



# Title 3 – Alcoholic Beverage Licenses

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PAMELA TORO, ESQ.  
LEGAL ADMINISTRATOR  
DEPARTMENT OF BUSINESS REGULATION  
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# *Liquor Regulation – Framework*

Title 3, R.I. Gen. Laws § 3-1-1 *et seq.* (RIGL) dates to 1933 (P.L. 1933, ch. 2013)

Following repeal of prohibition, through regulatory systems, states sought to:

- Weaken the hold of organized crime
- Eliminate “tied house” that excluded small players from the industry
- Establish orderly market and temperance

Title 3 established a Three Tier System:

- Manufacturers
- Wholesalers
- Retailers

# Manufacturing Licenses – DBR Issued

## **Breweries (RIGL § 3-6-1)**

- Production of beer/malt
- Limited retail privileges (3 beers on premises / 2 cases for off premises)

## **Brewpub Manufacturer (RIGL §§ 3-6-1.2, 3-7-7.2)**

- Production of beer/malt
- Retail privileges - beer on premises; off premises growlers, and 2 cases bottles/cans
- BPs can hold a Class B (food and other liquor)
- Liquor with take out food

## **Wineries (non-farm RIGL § 3-6-1)**

- Production of wine
- No grape/fruit cultivation requirement
- No retail privileges

## **Farmer Wineries (RIGL § 3-6-1.1)**

- Production of wine
- Grow grapes/fruit - import limits
- Retail privileges (on premises and for off premises)
- Self distribution to RI-licensed restaurants

## **Distilleries (RIGL § 3-6-1)**

- Production of spirits
- Limited retail privileges (3 drinks on premises / 1.5 liters for off premises)

## **Rectifiers (RIGL §§ 3-6-2 thru 3-6-8)**

- Production and/or bottling of blended spirits or wines
- No retail privileges

# Wholesale Licenses – DBR Issued

## Wholesaler Class A (RIGL § 3-6-9)

- Beer and wine
- Wholesale distribution to retail licensees
- Sale to out-of-state wholesaler / same brands
- No retail

## Wholesaler Class B (RIGL § 3-6-10)

- Beer, wine and spirits
- Wholesale distribution to retail licensees
- Sale to out-of-state wholesaler / same brands
- No retail

## Wholesaler Class C (RIGL § 3-6-11)

Wholesale distribution to commercial users  
(non-beverage):

- Mechanical, manufacturing, medicinal and chemical purposes
- Pharmacies, apothecaries, physicians and dentists, hospitals and scientific institutions
- No retail

# Retail Licenses – City/Town Issued

<p><b>Class A</b> Liquor stores (RIGL §§ 3-7-1, 3-7-3)</p>	<p><b>Class B</b> Class B/BV – victualer (restaurant) (RIGL § 3-7-7) Class BM – brewpub (RIGL § 3-7-7.2) Class BC – casino (RIGL § 3-7-7.6) Class BH – hotel (RIGL § 3-7-7.1)</p>	<p><b>Clubs</b> Class C – premises w/pre-packaged foods (RIGL § 3-7-8) Class D - pre-1900 club (RIGL § 3-7-11) Class N – nightclub (RIGL § 3-7-16.6) Class S – Providence supper club (RIGL § 3-7-16.8)</p>
<p><b>Events</b> Class F – beer/wine (RIGL § 3-7-14) Class F-1 –beer/wine/spirits (RIGL § 3-7-14.1) Class F-2 - auction (RIGL § 3-7-14.3) Class SE – beer/wine/spirits with admission to event (RIGL § 3-7-16.10)</p>	<p><b>Miscellaneous</b> Class E – pharmacy (RIGL § 3-7-13) Class J – convention hall (RIGL § 3-7-16) Class T – theaters (RIGL § 3-7-16.3) Class ED – special economic development zone (RIGL § 3-7-16.4) Class AS – sacramental wine (RIGL § 3-7-16.7)</p>	<p><b>Varying Location*</b> Class P – caterer (RIGL § 3-7-14.2) Class GD – vessels (RIGL § 3-7-15.1)  *issued by DBR</p>

➤ Local liquor license decisions are appealable to DBR per R.I. Gen. Laws § 3-7-21; DBR decisions are appealable to the Superior Court per the APA, R.I. Gen. Laws § 42-35-15

# Rhode Island License Data

<u>Manufacturers:</u>		<u>Wholesalers:</u>		<u>Retailers:</u>			
• Breweries	33	• Class A	15	• Class A	241		
• Brewpubs	6	• Class B	29	• Class B	1,546		
• Distilleries	9			• Class P	70		
• Wineries	5		Total	44	• Class G	46	
• Farmer wineries	18				• Other	295	
• Rectifiers	7						
	Total	71				Total	2,198
							* 2022 data

# Cross Tier Restrictions

## ***§ 3-6-15. Manufacturer's interest in business of wholesaler prohibited.***

No manufacturer of distilled spirits or wines whose principal place of manufacture is outside of this state shall hold a wholesaler's license issued under this title or shall have any interest in a wholesaler's license, either directly or indirectly, as an owner or part owner, or through a subsidiary or affiliate, or by any officers, directors, or employees of the manufacturer, or by stock ownership, interlocking directors, trusteeship, loan, mortgage or by being a guarantor, endorser or surety of any obligation of a wholesaler.

## ***§ 3-7-22. Manufacturer's or wholesaler's interest in retailer.***

(a) Except as otherwise provided, it shall be unlawful for any holder of a manufacturer's or wholesaler's license to have any direct or indirect interest in any retailer's license or in the business carried on under a retailer's license. If by operation of law the holder of a manufacturer's or wholesaler's license acquires an interest in a retailer's license, or in the business carried on under a retailer's license, he or she shall within thirty (30) days after acquiring that interest report the interest to the department and shall dispose of that interest in accordance with the directions of the department. Any person willfully violating the provisions of this section shall forfeit his or her manufacturer's license and his or her interest in the retailer's license.

(b) The holder of a license issued pursuant to § 3-6-1.1, et seq., located at 162 West Main Road, Little Compton, Rhode Island may have a direct or indirect interest in a Class B license, provided, that the holder shall remain obligated to comply with § 3-7-18 and § 3-5-11.1.

## ***§ 3-7-18. Licensed retailers to purchase from licensed wholesalers only.***

All holders of retail licenses except retail Class G licenses shall purchase beverages for sale under their licenses only from the holder or holders of wholesale licenses under this title.

# Chain Store Restrictions

## **§ 3-5-11. Licensing of chain stores.**

(a) Licenses, except retailer's Class E, Class B, Class B-H, Class B-L, Class B-M, and Class B-V licenses, authorized by this title shall not be granted, issued, or transferred to or for the use of any "chain store organization," which term shall consist of any chain of retail or wholesale business or business organizations, and more specifically defined herein, including, without limitation, grocery stores, markets, department stores, and convenience stores, as well as retailers of alcoholic beverages, and which include chains in which one or more stores are located outside of the state.

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## **§ 3-5-11.1. Liquor franchises prohibited.**

(a) To promote the effective and reasonable control and regulation of the Rhode Island alcoholic beverage industry and to help the consumer by protecting their choices and ensuring equitable pricing. Class A liquor license authorized by this title shall not be granted, issued, renewed, or transferred to or for the use of any liquor franchisor or franchisee. Class A liquor license holders are expressly prohibited from utilizing the provisions of the Rhode Island Franchise Investment Act, chapter 28.1 of title 19.

(b) Any franchise agreements involving the retail sales of alcoholic beverages are hereby declared null and void and illegal as of the effective date of this section [April 1, 2005].

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## *Common Inquiries*

- Liquor with take out food\*
- Direct ship wine\*\*
- Dual licensure, events, etc. – community brand development
- Mobile retail

\*(P.L. 2022, ch. 3 & 4, eff. 2/16/2022)

\*\* R.I. Gen. Laws § 3-4-8 prohibits, except for orders personally placed at manufacturer's premises for nonbusiness purposes