What is a conditional license?

A conditional license occurs when the DABS commission grants a license to the applicant “conditionally” even though the applicant still needs one or any of the following:

- The local business license(s)
- The bond
- Insurance – general coverage and liquor liability
- Menus
- Manager Training
- The DABS final inspection

Although the license has been granted, the conditional license holder is prohibited from selling any alcoholic products until the above conditions have been met. At that time, the DABS will release the conditional status and send you the original license to hang in a prominent place on the premises, and sales of alcohol may begin.

How long can a license be conditional?

It depends on the type of application submitted. The following three license types may be conditional:

1. Retail licenses - Retail licenses include:
   - Airport Lounge
   - Arena
   - Banquet
   - Bar
   - Beer Recreational
   - Hospitality Amenity
   - Hotel
   - Reception Center
   - Resort
   - Restaurants
   - Tavern

A conditional retail license expires 18 months after the day the commission issued it. If the licensee has not opened within that time, they may request an extended closure from the commission for an additional six months if the licensee can show to the satisfaction of the commission that:

a. They have an active building permit for the premises, and
b. They are engaged in a good faith effort to complete construction within the six-month period.

Effective Date June 2022
If at any time during the conditional period the licensee meets the requirements, DABS may issue a valid license to them. If they do not meet the expiration date, a new application would have to be submitted with all new fees and approvals from the commission.

2. Off-premise beer licenses:

A conditional off-premises license, such as a convenience or grocery store, expires **nine months** after the day the commission issued it.

The applicant may request and the commission may extend the time for this type of license for an additional **three months** if the licensee can show to the satisfaction of the commission that:

a. They have an active building permit for the premises; and
b. They are engaged in a good faith effort to complete construction within the **three-month** period.

3. Change of Ownership:

A license granted to a business doing a change of ownership must begin alcohol operations **within 30 days** after the commission approved the transfer. If they cannot, the licensee may request an additional **30 days** from their DABS compliance specialist or an extension of time until the commission holds its next regularly scheduled meeting. After that, the licensee may request and the commission may grant one or more extensions if the licensee can demonstrate to the Commission that:

a. They have an active building permit for the premises (if required by the local jurisdiction), and
b. They are expeditiously working to complete the improvements to the licensed premises, or
c. The commission determines that circumstances beyond the control of the alcohol licensee negate the licensee’s ability to begin operations in a timely manner.

If the transferred licensee does not begin operations within the time granted, the alcohol license and all associated licensing fees are automatically forfeited.
I assume that this information below will not be included in the final version.

(Angela) I interpret the highlighted provision to mean that until we inspect the premises to ensure that the floorplan etc. hasn’t changed and/or currently complies with statute (in a situation where we advised them during a prem check that a change was in order - e.g., backroom dispensing), the license is conditional.

32B-5-205 Conditional retail license.
(1) As used in this section:
(a) “Conditional retail license” means a retail license that:
(i) conditions the holder’s ability to sell, offer for sale, furnish, or allow the consumption of an alcoholic product on its licensed premises on the person submitting to the department a copy of the holder’s current business license before obtaining a valid retail license; and
(ii) provides that the holder will be issued a valid retail license if the holder complies with the requirements of Subsection (3).
(b) “Valid retail license” means a retail license issued pursuant to this part under which the holder is permitted to sell, offer for sale, furnish, or allow the consumption of an alcoholic product on its licensed premises.
(2) Subject to the requirements of this section, the commission may issue a conditional retail license to a person if the person:
(a) meets the requirements to obtain the retail license for which the person is applying except the requirement to submit a copy of the person’s current business license; and
(b) agrees not to sell, offer for sale, furnish, or allow the consumption of an alcoholic product on its licensed premises before obtaining a valid retail license.
(3)(a) A conditional retail license becomes a valid retail license on the day on which the department notifies the person who holds the conditional retail license that the department finds that the person has complied with Subsection (3)(b).
(b) For a conditional retail license to become a valid retail license, a person who holds the conditional retail license shall:
   (i) submit to the department a copy of the person’s current business license; and
   (ii) provide to the department evidence satisfactory to the department that:
      (A) there has been no change in the information submitted to the commission as part of the person’s application for a retail license; and
      (B) the person continues to qualify for the retail license.
(4)(a) A conditional retail license expires 18 months after the day on which the commission issues the conditional retail license, unless the conditional retail license becomes a valid retail license before that day.
(b) Notwithstanding Subsection (4)(a), the commission may extend the time period of a conditional retail license an additional six months if the holder of the conditional license can show to the satisfaction of the commission that the holder of the conditional license:

(i) has an active building permit related to the licensed premises; and

(ii) is engaged in a good faith effort to pursue completion within the six-month period.