

**STATE OF NEW JERSEY  
DEPARTMENT OF LAW AND PUBLIC SAFETY  
DIVISION OF ALCOHOLIC BEVERAGE CONTROL**

IN THE MATTER OF APPLICATION	)	
FOR PROFESSIONAL GOLF	)	SR 2022-04
TOURNAMENT PERMITS	)	SPECIAL RULING AUTHORIZING
	)	ISSUANCE OF PROFESSIONAL GOLF
	)	TOURNAMENT PERMIT
_____	)	

BY THE DIRECTOR:

**I. Introduction.**

New Jersey is the home to many highly regarded golf courses and over the years, our State has been the site of numerous professional golf tournaments. Some of these professional golf tournaments have been run by professional golf associations, such as the PGA of America (Professional Golfers’ Association of America), the PGA Tour, the LPGA (Ladies Professional Golf Association), the USGA (United States Golf Association), and other professional sanctioning bodies. These tournaments have a positive impact on the State as they generate economic activity, provide jobs to New Jersey residents, and attract thousands of visitors to the State.

In the past, the Division of Alcoholic Beverage Control (the “Division”) has had to relax certain regulations and/or to create miscellaneous permits to cover the alcoholic beverage operations at the tournaments because the golf associations’ methods of operation (or contracted caterer’s/licensee’s operations) did not squarely fit into an existing license or permit. However, these events have been held by responsible vendors and the alcohol has been sold and served at these tournaments without incident. Accordingly, given the Division’s understanding of how professional golf tournaments are run and how the sale and service of alcoholic beverages are a

necessary ancillary amenity at these events, the Division finds it necessary and appropriate to create a Professional Golf Tournament Permit (the “Permit”) to accommodate these types of tournaments held at New Jersey golf courses. The Permit being created by this Special Ruling will ensure the responsible sale and service of alcoholic beverages at professional golf tournaments, while meeting the business needs of the professional golf tournament organizers, their host golf courses and appointed caterers.

## **II. Division’s Authority to Create Professional Golf Tournament Permit.**

It is the mandate of the New Jersey Legislature that the Director of the Division supervise the manufacture, distribution and sale of alcoholic beverages in such a manner as to fulfill the public policies and legislative purposes of the Alcoholic Beverage Control Act (“ABC Act”). See N.J.S.A. 33:1-3. Two such policies and purposes are: 1) the strict regulation of alcoholic beverages to protect the health, safety and welfare of the people of New Jersey, and 2) the fostering of moderation and responsibility in the use and consumption of alcoholic beverages. See N.J.S.A. 33:1-3.1(b)(1) and (b)(2). To this end, it is the Division’s obligation to the people of New Jersey to exercise due diligence when creating, reviewing and issuing all licenses and permits.

Pursuant to N.J.S.A. 33:1-39, the Director has the authority to make such general rules and regulations and such special rulings and findings “as may be necessary for the proper regulation and control of the manufacture, sale and distribution of alcoholic beverages ..., and [to] alter, amend, repeal and publish the same from time to time.” Such rules and regulations may cover a variety of subjects, as well as any matters whatsoever as are or may become necessary in the fair, impartial, stringent and comprehensive administration of the ABC Act. Ibid. Additionally, N.J.S.A. 33:1-74 grants the Director the authority to issue temporary permits to provide for contingencies where it would be appropriate and consonant with the spirit of Title 33 to issue a

license but the contingency has not been expressly provided for. Using this broad authority, the Division is creating a Professional Golf Tournament Permit. The qualifications and privileges associated with this new Permit are outlined in Section IV below and in Schedule A, which is attached hereto and incorporated herein.

### **III. Alcohol Sales and Service at Professional Golf Tournaments.**

The Division has learned from past experience that there are several different methods of operation utilized by professional golf associations that run these tournaments. In some instances, the professional golf association enters into a contract with a national out-of-state caterer to supply the food and beverage (including alcohol) services at the tournament. These out-of-state caterers are often times not licensed in New Jersey to sell alcohol, but may hold alcohol permits/licenses in other states. Other times, the professional golf associations might enter into an agreement with an in-state New Jersey alcohol licensee/permittee to provide food and alcohol beverage service. The in-state licensee could hold a club license (“31” license type) that operates the food and alcoholic and non-alcoholic beverages for its golf club members, a plenary retail consumption license (“33” license type) sited at the golf club, a golf facility permit (“40” license type), or some other type of license. Where a club license or golf facility permit is involved, in particular, there are restrictions in the manner in which alcoholic beverages may be sold to those attending the golf tournament (e.g., a club licensee may sell alcoholic beverages only to its members and nine guests and a golf facility permittee may not serve alcohol to the general public).

In addition, the Division has seen situations where an unlicensed professional golf association wishes to sell an “elevated ticket” or “sponsorship” that includes in the price of admission access to hospitality tents. The hospitality tents often include food, alcoholic and nonalcoholic beverages. Further, there is often access to parking, climate-controlled areas, seating

and exclusive dining. According to the LPGA and PGA, this is a standard business practice at professional golf tournaments. Access to a hospitality tent during a professional golf tournament, however, represents a small percentage of total alcoholic beverages sold. The majority of alcohol sold is through a cash or credit card transaction by a patron at the tournament directly with the holder of a Professional Golf Tournament Permit.

Nevertheless, in recognition of the widespread business practice in which patrons with “elevated tickets” are given access to hospitality tents with food and beverages (alcoholic and non-alcoholic), the Division’s new Professional Golf Tournament Permit will allow this practice to continue, provided the professional golf tournament association and Permittee adhere to the safeguards described in this Special Ruling and in Schedule A. The purpose of these safeguards is to ensure that alcohol sold in this manner is done safely, responsibly, and in accordance with the ABC Act.

Based on the Division’s outreach with the professional golf associations, when a tournament sells “elevated tickets,” the professional golf association contracts with the vendor to pay a predetermined amount per person for each person that has access to the hospitality tent. If a professional golf association is selling an “elevated ticket” that includes alcohol, it must enter into a contract with an entity that holds a Professional Golf Tournament Permit that specifies that the alcohol portion of the ticket price will be remitted to the Permittee no less than ten days after the end of the tournament. Under this arrangement, the Division views the professional golf association as a pass-through entity because it is not selling alcohol in violation of ABC Act. See N.J.S.A. 33:1-1(w) and 33:1-50. To ensure the proper flow of the money, the Division will require the Permittee to submit a report documenting the number of drinks provided and the number of

patrons at the hospitality tent. In addition, the professional golf tournament will be required to submit a report documenting the number of “elevated tickets” sold.

In addition to selling “elevated tickets,” professional golf associations offer corporate sponsorship opportunities. The professional golf associations maintain significant marketing sponsorships with some of the world’s leading corporations. The sponsorships offer businesses the opportunity to build their brands through association with the professional golf associations. Each sponsorship is created uniquely for the corporate sponsor. The benefits provided to corporate sponsors include access to premier hospitality, custom branding and marketing and an onsite presence. The professional golf association and the brand agree as to what level of sponsorship is being provided. For example, as part of the sponsorship, the corporate sponsor contracts for access to a premier hospitality tent for 100 people for each day of the tournament. The professional golf association will then provide 100 “elevated tickets” to the corporate sponsor. In turn, the professional golf association will then pay the Permittee the contractually agreed upon price for each person per day that has access to the hospitality tent. Any elevated ticket/sponsorship sold by a professional golf association to a sponsor shall not be resold.

#### **IV. Professional Golf Tournament Permit.**

Having considered the success of professional golf tournaments held at New Jersey golf courses in recent years, New Jersey’s interest in serving as host to major national events, and the positive impact that these events have on the local and State economies, it is the Division’s determination to create a Professional Golf Tournament Permit that covers the different methods of operations and sets forth the necessary safeguards and qualifications that an entity must meet in order to safely and responsibly sell and serve alcohol at professional golf tournaments in the State.

**A. Privileges.**

The Professional Golf Tournament Permit will authorize the permittee to purchase, sell and serve alcoholic beverages for on-premises consumption only at professional golf tournaments hosted by professional golf associations including, but not limited to, the PGA of America, PGA Tour, LPGA, and USGA. Permittees will acquire all alcohol to be sold and served at a tournament from a New Jersey licensed wholesaler. Additional privileges associated with this Permit are described in Schedule A.

The Professional Golf Tournament Permit will also authorize (but not require) wholesalers, at the request of the Permittee, to accept returns of any unused, unopened alcoholic beverages that were ordered, but not used at the tournament. Previously, the Division encountered situations in which the entity licensed to purchase, sell and serve alcoholic beverages for on-premise consumption at the professional golf tournament requested permission to return unused, unopened alcoholic beverages to the distributors pursuant to N.J.A.C. 13:2-39.1(a)(9). The return of alcoholic beverages is generally not allowed, unless the requester satisfies any of the reasons justifying a return, or can demonstrate that “good cause” exists. See N.J.A.C. 13:2-39.1(a). By previous Special Ruling, the Division found “good cause” and authorized wholesalers to accept the return of unused and unopened inventory of alcoholic beverage. See N.J.A.C. 13:2-39.1(a)(9). That Special Ruling was based on the fact that the actual attendance of professional golf tournaments can be affected by the weather and the quality of play, and that professional golf associations also tend to prepare for higher attendance levels to ensure that all ticket holders receive the same on-course experience they would on any other day. Given the nature of these professional golf tournaments and difficulty in estimating the correct amount of alcohol to order, the Division finds that good cause exists to authorize (but not require) wholesalers to accept the

return of unused and unopened inventory of alcoholic beverages purchased and delivered to the Professional Golf Tournament Permittee. In granting this relief, the Division will require both the Permittee and wholesalers accepting the returns to comply with the recordkeeping requirements set forth in N.J.A.C. 13:2-39.1(c) and (d).

**B. Eligibility.**

Entities that are eligible to apply for a Professional Golf Tournament permit include: club licensees (“31” license type), plenary retail consumption licensees (“33” license type), plenary retail consumption licensees with the “broad package privilege” (“32” license type), special golf permit (“40” license type), state concessionaire permit (“14” license type), out-of-state entity with a liquor license in another state, and for-profit and not-for-profit professional golf associations.

Any entity that is applying for the permit that does not hold a New Jersey liquor license will be required to provide additional information including, but not limited to, affidavits of qualification and undergo fingerprinting for all corporate officers/shareholders and on-site manager(s) in order to qualify for the permit. The additional information will ensure that the out-of-state entity is not criminally disqualified from holding a liquor license or permit in the State of New Jersey and has an adequate source of funds to hold the Professional Golf Tournament Permit and operate safely and responsibly during the professional golf tournament. Further, it will ensure the entity has the requisite background and experience to provide alcoholic beverages during the event in a manner consistent with the ABC Act and regulations.

**C. Application Process.**

The application for a Professional Golf Tournament Permit will be made available electronically on the Division’s online licensing system, POSSE. The qualifications and privileges associated with a Professional Golf Tournament Permit are set forth in Schedule A. The applicant

will be required to submit a complete application and \$100/day filing fee, as set forth below in Schedule A. Failure to submit a complete application will result in the cancellation and return of the application and filing fee.

Upon submission of a complete Professional Golf Tournament Permit application and payment of the filing fee, the application will be submitted via POSSE for endorsement by the municipal clerk and police chief (or designee) of the municipality where the event will be held. If the property is owned by or under the control of any political subdivision of the State of New Jersey, the application will be reviewed and approved by a designated Administrative Official and Chief Law Enforcement officer (or designee) responsible for the property. The Division will not act on any application until it receives endorsement or approval by the appropriate governing body officials.

Following review and approval of the application, the Division may impose special conditions on the permit if it determines that they are necessary and proper to accomplish the purposes of Title 33, including the protection of public health, safety and welfare. See N.J.S.A. 33:1-32. The Professional Golf Tournament Permit certificate will be issued through POSSE.

This Special Ruling Authorizing the Issuance of Professional Golf Tournament Permits is effective immediately and will remain in effect until such time as regulations are promulgated or the Director otherwise orders. Permittees should be aware that they will be liable for any violations of the ABC Act and/or regulations promulgated pursuant thereto, and that violations of the ABC Act may affect a Permittee's ability to qualify for a Professional Golf Tournament Permit in the future.



This Special Ruling and its accompanying Schedule A may be withdrawn or modified by the Director at his discretion.

A handwritten signature in black ink, appearing to read "James B. Graziano". The signature is fluid and cursive, with the first name "James" being the most prominent.

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JAMES B. GRAZIANO  
DIRECTOR

Dated: April 7, 2022

## SCHEDULE A

### DEFINITIONS, QUALIFICATIONS AND PRIVILEGES FOR PROFESSIONAL GOLF TOURNAMENT PERMITS

#### A. Definitions

1. “Professional Golf Tournament” means a pre-scheduled, golf tournament hosted by a professional golf organization, including, but not limited to, the PGA of America, PGA Tour, LPGA, and USGA. The Tournament may or may not be televised.
2. “Professional Golf Association” includes, but is not limited to the PGA of America, PGA Tour, LPGA, USGA, and other professional sanctioning bodies.

#### B. Eligible Licensees and Permittees

The following licensees or permittees may apply for the Professional Golf Tournament

Permit:

1. Club licensees (“31”);
2. Plenary Retail Consumption licensees (“33”);
3. Plenary Retail Consumption licensees with the “broad package privilege” (“32”);
4. Special Golf Facility permittees (“40”)
5. State Concessionaire permittees (“14”)

Out-of-state entities that possess a liquor license or permit in another state and professional golf associations are also eligible to apply.

#### C. Application Requirements for New Jersey Licensees or Permittees

The application for the Professional Golf Tournament Permit will require the applicant to provide, at a minimum, the following information:

1. Submission of an application on POSSE, accompanied by the required filing fee.

2. Online Endorsement of the Municipal Clerk and Chief of Police where the Tournament is being held (or endorsement of the designated administrative official and chief law enforcement officer or designee responsible for the property if the property on which the Tournament is held is owned by or under the control of any political subdivision of the State of New Jersey).
3. A detailed security plan that ensures regulatory compliance and public safety.  
The Plan must provide, at a minimum, for the following: age verification, “pass-off” control, prevention of intoxication, identification of security personnel/police, duties, numbers of personnel; and availability of medical emergency assistance.
4. A detailed map or sketch of the area where the Tournament is taking place and identification of all points of alcohol service and types of alcohol served at each point of sale location.
5. A detailed explanation of the flow of ticket and sponsorship proceeds.
6. A detailed Method of Operation provided by the professional golf association that includes, but not limited to:
  - a. Dates and times of the Tournament;
  - b. How tickets are sold, pricing of tickets, types of tickets;
  - c. Schedule of all events that are taking place each day of the Tournament (e.g. Pro-Am events, private dinners, hospitality tents, etc.);
  - d. Explanation and description of Sponsorship offerings (e.g. VIP tickets, hospitality tents, etc.);
  - e. What is included with admission to event (e.g. food and alcohol). If different admission packages are available, please detail each;

- f. How alcoholic beverages will be sold (cash bar, prepaid ticket, other);
  - g. Name of the Professional Golf Tournament Permittee that is the recipient of the proceeds from the sale of alcohol;
  - h. Types of alcohol dispensed and pour/cup size for each; and
  - i. How many people are expected to be at the event on a daily basis.
7. A detailed Method of Operation provided by the Professional Golf Tournament Permittee that includes, but not limited to:
- a. List of wholesalers providing the alcohol;
  - b. Where the alcohol is being sold/served on the golf course, including the clubhouse and all points of sale locations;
  - c. List of employees selling/serving the alcohol;
  - d. Description of training each employee selling/serving alcohol receives; and
  - e. When and where the alcohol is being stored.
8. Tournament facilities agreement between the hosting golf course and the professional golf association.
9. Food and Alcoholic Beverage Service Agreement between the professional golf association and Professional Golf Tournament Permittee.

D. Additional Application Requirements for Out of State Entities

The application for the Professional Golf Tournament Permit by an out-of-state entity that holds a liquor license or permit in another state will require the applicant to provide, at a minimum, the additional information:

- 1. Financial balance sheet;
- 2. Financial income sheet;

3. Out-of-state alcohol beverage licenses or permits;
4. Affidavits of qualifications;
5. Permittee and any on-site managers must be fingerprinted and those results must be received prior to commencement of the Tournament. Please contact the Division for the appropriate fingerprinting forms.
6. Articles of incorporation;
7. Proof of liquor liability insurance;

E. Privileges

Professional Golf Tournament Permit Holders are permitted to purchase, sell and serve alcoholic beverages for on-premises consumption only to attendees at professional golf tournaments under the following conditions:

1. The Permittee shall at all times be in control of the alcohol beverage operations at the golf tournament and be responsible for same;
2. Sale, service and consumption of alcoholic beverages shall be confined to the premises described in the application;
3. If the golf course property is licensed under an existing New Jersey liquor license and that licensee is not authorized to sell or serve alcoholic beverages to all attendees at the tournament, the Professional Golf Tournament Permit must not be sited on the same footprint as the existing liquor license. There must be no mingling of alcohol sold by the Professional Golf Tournament Permittee and the existing New Jersey liquor license.
4. All alcohol sold, served or consumed at the Tournament shall be purchased from a New Jersey licensed wholesaler and shall be paid for by the Permittee.

If the Permittee is a non-profit organization, alcohol may be donated to the Permittee by New Jersey licensed wholesalers/suppliers pursuant to the N.J.A.C. 13:2-24.7 and the appropriate permit;

5. Title to all alcohol sold, served or consumed at the Tournament must pass from the licensed supplier or wholesaler to the Permittee prior to service to Tournament attendees;
6. No alcohol shall be removed from the site of the Tournament;
7. No alcohol shall be sold at the Tournament in original containers for off-premises consumption;
8. All alcoholic beverages sold, served or consumed at a Tournament shall be brand registered, stored securely with all transportation permits intact and purchased in accordance with all Division laws and rules;
9. **For an application to be considered by the Division, the applicant must file a Complete Application, together with the filing fee, at least sixty (60) days in advance of a Tournament. Failure to submit a complete application within this timeline may result in cancellation and return of the application and filing fee.**<sup>1</sup>
10. All proceeds from the sale of alcohol must flow through the Permittee;
11. All alcohol expenses must be incurred and paid for by the Permittee;
12. All pourers/servers shall be TIPS/TAMS certified or be supervised by an employee of the Permittee who is TIPS/TAMS certified or the equivalent;

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<sup>1</sup> The Division is aware that the LPGA has a scheduled tournament to begin on May 9, 2022. The division will waive the sixty-day requirement since the Special Ruling will be issued with less than sixty-days to the event.

13. Distributors licensed in the State of New Jersey are authorized (but not required) to accept returns of any unused and unopened alcoholic beverages purchased and/or delivered to the Permittee for cash, credit, or exchange.
14. Upon receipt of a Completed Application, along with the required filing fee, the Division may schedule an in-person conference with the Applicant and interested parties prior to the issuance or denial of the Professional Golf Tournament Permit. For subsequent applications for the substantially identical event (same Applicant and premises), this requirement may be waived by the Director at his discretion.
15. In reviewing an application, the Director reserves the right to request to meet with a prospective applicant prior to the event and to request additional information to aid his decision about whether or not to issue the permit;
16. The Director may impose Special Conditions on the Permittee at his discretion to ensure the safety of the event, to maintain the public health, safety and welfare of the citizens of New Jersey and to ensure that alcohol service at the Tournament is conducted in full compliance with all provisions of the ABC Act, rules and regulations, and municipal ordinances.
17. Within 30 days following the end of the tournament, the Director shall require a Post-Event Accounting, including, but not limited to: all purchases and donations of alcohol that was sold and served at the Tournament; the proceeds accrued from each alcohol service area (including sponsorships sold, sales at banquets/events, VIP tickets, and alcoholic beverages sales at general admission concession tents); the number of attendees; the number of VIP tickets

and sponsorships sold and proceeds therefrom; all exchange of payment records related to the alcoholic beverages sold at the Tournament, and any other information deemed necessary by the Division.