

**Effective 6/1/2022**

**Chapter 18**  
**Change of Alcohol License or Location Act**

**Part 1**  
**General Provisions**

**32B-18-101 Definitions.**

As used in this chapter:

- (1)
  - (a) "Alcohol license" means:
    - (i) a retail license;
    - (ii) an off-premise beer retailer state license;
    - (iii) a brewery manufacturing license;
    - (iv) a distillery manufacturing license;
    - (v) a winery manufacturing license;
    - (vi) a liquor warehousing license; and
    - (vii) a special use permit that is an industrial or manufacturing use permit.
  - (b) "Alcohol license" does not include a:
    - (i) master full-service restaurant license;
    - (ii) master limited-service restaurant license; or
    - (iii) master off-premise beer retailer state license.
- (2) "Business entity" means a corporation, partnership, limited liability company, sole proprietorship, or similar entity.
- (3) "Interim alcoholic beverage management agreement" means a management agreement:
  - (a) in connection with:
    - (i) a change of ownership in the entity holding an alcohol license; or
    - (ii) a transfer of the management of an alcohol license to another entity; and
  - (b) under which the new owner or new management agrees to perform the operations of the alcohol licensee during the period that:
    - (i) begins when:
      - (A) the change of ownership closes; or
      - (B) the new management agreement is executed; and
    - (ii) ends on the day after the day on which the commission approves the alcohol license for the new owner.
- (4) "Inventory transfer agreement" means an agreement under which an alcohol licensee agrees to sell or otherwise transfer all or part of the alcohol licensee's inventory of alcoholic products.
- (5) "Management agreement" means an agreement between two people regarding the operation and management of an alcohol license.

Renumbered and Amended by Chapter 447, 2022 General Session

**Part 2**  
**Alcohol License Changes of Ownership**

**32B-18-201 Transferability of an alcohol license.**

- (1) An alcohol license:
  - (a) is not ascribed any value in the sale or transfer of a business entity or the business entity's assets;
  - (b) is neither tangible nor intangible property to the holder of the license; and
  - (c) is completely separate from other property of an alcohol licensee.
- (2) The Legislature may terminate or modify the existence of any type of alcohol license.
- (3) Except as provided in this part, a person may not sell, transfer, assign, exchange, barter, give, or attempt in any way to dispose of the alcohol license to another person whether for monetary gain or not.

Renumbered and Amended by Chapter 447, 2022 General Session

**32B-18-202 Effect of change of ownership of business entity.**

- (1)
  - (a) When the ownership of 51% or more of the shares of stock of a corporation is restructured to include one or more persons who did not hold the ownership of 51% of those shares of stock on the day on which an alcohol license is issued to the corporation, the corporation shall comply with this chapter to reflect the restructuring.
  - (b) When there is a new general partner or when the ownership of 51% or more of the capital or profits of a limited partnership is restructured to include one or more persons as general or limited partners and who did not hold ownership of 51% or more of the capital or profits of the limited partnership on the day on which an alcohol license is issued to the limited partnership, the limited partnership shall comply with this chapter to reflect the restructuring.
  - (c) When the ownership of 51% or more of the interests in a limited liability company is restructured to include one or more persons as members who did not hold ownership of 51% or more of the interests in the limited liability company on the day on which an alcohol license is issued to the limited liability company, the limited liability company shall comply with this chapter to reflect the restructuring.
- (2) A business entity shall comply with this section within 60 days after the day on which a restructuring of the business entity becomes effective.

Renumbered and Amended by Chapter 447, 2022 General Session

**32B-18-203 Application -- Approval process.**

- (1)
  - (a) A person seeking an alcohol license in accordance with this part that is currently held by another person shall submit to the department:
    - (i) a written application for a new license in a form prescribed by the department; and
    - (ii) a fee in accordance with Section 32B-18-207.
  - (b) If the person seeking an alcohol license as described in Subsection (1) seeks to take over the daily operations of the alcohol license before the commission grants the transfer, the person and the alcohol licensee shall enter into an interim alcoholic beverage management agreement that:
    - (i) provides for all proceeds from the sale of alcohol, less cost of goods sold, to accrue to the current alcohol licensee;
    - (ii) provides for the duration of the agreement, that the current alcohol licensee:
      - (A) shall comply with the requirements of this title that are applicable to the alcohol license;

- (B) in accordance with this title, is subject to disciplinary action by the commission for a violation of this title; and
- (iii) the department approves.
- (c) If the person seeking an alcohol license as described in Subsection (1) seeks to buy the inventory from the existing licensee, the person and the alcohol licensee shall enter into an inventory transfer agreement that the department approves.
- (2) An alcohol licensee seeking to restructure the alcohol licensee's internal ownership of 51% or more shall submit to the department:
  - (a) a written application in a form prescribed by the department; and
  - (b) a fee in accordance with Section 32B-18-207.
- (3) A person or business entity shall comply with this section within 60 days after the day on which the sale of the business's assets closes or the restructuring of the business entity becomes effective.
- (4) In accordance with this section and Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the commission may make rules governing the requirements of an interim alcoholic beverage management agreement.

Enacted by Chapter 447, 2022 General Session

**32B-18-204 Notifying department of change in ownership.**

The commission may suspend, revoke, or deem forfeited an alcohol license if the alcohol licensee does not notify the department, within 60 days after the day on which the change occurs, of a change in:

- (1) ownership of the business entity holding the alcohol license;
- (2) for a corporate owner, the:
  - (a) corporate officers or directors of the alcohol licensee; or
  - (b) shareholders holding at least 20% of the total issued and outstanding stock of the corporation;or
- (3) for a limited liability company:
  - (a) managers of the limited liability company; or
  - (b) members owning at least 20% of the limited liability company.

Amended by Chapter 371, 2023 General Session

**32B-18-205 Management agreements -- Inventory transfers.**

- (1)
  - (a) A management agreement may provide for the sharing of revenue from a business utilizing an alcohol license, including revenue from the sale of an alcoholic product, if, regardless of which party holds the alcohol license, neither the owner nor operator is disqualified from holding the license for a previous violation of this title.
  - (b) The parties to a management agreement shall submit to the department:
    - (i) a copy of the management agreement; and
    - (ii) any other information the department requires.
  - (c) If there is a material change to the management agreement submitted to the department under Subsection (1)(b), the parties to the management agreement shall submit to the department the following within 30 days after the day on which the change occurs:
    - (i) a copy of the changed management agreement; and
    - (ii) any other information the department requires.

- (2)
  - (a) Notwithstanding any other provision of this title, in connection with a change of ownership described in Section 32B-18-202 or an asset sale of an alcohol licensee, the parties to the transaction may enter into an inventory transfer agreement.
  - (b) The inventory transfer agreement described in Subsection (2)(a) may allow for the transfer of inventory between parties regardless of whether the parties hold or are applying for the same retail license.
- (3) In accordance with this section and Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the commission may make rules governing the requirements of:
  - (a) a management agreement; or
  - (b) an inventory transfer agreement.

Amended by Chapter 371, 2023 General Session

**32B-18-206 Operational requirements for change of ownership or location.**

- (1)
  - (a) Except as provided in Subsections (1)(b) and (c), operations of an alcohol licensee shall begin within 30 days after the day on which the commission approves a change of ownership for the alcohol license.
  - (b) The department may grant an extension of the time period described in Subsection (1)(a) for a period not to exceed the greater of:
    - (i) 30 days; or
    - (ii) the number of days until the day on which the commission holds the commission's next regularly scheduled commission meeting.
  - (c) After the department authorizes an extension described in Subsection (1)(b), the commission may grant one or more additional extensions if:
    - (i) the alcohol licensee demonstrates to the commission that the alcohol licensee cannot begin operations because the alcohol licensee:
      - (A) is improving the licensed premises;
      - (B) has obtained a building permit for the improvements described in Subsection (1)(c)(i)(A), if the respective local authority requires a building permit for the improvements; and
      - (C) is working expeditiously to complete the improvements to the licensed premises; or
    - (ii) the commission determines that circumstances beyond the control of the alcohol licensee negate the licensee's ability to begin operations in a timely manner.
- (2) An alcohol licensee is considered to have begun operations of the alcohol license if the alcohol licensee:
  - (a) has a licensed premises that is open for business;
  - (b)
    - (i) sells, offers for sale, or furnishes an alcoholic product to a patron on the licensed premises described in Subsection (2)(a);
    - (ii) manufactures an alcoholic product on the licensed premises described in Subsection (2)(a);
    - (iii) engages in an industrial or manufacturing pursuit containing alcohol on the licensed premises described in Subsection (2)(a); or
    - (iv) warehouses liquor on the licensed premises described in Subsection (2)(a); and
  - (c) has a valid business license.
- (3) If an alcohol licensee fails to begin operations of the alcohol license within the time period required by Subsection (1), the following are automatically forfeited effective immediately:
  - (a) the alcohol license; and

- (b) the fee described in Section 32B-18-207.
- (4)
  - (a) Except as provided in Subsection (4)(b), if the commission approves a change of ownership, the new owner of the alcohol license shall begin operations of the alcohol license at the location to which the alcohol license applies before the new owner may move the alcohol license to a different location in accordance with Part 3, Alcohol License Change of Location.
  - (b) Subsection (4)(a) does not apply to a new owner of an alcohol license if the commission determines that a bona fide exigent circumstance exists that warrants a change in location before operations begin.
- (5) Notwithstanding Subsection (1), the commission may not issue a conditional license unless the requirements of Section 32B-5-205 are met, except that the time periods required by this section supersede the time period provided in Section 32B-5-205.

Renumbered and Amended by Chapter 447, 2022 General Session

**32B-18-207 Change fees.**

- (1) The department shall charge the following fees for a change of ownership under this part:
  - (a) for a change of ownership of an alcohol license from an alcohol licensee to another person, the change fee equals the initial license fee amount specified in the relevant chapter or part for the type of alcohol license for which the change of ownership occurs; and
  - (b) for a change of ownership described in Section 32B-18-202, the change fee equals the renewal fee amount specified in the relevant chapter or part for the type of alcohol license for which the change of ownership occurs.
- (2) The department shall deposit a fee collected under Subsection (1) into the Liquor Control Fund.

Renumbered and Amended by Chapter 447, 2022 General Session

**Part 3**  
**Alcohol License Change of Location**

**32B-18-301 Change of location provisions.**

- (1) Except as provided in this part, a person may not move an alcohol license from one location to another.
- (2) Before an alcohol licensee moves the alcohol licensee's license from one location to another, the alcohol licensee shall submit to the department:
  - (a) an application for a change of location, in the form the department determines; and
  - (b) a change of location fee.
- (3) Before the commission approves a change of location requested in accordance with this part, the commission shall:
  - (a) ensure that the new location meets the physical requirements for the type of license for which the change of location is requested, including any proximity requirement; and
  - (b) consider the locality within which the proposed licensed premises is located, including the relevant factors for the type of license for which the change of location is requested.

Enacted by Chapter 447, 2022 General Session

**32B-18-302 Operational requirements for change of location.**

- (1)
  - (a) Except as permitted under Subsections (1)(b) and (c), operations of an alcohol licensee shall begin within 30 days after the day on which the commission approves a change of location for the alcohol license.
  - (b) The department may grant an extension to the 30 days described in Subsection (1)(a), not to exceed the greater of:
    - (i) 30 days; or
    - (ii) the number of days until the next regularly scheduled commission meeting.
  - (c) After the department authorizes an extension described in Subsection (1)(b), the commission may grant one or more additional extensions, if:
    - (i) the alcohol licensee demonstrates to the commission that the alcohol licensee cannot begin operations because the alcohol licensee:
      - (A) is improving the licensed premises;
      - (B) has obtained a building permit for the improvements described in Subsection (1)(c)(i)(A), if the respective local authority requires a building permit for the improvements; and
      - (C) is working expeditiously to complete the improvements to the licensed premises; or
    - (ii) the commission determines that circumstances beyond the control of the alcohol licensee negate the licensee's ability to begin operations in a timely manner.
- (2) An alcohol licensee is considered to have begun operations of the alcohol license if the alcohol licensee:
  - (a) has a licensed premises that is open for business;
  - (b)
    - (i) sells, offers for sale, or furnishes an alcoholic product to a patron on the licensed premises described in Subsection (1)(a);
    - (ii) manufactures an alcoholic product on the licensed premises described in Subsection (2)(a);
    - (iii) engages in an industrial or manufacturing pursuit containing alcohol on the licensed premises described in Subsection (2)(a); or
    - (iv) warehouses liquor on the licensed premises described in Subsection (2)(a); and
  - (c) has a valid business license.
- (3) If an alcohol licensee fails to begin operations of the alcohol license within the time period required under Subsection (1), the following are automatically forfeited effective immediately:
  - (a) the alcohol license; and
  - (b) the change of location fee.

Enacted by Chapter 447, 2022 General Session

**32B-18-303 Change of location fees.**

- (1) The department shall charge a \$300 fee for a change in location of an alcohol licensee's licensed premises.
- (2) The department shall deposit a fee collected under Subsection (1) in the Liquor Control Fund.

Enacted by Chapter 447, 2022 General Session

**Part 4  
Prohibited Activities**

**32B-18-401 License not to be pledged as security -- Prohibited changes, transfers, and moves.**

- (1) An alcohol licensee may not enter into any agreement under which the alcohol licensee pledges the alcohol license as security for a loan or as security for the fulfillment of any agreement.
- (2) An alcohol licensee may not change, transfer, or move an alcohol license except as expressly permitted under this chapter.

Renumbered and Amended by Chapter 447, 2022 General Session

**32B-18-402 Effect of change, transfer, or move in violation of this chapter.**

- (1) If an alcohol license is changed, transferred, or moved in violation of this chapter, the commission may:
  - (a) void the change, transfer, or move; and
  - (b) require the alcohol license to be forfeited.
- (2) Subsection (1) is in addition to any other penalty under this title that is applicable to the person who violates this chapter.

Renumbered and Amended by Chapter 447, 2022 General Session