

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 2547 Session of
2020

INTRODUCED BY O'NEAL, TURZAI, TOEPEL, BARRAR, DUNBAR, JONES,
RYAN, SIMMONS, ROWE, BERNSTINE, JOZWIAK, ZIMMERMAN, JAMES,
KEEFER, STRUZZI, MIHALEK, KAUFFMAN, GREINER, BOROWICZ, MASSER
AND FEE, MAY 26, 2020

REFERRED TO COMMITTEE ON LIQUOR CONTROL, MAY 26, 2020

AN ACT

1 Amending the act of April 12, 1951 (P.L.90, No.21), entitled "An
2 act relating to alcoholic liquors, alcohol and malt and
3 brewed beverages; amending, revising, consolidating and
4 changing the laws relating thereto; regulating and
5 restricting the manufacture, purchase, sale, possession,
6 consumption, importation, transportation, furnishing, holding
7 in bond, holding in storage, traffic in and use of alcoholic
8 liquors, alcohol and malt and brewed beverages and the
9 persons engaged or employed therein; defining the powers and
10 duties of the Pennsylvania Liquor Control Board; providing
11 for the establishment and operation of State liquor stores,
12 for the payment of certain license fees to the respective
13 municipalities and townships, for the abatement of certain
14 nuisances and, in certain cases, for search and seizure
15 without warrant; prescribing penalties and forfeitures;
16 providing for local option, and repealing existing laws," as
17 follows:

18 In preliminary provisions, further providing for
19 definitions and for interpretation.

20 In the Pennsylvania Liquor Control Board, further
21 providing for general powers, providing for fee adjustment by
22 regulation and further providing for subject of regulations
23 and for enforcement and repealing provisions relating to wine
24 and spirits marketing.

25 In Pennsylvania Liquor Stores, further providing for
26 establishment and for sales.

27 Providing for wine and spirits distribution.

28 In licensing, further providing for hotels, restaurants
29 and clubs liquor licenses, providing for grocery store
30 licenses, further providing for liquor license sales and

1 restrictions, providing for grocery store license sales and
2 restrictions, further providing for malt and brewed beverages
3 licensees, for wine and spirits auction permits, for liquor
4 importers' license fees, privileges and restrictions, for
5 interlocking business prohibited and for malt and brewed
6 beverages licenses, providing for distributor package reform
7 permit, further providing for distributors and dispensers
8 licenses, for prohibitions against the grant of licenses, for
9 numbers and kinds of licenses, for distributors and importing
10 distributors restrictions, for retail dispensers
11 restrictions, for interlocking business prohibited, for
12 breweries, for county limitations, for assignability, for
13 fines, for responsible alcohol management, for local option,
14 for unlawful acts, for hours of operation, providing for
15 unlawful acts and for licensees and taxation and further
16 providing for penalties and for vacation of premises.

17 In distilleries, wineries, bonded warehouses, bailees and
18 transporters, further providing for limited wineries, for
19 distilleries and for license fees.

20 In disposition of money, further providing for moneys
21 paid into Liquor License Fund.

22 Providing for supplemental provisions.

23 The General Assembly of the Commonwealth of Pennsylvania

24 hereby enacts as follows:

25 Section 1. Section 102 of the act of April 12, 1951 (P.L.90,
26 No.21), known as the Liquor Code, is amended by adding
27 definitions to read:

28 Section 102. Definitions.--The following words or phrases,
29 unless the context clearly indicates otherwise, shall have the
30 meanings ascribed to them in this section:

31 "Affiliate" or "person affiliated with" shall mean a person
32 that directly or indirectly, through one or more intermediaries,
33 controls, is controlled by or is under common control with a
34 specified person.

35 * * *

36 "Blended brand valuation" shall mean, for any particular
37 brand of liquor, the sum of the wholesale profit margin on each
38 product of a brand.

39 * * *

1 "Brand of liquor" shall mean a liquor product or series of
2 liquor products produced by a single manufacturer.

3 * * *

4 "Change in control" shall mean, for purposes of wholesale or
5 retail licensees as defined in this section, the acquisition by
6 a person or group of persons acting in concert of more than
7 twenty per centum of a licensee's securities or other ownership
8 interests, with the exception of any ownership interest of the
9 person that existed at the time of initial licensing, or more
10 than twenty per centum of the securities or other ownership
11 interests of a corporation or other legal entity which owns,
12 directly or indirectly, at least twenty per centum of the
13 securities or other ownership interests of the licensee.

14 * * *

15 "Commission" shall mean the State Civil Service Commission.

16 * * *

17 "Controlling interest" shall mean as follows:

18 (1) For a publicly traded legal entity, an interest in a
19 legal entity, applicant or licensee whereby a person's sole
20 voting rights under State law or corporate articles or bylaws
21 entitles the person to elect or appoint one or more of the
22 members of the board of directors or other governing board or
23 the ownership, directly or indirectly, of five per centum or
24 more of the securities of the publicly traded corporation.

25 (2) For a privately held corporation, partnership, limited
26 liability company or other form of privately held legal entity,
27 the holding of any securities in the legal entity.

28 * * *

29 "Department" shall mean the Department of General Services of
30 the Commonwealth.

1 * * *

2 "Displaced employe" shall mean a salaried employe of the
3 board whose employment is terminated as a sole and direct result
4 of the implementation of Article III-A. The term shall not
5 include a person who is terminated for cause or who retires or
6 resigns, is furloughed or is otherwise separated from employment
7 for any other reason. The term excludes intermittent liquor
8 store clerks and seasonal liquor store clerks.

9 * * *

10 "Grocery store" shall mean a reputable place operated by
11 persons of good repute that primarily sells food, supplies for
12 the table and food products for human consumption off the
13 premises and that has an area under one roof of ten thousand
14 square feet or more.

15 * * *

16 "Heritage State Stores" shall mean the number of State
17 stores, as determined by the board, located in any given county
18 as of the effective date of this definition.

19 * * *

20 "Retail licensee" shall mean a person that holds a wine and
21 spirits retail license issued pursuant to section 311-A.

22 * * *

23 "Variable pricing" shall mean, for purposes of the wholesale
24 sale of liquor, any disparity in the price of an item sold to
25 one licensee as compared to the price of the same item to
26 another licensee or a licensee of a different classification.
27 The term shall not include discounts for volume purchases.

28 * * *

29 "Wholesale acquisition factor" shall mean a factor of two and
30 one-half applied to the wholesale profit margin of a brand of

1 liquor in determining a wholesale license fee.

2 "Wholesale licensee" shall mean a person that holds a wine
3 and spirits wholesale license issued pursuant to section
4 321.1-A.

5 "Wholesale profit margin" shall mean, for any particular
6 liquor product, twenty per centum of the total of costs of goods
7 sold of the product in the Commonwealth over the most recent
8 twelve-month period for which information is available.

9 * * *

10 "Wine and spirits retail license" shall mean a license issued
11 by the department or the board authorizing a person to sell and
12 distribute wine and spirits to the public for off-the-premises
13 consumption.

14 "Wine and spirits wholesale license" shall mean a license
15 issued by the department or the board authorizing a person to
16 sell and distribute liquor on a wholesale basis to the board
17 until all retail licenses have been issued in accordance with
18 Article III-A and to retail licensees and other licensees under
19 this act.

20 * * *

21 Section 2. Sections 104(c) and (d) of the act are amended to
22 read:

23 Section 104. Interpretation of Act.--* * *

24 (c) Except as otherwise expressly provided, the purpose of
25 this act is to prohibit the manufacture of and transactions in
26 liquor, alcohol and malt or brewed beverages which take place in
27 this Commonwealth, except by and under the [control] regulatory
28 authority of the board as herein specifically provided, and
29 every section and provision of the act shall be construed
30 accordingly; to provide a structure in this Commonwealth for a

1 distribution system, including the [establishment of
2 Pennsylvania liquor stores and] licensing of wine and spirits
3 wholesalers, wine and spirits retailers, importing distributors
4 and distributors; and to preserve manufacturers of liquor and
5 alcohol and malt and brewed beverages selling those products
6 within this Commonwealth. The provisions of this act dealing
7 with the manufacture, importation, sale, distribution and
8 disposition of liquor, alcohol and malt or brewed beverages
9 within the Commonwealth through the instrumentality of the
10 board, licensees and otherwise, provide the means by which such
11 control shall be made effective. This act shall not be construed
12 as forbidding, affecting or regulating any transaction which is
13 not subject to the legislative authority of this Commonwealth.

14 (d) The provisions of this act are intended to create a
15 system for distribution [that shall include the fixing of prices
16 for] of liquor and alcohol and controls placed on [prices for]
17 the sale and distribution of malt and brewed beverages, and each
18 of which shall be construed as integral to the preservation of
19 the system, without which system the Commonwealth's control of
20 the sale of liquor and alcohol and malt and brewed beverages and
21 the Commonwealth's promotion of its policy of temperance and
22 responsible conduct with respect to alcoholic beverages would
23 not be possible.

24 * * *

25 Section 3. Section 207(a), (b), (c), (e) and (j) of the act
26 are amended and the section is amended by adding subsections to
27 read:

28 Section 207. General Powers of Board.--Under this act, the
29 board shall have the power and its duty shall be:

30 (a) To buy, import or have in its possession for sale and

1 sell liquor, alcohol, corkscrews, wine and liquor accessories,
2 trade publications, gift cards, gift certificates, wine- or
3 liquor-scented candles and wine glasses in the manner set forth
4 in this act: Provided, however, That all purchases shall be made
5 subject to the approval of the State Treasurer, or his
6 designated deputy. The board shall buy liquor and alcohol at the
7 lowest price and in the greatest variety reasonably obtainable.
8 The board's authority to exercise the powers granted pursuant to
9 this subsection is subject to the limitations set forth in
10 Article III-A.

11 (b) The following shall apply:

12 (1) To control the manufacture, possession, sale,
13 consumption, importation, use, storage, transportation and
14 delivery of liquor, alcohol and malt or brewed beverages in
15 accordance with the provisions of this act, and to fix the
16 wholesale and retail prices at which liquors and alcohol shall
17 be sold at Pennsylvania Liquor Stores.

18 (2) Except as provided in paragraphs (3) and (4), prices
19 shall be proportional with prices paid by the board to its
20 suppliers and may include a handling fee. This proportional
21 pricing provision shall not apply to special liquor orders
22 authorized under section 305(a).

23 (3) The board may price its best-selling items and limited
24 purchase items in a manner that maximizes the return on the sale
25 of those items.

26 (4) The board may discount the price of discontinued items.

27 (5) All prices of a particular product identification number
28 shall be uniform throughout the Commonwealth. The board may
29 establish a preferential price structure for wines produced
30 within this Commonwealth for the promotion of such wines, as

1 long as the price structure is uniform within each class of wine
2 purchased by the board.

3 (6) On a quarterly basis the board shall publish a listing
4 of the wholesale and Pennsylvania Liquor Store retail prices on
5 its publicly accessible Internet website.

6 (7) No later than April 1st of each year the board shall
7 submit an annual written report to the Law and Justice Committee
8 of the Senate and the Liquor Control Committee of the House of
9 Representatives. The report shall contain information related to
10 the method and rationale for pricing products.

11 (8) No later than June 1st of each year, the board shall
12 appear before the Law and Justice Committee of the Senate and
13 the Liquor Control Committee of the House of Representatives to
14 provide testimony in relation to its annual written report under
15 paragraph (7).

16 (9) The board shall require each Pennsylvania manufacturer
17 and each nonresident manufacturer of liquors, other than wine,
18 selling such liquors to the board, which are not manufactured in
19 this Commonwealth, to make application for and be granted a
20 permit by the board before such liquors not manufactured in this
21 Commonwealth shall be purchased from such manufacturer. Each
22 such manufacturer shall pay for such permit a fee which, in the
23 case of a manufacturer of this Commonwealth, shall be equal to
24 that required to be paid, if any, by a manufacturer or
25 wholesaler of the state, territory or country of origin of the
26 liquors, for selling liquors manufactured in Pennsylvania, and
27 in the case of a nonresident manufacturer, shall be equal to
28 that required to be paid, if any, in such state, territory or
29 country by Pennsylvania manufacturers doing business in such
30 state, territory or country. In the event that any such

1 manufacturer shall, in the opinion of the board, sell or attempt
2 to sell liquors to the board through another person for the
3 purpose of evading this provision relating to permits, the board
4 shall require such person, before purchasing liquors from him or
5 it, to take out a permit and pay the same fee as hereinbefore
6 required to be paid by such manufacturer. All permit fees so
7 collected shall be paid into the State Stores Fund. The board
8 shall not purchase any alcohol or liquor fermented, distilled,
9 rectified, compounded or bottled in any state, territory or
10 country, the laws of which result in prohibiting the importation
11 therein of alcohol or liquor, fermented, distilled, rectified,
12 compounded or bottled in Pennsylvania. The board may not sell
13 private label products. A Pennsylvania Liquor Store may continue
14 to sell private label products within its inventory after the
15 effective date of this section until the private label products
16 within its current inventory are depleted.

17 (10) The proportional pricing under paragraph (2) shall not
18 apply to special liquor orders authorized under section 305(a).

19 (10.1) The board's authority to exercise the powers granted
20 pursuant to this subsection is subject to the limitations set
21 forth in Article III-A.

22 (11) As used in this subsection, the following words and
23 phrases shall have the meanings given to them in this paragraph:

24 "Best-selling items" shall mean the one hundred fifty (150)
25 most sold product identification numbers of wine and the one
26 hundred fifty (150) most sold product identification numbers of
27 liquor as measured by the total number of units sold on a six-
28 month basis calculated every January 1 and July 1.

29 "Discontinued items" shall mean those product identification
30 numbers that the board has voted to delist at a public meeting.

1 "Limited purchase items" shall mean those product
2 identification numbers that the board purchases on either a one-
3 time or nonrecurring basis due to the product's limited
4 availability or finite allocation.

5 "Product identification number" shall mean the stock keeping
6 unit (SKU) or a successor method of identifying specific
7 products.

8 [(c) To determine the municipalities within which
9 Pennsylvania Liquor Stores shall be established and the
10 locations of the stores within such municipalities.]

11 * * *

12 (e) (1) Through the [Department of General Services]
13 department as agent, to lease and furnish and equip such
14 buildings, rooms and other accommodations as shall be required
15 for the operation of this act.

16 (2) The department shall not relocate a Pennsylvania Liquor
17 Store after the effective date of this paragraph.

18 * * *

19 (j) By regulation, to provide for the use of a computerized
20 referral system to assist consumers in locating special items at
21 Pennsylvania Liquor Stores and for the use of electronic
22 transfer of funds and credit cards for the purchase of liquor
23 and alcohol at Pennsylvania Liquor Stores. The board's authority
24 to exercise the powers granted pursuant to this subsection is
25 subject to the limitations set forth in Article III-A.

26 * * *

27 (o) To close Pennsylvania Liquor Stores as directed under
28 Article III-A.

29 (p) The board may implement a delivery system as a means of
30 providing product to all licensees under this act.

1 Section 4. The act is amended by adding a section to read:

2 Section 207.1. Adjustment of Fees by Regulation.--(a)

3 Notwithstanding any provision of this act or the act of April 9,
4 1929 (P.L.177, No.175), known as "The Administrative Code of
5 1929," to the contrary, all fees required under this act shall
6 be fixed by the board by regulation and shall be subject to the
7 act of June 25, 1982 (P.L.633, No.181), known as the "Regulatory
8 Review Act."

9 (b) The board shall be authorized to increase license fees
10 by regulation under the following conditions:

11 (1) If the revenues raised by the fees imposed under this
12 act are not sufficient to meet all expenditures of the board
13 over a two-year period, the board shall increase the fees by
14 regulation, subject to the "Regulatory Review Act," so that the
15 projected revenues will meet projected expenditures.

16 (2) If the board determines that the fees established by the
17 board under subsection (a) are inadequate to meet the minimum
18 enforcement efforts required under this act, the board, after
19 consultation with the enforcement bureau, and subject to the
20 "Regulatory Review Act," shall increase the fees by regulation
21 in an amount so that adequate revenues are raised to meet the
22 required expenditures.

23 (c) All acts or parts of acts are repealed insofar as they
24 are inconsistent with this section.

25 Section 5. Sections 208(a), (c), (d), (e), (i) and (j) and
26 211(c) and (f) of the act are amended to read:

27 Section 208. Specific Subjects on Which Board May Adopt
28 Regulations.--Subject to the provisions of this act and without
29 limiting the general power conferred by the preceding section,
30 the board may make regulations regarding:

1 [(a) The equipment and management of Pennsylvania Liquor
2 Stores and warehouses in which liquor and alcohol are kept or
3 sold, and the books and records to be kept therein.]

4 * * *

5 [(c) The purchase, as provided in this act, of liquor and
6 alcohol, and its supply to Pennsylvania Liquor Stores.]

7 (d) The classes, varieties and brands of liquor and alcohol
8 to be kept and sold in Pennsylvania Liquor Stores. In making
9 this determination the board shall meet not less than twice a
10 year.

11 (e) The issuing and distribution of price lists for the
12 various classes, varieties or brands of liquor and alcohol kept
13 for sale by the board under this act.]

14 * * *

15 [(i) The place and manner of depositing the receipts of
16 Pennsylvania Liquor Stores and the transmission of balances to
17 the Treasury Department through the Department of Revenue.]

18 (j) The solicitation by resident or nonresident vendors of
19 liquor from Pennsylvania licensees and other persons of orders
20 for liquor to be sold through the Pennsylvania Liquor Stores
21 and, in the case of nonresident vendors, the collection
22 therefrom of license fees for such privilege at the same rate as
23 provided herein for importers' licenses.]

24 Section 211. Enforcement.--* * *

25 (c) The Pennsylvania State Police Commissioner shall assign
26 State Police Officers to such [supervisory and other] capacities
27 in the enforcement bureau as he deems necessary. All other
28 personnel of the enforcement bureau shall be civilians.

29 Notwithstanding any other provision of law, a State Police
30 Officer assigned to the enforcement bureau may not be counted

1 against the complement of officers as prescribed in section 205
2 of the act of April 9, 1929 (P.L.177, No.175), known as "The
3 Administrative Code of 1929."

4 * * *

5 (f) In addition to the information provided to the General
6 Assembly and the Legislative Data Processing Center under
7 sections 613 and 614 of [the act of April 9, 1929 (P.L.177,
8 No.175), known as] "The Administrative Code of 1929,"
9 respectively, the Pennsylvania State Police shall provide to the
10 chairman and minority chairman of the Appropriations Committee
11 of the Senate and the chairman and minority chairman of the
12 Appropriations Committee of the House of Representatives any
13 other information as requested. The Pennsylvania State Police
14 shall also provide:

15 (1) a copy of the most recently completed audit of
16 expenditures of the enforcement bureau; and

17 (2) a report detailing the demographic characteristics of
18 the bureau's complement of civilian officers. Such report shall
19 include information relating to workplace diversity as contained
20 in section two of the Governor's Annual Workforce Report
21 relating to equal employment.

22 * * *

23 Section 6. Section 215 of the act is repealed:

24 [Section 215. Wine and Spirits Marketing.--

25 (e) The board is authorized to participate in or sponsor
26 wine and spirits events for the purpose of educating consumers
27 as to the wines and spirits available in this Commonwealth. The
28 wine and spirits to be used for the event may be acquired
29 through the State store system or may be donated from outside
30 this Commonwealth. Participation in the tastings may be

1 conditioned on the purchase of a ticket to the event. The event
2 may include events occurring on premises licensed by the board,
3 and the board may sell wine and spirits for off-premises
4 consumption in an area designated by the board for such sale.]

5 Section 7. Sections 301 and 305(a), (b) and (g) of the act
6 are amended to read:

7 Section 301. Board to Establish State Liquor Stores.--(a)
8 The board shall [establish,] operate and maintain at such places
9 throughout the Commonwealth as it shall deem essential and
10 advisable, stores to be known as "Pennsylvania Liquor Stores,"
11 for the sale of liquor and alcohol in accordance with the
12 provisions of and the regulations made under this act[; except
13 that no store not so already located shall be located within
14 three hundred feet of any elementary or secondary school, nor
15 within a dry municipality without there first having been a
16 referendum approving such location. When the board shall have
17 determined upon the location of a liquor store in any
18 municipality, it shall give notice of such location by public
19 advertisement in two newspapers of general circulation. In
20 cities of the first class, the location shall also be posted for
21 a period of at least fifteen days following its determination by
22 the board as required in section 403(g) of this act. The notice
23 shall be posted in a conspicuous place on the outside of the
24 premises in which the proposed store is to operate or, in the
25 event that a new structure is to be built in a similarly visible
26 location. If, within five days after the appearance of such
27 advertisement, or of the last day upon which the notice was
28 posted, fifteen or more taxpayers residing within a quarter of a
29 mile of such location, or the City Solicitor of the city of the
30 first class, shall file a protest with the court of common pleas

1 of the county averring that the location is objectionable
2 because of its proximity to a church, a school, or to private
3 residences, the court shall forthwith hold a hearing affording
4 an opportunity to the protestants and to the board to present
5 evidence. The court shall render its decision immediately upon
6 the conclusion of the testimony and from the decision there
7 shall be no appeal. If the court shall determine that the
8 proposed location is undesirable for the reasons set forth in
9 the protest, the board shall abandon it and find another
10 location. The board may establish, operate and maintain such
11 establishments for storing and testing liquors as it shall deem
12 expedient to carry out its powers and duties under this act.],
13 and subject to the limitations set forth in Article III-A.

14 (b) The board may lease the necessary premises for such
15 stores or establishments, but all such leases shall be made
16 through the [Department of General Services] department as agent
17 of the board. The board, through the [Department of General
18 Services] department, shall have authority to purchase such
19 equipment and appointments as may be required in the operation
20 of such stores or establishments.

21 Section 305. Sales by Pennsylvania Liquor Stores.--(a) The
22 board shall in its discretion determine where and what classes,
23 varieties and brands of liquor and alcohol it shall make
24 available to the public and where such liquor and alcohol will
25 be sold. Every Pennsylvania Liquor Store shall be authorized to
26 sell combination packages. If a person desires to purchase a
27 class, variety or brand of liquor or alcohol not currently
28 available from the board, he or she may place a special order
29 for such item. A supplier of a special order may not refuse an
30 order from a customer placing an order for one bottle of the

1 item and may assess a surcharge on the order if the supplier
2 otherwise requires a minimum quantity purchase. The board may
3 require a reasonable deposit from the purchaser as a condition
4 for accepting the order. The customer shall be notified
5 immediately upon the arrival of the goods.

6 In computing the retail price of such special orders for
7 liquor or alcohol, the board shall not include the cost of
8 freight or shipping before applying a mark-up that is equal to
9 ten per centum of the cost of the product and taxes but shall
10 add the freight or shipping charges to the price after the mark-
11 up and taxes have been applied. In addition to the ten per
12 centum mark-up, the board shall impose handling fees on special
13 orders which come to rest at a store, in the same manner that it
14 imposes them on the other alcohol that it sells.

15 A licensed importer or a licensed vendor may place special
16 orders on behalf of customers and may deliver the orders to
17 customers. The orders do not need to come to rest at a store,
18 but delivery may not occur until payment for the order has been
19 forwarded to the board and the board has authorized the delivery
20 of the order. A handling fee may not be assessed by the board on
21 an order delivered directly to a customer. Liability for special
22 orders that do not come to rest at a store, shall, until the
23 order is delivered to the customer, remain with the licensed
24 importer or licensed vendor that placed the order on behalf of
25 the customer. The board shall, by January 1, 2017, implement a
26 procedure for processing special orders which do not come to
27 rest at a store. The board may continue to accept special orders
28 at its stores even after the procedure is implemented.

29 Unless the customer pays for and accepts delivery of any such
30 special order within ten days after notice of arrival, the store

1 may place it in stock for general sale and the customer's
2 deposit shall be forfeited.

3 During the retail divestiture process as provided in Article
4 III-A, the board shall continue to take and process special
5 liquor orders for residents and licensees of the board, and may
6 establish a protocol by which prepaid orders may be picked up at
7 either a Pennsylvania Liquor Store or from the licensed premises
8 of a wine and spirits retail licensee. A wine and spirits retail
9 licensee is authorized to assess a handling fee for this
10 purpose. Any product not claimed at a wine and spirits retail
11 store by the purchaser shall be returned to the board after ten
12 days' notice of arrival was sent to the purchaser.

13 * * *

14 (b) [Every] Until the wholesale divestiture process as
15 provided in Article III-A is complete, every Pennsylvania Liquor
16 Store shall sell liquors at wholesale to wine and spirits retail
17 licensees, grocery stores, hotels, restaurants, clubs, and
18 railroad, pullman and steamship companies licensed under this
19 act; and, under the regulations of the board, to pharmacists
20 duly licensed and registered under the laws of the Commonwealth,
21 and to manufacturing pharmacists, and to reputable hospitals
22 approved by the board, or chemists. Sales to licensees shall be
23 made at a price that includes a discount of [ten] fourteen per
24 centum from the retail price; except that special order sales to
25 licensees authorized in subsection (a) shall not be subject to
26 the ten per centum discount. The board may sell to registered
27 pharmacists only such liquors as conform to the Pharmacopoeia of
28 the United States, the National Formulary, or the American
29 Homeopathic Pharmacopoeia. The board may sell at special prices
30 under the regulations of the board, to United States Armed

1 Forces facilities which are located on United States Armed
2 Forces installations and are conducted pursuant to the authority
3 and regulations of the United States Armed Forces. All other
4 sales by such stores shall be at retail, except that incentives,
5 such as coupons or discounts on certain products, may be offered
6 to unlicensed customers of the board as provided under sections
7 207(m) and 493(24)(ii)(B). A person entitled to purchase liquor
8 at wholesale prices may purchase the liquor at any Pennsylvania
9 Liquor Store upon tendering cash, check or credit card for the
10 full amount of the purchase. For this purpose, the board shall
11 issue a discount card to each licensee identifying such licensee
12 as a person authorized to purchase liquor at wholesale prices.
13 Such discount card shall be retained by the licensee. The board
14 may contract through the Commonwealth bidding process for
15 delivery to wholesale licensees at the expense of the licensee
16 receiving the delivery.

17 * * *

18 [(g) The board is hereby authorized and empowered to adopt
19 and enforce appropriate rules and regulations to insure the
20 equitable wholesale and retail sale and distribution, through
21 the Pennsylvania Liquor Stores, of available liquor and alcohol
22 at any time when the demand therefor is greater than the
23 supply.]

24 * * *

25 Section 8. The act is amended by adding an article to read:

26 ARTICLE III-A

27 WINE AND SPIRITS DISTRIBUTION

28 SUBARTICLE A

29 GENERAL PROVISIONS

30 Section 301-A. Scope of article.

1 This article relates to the privatization of liquor
2 distribution in this Commonwealth.

3 Section 302-A. Legislative intent.

4 The General Assembly finds and declares as follows:

5 (1) The wholesale and retail sale of liquor should no
6 longer be by the Commonwealth, but rather by private persons
7 licensed and regulated by the Commonwealth.

8 (2) The health and welfare of the citizens of this
9 Commonwealth will be adequately protected by the regulation
10 of private licensees through strict enforcement of laws and
11 rules relating to the purchase and sale of liquor.

12 (3) The sale of liquor through wholesale and retail
13 licensees will provide residents with improved customer
14 convenience, and will provide an opportunity for competitive
15 pricing and enhanced product selection.

16 (4) Modernization of the retail sale of wine and spirits
17 through new outlets for consumption off the premises will
18 further enhance customer convenience.

19 (5) This article will improve operation and efficiency
20 of State government.

21 (6) The authorization of wine and spirits wholesale and
22 retail licenses is intended to continue the generation of
23 revenue to the Commonwealth related to the wholesale and
24 retail sale of liquor.

25 (7) The transition to a privately-owned and privately-
26 operated wholesale and retail liquor distribution system
27 should be accomplished in a manner that protects the public
28 through regulation and policing of all activities involved in
29 the wholesale and retail sale of liquor.

30 (8) The establishment of wine and spirits wholesale and

1 retail licenses is intended to provide broad economic
2 opportunities to the citizens of this Commonwealth and to be
3 implemented in such a manner as to prevent monopolization by
4 establishing reasonable restrictions on the control of
5 wholesale and retail licensees.

6 (9) The transition to a privately-owned and privately-
7 operated wholesale and retail liquor distribution system
8 should be accomplished in a manner that minimizes disruption
9 of services to the public.

10 (10) In conjunction with the transition to privately-
11 owned and privately-operated liquor wholesalers and retail
12 liquor stores, this article is intended to modernize the
13 retail sale of wine and spirits through new outlets for
14 consumption off the premises, further enhancing customer
15 convenience.

16 (11) With the transition to a privately-owned and
17 privately-operated wholesale and retail liquor distribution
18 system, and with the addition of new licensing
19 classifications, it is necessary to enhance alcohol education
20 and enforcement efforts to:

21 (i) ensure against the illegal sale of alcohol;

22 (ii) prevent and combat the illegal consumption of
23 alcohol by minors and visibly intoxicated individuals;
24 and

25 (iii) discourage the intemperate use of alcohol.

26 (12) Participation in the wholesale and retail sale of
27 liquor by a wholesale or retail licensee is a privilege,
28 conditioned upon the proper and continued qualification of
29 the licensee and upon the discharge of the affirmative
30 responsibility of the licensee to provide the department and

1 the board with assistance and information necessary to assure
2 that the policies declared by this article are achieved.

3 Section 303-A. Transition to private distribution system,
4 powers and duties of the department and the board.

5 (a) Orderly transition.--The department and the board have
6 the power and duty to implement this article and effect an
7 orderly transition to a privately-owned and privately-operated
8 wholesale and retail liquor distribution system in this
9 Commonwealth in a manner that is consistent with this article
10 and the laws of this Commonwealth and that seeks to maintain
11 uninterrupted service to the public.

12 (b) Retail transition.--

13 (1) The board, in consultation with the department,
14 shall have the authority to issue wine and spirits retail
15 licenses and wine and spirits wholesale licenses, provided
16 that the wine and spirits wholesale licenses are not issued
17 until one year after the effective date of this section. The
18 department shall contract with financial, legal and other
19 advisors as are necessary to assist the department and the
20 board in effectuating the addition of this article. Such
21 contracts shall not be subject to the provisions of 62
22 Pa.C.S. Ch. 5 (relating to source selection and contract
23 formation).

24 (2) The divestiture of the board's retail operations
25 shall be accomplished through the issuance of 1,200 wine and
26 spirits retail licenses that shall be allocated by county. As
27 the State liquor stores wind down operations, 600 wine and
28 spirits retail licenses may be issued by the board which
29 shall be allocated by county. The additional licenses shall
30 be issued if the department determines, in cooperation with

1 the board, that the retail licenses are necessary for
2 consumer convenience. After the determination, the retail
3 licenses shall be issued first to distributor licensees and
4 then on a first-come, first-served basis. Each successful
5 applicant shall be thoroughly investigated to determine
6 whether the person is a reputable and responsible person
7 suitable to be licensed to sell liquor in this Commonwealth.

8 (3) As licenses are awarded in a given county, the board
9 shall determine the necessity of winding down operations in
10 State liquor stores in the county and, as it becomes
11 necessary, terminate applicable lease agreements,
12 redistribute or furlough store personnel and dispose of
13 remaining inventory and store property.

14 (c) Wholesale transition.--

15 (1) Twelve months after the effective date of this
16 section, in consultation with the department's advisors and
17 the board, the department shall transition the board's
18 wholesale distribution of liquor to privately-owned and
19 privately-operated wholesale licensees.

20 (2) The divestiture of the board's wholesale operations
21 shall be accomplished through the issuance of wine and
22 spirits wholesale licenses by brand of liquor, which shall be
23 subject to an application process as set forth in this
24 article. The transition must fully divest the board of all
25 operations relating to the wholesale distribution of liquor
26 within six months of the commencement of wholesale
27 divestiture.

28 (d) Cooperation required.--

29 (1) The board shall fully cooperate with the department
30 or its advisors in all aspects of implementation of this

1 article and shall provide the department or its consultant
2 with all records and information in the possession of the
3 board upon request.

4 (2) The board shall devote sufficient resources to
5 planning and preparation for the divestiture of its wholesale
6 and retail functions.

7 (3) The board shall use its best efforts in coordinating
8 with the department or its advisors, wine and spirits retail
9 licensees and wine and spirits wholesale licensees so as to
10 maintain uninterrupted service to the residents of this
11 Commonwealth during divestiture.

12 (e) Prohibition.--The board shall not engage in wholesale
13 distribution of liquor following completion of the wholesale
14 transition to a private distribution system.

15 Section 304-A. Reports to the General Assembly.

16 One year after the effective date of this section, and each
17 year thereafter until the board has been fully divested of its
18 wholesale and retail operations, the board, in cooperation with
19 the department, shall submit to the Secretary of the Senate and
20 the Chief Clerk of the House of Representatives a report on
21 wholesale and retail alcohol sales in this Commonwealth and the
22 implementation of this article, including:

23 (1) the total revenue earned by the issuance of licenses
24 under this article;

25 (2) the distribution and sale of brands through private
26 wholesalers;

27 (3) the net profit or loss of each wine and spirits
28 retail licensed premise and State liquor store in this
29 Commonwealth; and

30 (4) the status of the ongoing transition, including

1 store closures and employee displacement.

2 Section 305-A. Temporary regulations.

3 (a) Promulgation.--In order to facilitate the prompt
4 implementation of this article, regulations promulgated by the
5 department shall be deemed temporary regulations which shall
6 expire no later than five years following the effective date of
7 this section. The department may promulgate temporary
8 regulations not subject to:

9 (1) sections 201, 202 and 203 of the act of July 31,
10 1968 (P.L.769, No.240), referred to as the Commonwealth
11 Documents Law; or

12 (2) the act of June 25, 1982 (P.L.633, No.181), known as
13 the Regulatory Review Act.

14 (b) Expiration.--The authority provided to the department to
15 adopt temporary regulations under subsection (a) shall expire on
16 January 1, 2021.

17 SUBARTICLE B

18 WINE AND SPIRITS RETAIL LICENSES

19 Section 311-A. Issuance of wine and spirits retail licenses,
20 fees and taxes.

21 (a) Sale of retail licenses.--The board may award not more
22 than 1,200 wine and spirits retail licenses to qualified
23 applicants, provided that when the State stores close in a given
24 county because the wine and spirits retail licenses have
25 commenced operation, the department, in cooperation with the
26 board, shall determine if it is necessary to issue additional
27 wine and spirits retail licenses for customer convenience and
28 access. If the department determines more wine and spirits
29 retail licenses are needed, the department may authorize the
30 board to issue not more than 600 additional wine and spirits

1 retail licenses.

2 (b) License classification.--Wine and spirits retail
3 licenses shall be awarded as follows:

4 (1) For the first 12 months after the enactment of this
5 section, the board shall receive applications from
6 distributor licensees licensed under section 431. A
7 distributor licensee applying for a wine and spirits retail
8 license must operate out of a facility with a minimum of
9 1,500 square feet of retail space and dedicate a minimum of
10 50% of shelf space for the sale of malt and brewed beverages.

11 (2) At the conclusion of the 12-month period under
12 paragraph (1), the board may issue the remaining wine and
13 spirits retail licenses on a first-come, first-served basis.
14 A private wine and spirits retail licensee must operate in a
15 facility with not less than 1,500 square feet of retail
16 space.

17 (c) License allocation.--

18 (1) The board, in consultation with the department and
19 its advisors, shall allocate the aggregate number of wine and
20 spirits retail licenses to be available in each county.

21 (2) A county may not be allocated fewer wine and spirits
22 retail licenses than the number of licensed distributors in
23 the county provided that the wine and spirits retail licenses
24 shall be evenly distributed throughout the county on a per
25 capita basis.

26 (3) A wine and spirits retail licensee may determine
27 whether the wine and spirits retail licensee will sell wine
28 or spirits or both. If a wine and spirits retail licensee
29 elects to sell either wine or spirits, the board shall
30 consider that one wine and spirits retail license and only

1 the licensee will have the ability to pay an additional fee
2 in the future to sell both wine and spirits.

3 (d) License application.--An applicant for a wine and
4 spirits retail license shall file a written application with the
5 board in the form and containing the information as the board
6 shall prescribe from time to time, which must be accompanied by
7 a filing fee and license fee as prescribed under subsection (f).

8 An application must contain:

9 (1) a description of the part of the premises for which
10 the applicant desires a license;

11 (2) whether the applicant desires to sell wine or
12 spirits or both on the licensed premises. Notwithstanding any
13 other provision of this act, an applicant that chooses to
14 sell wine or spirits may make application at a later date to
15 the board to sell both products and be granted that authority
16 after paying the proper fees; and

17 (3) other information that the board may prescribe.
18 The board may not require physical alterations, improvements or
19 changes to the licensed premises until the wine and spirits
20 license application has been approved.

21 (e) Other licenses.--Nothing in this act shall prohibit a
22 wine and spirits retail licensee from receiving:

23 (1) a distributor license under section 431 that
24 authorizes the licensee to sell malt and brewed beverages for
25 consumption off the premises;

26 (2) a restaurant liquor license or a retail dispenser
27 license as long as the restaurant or retail dispenser does
28 not have an interior connection to or with the wine and
29 spirits retail licensed premises; or

30 (3) an importing distributor license under section 431

1 that authorizes the licensee to sell malt or brewed beverages
2 at wholesale so long as the importing distributor does not
3 obtain a wine and spirits wholesale license.

4 (f) License fees.--The fees for a wine and spirits retail
5 license are as follows:

6 (1) For a distributor licensed under section 431 making
7 application for a wine and spirits retail license:

8 (i) For the privilege of selling wine, the board
9 shall require the following fees:

10 (A) For a county of the first class or second
11 class, \$30,000.

12 (B) For a county of the second class A or third
13 class, \$37,500.

14 (C) For a county of the fourth class or fifth
15 class, \$22,500.

16 (D) For a county of the sixth class or seventh
17 class, \$15,000.

18 (E) For a county of the eighth class, \$7,500.

19 (ii) For the privilege of selling spirits, the board
20 shall require the following fees:

21 (A) For a county of the first class or second
22 class, \$52,500.

23 (B) For a county of the second class A or third
24 class, \$60,000.

25 (C) For a county of the fourth class or fifth
26 class, \$45,000.

27 (D) For a county of the sixth class or seventh
28 class, \$37,500.

29 (E) For a county of the eighth class, \$30,000.

30 (iii) For the privilege of selling both wine and

1 spirits, the board shall require a fee equal to the sum
2 of the fees listed above by county. Nothing in this act
3 shall prevent a licensee who initially makes application
4 to sell either wine or spirits from adding the other
5 product at a later date so long as application is made to
6 the board and the proper fees are paid.

7 (2) For an unlicensed entity making application for a
8 wine and spirits retail license:

9 (i) For the privilege of selling wine, the board
10 shall require the following fees:

11 (A) For a county of the first class or second
12 class, \$165,000.

13 (B) For a county of the second class A or third
14 class, \$187,500.

15 (C) For a county of the fourth class or fifth
16 class, \$142,500.

17 (D) For a county of the sixth class or seventh
18 class, \$120,000.

19 (E) For a county of the eighth class, \$97,500.

20 (ii) For the privilege of selling spirits, the board
21 shall require the following fees:

22 (A) For a county of the first class or second
23 class, \$232,500.

24 (B) For a county of the second class A or third
25 class, \$262,500.

26 (C) For a county of the fourth class or fifth
27 class, \$202,500.

28 (D) For a county of the sixth class or seventh
29 class, \$172,500.

30 (E) For a county of the eighth class, \$142,500.

1 (iii) For the privilege of selling both wine and
2 spirits, the board shall require a fee equal to the sum
3 of the fees listed above by county. Nothing in this act
4 shall prevent a licensee who initially makes application
5 to sell either wine or spirits from adding the other
6 product at a later date so long as application is made to
7 the board and the proper fees are paid.

8 (3) A restaurant or hotel licensee in good standing that
9 applies for a retail wine and spirits license shall pay the
10 same amount for the license as a distributor.

11 (4) The board may not require a distributor making
12 application for a wine and spirits retail license to pay the
13 fees in full prior to issuance of the license. A distributor
14 making application for a wine and spirits license has 48
15 months from the issuance of the license to pay to the board
16 the licensing fees plus a fee of 5%. If the licensee fails to
17 make a payment to the board on a monthly basis, the board
18 shall revoke the wine and spirits retail license and offer it
19 on a first-come, first-served basis.

20 Section 312-A. Postqualification of selected applicants.

21 (a) Investigation.--Upon selection of an applicant under
22 section 303-A, the Bureau of Licensing of the board shall
23 conduct an investigation of an applicant based upon the
24 information submitted to evaluate whether:

25 (1) the applicant qualifies as a reputable, responsible
26 and suitable person to hold a wine and spirits retail license
27 and operate a wine and spirits store;

28 (2) the applicant proposes an acceptable facility and
29 location for a wine and spirits store; and

30 (3) the planned operation of the applicant complies with

1 this article.

2 (b) Authority of the board.--The board may:

3 (1) require additional information from an applicant;

4 and

5 (2) conduct onsite inspections, as necessary, to

6 complete the postqualification process.

7 (c) Agreement.--The board may enter into an agreement with

8 the Pennsylvania State Police or the Office of Inspector General

9 to:

10 (1) assist the board in the conduct of an investigation

11 under this section; and

12 (2) provide for the reimbursement of a cost incurred for

13 providing assistance.

14 (d) Protocol for objections.--The board shall establish

15 protocol for receiving written objections from residents,

16 churches, hospitals, charitable institutions, schools and public

17 playgrounds that are located near a proposed wine and spirits

18 store location. The board may consider a written objection in

19 the postqualification investigation of applicants. An objector

20 under this paragraph may not appeal the decision of the board.

21 (e) Investigative fee.--The board may charge a fee to an

22 applicant to recover the costs directly related to the board's

23 investigation within the postqualification process.

24 (f) Acceptance of qualifications.--The qualifications of an

25 applicant shall be accepted by the board if the investigation by

26 the board reveals the following:

27 (1) the applicant and its officers, directors and

28 principals, if any, are of good repute, responsible and

29 suitable for operating a wine and spirits store;

30 (2) the applicant possesses sufficient financial

1 resources to:

2 (i) operate a wine and spirits store;

3 (ii) pay taxes due; and

4 (iii) meet financial obligations;

5 (3) the applicant possesses sufficient business
6 experience to operate a wine and spirits store;

7 (4) the proposed facilities comply with the operational
8 requirements of the statement of conditions under this
9 article; and

10 (5) the proposed location within the community is
11 suitable.

12 (g) Issuance of license.--If a selected applicant's
13 qualifications are accepted by the board, the board shall
14 qualify the applicant and issue a wine and spirits retail
15 license to the applicant upon the occurrence of the following:

16 (1) execution and delivery to the board of the statement
17 of conditions required under section 313-A;

18 (2) payment of the license fee by certified check or
19 wire transfer to a designated restricted account established
20 in The State Stores Fund. A distributor licensed under
21 section 431 that obtains a wine and spirits retail license
22 has 48 months to pay the license fee;

23 (3) payment of an outstanding investigation fee; and

24 (4) fulfillment of other conditions required by the
25 board.

26 (h) Approval of qualifications.--If the qualifications of
27 the applicant are approved by the board under subsection (f),
28 the board shall issue a wine and spirits retail license to the
29 successful applicant consistent with the requirements of
30 subsection (g).

1 (i) License not entitlement.--

2 (1) This article is not intended to establish an
3 entitlement to a wine and spirits retail license. A wine and
4 spirits retail license is a privilege between the board and
5 the licensee.

6 (2) Between the licensee and a third party, a wine and
7 spirits retail license is property.

8 (j) Terms of licensure.--

9 (1) A wine and spirits retail license is in effect
10 unless the board:

11 (i) revokes, suspends or fails to renew the license;

12 or

13 (ii) revokes the operating authority of the licensee
14 under the license requirements of this article.

15 (2) A wine and spirits retail license is subject to
16 renewal every two years consistent with this article.

17 (3) This subsection does not relieve a wine and spirits
18 retail licensee of the affirmative duty to notify the board
19 of a change relating to the status of the wine and spirits
20 retail licensee's license or to other information contained
21 in the application materials on file with the board.

22 Section 313-A. Wine and spirits retail licensee statement of
23 conditions.

24 (a) Statement of conditions.--The board shall develop a
25 statement of conditions to be executed by a wine and spirits
26 retail licensee governing the operations of the wine and spirits
27 licensee.

28 (b) Conditions.--In addition to other conditions the board
29 deems necessary or appropriate for a specific wine and spirits
30 retail licensee, a statement of conditions under this section

1 shall include, at a minimum, the following conditions and impose
2 the following obligations and requirements:

3 (1) Under section 493.2, a wine and spirits retail
4 licensee may not sell or distribute liquor to an individual
5 under 21 years of age or to an individual who is visibly
6 intoxicated.

7 (2) A wine and spirits retail licensee may not operate a
8 retail wine and spirits store located within:

9 (i) three hundred feet of an elementary or secondary
10 school without the approval of the department or board;
11 or

12 (ii) a municipality that voted to preclude the
13 establishment of a State liquor store, unless the
14 municipality subsequently votes to permit the board to
15 issue a wine and spirits retail license.

16 (3) A wine and spirits retail licensee's wine and
17 spirits store and the facilities involved in its retail
18 operations, including a change to the facilities during the
19 term of the license, are subject to:

20 (i) inspection and investigation by the board and
21 enforcement bureau; and

22 (ii) approval of the board and enforcement bureau.

23 (4) A wine and spirits retail licensee shall maintain
24 adequate security to protect the licensee's inventory from
25 unauthorized sale or diversion and prevent the inventory's
26 unauthorized distribution.

27 (5) Unless specifically authorized in this act or with
28 the prior approval of the board, a wine and spirits retail
29 licensee may not engage in a separate business activity upon
30 a licensed premises where retail liquor operations are

1 conducted.

2 (6) A wine and spirits retail licensee shall notify the
3 board within 15 days of a change in persons holding an
4 interest in the wine and spirits license.

5 (7) A wine and spirits retail licensee shall notify the
6 board within 15 days of becoming aware of an arrest, criminal
7 indictment or conviction by the following:

8 (i) if the licensee is an individual, the licensee;

9 (ii) if the licensee is a partnership, a partner;

10 (iii) if the licensee is an association, a member;

11 (iv) if the licensee is a corporation, an officer, a
12 director or a shareholder in the corporation; and

13 (v) an affiliate of the licensee.

14 (8) A wine and spirits retail licensee shall notify the
15 board within 15 days of becoming aware of a violation of this
16 article by an individual listed in paragraph (7).

17 (9) The premises of a wine and spirits store must be a
18 self-contained unit with limited customer access dedicated to
19 the sale of liquor and related merchandise. Except for a
20 licensee that also holds a distributor license, a wine and
21 spirits store may not have an interior connection with
22 another business or with a residential building except as
23 approved by the board. A purchase of wine and spirits must be
24 paid for at a location within the confines of the licensed
25 premises.

26 (10) A wine and spirits retail licensee shall configure
27 its premises in a manner and with adequate safeguards to
28 ensure that:

29 (i) liquor products are secure; and

30 (ii) the licensed area may not be accessed during

1 prohibited hours of operation.

2 (11) A wine and spirits retail licensee may not hold,
3 directly or indirectly, more than five wine and spirits
4 retail locations within this Commonwealth or more than one
5 wine and spirits retail license within a county.

6 (12) A wine and spirits store may sell liquor for
7 consumption off the premises and related merchandise within
8 the licensed area of the store. A sale of related merchandise
9 within the licensed area may not exceed 30% of the gross
10 annual sales of a wine and spirits store. Unless the wine and
11 spirits retail licensee operates another license that
12 authorizes the sale of malt and brewed beverages for
13 consumption off the premises in the same licensed area, a
14 wine and spirits store may not sell malt or brewed beverages
15 within its licensed premises.

16 (13) A wine and spirits retail licensee shall make the
17 premises and the facilities involved in the retail operation
18 and the business and financial books and records of the
19 retail operation available at any time for inspection and
20 audit by the board and the enforcement bureau. The board
21 shall promulgate regulations regarding the records that a
22 wine and spirits retail licensee must maintain in its
23 licensed premises.

24 (14) A wine and spirits retail licensee may sell wine or
25 spirits between 9 a.m. and 11 p.m. of any day except Sunday
26 to a person that is not licensed under this act.

27 (15) In addition to the hours authorized under paragraph
28 (14), a wine and spirits retail licensee may, upon purchasing
29 a permit from the board at an annual fee of \$1,000, sell wine
30 or spirits on Sunday between the hours of 9 a.m. and 9 p.m.

1 to persons not licensed under this act.

2 (16) A wine and spirits retail licensee may not employ
3 an individual under 18 years of age to work on the licensed
4 premises. An employee of a wine and spirits retail licensee
5 under 21 years of age may not engage in the sale of liquor.

6 (17) A wine and spirits retail licensee that is a
7 corporation, a limited liability company, a limited
8 partnership, a partnership, an association or other legal
9 entity must be organized under the laws of this Commonwealth.

10 (18) A wine and spirits retail licensee who is an
11 individual must be a citizen of the United States and a
12 resident of this Commonwealth.

13 (19) A wine and spirits retail licensee shall:

14 (i) comply with the responsible alcohol management
15 program training under section 471.1; and

16 (ii) ensure that the wine and spirits store managers
17 and employees who may engage in the sale of liquor attend
18 the responsible alcohol management training within six
19 months of commencing employment.

20 (20) A wine and spirits retail licensee may place its
21 license in safekeeping for a period not to exceed two years:

22 (i) pending transfer of the license from person-to-
23 person or place-to-place or both; or

24 (ii) during renovation of the premises where retail
25 operations are conducted.

26 (21) A wine and spirits retail license that remains in
27 safekeeping for a period that exceeds two years shall be
28 forfeited and resold by the board in a manner consistent with
29 this subarticle.

30 (22) Except as set forth in paragraph (16), an

1 individual under 21 years of age may not enter the licensed
2 area of a wine and spirits retail licensee unless accompanied
3 by an adult.

4 (23) A wine and spirits retail licensee shall utilize a
5 transaction scan device to verify the age of an individual
6 who appears to be under 35 years of age before making a sale
7 of liquor. A wine and spirits retail licensee may not sell or
8 share data from the use of a transaction scan device provided
9 that the licensee may use the data to show the board or
10 enforcement bureau that the licensee is in compliance with
11 this article. As used in this paragraph, the term
12 "transaction scan device" means a device capable of
13 deciphering, in an electronically readable format, the
14 information encoded on the magnetic strip or bar code of an
15 identification card under section 495(a).

16 (24) A wine and spirits retail licensee may not sell a
17 liquor product at a price less than the liquor product's
18 underlying cost.

19 (25) A wine and spirits retail licensee may not provide
20 tasting samples of liquor on the premises where retail
21 operations are conducted except in the manner set forth in
22 the board's regulations related to tasting samples provided
23 by sponsors.

24 (26) A wine and spirits retail licensee may not require
25 a customer to purchase a membership or pay a fee in order to
26 purchase products, including wine and spirits, from the
27 premises.

28 (27) In an inquiry or investigation by the board or the
29 enforcement bureau, a wine and spirits retail licensee shall
30 cooperate fully and provide requested information.

1 (c) Sanctions.--

2 (1) A wine and spirits retail licensee that fails to
3 abide by a condition contained in the licensee's statement of
4 conditions or commits a violation of this act or other
5 Federal or State law is subject to citation by the
6 enforcement bureau.

7 (2) A citation under paragraph (1) may result in:

8 (i) a fine or suspension or license revocation;

9 (ii) nonrenewal of a license;

10 (iii) revocation of operating authority; or

11 (iv) another penalty authorized under sections 471
12 and 494.

13 SUBARTICLE C

14 DIVESTITURE OF WHOLESALE LIQUOR DISTRIBUTION

15 Section 321-A. Wholesale divestiture.

16 (a) Utilization.--In effectuating the intent of this
17 article, the department shall utilize the authority provided
18 under section 305-A and any other powers of the department, with
19 the full cooperation and assistance of the board.

20 (b) Establishment.--On the effective date of this section,
21 the department shall establish all of the following:

22 (1) An application process and schedule for the
23 investigation and award of wine and spirits wholesale
24 licenses under this article.

25 (2) A blended brand valuation for each brand of liquor
26 available for sale in this Commonwealth.

27 (3) Procedures and standards governing the relationship
28 between wine and spirits wholesale licensees and
29 manufacturers and the ability and terms upon which that
30 relationship may be terminated.

1 (c) Coordination.--

2 (1) The department shall:

3 (i) coordinate scheduling so that wine and spirits
4 wholesale license applications may be received, processed
5 and investigated by the board's Bureau of Licensing
6 during the retail divestiture process; and

7 (ii) begin a coordinated effort to allow the board
8 to issue licenses 12 months from the effective date of
9 this section.

10 (2) The department must fully divest the board of all
11 operations relating to the wholesale distribution of liquor
12 within six months of commencing wholesale divestiture.

13 Section 321.1-A. Issuance of wine and spirits wholesale
14 licenses.

15 (a) Authorization.--The board may issue wine and spirits
16 wholesale licenses under the following conditions:

17 (1) The following shall apply:

18 (i) One wine and spirits wholesale license may be
19 issued by the board to each qualified applicant.

20 (ii) A wine and spirits wholesale license shall
21 authorize the holder to sell and distribute brands of
22 liquor, as proposed by an applicant and approved by the
23 department, to wine and spirits retail licensees and
24 other licensees of the board authorized to sell or
25 distribute liquor under this act, to United States Armed
26 Forces facilities located on United States Armed Forces
27 installations within this Commonwealth and to the holder
28 of a wholesale alcohol purchase permit issued by the
29 board.

30 (iii) The alcoholic products shipped into this

1 Commonwealth must be delivered to the wholesaler's
2 licensed premises. Upon delivery, the products shall be
3 unloaded, inventoried and remain on the licensed premises
4 for 48 hours before delivery is made to a retailer.
5 During that time period, the board may inspect and
6 inventory wholesale warehouses to verify taxes that are
7 required to be paid on the products.

8 (2) Subject to the conditions and restrictions of this
9 subarticle, wine and spirits wholesale licensees may sell and
10 distribute more than one brand of liquor under the same wine
11 and spirits wholesale license.

12 (3) Upon application by a wine and spirits wholesale
13 licensee, the board may amend its initial authorization under
14 a wine and spirits wholesale license to include additional
15 brands of liquor or exclude previously-approved brands of
16 liquor.

17 (b) Wine and spirits wholesale license fee.--

18 (1) On the effective date of this section, the
19 department shall determine the wine and spirits wholesale
20 license fee for each brand of liquor sold at wholesale by the
21 board through its State liquor stores or via special liquor
22 order for a continuous period of at least one year. The
23 license fee shall be equal to the blended brand valuation for
24 each brand of liquor authorized by the wine and spirits
25 wholesale license multiplied by the wholesale acquisition
26 factor.

27 (2) The department shall publish a notice on its
28 Internet website of the wine and spirits wholesale license
29 fee for each brand of liquor determined under paragraph (1).
30 The department shall establish deadlines within which an

1 applicant must submit an application for a wine and spirits
2 wholesale license for the brands of liquor specified by the
3 applicant.

4 (3) The department must receive the required license fee
5 for the brands of liquor specified by the applicant before a
6 wine and spirits wholesale license is issued by the board to
7 a successful applicant.

8 (c) Brands not previously sold.--

9 (1) For brands of liquor that have not been sold by the
10 board at State liquor stores or via special liquor order for
11 a continuous period of at least one year, the department
12 shall calculate the blended brand valuation utilizing sales
13 data for any portion of the year that the brand was sold in
14 this Commonwealth, after consulting with the board on the
15 most recent sales trends of the brand, both within and
16 outside this Commonwealth.

17 (2) If, during the term of a wine and spirits wholesale
18 license, a wine and spirits wholesale licensee proposes to
19 sell and distribute a new brand of liquor not previously sold
20 in this Commonwealth, the wine and spirits wholesale licensee
21 shall apply to the board for permission to sell the brand and
22 pay an additional license fee determined in accordance with
23 this section. In calculating the blended brand valuation for
24 the new products, the board shall evaluate available sales
25 data in other markets or sales trends of similar products
26 either within or outside this Commonwealth.

27 (d) Term.--

28 (1) A wine and spirits wholesale license, after payment
29 of the required license fee, shall be in effect unless
30 suspended, revoked or not renewed under this article.

1 (2) The license of a wine and spirits wholesale licensee
2 in good standing shall be renewed every two years under this
3 article.

4 (3) Nothing under this subsection shall be construed to
5 relieve a wine and spirits wholesale licensee of the
6 affirmative duty to notify the board of changes relating to
7 any of the following:

8 (i) The status of its license.

9 (ii) Information contained in the application
10 materials on file with the department or the board.

11 Section 322-A. Application for wine and spirits wholesale
12 license.

13 (a) Applications.--An application for a wine and spirits
14 wholesale license shall be submitted on a form and in a manner
15 as required by the board.

16 (b) Eligibility.--A person may be eligible to apply for a
17 wine and spirits wholesale license if the person satisfies all
18 of the following:

19 (1) Neither the applicant nor any affiliate of the
20 applicant has applied for or holds a wine and spirits retail
21 license or other license that authorizes the retail sale of
22 wine and spirits to consumers.

23 (2) The applicant is organized under the laws of this
24 Commonwealth if it is any of the following:

25 (i) A corporation.

26 (ii) A limited liability company.

27 (iii) A limited partnership.

28 (iv) A partnership.

29 (v) An association.

30 (vi) A legal entity other than a legal entity listed

1 under this paragraph.

2 (3) The applicant is a citizen of the United States and
3 a resident of this Commonwealth if that applicant is a
4 natural person.

5 (4) Neither the applicant nor any affiliate of the
6 applicant, executive officer, director or general or limited
7 partner of the applicant or person holding, directly or
8 indirectly, a controlling interest in the applicant has been
9 convicted of a crime listed under subsection (d) (10).

10 (c) Other licenses.--Nothing under this act shall prohibit:

11 (1) A properly licensed importing distributor of malt
12 and brewed beverages from applying for and, if approved,
13 being issued a wine and spirits wholesale license.

14 (2) The holder of a limited winery license, a limited
15 distillery license or a distillery license issued by the
16 board from acquiring a wine and spirits wholesale license.

17 (d) General requirements.--In addition to any other
18 information required under this article or by the department or
19 the board, the applicant for a wine and spirits wholesale
20 license shall include the following:

21 (1) The name, address and tax identification number of
22 the applicant.

23 (2) A statement as to whether the applicant is an
24 individual, corporation, limited liability company, limited
25 partnership, partnership or association and, if the applicant
26 is not an individual, the state of incorporation or
27 organization.

28 (3) If the applicant is not an individual, the name and
29 residence address of each executive officer, director,
30 general or limited partner or person holding a controlling

1 interest in the applicant.

2 (4) If the applicant is an association, the name and
3 residence address of each person constituting the
4 association.

5 (5) A list of the brands of liquor the applicant
6 proposes to engage in wholesale distribution on a Statewide
7 basis.

8 (6) A sworn statement that the applicant has entered
9 into a contractual relationship with one or more liquor
10 manufacturers, importers or vendors of record for the
11 distribution in this Commonwealth of a brand or brands of
12 liquor, regardless of whether the contractual relationship is
13 contingent upon the board issuing a wine and spirits
14 wholesale license to the applicant.

15 (7) The proposed location and proof of ownership or
16 lease for the wholesale operation, including proposed
17 warehouses, if available.

18 (8) Floor plans for any facility proposed to be used in
19 wholesale operations and existing design plans for any
20 facility that is planned, but not yet constructed, to the
21 extent the floor plans are available.

22 (9) Information disclosing all arrests of and all
23 citations issued for nonsummary offenses to an applicant and
24 any affiliate of the applicant, executive officer, director
25 or general or limited partner of the applicant or person
26 holding a controlling interest in the applicant. The
27 information shall include:

28 (i) A brief description of the circumstances
29 surrounding the arrest or issuance of the citation.

30 (ii) The specific offense charged or cited.

1 (iii) The ultimate disposition of the charge or
2 citation, including the details of a dismissal, plea
3 bargain, conviction, sentence, pardon, expungement or
4 order of Accelerated Rehabilitative Disposition.

5 (10) A sworn statement that the applicant and any
6 affiliate of the applicant, or any executive officer,
7 director or general or limited partner of the applicant or
8 person holding a controlling interest in the applicant have
9 never been convicted:

10 (i) of a crime involving fraud, moral turpitude or
11 racketeering within a period of 10 years immediately
12 preceding the date of the application;

13 (ii) of a felony or equivalent crime; or

14 (iii) in a Federal or state tribunal, including this
15 Commonwealth, of the violation of a Federal or state
16 liquor law.

17 (11) A statement that the applicant intends to
18 continuously operate as a wine and spirits wholesale licensee
19 for the duration of the license term and to use its best
20 efforts to provide a level of service, including product
21 availability, reasonably equivalent to the level of service
22 currently provided by the Commonwealth.

23 (12) A financial statement or letter of credit in a form
24 and containing information determined by the department to
25 indicate the applicant's financial capability to operate the
26 wholesale operation and the estimated volume of wholesale
27 business to be conducted annually.

28 (13) A current tax certificate issued by the Department
29 of Revenue showing the amount of taxes owed to the
30 Commonwealth for the applicant and any affiliate of the

1 applicant, executive officer, director or general or limited
2 partner of the applicant or person holding a controlling
3 interest in the applicant.

4 (14) A signature and verification by oath or affirmation
5 or under penalty of unsworn falsification to authorities by
6 one of the following:

7 (i) The applicant, if the applicant is a natural
8 person.

9 (ii) A person specifically authorized by the legal
10 entity to sign the application, if the applicant is a
11 legal entity. Written evidence of the authority to sign
12 must be attached to the signature and verification.

13 (e) Additional information.--An applicant shall, during the
14 application process, provide any other information determined to
15 be appropriate by the department.

16 (f) Amended application.--If a change occurs in any
17 information provided to the department or the board as part of
18 the application process, the applicant shall immediately notify
19 the department or the board of the change and timely provide
20 amended information to the department or the board in a form and
21 manner determined by the department or the board.

22 (g) Application fees and investigative costs.--

23 (1) An application filing fee of \$10,000 shall be due
24 upon application for a wine and spirits wholesale license.
25 The application filing fee shall be refunded if, due to no
26 fault of the applicant, the wine and spirits wholesale
27 license is not approved.

28 (2) The department shall establish, charge and collect
29 fees from an applicant to recover the costs directly related
30 to the board's review and investigation of the application

1 for a wine and spirits wholesale license. The board shall
2 have the same authority relating to fees as to applications
3 for renewal.

4 Section 323-A. Review and investigation of application.

5 (a) Completeness of application.--

6 (1) The following shall apply:

7 (i) The department may not consider an incomplete
8 application and shall notify the applicant in writing if
9 an application is incomplete.

10 (ii) An application shall be considered incomplete
11 if it does not include all applicable fees and all
12 information and accompanying documentation required by
13 the department. Unpaid taxes identified on the tax
14 certificate required to be filed under section
15 322-A(d)(13) must be paid before the application is
16 considered complete.

17 (2) A notification of incompleteness shall state the
18 deficiencies in the application that must be corrected prior
19 to consideration of the merits of the application.

20 (3) The applicant must be afforded a reasonable period
21 of time, as determined by the department, to cure the
22 deficiencies.

23 (4) If the applicant fails to timely cure noticed
24 deficiencies within the time specified by the department, the
25 application shall be deemed denied by the department without
26 further action.

27 (b) Investigation.--After receipt of an application for a
28 wine and spirits wholesale license and a determination that the
29 application is complete, the department shall provide the
30 application to the board's Bureau of Licensing to conduct an

1 investigation of the applicant. The investigation shall include
2 and the applicant shall have the burden of demonstrating the
3 following:

4 (1) The truth and veracity of the information provided
5 in the application.

6 (2) The applicant's cooperation and the cooperation of
7 any affiliate of the applicant and any executive officer,
8 director or general or limited partner of the applicant or
9 person holding a controlling interest in the applicant in the
10 application process and with any request by the department or
11 the board for any information deemed necessary for licensure.

12 (3) The good character, reputation and suitability of
13 the applicant and any affiliate of the applicant, executive
14 officer, director or general or limited partner of the
15 applicant or person holding a controlling interest in the
16 applicant.

17 (4) The applicant possesses sufficient financial
18 resources to:

19 (i) Operate as a wine and spirits wholesale
20 licensee.

21 (ii) Pay all taxes due and owing to the
22 Commonwealth.

23 (iii) Assume liability for the safe operation of the
24 wholesale operations.

25 (5) The applicant possesses sufficient financial
26 resources and experience to create and maintain a successful
27 and efficient wholesale operation that provides service at a
28 level that is reasonably equivalent to the level of service
29 currently provided in this Commonwealth on the effective date
30 of this section.

1 (6) The applicant has entered into a contractual
2 relationship with one or more licensed manufacturers,
3 importers or vendors of record for the distribution in this
4 Commonwealth of a brand or brands of liquor regardless of
5 whether the contractual relationship is contingent upon the
6 board issuing a wine and spirits wholesale license to the
7 applicant.

8 (7) The physical facilities proposed to be used in the
9 applicant's wholesale operations are located and designed to:

10 (i) assure that all warehouses are located within
11 this Commonwealth and licensed for the storage of liquor;

12 (ii) function as a self-contained unit, with limited
13 customer access;

14 (iii) not have any interior connection with any
15 other business or with any residential building without
16 prior department or board approval;

17 (iv) provide adequate security to protect the
18 applicant's inventory from unauthorized sale or
19 diversion; and

20 (v) protect the public interest.

21 (c) Assistance with investigations.--The board may enter
22 into an agreement with the Pennsylvania State Police or the
23 Office of Inspector General to assist the board in conducting
24 investigations under this section and to provide for the
25 reimbursement of actual costs incurred for providing the
26 assistance. The board may establish, charge and collect fees
27 from an applicant to recover the costs of investigation.

28 Section 324-A. Issuance of licenses.

29 (a) Notification.--Upon completion of the investigation
30 under section 323-A, the board shall inform the department of

1 the results of the board's investigation. The board shall inform
2 the applicant in writing of its decision to approve or deny the
3 application.

4 (b) Approval.--If the application is approved, the
5 department shall require the successful applicant to pay the
6 license fee, as required under section 321.1-A, based on the
7 brand licensing fees established under section 321.1-A for the
8 brands of liquor approved for the applicant.

9 (c) Denial.--

10 (1) If an application is denied, the board shall provide
11 the applicant with the specific reasons for the denial in the
12 written notification required under subsection (a).

13 (2) The applicant shall be entitled to a hearing on the
14 denial, if a hearing is requested within 10 days of the
15 board's notification and the request is in writing on a form
16 and in a manner determined by the board.

17 (3) A hearing under this subsection shall be conducted
18 in accordance with 2 Pa.C.S. Ch. 5 Subch. A (relating to
19 practice and procedure of Commonwealth agencies).

20 (d) Issuance.--After approval of an application, the board
21 shall issue a wine and spirits wholesale license to the
22 applicant for the exclusive privilege to sell approved brands of
23 liquor in this Commonwealth, if the applicant has completed all
24 of the following:

25 (1) Paid the wine and spirits wholesale license fee
26 required under this article. Payment must be made by
27 certified check or wire transfer to a designated restricted
28 account in The State Stores Fund.

29 (2) Paid outstanding application or investigation fees.

30 (3) Executed and delivered to the board the statement of

1 conditions required under section 325-A.

2 (4) Repurchased from the board remaining marketable
3 inventory of the brands authorized under its license which
4 are owned by the board at the board's purchase order cost and
5 paid applicable taxes due and an administrative fee
6 determined by the board. The wine and spirits wholesale
7 licensee shall coordinate, at its own cost, the removal of
8 remaining product owned by the board.

9 (5) Fulfilled any other conditions required by the
10 department or the board or provided for under this article.

11 (e) License as privilege.--

12 (1) Nothing under this article is intended or may be
13 construed to create an entitlement to a wine and spirits
14 wholesale license.

15 (2) The authorization to participate in the distribution
16 and sale of liquor as a wine and spirits wholesale licensee
17 is a privilege conditioned upon this article.

18 (f) Termination of board's authority.--

19 (1) Except as set forth in paragraph (2), if a wine and
20 spirits wholesale license has been issued for a particular
21 brand of liquor, the board may not engage in the sale of that
22 brand of liquor.

23 (2) The board may coordinate the repurchase of remaining
24 board inventory of brands as provided under Subarticle D.

25 (3) The board's Bureau of Licensing shall provide
26 adequate notice to the board's Bureau of Supply Chain that a
27 wine and spirits wholesale license application is ready for
28 license approval to ensure that appropriate inventory
29 reduction can be effectuated without causing a shortage of
30 the brand at issue.

1 Section 325-A. Wine and spirits wholesale licensee statement of
2 conditions.

3 (a) Statement of conditions.--The department, in
4 consultation with the board, shall develop a statement of
5 conditions to be executed by each wine and spirits wholesale
6 licensee governing the operation of the wine and spirits
7 wholesale licensee.

8 (b) Conditions, restrictions and prohibited acts.--In
9 addition to any other conditions the department, in consultation
10 with the board, deems necessary or appropriate for a specific
11 wine and spirits wholesale licensee or which may be mandated for
12 all licensees through regulations of the department or the
13 board, the statement of conditions under subsection (a) shall
14 include the following:

15 (1) A wine and spirits wholesale licensee may not sell
16 liquor to a person, except a person specified in section
17 321.1-A(a)(1).

18 (2) A wine and spirits wholesale licensee must serve all
19 licensees eligible to purchase and resell liquor under this
20 act and must make liquor available for sale to those
21 licensees under the same pricing structure.

22 (3) Except for a wine and spirits wholesale licensee
23 that holds an importing distributor license under section
24 431, a wine and spirits wholesale licensee may not sell malt
25 or brewed beverages.

26 (4) A wine and spirits wholesale licensee may not engage
27 in conduct that would constitute any of the following:

28 (i) Variable pricing.

29 (ii) Unfair or deceptive trade practices proscribed
30 under Federal or State law or regulation.

1 (iii) Intentional exclusion of competing brands of
2 liquor from the marketplace.

3 (5) A wine and spirits wholesale licensee may only sell
4 and distribute liquor products in this Commonwealth that are
5 subject to a contractual relationship between the wine and
6 spirits wholesale licensee and one or more licensed
7 manufacturers or importers of wine and spirits.

8 (6) (i) A wine and spirits wholesale licensee shall do
9 all of the following:

10 (A) Acquire liquor exclusively from:

11 (I) a licensed manufacturer or importer of
12 wine and spirits with whom the wine and spirits
13 wholesale licensee has the contractual authority
14 to sell at wholesale as provided under this act;
15 or

16 (II) an entity affiliated with the wine and
17 spirits wholesale licensee.

18 (B) Keep a detailed log of wholesale liquor
19 transactions, including acquisitions of liquor from
20 an entity listed under clause (A) and sales to
21 licensees under this act.

22 (ii) If liquor is acquired from an entity affiliated
23 with the wine and spirits wholesale licensee, the entity
24 shall, for taxation purposes, be considered a licensed
25 manufacturer or importer of wine and spirits.

26 (7) A wine and spirits wholesale licensee's licensed
27 premises and all facilities involved in its wholesale
28 operations, including any changes to the facilities during
29 the term of the license, shall be subject to the inspection,
30 investigation and approval of the department or the board or

1 the enforcement bureau.

2 (8) A wine and spirits wholesale licensee shall maintain
3 adequate security to protect the licensee's inventory from
4 unauthorized sale, removal or theft and prevent the
5 inventory's unauthorized distribution.

6 (9) As follows:

7 (i) Except as provided under paragraph (1), a wine
8 and spirits wholesale licensee may not engage in a
9 separate business activity on a premises on which
10 wholesale liquor operations are conducted without prior
11 approval of the board.

12 (ii) A wine and spirits wholesale licensee that
13 holds an importing distributor license may engage in
14 sales of malt or brewed beverages under this act.

15 (10) A wine and spirits wholesale licensee shall collect
16 and remit to the Department of Revenue all applicable taxes.

17 (11) A wine and spirits wholesale licensee shall be
18 considered a State liquor store for the purpose of collecting
19 and remitting taxes under Article II of the act of March 4,
20 1971 (P.L.6, No.2), known as the Tax Reform Code of 1971,
21 from persons licensed to sell liquor for consumption on the
22 premises under Article IV.

23 (12) A wine and spirits wholesale licensee shall notify
24 the board within 15 days of a change in a person holding a
25 controlling interest in the licensee.

26 (13) A wine and spirits wholesale licensee shall notify
27 the board within 15 days of becoming aware of an arrest,
28 criminal indictment or conviction by the licensee, an
29 affiliate of the licensee or an executive officer, director
30 or general or limited partner of the licensee or person

1 holding a controlling interest in the licensee.

2 (14) A wine and spirits wholesale licensee shall notify
3 the board within 15 days of becoming aware of a violation of
4 this act by the licensee, an affiliate of the licensee or an
5 executive officer, director or general or limited partner of
6 the licensee, person holding a controlling interest in the
7 licensee or employee of the licensee.

8 (15) As follows:

9 (i) A wine and spirits wholesale licensee may not
10 operate in a manner which constitutes a violation of
11 Federal or State law, including antitrust or other unfair
12 trade practices, or creates a monopolistic liquor
13 distribution system in this Commonwealth.

14 (ii) If a wine and spirits wholesale licensee seeks
15 to be approved by the department or the board to
16 distribute additional brands of liquor which would give
17 the licensee a control of more than 50% of the liquor
18 distributed in the wholesale market of this Commonwealth,
19 in terms of gross dollar sales, the board shall convene a
20 hearing to determine whether approval of the proposed
21 application for additional brands would constitute a
22 violation of antitrust or other unfair trade practice
23 laws, or would create a monopolistic liquor distribution
24 system in this Commonwealth.

25 (iii) The board is authorized to promulgate
26 regulations providing for the procedure for hearings
27 under subparagraph (ii).

28 (16) A wine and spirits wholesale licensee shall make
29 the licensed premises, all of the facilities involved in the
30 wholesale operation and all of the business and financial

1 books and records of the wholesale operation available at any
2 time for inspection and audit by the department, the board or
3 the enforcement bureau. The board shall promulgate
4 regulations regarding the records that a licensee must
5 maintain on the licensee's premises.

6 (17) A wine and spirits wholesale licensee shall
7 cooperate fully in an inquiry or investigation by the
8 department or the board or the enforcement bureau and provide
9 information requested by the department, the board or the
10 enforcement bureau.

11 (18) A wine and spirits wholesale licensee that is a
12 corporation, a limited liability company, limited
13 partnership, partnership, association or other legal entity
14 must be organized under the laws of this Commonwealth.

15 (19) A wine and spirits wholesale licensee that is a
16 natural person must be a citizen of the United States and a
17 resident of this Commonwealth.

18 (c) Sanctions.--A wine and spirits wholesale licensee that
19 fails to abide by a condition contained in the licensee's
20 statement of conditions or commits a violation of this act or
21 Federal or State law:

22 (1) shall be subject to citation by the enforcement
23 bureau; and

24 (2) may be subject to:

25 (i) a fine, suspension or license revocation;

26 (ii) nonrenewal of the license or revocation of
27 temporary operating authority; or

28 (iii) other penalties authorized under sections 471
29 and 494.

30 Section 326-A. Loss of rights to wholesale brands of liquor.

1 The department, in consultation with the board, shall
2 establish procedures and standards governing the relationship
3 between wine and spirits wholesale licensees and manufacturers
4 and the ability and terms upon which that relationship may be
5 terminated. The procedures and standards shall incorporate the
6 following principles:

7 (1) As follows:

8 (i) A manufacturer having a contract, including all
9 written or oral agreements, understandings or other
10 arrangements with a wine and spirits wholesale licensee
11 for the distribution in this Commonwealth of a brand of
12 liquor may terminate the distribution rights and transfer
13 the rights to another wine and spirits wholesale licensee
14 upon the voluntary agreement of both licensees.

15 (ii) If a voluntary termination and transfer occurs,
16 the manufacturer shall provide written notice to the
17 board indicating that affected wine and spirits wholesale
18 licensees have both agreed to the termination and
19 transfer. A copy of the notification to the board shall
20 be provided to both licensees.

21 (2) If a wine and spirits wholesale licensee does not
22 agree to the termination or transfer of its distribution
23 rights, the manufacturer may only terminate or transfer the
24 rights upon payment to the terminated licensee of the blended
25 brand valuation of the products for which the wine and
26 spirits wholesale licensee will no longer hold distribution
27 rights.

28 (3) A voluntary or involuntary termination and transfer
29 of the right to distribute the brand of liquor shall comply
30 with this section.

1 Section 327-A. Transfer of brands of liquor.

2 (a) Prohibition.--No brand of liquor offered for sale in
3 this Commonwealth may be transferred to a different wine and
4 spirits wholesale licensee without prior approval from the
5 board.

6 (b) Transfer fee.--An application to the board to transfer
7 the right to distribute a brand of liquor shall be subject to an
8 application fee equal to 1% of the initial license fee
9 attributable to the brand of liquor or \$1,000, whichever is
10 greater.

11 SUBARTICLE D

12 CLOSURE OF STATE LIQUOR STORES

13 AND ASSISTANCE FOR DISPLACED EMPLOYEES

14 Section 331-A. Closure of State liquor stores.

15 (a) Process for closure.--

16 (1) The board shall review the viability of a store
17 located within a county where the number of privately owned
18 and privately operated wine and spirits retail licenses plus
19 the number of grocery store licenses equal the number of
20 Heritage State Stores.

21 (2) Where the number of Heritage State Stores equals the
22 number of privately owned and privately operated wine and
23 spirits retail licenses plus the grocery store licenses, the
24 board shall provide a rationale to the department for the
25 continued operation or closure of a store located in a
26 county.

27 (3) A Heritage State Store designated for closure shall
28 cease operations within 60 days.

29 (4) Where the number of privately owned and privately
30 operated wine and spirits retail licenses plus the grocery

1 store licenses exceed the number of Heritage State Stores by
2 a factor of two, the Heritage State Stores within a county
3 must close within six months.

4 (5) The board may not operate fewer than 100 Heritage
5 State Stores within this Commonwealth.

6 (b) Disposition of liquor.--The board shall arrange for the
7 disposition of the liquor remaining in inventory at a designated
8 store. In order to effectuate this subsection, the board may, in
9 consultation with the department, do any of the following:

10 (1) Coordinate with the vendor of record for the
11 repurchase products by the vendor of record.

12 (2) Sell products to newly licensed wine and spirits
13 retail licensees.

14 (3) Transport products for sale at another operating
15 State liquor store.

16 (c) Disposition of nonliquor State-owned property.--The
17 department, in consultation with the board, shall establish a
18 procedure for the sale of the nonliquor inventory, property and
19 fixtures of all State liquor stores consistent with 62 Pa.C.S.
20 Ch. 15 (relating to supply management). Wine and spirits retail
21 licensees shall have the opportunity to bid on the items to be
22 sold or otherwise participate in the sale. All proceeds from the
23 sales shall be deposited into The State Stores Fund.

24 (d) Pennsylvania Liquor Store leases.--The board shall
25 provide immediate notice to the lessor upon receipt of the
26 department's notice to close a designated Pennsylvania Liquor
27 Store.

28 (e) Hiring restrictions.--

29 (1) Notwithstanding any other provision of this act, the
30 board may not hire additional salaried or wage employees for

1 the purpose of staffing the board's retail operations,
2 including the board's bureau of marketing and retail
3 operations, unless explicitly authorized by the department.

4 (2) Paragraph (1) shall not prohibit the board from
5 hiring personnel, with approval from the department, to
6 adequately staff the board's Bureau of Supply Chain for the
7 purpose of transitioning its retail and wholesale operations
8 to licensees of this article.

9 Section 331.1-A. Licensee service centers.

10 The board shall work collaboratively with the department to
11 ensure that an adequate number of stores designated for sales to
12 licensees or licensee service center locations are maintained
13 during the retail and wholesale divestiture process so that
14 licensees are able to timely acquire products sold by the board.

15 Section 332-A. Transition assistance committee.

16 (a) Formation.--

17 (1) On the effective date of this section, the
18 department shall designate individuals to serve on a
19 committee for the purpose of managing the staffing transition
20 and displacement of employees during the divestiture process.

21 (2) The committee, which shall be chaired by a
22 representative from the department, shall involve the
23 participation of the Office of Administration, the
24 commission, the Department of Labor and Industry and the
25 board's bureau of human resources, to ensure a coordinated
26 approach to allocating personnel and assisting displaced
27 employees during the transition to find an appropriate
28 position.

29 (3) The department shall contract with advisors
30 necessary to assist the department and the board in

1 administering the duties under paragraph (2). The contracts
2 shall not be subject to the provisions of 62 Pa.C.S. Ch. 5
3 (relating to source selection and contract formation).

4 (b) Counseling and placement.--The committee shall
5 coordinate with the Office of Administration to provide
6 counseling and other general assistance to employees of the
7 board who are displaced to transition the employees to other
8 employment in either the public or private sector.

9 (c) Transition funding.--The costs for the programs provided
10 under this subarticle shall be paid for out of the proceeds from
11 the divestiture of the board's wholesale and retail operations.

12 Section 333-A. Preference in public employment hiring.

13 (a) Civil service examinations.--

14 (1) A displaced employee who successfully passes a civil
15 service appointment examination shall be marked or graded an
16 additional three points above the mark or grade credited for
17 the examination if all of the following apply:

18 (i) The examination is for a paid position
19 administered under 71 Pa.C.S. Pt. III (relating to civil
20 service reform), and in the classified service existing
21 under the commission's jurisdiction.

22 (ii) The employee establishes the qualifications
23 required by law for appointment to the position.

24 (2) The total mark or grade, including the mark-up under
25 paragraph (1), obtained by the displaced employee shall
26 represent the final mark or grade of the employee and shall
27 determine the employee's standing on any eligibility list
28 certified or furnished to the appointing power.

29 (3) The three additional points awarded under paragraph
30 (1) shall be in addition to any points that shall be afforded

1 to a veteran meeting the requirements of 51 Pa.C.S. § 7103
2 (relating to additional points in grading civil service
3 examinations).

4 (b) Certification.--The commission shall require the board
5 to certify a list of displaced employees under subsection (a).
6 Placement on the list by the board shall establish eligibility
7 for the preference granted under subsection (a).

8 (c) Noncivil service positions.--If a paid State position
9 does not require a civil service examination, a displaced
10 employee, possessing the requisite qualifications and who is
11 eligible for appointment to a paid State position in offices
12 under the Governor's jurisdiction within the executive branch
13 shall be given a preference in the appointment by the appointing
14 authority over nonveteran candidates.

15 (d) (Reserved).

16 (e) Eligibility.--

17 (1) A displaced employee's eligibility for the mark-up
18 provided under subsection (a) and for the preference for
19 noncivil service positions provided under subsection (c)
20 shall cease upon the occurrence of one of the following:

21 (i) The displaced employee's appointment or hiring
22 into a position in the classified service existing under
23 the commission's jurisdiction or into a paid State
24 position where no civil service examination is required.

25 (ii) Four years elapsing from the effective date of
26 this section.

27 (2) In order to be eligible for the mark-up provided
28 under subsection (a) and for the preference for noncivil
29 service positions provided under subsection (c), a displaced
30 worker must be terminated as a sole and direct result of the

1 decision to cease wholesale and retail operations under this
2 article and must work until the final day set by the board
3 for that employee's job function.

4 Section 334-A. Career training and postsecondary education
5 grant eligibility.

6 (a) Eligibility.--A displaced employee shall be eligible for
7 a two-year grant for attending a program of instruction at an
8 institution of higher education, including career training and
9 adult education courses of study, within one year of the date of
10 displacement from State service in the following amount:

11 (1) two thousand dollars per year for attendance on a
12 full-time basis; or

13 (2) one thousand dollars per year for attendance on a
14 part-time basis.

15 (b) Certification.--The board shall certify the list of
16 displaced employees to the Pennsylvania Higher Education
17 Assistance Agency.

18 (c) Grant award.--The agency shall make a determination of
19 grant eligibility and shall pay the grant directly to the
20 institution of higher education attended by the displaced
21 employee in a manner consistent with the Pennsylvania Higher
22 Education Assistance Agency's regulations.

23 Section 335-A. Reemployment tax credit.

24 (a) Eligibility.--

25 (1) A displaced employee shall be eligible for a two-
26 year reemployment tax credit voucher in the amount of \$2,000
27 per taxable year.

28 (2) The voucher under paragraph (1) shall be made
29 available to each displaced employee upon termination of
30 employment.

1 (3) Each voucher under paragraph (1) shall be certified
2 by the board before the voucher is provided to the displaced
3 employee.

4 (4) The Department of Revenue shall be informed of each
5 displaced employee to whom a voucher under paragraph (1) has
6 been provided.

7 (b) Transfer of voucher.--An employer in this Commonwealth
8 who employs a displaced employee on a full-time basis may, upon
9 transfer of the voucher from the employee to the employer, use
10 the voucher as a credit against the State tax liability of the
11 employer, if the employer can demonstrate the following:

12 (1) The employee for whom the tax credit is being sought
13 was displaced from the board within 12 months of being
14 employed by the employer.

15 (2) The former board employee has been employed by the
16 employer seeking the tax credit on a full-time basis for a
17 period not less than one year.

18 (c) Voucher submittal.--The employer shall submit the tax
19 credit voucher to the Department of Revenue with the information
20 required under subsection (b) to claim a tax credit against the
21 employer's liability for a tax identified under subsection (d)
22 (2).

23 (d) Amount of credit.--

24 (1) An employer may claim a reemployment tax credit for
25 each job filled by a displaced employee of \$2,000 per taxable
26 year for a maximum of two taxable years.

27 (2) An employer may apply the reemployment tax credit to
28 100% of the employer's:

29 (i) State corporate net income tax, capital stock
30 and franchise tax or the personal tax of a shareholder of

1 the company if the company is a Pennsylvania S
2 corporation.

3 (ii) Insurance premiums tax, gross receipts tax,
4 bank and trust company shares tax, mutual thrift
5 institutions tax or title insurance companies shares tax.

6 (iii) Any combination of the taxes under
7 subparagraphs (i) and (ii).

8 (3) A displaced employee whose subsequent employment is
9 terminated with an employer and who has utilized the
10 reemployment tax credit voucher to claim a one-year \$2,000
11 tax credit may transfer the voucher to a new employer who may
12 use the remaining \$2,000 tax credit as a claim against the
13 employer's tax liability for taxes identified under paragraph
14 (2).

15 (4) The term of the reemployment tax credit voucher may
16 not exceed two years from the date the voucher is provided to
17 the qualified displaced employee.

18 Section 336-A. Protection of existing benefits.

19 (a) Contract benefits.--Nothing under this section shall be
20 deemed to affect:

21 (1) Pension benefits accrued prior to the date of
22 separation occurring as a sole and direct result of the
23 divestiture of the board's wholesale and retail operations
24 under this article.

25 (2) Payment of an accrued benefit derived from the terms
26 of a preexisting collective bargaining agreement payable upon
27 separation from employment.

28 (b) Collective bargaining.--As a result of the preferential
29 hiring benefits, the tax credit for subsequent employers and the
30 protection of benefits arising from an employee's pension or

1 from a preexisting collective bargaining agreement under this
2 section, the board shall be deemed to have satisfied all
3 obligations to bargain over the impact of the decision to cease
4 wholesale and retail operations under this article that may
5 arise under the act of July 23, 1970 (P.L.563, No.195), known as
6 the Public Employe Relations Act.

7 (c) Local regulation.--This article supersedes a local
8 regulation, ordinance or resolution of a political subdivision
9 regarding notice to displaced workers.

10 SUBARTICLE E

11 MISCELLANEOUS PROVISIONS

12 Section 341-A. License renewals.

13 (a) Renewal.--

14 (1) Wine and spirits licenses issued under this article
15 shall be subject to renewal every two years, with validation.

16 (2) The application for renewal shall be submitted on a
17 form provided by the board at least 30 days prior to the
18 expiration of the wine and spirits license and shall include,
19 at a minimum, an update of the information contained in the
20 initial and prior renewal applications and the payment of any
21 renewal fee required under this article.

22 (3) A wine and spirits license for which a completed
23 renewal application and fee has been received by the board
24 shall continue to be valid until the board sends written
25 notification to the licensee that the board has denied the
26 renewal of the license.

27 (b) Fee.--

28 (1) A renewal fee of \$1,000 shall be due upon
29 application for the renewal or validation of a wine and
30 spirits retail license.

1 (2) A renewal fee of \$5,000 shall be due upon
2 application for the renewal or validation of a wine and
3 spirits wholesale license.

4 (3) The board may adjust the renewal fee to ensure that
5 the fee adequately recovers the costs associated with
6 investigating the renewal application.

7 (c) Renewal hearings.--The director of the board's Bureau of
8 Licensing may object to the renewal of licenses issued under
9 this article pursuant to the same authority granted under
10 section 470. Hearings and appeals arising from the objections
11 shall be conducted in accordance with section 464.

12 (d) Revocation of operating authority.--

13 (1) The board may revoke the operating authority of a
14 wine and spirits license issued under this article if the
15 board finds that the licensee or any of its affiliates,
16 executive officers, directors or general or limited partners
17 or persons holding a controlling interest in the licensee:

18 (i) is in violation of any provision of this act;

19 (ii) has furnished the board with false or
20 misleading information; or

21 (iii) is no longer reputable or suitable for
22 licensure.

23 (2) If a wine and spirits license is revoked or not
24 renewed, the wine and spirits licensee's authorization to
25 conduct business as a wine and spirits licensee shall
26 immediately cease until the board notifies the licensee that
27 the operating authority has been reinstated.

28 (e) Affirmative duty.--Nothing under this section shall
29 relieve a wine and spirits licensee of the affirmative duty to
30 notify the board of changes relating to the status of its

1 license or to other information contained in the application
2 materials filed with the board.

3 Section 342-A. Revocation, suspension and fines.

4 (a) Authority of enforcement bureau.--The enforcement bureau
5 shall have the authority to issue a citation against a wine and
6 spirits licensee in the same manner as under section 471. The
7 enforcement bureau may issue a citation to the licensee based on
8 the following conduct:

9 (1) The licensee violated any of the following:

10 (i) A provision of this act.

11 (ii) The regulations of the board.

12 (iii) The licensee's signed statement of conditions.

13 (iv) Any other law of this Commonwealth.

14 (2) The licensee knowingly presented to the board false,
15 incomplete or misleading information.

16 (3) The licensee pleaded guilty, entered a plea of nolo
17 contendere or has been found guilty of a felony by a judge or
18 jury in a Federal or State court.

19 (4) The licensee failed to operate the business or to
20 provide a reasonable level of consumer service.

21 (5) The licensee failed to remit taxes as required.

22 (b) Administrative law judge.--Enforcement matters shall be
23 heard by an administrative law judge in the same manner as under
24 section 471. The administrative law judge may issue a fine and
25 either suspend or revoke the license. Appeals may be taken in
26 the same manner as under section 471.

27 (c) Sales prohibited.--No person may sell liquor at a
28 premises if any of the following apply:

29 (1) The wine and spirits license applicable to that
30 premises has been suspended or revoked or has expired.

1 (2) The operating authority for the wine and spirits
2 license has been revoked.

3 (d) Public sale.--If a wine and spirits retail license is
4 revoked, forfeited or surrendered under this article, the board
5 shall conduct a sale of the license, consistent with this
6 article.

7 Section 343-A. Sale, assignment or transfer of license.

8 (a) Prohibition.--No person may sell, assign or transfer
9 their interest in a wine and spirits license granted under this
10 article to another person until the board has received,
11 investigated and approved a transfer application. If the license
12 is a wine and spirits retail license, the wine and spirits
13 licensee must have been in continuous operation for at least one
14 year prior to the date of the application to transfer the
15 license.

16 (b) Compliance.--Any person to whom a wine and spirits
17 license is transferred must comply with this article prior to
18 the transfer of the license.

19 (c) Transfer fee.--

20 (1) The transfer of a wine and spirits license shall be
21 subject to a transfer fee equal to 1% of the license fee paid
22 for the license and shall be paid as a condition of the
23 transfer of the license.

24 (2) The transfer fee applicable to the transfer of
25 brands of liquor under section 327-A(b) shall not apply to
26 the transfer of a wine and spirits wholesale license.

27 (3) A wine and spirits retail license may not be
28 transferred to another location outside the county in which
29 the wine and spirits retail license was initially issued.

30 (d) Change of control.--For the purposes of this section, a

1 change of control of a wine and spirits wholesale or retail
2 licensee shall be deemed to be a sale, assignment or transfer of
3 a wine and spirits wholesale or retail license. A wine and
4 spirits wholesale or retail licensee must notify the board
5 immediately upon becoming aware of a proposed or contemplated
6 change of control.

7 Section 344-A. The State Stores Fund.

8 All fees, assessments, bid amounts or other charges paid by
9 wine and spirits license applicants or licensees shall be paid
10 or transferred into a restricted account which is hereby
11 established in The State Stores Fund. Funds in the restricted
12 account shall be used for programs under Subarticle D and any
13 other use specified by statute. Any fines collected by the
14 administrative law judge from the licensees shall be remitted to
15 the enforcement bureau for continued enforcement efforts.

16 Section 345-A. Return of fee or bid.

17 (a) Wine and spirits wholesale license fee.--The entire wine
18 and spirits wholesale license fee paid by a wine and spirits
19 wholesale licensee under section 324-A(d)(1) shall be returned
20 if this article is amended or otherwise altered by an act of the
21 General Assembly within five years of the effective date of this
22 section to change provisions relating to the loss of rights to
23 wholesale brands of liquors under section 326-A.

24 (b) Wine and spirits retail licensee fee or bid amount.--The
25 entire wine and spirits retail license fee or retail bid amount
26 paid by a wine and spirits retail licensee shall be returned if
27 this article is amended or otherwise altered by an act of the
28 General Assembly within five years of the effective date of this
29 section to authorize additional wine and spirits retail licenses
30 under section 311-A.

1 Section 9. Section 401(a) of the act is amended to read:

2 Section 401. Authority to Issue Liquor Licenses to Hotels,
3 Restaurants and Clubs.--(a) Subject to the provisions of this

4 act and regulations promulgated under this act, the board shall

5 have authority to issue a retail liquor license for any premises

6 kept or operated by a hotel, restaurant or club and specified in

7 the license entitling the hotel, restaurant or club to purchase

8 liquor from a Pennsylvania Liquor Store or a wine and spirits

9 wholesale licensee and to keep on the premises such liquor and,

10 subject to the provisions of this act and the regulations made

11 thereunder, to sell the same and also malt or brewed beverages

12 to guests, patrons or members for consumption on the hotel,

13 restaurant or club premises. Such licensees, other than clubs,

14 shall be permitted to sell malt or brewed beverages for

15 consumption off the premises where sold in quantities of not

16 more than one hundred ninety-two fluid ounces in a single sale

17 to one person as provided for in section 407 unless the licensee

18 acquires a retail package reform permit issued by the board

19 under section 407(c). Such licenses shall be known as hotel

20 liquor licenses, restaurant liquor licenses and club liquor

21 licenses, respectively. No person who holds any public office

22 that involves the duty to enforce any of the penal laws of the

23 United States, this Commonwealth or of any political subdivision

24 of this Commonwealth may have any interest in a hotel or

25 restaurant liquor license. This prohibition applies to anyone

26 with arrest authority, including, but not limited to, United

27 States attorneys, State attorneys general, district attorneys,

28 sheriffs and police officers. This prohibition shall also apply

29 to magisterial district judges, judges or any other individuals

30 who can impose a criminal sentence. This prohibition does not

1 apply to members of the General Assembly, township supervisors,
2 city councilpersons, mayors without arrest authority and any
3 other public official who does not have the ability to arrest or
4 the ability to impose a criminal sentence. This section does not
5 apply if the proposed premises are located outside the
6 jurisdiction of the individual in question.

7 * * *

8 Section 10. The act is amended by adding sections to read:

9 Section 401.1. Authority to Issue Liquor Licenses to Grocery
10 Stores.--(a) Subject to the provisions of this act and
11 regulations promulgated under this act, the board shall have
12 authority to issue a retail liquor license for any premises kept
13 or operated by a grocery store and specified in the license
14 entitling the grocery store to:

15 (1) Purchase wine from a Pennsylvania liquor wholesale
16 licensee, a wine and spirits store and any person licensed by
17 the board as a producer of wine and subject to section 505.2.

18 (2) Keep on the premises such wine and, subject to the
19 provisions of this act and the regulations made hereunder, to
20 sell the same to patrons for consumption off the licensed
21 premises.

22 (b) Licenses issued under this section shall be known as
23 grocery store retail liquor licenses.

24 (c) No individual who holds any public office that involves
25 the duty to enforce any of the penal laws of the United States,
26 this Commonwealth or of any political subdivision of this
27 Commonwealth may have any interest in a grocery store retail
28 liquor license. This prohibition applies to an individual with
29 arrest authority, including, but not limited to, United States
30 attorneys, State attorneys general, district attorneys, sheriffs

1 and police officers. This prohibition shall also apply to
2 magisterial district judges, judges or any other individuals who
3 may impose a criminal sentence. This prohibition does not apply
4 to members of the General Assembly, township supervisors, city
5 councilpersons, mayors without arrest authority and any other
6 public official who does not have the ability to arrest or the
7 ability to impose a criminal sentence. An individual subject to
8 this prohibition may have an interest in a grocery store retail
9 liquor license if the proposed premises are located outside the
10 jurisdiction of the individual.

11 Section 403.1. Applications for Grocery Store Retail
12 License.--(a) Every applicant for a grocery store retail
13 license or for the transfer of an existing license to another
14 premises not then licensed shall file a written application with
15 the board in such form and containing such information as the
16 board shall from time to time prescribe, which shall be
17 accompanied by a filing fee and an annual license fee as set
18 forth in section 406.1 of this act. Every such application shall
19 contain a description of that part of the grocery store for
20 which the applicant desires a license and shall set forth such
21 other material information, description or plan of that part of
22 the grocery store where it is proposed to keep and sell liquor
23 as may be required by the regulations of the board. The
24 descriptions, information and plans referred to in this
25 subsection shall show the grocery store, or the proposed
26 location for the construction of a grocery store, at the time
27 the application is made, and shall show any alterations proposed
28 to be made thereto, or the new building proposed to be
29 constructed after the approval by the board of the application
30 for a license or for the transfer of an existing license to

1 another premises not then licensed. No physical alterations,
2 improvements or changes shall be required to be made to any
3 grocery store, nor shall any new building for any such purpose
4 be required to be constructed until approval of the application
5 for license or for the transfer of an existing license to
6 another premises not then licensed by the board. After approval
7 of the application, the licensee shall make the physical
8 alterations, improvements and changes to the licensed premises,
9 or shall construct the new building in the manner specified by
10 the board at the time of approval, and the licensee shall not
11 transact any business under the license until the board has
12 approved the completed physical alterations, improvements and
13 changes to the licensed premises, or the completed construction
14 of the new building as conforming to the specifications required
15 by the board at the time of issuance or transfer of the license,
16 and is satisfied that the establishment is a grocery store as
17 defined by this act. The board may require that all such
18 alterations or construction or conformity to definition be
19 completed within six months from the time of issuance or
20 transfer of the license. Failure to comply with these
21 requirements shall be considered cause for revocation of the
22 license. No such license shall be transferable between the time
23 of issuance or transfer of the license and the approval of the
24 completed alterations or construction by the board and full
25 compliance by the licensee with the requirements of this act
26 unless full compliance is impossible for reasons beyond the
27 licensee's control, in which event, the license may be
28 transferred by the board as provided in this act.

29 (b) If the applicant is a natural person, the applicant's
30 application must show that the applicant is a citizen of the

1 United States and has been a resident of this Commonwealth for
2 at least two years immediately preceding the applicant's
3 application.

4 (c) If the applicant is a corporation, the application must
5 show that the corporation was created under the laws of this
6 Commonwealth or holds a certificate of authority to transact
7 business in this Commonwealth, that all officers, directors and
8 stockholders are citizens of the United States and that the
9 manager of the grocery store retail license is a citizen of the
10 United States.

11 (d) Each application shall be signed and verified by oath or
12 affirmation by the owner, if a natural person, or, in the case
13 of an association, by a member or partner thereof, or, in the
14 case of a corporation, by an executive officer thereof or any
15 person specifically authorized by the corporation to sign the
16 application, to which shall be attached written evidence of his
17 authority.

18 (e) Every applicant for a new license or for the transfer of
19 an existing license shall post, for a period of at least thirty
20 days beginning with the day the application is filed with the
21 board, in a conspicuous place on the outside of the premises or
22 at the proposed new location for which the license is applied, a
23 notice of such application. The notice shall be in such form, be
24 of such size and contain such provisions as the board may
25 require by its regulations. Proof of the posting of such notice
26 shall be filed with the board. The posting requirement imposed
27 by this subsection shall not apply to license applications
28 submitted for public venues.

29 (f) If any false statement is intentionally made in any part
30 of the application, the affiant shall be deemed guilty of a

1 misdemeanor and, upon conviction, shall be subject to the
2 penalties provided by this article.

3 (g) Upon receipt of an application for a new license or
4 transfer of an existing license to a new location, the board
5 shall immediately notify, in writing, the municipality in which
6 the premises proposed to be licensed are located.

7 Section 11. Section 404(a) of the act is amended to read:

8 Section 404. Issuance, Transfer or Extension of Hotel,
9 Restaurant and Club Liquor Licenses.--(a) Upon receipt of the
10 application and the proper fees, and upon being satisfied of the
11 truth of the statements in the application that the applicant
12 and management company or companies, if any, are the only
13 persons in any manner pecuniarily interested in the business so
14 asked to be licensed and that no other person will be in any
15 manner pecuniarily interested therein during the continuance of
16 the license, except as hereinafter permitted, and that the
17 applicant is a person of good repute, that the premises applied
18 for meet all the requirements of this act and the regulations of
19 the board, that the applicant seeks a license for a hotel,
20 restaurant or club, as defined in this act, and that the
21 issuance of such license is not prohibited by any of the
22 provisions of this act, the board shall, in the case of a hotel
23 or restaurant, grant and issue to the applicant a liquor
24 license, and in the case of a club may, in its discretion, issue
25 or refuse a license: Provided, however, That in the case of any
26 new license or the transfer of any license to a new location or
27 the extension of an existing license to cover an additional area
28 the board may, in its discretion, grant or refuse such new
29 license, transfer or extension if such place proposed to be
30 licensed is within three hundred feet of any church, hospital,

1 charitable institution, school, or public playground, or if such
2 new license, transfer or extension is applied for a place which
3 is within two hundred feet of any other premises which is
4 licensed by the board: And provided further, That the board's
5 authority to refuse to grant a license because of its proximity
6 to a church, hospital, charitable institution, public playground
7 or other licensed premises shall not be applicable to license
8 applications submitted for public venues or performing arts
9 facilities: And provided further, That the board shall refuse
10 any application for a new license, the transfer of any license
11 to a new location or the extension of an existing license to
12 cover an additional area if, in the board's opinion, such new
13 license, transfer or extension would be detrimental to the
14 welfare, health, peace and morals of the inhabitants of the
15 neighborhood within a radius of five hundred feet of the place
16 proposed to be licensed: And provided further, That the board
17 shall have the discretion to refuse a license to any person or
18 to any corporation, partnership or association if such person,
19 or any officer or director of such corporation, or any member or
20 partner of such partnership or association shall have been
21 convicted or found guilty of a felony within a period of five
22 years immediately preceding the date of application for the said
23 license. [The board shall not license the area where liquid
24 fuels or oil is sold. No sales of liquid fuels or oil may be
25 made from a licensee's licensed premises. A licensed premises
26 may not have an interior connection with a location that sells
27 liquid fuels or oil unless it first receives permission from the
28 board for the interior connection. The approval shall be
29 required regardless of whether the licensee or another party is
30 the entity selling the liquid fuels or oil.] The board may enter

1 into an agreement with the applicant concerning additional
2 restrictions on the license in question. If the board and the
3 applicant enter into such an agreement, such agreement shall be
4 binding on the applicant. Failure by the applicant to adhere to
5 the agreement will be sufficient cause to form the basis for a
6 citation under section 471 and for the nonrenewal of the license
7 under section 470. If the board enters into an agreement with an
8 applicant concerning additional restrictions, those restrictions
9 shall be binding on subsequent holders of the license until the
10 license is transferred to a new location or until the board
11 enters into a subsequent agreement removing those restrictions.
12 If the application in question involves a location previously
13 licensed by the board, then any restrictions imposed by the
14 board on the previous license at that location shall be binding
15 on the applicant unless the board enters into a new agreement
16 rescinding those restrictions. The board may, in its discretion,
17 refuse an application for an economic development license under
18 section 461(b.1) or an application for an intermunicipal
19 transfer of a license if the board receives a protest from the
20 governing body of the receiving municipality. The receiving
21 municipality of an intermunicipal transfer or an economic
22 development license under section 461(b.1) may file a protest
23 against the transfer of a license into its municipality, and the
24 receiving municipality shall have standing in a hearing to
25 present testimony in support of or against the issuance or
26 transfer of a license. Upon any opening in any quota, an
27 application for a new license shall only be filed with the board
28 for a period of six months following said opening.

29 * * *

30 Section 12. The act is amended by adding a section to read:

1 Section 404.1. Issuance or Transfer of Grocery Store Liquor
2 Licenses.--Upon receipt of the application and the proper fees,
3 and upon being satisfied of the truth of the statements in the
4 application that the applicant is the only person in any manner
5 pecuniarily interested in the business so asked to be licensed
6 and that no other person will be in any manner pecuniarily
7 interested therein during the continuance of the license, except
8 as hereinafter permitted, and that the applicant is a person of
9 good repute, that the premises applied for meets all the
10 requirements of this act and the regulations of the board, that
11 the applicant seeks a license for a grocery store, as defined in
12 this act, and that the issuance of such license is not
13 prohibited by any of the provisions of this act, the board shall
14 grant and issue to the applicant a liquor license: Provided,
15 however, That in the case of any new license or the transfer of
16 any license to a new location the board may, in its discretion,
17 grant or refuse such new license, transfer or extension if such
18 place proposed to be licensed is within three hundred feet of
19 any church, hospital, charitable institution, school or public
20 playground, or if such new license, transfer or extension is
21 applied for a place that is within two hundred feet of any other
22 premises that is licensed by the board: And provided further,
23 That the board shall refuse any application for a new license,
24 the transfer of any license to a new location or the extension
25 of an existing license to cover an additional area if, in the
26 board's opinion, such new license, transfer or extension would
27 be detrimental to the welfare, health, peace and morals of the
28 inhabitants of the neighborhood within a radius of five hundred
29 feet of the place proposed to be licensed: And provided further,
30 That the board shall have the discretion to refuse a license to

1 any person or to any corporation, partnership or association if
2 such person, or any officer or director of such corporation, or
3 any member or partner of such partnership or association shall
4 have been convicted or found guilty of a felony within a period
5 of five years immediately preceding the date of application for
6 the said license. The board may enter into an agreement with the
7 applicant concerning additional restrictions on the license in
8 question. If the board and the applicant enter into such an
9 agreement, such agreement shall be binding on the applicant.
10 Failure by the applicant to adhere to the agreement will be
11 sufficient cause to form the basis for a citation under section
12 471 and for the nonrenewal of the license under section 470. If
13 the board enters into an agreement with an applicant concerning
14 additional restrictions, those restrictions shall be binding on
15 subsequent holders of the license until the license is
16 transferred to a new location or until the board enters into a
17 subsequent agreement removing those restrictions. If the
18 application in question involves a location previously licensed
19 by the board, any restrictions imposed by the board on the
20 previous license at that location shall be binding on the
21 applicant unless the board enters into a new agreement
22 rescinding those restrictions.

23 Section 13. Section 406(e)(1) of the act is amended and the
24 subsection is amended by adding a paragraph to read:

25 Section 406. Sales by Liquor Licensees; Restrictions.--* * *

26 (e) (1) The holder of a hotel license or the holder of a
27 restaurant license located in a hotel may allow persons to
28 transport liquor or malt or brewed beverages from the licensed
29 portion of the premises to the unlicensed portion of the
30 premises, so long as the liquor or malt or brewed beverages

1 remain on the hotel property. In addition, a holder of a
2 restaurant or club license located on a golf course may sell,
3 furnish or give liquor or malt or brewed beverages on the
4 unlicensed portion of the golf course so long as the liquor or
5 malt or brewed beverages remain on the restaurant, club or golf
6 course. The holder of a restaurant license located immediately
7 adjacent to and under the same roof of a bowling center may
8 allow persons to transport liquor or malt or brewed beverages
9 from the licensed portion of the premises to the unlicensed
10 portion of the premises, so long as the liquor or malt or brewed
11 beverages remain within the bowling center. In addition, the
12 holder of a hotel license or a restaurant license may allow
13 persons who have purchased but only partially consumed a bottle
14 of wine on the premises to remove the bottle from the premises
15 so long as the bottle was purchased in conjunction with a meal
16 which was consumed on the premises and so long as the bottle is
17 resealed. Notwithstanding this paragraph, the holder of a hotel
18 license or a restaurant license may sell up to six bottles of
19 wine for consumption off the licensed premises so long as the
20 bottles remain sealed and the holder has obtained a wine-to-go
21 permit as authorized under section 493(35). In addition, the
22 holder of a hotel license or a restaurant license may sell up to
23 one bottle of spirits for consumption off the licensed premises
24 so long as the bottle remains sealed and the holder has obtained
25 a spirits-to-go permit as authorized under section 493(39). For
26 purposes of this subsection, "wine" shall have the meaning given
27 to it under section 488(i). For purposes of this section and
28 section 432, "meal" shall mean food prepared on the premises,
29 sufficient to constitute breakfast, lunch or dinner; it shall
30 not mean a snack, such as pretzels, popcorn, chips or similar

1 food.

2 * * *

3 (3) The holder of a restaurant license whose premises has an
4 interior connection to a grocery store may allow a purchase of
5 beer and wine for consumption off the premises to be paid for at
6 a point of sale other than a point of sale located on the
7 licensed premises. The purchase of beer or wine may not occur at
8 a point of sale where the customer scans his own purchases. All
9 sales of beer and wine shall occur at a point of sale manned by
10 a sales clerk who is at least eighteen years of age.

11 * * *

12 Section 14. The act is amended by adding a section to read:

13 Section 406.2. Sales by Grocery Store Retail Licensees and
14 Restrictions.--(a) Every grocery store retail licensee may sell
15 wine for consumption off the licensed premises from any location
16 within the licensed premises. Educational information regarding
17 the types of products sold by the grocery store retail licensee
18 and regarding the responsible consumption of alcohol shall be
19 displayed and readily available wherever wine is displayed.
20 Grocery store retail licensees may display the alcohol products
21 they offer for sale on shelving units and systems, and in or on
22 refrigerated cases and equipment, within the discretion of the
23 licensee, provided that such displays are not designed to
24 attract minors and, provided further, that the manner and method
25 of display allows access by all customers, including the
26 physically dependent.

27 (b) Grocery store retail licensees may sell no more than
28 twelve bottles of wine in a single sale for consumption off the
29 licensed premises.

30 (c) Grocery store retail licensees may not charge a

1 membership fee in order for customers to make purchases from the
2 grocery store.

3 (d) Sales by grocery store retail licensees shall be made
4 via grocery store registers, well designated with signage and
5 manned by sales clerks who are at least eighteen years of age
6 and have been trained in the Responsible Alcohol Management
7 Program and utilizing a transaction scan device for any
8 purchases. At no time shall the purchase of wine occur at a
9 point of sale where the customer scans his own purchases. All
10 sales of wine shall occur at a point of sale manned by a sales
11 clerk at all times.

12 (e) Grocery store retail licensees may store alcohol in a
13 storage area or storage areas not accessible to the public
14 provided such storage areas are:

15 (1) locked at all times when not being accessed by the
16 licensees' employes; and

17 (2) identified by dimensions and location on forms submitted
18 in advance to the board.

19 (f) Grocery store retail licensees may sell wine from seven
20 o'clock antemeridian until eleven o'clock postmeridian every
21 day, except Sunday.

22 (g) Grocery store retail licensees may sell wine from nine
23 o'clock antemeridian until eleven o'clock postmeridian on
24 Sundays upon submission to the board of a Sunday sales permit
25 application and fee of one thousand five hundred dollars
26 (\$1,500) per year.

27 (h) Grocery store retail licensees shall be permitted to
28 hold:

29 (1) Tastings at any location in the grocery store, provided
30 the tastings are in compliance with the provisions and

1 regulations regarding tastings held on restaurant licensed
2 premises.

3 (2) Educational classes, including cooking classes, how to
4 classes, seminars and the like, regarding the proper or
5 recommended use, consumption, identification, pairing,
6 appellation, aging, storage, characteristics, service,
7 presentation and the like, of the alcohol products that they
8 offer for sale, during which classes the incidental consumption
9 of alcohol by registered participants of lawful age shall be
10 permitted; such classes may be free of charge to participants or
11 may be at fee.

12 (i) Grocery store retail licensees shall be permitted to
13 hold restaurant licenses issued for areas within the same
14 building for which the grocery store retail license has been
15 issued or for a different building. Grocery store retail
16 licenses and restaurant licenses issued for areas within the
17 same grocery stores may be issued for areas that are adjacent,
18 abutting and contiguous and the board shall approve interior
19 connections between such areas. In the event that a grocery
20 store retail license and a restaurant license are issued for the
21 same grocery store, wine may only be sold for off-premises
22 consumption in the area licensed for grocery store retail sales.

23 (j) Grocery store retail licensees may not sell wine at a
24 price less than its underlying cost.

25 (k) Grocery store retail licensees shall buy wine sold
26 pursuant to their grocery store retail license from the board, a
27 wine and spirits wholesale licensee or a winery licensed by the
28 Commonwealth.

29 (l) All products purchased by grocery store retail licensees
30 and all products purchased by restaurant and eating place

1 licensees owned by the same individual or company must be
2 separately purchased from the board or a wine and spirits
3 wholesale licensee as required by this act and may not be
4 purchased from another retail licensee. Separate records must be
5 maintained for all purchases and sales by all grocery store
6 retail licensees and restaurant or eating place licensees,
7 whether or not located within the same building or owned by the
8 same individual or company.

9 (m) The following shall apply:

10 (1) The retail license fee payable one time upon application
11 to the board for issuance of the license, shall be as follows:

12 (i) For grocery stores located in counties of the first
13 class or counties of the second class, one hundred sixty-five
14 thousand dollars (\$165,000).

15 (ii) For grocery stores located in counties of the second
16 class A or counties of the third class, one hundred eighty-seven
17 thousand five hundred dollars (\$187,500).

18 (iii) For grocery stores located in counties of the fourth
19 class or fifth class, one hundred forty-two thousand five
20 hundred dollars (\$142,500).

21 (iv) For grocery stores located in counties of the sixth
22 class or seventh class, one hundred twenty thousand dollars
23 (\$120,000).

24 (v) For grocery stores located in counties of the eighth
25 class, ninety-seven thousand five hundred dollars (\$97,500).

26 (2) Grocery store retail licenses shall be renewed every two
27 years. The renewal fee submitted each year shall be:

28 (i) For grocery stores located in counties of the fifth
29 class, counties of the sixth class, counties of the seventh
30 class or counties of the eighth class, two thousand dollars

1 (\$2,000).

2 (ii) For grocery stores located in counties of the first
3 class, counties of the second class, counties of the second
4 class A, counties of the third class or counties of the fourth
5 class, four thousand dollars (\$4,000).

6 (3) The board may accept applications to transfer grocery
7 store retail licenses to new locations, for the same owner, upon
8 submission of transfer applications and fees submitted to the
9 board in the following amounts:

10 (i) For transfers to counties of the fifth class, counties
11 of the sixth class, counties of the seventh class or counties of
12 the eighth class, five thousand dollars (\$5,000).

13 (ii) For transfers to counties of the first class, counties
14 of the second class, counties of the second class A, counties of
15 the third class or counties of the fourth class, ten thousand
16 dollars (\$10,000).

17 (n) (1) Grocery store licensees selling wine for off-
18 premises consumption shall be required to obtain a sales tax
19 license from the Department of Revenue.

20 (2) A grocery store licensee selling wine for off-premises
21 consumption shall be considered a Pennsylvania Liquor Store for
22 purposes of collecting and remitting taxes under Article II of
23 the act of March 4, 1971 (P.L.6, No.2), known as the "Tax Reform
24 Code of 1971." A grocery store licensee selling wine for off-
25 premises consumption may not be required to pay the sales tax
26 when making wholesale purchases but shall collect the tax at
27 retail.

28 Section 15. Sections 407(a) of the act is amended and the
29 section is amended by adding a subsection to read:

30 Section 407. Sale of Malt or Brewed Beverages by Liquor

1 Licensees.--(a) Every liquor license issued to a hotel,
2 restaurant, club, or a railroad, pullman or steamship company
3 under this subdivision (A) for the sale of liquor shall
4 authorize the licensee to sell malt or brewed beverages at the
5 same places but subject to the same restrictions and penalties
6 as apply to sales of liquor, except that licensees other than
7 clubs may sell malt or brewed beverages for consumption off the
8 premises where sold in quantities of not more than one hundred
9 ninety-two fluid ounces in a single sale to one person unless
10 the licensee acquires a retail package permit issued by the
11 board under subsection (c). The sales may be made in either open
12 or closed containers, Provided, however, That a municipality may
13 adopt an ordinance restricting open containers in public places.
14 No licensee under this subdivision (A) shall at the same time be
15 the holder of any other class of license, except a retail
16 dispenser's license authorizing the sale of malt or brewed
17 beverages only.

18 * * *

19 (c) (1) The board may issue a retail package reform permit
20 to a restaurant, hotel or retail dispenser licensee that applies
21 and pays the requisite fee for use at the same place that the
22 restaurant, hotel or retail dispenser maintains for the sale of
23 malt or brewed beverages. The permit must allow the holder to
24 sell in a single transaction not more than twenty-four original
25 containers totaling not more than three hundred eighty-four
26 fluid ounces of malt and brewed beverages so long as the
27 original containers are in a package prepared for sale of
28 distribution by the manufacturer of not more than twelve
29 original containers.

30 (2) For the permit issued under paragraph (1), the board

1 shall require an annual fee of five hundred dollars (\$500).

2 Section 16. Sections 408.12(g) and (h) and 410(e) of the act
3 are amended to read:

4 Section 408.12. Wine and Spirits Auction Permits.--* * *

5 (g) Any wine and spirits sold under this section shall be
6 purchased from a Pennsylvania Liquor Store, a wine and spirits
7 retail licensee, a Pennsylvania limited winery, limited
8 distillery or any seller authorized to sell wine or spirits by
9 the bottle or case in this Commonwealth, including a grocery
10 store licensee, restaurant liquor licensee or hotel liquor
11 licensee, or shall be donated by a person who is neither a
12 licensee nor a permittee who has legally acquired the wine or
13 spirits and legally possesses it in this Commonwealth.

14 (h) If any wine or spirits sold under this section is
15 purchased from a seller other than a Pennsylvania Liquor Store,
16 wine and spirits retail licensee, grocery store licensee,
17 restaurant liquor licensee, hotel liquor licensee or [a]
18 Pennsylvania limited winery or limited distillery, the permittee
19 shall provide thirty days' notice to the board of its intent to
20 purchase such wine or spirits. The notice shall include a
21 description of the wine or spirits to be purchased, the quantity
22 to be purchased, the name of the seller and any other
23 information which the board may require. The permittee shall
24 comply with all board regulations regarding taxes and fees.

25 * * *

26 Section 410. Liquor Importers' Licenses; Fees; Privileges;
27 Restrictions.--* * *

28 (e) Importers' licenses shall permit the holders thereof to
29 bring or import liquor from other states, foreign countries, or
30 insular possessions of the United States, and purchase liquor

1 from manufacturers located within this Commonwealth, to be sold
2 outside of this Commonwealth or to Pennsylvania Liquor Stores or
3 wine and spirits wholesale licensees within this Commonwealth,
4 or when in original containers of ten gallons or greater
5 capacity, to licensed manufacturers within this Commonwealth.

6 All importations of liquor into Pennsylvania by the licensed
7 importer shall be consigned to the board or the principal place
8 of business or authorized place of storage maintained by the
9 licensee or a wine and spirits wholesale licensee.

10 * * *

11 Section 17. Section 411 of the act is amended by adding a
12 subsection to read:

13 Section 411. Interlocking Business Prohibited.--* * *

14 (g) (1) Notwithstanding any other provision of law, a
15 manufacturer or licensee and its officers, directors,
16 shareholders, servants, agents or employes may contribute, and a
17 manufacturer or licensee and its officers, directors,
18 shareholders, servants, agents or employes may accept moneys or
19 other things of value solely for the administration of a
20 Responsible Alcohol Management Training Program for alcohol
21 service personnel as provided for under section 471.1 of this
22 act. The moneys or other things of value may be provided by or
23 to a manufacturer or licensee and its officers, directors,
24 shareholders, servants, agents or employes directly or by or to
25 a trade organization consisting, in whole or in part, of a group
26 of licensees.

27 (2) The manufacturer, licensee and trade organization
28 associated with the person providing the moneys or other things
29 of value must keep a record of the value of the moneys or other
30 things of value provided, the date provided and the entity to

1 whom it was provided, as part of the records required under
2 section 493(12) of this act.

3 (3) The manufacturer, licensee and trade organization
4 associated with the person receiving moneys or other things of
5 value must keep a record of the value of the moneys or other
6 things of value used, as part of the records required under
7 section 493(12) of this act.

8 Section 18. Section 431(b) of the act is amended to read:

9 Section 431. Malt and Brewed Beverages Manufacturers',
10 Distributors' and Importing Distributors' Licenses.--* * *

11 (b) The board shall issue to any reputable person who
12 applies therefor, and pays the license fee hereinafter
13 prescribed, a distributor's or importing distributor's license
14 for the place which such person desires to maintain for the sale
15 of malt or brewed beverages, not for consumption on the premises
16 where sold, and in quantities of not less than a case or
17 original containers containing one hundred twenty-eight ounces
18 or more which may be sold separately as prepared for the market
19 by the manufacturer at the place of manufacture. In addition, a
20 distributor license holder may sell malt or brewed beverages in
21 any amount to a person not licensed by the board for off-
22 premises consumption. The sales shall not be required to be in
23 the package configuration designated by the manufacturer and may
24 be sold in refillable growlers. The board shall have the
25 discretion to refuse a license to any person or to any
26 corporation, partnership or association if such person, or any
27 officer or director of such corporation, or any member or
28 partner of such partnership or association shall have been
29 convicted or found guilty of a felony within a period of five
30 years immediately preceding the date of application for the said

1 license: And provided further, That, in the case of any new
2 license or the transfer of any license to a new location, the
3 board may, in its discretion, grant or refuse such new license
4 or transfer if such place proposed to be licensed is within
5 three hundred feet of any church, hospital, charitable
6 institution, school or public playground, or if such new license
7 or transfer is applied for a place which is within two hundred
8 feet of any other premises which is licensed by the board: And
9 provided further, That the board shall refuse any application
10 for a new license or the transfer of any license to a new
11 location if, in the board's opinion, such new license or
12 transfer would be detrimental to the welfare, health, peace and
13 morals of the inhabitants of the neighborhood within a radius of
14 five hundred feet of the place proposed to be licensed. The
15 board shall not license the area where liquid fuels or oil is
16 sold. No sales of liquid fuels or oil may be made from a
17 licensee's licensed premises. A licensed premises may not have
18 an interior connection with a location that sells liquid fuels
19 or oil unless it first receives permission from the board for
20 the interior connection. The approval shall be required
21 regardless of whether the licensee or another party is the
22 entity selling the liquid fuels or oil. The board may enter into
23 an agreement with the applicant concerning additional
24 restrictions on the license in question. If the board and the
25 applicant enter into such an agreement, such agreement shall be
26 binding on the applicant. Failure by the applicant to adhere to
27 the agreement will be sufficient cause to form the basis for a
28 citation under section 471 and for the nonrenewal of the license
29 under section 470. If the board enters into an agreement with an
30 applicant concerning additional restrictions, those restrictions

1 shall be binding on subsequent holders of the license until the
2 license is transferred to a new location or until the board
3 enters into a subsequent agreement removing those restrictions.
4 If the application in question involves a location previously
5 licensed by the board, then any restrictions imposed by the
6 board on the previous license at that location shall be binding
7 on the applicant unless the board enters into a new agreement
8 rescinding those restrictions. The board shall require notice to
9 be posted on the property or premises upon which the licensee or
10 proposed licensee will engage in sales of malt or brewed
11 beverages. This notice shall be similar to the notice required
12 of hotel, restaurant and club liquor licensees.

13 Except as hereinafter provided, such license shall authorize
14 the holder thereof to sell or deliver malt or brewed beverages
15 in quantities above specified anywhere within the Commonwealth
16 of Pennsylvania, which, in the case of distributors, have been
17 purchased only from persons licensed under this act as
18 manufacturers or importing distributors, and in the case of
19 importing distributors, have been purchased from manufacturers
20 or persons outside this Commonwealth engaged in the legal sale
21 of malt or brewed beverages or from manufacturers or importing
22 distributors licensed under this article. If the holder of a
23 distributor license applies for and receives a wine and spirits
24 retail license issued pursuant to Article III-A, that
25 distributor shall be authorized to sell wine and/or spirits on
26 the same premises where malt or brewed beverages are sold, and
27 if a distributor licensee applies for and receives a distributor
28 package reform permit issued pursuant to section 431.2, that
29 distributor shall be authorized to sell malt or brewed beverages
30 in quantities enumerated in section 431.2. In the case of an

1 importing distributor, the holder of such a license shall be
2 authorized to store and repackage malt or brewed beverages owned
3 by a manufacturer at a segregated portion of a warehouse or
4 other storage facility authorized by section 441(d) and operated
5 by the importing distributor within its appointed territory and
6 deliver such beverages to another importing distributor who has
7 been granted distribution rights by the manufacturer as provided
8 herein. The importing distributor shall be permitted to receive
9 a fee from the manufacturer for any related storage, repackaging
10 or delivery services. In the case of a bailee for hire hired by
11 a manufacturer, the holder of such a permit shall be authorized:
12 to receive, store and repackage malt or brewed beverages
13 produced by that manufacturer for sale by that manufacturer to
14 importing distributors to whom that manufacturer has given
15 distribution rights pursuant to this subsection or to purchasers
16 outside this Commonwealth for delivery outside this
17 Commonwealth; or to ship to that manufacturer's storage
18 facilities outside this Commonwealth. The bailee for hire shall
19 be permitted to receive a fee from the manufacturer for any
20 related storage, repackaging or delivery services. The bailee
21 for hire shall, as required in Article V of this act, keep
22 complete and accurate records of all transactions, inventory,
23 receipts and shipments and make all records and the licensed
24 areas available for inspection by the board and for the
25 Pennsylvania State Police, Bureau of Liquor Control Enforcement,
26 during normal business hours.

27 Each out of State manufacturer of malt or brewed beverages
28 whose products are sold and delivered in this Commonwealth shall
29 give distributing rights for such products in designated
30 geographical areas to specific importing distributors, and such

1 importing distributor shall not sell or deliver malt or brewed
2 beverages manufactured by the out of State manufacturer to any
3 person issued a license under the provisions of this act whose
4 licensed premises are not located within the geographical area
5 for which he has been given distributing rights by such
6 manufacturer. In addition, the holder of a distributor license
7 may not sell or deliver malt or brewed beverages to any licensee
8 whose licensed premises is located within the designated
9 geographical area granted to an importing distributor other than
10 the importing distributor that sold the malt or brewed beverages
11 to the distributor. If the licensee purchasing the malt or
12 brewed beverages from the distributor license holder holds
13 multiple licenses or operates at more than one location, then
14 the malt or brewed beverages may not be consumed or sold at
15 licensed premises located within the designated geographical
16 area granted to an importing distributor other than the
17 importing distributor that sold the malt or brewed beverages to
18 the distributor. Should a licensee accept the delivery of malt
19 or brewed beverages or transfer malt or brewed beverages in
20 violation of this section, said licensee shall be subject to a
21 suspension of his license for at least thirty days: Provided,
22 That the importing distributor holding such distributing rights
23 for such product shall not sell or deliver the same to another
24 importing distributor without first having entered into a
25 written agreement with the said secondary importing distributor
26 setting forth the terms and conditions under which such products
27 are to be resold within the territory granted to the primary
28 importing distributor by the manufacturer.

29 When a Pennsylvania manufacturer of malt or brewed beverages
30 licensed under this article names or constitutes a distributor

1 or importing distributor as the primary or original supplier of
2 his product, he shall also designate the specific geographical
3 area for which the said distributor or importing distributor is
4 given distributing rights, and such distributor or importing
5 distributor shall not sell or deliver the products of such
6 manufacturer to any person issued a license under the provisions
7 of this act whose licensed premises are not located within the
8 geographical area for which distributing rights have been given
9 to the distributor and importing distributor by the said
10 manufacturer. In addition, the holder of a distributor license
11 may not sell or deliver malt or brewed beverages to a licensee
12 whose licensed premises is located within the designated
13 geographical area granted to an importing distributor other than
14 the importing distributor that sold the malt or brewed beverages
15 to the distributor. If the licensee purchasing the malt or
16 brewed beverages from the distributor license holder holds
17 multiple licenses or operates at more than one location, the
18 malt or brewed beverages may not be consumed or sold at licensed
19 premises located within the designated geographical area granted
20 to an importing distributor other than the importing distributor
21 that sold the malt or brewed beverages to the distributor. If a
22 licensee accepts the delivery of malt or brewed beverages or
23 transfers malt or brewed beverages in violation of this section,
24 the licensee shall be subject to suspension of his license for
25 at least thirty days: Provided, That the importing distributor
26 holding such distributing rights for such product shall not sell
27 or deliver the same to another importing distributor without
28 first having entered into a written agreement with the said
29 secondary importing distributor setting forth the terms and
30 conditions under which such products are to be resold within the

1 territory granted to the primary importing distributor by the
2 manufacturer. Nothing herein contained shall be construed to
3 prevent any manufacturer from authorizing the importing
4 distributor holding the distributing rights for a designated
5 geographical area from selling the products of such manufacturer
6 to another importing distributor also holding distributing
7 rights from the same manufacturer for another geographical area,
8 providing such authority be contained in writing and a copy
9 thereof be given to each of the importing distributors so
10 affected.

11 * * *

12 Section 19. The act is amended by adding a section to read:

13 Section 431.2. Distributor Package Reform Permit.--(a) The
14 board may issue a distributor package reform permit to a
15 currently licensed distributor who makes application and pays
16 the requisite permit fee for use at the same place the
17 distributor maintains for the sale of malt and brewed beverages.

18 (b) For a permit under subsection (a), the board shall
19 require an annual fee of one thousand dollars (\$1,000).

20 (c) Notwithstanding any other provision of this act, the
21 permit shall allow the holder to:

22 (1) Break the bulk of a case and sell a unit of that case in
23 quantities not less than sixty ounces so long as the holder only
24 sells a package prepared for sale by the manufacturer of no more
25 than twelve original containers.

26 (2) Sell a growler filled with malt or brewed beverages.

27 (d) Before the holder of an enhanced distributor license
28 breaks the bulk of a case of malt or brewed beverages for the
29 purpose of selling units of the case, the licensee shall inspect
30 such case for damage and appropriate production date. When the

1 licensee breaks the bulk of a case of malt or brewed beverages
2 for the purpose of selling units of the case, the licensee shall
3 bear all the risk of loss and shall be responsible for the
4 destruction of any malt or brewed beverages that violate the
5 manufacturer's specifications relating to sales by a certain
6 date or within a number of days of the production date.

7 (e) As used in this section:

8 "Unit" shall mean an undamaged bottle, can from a case or a
9 growler.

10 Section 20. Section 432(d) and (f) of the act are amended
11 and the section is amended by adding a subsection to read:

12 Section 432. Malt and Brewed Beverages Retail Licenses.--* *

13 *

14 (d) The board shall, in its discretion, grant or refuse any
15 new license, the transfer of any license to a new location or
16 the extension of an existing license to cover an additional area
17 if such place proposed to be licensed is within three hundred
18 feet of any church, hospital, charitable institution, school, or
19 public playground, or if such new license, transfer or extension
20 is applied for a place which is within two hundred feet of any
21 other premises which is licensed by the board. The board shall
22 refuse any application for a new license, the transfer of any
23 license to a new location or the extension of an existing
24 license to cover an additional area if, in the board's opinion,
25 such new license, transfer or extension would be detrimental to
26 the welfare, health, peace and morals of the inhabitants of the
27 neighborhood within a radius of five hundred feet of the place
28 to be licensed. The board may enter into an agreement with the
29 applicant concerning additional restrictions on the license in
30 question. If the board and the applicant enter into such an

1 agreement, such agreement shall be binding on the applicant.
2 Failure by the applicant to adhere to the agreement will be
3 sufficient cause to form the basis for a citation under section
4 471 and for the nonrenewal of the license under section 470. If
5 the board enters into an agreement with an applicant concerning
6 additional restrictions, those restrictions shall be binding on
7 subsequent holders of the license until the license is
8 transferred to a new location or until the board enters into a
9 subsequent agreement removing those restrictions. If the
10 application in question involves a location previously licensed
11 by the board, then any restrictions imposed by the board on the
12 previous license at that location shall be binding on the
13 applicant unless the board enters into a new agreement
14 rescinding those restrictions. [The board shall not license the
15 area where liquid fuels or oil is sold. No sales of liquid fuels
16 or oil may be made from a licensee's licensed premises. A
17 licensed premises may not have an interior connection with a
18 location that sells liquid fuels or oil unless it first receives
19 permission from the board for the interior connection. The
20 approval shall be required regardless of whether the licensee or
21 another party is the entity selling the liquid fuels or oil:]
22 And provided further, That the board shall have the discretion
23 to refuse a license to any person or to any corporation,
24 partnership or association if such person, or any officer or
25 director of such corporation, or any member or partner of such
26 partnership or association shall have been convicted or found
27 guilty of a felony within a period of five years immediately
28 preceding the date of application for the said license. The
29 board may, in its discretion, refuse an application for an
30 economic development license under section 461(b.1) or an

1 application for an intermunicipal transfer or a license if the
2 board receives a protest from the governing body of the
3 receiving municipality. The receiving municipality of an
4 intermunicipal transfer or an economic development license under
5 section 461(b.1) may file a protest against the approval for
6 issuance of a license for economic development or an
7 intermunicipal transfer of a license into its municipality, and
8 such municipality shall have standing in a hearing to present
9 testimony in support of or against the issuance or transfer of a
10 license. Upon any opening in any quota, an application for a new
11 license shall only be filed with the board for a period of six
12 months following said opening.

13 * * *

14 (f) Hotel, eating places, or municipal golf course retail
15 dispenser licensees may sell malt or brewed beverages between
16 the hours of [eleven] nine o'clock antemeridian on Sunday and
17 two o'clock antemeridian on Monday upon purchase of a special
18 permit from the board at an annual fee as prescribed in section
19 614-A of the act of April 9, 1929 (P.L.177, No.175), known as
20 "The Administrative Code of 1929," which shall be in addition to
21 any other license fees. Notwithstanding this provision, a
22 licensee holding such a special permit may begin selling malt or
23 brewed beverages on Sunday between the hours of nine o'clock
24 antemeridian and eleven o'clock antemeridian provided that the
25 licensee offers a meal, as that term is defined in section 406,
26 beginning at nine o'clock antemeridian.

27 (g) The board may issue to any retail dispenser licensee a
28 restaurant license in exchange for the retail dispenser license
29 in any municipality which has approved the granting of liquor
30 licenses.

1 (1) An applicant under this section shall surrender his
2 retail dispenser license for cancellation prior to the issuance
3 of the new restaurant license.

4 (2) The applicant for such an exchange of license shall file
5 an application for a restaurant liquor license and shall post
6 notice of such application in the manner provided in section
7 403. In determining whether the exchange shall be granted the
8 board shall have the same discretion as provided in section 404
9 in the case of any new license.

10 (3) The provisions of section 461 pertaining to a quota do
11 not pertain to this section for exchange purposes.

12 (4) The board shall charge a one-time upgrade fee of not
13 more than thirty thousand dollars (\$30,000).

14 * * *

15 Section 21. Sections 436(e), 437(e) and 438(b) and (c) of
16 the act are amended to read:

17 Section 436. Application for Distributors', Importing
18 Distributors' and Retail Dispensers' Licenses.--Application for
19 distributors', importing distributors' and retail dispensers'
20 licenses, or for the transfer of an existing license to another
21 premises not then licensed or to another person, shall contain
22 or have attached thereto the following information and
23 statements:

24 * * *

25 (e) That the applicant is not, or in case of a partnership
26 or association, that the members or partners are not, and in the
27 case of a corporation, that the officers and directors are not,
28 in any manner pecuniarily interested, either directly or
29 indirectly, in the profits of any other class of business
30 regulated under this article, except as hereinafter permitted.

1 The requirements of this section shall not prohibit a
2 distributor from holding a wine and spirits retail license, or
3 an importing distributor from holding a wine and spirits
4 wholesale license, under the conditions provided under Article
5 III-A.

6 * * *

7 Section 437. Prohibitions Against the Grant of Licenses.--*
8 * *

9 (e) No distributor's or importing distributor's license
10 shall be issued for any premises in any part of which there is
11 operated any retail license for the sale of liquor or malt or
12 brewed beverages. The requirements of this section shall not
13 prohibit a distributor from holding a wine and spirits retail
14 license, or an importing distributor from holding a wine and
15 spirits wholesale license, under the conditions provided under
16 Article III-A.

17 * * *

18 Section 438. Number and Kinds of Licenses Allowed Same
19 Licensee.--* * *

20 (b) [No person shall possess or be issued more than one
21 distributor's or importing distributor's license.] A person may
22 not possess or be issued more than five distributor licenses or
23 more than one distributor license in a county.

24 (c) No person shall possess more than one class of license,
25 except that a holder of a retail dispenser's license may also be
26 a holder of a retail liquor license or a wine and spirits retail
27 license consistent with the restrictions contained in Article
28 III-A: Provided, however, That nothing contained in this section
29 shall be construed to prohibit a member of the governing board
30 of a public authority created under subdivision (n) of Article

1 XXIII of the act of August 9, 1955 (P.L.323, No.130), known as
2 "The County Code," from having an interest in a distributor or
3 importing distributor license notwithstanding the fact that the
4 public authority has an interest in one or more retail licenses
5 or acts as a landlord for one or more retail licenses: And,
6 provided further, That, notwithstanding any other provision of
7 this section, an entity may acquire both a manufacturer's
8 license or a limited winery license and a hotel, restaurant or
9 retail dispenser license for use at the same location and more
10 than one location may be so licensed. The licenses and a
11 person's interest in the licenses or in the entity holding the
12 licenses shall not be subject to this section.

13 Section 22. Section 441(b) of the act is amended and the
14 section is amended by adding a subsection to read:

15 Section 441. Distributors' and Importing Distributors'
16 Restrictions on Sales, Storage, Etc.--* * *

17 (b) No distributor or importing distributor, except for a
18 distributor that also holds a distributor package reform permit
19 under section 431.2, shall sell any malt or brewed beverages in
20 quantities of less than a case or original containers containing
21 one hundred twenty-eight ounces or more which may be sold
22 separately: Provided, That no malt or brewed beverages sold or
23 delivered shall be consumed upon the premises of the distributor
24 or importing distributor, or in any place provided for such
25 purpose by such distributor or importing distributor.
26 Notwithstanding any other provision of this section or act, malt
27 or brewed beverages which are part of a tasting conducted
28 pursuant to the board's regulations may be consumed on licensed
29 premises.

30 * * *

1 (j) No distributor shall engage in the sale of wine without
2 first obtaining a wine and spirits retail license under Article
3 III-A. Sales of wine may only be made on premises licensed for
4 the sale of malt or brewed beverages.

5 Section 23. Sections 442(a)(1), 443(b) and 446(a)(1) of the
6 act are amended to read:

7 Section 442. Retail Dispensers' Restrictions on Purchases
8 and Sales.--(a) (1) No retail dispenser shall purchase or
9 receive any malt or brewed beverages except in original
10 containers as prepared for the market by the manufacturer at the
11 place of manufacture. The retail dispenser may thereafter break
12 the bulk upon the licensed premises and sell or dispense the
13 same for consumption on or off the premises so licensed. No
14 retail dispenser may sell malt or brewed beverages for
15 consumption off the premises in quantities in excess of one
16 hundred ninety-two fluid ounces unless the licensee acquires a
17 retail package reform permit issued by the board under section
18 407(c). Sales may be made in open or closed containers,
19 Provided, however, That a municipality may adopt an ordinance
20 restricting open containers in public places. No club licensee
21 may sell any malt or brewed beverages for consumption off the
22 premises where sold or to persons not members of the club.

23 * * *

24 Section 443. Interlocking Business Prohibited.--* * *

25 (b) No distributor or importing distributor and no officer
26 or director of any distributor or importing distributor shall at
27 the same time be a manufacturer, a retail dispenser or a liquor
28 licensee, or be an officer, director, stockholder or creditor of
29 a manufacturer, a retail dispenser or a liquor licensee, or,
30 directly or indirectly, own any stock of, or have any financial

1 interest in, or be the owner, proprietor or lessor of, any place
2 covered by any other malt or brewed beverage or liquor license.
3 The requirements of this section or any other provision of law
4 shall not prohibit the holder of a distributor license from
5 holding a wine and spirits retail license issued pursuant to
6 Article III-A, or an importing distributor from also holding a
7 wine and spirits wholesale license issued pursuant to Article
8 III-A.

9 * * *

10 Section 446. Breweries.--(a) Holders of a brewery license
11 may:

12 (1) Sell malt or brewed beverages produced at the location
13 and owned by the brewery under such conditions and regulations
14 as the board may enforce, to individuals for consumption on the
15 licensed premises in any container or package of any volume and
16 to hotel, restaurant, club, grocery store and public service
17 liquor licensees. Malt or brewed beverages produced for the
18 holder of a brewery license under a contract brewing agreement
19 with an out-of-State manufacturer may be sold to a nonlicensee
20 for on-premises or off-premises consumption, except that sales
21 to a licensee must be distributed as provided under section
22 431(b).

23 * * *

24 Section 24. Section 461(a) of the act is amended and the
25 section is amended by adding a subsection to read:

26 Section 461. Limiting Number of Retail Licenses To Be Issued
27 In Each County.--(a) No additional restaurant, eating place
28 retail dispenser or club licenses shall be issued within a
29 county if the total number of restaurant and eating place retail
30 dispenser licenses is greater than one license for each three

1 thousand inhabitants in the county, except the board may issue
2 licenses to public venues, performing arts facilities,
3 continuing care retirement communities, airport restaurants,
4 municipal golf courses, hotels, privately-owned private golf
5 courses, privately-owned public golf courses, racetracks,
6 automobile racetracks, nonprimary pari-mutuel wagering
7 locations, privately-owned ski resorts, grocery stores and to
8 any other entity which this act specifically exempts from the
9 limitations provided in this section, and the board may issue a
10 license to a club situated in a borough having a population less
11 than eight thousand inhabitants which is located in a county of
12 the second class A whose application is filed on or before
13 February 28, 2001. In addition, the board may issue an eating
14 place retail dispenser license for on-premises sales only to the
15 owner or operator of a facility having a minimum of a one-half
16 mile asphalt track and having a permanent seating capacity of at
17 least six thousand people used principally for holding
18 automobile races, regardless of the number of restaurant and
19 eating place retail dispenser licenses already issued in that
20 county. When determining the number of restaurant and eating
21 place retail dispenser licenses issued in a county for the
22 purposes of this section, licenses exempted from this limitation
23 and club licenses shall not be considered. Inhabitants of dry
24 municipalities shall be considered when determining the
25 population in a county. Licenses shall not be issued or
26 transferred into municipalities where such licenses are
27 prohibited pursuant to local referendum in accordance with
28 section 472. Licenses approved for intermunicipal transfer may
29 not be transferred from the receiving municipality for a period
30 of five years after the date that the licensed premises are

1 operational in the receiving municipality.

2 (a.1) An additional grocery store retail license may not be
3 issued within a county if the total number of grocery store
4 retail licenses is greater than one license for every fifteen
5 thousand inhabitants in the county, provided that a total of two
6 such licenses may be granted in a county in this Commonwealth.

7 * * *

8 Section 25. Sections 468(e)(3), 471(b) and (e), 471.1(a) and
9 472(a) of the act are amended to read:

10 Section 468. Licenses Not Assignable; Transfers.--* * *

11 (e) Notwithstanding any other provision of law, directive or
12 regulation to the contrary, the following shall apply:

13 * * *

14 (3) This subsection shall not prohibit the board from
15 approving a renewal application of a license, even if the
16 licensed business has an interior connection that is greater
17 than ten feet wide to an unlicensed business, if the board had
18 approved the interior connection prior to the effective date of
19 this subsection. This subsection shall not apply to the holder
20 of a grocery store retail license.

21 Section 471. Revocation and Suspension of Licenses; Fines.--

22 * * *

23 (b) Hearing on such citations shall be held in the same
24 manner as provided herein for hearings on applications for
25 license. Upon such hearing, if satisfied that any such violation
26 has occurred or for other sufficient cause, the administrative
27 law judge shall immediately suspend or revoke the license, or
28 impose a fine of not less than [fifty dollars (\$50)] two hundred
29 fifty dollars (\$250) nor more than [one thousand dollars
30 (\$1,000)] five thousand dollars (\$5,000), or both, notifying the

1 licensee by registered letter addressed to his licensed
2 premises. If the licensee has been cited and found to have
3 violated section 493(1) insofar as it relates to sales to minors
4 or sales to a visibly intoxicated person, section 493(10)
5 insofar as it relates to lewd, immoral or improper entertainment
6 or section 493(14), (16) or (21), or has been found to be a
7 public nuisance pursuant to section 611, or if the owner or
8 operator of the licensed premises or any authorized agent of the
9 owner or operator has been convicted of any violation of the act
10 of April 14, 1972 (P.L.233, No.64), known as "The Controlled
11 Substance, Drug, Device and Cosmetic Act," or of 18 Pa.C.S. §
12 5902 (relating to prostitution and related offenses) or 6301
13 (relating to corruption of minors), at or relating to the
14 licensed premises, the administrative law judge shall
15 immediately suspend or revoke the license, or impose a fine of
16 not less than [one thousand dollars (\$1,000)] five thousand
17 dollars (\$5,000) nor more than [five thousand dollars (\$5,000)]
18 ten thousand dollars (\$10,000), or both. However, if a licensee
19 has been cited and found to have violated section 493(1) as it
20 relates to sales to minors or sales to a visibly intoxicated
21 person but at the time of the sale the licensee was in
22 compliance with the requirements set forth in section 471.1 and
23 the licensee had not sold to minors or visibly intoxicated
24 persons in the previous four years, then the administrative law
25 judge shall immediately suspend or revoke the license, or impose
26 a fine of not less than [fifty dollars (\$50)] one thousand
27 dollars (\$1,000) nor more than [one thousand dollars (\$1,000)]
28 five thousand dollars (\$5,000), or both. The administrative law
29 judge shall notify the licensee by registered mail, addressed to
30 the licensed premises, of such suspension, revocation or fine.

1 In the event the fine is not paid within twenty days of the
2 adjudication, the administrative law judge shall suspend or
3 revoke the license, notifying the licensee by registered mail
4 addressed to the licensed premises. Suspensions and revocations
5 shall not go into effect until thirty days have elapsed from the
6 date of the adjudication during which time the licensee may take
7 an appeal as provided for in this act, except that revocations
8 mandated in section 481(c) shall go into effect immediately. Any
9 licensee whose license is revoked shall be ineligible to have a
10 license under this act until the expiration of three years from
11 the date such license was revoked. In the event a license is
12 revoked, no license shall be granted for the premises or
13 transferred to the premises in which the said license was
14 conducted for a period of at least one year after the date of
15 the revocation of the license conducted in the said premises,
16 except in cases where the licensee or a member of his immediate
17 family is not the owner of the premises, in which case the board
18 may, in its discretion, issue or transfer a license within the
19 said year. In the event the bureau or the person who was fined
20 or whose license was suspended or revoked shall feel aggrieved
21 by the adjudication of the administrative law judge, there shall
22 be a right to appeal to the board. The appeal shall be based
23 solely on the record before the administrative law judge. The
24 board shall only reverse the decision of the administrative law
25 judge if the administrative law judge committed an error of law,
26 abused its discretion or if its decision is not based on
27 substantial evidence. In the event the bureau or the person who
28 was fined or whose license was suspended or revoked shall feel
29 aggrieved by the decision of the board, there shall be a right
30 to appeal to the court of common pleas in the same manner as

1 herein provided for appeals from refusals to grant licenses.
2 Each of the appeals shall act as a supersedeas unless, upon
3 sufficient cause shown, the reviewing authority shall determine
4 otherwise; however, if the licensee has been cited and found to
5 have violated section 493(1) insofar as it relates to sales to
6 minors or sales to a visibly intoxicated person, section 493(10)
7 insofar as it relates to lewd, immoral or improper entertainment
8 or section 493(14), (16) or (21), or has been found to be a
9 public nuisance pursuant to section 611, or if the owner or
10 operator of the licensed premises or any authorized agent of the
11 owner or operator has been convicted of any violation of "The
12 Controlled Substance, Drug, Device and Cosmetic Act," or of 18
13 Pa.C.S. § 5902 or 6301, at or relating to the licensed premises,
14 or if the license has been revoked under section 481(c), its
15 appeal shall not act as a supersedeas unless the reviewing
16 authority determines otherwise upon sufficient cause shown. In
17 any hearing on an application for a supersedeas under this
18 section, the reviewing authority may consider, in addition to
19 other relevant evidence, documentary evidence, including records
20 of the bureau, showing the prior history of citations, fines,
21 suspensions or revocations against the licensee; and the
22 reviewing authority may also consider, in addition to other
23 relevant evidence, evidence of any recurrence of the unlawful
24 activity occurring between the date of the citation which is the
25 subject of the appeal and the date of the hearing. If the
26 reviewing authority is the board, no hearing shall be held on
27 the application for a supersedeas; however, a decision shall be
28 made based on the application, answer and documentary evidence
29 under this subsection. If the application for a supersedeas is
30 for a license that has been revoked under section 481(c), the

1 reviewing authority shall grant the supersedeas only if it finds
2 that the licensee will likely prevail on the merits. No penalty
3 provided by this section shall be imposed for any violations
4 provided for in this act unless the bureau notifies the licensee
5 of its nature within thirty days of the completion of the
6 investigation.

7 * * *

8 (e) If a licensee has been cited and found to have violated
9 section 493(1) for a second or subsequent offense as it relates
10 to sales to minors or sales to a visibly intoxicated person, the
11 administrative law judge, in addition to the penalties set forth
12 in subsection (b), [may] shall impose a suspension of at least
13 two consecutive weekend days when the offense is a second
14 offense or two consecutive Saturdays of operation if the
15 licensee does not hold a Sunday sales permit, and a suspension
16 of at least seven consecutive days of operation when the offense
17 is a third or subsequent offense. The mandatory suspension
18 provision shall not apply to licensees which also hold a license
19 issued by the Pennsylvania Gaming Control Board for the use of
20 their premises. Further, the administrative law judge may, in
21 such instances, require the licensee to comply with the
22 requirements set forth in section 471.1 pertaining to
23 responsible alcohol management. Such compliance may be required
24 for a period of up to one year. Failure to adhere with such an
25 order is sufficient cause for the issuance of a citation under
26 subsection (a).

27 * * *

28 Section 471.1. Responsible Alcohol Management.--(a) The
29 board is authorized to offer a responsible alcohol service
30 program to licensees. The program shall consist of four parts:

1 new employe orientation, training for alcohol service personnel,
2 manager/owner training and the displaying of responsible alcohol
3 service signage. New employe orientation shall consist of
4 orienting newly hired alcohol service personnel as to
5 Pennsylvania law relating to the sale, furnishing or serving of
6 alcoholic beverages to minors and visibly intoxicated persons.
7 It shall also mean orienting newly hired alcohol service
8 personnel to responsible server practices, as the term is
9 defined by the board, through regulation. Training for alcohol
10 service personnel shall be as set forth by the board, but at
11 minimum it shall consist of training to prevent service of
12 alcohol to minors and to visibly intoxicated persons.
13 Manager/owner training shall be as set forth by the board, but
14 at a minimum it shall consist of training on how to monitor
15 employes, proper service of alcohol and how to develop an
16 appropriate alcohol service policy. The responsible alcohol
17 service signage shall be as set forth by the board and shall
18 consist of signage dealing with the licensee's policy against
19 sales to minors and visibly intoxicated persons. Alcohol service
20 personnel training [may] shall be conducted by [the board or by
21 an entity] entities certified by the board to conduct such
22 training.

23 * * *

24 Section 472. Local Option.--(a) In any municipality or any
25 part of a municipality where such municipality is split so that
26 each part thereof is separated by another municipality, an
27 election may be held, subject to subsection (c), not oftener
28 than once in four years, to determine the will of the electors
29 with respect to the granting of liquor licenses to hotels,
30 restaurants, resort facilities and clubs, not oftener than once

1 in four years, to determine the will of the electors with
2 respect to the granting of liquor licenses to public venues, to
3 performing arts facilities, to continuing care retirement
4 communities, to hotels located on property owned by an
5 accredited college or university, to privately-owned private
6 golf courses or to privately-owned public golf courses, not
7 oftener than once in four years, to determine the will of the
8 electors with respect to the granting of licenses to retail
9 dispensers of malt and brewed beverages, not oftener than once
10 in four years, to determine the will of the electors with
11 respect to granting of licenses to wholesale distributors and
12 importing distributors, not more than once in two years, to
13 determine the will of the electors with respect to the granting
14 of club liquor licenses or club retail dispenser licenses to
15 incorporated units of national veterans' organizations, not
16 oftener than once in two years to determine the will of the
17 electors with respect to the granting of special occasion
18 permits to qualified organizations, not more than once in two
19 years, to determine the will of the electors with respect to
20 granting of licenses to grocery stores, or not more than once in
21 four years, to determine the will of the electors with respect
22 to the establishment[, operation and maintenance by the board of
23 Pennsylvania liquor stores] of wine and spirits retail
24 licensees, within the limits of such municipality or part of a
25 split municipality, or not more than once in two years, to
26 determine the will of the electors with respect to the granting
27 of liquor licenses to ski resort facilities, under the
28 provisions of this act: Provided, That an election on the
29 question of establishing and operating a State liquor store
30 shall be initiated only in those municipalities, or that part of

1 a split municipality that shall have voted against the granting
2 of liquor licenses; and that an election on the question of
3 granting wholesale distributor and importing distributor
4 licenses shall be initiated only in those municipalities or
5 parts of split municipalities that shall have at a previous
6 election voted against the granting of dispenser's licenses.
7 Whenever electors equal to at least twenty-five per centum of
8 the highest vote cast for any office in the municipality or part
9 of a split municipality at the last preceding general election
10 shall file a petition with the county board of elections of the
11 county for a referendum on the question of granting any of said
12 classes of licenses or the establishment of Pennsylvania liquor
13 stores, the said county board of elections shall cause a
14 question to be placed on the ballots or on the voting machine
15 board and submitted at any election. Separate petitions must be
16 filed for each question to be voted on. Said proceedings shall
17 be in the manner and subject to the provisions of the election
18 laws which relate to the signing, filing and adjudication of
19 nomination petitions, insofar as such provisions are applicable.

20 When the question is in respect to the granting of liquor
21 licenses, it shall be in the following form:

22 Do you favor the granting of liquor licenses for the
23 sale of liquor in..... Yes
24 of.....? No

25 When the question is in respect to the granting of liquor
26 licenses to resort facilities in those municipalities that do
27 not already allow the retail sale of liquor, it shall be in the
28 following form:

29 Do you favor the granting of liquor licenses to resort
30 facilities for the sale of liquor in the..... Yes

1 of.....? No

2 When the question is in respect to the granting of liquor
3 licenses to ski resorts in those municipalities that do not
4 already allow the retail sale of liquor, it shall be in the
5 following form:

6 Do you favor the granting of liquor licenses to ski
7 resort facilities for the sale of liquor in the Yes
8of? No

9 When the question is in respect to the granting of restaurant
10 liquor licenses for use at public venues in those municipalities
11 that do not already allow the retail sale of liquor, it shall be
12 in the following form:

13 Do you favor the granting of liquor licenses to public
14 venues for the sale of liquor in the..... Yes
15 of.....? No

16 When the question is in respect to the granting of restaurant
17 liquor licenses for use at performing arts facilities in those
18 municipalities that do not already allow the retail sale of
19 alcohol, it shall be in the following form:

20 Do you favor the granting of liquor licenses to
21 performing arts facilities for the sale of liquor in
22 the..... Yes
23 of.....? No

24 When the question is in respect to the granting of liquor
25 licenses for hotels located on property owned by an accredited
26 college or university in those municipalities that do not
27 already allow the granting of liquor licenses, it shall be in
28 the following form:

29 Do you favor the granting of liquor licenses to hotels Yes
30 on property owned by an accredited college or No

1 university in the.....

2 of.....?

3 When the question is in respect to the granting of liquor
4 licenses, for privately-owned private golf courses, it shall be
5 in the following form:

6 Do you favor the granting of liquor licenses for
7 privately-owned private golf courses for the sale of
8 liquor in.....by..... Yes
9 of.....? No

10 When the question is in respect to the granting of liquor
11 licenses, for privately-owned public golf courses, it shall be
12 in the following form:

13 Do you favor the granting of liquor licenses for
14 privately-owned public golf courses for the sale of
15 liquor in.....by..... Yes
16 of.....? No

17 When the question is in respect to the granting of liquor
18 licenses to continuing care retirement communities in those
19 municipalities that have not already approved the granting of
20 liquor licenses, it shall be in the following form:

21 Do you favor the granting of liquor licenses for
22 continuing care retirement communities
23 in.....by..... Yes
24 of.....? No

25 When the question is in respect to the granting of licenses
26 to retail dispensers of malt and brewed beverages, it shall be
27 in the following form:

28 Do you favor the granting of malt and brewed beverage
29 retail dispenser licenses for consumption on premises
30 where sold in the..... Yes

1 of.....? No

2 When the question is in respect to the granting of
3 grocery store licenses for the sale of wine for
4 consumption off the premises, it shall be in the following
5 form:

6 Do you favor the granting of licenses for grocery
7 stores
8 for the sale of wine for consumption off the premises
9 in.....by.....
10 of..... Yes

11 ? No

12 When the question is in respect to the granting of licenses
13 to wholesale distributors of malt or brewed beverages and
14 importing distributors, it shall be in the following form:

15 Do you favor the granting of malt and brewed beverage
16 wholesale distributor's and importing distributor's
17 licenses not for consumption on premises where sold in
18 the..... Yes
19 of.....? No

20 When the question is in respect to the granting of club
21 liquor licenses to incorporated units of national veterans'
22 organizations, it shall be in the following form:

23 Do you favor the granting of club liquor licenses to
24 incorporated units of national veterans' organizations
25 in the..... Yes
26 of.....? No

27 When the question is in respect to the granting of club
28 retail dispenser licenses to incorporated units of national
29 veterans' organizations, it shall be in the following form:

30 Do you favor the granting of club retail dispenser Yes

1 licenses to incorporated units of national veterans'
2 organizations in the.....
3 of.....? No

4 When the question is in respect to the granting of special
5 occasion permits allowing the sale of liquor by qualified
6 organizations in municipalities that do not already allow the
7 retail sale of liquor, it shall be in the following form:

8 Do you favor the granting of special occasion permits
9 to allow the sale of liquor by qualified organizations
10 in the..... Yes
11 of.....? No

12 When the question is in respect to the granting of special
13 occasion permits allowing the sale of malt or brewed beverages
14 only by qualified organizations in municipalities that do not
15 already allow the retail sale of malt or brewed beverages, it
16 shall be in the following form:

17 Do you favor the granting of special occasion permits
18 to allow the sale of malt or brewed beverages only by
19 qualified organizations in the..... Yes
20 of.....? No

21 When the question is in respect to the [establishment,
22 operation and maintenance of Pennsylvania liquor stores]
23 granting of licenses to wine and spirits retail operators for
24 the sale of liquor for consumption off the premises, it shall be
25 in the following form:

26 Do you favor the [establishment, operation and
27 maintenance of Pennsylvania liquor stores] granting of
28 wine and spirits retail licenses for the sale of liquor
29 for consumption off the premises in Yes
30 the..... No

1 of.....?

2 When the question is in respect to the granting of liquor
3 licenses to an airport authority in those municipalities that do
4 not already allow the retail sale of liquor, it shall be in the
5 following form:

6 Do you favor the granting of liquor licenses to an
7 airport authority for the sale of liquor in
8 the..... Yes
9 of.....? No

10 In case of a tie vote, the status quo shall obtain. If a
11 majority of the voting electors on any such question vote "yes,"
12 then liquor licenses shall be granted by the board to hotels,
13 restaurants, ski resorts, resort facilities and clubs, or liquor
14 licenses shall be granted by the board to public venues, to
15 performing arts facilities, to continuing care retirement
16 communities, to hotels located on property owned by an
17 accredited college or university, to privately-owned private
18 golf courses or to privately-owned public golf courses, or malt
19 and brewed beverage retail dispenser licenses or wholesale
20 distributor's and importing distributor's license for the sale
21 of malt or brewed beverages shall be granted by the board, or
22 club liquor licenses or club retail dispenser licenses shall be
23 granted by the board to incorporated units of national veterans'
24 organizations, or special occasion permits may be issued to
25 qualified organizations, or [the board may establish, operate
26 and maintain Pennsylvania liquor stores] licenses to grocery
27 stores or to wine and spirits retail licenses, as the case may
28 be, in such municipality or part of a split municipality, as
29 provided by this act; but if a majority of the electors voting
30 on any such question vote "no," then the board shall have no

1 power to grant or to renew upon their expiration any licenses of
2 the class so voted upon in such municipality or part of a split
3 municipality[; or if the negative vote is on the question in
4 respect to the establishment, operation and maintenance of
5 Pennsylvania liquor stores, the board shall not open and operate
6 a Pennsylvania liquor store in such municipality or part of a
7 split municipality, nor continue to operate a then existing
8 Pennsylvania liquor store in the municipality or part of a split
9 municipality for more than two years thereafter or after the
10 expiration of the term of the lease on the premises occupied by
11 such store, whichever period is less, unless and until at a
12 later election a majority of the voting electors vote "yes" on
13 such question].

14 * * *

15 Section 26. Section 491(2), (7), (8), (11), (13) and (14)
16 are amended and the section is amended by adding a clause to
17 read:

18 Section 491. Unlawful Acts Relative to Liquor, Alcohol and
19 Liquor Licensees.--

20 It shall be unlawful--

21 * * *

22 (2) Possession or Transportation of Liquor or Alcohol. For
23 any person, except a manufacturer or the board or the holder of
24 a sacramental wine license or of an importer's license or a wine
25 and spirits retail license, to possess or transport any liquor
26 or alcohol within this Commonwealth which was not lawfully
27 acquired prior to January first, one thousand nine hundred and
28 thirty-four, or has not been purchased from a Pennsylvania
29 Liquor Store, a wine and spirits wholesale licensee or a
30 licensed limited winery in Pennsylvania, except in accordance

1 with section 488 or the board's regulations. In addition, it
2 shall be lawful for anyone to possess miniatures totaling less
3 than one gallon purchased in another state or a foreign country.
4 The burden shall be upon the person possessing or transporting
5 such liquor or alcohol to prove that it was so acquired.
6 Notwithstanding this section or any other provision of the law,
7 wine may be produced by any person without a license if the wine
8 is not produced for sale and total production does not exceed
9 two hundred gallons per calendar year. Wine produced in
10 accordance with this clause may be used at organized affairs,
11 exhibitions, competitions, contests, tastings or judgments if it
12 is not sold or offered for sale.

13 None of the provisions herein contained shall prohibit nor
14 shall it be unlawful for any person to import into Pennsylvania,
15 transport or have in his possession, an amount of liquor not
16 exceeding one gallon in volume upon which a State tax has not
17 been paid, if it can be shown to the satisfaction of the board
18 that such person purchased the liquor in a foreign country or
19 United States territory and was allowed to bring it into the
20 United States. Neither shall the provisions contained herein
21 prohibit nor make it unlawful for (i) any member of the armed
22 forces on active duty, or (ii) any retired member of the armed
23 forces, or (iii) any totally disabled veteran, or (iv) the
24 spouse of any person included in the foregoing classes of
25 persons to import into Pennsylvania, transport or have in his
26 possession an amount of liquor not exceeding one gallon per
27 month in volume upon which the State tax has not been paid, so
28 long as such liquor has been lawfully purchased from a package
29 store established and maintained under the authority of the
30 United States and is in containers identified in accordance with

1 regulations issued by the Department of Defense. Such liquor
2 shall not be possessed, offered for sale or sold on any licensed
3 premises. The term "package store" as used in this clause shall
4 mean those retail operations located on any of the United States
5 military installations, including an installation of the Army,
6 Navy, Air Force, Marine Corps or Coast Guard.

7 None of the provisions herein contained shall prohibit nor
8 shall it be unlawful for any consul general, consul or other
9 diplomatic officer of a foreign government to import into
10 Pennsylvania, transport or have in his possession liquor upon
11 which a State tax has not been paid, if it can be shown to the
12 satisfaction of the board that such person acquired the liquor
13 in a foreign country and was allowed to bring it into the United
14 States. Such liquor shall not be possessed, offered for sale or
15 sold on any licensed premises.

16 Any person violating the provisions of this clause for a
17 first offense involving the possession or transportation in
18 Pennsylvania of any liquor in a package (bottle or other
19 receptacle) or wine not purchased from a Pennsylvania Liquor
20 Store, a wine and spirits wholesale licensee, a wine and spirits
21 retail licensee or from a licensed limited winery in
22 Pennsylvania, with respect to which satisfactory proof is
23 produced that the required Federal tax has been paid and which
24 was purchased, procured or acquired legally outside of
25 Pennsylvania shall upon conviction thereof in a summary
26 proceeding be sentenced to pay a fine of twenty-five dollars
27 (\$25) for each such package, plus costs of prosecution, or
28 undergo imprisonment for a term not exceeding ninety (90) days.
29 Each full quart or major fraction thereof shall be considered a
30 separate package (bottle or other receptacle) for the purposes

1 of this clause. Such packages of liquor shall be forfeited to
2 the Commonwealth in the manner prescribed in Article VI of this
3 act but the vehicle, boat, vessel, animal or aircraft used in
4 the illegal transportation of such packages shall not be subject
5 to forfeiture: Provided, however, That if it is a second or
6 subsequent offense or if it is established that the illegal
7 possession or transportation was in connection with a commercial
8 transaction, then the other provisions of this act providing for
9 prosecution as a misdemeanor and for the forfeiture of the
10 vehicle, boat, vessel, animal or aircraft shall apply.

11 * * *

12 (7) Sales of Liquor by Manufacturers and Licensed Importers.
13 For any manufacturer or licensed importer of liquor in this
14 Commonwealth, his agents, servants or employes, to sell or offer
15 to sell any liquor in this Commonwealth except to the board for
16 use in Pennsylvania Liquor Stores, a wine and spirits wholesale
17 licensee, and in the case of a manufacturer, to the holder of a
18 sacramental wine license or an importer's license.
19 Notwithstanding any other provision of this act, a manufacturer
20 or licensed importer may sell or offer to sell liquor for
21 delivery outside of this Commonwealth.

22 (8) Importation and Sales of Alcohol. For any person, to
23 import alcohol into this Commonwealth, or to sell alcohol to any
24 person, except in accordance with section 488 and the provisions
25 of this act or the regulations of the board.

26 * * *

27 (11) Importation of Liquor. For any person, other than the
28 board, a wine and spirits wholesale licensee or the holder of a
29 sacramental wine license, an importer's license or a direct wine
30 shipper's license, to import any liquor whatsoever into this

1 Commonwealth, but this section shall not be construed to
2 prohibit railroad and pullman companies from purchasing and
3 selling liquors purchased outside the Commonwealth in their
4 dining, club and buffet cars which are covered by public service
5 liquor licenses and which are operated in this Commonwealth.

6 * * *

7 (13) Violation of Certain Rules and Regulations of Board.
8 For any person, to violate any rules and regulations adopted by
9 the board [to insure the equitable] relating to wholesale and
10 retail sale and distribution of liquor and alcohol [through the
11 Pennsylvania Liquor Stores] in accordance with the provisions of
12 this act.

13 (14) Offering Commission or Gift to Members of Board or
14 State Employee. For any person [selling or offering to sell
15 liquor or alcohol to, or purchasing at wholesale liquor or
16 alcohol from, the board,] licensed by the board, either directly
17 or indirectly, to pay or offer to pay any commission, profit or
18 remuneration, or to make or offer to make any gift to any member
19 or employe of the board or other employe of the Commonwealth or
20 to anyone on behalf of such member or employe.

21 * * *

22 (16) Importation of Alcohol From Other States.
23 Notwithstanding any other provision of this act, it shall not be
24 unlawful for a nonlicensed resident of this Commonwealth to
25 purchase alcohol outside of this Commonwealth and import that
26 alcohol back into this Commonwealth so long as the nonlicensed
27 resident remits all applicable taxes to the Department of
28 Revenue. This section shall not apply to alcohol that is shipped
29 into this Commonwealth. Section 488 shall be the sole law
30 governing the shipment of alcohol into this Commonwealth.

1 Section 27. Sections 492(9), (12), (13) and (14) and
2 492.1(b)(2) and (c) of the act are amended to read:

3 Section 492. Unlawful Acts Relative to Malt or Brewed
4 Beverages and Licensees.--

5 It shall be unlawful--

6 * * *

7 (9) Transportation of Malt or Brewed Beverages by Licensee.
8 For a malt or brewed beverage licensee, to deliver or transport
9 any malt or brewed beverages, excepting in vehicles bearing the
10 name and address and license number of such licensee painted or
11 affixed on each side of such vehicle in letters no smaller than
12 two inches in height and for purposes not prohibited under this
13 act.

14 * * *

15 (12) Distributors and Importing Distributors Engaging in
16 Other Business. For any distributor or importing distributor, or
17 his servants, agents or employes, without the approval of the
18 board, and then only in accordance with board regulations, to
19 engage in any other business whatsoever, except the business of
20 distributing malt or brewed beverages, except that the sale of
21 the following goods shall be permitted on the licensed premises
22 of a distributor or importing distributor:

23 (i) Any book, magazine or other publication related to malt
24 or brewed beverages.

25 (ii) Any equipment, ingredients or other supplies necessary
26 for the unlicensed manufacture of malt or brewed beverages as
27 described in paragraph (1), commonly known as "homebrewing." If
28 the holder of a distributor license acquires a wine and spirits
29 retail license pursuant to Article III-A for use at its licensed
30 premises, it may engage in the sale of liquor, so long as the

1 licensee meets all of the requirements of this act. If the
2 holder of an importing distributor license acquires a wine and
3 spirits wholesale license pursuant to Article III-A for use at
4 its licensed premises, it may engage in the sale of liquor, so
5 long as the licensee meets all of the requirements of this act.
6 The board shall promulgate regulations consistent with this act
7 governing the sale of any other items by a distributor that
8 acquires a wine and spirits retail license, as well as the sale
9 of other items by an importing distributor that acquires a wine
10 and spirits wholesale license.

11 (13) Possession or Storage of Liquor or Alcohol by Certain
12 Licensees. For any distributor, importing distributor or retail
13 dispenser, or his servants, agents or employes, to have in his
14 possession, or to permit the storage of on the licensed premises
15 or in any place contiguous or adjacent thereto accessible to the
16 public or used in connection with the operation of the licensed
17 premises, any alcohol or liquor. This section may not prohibit a
18 distributor that holds a wine and spirits retail license, or an
19 importing distributor that holds a wine and spirits wholesale
20 license, from possessing or permitting the storage of liquor on
21 the licensed premises used in connection with the operation of
22 the licensed premises.

23 (14) Malt or Brewed Beverage Licensees Dealing in Liquor or
24 Alcohol. For any malt or brewed beverage licensee, other than a
25 distributor that holds a wine and spirits retail license, or an
26 importing distributor that holds a wine and spirits wholesale
27 license, a manufacturer, or the servants, agents or employes
28 thereof, to manufacture, import, sell, transport, store, trade
29 or barter in any liquor or alcohol.

30 * * *

1 Section 492.1. Hours of Operation Relative to Manufacturers,
2 Importing Distributors and Distributors.--* * *

3 (b) * * *

4 (2) Importing distributors and distributors may sell or
5 deliver malt or brewed beverages between eight o'clock
6 antemeridian and [eleven o'clock postmeridian of any] two
7 o'clock antemeridian of the following day, except Sunday, to
8 persons not licensed or permitted by this act.

9 (c) In addition to the hours authorized under subsections
10 (a) and (b), manufacturers, importing distributors and
11 distributors, upon purchasing a permit from the board at an
12 annual fee of one hundred dollars (\$100) unless the applicant
13 for the permit is a distributor that holds a wine and spirits
14 retail license, in which instance Article III-A governs, may
15 sell malt or brewed beverages to persons not licensed under this
16 act or to a holder of a special occasion permit on Sunday
17 between the hours of nine o'clock antemeridian and [nine o'clock
18 postmeridian] two o'clock antemeridian on Monday.

19 * * *

20 Section 28. Section 493(24) and (27) of the act are amended
21 and the section is amended by adding clauses to read:

22 Section 493. Unlawful Acts Relative to Liquor, Malt and
23 Brewed Beverages and Licensees.--The term "licensee," when used
24 in this section, shall mean those persons licensed under the
25 provisions of Article IV, unless the context clearly indicates
26 otherwise.

27 It shall be unlawful--

28 * * *

29 (24) (i) Things of Value Offered as Inducement. Except as
30 provided in subclauses (ii) and (iii), for any licensee under

1 the provisions of this article, or the board or any
2 manufacturer, or any employe or agent of a manufacturer,
3 licensee or of the board, to offer to give anything of value or
4 to solicit or receive anything of value as a premium for the
5 return of caps, stoppers, corks, stamps or labels taken from any
6 bottle, case, barrel or package containing liquor or malt or
7 brewed beverage, or to offer or give or solicit or receive
8 anything of value as a premium or present to induce directly the
9 purchase of liquor or malt or brewed beverage, or for any
10 licensee, manufacturer or other person to offer or give to trade
11 or consumer buyers any prize, premium, gift or other inducement
12 to purchase liquor or malt or brewed beverages, except
13 advertising novelties of nominal value which the board shall
14 define. This section shall not prevent any manufacturer or any
15 agent of a manufacturer from offering and honoring coupons which
16 offer monetary rebates on purchases of wines and spirits through
17 State Liquor Stores, the holder of a wine and spirits retail
18 license or grocery store license, or purchases of malt or brewed
19 beverages through distributors and importing distributors in
20 accordance with conditions or regulations established by the
21 board. The board may redeem coupons offered by a manufacturer or
22 an agent of a manufacturer at the time of purchase. Coupons
23 offered by a manufacturer or an agent of a manufacturer shall
24 not be redeemed without proof of purchase. This section shall
25 not apply to the return of any monies specifically deposited for
26 the return of the original container to the owners thereof.

27 (ii) Notwithstanding subclause (i) or any other provision of
28 law:

29 (A) A holder of a restaurant license that is also approved
30 to hold a slot machine license or a conditional slot machine

1 license under 4 Pa.C.S. Part II (relating to gaming) may give
2 liquor and malt or brewed beverages free of charge to any person
3 actively engaged in playing a slot machine.

4 (B) The board may establish and implement a customer
5 relations management program for the purpose of offering to
6 unlicensed customers of the board incentives, such as coupons or
7 discounts on certain products, which may be conditioned on the
8 purchase of liquor.

9 (iii) Notwithstanding subclause (i) or any other provision
10 of law, a retail licensee or a brewery may offer a mug club to
11 its patrons.

12 (iv) Notwithstanding subclause (i) or any other provision of
13 law, the holder of a wine and spirits retail license may
14 establish and implement a consumer relations marketing program
15 for the purpose of offering incentives, such as coupons or
16 discounts on certain products, which may be conditioned on the
17 purchase of liquor by its customers.

18 * * *

19 (27) Distributors and Importing Distributors Employing
20 Minors. For any distributor or importing distributor to employ
21 minors under the age of eighteen but persons eighteen and over
22 may be employed to sell and deliver malt and brewed beverages. A
23 distributor holding a wine and spirits retail license may not
24 employ a person under the age of twenty-one to sell liquor.

25 * * *

26 (35) Wine-to-go permit and fees. For any licensee, his
27 servants, agents or employes to sell unopened bottles of wine
28 for consumption off the licensed premises, unless the sale is
29 specifically authorized under this act, or unless the licensee
30 receives a special permit from the board to do so. Only those

1 licensees holding a current and valid hotel or restaurant
2 license shall be allowed to apply for such a permit. Any
3 licensee that wishes to obtain a wine-to-go permit must make
4 application to the board on a form prescribed by the board and
5 pay the permitting fees. This permit shall not be issued to a
6 restaurant licensee that has an interior connection to another
7 unlicensed business. The board may charge a fee of five hundred
8 dollars (\$500) per calendar year to each applicant for this
9 permit. The fees shall be paid into The State Stores Fund. Any
10 violation of this act or the board's regulations for governing
11 activity occurring under the authority of this permit may be the
12 basis for the issuance of a citation under section 471, the
13 nonrenewal of the license under section 470 or the refusal by
14 the board to issue subsequent permits or honor subsequent dates
15 on the existing permit. The penalty shall be in addition to any
16 other remedies available to the enforcement bureau or the board.

17 (36) Grocery stores employing minors. For any servant, agent
18 or employe of a grocery store to make a sale of alcohol unless
19 the servant, agent or employe is eighteen years of age or older.

20 (37) Sale of wine received by direct shipment. For any
21 licensee to sell or offer to sell wine purchased or acquired
22 from a direct wine shipper pursuant to the authority of section
23 488.

24 (38) Duties performed by distributors and importing
25 distributors. For any licensee to require that a distributor or
26 importing distributor stock merchandise in the licensee's
27 cooler, rotate the licensee's stock of malt or brewed beverages,
28 set up displays in the licensee's premises or pay any type of
29 fee required for making the distributor's product available on
30 the licensee's store shelves. This clause supersedes a contrary

1 provision of a contract.

2 (39) Spirits-to-go permit. For any licensee, his servants,
3 agents or employes to sell an unopened bottle of liquor for
4 consumption off the licensed premises unless the sale is
5 specifically authorized under this act or unless the licensee
6 receives a special permit from the board to do so. Only the
7 licensees holding a current and valid hotel or restaurant
8 license may apply for the permit. Any licensee that wishes to
9 obtain a spirits-to-go permit must apply to the board on a form
10 prescribed by the board and pay the permitting fees by June of
11 each calendar year. Any licensee that fails to notify the board
12 and pay the permitting fees by June 1 may be precluded from
13 obtaining the permit for that calendar year. The board may allow
14 the issuance of the permit after the June deadline so long as
15 the applicant is a licensee in good standing with the board and
16 complies with the other requirements for the permit. A licensee
17 applying for the permit after the June deadline shall pay the
18 board a late fee equal to the amount of the permit fee listed
19 below. Any licensee not granted a license until after June 1 of
20 the calendar year has sixty days from the date of the license
21 transfer to notify the board of the licensee's intention to use
22 a spirits-to-go permit and pay the permitting fee. The servers
23 employed by a licensee who obtains a spirits-to-go permit,
24 including any retail dispenser licensee who upgrades to a
25 restaurant license under section 432(g), must be certified under
26 the board's responsible alcohol management program as required
27 under section 471.1. The board shall charge a fee of five
28 hundred dollars (\$500) per calendar year to an applicant for the
29 permit. The fees shall be paid into The State Stores Fund. Any
30 violation of this act or the board's regulations for governing

1 activity occurring under the authority of this permit may be the
2 basis for the issuance of a citation under section 471, the
3 nonrenewal of the license under section 470 or the refusal by
4 the board to issue subsequent permits. The penalty imposed under
5 this clause shall be in addition to the other remedies available
6 to the enforcement bureau or the board.

7 Section 29. The act is amended by adding sections to read:

8 Section 493.2. Unlawful Acts Relative to Wine and Spirits

9 Retail Licensees.--(a) It is unlawful for a wine and spirits

10 retail licensee, or an employe, servant or agent of the licensee

11 or another person to sell, furnish or give liquor or malt or

12 brewed beverages or to permit liquor or malt or brewed beverages

13 to be sold, furnished or given to a minor or person who is

14 visibly intoxicated.

15 (b) A wine and spirits retail licensee who violates the

16 provisions of subsection (a) is subject to the penalty

17 provisions set forth in section 471.

18 Section 493.3. Licensees and Taxes.--Notwithstanding any

19 other provision of this act or the act of March 4, 1971 (P.L.6,

20 No.2), known as the "Tax Reform Code of 1971," the following

21 shall apply:

22 (1) The sale of malt and brewed beverages and wine and

23 spirits by an entity licensed under this act, including the sale

24 of malt and brewed beverages and wine and spirits from the areas

25 of a licensee's premises utilized under a retail license for

26 consumption on the premises, shall be considered a sale by a

27 retail dispenser under section 201 of the "Tax Reform Code of

28 1971."

29 (2) The sale of malt and brewed beverages and wine and

30 spirits to an entity described in paragraph (1) for the purpose

1 of sales from the areas of a licensee's premises utilized under
2 a retail license for consumption on the premises shall be
3 considered a sale to a retail dispenser subject to the tax
4 imposed under Article II of the "Tax Reform Code of 1971."

5 (3) Except for sales under paragraphs (1) and (2), any other
6 sale of malt and brewed beverages shall be considered a sale by
7 a distributor, and any other sale of wine or spirits shall be
8 considered a sale of liquor by a Pennsylvania Liquor Store under
9 section 201 of the "Tax Reform Code of 1971."

10 Section 30. Sections 494(a), 499(a.1) (1), 505.2(a) (2) and
11 (3), 505.4(a), (b) (1) and (c) (1) and 508(a) of the act are
12 amended to read:

13 Section 494. Penalties.--(a) Any person who shall violate
14 any of the provisions of this article, except as otherwise
15 specifically provided, shall be guilty of a misdemeanor and,
16 upon conviction thereof, shall be sentenced to pay a fine of not
17 less than one hundred dollars (\$100), nor more than five hundred
18 dollars (\$500), and on failure to pay such fine, to imprisonment
19 for not less than one month, nor more than three months, and for
20 any subsequent offense, shall be sentenced to pay a fine not
21 less than three hundred dollars (\$300), nor more than five
22 hundred dollars (\$500), and to undergo imprisonment for a period
23 not less than three months, nor more than one year, or both. If
24 the person, at or relating to the licensed premises, violates
25 section 493(1), (10), (14), (16) or (21), or if the owner or
26 operator of the licensed premises or any authorized agent of the
27 owner or operator violates the act of April 14, 1972 (P.L.233,
28 No.64), known as "The Controlled Substance, Drug, Device and
29 Cosmetic Act," or 18 Pa.C.S. § 5902 (relating to prostitution
30 and related offenses) or 6301 (relating to corruption of

1 minors), he shall be sentenced to pay a fine not exceeding [five
2 thousand dollars (\$5,000)] ten thousand dollars (\$10,000) or to
3 undergo imprisonment for a period not less than [three] six
4 months, nor more than [one year] two years, or both.

5 * * *

6 Section 499. Premises to be Vacated by Patrons.--* * *

7 (a.1) Subsection (a) shall not apply to sales of malt and
8 brewed beverages for consumption off the premises when the
9 following conditions are met:

10 (1) no licensee may sell malt or brewed beverages in excess
11 of one hundred ninety-two fluid ounces in any one sale for
12 consumption off the premises unless the licensee possesses a
13 retail package reform;

14 * * *

15 Section 505.2. Limited Wineries.--(a) In the interest of
16 promoting tourism and recreational development in Pennsylvania,
17 holders of a limited winery license may:

18 * * *

19 (2) Sell alcoholic cider, mead, wine and wine coolers
20 produced by the limited winery or purchased in bulk in bond from
21 another Pennsylvania limited winery on the licensed premises,
22 under such conditions and regulations as the board may enforce,
23 to the board, to wine and spirits retail licensees, to
24 individuals and to brewery, importing distributor, distributor,
25 hotel, restaurant, club, grocery store and public service liquor
26 licensees, and to Pennsylvania winery licensees: Provided, That
27 a limited winery shall not, in any calendar year, purchase
28 alcoholic cider, mead or wine produced by other limited wineries
29 in an amount in excess of fifty per centum of the alcoholic
30 cider, mead or wine produced by the purchasing limited winery in

1 the preceding calendar year. In addition, the holder of a
2 limited winery license may purchase wine in bottles from another
3 Pennsylvania limited winery if these wines undergo a second
4 fermentation process. [Such wine may be sold in bottles bearing
5 the purchasing limited winery's label or the producing limited
6 winery's label. Such wines, if sold by the board, may be sold by
7 the producing limited winery to the purchasing limited winery at
8 a price lower than the price charged by the board.]

9 * * *

10 (3) Separately or in conjunction with other limited
11 wineries, sell alcoholic cider, mead, wine and wine coolers
12 produced by the limited winery on no more than five (5) board-
13 approved locations other than the licensed premises, with no
14 bottling or production requirement at those additional board-
15 approved locations and under such conditions and regulations as
16 the board may enforce, to the board, to wine and spirits retail
17 licensees, to individuals and to brewery, hotel, restaurant,
18 club, grocery store and public service liquor licensees. If two
19 or more limited wineries apply to operate an additional board-
20 approved location in conjunction with each other, the wineries
21 need only have one board-approved manager for the location, need
22 only pay one application fee and need not designate specific or
23 distinct areas for each winery's licensed area. Each limited
24 winery must file an application for such an additional board-
25 approved location, and such location shall count as one of the
26 five permitted for each limited winery. Each limited winery is
27 responsible for keeping only its own complete records. A limited
28 winery may be cited for a violation of the recordkeeping
29 requirements of sections 512 and 513 pertaining to its own
30 records only.

1 * * *

2 Section 505.4. Distilleries.--(a) The board may issue a
3 distillery of historical significance license to any distillery
4 which was established prior to January 1, 1875. The holder of
5 the license may manufacture and sell liquor produced on the
6 licensed premises to the board, to wine and spirits retail
7 licensees, to other entities licensed by the board and to the
8 public under such conditions and regulations as the board may
9 enforce. Production at the distillery of historical significance
10 shall be limited to an amount not to exceed twenty thousand
11 (20,000) gallons per year. The distillery does not need to
12 establish continuous operation since January 1, 1875, in order
13 to qualify for a license under this section.

14 (b) (1) The board may issue a limited distillery license
15 that will allow the holder thereof to operate a distillery that
16 shall not exceed production of one hundred thousand (100,000)
17 gallons of distilled liquor per year. The holder of the license
18 may manufacture and sell bottled liquors produced on the
19 licensed premises to the board, to wine and spirits retail
20 licensees, to other entities licensed by the board and to the
21 public between the hours of nine o'clock antemeridian and eleven
22 o'clock postmeridian so long as a specific code of distilled
23 liquor which is listed for sale as a stock item by the board in
24 State liquor stores may not be offered for sale at a licensed
25 limited distillery location at a price which is lower than that
26 charged by the board and under such conditions and regulations
27 as the board may enforce. The holder of a limited distillery
28 license may not sell a product or a substantially similar
29 product which is listed for sale as a stock item by the board in
30 State Liquor Stores to a licensee at a price which is lower than

1 that charged by the board and under such conditions and
2 regulations as the board may enforce. The holder of a limited
3 distillery license may also sell wine and alcoholic cider
4 produced by a licensed limited winery, liquor produced by a
5 licensed distillery or limited distillery and malt or brewed
6 beverages produced by a licensed brewery for on-premises
7 consumption. The combined sales of wine, malt or brewed
8 beverages and liquor produced by another licensed distillery or
9 limited distillery may not, on a yearly basis, exceed fifty per
10 centum of the on-premises sales of the limited distillery's own
11 sales of liquor for the preceding calendar year: however, if a
12 limited distillery did not operate for an entire calendar year
13 during the preceding year, then its combined sales of wine, malt
14 or brewed beverages and liquor produced by another licensed
15 distillery or limited distillery may not, on a yearly basis,
16 exceed fifty per centum of the on-premises sales of the limited
17 distillery's own liquor for that year.

18 * * *

19 (c) (1) The holder of a distillery license as issued under
20 section 505 may sell bottled liquors produced on the licensed
21 premises to the board, to wine and spirits retail licensees and
22 to other entities licensed by the board and to the public
23 between the hours of nine o'clock antemeridian and eleven
24 o'clock postmeridian so long as a specific code of distilled
25 liquor which is listed for sale as a stock item by the board in
26 State liquor stores may not be offered for sale at a licensed
27 distillery location at a price which is lower than that charged
28 by the board and under such conditions and regulations as the
29 board may enforce. The holder of a distillery license may not
30 sell a product or a substantially similar product which is

1 listed for sale as a stock item by the board in State Liquor
2 Stores to a licensee at a price which is lower than that charged
3 by the board and under such conditions and regulations as the
4 board may enforce. The holder of a distillery license may also
5 sell its liquor, wine and alcoholic cider produced by a licensed
6 limited winery, liquor produced by a licensed distillery or
7 limited distillery and malt or brewed beverages produced by a
8 licensed brewery for on-premises consumption. The combined sales
9 of wine, malt or brewed beverages and liquor produced by another
10 licensed distillery or limited distillery may not, on a yearly
11 basis, exceed fifty per centum of the on-premises sales of the
12 distillery's own sales of liquor for the preceding calendar
13 year: however, if a distillery did not operate for an entire
14 calendar year during the preceding year, then its combined sales
15 of wine, malt or brewed beverages and liquor produced by another
16 licensed distillery or limited distillery may not, on a yearly
17 basis, exceed fifty per centum of the on-premises sales of the
18 distillery's own liquor for that year.

19 * * *

20 Section 508. License Fees.--(a) The annual fee for every
21 license issued to a limited winery or a winery shall be as
22 prescribed in section 614-A of the act of April 9, 1929
23 (P.L.177, No.175), known as "The Administrative Code of 1929."
24 The fee for every license issued to a distillery (manufacturer)
25 shall be as prescribed in section 614-A of "The Administrative
26 Code of 1929." The annual fee for all other licenses shall be as
27 prescribed in section 614-A of "The Administrative Code of
28 1929." An applicant for renewal of a license issued under this
29 article shall file a written application with the board together
30 with an application surcharge of seven hundred dollars (\$700).

1 Whenever any checks issued in payment of filing and/or license
2 fees shall be returned to the board as dishonored, the board
3 shall charge a fee of five dollars (\$5.00) per hundred dollars
4 or fractional part thereof, plus all protest fees, to the maker
5 of such check submitted to the board. Failure to make full
6 payment or pay the face amount of the check in full and all
7 charges thereon as herein required within ten days after demand
8 has been made by the board upon the maker of the check, the
9 license of such person shall not be renewed for the license
10 period or validated for any interim period for such year.

11 * * *

12 Section 31. Section 801 of the act is amended by adding a
13 subsection to read:

14 Section 801. Moneys Paid Into Liquor License Fund and
15 Returned to Municipalities.--* * *

16 (a.1) The license fees for grocery stores collected by the
17 board under the provisions of this act shall be paid into the
18 State Treasury through the Department of Revenue into The State
19 Stores Fund.

20 * * *

21 Section 32. The act is amended by adding an article to read:

22 ARTICLE VIII-A

23 SUPPLEMENTAL PROVISIONS

24 Section 801-A. Definitions.

25 The following words and phrases when used in this article
26 shall have the meanings given to them in this section unless the
27 context clearly indicates otherwise:

28 "Emergency act." The act of June 6, 1936 (Sp.Sess., P.L.13,
29 No.4), entitled "An act imposing an emergency State tax on
30 liquor, as herein defined, sold by the Pennsylvania Liquor

1 Control Board; providing for the collection and payment of such
2 tax; and imposing duties upon the Department of Revenue and the
3 Pennsylvania Liquor Control Board."

4 Section 802-A. Controlling provisions.

5 For the purpose of the emergency act, the following shall
6 apply:

7 (1) The term "board" in the emergency act shall include:

8 (i) The board only to the extent the board is making
9 sales:

10 (A) to the general public; or

11 (B) of liquor sold for on-premises consumption
12 to licensees holding a license permitting on-premises
13 consumption of liquor.

14 (ii) A wine or spirits retail licensee.

15 (iii) A wine or spirits wholesale licensee only to
16 the extent the wholesale licensee makes sales of liquor
17 sold for on-premises consumption to licensees holding a
18 license permitting on-premises consumption of liquor.

19 (iv) A grocery store licensee only to the extent
20 that the sales of liquor are not sold under a license
21 authorizing the on-premises consumption of liquor.

22 (v) Any entity selling liquor to another entity that
23 is not required to pay the tax imposed by the emergency
24 act.

25 (2) The term "net price" shall mean total receipts
26 received from the sale of liquor without any deductions for
27 cost or expenses, including, but not limited to:

28 (i) Any reimbursement from manufacturers, purchasers
29 or other parties.

30 (ii) In the case of a bundled sale that includes

1 liquor, the term includes the entire purchase price
2 charged for the bundled sale, unless a fair market price
3 for the liquor is separately stated on the sales document
4 given to the purchaser, then the term shall only include
5 the price charged for the liquor.

6 (3) The tax imposed by the emergency act shall be
7 included in any advertised price, shelf price or any other
8 price for a container of liquor and shall not be listed as an
9 itemized tax on any sales receipt for the sale of liquor.

10 (4) The emergency act shall be administered and enforced
11 under the provisions of Article II of the act of March 4,
12 1971 (P.L.6, No.2), known as the Tax Reform Code of 1971,
13 including the provisions of Article II concerning returns,
14 payment, assessment and enforcement where applicable, except
15 that the exclusions and exemptions under Article II of the
16 Tax Reform Code of 1971 shall not apply to the emergency act,
17 except for the resale exemption, provided that exemption
18 shall not be claimed for liquor purchased for on-premises
19 consumption.

20 (5) The term "fiscal month" shall mean "calendar month."

21 Section 33. This act shall take effect as follows:

22 (1) The addition of Article III-A of the act shall take
23 effect in 120 days.

24 (2) The addition of sections 401.1, 403.1, 404.1 and
25 406.2 of the act shall take effect in 60 days.

26 (3) The amendment or repeal of sections 207, 215 and 301
27 of the act shall take effect upon completion of divestiture
28 of retail sale operations under Subarticle B of Article III-A
29 of the act.

30 (4) The amendment of section 208 of the act shall take

1 effect upon completion of divestiture of wholesale operation
2 under Subarticle C of Article III-A of the act.

3 (5) The remainder of this act shall take effect
4 immediately.