



License to Succeed

LIQUOR LICENSE POLICY IN THE CITY OF BOSTON

June 14, 2022

How to Use This Report

- If you are new to this issue, start with: [“How Licensing Works in Boston: A Primer”](#)
 - If you are **only going to read three pages**, we have put them at the front called: [If You Only Read Three Pages](#).
 - We believe in **data-driven decision making**. We have done our best to pull widespread information into a single place and to have honest discussions with the real people who are affected by this policy. We hope to enable and empower our lawmakers to make informed decisions that will positively impact the City of Boston.
 - This work required not only accurate data and transparency about its sources, but thoughtful analysis that provides insights from and context for that information (see [Methodology on p. 53](#)).
- We know that not everyone is as focused on this issue as we are, so we encourage you to cherry-pick the things about which you are interested: choose your own adventure (see [Table of Contents on p. 4](#)).
 - We debated whether or not to include recommendations since this is such a hotly contested issue. Ultimately, we elected to include both Policy Recommendations (see [p. 34](#)) and Procedural Recommendations (see [p. 45](#)), so that our insights can hopefully be utilized to render a positive result.
 - We have included a number of quotes from *The Boston Globe* in 1933 throughout. These are from the first few weeks following the Repeal of Prohibition, many of which seem as if they could have been written today.
 - Many of the pertinent references, legislation, and sources are further explained in the [Appendices](#).

Key Definitions

Section 12 On-Premise Licenses

For the purposes of this report, we will only be referring to §12 Licenses, also known as “On-premise” or “Pouring Licenses” (e.g. restaurants, hotels, clubs, taverns, war veterans’ clubs, etc). These exist in opposition to §15, also known as Off-premise or “Package Store Licenses.”*

Transferable

While this is not a legally defined term (see [p. 11](#)), we will use “transferable” herein as a catch-all to denote licenses that do not have restrictions preventing them from being transferred to another business and/or location. This includes all licenses issued prior to 2006.

Restricted

We will use “restricted” in opposition to “transferable” to denote the aggregate of all licenses that are not able to be transferred to another business and/or location (for more on the classification of restricted licenses, see [Appendix A](#)).

Boston Licensing Board

The Boston Licensing Board consisting of three members was formed in 1906 with a mandate to grant and regulate various types of alcohol and food licenses for restaurants, nightclubs, private clubs, package stores, hotels, and inns, and to additionally regulate bowling alleys, pool tables, lodging houses, and fortune tellers. From the point of its formation in 1906, appointment of the Board was done by the Governor of the Commonwealth, only in 2014 did this shift to the Mayor of Boston (see [Appendix B](#)).

Alcohol Beverage Control Commission

The Alcoholic Beverages Control Commission (ABCC) is a state agency that supervises the conduct of the business of manufacturing, importing, exporting, storing, transporting, and selling alcoholic beverages.*

*ABCC FAQs Spring 2018

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A Primer

- The number of Boston licenses was set in 1933 at the end of Prohibition. In 2022, it is actually less. (see [p. 09](#))
- The original issuing of licenses in 1933 and 1934 was rife with claims of favoritism, many of which persist to the present day (see [p. 10](#)).
- For the purposes of this report, we are only discussing licenses for On-premise (bars restaurants), as opposed to Off-premise (liquor & package stores) (see [p. 03](#)).
- Licenses are issued by the City (Boston Licensing Board) and approved by the Commonwealth (ABCC).
- The total number of licenses in most cities and towns are limited by state law, but cities and towns can opt out of this quota system (see [Appendix J](#)).
- In Boston, a secondary market has developed for license transfers, where they often claim six figure prices (see [p. 11](#)). Transferring has led to a clear pattern of licenses becoming concentrated in some neighborhoods versus others (see [p. 13](#)).
- This pattern, paired with a lack of transparency, has led to structural racism (see [p. 21](#)); there is a correlation between whiteness and liquor license location (see [p. 27](#)).
- Liquor licenses are equivalent to permission for success for a restaurant: liquor sales are an essential piece of profitability (see [p. 30](#)).
- Opening a restaurant is a risky and capital-intensive undertaking. Expensive licenses create additional need for debt and often acts as a barrier for entry, especially for BIPOC operators (see [p. 26](#)).
- A few times during the last 16 years, a Home Rule Petition from the City of Boston has allowed more licenses to be issued. Often, these licenses were allocated in less than equitable ways (see [p. 18](#)).
- The Boston Licensing Board created restricted licenses to allow for the sale of alcohol without partaking in the capital-intensive secondary market (see [p. 17](#)).
- At present (June 2022), the City does not have any licenses to issue to applicants. The City Council is proposing a new Home Rule Petition to make more restricted licenses available, which will require the approval of the Mayor and the State House.
- It is our position that with intentionality, this can be done in a more fair and equitable manner (see [p. 39](#)).

Liquor Licenses Are About Equity

In Boston, there is a clear correlation between how white a neighborhood is and how many licenses it has.

(For detail, see [p. 27](#); for Structural Racism see [p. 21](#))



[The current system] has become a tool that has stymied economic development and Boston's burgeoning food scene while simultaneously exacerbating economic disenfranchisement for low-income and minority communities.

Lauren Drago

Liquor License Distribution in Boston:
Exacerbating Economic Disenfranchisement, p. 65

8x

Licenses per person in Boston's four 75% white neighborhoods compared to Boston's four 75% minority neighborhoods.

1 per 309

Licences per person in Boston's four 75% white neighborhoods.

1 per 2,543

Licences per person in Boston's four 75% minority neighborhoods.

>2%

Percentage of licenses held by operators who self-identify as Black.*

*Boston Black Hospitality Coalition: note the License Board does not track this data (see *Recommendations for the Boston Licensing Board* on [p. 48](#)).

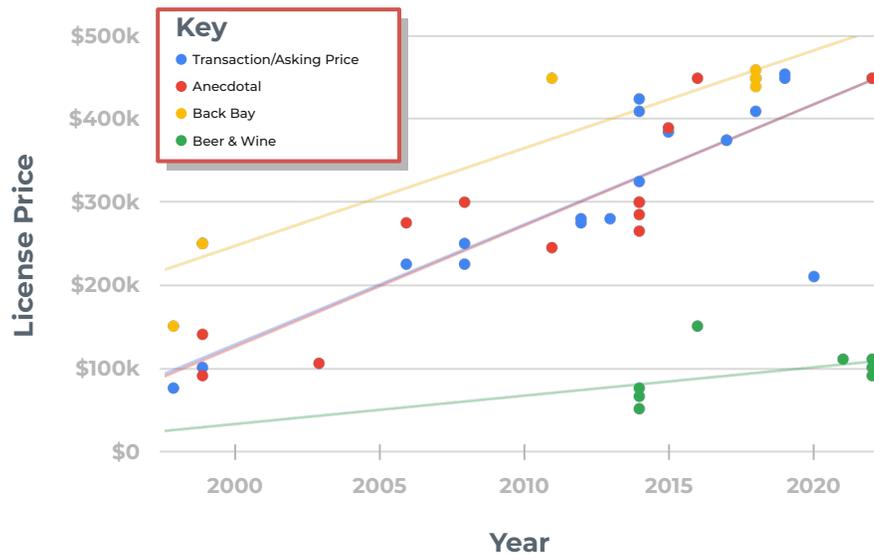
**Based on 2020 Census Data. 8 of Boston's neighborhoods are majority-minority, 4 of these are over 75% minority, which make up 35% of the City's population. 4 of Boston's neighborhoods are over 75% white, they make up 9% of population.

IF YOU ONLY READ THREE PAGES

Neighborhood Restricted Liquor Licenses Do Not Appear to Impact Transferable License Prices

In our interviews with restricted license holders, **nearly every operator stated that they would not have opened without the restricted license:** it is not cannibalizing the marketplace, it's broadening it!

The issuing of neighborhood restricted licenses has little to no appreciable impact on the asking price of transferable liquor licenses (see [p. 19](#)). This seems to have been true in 2006, in 2010-12 (Airport), and again in 2014-2016.



They all sold for what the market was at that time. It didn't affect the value of the existing licenses at all.

Lawyer specializing in license transfers

Referring to the availability of 13 licenses from the airport

It's very difficult to place a firm value on [a license] for a number of reasons, as the value can change quickly. We... place more emphasis on the client's ability to make money and thus pay back their loan...If you can't serve liquor as part of your business plan, then it's likely going to be difficult for a banker to make a loan.

Commercial Lender

Bank with Multiple Licenses Pledged to It

Policy Recommendation: Replace Neighborhood Names With A Threshold of Licenses per Person by Neighborhood

What the Legislation Says

“The licenses authorized under the preceding paragraph shall be distributed in the following neighborhoods: Dorchester, Mattapan, Roxbury, and Hyde Park pursuant to the City of Boston Zoning Code.”

Suggestion

Set a threshold of licenses per population unit per neighborhood. This allows for increased equity, transparency, and parity among neighborhoods (see *Whiteness & Licenses* on [p.27](#)).

How It Works

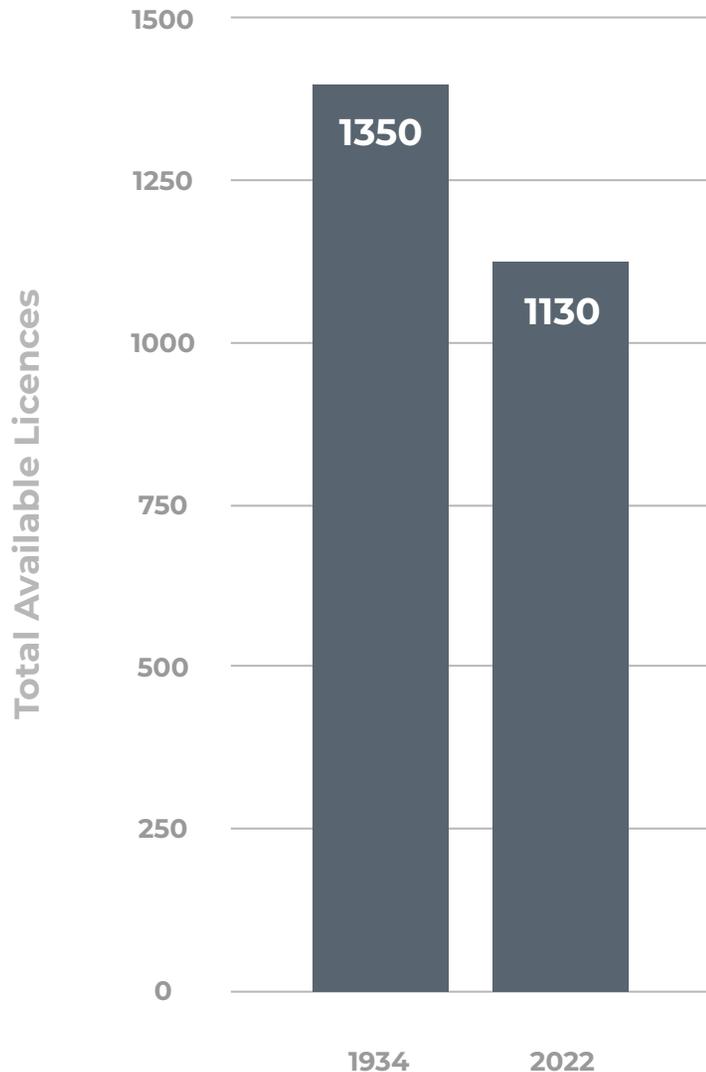
Set a target threshold and empower the Boston Licensing Board to grant restricted licenses in neighborhoods below the threshold until that threshold is reached.

- **Plan A: 1 license per 750 people** would yield 366 licenses in 11 neighborhoods.
- **Plan B: 1 license per 1000 people** would yield 217 licenses in 10 neighborhoods.
- **Plan C: 1 license per 2000** people would yield 25 licenses in 4 neighborhoods (see [p.39](#)).

Call Outs & Lessons from the Past

- Using an algorithm pegged to population dates back to 1933 (see [Appendix C](#)).
- Councilors are fierce advocates for their constituents. The threshold ensures equal protection under the law. A change to include additional neighborhoods would yield a proportional increase in licenses to all neighborhoods below the threshold.
- Councilors whose constituents do not wish for additional licenses to be issued can advise their Neighborhood Assn. to set their own thresholds below the allowed ratio (see [Appendix L](#)).
- Paired with a clearly laid out process and cadence (see [p.41](#)), privileged and/or connected actors would be prevented from receiving special treatment.
- The BYOB policy carves out 10 ineligible neighborhoods (Ord. 2015 Ch. 12, §1). These map perfectly onto neighborhoods above the 750 threshold with the only exception being East Boston, which is allowed to have BYOB, but would be above the threshold.

We Are Frozen in Time: Number of Liquor Licenses Allowed by Law



1934 | 1,350 Total Licenses*
Acts of 1933, Chap. 376, §17

2022 | 1,130 Total Licenses**
MGL Chap. 138, §17

*Note: This did not include beer & wine licenses, club licenses or an anticipated 1250 pharmacist licenses (Boston Globe, Dec. 8, 1933).

**Note: This does not include airport restricted licenses which are not capped by law, and of which there appear to currently be 37 (see [Appendix G](#)).

The End of Prohibition: The First 48 Hours

Since we are looking at a license that can be transferred between operators, we can draw a direct line from the reality in which we live today and those first few months after the repeal of Prohibition.

Hasty Distribution

Licenses were issued in rapid-fire succession. According to *The Boston Globe*, within 48 hours of the law being signed, 1,080 licenses had been issued by the City of Boston.

The Boston Globe Dec. 8, 1933, p. 17

Gatekeeping

“Ordinary applicants who had stood in line for hours yesterday...watched politician after politician ‘crash’ The Board’s ‘inner sanctum’ when they couldn’t even get as far as the clerk’s counter.”

The Boston Globe, Dec. 8, 1933, p. 27

Political Favoritism

Both the Governor’s Secretary (Clinton De Wolfe) and personal messenger (Thomas M. Ray) were seen shepherding applicants through the throng at the Boston Licensing Board, which they later attempted to deny.

The Boston Globe, Dec. 8, 1933, p. 1

Allowed in Practice

Since 1933, the total number of licenses in The City of Boston has been dictated by State law.*

de Jure

State Law states that “No holder of such a license or permit hereunder shall have any property right in any document or paper evidencing the granting of such license or permit and issued by the licensing authorities.”* (MGL Chap. 138, §23)

de Facto

However, until recently, all – and since 2006, most – operators wishing to have a license to sell alcohol must find an existing license holder who will agree to transfer their license for a sum agreed to by the two parties.**

*The number has shifted up and down over time, but today, including all of the restricted licenses, it is 1,130. (see [Appendix C](#))

**While the License Board and the ABCC need to approve a license transfer, they do not dictate the terms of the purchase and sale, nor track or report the pricing in any significant way (see [Policy Recommendations on p. 48](#)).



The city loses control, and I don't want to micromanage neighborhoods... But, there's nothing I can do about it because the courts have said there are property rights with these licenses.

Daniel Pokaski, Boston Licensing Board

Boston Business Journal | 1999



We came from out-of-town, and were not familiar with the licensing ‘black market.’ Sorry to use that word, maybe call it licenses ‘purchased on the street’? We assumed that you could apply and pay a fee to get a license through the City, like with anything else... We didn’t have this in our financial plan and didn’t have the finances to do it.

Restricted license holder in Downtown

self-identifies as white

A Volatile Market

- There is a lucrative market in transferable licenses based on the hard cap (see [Appendix D](#)) and tacit City and State approval to transfer them (see [p. 11](#)).
- Licenses are volatile assets whose value fluctuates based on **the perception of availability and demand**. However, far from being a truly free market, **knowledge of and access to accurate pricing is concentrated among a small number of interconnected actors** (see [p. 22](#)).
- **Those in power are able to manipulate the market by changing the rules of the game** (see [p. 25](#)). To wit, Neighborhood Assn. can make de facto neighborhood licenses by barring transfers into demarcated areas (see [Appendix L](#)). These licenses consistently claim a higher price, and in the case of the Back Bay in the 2000s and 2010s, may account for an **artificially elevated sense of the cost of all transferable licenses**: most anecdotal pricing includes some variation of “up to \$400,000.”



There will not be enough licenses to satisfy all who have applied for restaurants and package store licenses.

Two Days After the Repeal of Prohibition

The Boston Globe | Dec. 9, 1933



[The secondary] market was created because the system was broken...We can't undo 100 years of hurt in two and a half years.

Ayanna Pressley

Boston Magazine | Dec. 18, 2016

A Clear Pattern of Licenses Leaving Neighborhoods

- There is an undeniable pattern of well-capitalized businesses buying out independent operators in the neighborhoods and closing their bars.
- Liquor licenses are just another government controlled commodity that follow a familiar pattern of Boston's history, where the City and Commonwealth have actively participated in — or, at the very least, were complicit in — divesting and stripping resources from neighborhoods of color (see [p. 13](#)).
- One just needs to review the headlines:

**No wonder outer neighborhoods are losing liquor licenses:
New York chef pays \$410,000 for Oak Square tavern's license**

**Little neighborhood bar in Hyde Park selling its liquor license
so that people can drink at the revamped Pru food court**

*Universal Hub, Aug. 20, 2014.
Universal Hub, Dec. 3, 2015.*



[I fear] some Boston neighborhoods will be destabilized when a wave of hotels go up over the next few years and their deep-pocketed owners dangle large cash incentives in front of license holders.*

Daniel Pokaski, Boston Licensing Board

Boston Business Journal | 1999



These licenses didn't migrate, people got pushed out...I wouldn't think of going back to Boston until things have changed. Why go back there to build up something to get pushed out by someone who has a vision that doesn't include brown people?

Previous transferable license holder in Downtown

self-identifies as Latino

*We have started the process of tracking these transfers over time: this work is ongoing.

Price Over Time

No One is Tracking Price Over Time

The Boston Licensing Board and ABCC do not regulate the purchase and sale of Transferable Licenses nor track their prices.* As such, our research failed to discern a credible source for accurate pricing. Everyone we spoke with - including public servants, regulators, brokers, lawyers, operators, advocates and bankers - stated basically the same methodology for making an accurate valuation: asking around about the most recent transaction price and/or the most recent advertised asking price (see *Procedural Recommendations on p. 45*). Anecdotally it seems that this price rose for a while until flattening out around \$400,000-\$450,000, and except for a dip early in the pandemic, has held relatively steady at that price.

Concerns about Leveraged Assets

Many operators have spent many thousands of dollars on transferable licenses, and many of those licenses have been pledged to banks. No one wants to erase the value of these licenses as it could be catastrophic for these operators.

Our Methodology

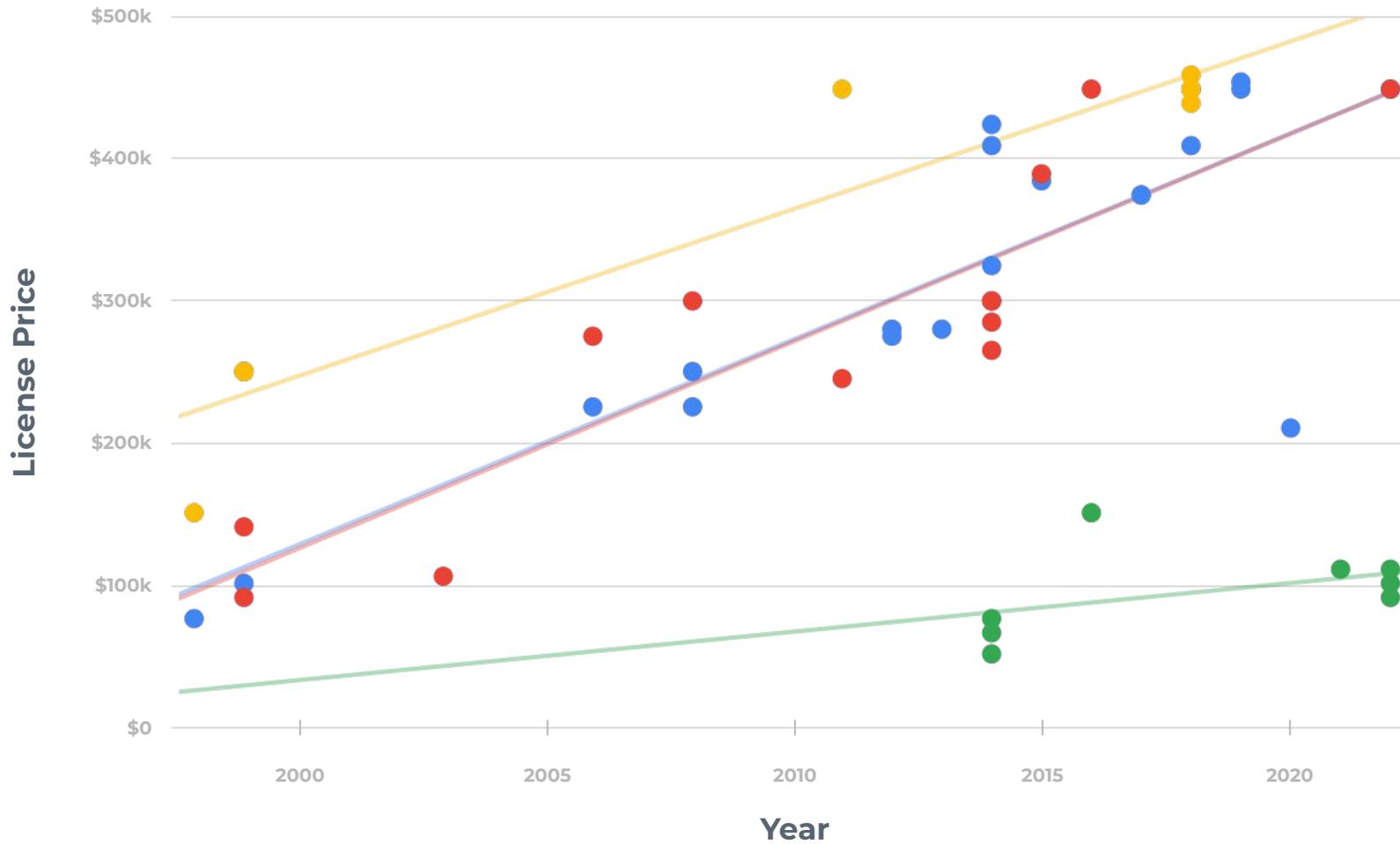
- You'll notice on the next page there are four data sets. While we collected as many data points as possible to show price over time, not all data are created equal. The data fell into four major categories:
 - Transaction prices and/or advertised asking prices (from operators, brokers lawyers, and bankers)
 - Anecdotal prices (from publications)
 - Back Bay license prices - transaction and anecdotal - relating to the 20+ years when these asking prices were elevated among other Transferable licenses due to Neighborhood Association imposed scarcity (see [Appendix L](#))
 - Transaction and anecdotal prices for Beer & Wine licenses, which generally claim a significantly lower price

*While transfer applicants must report transaction price as part of the application to the Boston Licensing Board and the ABCC, it is often rolled into a larger price of purchasing the business and there is no requirement to break the license price out. Additionally, these prices are not tracked over time, and are subject to individual records requests. This work is ongoing.

Price Over Time

Key*

- Transaction/Asking Price
- Anecdotal
- Back Bay
- Beer & Wine



*See previous page for description of these categories.
Note: There is no centralized, or verifiable resource for tracking pricing over time (see [Methodology](#), and [Procedural Recommendations](#)).

An Introduction to Restricted Licenses

- Before 2006, all licenses were de facto transferable (see [p. 11](#)).
- In 2006, a new type of license was created in the City of Boston which was “nontransferable(*sic*) to any other person, corporation or organization and shall be clearly marked ‘nontransferable’(*sic*) on the face of the license.”* These licenses were linked to certain areas as determined by the Boston Redevelopment Authority (BRA)(see [Appendix F](#)).
- In 2014, a new designation of restricted licenses was created called “neighborhood restricted licenses,” which called out certain areas — slightly differently from those defined in 2006. The allocation of these licenses occurred between 2014-2016 (see [Appendix H](#)).
- **These pieces of legislation included exceptions.** Licenses that were not beholden to the geographic limitations, including in 2014-16, new transferable licenses: essentially six-figure gifts from the City.



It is urgent, it is clear...this legislation offers an overdue corrective for small business owners and entrepreneurs that are ready to set up shop. To make a difference in our neighborhoods right now.

Karilyn Crockett,
Dir. of Economic Policy & Research
Testimony to the Committee of Govt. Operations, 2017

*Acts of 2006, Chap. 383

Where They Went*

Neighborhood	Current Restricted Licenses	2006 Restricted	2014-16 Restricted
Dorchester	14	5	19
South End	13	8	4
East Boston	10	1	6
Roxbury	10	2	8
Downtown	9	8	1
South Boston Waterfront	7	6	2
Chinatown	5	2	3
Jamaica Plain	4	1	5
Mattapan	4	-	-
Mission Hill	4	-	2
Roslindale	4	3	2
West Roxbury	4	-	2
Allston	3	4	2
Hyde Park	3	1	2
Brighton	2	-	-
Charlestown	2	1	1
Longwood	2	-	-
North End	2	2	3
West End	2	1	1
Fenway	1	1	-
South Boston	1	2	-
Back Bay	-	2	1
Beacon Hill	-	1	-

*This is based on our best effort based on reconciling multiple sources that currently are not in agreement (see *Methodology* on [p. 53](#)).

Restricted Licenses Don't Cannibalize the Transferable License Market



We wouldn't have opened. We would have gone elsewhere, Boston is too tough.

Restricted license holder in East Boston

self-identifies as white



I just wouldn't have my bar.

Restricted license holder in Roxbury

self-identifies as Black



It just wouldn't have happened, it wouldn't exist at all. Realistically, it wouldn't exist right now.

Restricted license holder in Quincy

self-identifies as white



What you have to understand, is that I couldn't buy that kind of license, I don't have that kind of equity. You aren't doing us a favor, we are trying to build and nurture a community, we need support, neighborhood restricted licenses allow us to make money, spend money, and employ people in our community.

Restricted license holder in Roxbury

self-identifies as Black



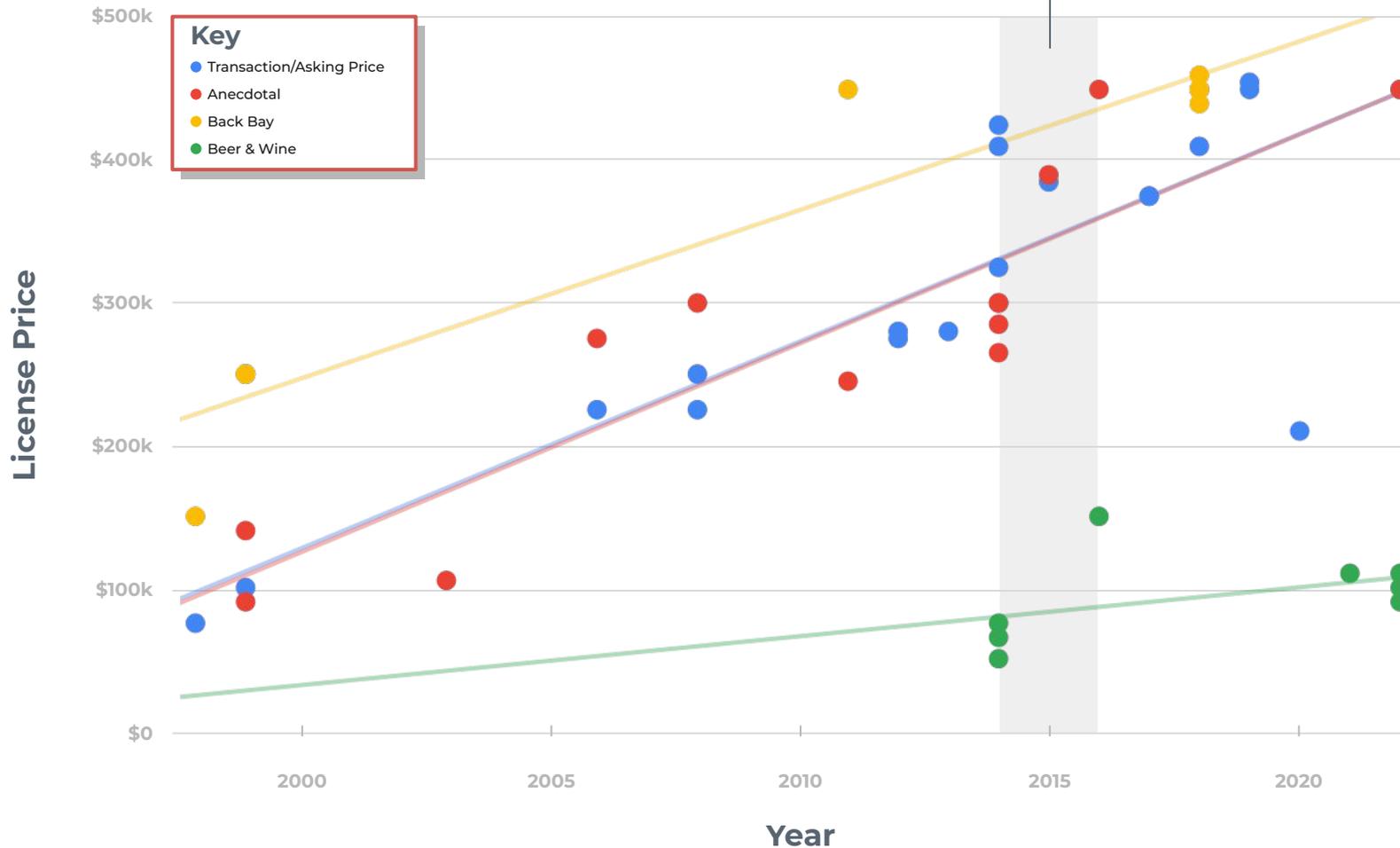
I wouldn't be in business.

Restricted license holder in Roxbury

self-identifies as Black

Do Not Appear to Appreciably Impact Transferable License Prices

In 2014-2016, 75 new licenses were issued, but they did not “flood the market” have an appreciable impact on the price that transferable licenses have claimed over time (see page 07).



Licenses by Neighborhood*

Neighborhood	Total Licenses	Transferable Licenses	Restricted Licenses
Downtown	171	162	9
East Boston	89	79	10
North End	85	83	2
Back Bay	84	84	-
South End	74	61	13
Fenway	62	61	1
South Boston Waterfront	61	54	7
Dorchester	54	40	14
Allston	45	42	3
South Boston	42	41	1
Chinatown	31	26	5
West End	31	29	2
Brighton	29	27	2
Jamaica Plain	26	22	4
Roxbury	23	13	10
Beacon Hill	18	18	-
Roslindale	17	13	4
West Roxbury	17	13	4
Charlestown	14	12	2
Mission Hill	9	5	4
Hyde Park	8	5	3
Mattapan	7	3	4
Longwood	5	3	2

*This is based on our best effort based on reconciling multiple sources that currently are not in agreement (see *Methodology* on [p. 53](#)).

Boston Has a Long History of Structural Racism



A lot of times when Boston engages in looking at itself around race, it focuses on attitudes and prejudices. With that, Boston certainly has made a lot of progress, but Boston needs to start looking at **structural inequality** — racial hierarchy, poverty, academic achievement — to move the needle forward.

James Jennings, Prof. Emeritus of Race, Politics, and Urban Policy at Tufts University

The Boston Globe | Dec. 10, 2017



The financial well-being of communities of color is central to ensuring the inclusive long-term growth and prosperity of the Boston Metropolitan Statistical Area. Unless net worth outcomes in communities of color improve, the aggregate magnitude of the wealth disparity will increase.

This is a first-order public policy problem requiring immediate attention.

Color of Wealth Report

Federal Reserve, 2015



Roxbury was essentially sacked by the government in the 1960s, with nearly half its buildings being razed for either the cancelled Southwest Freeway (I-95) or various ‘urban renewal’ schemes. Under the auspices of the Boston Redevelopment Agency (BRA), the government displaced ~5,239 families in the Roxbury and South End neighborhoods (~17,250 people in 1960).

Adam Paul Susaneck

Segregation by Design

Gatekeeping: Professionals Only



Though opaque to outsiders, the market for Boston alcohol licenses is manageable for large hospitality companies. **It works well for lawyers and brokers who've mastered the process**, and for the elected officials to whom they contribute. Yet the cost and complexity of the system freezes out a classic American type — plucky entrepreneurs, often immigrants or first-generation strivers, who start restaurants on a shoestring. 'Why should I have to call a lawyer first,' asks Henry-Garrett, 'to even know what the process is?'

**"To Revive City's Main Streets,
Get More Liquor Licenses" | *The Boston Globe***

July 1, 2013



How did we know a license was available?
The lawyer we had hired had a hunch.

Restricted license holder in East Boston

self-identifies as white



Access is expensive. And those least able to afford it are most often the ones who represent the lifeblood of a city's dining scene: the up-and-coming chefs sharpening their knives on the edge of culinary trends and the mom-and-pops trying to build something up in a developing neighborhood.

"The Drinks Are on Them" | *Boston Magazine*

Nov. 23, 2009



Early comers managed to get inside but by the middle of the afternoon **those without the proper degree of 'pull' were lucky to reach the anteroom.**

The Boston Globe

Dec. 7, 1933

Implicit Bias in the Licensing Process



The nature of public hearings seems to vary depending on the race or ethnicity of the restaurant owner and his or her establishment...it is feasible that a similar dynamic is at play here; that English-speaking, native-born, well-moneyed White applicants might find the process easier to navigate than others.

Lauren Drago

“Liquor License Distribution in Boston: Exacerbating Economic Disenfranchisement,” p. 65



Few entrepreneurs — especially those who have yet to successfully get up and running — have the resources to hire lawyers or expeditors to handle the process for them. Forced to navigate tricky rules on their own, entrepreneurs often find compliance challenging as they attempt to make their way through the maze of steps, forms, and registrations.

Barriers to Business, Institute For Justice

p. 30



Anytime that you have to be in front of a board, you're automatically outnumbered. You gotta be sparkling to get there, stay sparkling through life, and keep it that way — if someone slips on some ice in front of my place, I'm getting shut down. There are arrests that happen every day in Fenway or Faneuil Hall, but they will stay open. **As a black owner, if I get a violation there is no coming back.**

Restricted licenses holder in Roxbury

self-identifies as Black

License Price is a Barrier to Entry for Small Businesses, Especially Among Operators of Color



All I need is a legitimate complaint from an applicant who has been told that [they] could not get [their] license unless [they] put so much money on the table.

District Attorney William J. Foley

The Boston Globe | Dec. 12, 1933.



[Referencing the Seaport] It's not that there are no liquor licenses, it's that there are no cheap liquor licenses...It's a way to *control the quality** of the restaurants. What we don't need is a lot of bars and restaurants.

Kairos Shen, Dir. of Planning for the BRA**

Boston Business Journal | Apr. 6, 2012

*italics added to emphasize coded language

**For the BRA's role in the "sacking" of Roxbury, see [p.21](#)



When you have [liquor licenses] cost so much, these smaller businesses that are humble and delicious and meaningful and part of community, they don't open, or can't stay open long enough to realize what it has.

The numbers don't make sense to anyone who understands basic math.

Restricted license holder in Roxbury

self-identifies as Black



Why don't we have more restaurants owned by communities of color? Because we don't have liquor licenses, it's that simple. **We are set up to fail from the beginning.**

Restricted license holder in Dorchester

self-identifies as Black

Exceptions, but for Whom?

A number of times in the last 20 years, the rules have been changed to allow for additional licenses or additional privileges for existing licenses. A few examples:

The Wine, Malt & Cordials License

- In 1992, a dozen operators in the North End applied for all alcohol licenses and all but two were turned down “because residents objected to the number of full liquor licenses in the tiny, congested neighborhood.”*
- Because these operators were politically connected — and white — what resulted was the so-called ‘Sambuca Bill.’ The bill led to the creation of a new category of license (Wine, Malt & Cordials), allowing these operators to sell spirits without purchasing an all-alcohol license** (see [Appendix E](#) for the law and [Appendix A](#) for definitions of license categories).

2014-16 Transferable Licenses

- Included in the 2014 legislation were transferable licenses, tantamount to 6-figure gifts from the City.

**The Boston Globe*, Mar. 4, 1994 p. 33.

***The Boston Globe*, Mar. 4, 1994 p. 33

Airport Licenses in 2010

In the 2000s, with high prices and limited supply (see [p. 14](#)), someone realized that the Board had already tacitly approved shared licenses at the airport, where almost 30 outlets were sharing 13 licenses. A Home Rule Petition supported by then Mayor Menino, pushed through a new classification of license called an Airport License (see [Appendix C](#)). By changing the law, there were suddenly 13 transferable licenses able to be sold on the open market — many of which went to the South Boston Waterfront.

Irish American Club in 2012 (one of many examples)

The State House (un)surprisingly approved a Home Rule Petition, allowing the City to grant an All Alcohol Club license with little fanfare (Acts of 2012, ch. 282). The City extended the Irish organization a transferable, six-figure asset.

Correlation Between Whiteness & Licenses

In Boston, there is a clear correlation between how white a neighborhood is and how many licenses it has.

(for detail, see [p. 27](#); for Structural Racism see [p. 21](#)).



[The current system] has become a tool that has stymied economic development and Boston's burgeoning food scene while simultaneously exacerbating economic disenfranchisement for low-income and minority communities.

Lauren Drago

Liquor License Distribution in Boston:
Exacerbating Economic Disenfranchisement, p. 65

4x Licenses per person in Boston's whitest neighborhoods compared to Boston's majority-minority neighborhoods.

1 per 309

Licences per person in Boston's four 75% white neighborhoods

1 per 1,393

Licences per person in Boston's eight majority-minority neighborhoods.

>2% Percentage of licenses held by operators who self-identify as Black.*

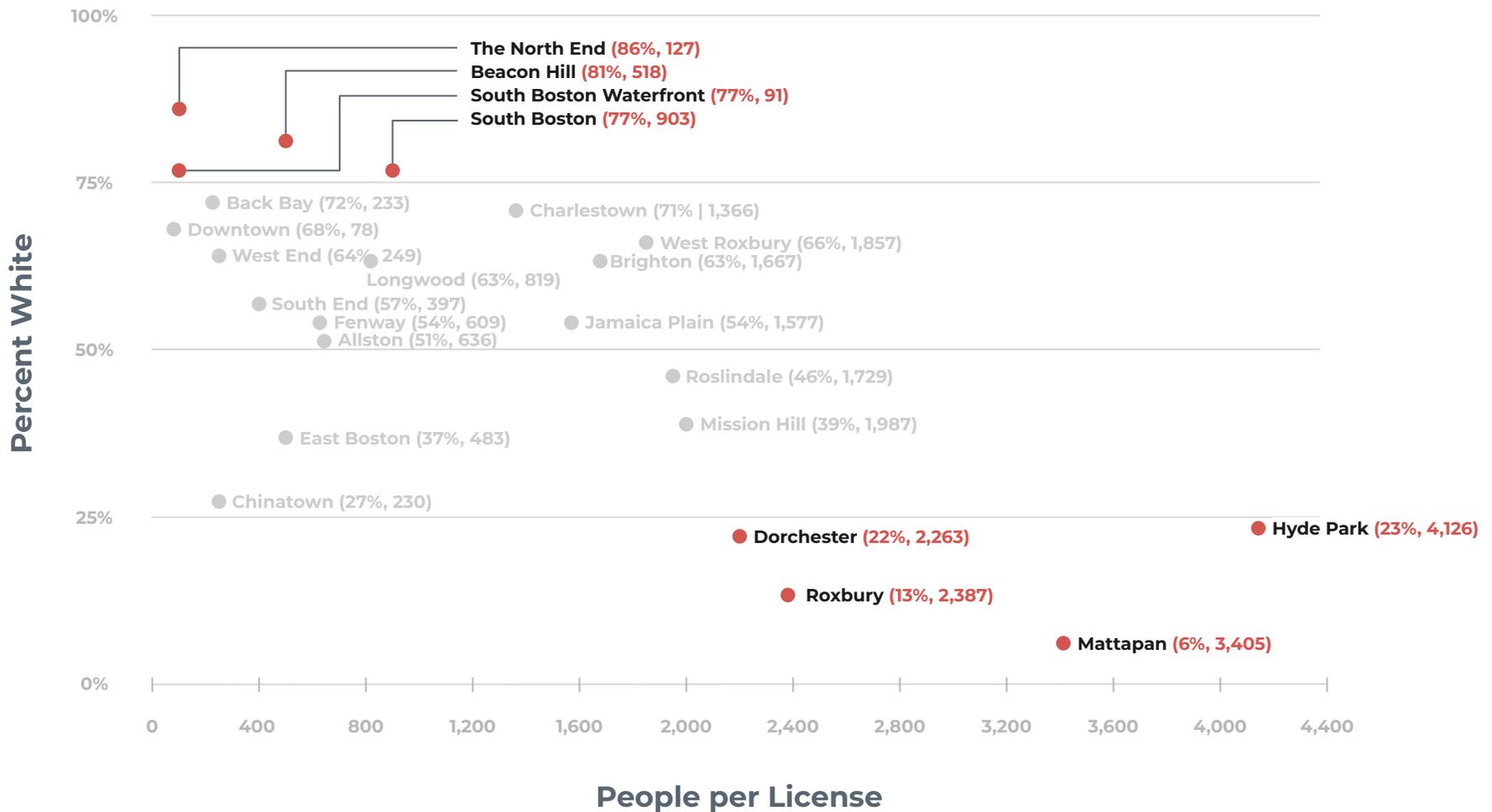
*Boston Black Hospitality Coalition: note the License Board does not track this data (see *Procedural Recommendations on p. 46*).

**Based on 2020 Census Data. 8 of Boston's neighborhoods are majority-minority, they make up 49% of the population and just 23% of the licenses, 4 of Boston's neighborhoods are over 75% white, they make up 9% of population and 21% of licenses.

Correlation Between Whiteness & Licenses

8x

Licenses per person in Boston's four 75% white neighborhoods compared to Boston's four 75% minority neighborhoods.

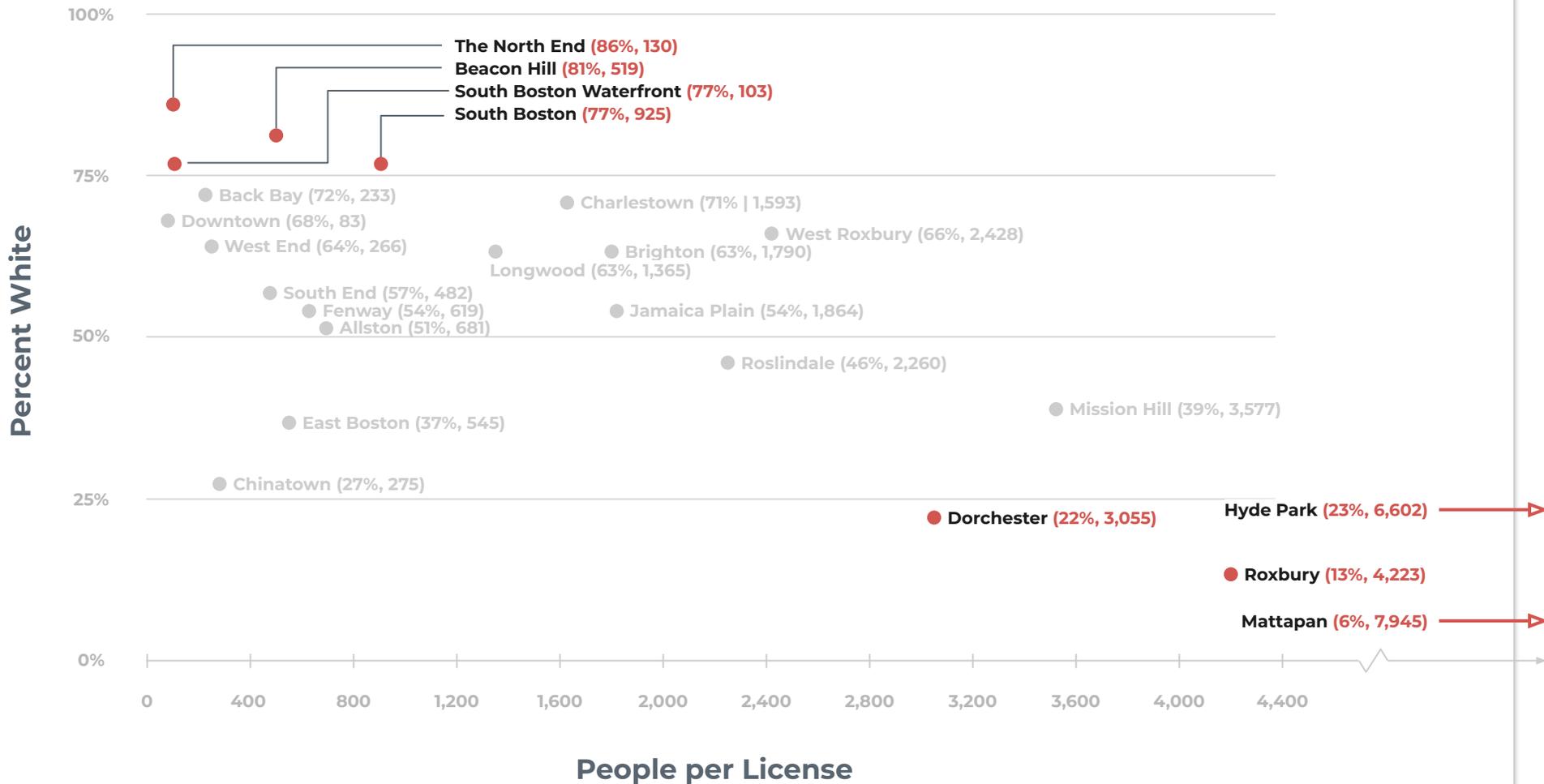


Correlation Between Whiteness & Licenses

CORRECTED TO ONLY SHOW TRANSFERABLE LICENSES

12x

Transferable Licenses per person in Boston's four 75% white neighborhoods compared to Boston's four 75% minority neighborhoods.

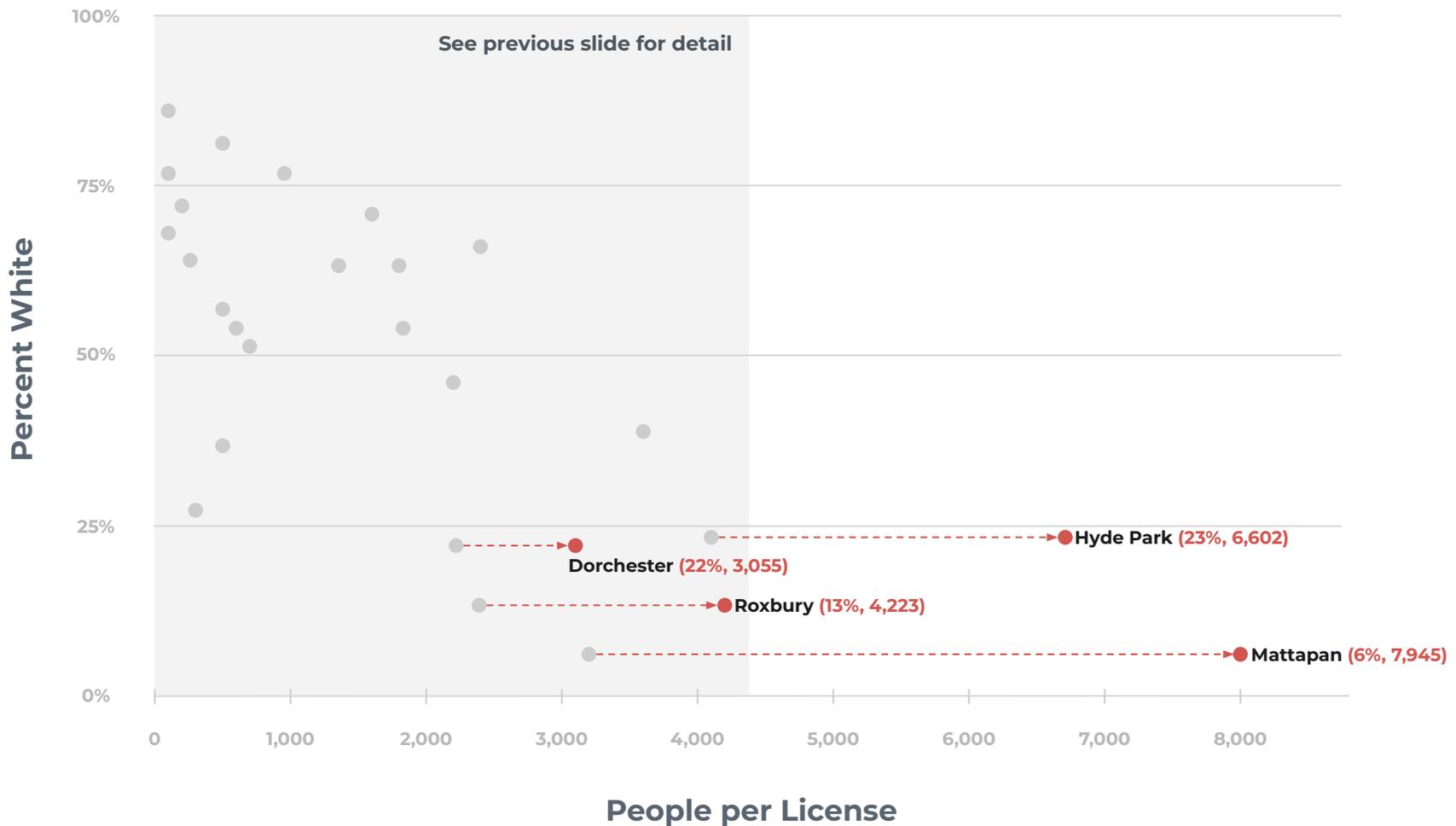


Correlation Between Whiteness & Licenses

CORRECTED TO ONLY SHOW TRANSFERABLE LICENSES

12x

Transferable Licenses per person in Boston's four 75% white neighborhoods compared to Boston's four 75% minority neighborhoods.



Liquor is an Essential Revenue Stream for a Successful Full-Service Restaurant

90%

Operator interviewees reported that they would not have had a business without alcohol sales (see [p. 18](#)).

45%

Average percentage of revenue attributed to alcohol sales from interviewees.

80%

Restaurant concepts are not-profitable without alcohol sales.*

2x

Alcohol sales are twice as profitable as food sales.*

*See [Appendix M](#).



If we couldn't sell liquor, our restaurant would still be a dream, a thought, it wouldn't exist...unless we did a fast food concept, that would be the only way.

Restricted license holder in Roxbury
self-identifies as Black



For small restaurants, without alcohol sales, it's almost not worth it to even open: the profit margin is so slim. A restaurant as small as ours, we need alcohol to make those margins work.

Restricted license applicant in Dorchester
self-identifies as Asian

Liquor Is an Essential Revenue Stream for a Successful Full-Service Restaurant



If we didn't get a liquor license from The City, we wouldn't have ever opened. If we had opened without it, we would have opened and failed. Beverage is such an important part of the dining experience. We would have had our house taken away and probably declared bankruptcy.

Restricted license holder in Downtown

self-identifies as white



No matter how good the food is, margins are so thin, you will never make money just on food — you need alcohol.

Restricted license holder in East Boston

self-identifies as White



[If we had to pay for a license] We would have to be much bigger and rely much more on alcohol sales, you're talking about running a bar versus running a restaurant, which comes with a whole set of liabilities and challenges.

Restricted license holder in Roxbury

self-identifies as Black



Unless you have a pizza shop or something that's bare bones, it's almost impossible to maintain on food alone.

Restricted license holder in Dorchester

self-identifies as Black

Wealth Creators

2x

Consumer spending at a local restaurant is recirculated and generates more than double the additional economic activity than money spent at a chain restaurant.*



Boston's small businesses are engines of job creation, responsible for 44% of employment in the city's private, for-profit businesses.

Michelle Wu

Food Justice Agenda For A Resilient Boston, 2020



This conversation is absolutely about equity. It is absolutely about economic development. It is about growth and prosperity and about making sure that that is extended across the entire city.

Restaurants, and particularly restaurants with liquor licenses, drive economic development and make good on strong public investment therein.

Karilyn Crockett, Dir. of Econ Policy & Research

Testimony to the Committee of Govt. Operations, 2017

*American Express Open Independent Retail Index, Civic Economics, 2011.

64.9% compared to 30.4% for money spent at chains.

Cultural Centers



[We can't deny] the important role that restaurants play across the city as anchors for neighborhood business districts, engines for hyper-local job creation, economic gateways for immigrant communities, and vital gathering places for families, friends and communities.

Restaurants are more than just businesses, they are critical pieces of our social infrastructure that are essential to the health of the broader small business ecosystem throughout the City.

Gustavo Quiroga, Graffito

City & Neighborhood Hearing Docket #0667, May 27, 2020



I'm from Roxbury, the community has something lacking. Does a bar change that? Yes and no, but I look at the City, Roxbury, and any places that Black people live — there's not a lot of community, and Boston is a city of communities...a bar or a restaurant is just one component of the community, but we are a big part.

Where else are people going to congregate or meet? Where are they going to meet somebody that they may never know or talk to normally?

**We're a big part of the community:
this is why we need these licenses.**

Restricted licenses holder in Roxbury

self-identifies as Black



I really believe in the power of sit-down restaurants as social and economic anchors, and every neighborhood in the city of Boston should have an [equal] opportunity to build community and to build wealth.

City Councilor Ayanna Pressley

City Council Meeting | Mar. 8, 2017

Policy Recommendations



It's not a grant, it's not a loan, it's something that literally doesn't cost the City any money, ***so it seems a really good solution*** to me. Unlike navigating the PPP, EIDL, RRF, licenses are coming from the State, and they can just give them out right now without having to spend a thing.

Restricted license holder in JP

self-identifies as white

Overview

- 01. Remove Capacity Limitations**
- 02. Replace Neighborhood Names With a Neighborhood Threshold of Licenses per Person**
- 03. Ensure All Target Neighborhoods Have an Equal Chance at Restricted Licenses**
- 04. Clearly Lay Out the Number & Cadence**
- 05. All All-Alcohol: Don't Carve Out Wine & Malt**
- 06. Include Clear Rules About "Upgrading"**

01 Remove Capacity Limitations

What the Legislation Says

“A license granted under this act shall be limited to businesses with a total capacity of 50 or under.”

Suggestion

Strike from legislation: capacity limitations do not exist in any prior legislation. Nearly every person aware of the Home Rule Petition that we interviewed objected to it.

Call Outs & Lessons From the Past

The City of Boston’s BYOB license has a capacity stipulation and limited engagement from operators:

Currently fewer than 5 have been issued. In that legislation, capacity is capped at 30 (Ord. 2015 Ch. 12, §1).

How It Works

- A ‘small business’ is defined by its gross receipts, not its capacity. Most Taco Bell restaurants have less than 50 seats.
- What this legislation is trying to do is support small business owners rather than literally small spaces.
- This will likely dissuade target candidates from pursuing and/or applying for these licenses.
- It will also limit where and what venues operators can and should engage with.
- It will put undue pressure on operators to consider limiting potential profitability per square foot.



Capacity limits? That’s racist tactics. Why are you limiting my ability to make money? To gather? There aren’t limits in other parts of the City. It’s ridiculous!! These are the numbers, there’s no way a business can make money long-term under certain restrictions. People need to gather. Why don’t you want them to gather? That’s a whole additional level of racism.

Restricted license holder in Dorchester

self-Identifies as Black

01 Remove Capacity Limitations



I'm a small business. I have 65 seats. I need those 65 seats to make money. When I didn't have that number of seats, we weren't making it to break-even every month.

Restricted license holder in JP
self-identifies as white



I think it's ridiculous, it's almost like I can give you this license, but... you are still going to lose anyways. It may seem those 10 or 12 seats may not be a big deal, but we can turn those multiple times in a day, and some days just a few diners are the difference between profit and loss.

License applicant in Dorchester
self-identifies as Asian



I would do anything to support my family. If you gave me a five-seat restaurant, I would squeeze every dollar out of that space. Limited capacity sucks, but if it's the only option to get a license, I'd take it.

Restricted license holder in Roxbury
self-identifies as Black



Financially it doesn't make sense. You're not getting a discount on the per-square-footage, you can't go back to the landlord and say, 'Hey, I'm limited to 50.' In the end they're cutting our ability to make money...it becomes not really worth it.

Restricted license holder in Dorchester
self-identifies as white

02 Replace Neighborhood Names with Neighborhood Thresholds of Licenses per Person

What the Legislation Says

“The licenses authorized under the preceding paragraph shall be distributed in the following neighborhoods: Dorchester, Mattapan, Roxbury, and Hyde Park pursuant to the City of Boston Zoning Code.”

Suggestion

Set a threshold of **licenses per population unit per neighborhood**. This allows for increased equity, transparency, and parity among neighborhoods (see *Whiteness and Licenses* on [p. 27](#)).

How It Works

Set a target threshold and empower the Boston Licensing Board to grant restricted licenses in neighborhoods below the threshold until that threshold is reached.

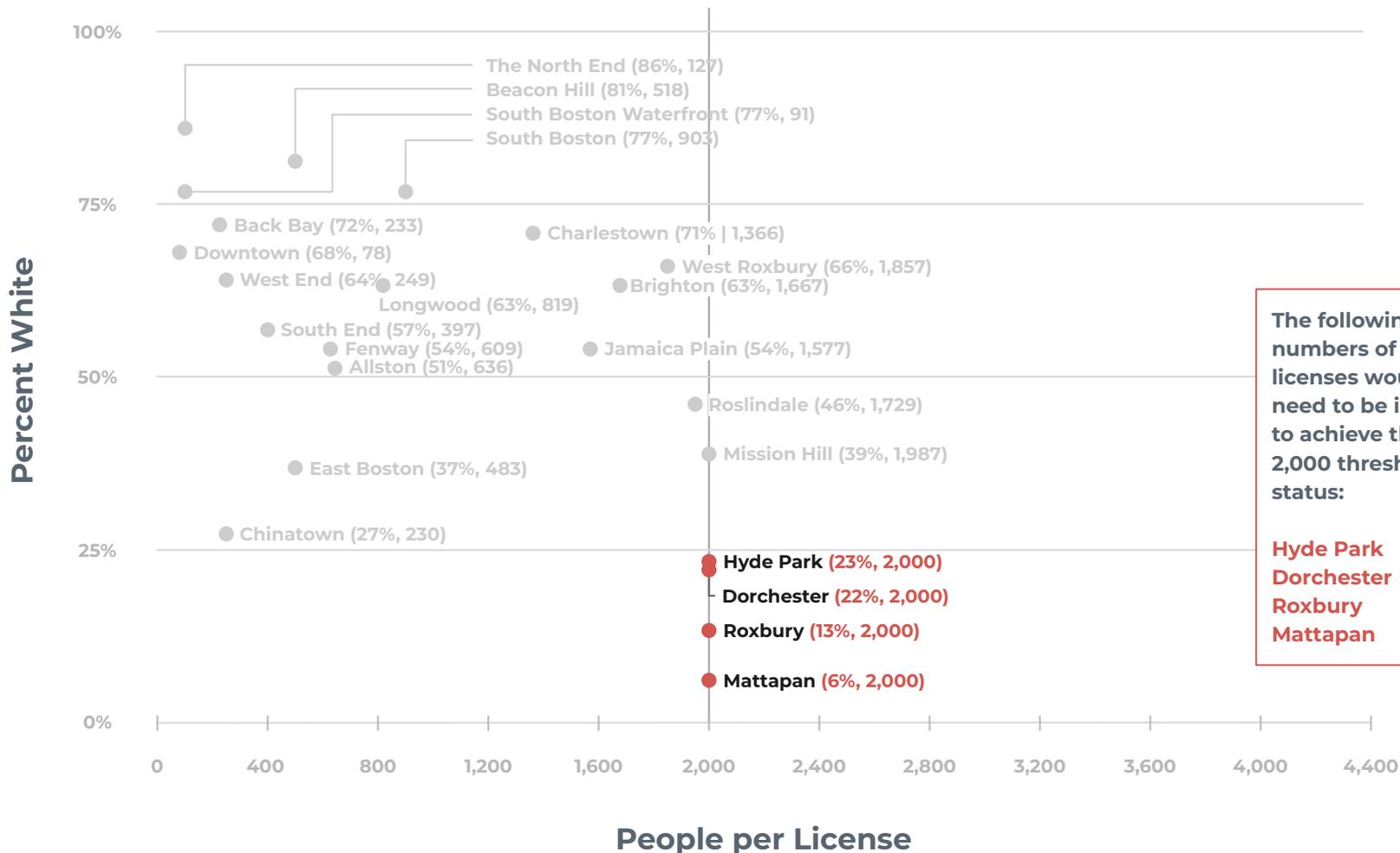
- **Plan A: 1 license per 750 people** would yield 366 licenses in 11 neighborhoods.
- **Plan B: 1 license per 1000 people** would yield 217 licenses in 10 neighborhoods.
- **Plan C: 1 license per 2000 people** would yield 25 licenses in 4 neighborhoods (see [next page](#)).

Call Outs & Lessons from the Past

- Using an algorithm pegged to population dates back to 1933 (see [Appendix C](#)).
- Councilors are fierce advocates for their constituents. The threshold ensures equal protection under the law. A change to include additional neighborhoods would yield a proportional increase in licenses to all neighborhoods below the threshold.
- Councilors whose constituents do not wish for additional licenses to be issued can advise their Neighborhood Assn. to set their own thresholds below the allowed ratio (see [Appendix L](#)).
- Paired with a clearly laid out process and cadence (see [p. 41](#)), privileged and/or connected actors would be prevented from receiving special treatment.
- The City launched a BYOB policy in 2015: this policy carves out 10 ineligible neighborhoods (Ord. 2015 Ch. 12, §1). These map perfectly onto neighborhoods above the 750 threshold with the only exception being East Boston, which is allowed to have BYOB, but would be above the threshold.

02 Replace Neighborhood Names with Neighborhood Thresholds of Licenses per Person

PLAN C ALLOCATION (2000 LICENSES PER PERSON THRESHOLD)



The following numbers of licenses would need to be issued to achieve the 2,000 threshold status:

Hyde Park	9
Dorchester	5
Roxbury	4
Mattapan	7

03 Ensure All Target Neighborhoods Have an Equal Chance at Restricted Licenses

What the Legislation Says

“The licenses authorized under the preceding paragraph shall be distributed in the following neighborhoods: Dorchester, Mattapan, Roxbury, and Hyde Park.”

Suggestion

Ensure fair access to all neighborhoods rather than lumping eligible neighborhoods into a single group that have to compete for available licenses.

How It Works

- Plan A (Preferable): Adopt our proposed Neighborhood Threshold system (see [p. 38](#)).
- Plan B (Less Preferable): Carve out licenses per specific neighborhoods and include the neighborhood written on the face of the license. This could become a clerical hassle (adding to the already 27 license types), and would likely become out of date.* This is certainly a less elegant solution, but better than combining all into one bucket.

*For limitations from the BRA' regions for 2006 restricted licenses in [Appendix F](#).

Call Outs & Lessons From the Past

Many 2014-16 licenses largely went to select areas (e.g. Dorchester got 19) and not to others (e.g. Mattapan got zero).



Pressley said she has been 'encouraged' by the interest restaurateurs have shown in opening in traditionally underserved neighborhoods. But the current system is 'pitting neighborhood against neighborhood,' Pressley said, adding she believes it should be replaced.

Boston Business Journal | Aug 28, 2012

04 Clearly Lay Out the Number & Cadence

What the Legislation Says

“All liquor licenses in the City of Boston shall increase by at least 10% over a 10-year period.”

Suggestion

Aim higher: Include more detail to satisfy the ABCC requirements laid out below. Set a cadence of licenses issued per neighborhood per annum for each neighborhood designated ‘below threshold.’

How It Works

If a city or town files legislation seeking more than 10 licenses, the city or town must state clearly in the proposed legislation a schedule setting forth:

- i) the number of licenses requested;
- ii) the number of Section 12 and Section 15 licenses; and
- iii) how many licenses of each type will be issued for each year.*

*Alcohol Task Force Report, 2017, p. 9.

Call Outs & Lessons From the Past

- The precedent is contradictory: The 2013 legislation — with licenses that were spread over three years — did not include a per-year cadence in the law; it was procedure, not policy.
- Operators report that this cadence was essential in allowing them to plan and confidently move forward with their businesses.



We would have aimed a bit higher; the demand did not dissipate. Three years later, when those 75 were already given out, transferable licenses were still selling for around \$500K.

City Council policy team staffer

05 All All-Alcohol: Don't Carve Out Wine & Malt

What the Legislation Says

"All-alcohol liquor licenses."

Suggestion

We support this wording: all new licenses should be All-Alcohol. Should the Council decide it is prudent, it may go one step further and determine that any Wine & Malt, or Wine, Malt & Cordials license holder can "upgrade" to a non-transferable all-alcohol licenses contingent on them remitting their existing licenses to The Board (see [p. 43](#)).

Call Outs & Lessons From the Past

- In South Bay, where there are a sufficient number of licenses available (6 of 12 have been issued), no businesses have opted for Wine & Malt licenses. (see [Appendix I](#)).
- More research is needed to confirm, but there may be a correlation between rate of rejection and classification of license and/or racial identity and classification of license.



Going forward, all new licensees should be offered an 'all alcohol' option but can opt for a lesser included license such as beer only for a lower annual fee. As we mentioned in Section VI.1.(a) relating the value of existing license, there is a perceived economic disadvantage to those holding a beer only, wine only, or beer and wine only licenses but wish to hold an 'all alcohol' license. In each instance, the license holder is selling alcohol, and the differences among beer, wine and spirits are no longer sufficient to justify limiting the number of Section 12 retail licenses by such categories.

2017 Alcohol Task Force Report, p. 79

06 Include Clear Rules About ‘Upgrading’

What the Legislation Says

Upgrading is not mentioned.

Suggestion

Any license holder of Wine & Malt or Wine, Malt & Cordials licenses can trade up to a restricted All-Alcohol license, should they be available in the neighborhood and, *“provided that those licensees return to the licensing board, the licenses that they currently hold.”* (Acts of 2006, Chapter 383)

Include a cool-off period for a given address and/or operator to prevent sale/transfer of a license to be replaced by a new restricted license (see [p. 44](#))

How It Works

Provide clear guidance for who is eligible and how they can upgrade.

Call Outs & Lessons From the Past

- Without clear guidance written into the law, allocation is left up to interpretation of the Board, which allows for the potential of unequal application of the law and implicit biases impacting who gets a license (see [p. 44](#)).
- Allowing operators to sell their transferable licenses and replace them with restricted licenses equates to a six-figure gift from the City and potentially impacts the volatility of the marketplace (see [p. 12](#)).
- Careful wording for the cool-off period is needed as there appears to be multiple instances of operators occupying a few contiguous addresses (e.g. 15-17 Main St.) and transferring licenses to and from multiple DBAs in what is essentially the same space and/or business.

06 Include Clear Rules About ‘Upgrading’

In 2014-2016, the lack of clear guidance led to inconsistencies from the Board at the time who:

- 01.** Told a Roslindale operator looking to sell their license and apply for a restricted license that their “request would subvert the whole reason for the licenses... which were aimed at encouraging new restaurants to open up.”*
- 02.** Approved a South End operator selling their Wine & Malt license for a reported \$40,000**, and then received a restricted All-Alcohol license.
- 03.** Allowed a Dorchester operator to transfer their license to open a new location in the South End and to replace it with a restricted license to keep their original location open.

*According to *Universal Hub* on June 14, 2018

***The Boston Globe*, August 20, 2017.

In 2020 the Boston Licensing Board has made their position on upgrading clear:



The Board has consistently taken the position that an existing licensee should not be able to sell off a transferable license for profit and then turn around and obtain a non-transferable or ‘free’ license at the same location.

Kathleen Joyce,
Chair of the Boston Licensing Board
City & Neighborhood Hearing Docket #0667 | May 27, 2020

Procedural Recommendations



It almost seems that through the process Boston does not want you to open a business. Why is it so hard? I'm trying to open a business to employ people, feed people, pay taxes, and create something interesting in the city instead of a chain restaurant — ***why is it so hard?***

Restricted license holder in Downtown

self-identifies as white

Overview

- 01. Launch A Demographic Survey**
- 02. Increased Transparency from the Board**
- 03. A Clear, Transparent,
Fair System for Distributions**
- 04. Evaluate the System & Make It Easier**
- 05. Develop a Task Force For Optimization & Technical
Assistance**
- 06. Operators Need Support Beyond Just Licenses**

01 Launch a Demographic Survey

Why?

The first licenses in Boston were distributed unequally (see [p. 10](#)) and we are still living that legacy. The current status quo was created by policy, and we need policy to undo it.

For Existing Licensees

Execute a demographic survey that is both comprehensive, and not tied to the renewal process.**

For License Applicants**

Include optional demographic questions in license application process.* Consider integration with Certified Business Directory of the Office of Equity and Inclusion.***

*Any effort will likely require careful, intentional implementation to clear legal compliance concerns of discriminatory practices.

**Reference recent Cannabis legislation regarding the inclusion of equity considerations and thresholds (notably: An Ordinance Establishing Equitable Regulation Of The Cannabis Industry In The City Of Boston)

***This process is currently quite onerous, and there isn't much incentive for restaurants to complete it given the limited City contracts going to restaurants.



I would like to track applicants, what neighborhood they are from, and their race/ethnicity.

Ayanna Pressley

in Committee for Government Operation 2017



The City's 2016 Small Business Plan identifies support for minority-, women-, and immigrant-owned businesses as a primary gap in the small business ecosystem...

The City should conduct a restaurant and food business census to identify and lower these barriers to the success of Black-owned and other minority-owned restaurants.

Michelle Wu | 2020

Food Justice Agenda for a Resilient Boston (p. 23)

05 Develop a Task Force For Optimization & Technical Assistance

Why?

Out of 20 metropolitan areas evaluated by the Institute of Justice, Boston had the highest number of steps to open a restaurant: 92.*

How?

- Update the City of Boston *Opening Guide for Food Service Establishments*.
- Prioritize translating it into Boston's 10 major languages.
- Problematize redundancies and focus on maximizing integration and coordination among City departments (Boston got a 1 out of 5 from the IOJ as far as being a one-stop shop to help entrepreneurs).
- Consider current and potential Technical Assistance offered through OEI.**
- Dedicate a go-to Restaurant contact for The City to answer questions and provide support navigating the process to minimize gatekeeping (see p. 22).

*Compared to an average of 60.8. *Barriers To Business: How Cities Can Pave a Cheaper, Faster, and Simpler Path to Entrepreneurship*, 2022.

**See 'An Ordinance Establishing Equitable Regulation Of The Cannabis Industry In The City Of Boston' for a great list of examples.



It's a very heavy, convoluted, onerous, archaic, licensing system.

Kathleen Joyce,
Chair of the Boston Licensing Board
City & Neighborhood Hearing Docket #0667 | May 27, 2020



I wish they had a dedicated person that I could talk to about the process... I ended up finding this one person at the City, my go-to person, but this wasn't their job. And sometimes it took a while, they were busy, I understood that.

Restricted license holder in Roxbury
self-identifies as Black

02 Increased Transparency from the Board

Require License Transfers to Declare Purchase & Sale Price for Entry into the Public Record

The Board "may require any statement which may be made before it and papers which may be filed with it relative to applications for licenses to be sworn to, and for such purpose any member may administer oaths" (Ch. 138, §9).

For a brief period in the 2010s, the Chair of the Boston Licensing Board asked operators requesting a transfer to state the purchase price so it could be entered into the public record. Since licensees require Board approval for license transfers, the Board can require that they state the price.

Create a Tracker of Existing & Available Licenses

At present, it is very difficult to discern whether there are available licenses with the Board (*for more on Gatekeeping, see [p. 22](#)*). In part, this is because there are so many different license types.

At present, there is a disparity of data between the ABCC, the Boston Licensing Board, and Analyze Boston.



We got 'approval pending availability' but were told that there were no licenses available. There seems to be a 'magical box' that they reach into and a license may come out, or it may not.

Current restricted license applicant in East Boston

self-identifies as white

03 A Clear, Transparent, Fair System for Distributions

Why?

This a chance to revamp the process, empowering operators who are writing business plans and signing leases but aren't able to know when and if they may have a license.

How?

- Implement a transparent system for access to city owned licenses: declare how many will be available for what neighborhoods and when.
- If legislation is approved, publish a cadence for the coming 12-24 months.
- Develop a system for equitable access to licenses for qualified, approved applicants (*for Implicit Bias, see [p. 23](#)*).
- At present, there is a backlog of applicants who are “granted pending availability.” Where is this list kept? How long are these applications active?



The attitude of the waiting hundreds was a curious mixture. Some waited with a patent assurance, already aware that the issuance of their licenses was a matter of clerical detail. Some, not so fortunate, tried anxiously to find out about the police report. A few hurled accusations of favoritism.

The Boston Globe | Dec. 12, 1933

04 Evaluate the System & Make It Easier



Opening a restaurant is like crossing a desert: there are so many times you think about giving up. You get to the end of the desert, and then the liquor license is like, ‘Ugggh, now you have to swim across an ocean.’ I just want to make food, it’s already so hard. ***Why is it so hard?***

How many times was I just on the verge of saying, ‘I’m just not going to do this?’ People throw up their hands, have all the pieces and components, but no one understands the [expletive] liquor license.

Restricted license holder in Roxbury
self-identifies as Black

06 Operators Need Support Beyond Just Licenses



Lending rates vary across neighborhoods, with some neighborhoods receiving significantly more or fewer loans per business than other areas... In all, these loan-scarce areas received 23% fewer loans than would be expected based on the number of businesses in these neighborhoods.

City of Boston Small Business Plan 2016, p. 20



This is only one part of a multifaceted effort to create opportunities for residents to open businesses in neighborhoods like Roxbury and Mattapan.

Mayor Marty Walsh

Boston Business Journal | Aug 28, 2012

Overview

We have done our best to pull a lot of disparate and scattered information into a single place, hopefully to enable and empower our lawmakers to make informed decisions that will positively impact the city.

Ethnographic Interviews

We interviewed more than 20 restricted license holders and transferable license holders — past, present, and hopeful — in the City of Boston and select surrounding cities.

Information Interviews

- Elected and appointed officials past and present
- Lawyers who specialize in liquor license law
- Brokers and realtors who specialize in liquor license transactions
- Bankers who specialize in commercial lending to restaurants

Public Record

- City Council meetings & agendas
- City Council sub-committee meetings
- Boston Licensing Board hearings, agendas, and resources
- Alcohol Beverage Commission hearings, agendas, and resources
- Newspaper and journal articles and archives
- City of Boston archives, Commonwealth of Massachusetts archives, Boston Public Library

Data

We pulled licenses data from the ABCC, the Boston Licensing Board, and Analyze Boston, and did our best to minimize disparities among them, of which there are many (see *Procedural Recommendations* on [p. 45](#)).

Appendices

- A** Key Definitions
- B** 1906 Creation of Boston Licensing Board
- C** 1933 Quota System
- D** 1933 Boston Carve Out
- E** 1994 Cordials License
- F** 2006 Restricted Licenses
- G** 2012 Airport Licenses
- H** 2014 Neighborhood Restricted Licenses
- I** 2017 South Bay Center Restricted Licenses
- J** Current Pertinent Legislation
- K** Final Verbiage of 2014 Legislation
- L** Neighborhood Association de facto Licenses
- M** The Nuts & Bolts of Restaurant Profitability

License Categories, MGL Chap. 138, §1

All-Alcohol license

Any liquid intended for human consumption as a beverage and containing one half of one percent (0.05%) or more alcohol by volume.

Wine & Malt Licenses

also include Wine Only & Malt Only

Wines are defined as “all fermented alcoholic beverages made from fruits, flowers, herbs, or vegetables and containing not more than twenty-four per cent of alcohol by volume.”

Malts are defined as “all alcoholic beverages manufactured or produced by the process of brewing or fermentation of malt, with or without cereal grains or fermentable sugars, or of hops, and containing not more than twelve percent of alcohol by weight.”

Wine, Malt & Cordials Licenses

Where “**Liqueur or cordial**” are “all alcoholic beverages manufactured or produced by mixing...distilled spirits with or over fruits, flowers, plants [etc.] containing no less than two and one-half percent sugar by weight.” (*more info on cordial licenses in [Appendix E](#)*)

License Classifications

Retail licenses are split into a binary under which there are many classifications (see [next page](#)). For the purposes of this study we will only be looking at the first: Section 12 On-premise licenses.

§12 On-Premise Licenses

- Often referred to as “pouring licenses” or “Section 12 Licenses” for the section of the MA General Laws in which it is defined. These include “restaurant, hotel/inn, club, veteran’s club, retirement community, and general-on-premises licenses” (for more detailed information about types of retail licenses consult the next page).
- Many of these are tied to a “Common Victualler” license (denoted by CV, sometimes called “Common Vic”), which is required to serve food. These licenses are also issued by the Boston Licensing Board.

§15 Off-Premise Licenses

- Often called a “package store license” or a “Section 15 licenses” for the section of the MA General Laws in which it is defined, they are defined as “‘package goods’ stores, convenience stores, supermarkets, grocery stores, food stores, wine shops, and so-called ‘big box retailers’ such as warehouse clubs.”
- For the purposes of this report, we will not be looking at these licenses.

Note: “Retail” licenses are in opposition to “Industry” licenses which refer to licenses for “manufacturers (distillers, wineries, and breweries), wholesalers and importers, railroads, airlines, ships, ship chandlers and caterers.” (ABCC, 2018)

Licensed Premises Types

Restaurant

The space in a suitable building provided with adequate and sanitary kitchen and dining room equipment and capacity for preparing, cooking, and serving suitable food for strangers, travelers, other patrons and customers, and in addition meeting and complying with all the requirements imposed upon common victualers under M.G.L. c. 140.

Hotel

A building or part of a building provided with adequate and sanitary kitchen and dining room equipment and capacity for preparing, cooking, and serving suitable food for its guests, including travelers, strangers, other patrons and customers. It must also meet and comply with all the requirements imposed upon innholders under M.G.L. c. 140.

Club

A corporation chartered for any purpose described in M.G.L. c. 180, §2, that owns, hires, or leases a building, or space in a building, of such extent and character as may be suitable and adequate for the reasonable and comfortable use and accommodation of its members.

General-On-Premises

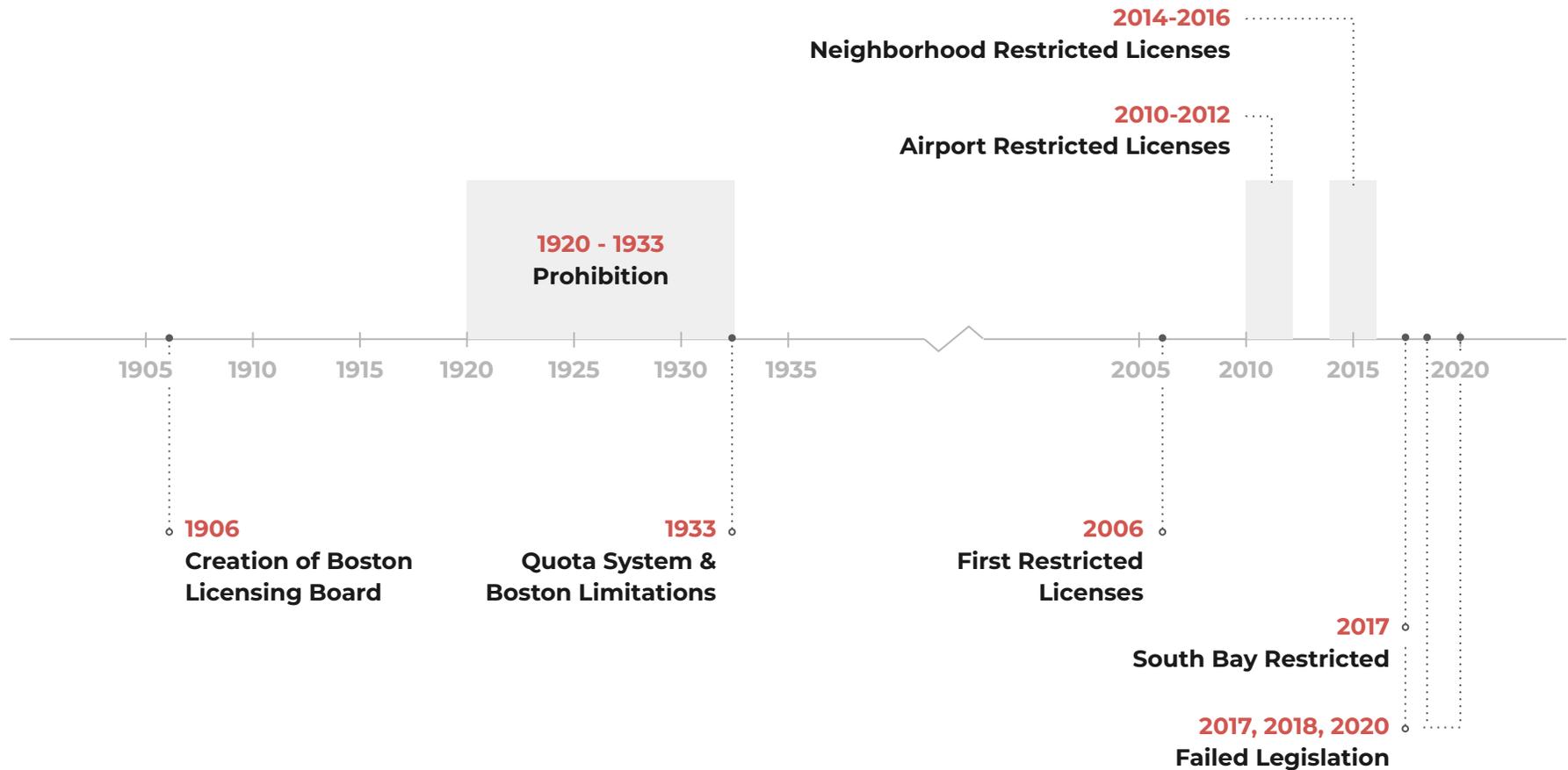
A license that allows the sale of alcoholic beverages without food to patrons and customers subject to all other relevant provisions of this chapter.

Tavern

An establishment where alcoholic beverages may be sold (but not on Sunday), entrances to which shall open directly from a public way. The establishment shall be properly lighted and its business conducted to the public view from the sidewalk level.

Pertinent Legislation

The following 9 appendices each deal with a specific piece of legislation the impact(s) of which are laid out below.



Chapter 291 of the Acts of 1906

What It Did

- **Created the Boston Licensing Board. Centralized power at the State level.**
- The Board consists of three members **appointed by the Governor** with the advice and consent of the Council. The Board was created to exercise all the powers and perform all the duties conferred upon the Board of Police of the City of Boston relative to intoxicating liquors (now called alcoholic beverages), innholders, common victuallers, billiard and pool tables, sippio* tables, bowling alleys, intelligence offices, and picnic groves. The Board grants and regulates various types of alcohol and food licenses for restaurants, nightclubs, private clubs, package stores, hotels, and inns. The Board also issues and regulates licenses for common victuallers (food only), hotels (both with alcohol and without alcohol), bowling alleys, pool tables, lodging houses, dormitories (fraternities which are a category of dormitory licenses), and fortune tellers.

Licenses Issued by the Boston Licensing Board Today

- Billiards, pool tables & sippio* tables
- Bowling alleys
- Common victuallers
- Lodging house (fraternities, sororities, and dorms)
- Fortune teller licenses

Updates Since Then

- After a few failed attempts, in 2014 HR 3913 finally allowed the Mayor of Boston to appoint the Boston Licensing Board.
- Then-Mayor Marty Walsh immediately cleared house and appointed a new Board.
- The Board is now made up of Mayoral appointees, each of which serve terms of six years.

*Sippio is variation of bagatelle, which is a billiards-derived indoor table game, the object of which is to get a number of balls past wooden pins into holes.

Acts of 1933, Chapter 0216

1933

The year prohibition was repealed.

What It Did

Created the Quota System for how many licenses a city or town could have based on census population data, with provisions increasing based on increased population, but without losing licenses based on declining population.

Geographic Limitations

Every city and town in the Commonwealth that voted to Repeal Prohibition (at present, there are 8 “dry towns” in the Commonwealth).

How Many Licenses It Created

Lots, for cities and towns:

- Small towns get a minimum of 1 per 1,000 people up to 10 for 10,000.
- Towns with 50,000 people get 1 license per 2,000 above 10,000 up to 30.
- Cities and Towns receive an additional 1 license per 5,000 above that. There is a special exception for the City of Boston, in [Appendix D](#).

Changes Since Then

- The Quota has a floor: regardless of population, the minimum licenses is 14. (Chapter 138, §17)
- Cities and towns can apply for additional licenses above their quota with a Home Rule Petition, subject to approval by the ABCC and the State House (specifically the Joint Subcommittee on Consumer Protection and Professional Licensure).
- Each of the last nine years, between 9 and 24 cities and towns have submitted between 10 and 35 home rule petitions for licenses over quota. Many, but not all of these are approved.*
- **24 cities and towns have opted out of the quota system altogether** through Home Rule Petition. Among them are 2 of the top 5 most populous cities in the Commonwealth ([Appendix J](#)).

*At least 2 of them (2017 and 2018) from the City of Boston were not approved - more in [Appendix H](#).

Chapter 376 Section 23

What It Did

Created a carve out from the Quota system for Boston

(more in [Appendix L](#))

How Many Licenses It Created

1000 On-premise (Section 12) licenses and 350 Off-premise (Section 15) licenses.

- “Because of ‘the reserve necessary for contingencies’ it was explained at Board offices, only 70 percent of the On-premise licenses and 80 percent of the Off-premise licenses can be issued.’ until the following year.”*

In the Press

- “Making a total of 508 licenses granted thus far...there are still 572 ‘hard liquor’ licenses left in Boston’s quota, not counting clubs, and there is no restriction on the number that may be issued for malt beverages and wine. In addition, the board has on its hands the problem of issuing licenses to drug stores. There are about 1250 drug stores which are expected to apply for these licenses...there is no restriction on the number of ‘hard liquor’ licenses that may be granted to clubs.”**

*Good thing it was already December! By this math, it would be 700 §12 (On-premise) and 280 §15 licenses (Off-premise) available in 1933. *The Boston Globe*, Dec. 7. 1934 (p. 16)

** *The Boston Globe*, December 8, 1933 on p. 17

Chapter 481, Acts of 1994

What It Did

Created a new category of license called “Beer, Malt & Cordial.”

How Many Licenses It Created

None, but it allowed Wine & Malt license holders to apply for an upgrade to their license. This designation was made in Chapter 481 of the Acts of 1993 as a way to be able to pour some spirits without purchasing an all-alcohol license.

- According to *The Boston Globe*, this was “the so-called ‘Sambuca Bill’” and came about after “more than a dozen North End establishments” applied for all-alcohol licenses and all but two were turned down “because residents objected to the number of full liquor licenses in the tiny, congested neighborhood” (Mar. 4, 1994 p. 33).
- Despite the neighbor’s wishes, the law was changed.



[The definition of the cordial licenses] is sufficiently vague enough to raise concerns over misinterpretation and abuse.

Tanya Holton,
Exec. Director of Beacon Hill Civic Assoc.
The Boston Globe, p. 251 | Feb. 6, 1994

Chapter 383, Acts of 2006

What It Did

Created the concept of Restricted Licenses.

Geographic Limitations

According to the BRA “designated areas” as so defined:

- Boston Main Streets districts
- Empowerment zones
- Neighborhoods in the city's urban renewal program
- Municipal harbor plan areas that include the developing South Boston Waterfront.

How Many Licenses It Created

This legislation created between 10-25* restricted all-alcohol licenses and 30 Wine & Malt. The 25 included:

- 5 held only for innholders (aka hotels)
- 10 for current license holders looking to upgrade their existing Wine & Malt license to All Alcohol
- The remaining 10 (along with 30 Wine & Malt licenses) were designated for the restricted areas.

How These Licenses Are Tracked

They are denoted by an ‘R’ in the license type:

- 20 All alcohol - CV7ALR
- 5 for Innholders - INNALR
- 30 Wine & Malt - (irrespective of Cordials or not) CV7WMR and CV7WMLR
- If and when these licenses return to the City, they may be allocated to anywhere within the zones defined in the law, including the South Boston Waterfront. Note: while there are still many Boston Main Streets, the locations of “empowerment zones” and “urban renewal programs” seem to have shifted in how the BRA defines them in recent years.

Updates Since Then

“The licensing board shall not approve the transfer of that license to a location outside of the designated area.”

- Title XX, Chapter 138, Section 17

Chapter 383, Acts of 2006*

Neighborhood	2006 Restricted
Downtown	8
South End	8
South Boston Waterfront	6
Dorchester	5
Allston	4
Roslindale	3
Back Bay	2
Chinatown	2
North End	2
Roxbury	2
South Boston	2
Beacon Hill	1
Charlestown	1
East Boston	1
Fenway	1
Hyde Park	1
Jamaica Plain	1
West End	1
Brighton	-
Longwood	-
Mattapan	-
Mission Hill	-
West Roxbury	-

*This is based on our best effort based on reconciling multiple sources that currently are not in agreement (see *Methodology* on [p. 53](#))

Acts of 2012 Ch. 87 (HR99)

What It Did

Created Airport Restricted Licenses.

Pertinent Verbiage

- “Restricted airport licenses shall not be subject to or counted against the municipal quota set forth in this section including, but not limited to, the city(*sic*) of Boston quota.”
- “The holder of a Boston license **may freely transfer that license** to any location outside the passenger terminals at the airport, subject to the approval of the alcoholic beverages control commission...**If a Boston license is not transferred within that 2-year period, the Boston license shall be deemed revoked or no longer in use and shall be returned** physically, with all legal rights and privileges pertaining thereto, **to the licensing board**, which may: (i) grant the returned Boston license to a new applicant..and (ii) grant a restricted airport license to the person or establishment from whom the Boston license was revoked.”

How These Licenses Are Tracked

They are denoted by the word “Airport” in the license classification and include:

- Common Victualler All Alc. Airport - CV7ALA
- Common Victualler Malt & Wine Airport - CV7MWA
- Club. All Alc. Airport - CLBALA
- General On-Premise All Alc. Airport - GOPALA

How Many Licenses It Created

A seeming infinite amount: since the law states that “restricted airport licenses shall not be subject to or counted against the municipal quota.”

Where Those Licenses Went

- We are currently in the process of tracking where the 11 All Alcohol and 2 Beer & Wine went, but it appears many went to the South Boston Waterfront....

Updates Since Then

Currently there appear to be 37 Airport licenses.

Chapter 287, Section 71

What It Did

Created Neighborhood Restricted Licenses.

Geographic Limitations

"neighborhood restricted":

- in either the zoning districts of Dorchester, East Boston, Hyde Park, Jamaica Plain, Mattapan, Mission Hill and Roxbury as designated by the Boston Zoning Commission
- or in the areas designated by the Boston Redevelopment Authority as "main street districts"

How Many Licenses It Created

- 75 neighborhood restricted licenses, including 10-15 "city-wide" non-transferable licenses unbounded by geographic location.
- Above were spread out over 3 years (2014-2016) Each year saw 25 neighborhood restricted issued.
- It appears that only 10 transferable so called "city-wide" licenses were issued, **these were essentially six-figure gifts from the City to select operators.**

How These Licenses Are Tracked

they are denoted by an N in the license type -

- 50 All Alcohol - CV7ALN
- 10 All alcohol transferable - CV7ALNO
- 15 Wine & Malt (irrespective of Cordials or not) - CV7WMN and CV7WMLN
- Unlike 2006 licenses, if and when these are returned to the City, they must be allocated **to the same area to which they were originally issued**, in other words, once a Dorchester licenses, always a Dorchester license. For these purposes all Main Streets are lumped together as one area, so a returning license can go to any Main Streets district.

Updates Since Then

- 2017.** As soon as this was passed Ayanna Pressley, proposed another round with some adjustments, which passed the City Council and the Mayor and sat, and seems to have died in committee.
- 2018.** The Mayor proposed another round of legislation that appears to have been similarly stymied.

Chapter 287, Section 71*

Neighborhood	2014-16 Restricted
Dorchester	19
Roxbury	8
East Boston	6
Jamaica Plain	5
South End	4
Chinatown	3
North End	3
Allston	2
Hyde Park	2
Mission Hill	2
Roslindale	2
South Boston Waterfront	2
West Roxbury	2
Back Bay	1
Charlestown	1
Downtown	1
West End	1
Beacon Hill	-
Brighton	-
Fenway	-
Longwood	-
Mattapan	-
South Boston	-

*This is based on our best effort based on reconciling multiple sources that currently are not in agreement (see *Methodology* on [p. 53](#))

Acts of 2017, Chapter 78

What It Did

Created additional **restricted licenses for South Bay Center**.

Geographic Limitations

Restricted to South Bay Development including District Ave, Lucy St. and Jan Karski Way.

How Many Licenses It Created

12 All Alcohol, and 3 Wine & Malt. There are no Wine & Malt licenses issued for South Bay, however, there appears to be one active application with The Board.

Where Those Licenses Went

Currently there are 6 restricted all-alcohol licenses.



The neighborhood is definitely changing...we're an anchor for common ground...we have some regular guests who have been in the area their whole lifetime...we're a big melting pot for a very eclectic clientele.

Restricted license holder in South Bay
self-identifies as Black

The Quota System is ‘Opt-in’

The following 24 municipalities have no restrictions on On-premises (§12) all alcohol licenses but follow the normal quota rules for Off-premises (§15):

Barnstable, Bourne, **Cambridge**, Dennis, Falmouth, Franklin, Great Barrington, Haverhill, Kingston, Lee, Lenox, Marlborough, Mashpee, Middleborough, Nantucket, Newburyport, North Adams, Orleans, Pembroke, Plymouth, Sturbridge, Williamstown, **Worcester**, and Yarmouth.

(2016 ABCC Licensing Policies and Procedures, at 5.)

Municipalities use the quota system to limit the number of licenses for restaurants, bars and liquor stores and deny a licensee by simply stating that, ‘we are at the statutory limit.’ Even though quota municipalities are required by Mass. Gen. Laws ch. 138, §17 to limit the number of liquor licenses based upon the population at any given point in time, they often seek to side step this limitation. As with any exception to a general law, a municipality may file special legislation via the Home Rule petition process with the Commonwealth to increase the number of licensees beyond the quota allowed (2017 Alcohol Task Force Report, p. 27).



Massachusetts operates under a quota system that is designed to control the number of liquor licenses **in each city and town that ‘opted-in’ to the law** (321 of 351 municipalities) by tying the number of licenses to the town population for those municipalities.

2017 Alcohol Task Force Report

Final Verbiage of 2014 Successful Legislation

SECTION 71 Section 17 of said chapter 138, as so appearing, is hereby amended by striking out the fifth and sixth paragraphs and inserting in place thereof the following 3 paragraphs:

- 01.** The licensing board for the city of Boston may grant 697 licenses for the sale of all alcoholic beverages under section 12; provided, however, that no further original licenses under said section 12 shall be granted until the number of licenses outstanding thereunder shall have been reduced to less than 650 by cancellation or revocation or by the failure of holders of such licenses to apply for renewals and, thereafter, not more 650 licenses under said section 12 shall be granted.
- 02.** The board may grant 250 licenses for the sale of all alcoholic beverages under section 15. The number of licenses for the sale of wines and malt beverages only, or both, in the city shall not exceed 320. The transfer of existing licenses shall be subject to a public hearing in the neighborhood in which the license is to be relocated, properly advertised and at an appropriate time to afford that neighborhood an opportunity to be present.
- 03.** The licensing board of the city of Boston may grant up to 25 additional licenses for the sale of all alcoholic beverages to be drunk on the premises and up to 30 additional licenses for the sale of wines and malt beverages to drunk on the premises. Notwithstanding the first sentence, 5 of the additional all alcoholic beverages licenses shall be granted only to innholders duly licensed under chapter 140 to conduct a hotel and 10 of the additional all alcoholic beverages licenses shall be granted to existing holders of licenses for the sale of wines and malt beverages under section 12 provided that those licensees return to the licensing board, the licenses that they currently hold. The remaining licenses for the sale of all alcoholic beverages to be drunk on the premises and the 30 additional licenses for the sale of wines and malt beverages to be drunk on the premises shall be granted in the areas designated by the Boston Redevelopment Authority as main street districts, urban renewal areas, empowerment zones or municipal harbor plan areas. Once issued to a licensee in a Boston Redevelopment Authority designated area, the licensing board shall not approve the transfer of that license to a location outside of the designated area.

Final Verbiage of 2014 Successful Legislation

03. (cont'd) A license granted pursuant to this paragraph shall be non-transferable to any other person, corporation or organization and shall be clearly marked non-transferable on its face. A license issued under this paragraph, that is cancelled, revoked or no longer in use, shall be returned physically, with all of the legal rights, privileges and restrictions pertaining thereto, to the licensing board and the licensing board may then grant that license to a new applicant consistent with the criteria set forth in this paragraph if the applicant files with the licensing board a letter from the department of revenue and a letter from the department of unemployment assistance indicating that the license is in good standing with those departments and that all applicable taxes, fees and contributions have been paid. In addition to the licenses granted pursuant to the preceding 2 paragraphs, the licensing board of the city of Boston may grant up to 15 additional licenses for the sale of all alcoholic beverages to be drunk on the premises and up to 5 additional licenses for the sale of wines and malt beverages to be drunk on the premises in either the zoning districts of Dorchester, East Boston, Hyde Park, Jamaica Plain, Mattapan, Mission Hill and Roxbury as designated by the Boston Zoning Commission or in the areas designated by the Boston Redevelopment Authority as main street districts. A license granted pursuant to this paragraph shall be non-transferable to any other person, corporation or organization and shall be clearly marked “nontransferable” and “neighborhood restricted” on its face. A license issued under this paragraph, if cancelled, revoked or no longer in use at the location of original issuance, shall be returned physically, with all of the legal rights, privileges and restrictions pertaining thereto, to the licensing board which may then grant that license to a new applicant under the same conditions as specified in this paragraph if the applicant files with the licensing board a letter from the department of revenue and a letter from the department of unemployment assistance indicating that the license is in good standing with those departments and that all applicable taxes, fees and contributions have been paid; provided, however, that a license issued under this paragraph that is cancelled, revoked or no longer in use at the location of original issuance shall only be issued to a new applicant in the same designated area of the city where the original license was granted.”

Final Verbiage of 2014 Successful Legislation

SECTION 72 The first sentence of the fifth paragraph of said section 17 of said chapter 138, as appearing in section 71, is hereby amended by striking out the figure “697” and inserting in place thereof the following figure:- 702.

SECTION 73 Said first sentence of said fifth paragraph of said section 17 of said chapter 138 is hereby further amended by striking out the figure “702”, inserted by section 72, and inserting in place thereof the following figure:- 707.

SECTION 74 The first sentence of the seventh paragraph of said section 17 of said chapter 138, as appearing in section 71, is hereby amended by striking out the figure “15” and inserting in place thereof the following figure:- 30.

SECTION 75 Said first sentence of said seventh paragraph of said section 17 of said chapter 138 is hereby further amended by striking out the figure “30”, inserted by section 74, and inserting in place thereof the following figure:- 45.

- A.** Said first sentence of said seventh paragraph of said section 17 of said chapter 138, as appearing in section 71, is hereby further amended by striking out the figure “5” and inserting in place thereof the following figure:- 10.
- B.** Said first sentence of said seventh paragraph of said section 17 of said chapter 138 is hereby further amended by striking out the figure “10”, inserted by section 75A, and inserting in place thereof the following figure:- 15.”

Neighborhood Associations Creating de facto Neighborhood Licenses

Neighborhood associations can impose their own limitations that may end up driving up prices.

Since license applicants are subject to neighborhood association approval, **some neighborhood Assn. have decided to make blanket policies refusing to approve additional licenses to be transferred to a demarcated area.** Without their approval an operator cannot demonstrate “public need,” and can’t get a license.

The Back Bay did this in the oughts and 2010s, leading to an elevated asking price for a “Back Bay licenses” which were not neighborhood restricted licenses in any sort of legally defined way, but claimed a higher price since licenses from outside would assumedly not be approved for transfer into the Back Bay.

“A full liquor license in the city can cost more than \$275,000’, says The Boston Restaurant Group's Perkins. Indeed, Salomon said liquor licenses in the Back Bay can fetch as much as \$500,000.”

- Boston Business Journal, July 30, 2007

Back Bay Neighborhood Association

“There are about 80 liquor licenses in the Back Bay, said Tom High, of the Neighborhood Association of the Back Bay. ‘What we ask is if someone wants to put a new restaurant in, they get a license of an existing operation in the Back Bay.’”

- Boston Business Journal, July 30, 2007

North End Waterfront Residents’ Association

“**NEWRA will not support any request** for a new license or license transfer that increases the number of licenses in total or the number of all-alcohol licenses within the area bounded by North Washington Street, Boston Harbor, Christopher Columbus Park and the area inclusive of the Central Artery corridor **above the respective number of licenses that existed within the same area as of Feb. 9, 2006, then being 91 licenses total of which 32 were all-alcohol.**” Only 12 of these are Wine & Malt with the remainder being Cordials licenses (see [Appendix E](#)). At present this cap does not seem to have been lifted.

The Nuts & Bolts of Restaurant Profitability

Prime costs are the combination of cost and labor. What remains after prime costs is profitability – which is then applied to overhead like occupation costs, utilities, salaries, marketing, etc.

- According to an accounting firm that specializes in the restaurant industry: a profitable restaurant should have between 50 and 55 % prime costs.
- Operators can adjust their “product mix,” the ratio of food sales to alcohol sales, to hit that target prime cost.
- In general, packaged alcohol such as wine and beer, as well as mixed drinks require significantly less labor and generates less waste than comparable sales of prepared food items.
- Also, as you can see, in the chart to the right, **alcohol sales are 2x as profitable as food sales.**

- Without alcohol sales, you have a much smaller target to hit to be profitable. You have to be among the 20% best in terms of prime cost to make it work.
- In other words, **when you remove alcohol sales, operators have significantly less options with regard to their food.** They need to be on the very low end of prime costs by either minimizing food cost (buying cheaper ingredients), or minimizing labor.
- In order to thread the needle, we end up with more fast-casual / take-out concepts and fewer full-service restaurants.

	Food	Alcohol
Cost	28-32	18-21%
Labor	25-32	5-8%
Prime Cost (target 55%)	53-64%	23-29%
Gross Profit	36-47%	55-70%



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Thank you.