits include: Temporary Beer and Wine Permits (TPAs), Caterer’s Permits, Transportation Permits, Solicitor’s Permits, Brand Label Permits and other miscellaneous permits. This unit processed in 2016 10,350 TPA transactions, 10,467 Caterer transactions, 7,336 Brand Label and 4,135 Miscellaneous Permits generating \$5,572,621 in revenue. This unit processed in 2017 11,070 TPA transactions, 10,289 Caterer transactions, 8,997 Brand Label and 3,366 Miscellaneous Permit generating \$4,667,580 in revenue.

**Brand Label Registration Unit** – The brand label registration unit, centered in Albany, processes all brand label applications statewide. ABC Law requires that all brand labels for beer, low-alcohol wine, liquor, hard cider and wine products be registered and approved by the SLA before they are sold in New York State. In 2016, \$538,800 was collected in revenue and in 2017, \$602,700 was collected.

The total revenue generated by the Licensing Bureau for the 2016 fiscal year was \$55,366,099 and \$62,329,158 in 2017.

### **License Types**

There are 96 license types and 91 permit types, allowing for various means of trafficking in alcoholic beverages. During 2016 and 2017 the SLA was responsible for the regulation of over 53,000 active licensees and 35,000 permittees.

Licenses are issued generally for durations that range from 1 to 3 years, depending on license type, after which licensees may apply for renewal. Licenses can also be issued on a seasonal basis for durations that range from 6 to 9 months.

Licenses fall into three major categories: manufacturer, wholesaler and retailer.

**Manufacturer Licenses** include several classes of distillery, winery, brewery and cidery licenses. To encourage the creation and growth of New York based industries, within each category there are provisions allowing for licenses to be issued at a lower cost for businesses with limits on production, as well as provisions for businesses that manufacture alcoholic beverages made primarily from New York agricultural products. In addition to selling their goods to wholesalers and retailers, certain small manufacturers are also allowed to sell directly to consumers.

**Wholesaler Licenses** allow licensees to purchase alcoholic beverages from manufacturers, importers and other wholesalers and to sell those products to retailers. There are separate licenses for liquor, wine and beer wholesalers. In limited situations, wholesalers can sell directly to consumers.

**Retailer Licenses** are available for both on-premises and off-premises sales. Specifically:

**On-premises** licenses are issued to businesses such as restaurants and taverns that serve alcoholic beverages to be consumed at the establishment. These licenses may allow for the sale and consumption of all types of alcoholic beverages, or may be limited to the sale of wine and beer, or beer only.

**Off-premises** beer licenses are issued to grocery and drug stores, while package stores are authorized to sell spirits and wine, or wine only.

Applications to modify the conditions of a retail license as originally granted are required to be filed and approved in most instances before any changes may be made. Examples include moving to a new location; altering the layout of an establishment; changing principals, officers, or LLC members of a licensee; upgrading the type of license currently held; or changing the method of operation originally approved by the SLA.

## LICENSING BUREAU STATISTICS

REVENUE 2016/2017						
CLASS	NEW LICENSES 2016	NEW LICENSES 2017	RENEWED LICENSES 2016	RENEWED LICENSES 2017	TOTAL 2016	TOTAL 2017
On-Premises	\$9,984,238	\$10,552,686	\$27,681,025	\$34,876,134	\$37,665,263	\$45,428,820
Off-Premises	\$1,640,296	\$1,437,722	\$2,868,553	\$2,369,813	\$4,508,849	\$3,807,535
Liquor Stores	\$1,036,150	\$1,048,274	\$2,645,447	\$2,668,130	\$3,681,597	\$3,716,404
Wholesale	\$666,290	\$843,167	\$3,271,479	\$2,568,136	\$3,937,769	\$3,441,303
Misc. Permits	\$1,983,295	\$842,601		\$1,297,516	\$1,983,295	\$2,140,117
Special Event Permits	\$1,596,471	\$1,615,779			\$1,596,471	\$1,615,779
Brand Label Permits	\$538,800	\$602,700	\$1,454,055	\$1,606,500	\$1,992,855	\$2,209,200
				Grand Totals Per Year	\$55,366,099	\$62,359,158

APPLICATIONS PROCESSED 2016				
CLASS	ZONE 1 (NYC)	ZONE 2 (Albany)	ZONE 3 (Buffalo)	TOTAL STATEWIDE 2016
On-Premises	Received – 2,796 Approved – 2,614	Received – 903 Approved - 818	Received – 582 Approved - 558	Received – 4,281 Approved – 3,990
Off-Premises	Received – 1,887 Approved – 1,729	Received – 506 Approved - 522	Received – 261 Approved - 246	Received – 2,654 Approved – 2,477
Wholesaler/Manufacturer	Received - 105 Approved - 92	Received – 292 Approved - 279	Received – 52 Approved - 53	Received – 449 Approved - 424
			Grand Total Statewide	Received – 7,384 Approved – 6,911
License Changes Processed	3,811	1,209	906	5,296
<b>RENEWALS (Statewide)</b>				35,887

<b>APPLICATIONS PROCESSED 2017</b>				
<b>CLASS</b>	<b>ZONE 1 (NYC)</b>	<b>ZONE 2 (Albany)</b>	<b>ZONE 3 (Buffalo)</b>	<b>TOTAL STATEWIDE 2016</b>
On-Premises	Received – 2,948 Approved – 2,567	Received – 899 Approved - 798	Received – 592 Approved - 544	Received – 4,439 Approved – 3,909
Off-Premises	Received – 1,725 Approved – 1,433	Received – 431 Approved - 396	Received – 269 Approved - 232	Received – 2,425 Approved – 2,061
Wholesaler/Manufacturer	Received - 138 Approved - 123	Received – 547 Approved - 502	Received – 81 Approved - 73	Received – 766 Approved - 698
			Grand Total Statewide	Received – 7,630 Approved – 6,668
License Changes Processed	3,831	1,594	969	6,394
<b>RENEWALS (Statewide)</b>				44,247

<b>PERMITS PROCESSED 2016/2017</b>		
<b>PERMIT TYPE</b>	<b>PROCESSED 2016</b>	<b>PROCESSED 2017</b>
Brand Label	7,336	8,997
Temporary (ST)	3,105	3,168
Other	4,135	3,366
Total	14,576	15,531
<b>SPECIAL EVENT PERMIT TYPE</b>		
Temporary Beer & Wine (TPA)	10,350	11,070
Catering	10,467	10,289
Total	20,817	21,359



## ENFORCEMENT BUREAU OVERVIEW

The Enforcement Bureau is responsible for investigating violations of the ABC Law, rules and regulations relating to the manufacturing, wholesale, retail, transportation, and storage of alcoholic beverages. The Enforcement Bureau works with law enforcement agencies and community groups across the state, performs disclosed and undisclosed investigations, and conducts trainings for police departments, licensees, and servers.

In 2016, cracking down on underage sales continued to be a top priority for the SLA. Investigators conducted 68 Underage Compliance Details, including joint efforts with law enforcement entities. These details visited 847 licensed premises and resulted in 188 sales to minor violations.

SLA Underage Details 2016	
SLA Underage Compliance Initiatives:	68
Licensed premises visited during SLA details:	847
Sales to Minor Violations during SLA details	188

In 2017, enforcement investigators conducted 120 Underage Compliance Details, including joint efforts with law enforcement entities. These details visited 1620 licensed premises and resulted in 393 sales to minor violations.

SLA Underage Details 2017	
SLA Underage Compliance Initiatives:	120
Licensed premises visited during SLA details:	1,620
Sales to Minor Violations during SLA details	393

The SLA continued to foster strong relationships with law enforcement agencies and licensees throughout the state. These activities included:

**Gun Involved Violence Elimination (“GIVE”)** – The SLA collaborated with multiple police agencies designed to support strategic crime-fighting and violence reduction initiatives. Over the last two years SLA traveled to 18 different sites across the state including statewide IMPACT meetings in which agencies shared criminal intelligence. This enhanced the SLA’s efforts to aggressively investigate and prosecute violations that jeopardize the public health and safety.

**Multi -Agency Response to Community Hotspots (“MARCH”) Program** – The SLA worked closely with the New York City Police Department (“NYPD”) through the MARCH program to monitor potentially problematic licensed premises. The MARCH program is directed by the New York City Criminal Justice Coordinator’s office, coordinated by the NYPD, and includes investigators from the SLA, the Fire Department of the City of New York, the New York City Department of Buildings and the New York

City Department of Health. In 2016, The Authority participated in 78 MARCH details making visits to 245 premises. In 2017, The SLA participated in 67 MARCH operations making visits to 172 licensed premises.

## COUNSEL'S OFFICE OVERVIEW

Counsel's Office is responsible for providing a full range of legal services, advice, and counsel to the State Liquor Authority/Division of Alcoholic Beverage Control.

Specific functions include, but are not limited to:

- Prosecuting manufacturer, wholesale, and retail licensees in administrative proceedings for violations of the Alcoholic Beverage Control Law; representing the Authority during any administrative review proceeding; and representing the Authority in Administrative, State, and Federal litigation.
- Responding to requests regarding the interpretations and applications of the law, and reviewing information received from the Enforcement Bureau and other law enforcement agencies for rapid enforcement action. This includes, when necessary, requesting summary suspension of a license where there is an imminent threat to the public health, safety, or welfare.
- Advising Authority staff and units on legal, advisory, declaratory, and compliance issues, including developing rules, regulations, and policy directives, and preparing and commenting on pending and possible legislation.
- Assisting the Full Board in the administration of the Alcohol Training Awareness Programs across the State.
- Responding and managing any Freedom of Information Law requests directed to the Authority, including the extensive review, research, and retrieval of Agency records.

Attending meetings of the Full Board; acting as the legal advisor to the Full Board, and advising the Full Board on requests for declaratory rulings.

The SLA Counsel's office regulates the distribution and sale of alcoholic beverages through the three-tiered system of independent manufacturers, wholesalers, and retailers.

The Wholesale Bureau provides on-going assistance and guidance to the industry on trade practices and policy issues. The Wholesale Bureau specifically handles the following

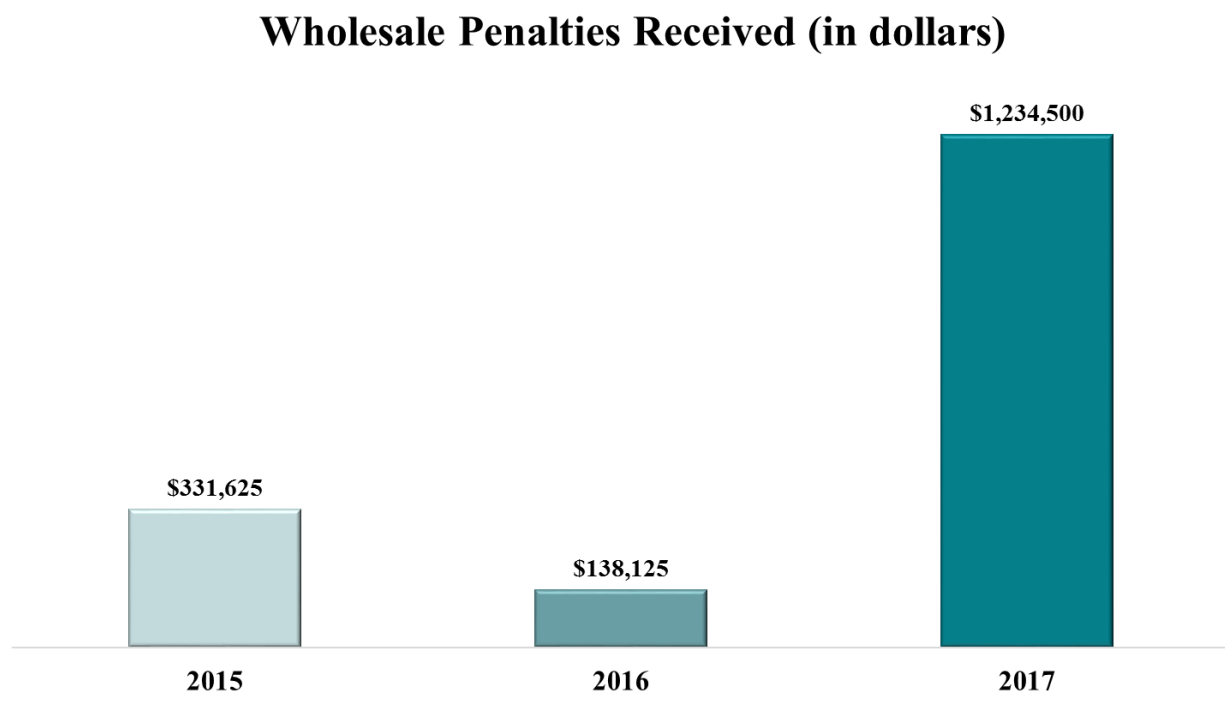
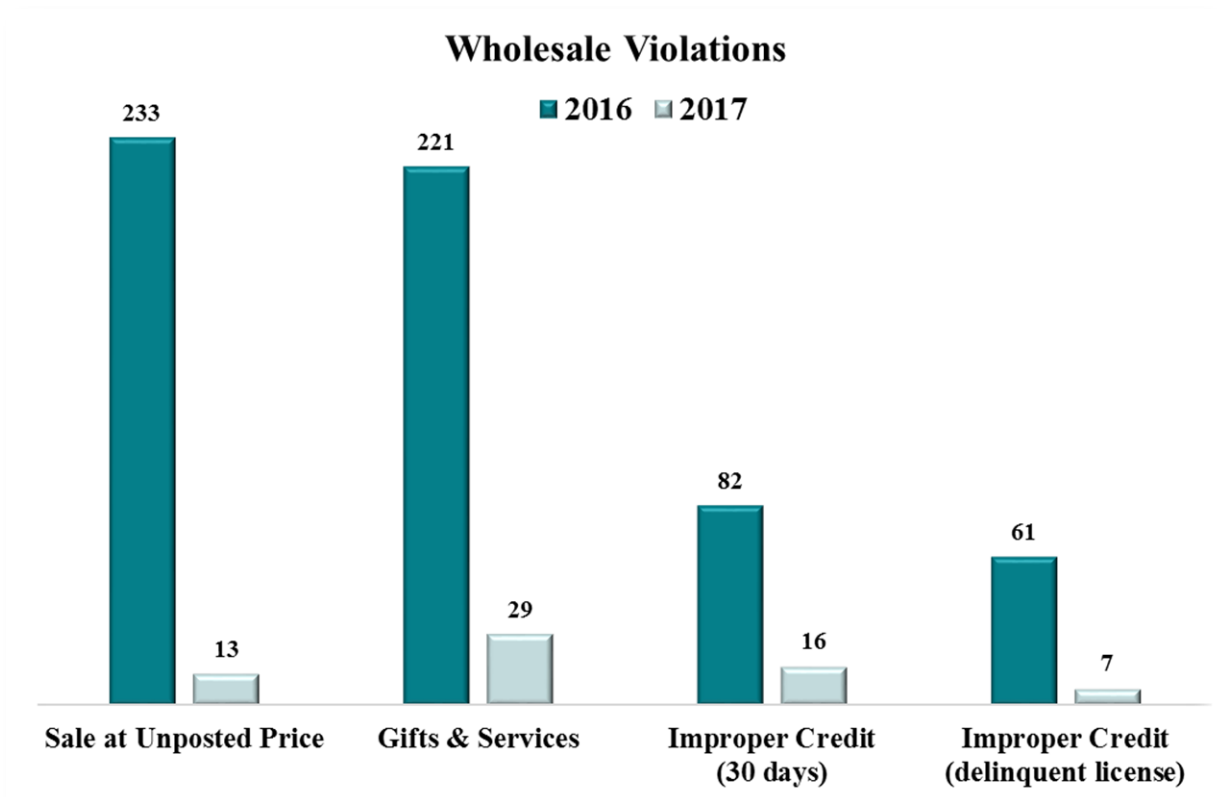
**Wholesale Price Posting** – The Alcoholic Beverage Control Law requires wholesalers of wine and spirits to post their prices monthly with the Authority to enable it to detect patterns that might indicate collusive practices or tied houses (i.e., the control of a licensee at one

level of the three-tier system by a licensee at another level). These statutory provisions were enacted to eliminate predatory pricing schemes that encouraged irresponsible sales practices and forced many licensees out of business. Wholesalers provide this information to the Authority through an electronic price filing system.

**Cash on Delivery (“COD”) Listing** – The ABC Law requires the monitoring of delinquent retail accounts. The Wholesale Bureau tracks these accounts via the COD List and delinquent retail accounts must pay cash for their purchases from wholesalers.

**Alcohol Training Awareness Program (“ATAP”) Participation** - Counsel’s office oversees the certification and monitoring of the Alcohol Training Awareness Program (“ATAP”) where licensees and servers are trained in the appropriate and lawful sales of alcoholic beverages. Educating licensees regarding their responsibilities has proven to be an effective tool to reduce underage drinking and sales to intoxicated persons. There are currently 21 approved ATAP classroom programs, and 14 approved online programs. In 2016, the 35 State Liquor Authority Certified ATAP Training Programs held 441 classroom training sessions and 15,259 on-line sessions which resulted in 19,781 students certified.

**Prosecute Manufacturing and Wholesale Cases** – Counsel’s office maintains a staff of experienced investigators and prosecutors trained to prosecute administrative cases against manufacturers and wholesalers for violations of the ABC Law.



## **Disciplinary Process**

The SLA's Counsel's Office prosecutes licensees in administrative proceedings for violations of the Alcoholic Beverage Control Law and Rules of the SLA. An investigation into a disciplinary matter typically begins with one (1) or more of the following:

- **An on-site, announced inspection of a licensed establishment;**
- **An on-site, undisclosed investigation by SLA investigators;**
- **A review of referrals or investigations by other law enforcement and regulatory agencies; and/or**
- **Interviewing witnesses and collecting evidence.**

Disciplinary proceedings are commenced by the issuance of a Notice of Pleading setting forth the alleged violations. After receiving the Notice of Pleading a licensee may enter one (1) of the following pleas:

- **Not Guilty;**
- **No Contest; or**
- **Conditional No Contest.**

If a licensee pleads "not guilty," a hearing date is scheduled with an Administrative Law Judge ("ALJ"). At the hearing, the SLA and the licensee may produce witnesses, which are subject to cross-examination, and submit documentary evidence. Findings are made by the ALJ and presented to the Full Board for final approval. If the licensee admits to committing the violation with a "no contest" plea, the Board imposes an appropriate penalty. If the licensee submits a "conditional no contest" plea, the licensee's offer of settlement is forwarded to the Board for consideration. If the offer is rejected by the Board, the matter is returned to Counsel's Office to schedule an administrative hearing. Each case brought to the Board is examined on its individual merits. If a disciplinary charge is sustained, the Board may impose one or more of the following:

**Letter of Warning** – A formal letter documenting that although the licensee may have committed a violation, only a warning is warranted under the circumstances;

**Civil Fine** – A monetary penalty;

**Bond Claim** – A claim for payment is made against the surety bond that was filed with the license application;

**Suspension** – The license is seized for a specified number of days;

**Cancellation** – The license is terminated, but there are no time restrictions on reapplying for another license;

**Revocation** – The license is terminated, and the licensee(s) cannot hold a liquor license in New York State for two (2) years; and

**Proscription** – A two-year ban on the issuance of a license to any part of the building containing the revoked licensed premises.

### **Frequent/Common violations brought against licensees in 2016**

Sale to Minor - 895  
Failure to Comply with Local Regulations - 387  
Failure to Conform to Application - 355  
Failure to Comply - Unlicensed Security Guard(s)- 227  
Failure to Supervise - 174  
Disorderly Premises - Altercation/Assault - 121  
Gambling - 67  
Availing - 91  
Disorderly Premises - Controlled Substance – 37

### **Frequent/Common violations brought against licensees in 2017**

Sale to Minor – 1,139  
Failure to Comply\* with Local Regulations - 602  
Failure to Conform\*\* to Application - 397  
Failure to Comply - Unlicensed Security Guard(s) - 240  
Failure to Supervise\*\*\* - 278  
Disorderly Premises - Altercation/Assault - 143  
Gambling - 48  
Availing\*\*\*\* - 75  
Disorderly Premises - Controlled Substance - 15

\*Failure to Comply – requirements placed on the licensee by the SLA regarding the operation of the business.

\*\*Failure to Conform – a licensed establishment is subject to all representations made in their application. Violations can constitute any change or deviation from those representations without approval from the SLA.

\*\*\*Failure to Supervise – allowing the licensed establishment to become unruly.

\*\*\*\*Availing – an undisclosed person having an ownership or other financial/controlling interest in the licensed business.

## HEARING BUREAU OVERVIEW

The Hearing Bureau is comprised of part-time Administrative Law Judges (“ALJs”). Licensees charged with violations, such as sales of alcoholic beverages to underage purchasers, have the right to fair and impartial hearings. The Hearing Bureau conducts all such disciplinary proceedings and all cases are prosecuted by the Counsel’s Office. Additionally, the Hearing Bureau holds hearings: to review Licensing Board decisions denying licenses; and pertaining to license applications when such hearings are mandated by statute, primarily “500 Foot Rule Hearings,” which afford a forum for public comments regarding applications for bar, restaurant or cabaret licenses in municipalities of 20,000 or more people where there are already three (3) or more “on-premises” liquor licenses within 500 feet of the applied for premises.

Hearings are governed by the State Administrative Procedures Act (“SAPA”), the Alcoholic Beverage Control Law, the Rules of the SLA and Executive Order 131, which require that they be conducted in a manner that is impartial, efficient, timely, expert and fair. After a hearing is held, the ALJ makes findings of fact and renders a written determination. The hearing record, including a transcript (or an audio recording) of testimony taken at a hearing, constitutes the basis upon which all succeeding reviews, including reviews by the Full Board or on appeal to the courts of the State of New York, are heard.

In 2016, the Hearing Bureau held 589 disciplinary hearings – 418 in New York City (Zone 1), 125 in Albany (Zone 2), and 46 in Buffalo (Zone 3). In addition, the Hearing Bureau held 737 500-Foot Hearings – 671 in New York City (Zone 1), 29 in Albany (Zone 2), and 37 in Buffalo (Zone 3).

In 2017 the Hearing Bureau held 402 disciplinary hearings – 375 in New York City (Zone 1), 14 in Albany (Zone 2), and 13 in Buffalo (Zone 3). In addition, the Hearing Bureau held 805 500-Foot Hearings – 730 in New York City (Zone 1), 44 in Albany (Zone 2), and 31 in Buffalo (Zone 3).

## SECRETARY’S OFFICE OVERVIEW

The Full Board conducts their official business (deciding applications, making determinations and imposing penalties in disciplinary proceedings, etc.) at public meetings. The Secretary’s Office is responsible for the preparation of the agenda for each Full Board meeting. The Office receives matters for consideration by the Full Board from the Licensing Bureau, Counsel’s Office and Hearing Bureau, as well as miscellaneous matters presented by other units within the SLA.

The Secretary’s Office is also responsible for coordinating the scheduling of the Full Board meetings, assisting the Chairman in conducting the meetings and recording the actions taken by the Full Board at each meeting. After each meeting, the Secretary’s Office coordinates the drafting, filing and distribution of all written decisions. In addition, the Secretary’s Office is responsible for advising licensees of the determinations made in disciplinary cases, the issuance of revocation, cancellation and suspension orders, the

collection of civil penalties imposed by the Full Board and processing refunds of license fees.

**2016 at a Glance:**

- 26 regular Full Board Meetings
- 7 special Full Board Meetings
- 2725 items scheduled for Full Board review including 591 licensing matters.
- 26 revocations
- 354 cancellations
- 75 suspensions (1315 days total)
- \$6,575,666 in civil penalties
- \$368,558 in bond claims
- 17 emergency summary suspensions
- 10 advisories
- 17 declaratory rulings

**2017 at a Glance:**

- 27 regular Full Board Meetings
- 12 special Full Board Meetings
- 2783 items scheduled for Full Board review including 591 licensing matters.
- 52 revocations
- 353 cancellations
- 90 suspensions (1439 days total)
- \$9,032,875 in civil penalties
- \$440,100 in bond claims
- 30 emergency summary suspensions

**Disciplinary Penalties Imposed by the SLA Board (By Penalty Due Date)**

<b>LEGAL MATTERS SUBMITTED TO THE SLA BOARD</b>			
<b>Year</b>	<b>Calendared Items</b>	<b>Non-Calendared Items</b>	<b>Total</b>
2013	3,632	890	4,522
2014	3,512	1,107	4,073
2015	2,731	598	3,329
2016	2725	470	3,195
2017	2783	684	3,475



Year	Civil Penalties	Revocations & Cancellations	Suspensions	Number of Days (Suspensions)
2013	\$8,769,881	526	90	1,736
2014	\$11,059,281	474	81	1,602
2015	\$8,217,879	449	93	2323
2016	\$6,575,666	380	75	1315
2017	\$9,032,875	405	90	1439

**HOW TO CONTACT THE SLA**

<p><b>ENFORCEMENT</b> If you would like to make a complaint or have questions on enforcement issues, please call (518) 474-3114 and select option 2 or send an email to: Enforcement@sla.ny.gov</p>	<p><b>OFFICE OF THE SECRETARY</b> If you have questions regarding the Full Board Calendar or questions regarding fines or penalties imposed by the Board, please call (518) 474-3114 and select option 4 or send an email to: Secretarys.Office@sla.ny.gov</p>
<p><b>LICENSING</b> If you have any questions concerning how to obtain a license or permit, please call (518) 474-3114 and select option 1 or send an email to: Licensing.Information@sla.ny.gov</p>	<p><b>TECHNOLOGY</b> If you have questions or suggestions regarding the Agency’s use of technology, please call (518) 474-3114 and select option 5 or send an email to: Web.Master@sla.ny.gov</p>
<p><b>WHOLESALE</b> If you are a manufacturer, wholesaler, retailer or other interested party with questions concerning trade practice, price schedules, or delinquent/credit statutes, please call (518) 474-3114 and select option 1 or send an email to: Wholesale.Bureau@sla.ny.gov</p>	<p><b>PUBLIC AND LEGISLATIVE AFFAIRS</b> If you are a member of the media with questions regarding the SLA, please call (518) 474-3114 and select option 3 or send an email to: Press.Office@sla.ny.gov</p>

**ZONE OFFICES AND THEIR DESIGNATED COUNTIES**

<p><b>Zone 1</b> 317 Lenox Avenue New York, NY 10027</p>	<p><b>Zone 2</b> 80 South Swan Street Albany, NY 12210-8002</p>	<p><b>Zone 3</b> 535 Washington Street Buffalo, NY 14203</p>
<p>Bronx Kings Nassau New York Queens Richmond Suffolk Westchester</p>	<p>Albany Broome Cayuga Chenango Clinton Columbia Cortland Delaware Dutchess Essex Franklin Fulton Greene Hamilton Herkimer Jefferson Lewis Madison Montgomery Oneida Onondaga Orange Oswego Otsego Putnam Rensselaer Rockland St. Lawrence Saratoga Schenectady Schoharie Sullivan Ulster Washington Warren</p>	<p>Allegany Cattaraugus Chautauqua Chemung Erie Genesee Livingston Monroe Niagara Ontario Orleans Schuyler Seneca Steuben Tioga Tompkins Wayne Wyoming Yates</p>