

# COMMONWEALTH OF PENNSYLVANIA

## LEGISLATIVE JOURNAL

THURSDAY, FEBRUARY 26, 2015

SESSION OF 2015

199TH OF THE GENERAL ASSEMBLY

No. 17

### HOUSE OF REPRESENTATIVES

The House convened at 10 a.m., e.s.t.

#### THE SPEAKER (MIKE TURZAI) PRESIDING

#### PRAYER

HON. HAROLD A. ENGLISH, member of the House of Representatives, offered the following prayer:

Please bow your heads.

Heavenly Father, thank You for bringing us here safely this week and return us safely to our families. You have blessed each of us with the opportunity to serve our neighbors in our local communities, whether they be city, suburban, or rural.

We are appreciative of our families and friends that support us by giving us guidance, input, and encouragement. We are also appreciative of our fellow coworkers; those that remove the snow and ice; those that provide us security, cleanliness, health, research, secretarial, and administrative support service.

Father, despite the penetrating cold we have endured this winter, we know spring is soon coming. Hearing the songbirds chirping on a blustery morning, we know that You are with us if we seek to talk or chirp with You. Seeing the budding crocus peek through the snow and soon bloom, we know we can call on You to comfort us. Seeing the stems of bushes and the branches of trees swell with fluid and transform with color to prepare to emerge for another year of growth, we know that You will strengthen us if we ask.

And if we choose not to chirp, to bloom, or grow with You at this time, we ask that You continue to watch over, guide, and protect those who feel cold and without comfort as You lovingly always have.

Allow us in this great House to work together, to talk, comfort, strengthen, and together improve the lives of our neighbors throughout this Commonwealth. Allow us to put our trust in You and not be afraid, for You, Heavenly Father, are our strength and song. Amen.

#### PLEDGE OF ALLEGIANCE

(The Pledge of Allegiance was recited by members and visitors.)

The SPEAKER. Thank you, Representative English.

I wanted to point out; many of you may not know this. Our colleague, Representative English, actually served in the United States Marine Corps and was a lieutenant colonel. Is that correct, Hal? Thank you so much for your service.

#### JOURNAL APPROVAL POSTPONED

The SPEAKER. Without objection, the approval of the Journal of Wednesday, February 25, 2015, will be postponed until printed.

#### BILL REREPORTED FROM COMMITTEE

HB 466, PN 521

By Rep. ADOLPH

An Act amending the act of April 12, 1951 (P.L.90, No.21), known as the Liquor Code, as follows: In preliminary provisions, further providing for definitions and for interpretation. In the Pennsylvania Liquor Control Board, further providing for general powers, providing for fee adjustment by regulation and further providing for subject of regulations, for enforcement and for wine and spirits marketing. In Pennsylvania Liquor Stores, further providing for establishment and for sales. Providing for wine and spirits distribution. In licensing, further providing for hotels, restaurants and clubs liquor licenses, providing for grocery store licenses, further providing for license fees, for liquor license sales and restrictions, providing for grocery store license sales and restrictions and further providing for malt and brewed beverages licenses, for wine auction permits, for importers' license fees, privileges and restrictions, for interlocking business, for malt and brewed beverages licenses, for distributor package reform permit, for distributors and dispensers licenses, for prohibitions against the grant of licenses, for numbers and kinds of licenses, for distributors and importing distributors restrictions, for retail dispensers restrictions, for interlocking business prohibited, for breweries, for county limitations, for assignability, for renewal and temporary provisions, for sanctions, for responsible alcohol management, for local option, for unlawful acts, for hours of operation, for licensees and taxation, for penalties and for vacation of premises. In distilleries, wineries, bonded warehouses, bailees and transporters, further providing for limited wineries, for distilleries and for license fees. In disposition of money, further providing for moneys paid into Liquor License Fund. Providing for supplemental provisions.

#### APPROPRIATIONS.

#### ACTUARIAL NOTES

The SPEAKER. The Speaker acknowledges receipt of an actuarial note for SB 129, PN 265, and an actuarial note for HB 79, PN 69.

(Copies of actuarial notes are on file with the Journal clerk.)

### HOUSE RESOLUTIONS INTRODUCED AND REFERRED

**No. 83** By Representatives SIMS, COHEN, O'BRIEN, ROZZI, HENNESSEY, MILLARD, KIRKLAND, KINSEY, McNEILL, D. COSTA, SCHLOSSBERG, HELM, THOMAS, SCHWEYER, WHEELAND, READSHAW, DONATUCCI, McCARTER and MURT

A Resolution designating February 12, 2015, as "Darwin Day" in Pennsylvania.

Referred to Committee on , February 26, 2015.

**No. 113** By Representatives READSHAW, KIM, C. PARKER, DONATUCCI, W. KELLER, DEASY, KOTIK, PASHINSKI, FREEMAN, McNEILL, COHEN, HARKINS, SCHWEYER, SCHLOSSBERG, D. COSTA, SIMS, FRANKEL, ROEBUCK and McCARTER

A Resolution urging the Governor to issue executive orders affirming the antidiscrimination provisions of the Procurement Code in regard to gender pay and directing the Department of Labor and Industry to require State contractors and subcontractors to submit certain data.

Referred to Committee on STATE GOVERNMENT, February 26, 2015.

**No. 128** By Representatives C. PARKER, HARHART, COHEN, McNEILL, THOMAS, ACOSTA, BROWNLIE, KINSEY, KIRKLAND and MURT

A Resolution directing the Legislative Budget and Finance Committee to conduct a comprehensive study on the flipped model of educational instruction, prepare a report on the history and proven effectiveness of this reversed class structure model and identify low-performing schools in this Commonwealth that the Department of Education should invite to participate in testing this model.

Referred to Committee on EDUCATION, February 26, 2015.

### HOUSE BILLS INTRODUCED AND REFERRED

**No. 170** By Representatives ELLIS, JAMES, KILLION, HEFFLEY, MURT, A. HARRIS, DUSH, KORTZ, KOTIK, NEUMAN, READSHAW, GIBBONS, SIMS, COHEN, SONNEY, PICKETT, DEAN, CHRISTIANA, O'BRIEN, BRIGGS, DERMODY, MARSHALL, QUIGLEY, WATSON, TOOHIL, ORTITAY, EVERETT and GERGELY

An Act providing for museum preservation and for grant program; imposing duties on the Pennsylvania Historical and Museum Commission; establishing the Pennsylvania Museum Preservation Fund; and making an appropriation.

Referred to Committee on STATE GOVERNMENT, February 26, 2015.

**No. 566** By Representatives DeLUCA, BISHOP, KAUFFMAN, DEASY, CALTAGIRONE, MURT, D. COSTA, DIAMOND and M. DALEY

A Joint Resolution proposing an amendment to the Constitution of the Commonwealth of Pennsylvania, imposing a limitation on Senators and Representatives receiving outside earned income.

Referred to Committee on STATE GOVERNMENT, February 26, 2015.

**No. 567** By Representatives DeLUCA, DIAMOND, D. COSTA, HARHAI, KINSEY, KORTZ, KAUFFMAN, V. BROWN, HARKINS, CALTAGIRONE, READSHAW, THOMAS, COHEN, GILLEN, MURT, M. DALEY and DUNBAR

An Act amending Title 65 (Public Officers) of the Pennsylvania Consolidated Statutes, in ethics standards and financial disclosure, further providing for statement of financial interests.

Referred to Committee on STATE GOVERNMENT, February 26, 2015.

**No. 583** By Representatives D. MILLER, MURT, MARSHALL, GAINEY, LONGIETTI, CALTAGIRONE, A. HARRIS, STURLA, SCHLOSSBERG, KINSEY, D. COSTA, COHEN, RAVENSTAHL, MILLARD, KORTZ, WHEATLEY, READSHAW, SAMUELSON, SCHWEYER, REESE, GIBBONS, SANTARSIERO, GINGRICH, MACKENZIE and BRIGGS

An Act providing for tax deferred savings accounts for individuals with disabilities; establishing the Pennsylvania ABLE Savings Program; and imposing duties on the Treasury Department.

Referred to Committee on FINANCE, February 26, 2015.

**No. 601** By Representatives BARRAR, SAINATO, ADOLPH, BOBACK, R. BROWN, COHEN, D. COSTA, DEASY, DRISCOLL, DUSH, FARRY, KAVULICH, KNOWLES, KORTZ, KOTIK, MICCARELLI, MOUL, MURT, READSHAW, ROZZI, SACCONI, SAYLOR, TOEPEL and GIBBONS

An Act amending the act of August 26, 1971 (P.L.351, No.91), known as the State Lottery Law, in State lottery, further providing for statement of purpose, for powers and duties of secretary and for disposition of funds; and providing for instant lottery game to benefit veterans.

Referred to Committee on VETERANS AFFAIRS AND EMERGENCY PREPAREDNESS, February 26, 2015.

**No. 602** By Representatives BARRAR, SAINATO, MICCARELLI, READSHAW, BAKER, BOBACK, V. BROWN, BROWNLIE, COHEN, CONKLIN, D. COSTA, DEASY, DeLUCA, DONATUCCI, FREEMAN, GABLER, GERGELY, GILLEN, GRELL, HARHAI, A. HARRIS, HEFFLEY, JAMES, KAUFFMAN, KINSEY, KIRKLAND, KNOWLES, MAHONEY, MARSICO, MILLARD, MURT, O'NEILL, ROZZI, SACCONI, SCHLOSSBERG, SCHWEYER, SIMMONS, TALLMAN and VEREB

An Act amending Title 51 (Military Affairs) of the Pennsylvania Consolidated Statutes, in Pennsylvania National Guard, further providing for the pay of officers and enlisted personnel in active State service.

Referred to Committee on VETERANS AFFAIRS AND EMERGENCY PREPAREDNESS, February 26, 2015.

**No. 604** By Representatives HARHART, MURT, DUNBAR, MILLARD, SAMUELSON, KILLION, D. COSTA, W. KELLER, DAVIS, V. BROWN, SCHREIBER, FRANKEL, COHEN, CALTAGIRONE, GODSHALL, READSHAW, O'NEILL, MAJOR, MOUL, WATSON and HAHN

An Act amending the act of July 14, 1961 (P.L.637, No.329), known as the Wage Payment and Collection Law, further providing for definitions and for regular payday.

Referred to Committee on LABOR AND INDUSTRY, February 26, 2015.

**No. 610** By Representatives BAKER, MCGINNIS, SACCONI, M. K. KELLER, CAUSER, DUSH, GRELL, DIAMOND, BLOOM, CUTLER, KAUFFMAN, SAYLOR, ROAE, PICKETT, JAMES, TOPPER, MENTZER, GABLER, LAWRENCE, HICKERNELL, GROVE, MAJOR, FEE, ZIMMERMAN, TALLMAN, MARSICO, COX, F. KELLER, METCALFE and MOUL

An Act amending the act of August 15, 1961 (P.L.987, No.442), known as the Pennsylvania Prevailing Wage Act, further providing for the definition of "public work."

Referred to Committee on LABOR AND INDUSTRY, February 26, 2015.

**No. 617** By Representatives HARHAI, THOMAS, SONNEY, HARKINS, D. COSTA, KILLION, BAKER, KINSEY, MILLARD, MACKENZIE, McNEILL, COHEN, KOTIK, BROWNLEE, READSHAW, V. BROWN, DIAMOND, DEASY, KORTZ, MAHONEY, WATSON, GILLEN, ROEBUCK and MURT

An Act amending the act of August 26, 1971 (P.L.351, No.91), known as the State Lottery Law, in State Lottery, providing for confidentiality of prizewinners.

Referred to Committee on FINANCE, February 26, 2015.

**No. 618** By Representatives TRUITT, BARRAR, HICKERNELL, DIAMOND, SACCONI, METCALFE, MCGINNIS, MENTZER, WATSON, GROVE, LAWRENCE, BLOOM, SIMMONS, TALLMAN, MARSHALL and MOUL

A Joint Resolution proposing an amendment to the Constitution of the Commonwealth of Pennsylvania, further providing for public school system by prohibiting certain strikes and lockouts.

Referred to Committee on EDUCATION, February 26, 2015.

**No. 621** By Representatives MAJOR, BAKER, BOBACK, COHEN, EVERETT, GIBBONS, GREINER, HARPER, A. HARRIS, JAMES, KILLION, KIRKLAND, MARSHALL, MASSER, MILLARD, MURT, PICKETT, REED and WHEELAND

An Act amending the act of March 18, 1875 (P.L.32, No.36), entitled "An act requiring recorders of deeds to prepare and keep in their respective offices general, direct and ad sectum indexes of deeds

and mortgages recorded therein, prescribing the duty of said recorders and declaring that the entries in said general indexes shall be notice to all persons," providing for requirements of certain instruments as a condition of recordation and for a fee for reprocessing; and making editorial changes.

Referred to Committee on COMMERCE, February 26, 2015.

**No. 622** By Representatives HARHAI, D. COSTA, BROWNLEE, McNEILL, THOMAS, KINSEY, KOTIK, COHEN, KORTZ, MAHONEY and MURT

An Act amending the act of March 10, 1949 (P.L.30, No.14), known as the Public School Code of 1949, in grounds and buildings, providing for school police and security officer training.

Referred to Committee on EDUCATION, February 26, 2015.

**No. 623** By Representatives BENNINGHOFF, BAKER, BARRAR, BIZZARRO, BROWNLEE, CALTAGIRONE, CAUSER, COHEN, D. COSTA, DAVIS, DeLUCA, DIAMOND, GABLER, GILLEN, GINGRICH, A. HARRIS, HELM, KAUFFMAN, MAHONEY, MALONEY, MILLARD, MURT, PICKETT, ROZZI, SCHWEYER, STEPHENS, TALLMAN and TOEPEL

An Act amending Title 18 (Crimes and Offenses) of the Pennsylvania Consolidated Statutes, in authorized disposition of offenders, prohibiting Accelerated Rehabilitative Disposition for child sexual offenses.

Referred to Committee on JUDICIARY, February 26, 2015.

**No. 624** By Representatives DONATUCCI, BISHOP, KINSEY, THOMAS, ACOSTA, COHEN, V. BROWN, YOUNGBLOOD, SCHREIBER, J. HARRIS, O'BRIEN, DAVIDSON, BROWNLEE, CALTAGIRONE, DERMODY, McNEILL, FRANKEL, M. DALEY, C. PARKER, GERGELY and MAHONEY

An Act providing for paid sick leave for certain employees, for duties of the Department of Labor and Industry and for enforcement; and imposing a civil penalty.

Referred to Committee on LABOR AND INDUSTRY, February 26, 2015.

**No. 625** By Representatives DONATUCCI, V. BROWN, PASHINSKI, BROWNLEE, MURT, READSHAW and COHEN

An Act amending Title 75 (Vehicles) of the Pennsylvania Consolidated Statutes, in rules of the road in general, further providing for removal of vehicle by or at direction of police.

Referred to Committee on TRANSPORTATION, February 26, 2015.

**No. 626** By Representatives DONATUCCI, PASHINSKI, YOUNGBLOOD, DAVIS, McNEILL, MURT, D. COSTA, READSHAW and COHEN

An Act amending Title 75 (Vehicles) of the Pennsylvania Consolidated Statutes, in certificate of title and security interests, further providing for transfer of ownership of vehicle.

Referred to Committee on TRANSPORTATION, February 26, 2015.

**No. 627** By Representatives DONATUCCI, JAMES, LONGIETTI and MURT

An Act amending Title 42 (Judiciary and Judicial Procedure) of the Pennsylvania Consolidated Statutes, in sentencing, further providing for collection of restitution, reparation, fees, costs, fines and penalties.

Referred to Committee on JUDICIARY, February 26, 2015.

**No. 628** By Representatives DONATUCCI, DRISCOLL, BISHOP, MILLARD, D. COSTA, YOUNGBLOOD, McNEILL, READSHAW, SCHWEYER, V. BROWN, HELM, COHEN, KINSEY, THOMAS, MAHONEY, KIRKLAND, WATSON and MURT

An Act amending Title 18 (Crimes and Offenses) of the Pennsylvania Consolidated Statutes, in assault, further providing for aggravated assault.

Referred to Committee on JUDICIARY, February 26, 2015.

**No. 629** By Representatives MULLERY, TOOHL, BARRAR, BAKER, BOBACK, CALTAGIRONE, CARROLL, COHEN, CONKLIN, COX, DAVIS, DIGIROLAMO, DONATUCCI, DUSH, EVERETT, FABRIZIO, FARINA, FREEMAN, GRELL, HAHN, J. HARRIS, HEFFLEY, HENNESSEY, KAVULICH, KIM, KINSEY, KNOWLES, KORTZ, LONGIETTI, MAHONEY, MAJOR, MALONEY, MARSICO, MATZIE, McNEILL, MILLARD, MURT, PASHINSKI, READSHAW, ROZZI, SAINATO, SCHWEYER, SONNEY, TALLMAN, THOMAS, TOEPEL, VEREB, WATSON, WHEELAND and GOODMAN

An Act designating a bridge on that portion of State Route 3005 over the outlet of Lily Lake, Conyngham Township, Luzerne County, as the Senior Officer Eric J. Williams Memorial Bridge.

Referred to Committee on TRANSPORTATION, February 26, 2015.

**No. 630** By Representatives GAINNEY, V. BROWN, DAVIDSON, FRANKEL, McNEILL, KORTZ, YOUNGBLOOD, READSHAW, KINSEY, M. DALEY, DEASY, BIZZARRO, ROZZI, PASHINSKI, D. COSTA and BROWNLEE

An Act providing for patients' rights; and establishing a Pain Management and Palliative Care Task Force.

Referred to Committee on HEALTH, February 26, 2015.

**No. 631** By Representatives THOMAS, COHEN, DRISCOLL and KINSEY

An Act amending the act of March 4, 1971 (P.L.6, No.2), known as the Tax Reform Code of 1971, in tax for education, providing for remote sales tax notice.

Referred to Committee on FINANCE, February 26, 2015.

**No. 632** By Representatives THOMAS, COHEN, ROZZI, DRISCOLL, CALTAGIRONE, LONGIETTI, BROWNLEE, V. BROWN and McCARTER

An Act amending Title 64 (Public Authorities and Quasi-Public Corporations) of the Pennsylvania Consolidated Statutes, in Commonwealth Financing Authority, providing for the definition of "small business" and further providing for indebtedness and for Second Stage Loan Program.

Referred to Committee on COMMERCE, February 26, 2015.

**No. 633** By Representatives THOMAS and COHEN

An Act amending the act of June 30, 1981 (P.L.128, No.43), known as the Agricultural Area Security Law, further providing for limitation on certain governmental actions.

Referred to Committee on AGRICULTURE AND RURAL AFFAIRS, February 26, 2015.

**No. 634** By Representatives THOMAS, J. HARRIS, CRUZ, BISHOP, BROWNLEE, DAVIDSON, CAUSER, COHEN, PASHINSKI, V. BROWN, READSHAW and McCARTER

An Act amending Title 75 (Vehicles) of the Pennsylvania Consolidated Statutes, in other required equipment, providing for a pilot program to place cameras on the outside of school buses.

Referred to Committee on TRANSPORTATION, February 26, 2015.

**No. 635** By Representatives EVANKOVICH, HEFFLEY, GODSHALL, HELM, MAHONEY and MOUL

An Act amending the act of November 10, 1999 (P.L.491, No.45), known as the Pennsylvania Construction Code Act, in preliminary provisions, further providing for Uniform Construction Code Review and Advisory Council; in Uniform Construction Code, further providing for revised or successor codes; and, in training and certification of inspectors, further providing for education and training programs.

Referred to Committee on LABOR AND INDUSTRY, February 26, 2015.

**No. 636** By Representatives HICKERNELL, BAKER, FEE, GRELL, GROVE, MAJOR, MENTZER, METCALFE, PICKETT and ZIMMERMAN

An Act amending the act of June 2, 1915 (P.L.736, No.338), known as the Workers' Compensation Act, in liability and compensation, further providing for the schedule of compensation.

Referred to Committee on LABOR AND INDUSTRY, February 26, 2015.

**No. 637** By Representatives BENNINGHOFF, BAKER, BLOOM, CALTAGIRONE, CUTLER, DUNBAR, DUSH, FEE, GREINER, GROVE, JAMES, KAUFFMAN, LAWRENCE, MACKENZIE, MAJOR, MARSICO, MENTZER, MILLARD, MOUL, PICKETT, SACCONI, SAYLOR, TALLMAN, TOPPER and ZIMMERMAN



An Act amending the act of March 10, 1949 (P.L.30, No.14), known as the Public School Code of 1949, in grounds and buildings, further providing for acquisition of buildings, sites for school buildings and playgrounds and disposing thereof.

Referred to Committee on EDUCATION, February 26, 2015.

**No. 638** By Representatives BENNINGHOFF, BAKER, BARRAR, COHEN, D. COSTA, DAY, DUSH, GABLER, GILLEN, GREINER, A. HARRIS, JAMES, KAUFFMAN, KNOWLES, KORTZ, LAWRENCE, MARSICO, METCALFE, MILLARD, MOUL, MURT, PICKETT, READSHAW, SACCONI, SAYLOR, STEPHENS, TALLMAN and WATSON

An Act amending Title 42 (Judiciary and Judicial Procedure) of the Pennsylvania Consolidated Statutes, in sentencing, further providing for sentencing procedure for murder of the first degree.

Referred to Committee on JUDICIARY, February 26, 2015.

**No. 639** By Representatives BENNINGHOFF, D. COSTA, DeLUCA, A. HARRIS, KAUFFMAN, KAVULICH, KNOWLES, METCALFE, MILLARD, MOUL, READSHAW, ROZZI, ZIMMERMAN and MAJOR

An Act amending the act of December 7, 1982 (P.L.784, No.225), known as the Dog Law, in short title and definitions, providing for the definition of "stun gun"; and, in enforcement and penalties, further providing for enforcement and inspections.

Referred to Committee on AGRICULTURE AND RURAL AFFAIRS, February 26, 2015.

**No. 640** By Representatives BENNINGHOFF, BAKER, BARRAR, BISHOP, V. BROWN, COHEN, D. COSTA, DAVIS, DIAMOND, DRISCOLL, A. HARRIS, KAUFFMAN, KILLION, MARSHALL, McNEILL, MENTZER, MOUL, MURT, O'NEILL, PICKETT, READSHAW, ROZZI, SCHLOSSBERG, SCHWEYER, STEPHENS, THOMAS, TOEPEL, WATSON, ZIMMERMAN, MAJOR, CUTLER and McCARTER

An Act amending the act of February 14, 2008 (P.L.6, No.3), known as the Right-to-Know Law, in procedure, further providing for exceptions for public records.

Referred to Committee on STATE GOVERNMENT, February 26, 2015.

**No. 641** By Representatives BOBACK, D. COSTA, SCHLOSSBERG, SCHREIBER, KINSEY, McNEILL, KIRKLAND, LONGIETTI, DIAMOND, COHEN, MILLARD, DAVIDSON, WATSON, MOUL, A. HARRIS, V. BROWN, QUINN, HELM, YOUNGBLOOD, KAUFFMAN and WARD

An Act providing for dedication of portion of sales and use tax; and establishing the Tourism, Museum and Arts Trust Fund.

Referred to Committee on TOURISM AND RECREATIONAL DEVELOPMENT, February 26, 2015.

**No. 642** By Representatives BOBACK, COHEN, PICKETT, MILLARD, V. BROWN, HELM, D. COSTA, MOUL, GODSHALL, MACKENZIE, BROWNLEE, McNEILL, PETRI, DIAMOND, LONGIETTI, ZIMMERMAN, DeLUCA, DEASY, MAHONEY, MURT, SAINATO, KIRKLAND, SCHREIBER and YOUNGBLOOD

An Act establishing the Pennsylvania Tourism Commission and the Pennsylvania Tourism Commission Board; providing for powers and duties of the Pennsylvania Tourism Commission; establishing the Tourism Promotion Trust Fund; and repealing the Travel and Tourism Act.

Referred to Committee on TOURISM AND RECREATIONAL DEVELOPMENT, February 26, 2015.

**No. 643** By Representatives GODSHALL, CUTLER, DAVIS, READSHAW, CAUSER, O'BRIEN, DeLUCA, KIRKLAND, D. COSTA and MURT

An Act amending Title 66 (Public Utilities) of the Pennsylvania Consolidated Statutes, further providing for code of ethics.

Referred to Committee on CONSUMER AFFAIRS, February 26, 2015.

**No. 644** By Representatives YOUNGBLOOD, O'BRIEN, CRUZ, KINSEY, HARPER, COHEN, V. BROWN, PASHINSKI, THOMAS, BROWNLEE, WATSON, MURT, McNEILL, D. PARKER and ROEBUCK

An Act amending Title 4 (Amusements) of the Pennsylvania Consolidated Statutes, in revenues relating to gaming, further providing for establishment of State Gaming Fund and net slot machine revenue distribution.

Referred to Committee on GAMING OVERSIGHT, February 26, 2015.

**No. 645** By Representatives YOUNGBLOOD, SCHWEYER, J. HARRIS, COHEN, KIRKLAND, V. BROWN, KINSEY, DAVIDSON, THOMAS, BROWNLEE, CRUZ, DONATUCCI, DAVIS, McNEILL and McCARTER

An Act amending the act of March 4, 1971 (P.L.6, No.2), known as the Tax Reform Code of 1971, in film production tax credit, further providing for credit for qualified film production expenses and for report to General Assembly and providing for diversity goals.

Referred to Committee on FINANCE, February 26, 2015.

**No. 646** By Representatives HARHAI, O'BRIEN, KOTIK, THOMAS, MILLARD, BISHOP, HARKINS, DEASY, COHEN, DeLUCA, KORTZ, MAHONEY, MURT, QUINN and MOUL

An Act amending Title 18 (Crimes and Offenses) of the Pennsylvania Consolidated Statutes, in assault, further providing for offense of neglect of care-dependent person.

Referred to Committee on JUDICIARY, February 26, 2015.

**No. 648** By Representatives HARHAI, SCHLOSSBERG, LONGIETTI, SCHREIBER, THOMAS, McNEILL, KOTIK, SCHWEYER, COHEN, DeLUCA, MURT, DEASY and MAHONEY

An Act amending Title 53 (Municipalities Generally) of the Pennsylvania Consolidated Statutes, in neighborhood blight reclamation and revitalization, establishing a grant program for municipalities to establish code enforcement programs and hire code enforcement personnel; providing for powers and duties of the Department of Community and Economic Development; providing for imposition of a surcharge; and establishing the Municipal Property Maintenance Code Assistance Fund.

Referred to Committee on URBAN AFFAIRS, February 26, 2015.

**No. 649** By Representatives PAYNE, KOTIK, ADOLPH, HELM, KILLION, KORTZ, BARRAR, COHEN, D. COSTA, DAVIS, DeLUCA, EVERETT, HACKETT, MICCARELLI, MOUL, PASHINSKI, STURLA, DUNBAR, YOUNGBLOOD and FLYNN

An Act amending Title 4 (Amusements) of the Pennsylvania Consolidated Statutes, providing for authorized interactive gaming and for duties of Pennsylvania Gaming Control Board and Department of Health; and imposing an interactive gaming tax and prescribing penalties.

Referred to Committee on GAMING OVERSIGHT, February 26, 2015.

**No. 650** By Representatives MARKOSEK, BISHOP, KINSEY, KOTIK, BROWNLEE, V. BROWN, FREEMAN, COHEN, BOBACK, SCHLOSSBERG, DAVIDSON, HARHAI, SCHWEYER, KORTZ, READSHAW, D. COSTA, STURLA, DeLUCA, DRISCOLL, CONKLIN, MAHONEY, GOODMAN, ROZZI, MATZIE, McCARTER, THOMAS, MURT, KIRKLAND and FRANKEL

An Act amending the act of May 17, 1921 (P.L.682, No.284), known as The Insurance Company Law of 1921, in health and accident insurance, further providing for autism spectrum disorders coverage.

Referred to Committee on INSURANCE, February 26, 2015.

**No. 651** By Representatives MARKOSEK, BISHOP, KOTIK, KINSEY, BROWNLEE, V. BROWN, LONGIETTI, COHEN, SCHLOSSBERG, HARHAI, KORTZ, READSHAW, MURT and FRANKEL

An Act amending the act of November 24, 1992 (P.L.732, No.111), known as the Pennsylvania Quality Improvement Act, further providing for legislative findings and intent, for establishment of the Keystone Alliance for Performance Excellence Awards and for the Keystone Alliance for Performance Excellence Advisory Council; repealing provisions relating to board of examiners and panel of judges; and further providing for establishment of the foundation, for awards and for restriction on funds from Commonwealth.

Referred to Committee on COMMERCE, February 26, 2015.

**No. 652** By Representatives MARKOSEK, SAMUELSON, KINSEY, MULLERY, MILLARD, BARBIN, HARKINS, BISHOP, SCHLOSSBERG, SCHWEYER, CARROLL, KORTZ, COHEN, TRUITT, READSHAW, D. COSTA,

DeLUCA, BOBACK, BROWNLEE, KAVULICH, GIBBONS, THOMAS, MURT, FRANKEL and MOUL

An Act amending Title 75 (Vehicles) of the Pennsylvania Consolidated Statutes, in general provisions, further defining "interactive wireless communications device"; and in rules of the road in general, prohibiting use of interactive wireless communications device, and further providing for duty of driver in construction and maintenance areas or on highway safety corridors and for duty of driver in emergency response areas.

Referred to Committee on TRANSPORTATION, February 26, 2015.

**No. 653** By Representatives MARKOSEK, O'BRIEN, SCHREIBER, KINSEY, V. BROWN, FREEMAN, COHEN, SCHLOSSBERG, SCHWEYER, KORTZ, TRUITT, READSHAW, D. COSTA, THOMAS, MURT, FRANKEL and MOUL

An Act amending Title 75 (Vehicles) of the Pennsylvania Consolidated Statutes, in offenses in general, further providing for depositing waste and other material on highway, property or waters.

Referred to Committee on TRANSPORTATION, February 26, 2015.

**No. 654** By Representatives NEUMAN, CUTLER, BIZZARRO, CALTAGIRONE, KOTIK, McNEILL, W. KELLER, JAMES, SNYDER, PASHINSKI, KORTZ, LONGIETTI, READSHAW, D. MILLER, MULLERY, SCHLOSSBERG, M. DALEY, MURT, SCHWEYER, MILLARD, DeLUCA, ROZZI, SCHREIBER, D. COSTA, SABATINA and HANNA

An Act amending the act of June 13, 1967 (P.L.31, No.21), known as the Public Welfare Code, providing for liability for false claims, for adoption of congressional intent of the Federal False Claims Act, for treble damages, costs and civil penalties, for powers of the Attorney General and for qui tam actions.

Referred to Committee on JUDICIARY, February 26, 2015.

**No. 655** By Representatives BISHOP, GAINEY, ROZZI, BROWNLEE, O'BRIEN, PASHINSKI, KINSEY, THOMAS, M. DALEY, V. BROWN, COHEN, KORTZ, McCARTER, KIRKLAND, MURT and HANNA

An Act amending Title 42 (Judiciary and Judicial Procedure) of the Pennsylvania Consolidated Statutes, in limitation of time, further providing for unlimited time to bring civil actions, for tolling limitations of civil actions, for unlimited time to bring criminal actions and for limitation of serious criminal actions.

Referred to Committee on JUDICIARY, February 26, 2015.

**No. 656** By Representatives WATSON, BAKER, PICKETT, BOBACK, MARSICO, MAJOR, BISHOP, STEPHENS, SANTARSIERO, SCHLOSSBERG, DRISCOLL, TALLMAN, DEASY, MATZIE, GABLER, MILLARD, KORTZ, MURT, COHEN, MALONEY, DONATUCCI, READSHAW, O'NEILL, M. K. KELLER, PETRI, D. COSTA, GROVE, McCARTER, V. BROWN and ROZZI

An Act amending Titles 18 (Crimes and Offenses) and 42 (Judiciary and Judicial Procedure) of the Pennsylvania Consolidated Statutes, in forgery and fraudulent practices, defining the offense of

online impersonation and prescribing a penalty; and, in particular rights and immunities, providing for damages in actions for online impersonation.

Referred to Committee on JUDICIARY, February 26, 2015.

**No. 657** By Representatives ENGLISH, MILLARD, D. COSTA, KOTIK, JAMES, READSHAW, KILLION, COHEN and METZGAR

An Act amending the act of April 12, 1951 (P.L.90, No.21), known as the Liquor Code, further providing for unlawful acts relative to liquor, malt and brewed beverages and licensees.

Referred to Committee on LIQUOR CONTROL, February 26, 2015.

### SENATE BILLS FOR CONCURRENCE

The clerk of the Senate, being introduced, presented the following bills for concurrence:

#### SB 4, PN 168

Referred to Committee on FINANCE, February 26, 2015.

#### SB 9, PN 241

Referred to Committee on STATE GOVERNMENT, February 26, 2015.

#### SB 166, PN 102

Referred to Committee on JUDICIARY, February 26, 2015.

#### SB 179, PN 230

Referred to Committee on TOURISM AND RECREATIONAL DEVELOPMENT, February 26, 2015.

#### SB 293, PN 304

Referred to Committee on INSURANCE, February 26, 2015.

#### SB 316, PN 206

Referred to Committee on STATE GOVERNMENT, February 26, 2015.

### LEAVES OF ABSENCE

The SPEAKER. The majority whip, Bryan Cutler of Lancaster County, requests leave of absence for Representative O'NEILL of Bucks County for the day.

The minority whip, Representative Hanna, requests a leave of absence for Representative BARBIN of Cambria County for the day.

Without objection, those leaves of absence will be granted.

### MASTER ROLL CALL

The SPEAKER. We will proceed to the master roll call. Members will proceed to vote.

The following roll call was recorded:

#### PRESENT—200

Acosta	Evans	Knowles	Ravenstahl
Adolph	Everett	Kortz	Readshaw
Baker	Fabrizio	Kotik	Reed
Barrar	Farina	Krieger	Reese
Benninghoff	Farry	Lawrence	Regan
Bishop	Fee	Lewis	Roae
Bizzarro	Flynn	Longietti	Roebuck
Bloom	Frankel	Mackenzie	Ross
Boback	Freeman	Maher	Rozzi
Boyle	Gabler	Mahoney	Sabatina
Bradford	Gainey	Major	Saccone
Briggs	Galloway	Maloney	Sainato
Brown, R.	Gergely	Markosek	Samuelson
Brown, V.	Gibbons	Marshall	Sankey
Brownlee	Gillen	Marsico	Santarsiero
Burns	Gillespie	Masser	Santora
Caltagirone	Gingrich	Matzie	Saylor
Carroll	Godshall	McCarter	Schemel
Causer	Goodman	McGinnis	Schlossberg
Christiana	Greiner	McNeill	Schreiber
Cohen	Grell	Mentzer	Schweyer
Conklin	Grove	Metcalfe	Simmons
Corbin	Hackett	Metzgar	Sims
Costa, D.	Hahn	Miccarelli	Snyder
Costa, P.	Hanna	Millard	Sonney
Cox	Harhai	Miller, B.	Staats
Cruz	Harhart	Miller, D.	Stephens
Culver	Harkins	Milne	Sturla
Cutler	Harper	Moul	Tallman
Daley, M.	Harris, A.	Mullery	Taylor
Daley, P.	Harris, J.	Murt	Thomas
Davidson	Heffley	Mustio	Tobash
Davis	Helm	Nesbit	Toepel
Dawkins	Hennessey	Neuman	Toohil
Day	Hickernell	O'Brien	Topper
Dean	Hill	Oberlander	Truitt
Deasy	Irvin	Ortitay	Vereb
DeLissio	James	Parker, C.	Vitali
Delozier	Jozwiak	Parker, D.	Ward
DeLuca	Kampf	Pashinski	Warner
Dermody	Kaufer	Payne	Waters
Diamond	Kauffman	Peifer	Watson
DiGirolamo	Kavulich	Petrarca	Wentling
Donatucci	Keller, F.	Petri	Wheatley
Driscoll	Keller, M.K.	Pickett	Wheeland
Dunbar	Keller, W.	Pyle	Youngblood
Dush	Killion	Quigley	Zimmerman
Ellis	Kim	Quinn	
Emrick	Kinsey	Rader	Turzai,
English	Kirkland	Rapp	Speaker
Evankovich	Klunk		

#### ADDITIONS—0

#### NOT VOTING—0

#### EXCUSED—2

Barbin O'Neill

#### LEAVES CANCELED—1

Barbin

The SPEAKER. Two hundred members having voted on the master roll, a quorum is present.

Members, please clear the aisles and please take your seats. We are going to do visitor recognition. We have some outstanding guests here today, and then we are going to proceed to bills on second consideration and third consideration.

### STATEMENT BY MR. BENNINGHOFF

The SPEAKER. I would like to give our colleague, the majority policy chair, Representative Benninghoff of Centre County, the opportunity to speak on unanimous consent. I would ask everybody to please give Representative Benninghoff your attention.

Representative, the floor is yours.

Mr. BENNINGHOFF. Thank you, Mr. Speaker.

Very briefly, I wanted to say good morning to the members, but I thought it was only appropriate that we take a moment—

The SPEAKER. Sir, please just suspend for a second.

Members, if you could, please take your seats. Thank you so much.

We would like to give Representative Benninghoff the floor. Thank you.

Mr. BENNINGHOFF. Thank you, Mr. Speaker.

And good morning to the members.

I thought it was only appropriate that we take a couple moments before we leave here today to do a shout-out to all the students at the Penn State University campuses across this great Commonwealth. I think it is remarkable the effort that they put forth in behalf of THON. As you know, this is the largest student-run fundraiser in all the world, and I think it speaks volumes.

We have heard people who do not totally understand about THON. It is not just about trying to hit a numerical amount of money to be raised. This is about a spirit, what Penn State and these young students stand for. It is about reaching out, providing hope and love and care to people they do not even know, and it is about adopting some of these young people that are battling some of the toughest battles on our continent, and that is the battle of cancer.

And it has amazed me, there is a young lady named Bridget Lavelle who wrote an editorial, which I am going to send around to you, in our local paper, and she talks about getting to know this young patient who is 4 or 5 years old and in the infancy of her own career at Penn State as a freshman and she continues to follow this student throughout her college career. She is now a senior. This young lady continues to battle her cancer and unfortunately is losing the battle. But Bridget talks about how much this young lady changed her life.

And I would tell you if you have an opportunity to go over to Hershey Medical Center or any of the other great medical facilities here in Pennsylvania, which we are very blessed with, these children are an inspiration. These children – and I often have joked with some of my friends – you know, I used to worry about my hair thinning until I watched my daughter lose her own. She never complained; she combed what was there. You watch these young people who are just glad to see that nurse, see that person that is going to hook them up on an IV (intravenous), because they have become their surrogate family.

Mr. Speaker, I will not keep things going too long, but I did just want to say I think it is important that we recognize the student population all across every single campus that participates to raise, again, over \$13 million. That is not a small feat. And if you look over the history over the last 10 years – thank you.

And to those of you that were able to participate, to attend, to cheer them on, to pray for them, and to donate, you know, I understand the economy is tough and I understand that people are struggling where to make their choices in spending, but Pennsylvanians have stepped to the plate. These young students, 17, 18, 19, 20 years old, have also stepped up to the plate and I think it is important that we recognize their efforts. Seven hundred and eight dancers spent 46 hours dancing, singing, playing games with these young people, but more importantly, helping these young families to escape for 48 hours from some of the challenges that they have.

Mr. Speaker, on behalf of all the students, on behalf of our patients and their families, I want to thank our General Assembly, who has always been very supportive, and thank you for your time.

The SPEAKER. Thank you, Representative.

### STATEMENT BY MR. PYLE

The SPEAKER. On unanimous consent, the Speaker recognizes the good gentleman from Armstrong County, Representative Jeff Pyle.

Mr. PYLE. I apologize, Mr. Speaker. I was looking for a microphone that was on.

I think the gentleman from Centre County just set a tone that struck a chord with me.

As many of us who have dealt with cancer can attest, you do not really care where the help comes from; you just care that there is help. And for all those kids dancing up in State College, I was one of the recipients of their kindness.

Today marks my 10th anniversary. Today marks my 10th anniversary of being diagnosed with renal cell carcinoma. Today was the day I went into UPMC (University of Pittsburgh Medical Center) Shadyside so that they could perform a 6-hour operation on me, and since then, I am very happy to report I have scanned clean since.

I know that the money, those kids in State College somehow played a role in that, and for that I am very thankful.

Thank you, Mr. Speaker.

The SPEAKER. May God bless. Thank you very much, Representative.

### GUESTS INTRODUCED

The SPEAKER. Located to the left of the rostrum, the Chair welcomes guests who are part of the "I Want To Work" initiative. These individuals live and work and are the guests today of Representatives Payne, Acosta, Gibbons, Causer, Grell, Schlossberg, Day, Ravenstahl, Mary Jo Daley, and my own legislative district. On behalf of our guests, we welcome these individuals. If you could please wave as I call out your name, we are so excited to have you here with us today. Alexa Brill from Mechanicsburg, William Del Toro Vargas from Philadelphia, Kyle Hunt from Eldred, Samantha Lurwick from



Allentown, Lauren Coni from Schnecksville, Jack Hartley from Pittsburgh, Michael Anderson from Lower Merion, and Matt Stinner from Hershey. The program manager is Dr. Josie Badger from Pittsburgh. Doctor.

These individuals are all individuals who are striving to ensure that young people with disabilities get important and dignified work experiences while still in high school, and it is led by young people with disabilities from all across the State that are eager to put their talents to work.

We thank all of the employers across the State who reach out to hire these talented, talented people. I would like you to give a very, very warm welcome to our special guests. Thank you for being here today.

Now, guests, you get to see us do a little work here today too.

## CALENDAR

### BILLS ON SECOND CONSIDERATION

The House proceeded to second consideration of **HB 73**, **PN 64**, entitled:

An Act amending Title 42 (Judiciary and Judicial Procedure) of the Pennsylvania Consolidated Statutes, in sentencing, further providing for counseling of sexually violent predators.

On the question,  
Will the House agree to the bill on second consideration?  
Bill was agreed to.

\* \* \*

The House proceeded to second consideration of **HB 186**, **PN 178**, entitled:

An Act amending the act of November 24, 1998 (P.L.882, No.111), known as the Crime Victims Act, further providing for victims' rights.

On the question,  
Will the House agree to the bill on second consideration?  
Bill was agreed to.

\* \* \*

The House proceeded to second consideration of **HB 446**, **PN 490**, entitled:

An Act amending Title 42 (Judiciary and Judicial Procedure) of the Pennsylvania Consolidated Statutes, in sentencing, providing for a mandatory period of probation for certain sexual offenders.

On the question,  
Will the House agree to the bill on second consideration?  
Bill was agreed to.

## SUPPLEMENTAL CALENDAR A

### BILL ON THIRD CONSIDERATION

The House proceeded to third consideration of **HB 466**, **PN 521**, entitled:

An Act amending the act of April 12, 1951 (P.L.90, No.21), known as the Liquor Code, as follows: In preliminary provisions, further providing for definitions and for interpretation. In the Pennsylvania Liquor Control Board, further providing for general powers, providing for fee adjustment by regulation and further providing for subject of regulations, for enforcement and for wine and spirits marketing. In Pennsylvania Liquor Stores, further providing for establishment and for sales. Providing for wine and spirits distribution. In licensing, further providing for hotels, restaurants and clubs liquor licenses, providing for grocery store licenses, further providing for license fees, for liquor license sales and restrictions, providing for grocery store license sales and restrictions and further providing for malt and brewed beverages licenses, for wine auction permits, for importers' license fees, privileges and restrictions, for interlocking business, for malt and brewed beverages licenses, for distributor package reform permit, for distributors and dispensers licenses, for prohibitions against the grant of licenses, for numbers and kinds of licenses, for distributors and importing distributors restrictions, for retail dispensers restrictions, for interlocking business prohibited, for breweries, for county limitations, for assignability, for renewal and temporary provisions, for sanctions, for responsible alcohol management, for local option, for unlawful acts, for hours of operation, for licensees and taxation, for penalties and for vacation of premises. In distilleries, wineries, bonded warehouses, bailees and transporters, further providing for limited wineries, for distilleries and for license fees. In disposition of money, further providing for moneys paid into Liquor License Fund. Providing for supplemental provisions.

On the question,  
Will the House agree to the bill on third consideration?  
Bill was agreed to.

(Bill analysis was read.)

The SPEAKER. This bill has been considered on three different days and agreed to and is now on final passage.

The question is, shall the bill pass finally?

The Speaker recognizes the good gentleman from Chester County, Chris Ross.

Mr. ROSS. Thank you, Mr. Speaker.

And I want to begin by congratulating you and also my predecessor in the chairmanship of the Liquor Committee as well as the prior staff of the Liquor Committee, because really, the bill we have got today is a bill that we have considered in the prior session, and it was a bill that was constructed very carefully over a 4-year period where there were extensive hearings taken across the State, where there were committee meetings, and also with now, our recent committee meeting, two sets of votes on this bill in essentially exactly the same form.

During that time we, of course, also have heard extensively from all the affected parties, and I can tell you, after 18 years in the House, that I have a hard time remembering getting more information on a bill than I have received on this bill. Surely, some of that is because of my chairmanship, but I know that the average rank-and-file member has received an enormous amount of information on this piece of legislation as well.

Like other pieces of legislation that we take up at this time in the early part of the session, we are looking at a bill that we have previously considered and passed out of the House, and so I am not going to go in extensive detail because I know many of you are very familiar with this piece of legislation already.

But in summary, I did want to point out for the people that are watching this at home that for the first time we would, since Prohibition, end an outdated idea of having the State be a monopoly to sell, at wholesale and retail, alcohol. And I think that is absolutely historic, an important refocus of the State's purpose on the subject of alcohol; away from a somewhat, in my mind, schizophrenic effort to, on the one hand, encourage people to buy more alcohol and on the other hand work with those that are trying to educate for the responsible use and also address the unfortunate problems that occur from alcohol abuse, which are really more appropriately the State's job. And then secondly, to license and control and enforce the liquor laws and regulations so that those that do sell alcohol do so responsibly and follow the law, and again, I think we need to focus more attention in that area and get away from the business of at the same time trying to sell the product.

So this bill does a variety of different things that the public has been asking for for many years. It creates convenience for those that are using alcohol responsibly so that for the first time wine, beer, and spirits can be purchased for off-site consumption in the same place. It respects the private beer distributors who have been working with us under license for many years, and it respects their investment by giving them the chance to have a first shot at a discounted price to sell quantities of wine and spirits along with the beer that they are currently selling. It addresses the issue of package reform, which is something we have heard about for many years – allowing beer distributors to sell six-packs and growlers, which they have been asking for, and also giving restaurants the opportunity to sell in other quantities as well. It allows, through a license which will be purchased, grocery stores to sell wine.

Now, there are other things that I do want to talk about a little bit because there have been some questions and some concerns raised by some of the members or by the public at large. One of the most important ones I know for everyone, given our fiscal situation, is the fiscal impact of this piece of legislation. There are two aspects of that.

One is the question that has been raised to the value of the system and what we should in turn receive in return for turning the existing public monopoly over to the private sector. I know that the committee in previous years has spent a tremendous amount of time looking at licensing and licenses in neighboring States and elsewhere around the country, considering the values that are placed on the wholesale aspect of this, and has derived the numbers that you will see in this piece of legislation from that effort, and I respect that work.

One of the things that is perhaps most important when we are considering the value of any business is the net profit, or in the case of a State entity like this, the surplus that is generated on an annual basis, and I encourage the members to look at the fiscal note that was issued by the Appropriations Committee, and also to consider the numbers that we have received from the Liquor Control Board about what they are expecting to generate over the next few years in the way of surplus. They are very concerning, and I hope all the members pay strict attention to this part in particular, because there has been a considerable amount of misinformation on this subject.

In looking at numbers that are being offered by the State store system itself, the LCB, they are projecting instead of what we had been getting historically of \$125 million in 2008-2009, down to \$105 million in 2009-10 and 2010-11, we are looking at a considerable drop in the revenues less expenditures over the next few years.

The current year's estimate comes down to 100. In the upcoming year it is below 100, and then it drops to 87, 62, 40, 25, \$7,000 net in 2021 to an expectation of running the system in deficit, where instead of giving money to the General Fund, the General Fund will be in a position where they will have to give money to the State store system of \$12 million in 2122.

This declining stream of revenue available for the General Fund is something that is extremely worrisome. The reason it is happening is that the expenses of the system are growing faster than the income of the system.

Many will wonder, is there not a way to modernize and improve so that we can avoid this problem? But I remind everybody that State-run monopolies are something that are a thing of the past.

If you look around the world, let alone the United States, the idea of having a State-run operation where it could otherwise be run by the private sector has been dropped. Certainly we have seen it in England where they sold off British Steel. We have seen it in France. We have seen it all through Western Europe where Socialist governments gave up on the idea of running something that is elsewhere run as a private investment. Even Russia and China have given up on the idea of a State-run monopoly, running these kinds of businesses. So there is a reason why that has happened.

It has happened because the private sector is driven to be efficient, and the private sector, unlike the public sector, is more insulated from political interference, unfortunately by people like ourselves who sometimes want an entity like the State store system to make decisions for other reasons than what is in their best interest to maximize profit and improve customer service. So asking the Liquor Control Board, the State store system, to perform as well as the private sector is simply not going to be effective.

Now, I have a number of other concerns that are being raised, I know. One of them is, what is this system worth? And people have suggested that we take a look at the total sales of the system and assume that whatever we sell is the correct number to judge the value of the system. I think anyone who is doing that is not thinking clearly.

I ran a business for 20 years. It is not your gross sales that is the value of your business; it is the net profit. If you have a business that sells a relatively small amount of net sales but makes a very high profit on them, that business is worth more than a business that maybe has 10 times the sales but is running in the red. If I am going to buy a business, I want to see that it is not only profitable today but it will be profitable in the future. So the critical question is, what multiple of the profits would you expect to be able to receive in return for buying this business?

The fiscal note indicates that we are going to get one-time revenues, approximately \$1.16 billion. Looking at the State store system's own numbers, the next 5 years, their estimate surplus revenues over expenditure averages out to \$58.76 million. That would mean that we, if we adopt this bill, will earn something in the neighborhood of 20 times the annual average earnings, 20 times.

I am not an investment expert. I know that when I was looking at my own business, I was looking at maybe a multiple of 7 times annual earnings, possibly 10 if things were looking bright. Twenty is a very generous return on this particular asset.

There are some other concerns as well, and I think they need to be addressed and thought about. One of them in particular is the question of what is going to happen to the State employees. We definitely want the State employees who are going to be displaced over the next 4 years to have every opportunity to land in a good job, and the incentives that are in place are significant.

First of all, it is hoped that some of them will wind up being absorbed within the LCB because the licensing department, I am assuming, is going to need additional employees to address the new licenses and the control of the enforcement over those licenses. So there should be some jobs there.

We are talking a maximum of about 3,000 employees. Some people have said 5,000 employees. That is the entire complement of the Liquor Control Board, and it includes licensing and enforcement people whose jobs are not affected by this. As a matter of fact, they probably will need an increase in their complement.

We are offering them preferential hiring at the State. Elsewhere, if it is a civil service job, we are offering them three points on their civil service exam. We are giving them the opportunity for tuition assistance for \$1,000 a year if they want to go to school and get new skills part-time or \$2,000 a year if they are going to go full-time.

In addition, any employer who picks up one of these separated employees who has been displaced will get a \$2,000-a-year tax credit against their State taxes for 2 years. That is transferable if the employee changes employment. What we are trying to do here is give them every opportunity to find a new job, train for a new job, or give them an extra advantage in being able to be placed elsewhere.

Now, that \$2,000-a-year tax credit I think would be particularly effective for those beer distributors who might want to expand into wine and spirits. The salesclerks at the State store system already have experience selling those products. Some of them, I know, have taken some time to actually understand wine. They will be excellent employees for a beer distributor who is unfamiliar with a product line, and they would have the extra advantage of being able to offer that beer distributor the \$2,000-a-year credit against their taxes.

Some of the beer distributors are concerned though, and I have talked to many of them. They are worried about the environment they operate in today. And in fact, they have been getting new competition they are not used to from grocery stores who have taken out restaurant licenses. That competition is there today. That competition will continue whether we pass this bill or not. The important thing that I would want them to think about is, do you want to compete and take advantage of new tools that are available to you or do you want not to compete? If you want to compete, we are giving you a tremendous opportunity to get these licenses at a discount and pay for them over 4 years. That is a tremendous advantage for them over the people who are going to come in and buy those licenses later at a much-increased cost. If you choose not to be competing because the prospect of restaurant licenses is daunting to you and you are not ready to go into the world of selling wine and spirits, you have another opportunity. You can secure that license, hold it for a year, and then sell it at a

substantial profit. So that winds up giving them the opportunity to go into some other form of business that they might prefer.

The other questions that I think have been raised are questions of alcohol abuse and the proliferation of the wine and spirits license increasing tremendously the number of outlets. I think everybody ought to think carefully about this one and think about it holistically. Today we have about 15,000 licensed establishments in the Commonwealth of Pennsylvania that sell liquor in one form or another. If this bill were to be adopted and fully implemented, there would be 1200 additional wine and spirit licenses, most of which are probably going to be taken up by the beer distributors who are already selling alcohol. We expect maybe approximately a net of 200 going to new entities that are not currently winding up selling alcohol in one form or another at those locations.

Obviously there also are grocery store licenses in the neighborhood of about 835. About 200 grocery stores are currently selling beer under a restaurant license. So that would mean about an additional 635 licenses there. There is the potential for another up to 600 licenses, depending on the lack of saturation in some of the rural areas and the necessity to provide some additional options for people that are otherwise not finding sufficient opportunity at a reasonable distance to meet their needs.

So we are talking about a total of 835 to 1435 new licenses, but remember, we are also closing 600 State stores. So at the end of the process, we would see somewhere between 235 and 835 new locations or outlets. That winds up being something in the neighborhood of 1 1/2 to 5 1/2 percent of additional locations. Now, some people will tell you we are tripling the amount of locations where people are going to buy liquor, which is going to mean a tremendous increase in liquor access, which is going to mean a tremendous increase in consumption. That really is not borne out by the nature of the way this bill was constructed, and I expect that that will not prove to be the case. We might, in some cases when we have done things like Sunday sales or some of the other liberalizations that we have done in the past, have actually opened up things more than they were by doing this.

And then finally there is the other question about whether or not we are winding up opening up a can of worms in terms of alcohol consumption and increased drinking. I would point out that the main issue when we are thinking about those issues is how good is our education system and how good is our treatment system, and I think we have more work to do in that area, but that does not have anything to do with the nature of where we are currently selling the alcohol.

Right now Pennsylvania is getting three out of five stars from MADD (Mothers Against Drunk Driving). Illinois, with no State controls along our lines, is getting five stars. Georgia, with no State controls, is getting four stars. Clearly, merely holding liquor at the State store level is not the answer. We need to look carefully at Illinois and Georgia and go through and imitate the things they are doing well so that we can improve our status, but we can do that in a privatized environment, they have shown us. The CDC's (Centers for Disease Control and Prevention) annual average of deaths and alcohol-attributed deaths shows that Pennsylvania is currently on the high end at 3510. Similar populations to Pennsylvania with non-State control: Illinois, 3,000; Georgia, 2500; New Jersey, 1754. There is no reason to just give up and assume that we are going to increase alcohol-related deaths due to

DUI (driving under the influence). We should in fact consider that we do correct enforcement and improve that, and we can do that regardless of the way that we currently hold our alcohol sales.

And finally I want to point out the advantages of enforcement under this bill. Many of the problems we have had with enforcement in the past have been that the fine structure has been too low, and so the bad actors in the license system have tended to simply pay the fine and keep doing whatever they were doing. The nuisance bars just keep going and pay the fine as a cost of doing business.

With this bill, we are increasing fines by five times to get them into a range where they are more credible. And more importantly, there are two other major features, one of which is that we are including the chance to close down for 2 consecutive weekend days a licensee that is persistently committing the worst of the transgressions that a license such as a nuisance bar is currently doing. Closing a business down for 2 days on two of their best days of the week is sufficient to get their attention and I think will make a huge difference.

Finally, right now our State troopers are not in a position to go undercover on the Liquor Control Enforcement. They are meant to be purely in a supervisory capacity, and this creates a great deal of difficulty in some of the nuisance bars because the Liquor Control Enforcement agents stand out like sore thumbs right now. So we are authorizing the State Police, without affecting their complement limits, to be attached to the liquor control enforcement process and serve as liquor control enforcement to be able to do undercover to better enforce the law.

So in summation, what we are doing with this bill is moving Pennsylvania forward in a way that the public wants. We are doing it responsibly so that it does not negatively impact the budget. We are doing it at a price that is fair to the licensees that are going to be taking up the business. We are doing it at a price that is right for the citizens of Pennsylvania. We are making important improvements in terms of convenience, improving enforcement, and doing the best we can to be fair to all employees and others affected by this. I will not pretend that it pleases everyone. I know it does not, but in a complicated matter like this, there is no way to ever get to a bill that pleases everyone.

But again, I respect the work that has been done over the last 4 years that is summed up today, and I hope that the House will see the wisdom of repeating its performance of last session and sending this bill on to the Senate with a positive vote.

Thank you, Mr. Speaker.

The SPEAKER. The good gentleman from Lehigh County, Representative McNeill.

Mr. McNEILL. Thank you, Mr. Speaker.

I rise to oppose HB 466, which would abolish the State store system and place the sale of wine and spirits in private hands. For some reason, this plan keeps being pushed even though the Senate declined to vote on it last session and said it would not vote on this bill in its current form.

These proposals favor the interests of giant retailers and corporate interests over those of small businesses and tax-paying citizens. One aisle in Walmart or a corner of the local convenience store dedicated to beer and liquor is not going to replace those jobs, reopen the family-owned beer distributors that will be forced to close, or improve customer convenience and satisfaction.

There are estimates of 4,000 people losing their jobs in Pennsylvania – hopefully none of them will be our neighbors, which more than likely will be – employees losing their jobs if this bill becomes law. They are good, family-sustaining jobs that we should be fighting to protect and not eliminate. And this total does not include the jobs of hundreds of beer distributors that would be lost in every county in this State.

I am also seriously concerned about the potential increase in underage drinking if we eliminate our current control system. With our State store system, we can feel confident that we are doing a good job preventing the sale of alcohol to minors. But with more for-profit licenses and no PLCB (Pennsylvania Liquor Control Board) oversight, we could see dire consequences. Increased alcohol consumption will inevitably result in the need for more law enforcement, which will cost local governments and taxpayers more money. We must protect Pennsylvania's children so we cannot create a new system that makes it easier for them to obtain alcohol.

Washington was the last State to sell off its liquor system, and the citizens of that State would tell you that privatization has been harmful for youth, liquor prices have risen instead of fallen, and competition has actually suffered. We must avoid that situation in Pennsylvania. Instead of selling a profitable asset, we should improve the current system by making it more consumer-friendly. We should start by expanding State store hours, opening more stores on Sundays, and implementing flexible pricing.

If you are interested in saving jobs and protecting our children, I urge you to vote "no" on this legislation.

Thank you, Mr. Speaker.

The SPEAKER. The good gentleman from Lehigh County, Representative Justin Simmons.

Mr. SIMMONS. Thank you, Mr. Speaker.

I rise today because I believe Pennsylvanians deserve better. I believe Pennsylvanians deserve a system that is better than a system that was designed to make the sale of alcohol "as inconvenient and expensive as possible" as then-Governor Gifford Pinchot stated.

Mr. Speaker, I rise today and I urge you to support HB 466.

I have a story for you. When I was growing up, my family and I were transferred out to the Chicago area. We were moving into a new home. Naturally, one of the first things you do when you move into a new home is you have to go to the grocery store. We went to the local grocery store, which was called Jewel-Osco, and we were navigating the store. We did not necessarily know where everything was, naturally, because we were new. And I will never forget this. I saw a look on my father's face of bewilderment. I said, "Dad, what's wrong?" He said, "Nothing is wrong." He was like, "I just think it's awesome that I can buy a bottle of wine at a grocery store." Naturally, Mr. Speaker, I think that is why we need to move into a 21st-century system of selling alcohol in Pennsylvania.

You know, I constantly hear about all the arguments from people on the other side of the aisle, and I ask myself a simple question: If this was such a good idea, if it was such a cash cow, if it made so much money, why are not other States implementing the system that we have? Why are not the bluest of blue States, California, New Jersey, New York, Massachusetts, implementing our system? They are not because our system is not a good system, and that is why Pennsylvanians deserve better. If they saw it as a way to reduce their budget deficits, they would use it. That is why they do not do it. Much



like the Soviet Union, who tried to control different industries, the Soviet Union failed. Our system of liquor, in my opinion, is failing.

Now, I know the critics will say that this bill is a union-busting bill. I disagree. This bill is about creating convenience for consumers in our Commonwealth. I was a member of a union in high school. My father and grandfather were members of a union. I have no problem with unions. As we move out of this system and go to the private sector, employees are certainly welcome to form a union. So this is not a union-busting bill. This is about convenience.

Critics will also say this bill puts State workers out of work. Well, there will be plenty of jobs out there with increased licenses. There will also be three additional points on the civil service exam for employees that lose their jobs and up to \$2,000 per year for employees to go back to school. So we are looking out for them.

This is a very complicated issue. I do not hesitate to say that. We have a tangled-up system. Not everyone is going to be happy. I am confident that our friends over in the Senate will work on this bill and make sure all parties are happy and in good standing when it finally passes. But what it comes down to, to me, is Pennsylvanians deserve a better system. I believe this bill gives it to them. In a time where we have a huge budget deficit, this bill helps us chip away at that deficit without raising taxes on middle-class Pennsylvanians.

It is obvious for the next 2 years to work with a Democratic Governor and increased majorities in the General Assembly for Republicans, bipartisanship is going to have to happen. And you know what bipartisanship means to me? It means both sides coming together on issues that the public wants. I think we all can agree the public wants this. Over 70 percent of Pennsylvanians, whatever poll you look at, want some sort of liquor privatization. To me, that is bipartisanship, Democrats and Republicans coming together for the benefit of Pennsylvanians.

Mr. Speaker, for Pennsylvania and for our consumers, I urge a "yes" vote on HB 466. Thank you.

The SPEAKER. The good gentleman from Schuylkill County, Representative Goodman.

Mr. GOODMAN. Thank you, Mr. Speaker.

Mr. Speaker, I am going to be very short today because I am going to leave the large part of this discussion to many of my colleagues who are going to bring up very poignant points in regards to this legislation, especially those that serve on the committee. I know that they are going to be talking about the 5,000 jobs that we are going to lose at our State stores, the 1200 beer distributors that are going to be put at risk, the loss of 600 state-of-the-art stores located throughout our Commonwealth. They are going to talk about higher prices, fewer locations, smaller selection. They are also going to talk about the tax increase that is obviously going to come from this legislation.

The point that I would like to make today, and one of the things that stuck in my craw as we debated this the last time was, I constantly read in the newspaper, and I am pointing at the media for this, that there are only two States in the nation that have this system, and that is accurate. There are only two States in the nation, word for word, line for line, wholesale, retail, that have this type of system, and that is Pennsylvania and Utah. But what I find disingenuous is the fact that when people say that, they do not go to the next step and say that there are 17 other

States in the United States that have some type of liquor control, and I want to read into the record those States, Mr. Speaker: Alabama, Idaho, Iowa, Maine, Michigan, Mississippi, Montana, New Hampshire, North Carolina, Ohio, Oregon, Vermont, Virginia, West Virginia, Wyoming, and of course Pennsylvania and Utah. There is a reason why these States have a liquor control system, and that is because it is a product that we want to make sure does not get into the wrong hands.

Now, we can debate on and on about whether we should go from a public monopoly, where the money goes to benefit the taxpayers of Pennsylvania, or if we should have a private monopoly, where that money goes to benefit a group of individuals and large corporations. We can have that debate, Mr. Speaker, but I think that the people of Pennsylvania will be hurt by that debate.

And one of the things that I want to point out is, there used to be two other States. As early as 5 years ago, there were two other States. The last State that privatized was Washington State, and if anybody reads the newspapers coming out of Washington State, they can tell you they call it buyer's remorse because in the last 3 years they have seen a 35-percent increase in the cost of booze in Washington State. It has been said by a previous speaker they wonder why other States do not do this. Once you dismantle this system, there is no going back. Once you lay off 5,000 high-paid, well-paid, well-benefited employees that are paid for by the proceeds of the LCB, do not cost the taxpayers a dime, once you shut down these stores, once you empty the warehouses, once you sell off your product, there is no going back. It is a one-time deal. Once we do this, this will be it. And the ultimate tax increases that will come from this and the loss of revenue that the Commonwealth of Pennsylvania will face will be dramatic.

There is a reason why Washington State wishes it did not do this. We can ill afford to go down the same road as they have, Mr. Speaker. We need to think this thing all the way through. Thank you.

The SPEAKER. The Chair recognizes the good gentleman from Bucks County, Representative DiGirolamo.

Mr. DiGIROLAMO. Thank you, Mr. Speaker.

I was going to rise to make a motion, but a young lady who is on staff in our caucus is getting married on Saturday, and I did not want to delay the vote for any longer than necessary, so I will not make that motion today.

First I want to thank my friend from Chester County, the chairman, Republican chairman, of the Liquor Committee. We had a little bit of a debate in caucus yesterday, and he stood up after I was done speaking and said some kind words about me. So I want to thank him for those kind words, and I think that is a really good example that people in this General Assembly can disagree on issues but still be very respectful to each other.

Mr. Speaker, I served with a gentleman many of the older members will know. His name was Bill Lloyd. Many of the people that have been here for a while know Bill. I think he was from Somerset County. And Bill Lloyd was very well-known for taking every bill and reading every line and knowing what every word meant and knowing where the commas were and the periods were. And when Bill Lloyd stood up to talk, everybody would listen because everyone would know that he had something relevant to say about the issue. And on certain occasions, he would stand up – and I can picture him right there in the middle of the aisle – and he would say, "I guess this is just a bad idea, and I hope the time has not come for this issue."

Now, Mr. Speaker, I rise in opposition to HB 466, and there are a number of reasons that I am opposed to this bill, Mr. Speaker. And the first – and some of them are up in the gallery – are the employees who work for the State store system. I just want to let them know that there are many of us who really appreciate and value your good work and hard work on behalf of the State store system, Mr. Speaker.

I know it has been said in this bill, 466, that there are certain things that are going to help these employees find employment if we pass this bill. I mean, I disagree with that. I mean, I look at the things that are in this bill, education credits and job credits and tax credits and points and preferences for jobs that are not there, and I just do not see it, Mr. Speaker. These are – and again, the number is disputed – these are over 4,000 hardworking Pennsylvanians and Pennsylvania families who, if this bill gets passed, as far as I can see, are going to lose the way that they support their families and they support and provide health care for their families, Mr. Speaker. So that is the first reason, Mr. Speaker, that I am opposed to this bill.

The second reason is from the business aspect. Mr. Speaker, I look at this from a business perspective. I come from a business background. Before I came here to the General Assembly, I ran a small business that had over 50 employees, and, Mr. Speaker, this just does not make any good business sense as far as I can see. If you look at the revenue that the State store system has generated, the last month we have for '13-'14, it was over \$123 million in profit, nothing to do with the taxes that they collected, which was over \$400 million, \$123 million in profit in '13-'14. And as I look at the projected profits in '14-'15, it looks to me that it is going to be over \$130, possibly as much as \$150 million in profit that the State store system generates. That is really substantial. So how do you take an asset, looking at it from a business perspective, you take an asset that you own, you put it up for sale. Now, I know the numbers that have been talked about, about what we are going to get from the sale of the licenses, somewhere around a billion dollars. I mean, that remains to be seen. But even if it is a billion dollars, how do you take an asset that makes \$130 million or more in profit and sell it for a one-time fee of a billion dollars or probably even less? I do not know how that makes good business sense, Mr. Speaker.

And also, from our small business sense, I understand the beer distributors are going to get first crack at these licenses. Well, their association put out a letter opposed to this. Our small business people in every one of our districts, I believe there are over 1,000 licensed beer distributors in the State of Pennsylvania supporting well over 10,000 jobs. They are opposed to this, Mr. Speaker.

And lastly, Mr. Speaker, and again, I say this all the time, alcohol is the most abused drug by far in this State and this country. And I am going to say it again, alcohol by far is the most abused drug in this State and this country, and I am going to address this issue from a public health and a public safety part, Mr. Speaker. Yesterday I went to the PLCB and asked them how many instances, going back a few years, of sales or violations of sales to underage drinkers. And you know what it is, Mr. Speaker? They went back over 5 years and could not find one instance of a State store in violation by selling to an underage drinker, over 5 years, not one instance. Do you think that is still going to happen if we privatize? Does anybody think that is still going to happen? We are going from 600 State stores

to 1200, doubling, and then potentially going to 1800 outlets that are going to sell liquor and wine, 1800.

The previous speaker talked a little bit about Washington State. I mean, again – and he is right – look at the headlines and statistics from Washington State who privatized 2 years ago. Their largest county, King County, in the year before they privatized, they had 10,000 instances of alcohol-related emergency room visits, a year before they privatized. The first year that they privatized, that went up to 15,500 – 5,000 more emergency room visits in one county in the State of Washington.

You all received a letter from the Fraternal Order of Police, who is opposed. In their letter they said, "...In the State of Washington...Washington Cities reports a 63% increase in liquor thefts..." – I am going to say that again – "...63% increase in liquor thefts and a 30% increase in alcohol-related crimes near grocery stores and..." the liquor outlets.

Look at the letters of the people who are opposing this, Mr. Speaker, from the public health standpoint, from the Drug and Alcohol Service Providers Organization, Mr. Speaker. They represent the majority of the licensed facilities in the State of Pennsylvania that provide treatment to our residents. Their concerns are of public health and public safety. "The research is overwhelming and underscores common, every day experience – increases in access such as that reflected in the proposals being discussed, will increase consumption and with it, will increase alcohol-related problems."

Mr. Speaker, Pennsylvania has the lowest rate of death from alcohol-induced causes in the nation, the lowest rate, and that comes from the Centers for Disease Control report back in 2010.

The Commonwealth Prevention Alliance, which represents all the prevention people in the State of Pennsylvania, oppose. Your drug and alcohol people in our county, opposed to this proposal, HB 466.

From the public safety standpoint, Mr. Speaker, you all have a letter from the Fraternal Order of Police. They represent 40,000 of the men and women who protect us each and every day in all of our communities. Mr. Speaker, listen to their words in their letter, "Because of its likely impact on alcohol access and the incidence of alcohol-related crimes, and due to its potential to harm police officer safety..." we oppose HB 466, the Fraternal Order of Police, all of our police officers.

From the Professional Fire Fighters Association, representing 10,000 firefighters across the State of Pennsylvania— And by the way, Mr. Speaker, when I go back home and talk to my volunteer firefighters, I hear the same thing about the idea of privatization. Listen to what is in their letter that you all received. "Every day, our members take to the streets to protect the residents of our state. Any scheme that would potentially place these brave men and women to increased danger through privatization is unconscionable." Unconscionable, Mr. Speaker.

Yesterday we received a letter from the Police Chiefs Association, representing 1100 of the men and women who are police chiefs in our State, almost every one of our municipalities and boroughs. The letter opposes HB 466.

Mr. Speaker, I know this bill, almost the identical bill, went over to the Senate back in, I believe, March of 2013. They had almost 21 months to consider that bill, and it never moved at all,

Mr. Speaker. The Governor, Governor Wolf, had said that he will veto anything that deals with privatization, Mr. Speaker.

Mr. Speaker, you cannot dispute the facts when it comes to public health and public safety, Mr. Speaker. Look at the groups that are in favor of this, Mr. Speaker. The groups that are in favor of this are only the groups basically who have a stake economically in this and opening up stores.

Also our newspapers have all been in favor of this, Mr. Speaker. They want to get the advertisement from this, Mr. Speaker.

Mr. Speaker, I would just ask everyone to really think long and hard about what we are doing here today, Mr. Speaker. This is going to cause so many problems when it comes to public health and public safety. This is just a bad idea, Mr. Speaker, and I ask the members to vote "no" on HB 466. Thank you.

The SPEAKER. The good gentleman from Lancaster County, the majority whip, Representative Bryan Cutler.

Mr. CUTLER. Thank you, Mr. Speaker.

Mr. Speaker, I rise in support of HB 466, and unfortunately, while I have a great deal of respect for the prior speaker, I am going to have to disagree with him on this particular issue. Mr. Speaker, for me, it is a simple premise; it is a simple premise of what should government be doing. And I think it is somewhat schizophrenic of us to promote sales with one branch of government and then attempt to enforce liquor laws with another branch of government. That results in two branches of government spending money, pulling on different ends of the rope, and we can certainly argue, not without a better result for our Commonwealth as compared to the rest of the country. I personally believe that as government and as elected officials, we should be focused on the public health, safety, and welfare of our citizens, not promoting the sale of alcohol, not suggesting that we buy a bottle of vodka on Valentine's Day or Mother's Day as I have seen advertisements indicate, not having competing billboards along the highway as our colleague from Adams County referenced, where we had one billboard that says "The Chairman's Circle," promoting the sale of it, and several miles later down the road, "Drink Responsibly."

Mr. Speaker, we should all be pulling in the same direction. We should be pulling in the direction of what benefits the taxpayers. We have had concerns about alcohol getting into the wrong hands. I share those concerns. That is why I believe that we should be spending our money, our efforts, and our resources to enforce liquor laws, not promoting sales.

Mr. Speaker, let us take a look at the current financial trends because we have heard a lot about this asset that generates cash for the Commonwealth, and I would like to run through some historical numbers just in my short tenure since I started four terms ago. Mr. Speaker, if you look at the revenues that have been generated previously, in my first term in office, 2008-2009, there was a \$125 million transfer to the General Fund; dropped to 105 the following 2 years; by '11- '12, down to 80, which is what we have currently. We might ask, why is that? Well, there is another good example here of government pulling in different directions. We have Federal mandates related to the Affordable Care Act, rising pension costs, and a variety of other things that continue to draw down on the cost of us to stay in this business.

Let us look at some general facts on that cost. The Liquor Control Board's expenses are increasing at a rate of 6 1/2 to 8 percent a year, while our revenue is only projected to increase by 4. That is why that amount of money has dropped and will

continue to drop. Mr. Speaker, when you look at those numbers, we will continue to see a renewal of the decline in available revenue beginning in 2017-18 to the point where we have a projected loss in 2021-22 related to the money that the Liquor Control Board will cease to give us but rather than begin costing us to carry on this antiquated system.

There has been a lot of discussion about border bleed, and I would like to share a story of my own. I live only a few minutes out of Maryland, and I train for amateur triathlons. So I do a lot of bicycle riding down the coast. I have ridden the whole way to Ocean City. Why do I share that? Because I go past a lot of liquor stores on my bicycle routes.

Mr. Speaker, the one that is less than a mile across the State line, just in Maryland, I can guarantee you every time I ride past it, it is predominantly filled with Pennsylvania plates. And if you would look at the border bleed estimates or the bootlegging, probably to bring back the term that was around when the Liquor Control Board was initially conceived, we are looking at a substantial amount of revenue, and it is significant when you take a look at the amount of money that we are potentially losing to our neighbors who tax alcohol differently.

Mr. Speaker, I knew that the Washington example would come up. I e-mailed a friend of mine who lives there. And for those of you who for choice and convenience are an important part of this bill, he said those two items have improved. And the issue of increased costs came up, both here today and in his e-mail, and I would simply like to point out that the reason for the 35-percent increase in cost, unfortunately, lay wholly at the foot of government. When you look at the Washington State tax rates, their excise taxes and how they collect it, they have enacted the highest in the country at \$35.22 a gallon for their spirits. How does that compare to us? Pennsylvania clocks in at \$7.21 a gallon.

Mr. Speaker, Washington State's high prices are not a result of the privatization. It is the very fault of the government who raised the tax rates. And we are in the same position here today having a government holding an asset that is projected to eventually lose money, and I would offer we need to make a business decision. Is this a core function of government? Should we continue on the path that we have done so? And the argument for public safety is a meritorious one, but if public safety were defined by State control, I would assume, as the chairman previously pointed out, that Pennsylvania would have one of the safest amounts of alcohol-related injuries and deaths, and that is not the case. If you look at the Mothers Against Drunk Driving report through the nation in 2013, Pennsylvania got three out of five stars, solidly in the middle of the pack, to be beaten by Illinois and Georgia, who have five stars and four stars, respectively, and do not have the same level of control.

Mr. Speaker, I agree public safety should be a paramount concern, and it is the reason that I support the bill. But for me, I believe that we should get out of the sale of alcohol to promote public safety, and that is why I support HB 466 and would encourage all of our colleagues to do the same. Thank you.

The SPEAKER. The good gentleman from Clinton County, the minority whip, Representative Hanna.

Mr. HANNA. Thank you, Mr. Speaker.

Mr. Speaker, I rise in opposition to HB 466. I urge a "no" vote for a number of reasons, but primarily because privatization is wrong. It is wrong for employees, it is wrong for customers, it is wrong for public safety, it is wrong for licensees, and it is a financial loser.



First, privatization is bad for our employees. Despite what the gentleman from Chester County said, new licensees, either beer distributors, grocery stores, or Walmarts, will use existing minimum or low-wage workers and they will not hire but a few of our 4,000 professional employees.

So where does that leave our displaced workers? Many of them are here today. It leaves them with a tax credit voucher, which has unworkable time limits. Ironically, these displaced workers will find themselves in an economy that the prime sponsor of HB 466 helped steer into the ditch, resulting in PA being 49th in job creation, likely leaving these dedicated State workers with nothing but unemployment. And how about the career training and postsecondary grant? Again, the time limits are questionable and will seriously limit its value. And ironically again, the bill's prime sponsor champions slashing higher education funding by 20 percent, rendering this grant almost meaningless with the cost of higher education today being at least five times the amount of the grant.

Mr. Speaker, HB 466 ultimately will cost us jobs and jeopardize public safety. It is bad for public safety. The U.S. Centers for Disease Control's Task Force on Community Preventive Services has found that liquor privatization leads to increased consumption, and more importantly, increased excessive consumption. The PA Department of Drug and Alcohol Programs estimates over 800,000 people have unmet alcohol and drug treatment issues and privatizing will only intensify that problem.

As the gentleman from Bucks County said, alcohol is the most abused drug in Pennsylvania and across this nation. According to the Drug and Alcohol Service Providers Organization of Pennsylvania, Pennsylvania currently has the lowest rate of deaths from alcohol-induced causes in the nation. Why are control States better? The LCB has done a wonderful job of training responsible workers at State stores. Last year alone, workers at State stores conducted 1.3 million age verification checks and rejected 25,000 minors trying to purchase liquor. The monitoring and prevention of underage drinking will be much less likely with teenage clerks at the cash register in supermarkets and convenience stores.

HB 466 is bad for the existing licensees. Our beer distributors tend to be small family-run operations. They cannot or will not comply with the new requirements. They likely will be driven out by big-box stores in just a few years. And restaurant licensees, past experience with the schemes like HB 466 envisions, show that they will not see the change worth the cost. Let me remind you, we have an example found in the small games of chance law changes that just happened over a year ago. The Republicans estimated \$156 million in revenue based on the estimated distribution of two to three thousand licenses. To date, there are only 40 licenses distributed in Pennsylvania. So those estimates and the results could be mirrored with the estimates and results you are hearing about HB 466.

Competition with big-box stores is going to hurt existing licensees, and HB 466 is bad for consumers.

Despite what the gentleman from Lancaster just said, all we have to do is look to other States that have experimented with privatization. West Virginia privatized in 1981. Prior to privatizing, the Alcohol Beverage Control Administration was bringing in \$22 million per year in that State. In just a few years, sales plummeted to just \$6 million. Iowa also privatized, and at the retail and wholesale level, revenues for the State

dropped by \$20 million in just 3 years, and after the retail sale privatization went through, revenues dropped another \$18 million.

Two years ago Washington State privatized liquor sales. A gallon of alcohol now costs \$35. It was \$27 prior to privatization. Washington currently has the highest liquor prices in the nation. In a candid assessment of the liquor privatization initiative in Washington, Sharon Foster, the outgoing head of Washington's Liquor Control Board, said, quote, "I think it's the dumbest thing we ever did in our state."

Here in Pennsylvania, former Governor Corbett's liquor privatization study concluded the State would need to make up \$400 million each year for privatization to become revenue-neutral, and a divestiture study showed that it estimated \$1.4 billion additional costs to divest our State of the existing stores.

Mr. Speaker, as I said earlier, the reality is that professional State store employees will be replaced in Walmarts and other big-box stores by existing, existing minimum-wage or low-wage employees. Training them is not the answer. To a low-wage or minimum-wage employee who does not plan to make this a lifelong career, training is just burdensome and unimportant. That is why organizations concerned with public safety have uniformly opposed privatization, groups such as MADD, Students Against Drunk Driving, and the Pennsylvania DUI Association, the NAACP (National Association for the Advancement of Colored People), and others concerned with excessive and underage drinking, all oppose privatization.

The Pennsylvania Fraternal Order of Police believes privatizing wine and liquor sales will vastly expand access to alcohol in Pennsylvania. The U.S. Department of Justice has documented a clear connection between alcohol consumption rates and crime rates.

Mr. Speaker, this proposal will eliminate dependable annual revenue for the mythical one-time gain. We are going to give up a half a billion dollars of annual revenue for an unknown, one-time infusion of capital, only to deepen the pockets of wealthy corporate liquor interests? It is going to cost jobs, it is going to threaten public safety, and it does nothing for consumer convenience. On top of all that, we should vote "no" on HB 466 because we have not even considered a modernization proposal. And although PA's LCB is a national leader, second only to Texas in producing revenue – let me repeat that; PA's LCB is a national leader in producing revenue – there is always room for improvement.

Voting "no" will allow us to hear Governor Wolf's proposal and budget plan for allowing customer convenience. We are expecting that it will include better locations, better hours, better package reform, hopefully out-of-State wine delivery and even flexible pricing.

Let me remind you that voting "no" is what your constituents want. A recent poll conducted in June 2014 by Franklin and Marshall showed that more than half of the respondents, 57 percent, preferred to modernize the State wine and spirit stores or leave them the way they are.

Voting "no" only makes sense, because as Senator Scarnati said last session, the prime sponsor's plan, and I quote, "is half-baked and is like a fire-sale, because it would ultimately unload the State store system for much less than what it could be worth."

So clearly, we at a minimum must maximize this valuable profit-producing asset before we ever consider selling it.



No responsible steward of public assets could possibly think otherwise, and voting "no" on privatization and "yes" for modernization will generate as much as \$165 million more annually on top of the half billion already coming into the General Fund.

Legislative efforts to modernize Pennsylvania's liquor laws could increase customer convenience, preserve thousands of jobs for hardworking middle-class families, expand hours, increase bulk purchasing for the LCB by keeping wine and liquor store prices low, and allow for direct shipment of wine to consumers.

Mr. Speaker, House Democrats believe Governor Wolf will present some very promising ideas to modernize the existing system and we will continue to advocate for modernization.

Mr. Speaker, I urge a "no" vote on HB 466. Thank you, Mr. Speaker.

The SPEAKER. The good gentleman from Chester County, Representative Warren Kampf.

Mr. KAMPF. Thank you, Mr. Speaker.

Where do I begin? The minority whip must not have been reading the newspapers lately. He was running down Pennsylvanians. Pennsylvanians have actually reduced the unemployment rate well below the national average. And despite this body and the General Assembly and the prior Governor reducing the effective tax rate on Pennsylvanians, tax revenue is actually up in Pennsylvania.

Moving to the bill itself, I do not know about you, but the constituents in my area, for going on three decades, maybe longer, have been saying: Why is this system still in existence; the private sector should be doing this; please treat us like adults; let us actually go into the grocery store and buy a bottle of wine; let us be able to buy beer and wine and liquor all together.

These are things that in many, many other States are already legal, but in Pennsylvania, we have for some reason – and the people back home where I live do not understand it – for some reason we have real difficulty in the General Assembly doing what they do in their lives every day, make reasonable choices.

I have heard comments about how we need to regulate this sector. Well, yeah, we regulate a lot of sectors. So therefore the logic goes, we should own the liquor and wine sales and wholesale. That does not make any sense. By that reasoning, the chemical industry should be run by the State. Apparently some people still believe that would be a good idea. The pharmacies should be run by the State. The tobacco industry should be run by the State. The car industry should be run by the State. Oh, what country are we in, Mr. Speaker? I am sorry.

Anyway, it is absolutely clear that we can regulate industries, we will regulate this one. But I have faith in the private sector. I believe that the private sector can do this better for our constituents, that we can properly regulate it and that we can actually generate more revenue than we do today.

The minority whip said that we are giving up a \$500 million-a-year cash cow or something like that. We are not eliminating the taxes on this, Mr. Whip. The fact is that those taxes will be paid, and people are going to continue to consume this product after it is privatized. I know that like I know nothing else.

Lastly, if we have an asset which is not part of the government's core mission – I do not think anybody would say that selling liquor and wine is part of a government's core mission – and it could be worth \$1.1 billion if we privatized it,

would we not want to do that for the taxpayers of Pennsylvania when we are facing massive pension cost increases, massive Medicaid increases? Of course. The voters of Pennsylvania, the constituents of Pennsylvania, want us to do this. They have wanted us to do this for 30 years, and let us get it done.

Thank you, Mr. Speaker.

The SPEAKER. The good gentleman from Centre County, Representative Conklin.

Mr. CONKLIN. I want to thank you, Mr. Speaker.

You know, Mr. Speaker, again I want to thank you for bringing this bill forward because, you know, it almost makes your mouth want to water. More booze, more places, cheaper prices. Now, that is what Pennsylvanians are for, right? More booze; easier access.

You know, this bill is so great. I live up in – I have State College, Pennsylvania, where we have a little thing called St. Paddy's Day. It is so bad that you cannot go out that weekend because people are getting so drunk in the streets. It is so bad that it costs our police department extra millions of dollars a year just to cover the cost, but under this bill, it is going to be great. These kids can jump in their car— Oh, by the way, the State stores close that weekend because they understand how deadly it is and how dangerous it is. By the way, small businesses close down that weekend because they understand how dangerous it is, how bad alcohol consumption is, and how it is destroying these young people. Large box stores, large corporations, the folks who can afford this, oh, no, they stay open. They see big profit, and that is what is so great.

If I was a college student right now, I would be thinking – think about this, Mr. Speaker – let us get the pickup truck. We are going to go down and we can go to the State store. By the way, to the folks who are listening, you have got to go to the State stores – I mean, you have to go to the beer distributor to get the full complement. You just cannot go to the local store and get it. You cannot go to the State store. You have got to go to the beer distributors. So what is nice about that bill, think about this, you get in your pickup truck, which I own a couple of them, you get your friends in because we have those four doors now, those dual cabbies. We can get 6, 8, 10 college students in that baby. We go up to the drive-through. We do not even have to get out and be carded. Only one of us has to be carded now. We can get ourselves, oh, Tiger Rose, you know, a few of those, as many as we can get; some Corby's; a couple cases of beer, and we can go down and we can celebrate St. Paddy's Day with everybody else and just have a good old party.

See, what this is, this is like buying a lottery ticket. You have got one or two people who are going to win a huge amount of profits from our stupidity, should I say, and misunderstanding of the problem at hand and you have a lot of losers. You have a lot of people who are going to lose their businesses, going to lose their way of life, going to lose the place where they will go.

You know, I like when people keep talking about MADD only gave three stars, and I am glad, too, my colleagues brought it up. You know, MADD is against this. For those of you who keep bringing MADD up, they are saying no.

You see, we have got choices in life. Some of us make good choices; some of us make bad choices. We have got to decide where we stand on an issue. You have got to take a stand. You have got to decide whom you are going to be with at the end of this day. And I do not want to hear you say I am for the people of Pennsylvania, because we are all for the people of

Pennsylvania. What I want to hear is who exactly wants this, the ones who really need this, and those whom you are going to stand with.

Let me go down this list. I know some people did it, but you know, a "no" vote is to stand with the people I am with, and I am going to tell you right now, these are the people I am going to stand with. You can pick out the names and you can get up and tell me whom you are going to stand with a little bit later, but I am going to tell you the names whom I am going to stand with. Let us start with MADD. They say vote "no." I stand with MADD. Let us start with the U.S. Centers for Disease Control Community. They say no. I stand with my friends. How about the Commonwealth Prevention Alliance? They say no. I am going to stand with them. And I apologize for everybody. This is going to take a while, because there are a lot of people on here and a lot more came in and I will not be able to get to them.

The Pennsylvania Association of County Drug and Alcohol Administrators, they want you to vote "no." What do they know? They only know how bad alcohol abuses people. Oh, the Fraternal Order of Police, the folks that protect us, they are against it. You guys do not have to stand with them. I am going to be with them. How about the International Association of Fire Fighters, the folks who have to – and this is the sad part; I have had friends die in fires from alcohol abuse, passing out after they turned the stove on. You know what? I am going to stand with the firefighters. Oh, wait a minute. We have got more here. The PA DUI Association; the Students Against Destructive Decisions, that is SADD; the Pennsylvanians Concerned About Alcohol Problems; United Methodist Advocacy of Pennsylvania. I am standing with the church. You guys go where you want. I am standing with the church. The Black Clergy of Philadelphia, again, I am standing with those folks who stand for the man I believe in. The Baptist Pastors and Ministers Conference of Philadelphia, I am with them again one more time. You go with whom you want to. I am standing with the people on the right side of this issue; the Pennsylvania Woman's Temperance movement, the Pennsylvania NAACP, the Pennsylvania Association of Staff Nurses – you know, those are those folks that see what happens from domestic violence and underage drinking when wrecks happen and people who overdose on alcohol. Those are the folks I am standing with.

The Pittsburgh Interfaith Impact – we have got both sides of the State here – I am with those folks. How about the Malt Beverage Distributors? Oh, those people you want to give it to, they are against it, by the way. I do not want to bring that up to you. I know it is a bad thing right now. The Beer Alliance, oh, by the way, they are against it too, Mr. Speaker. You know those distributors? Nah; they do not want it either.

Who wants this bill? Oh, United Food Commercial Workers, the Independent State Store Workers, those are the folks you say you are going to tell them they can get a job making \$8 an hour. Yeah, I am sure they are not going to be for this; the Coalition of Labor Engaged for Accountable Revenue, the Better Choices Coalition, the AFL-CIO; the AFSCME (American Federation of State, County, and Municipal Employees) 47 and 13. Again, those are the folks in your health care and your State workers who drive up the highway and have to pick those bodies up off the road because they have had too much to drink.

How about the PSEA (Pennsylvania State Education Association)? Oh, those are schoolteachers that teach. These are people. How about the Pennsylvania Professional Fire Fighters? Again, they see the aftermath. SEIU (Service Employees International Union), those are the health workers and the correctional workers. Although, you know, a little tongue in cheek, the correctional workers may want to think about it, because of all the DUI crimes, it almost keeps those guys employed because we get to put them in prison because they have had too much to drink. Those are the guys that are buying, you know, going through the distributor, getting their case and their wine and forgetting to get home first.

We have got APSCUF (Association of PA State College and University Faculties). What do they know? They are just university professors; they are only doctorates. I am with those folks; the Coalition of Black Trade Unionists; the Philadelphia School Teachers; the District 2-13 AFL-CIO; the Pennsylvania Police Chiefs. Again, the Brewers of Pennsylvania, they do not want this thing, Mr. Speaker. I do not know if you are listening or not, but the people you want to buy it do not want it. I am sure there is somebody else who wants it, though, if we check hard. We have got the Mercer County Commissioners, the Philadelphia City Council, and you know this one, Erie County. I checked with Bizzarro, Harkins, and Fabrizio. They said it is true. Erie County is against this. I want to thank those guys. The Council of Islamic Organizations; the Pittsburgh Interfaith. Again, those folks who believe in faith are against this. How about the Philadelphia Unemployment Project, the Women's Community Revitalization Project, the Pennsylvania Alliance for Retired Americans?

Mr. Speaker, rather than going on and I can let people get up and hammer me, which will be fun, but, Mr. Speaker, this is the same bad bill when you used Washington State as your template before the figures came in on Washington State. All this bill does, it makes a lot of false promises to people out there who do not fully understand what this bill is. It does not give them what they want. It is a great sound bite, but at the end of the day, we all have got to make choices in life. Are you going to choose to stand with those folks who are of the faith, those folks who do not want this whom you want to give it to? Are you going to choose those folks, those folks who deal with it every day? Are you going to choose elsewhere? It is totally up to you. As for me, I know who my friends are. I know where I belong. I know my place, and my place is with this list. I am standing with these folks. I am voting "no." Thank you.

### FILMING PERMISSION

The SPEAKER. Members, an announcement, please. At this time Steve Esack of the Morning Call will be on the House floor with both still photos and videotaping with audio. So Steve Esack from the Morning Call will be permitted on the House floor for still photos and videotaping with audio.

### CONSIDERATION OF HB 466 CONTINUED

The SPEAKER. The good gentleman from Allegheny County, Representative Mustio.

Mr. MUSTIO. Thank you, Mr. Speaker.

It is always very difficult to follow such a dynamic speaker. I, Mr. Speaker, think he might be for prohibition, and if he

wants to introduce that piece of legislation, I would be, actually, willing to look over the cosponsorship memo but probably not vote for it.

There were a couple of people that were missing from that list – Governor Pinchot and Nucky Thompson. Now, if we want to roll back time to the 1930s and continue the current process that we have, then that is what we are going to do by doing nothing on this piece of legislation, but I want to encourage my fellow members to vote "yes."

There have been a couple things that have been stated in the comments in opposition to this legislation, and I just wanted to bring, really, the full story and more clarity to the membership. If you look at the headlines from Washington State newspapers and you just read the headlines and do not read the articles, you would think we probably should not vote for this legislation – "Washington Has Highest Liquor Prices Nationwide." Well, that is it then. Let us not vote for this legislation. Let us table this bill. But, now, wait a minute. Let us read the article; let us read the article. What does it say in the article? Well, one of the store owners says that she is now having to pay between \$30,000 to \$40,000 more in additional fees every stinking year. In addition to that, she has higher taxes she has to pay every quarter. Why is that? Because when they passed their bill, they put additional taxes on because they wanted the money to fill a hole in their budget, additional taxes to fill a hole in the budget. Boy, that rings a bell from a different— We are not doing that.

So why, why would we consider this piece of legislation? One, because it expands the number of outlets, it provides more convenience. Now, in Washington State they went from 329 outlets to 1,400 outlets. Almost 1100 more outlets, yet we are talking about maybe 600 more here.

Let me quote from another article. That does not mean sales of liquor have increased dramatically. They rose 6 percent the first year, a bit less than forecasters had expected and far less than what critics feared, and the most recent data points to volumes being relatively flat from last year.

Another article said that Washington State is spending less money on enforcement of their liquor laws. Revenue was up to the State coffers, but their legislative body voted to spend less money on enforcement of their liquor laws. I am sure we would not do that here in Pennsylvania.

A comment was made earlier that there has never been, at least in the last 5 years and I would say there has never been in the history of the State store system in Pennsylvania, a case of selling to an underage person. Do you know why that is? You cannot find chocolate chips in a chocolate chip cookie if you do not look for chocolate chips, right? They do not check. They do not inspect. They do not send in underage, undercover people to buy liquor in the liquor stores in Pennsylvania. It does not happen. That is a fact. That was in testimony at multiple hearings that we have had on this issue.

What we are for is for the government to control and oversee the sale of alcohol but to get out of the business of selling alcohol. We are for competitive prices. We are for better product selection. We are for better service.

Another Washington State article quotes restaurants in Washington State that says, "Restaurants are also reaping the benefits of flexibility. Before, they had to go to an assigned liquor store to stock up. Now they can have it delivered by competing distributors, which offer discounts and more variety."

I am not here to scare you. I am here to say, let us grab on to this opportunity. Let us improve what we have to offer our constituents. Let us listen to that 76 percent of the constituents in Delaware County, for example, that want this because they are tired of driving across the State border to Delaware to get a better selection, to get a better price, to get better service.

Let us vote "yes" on this, again, historymaking piece of legislation. Thank you.

The SPEAKER. The good gentleman from Philadelphia County, Representative Curtis Thomas.

Mr. THOMAS. Thank you, Mr. Speaker.

Mr. Speaker, we were sworn in on January 6. This is February 26, and some of you have been around here for a long time and you know that this is probably the longest period of time that I have gone without opening my mouth, but I cannot sit and go through this conversation without making some comments.

Number one, Mr. Speaker, this proposal has to be voted down because, Mr. Speaker, to the best of my knowledge, my colleague who presented your proposal at no time during his comments did he indicate that the Liquor Control Board, the administration of this system in Pennsylvania, has been charged with misfeasance, malfeasance, or nonfeasance.

Mr. Speaker, this system has turned a profit, has managed it extremely well, and the only thing that the system is in need of is modernization, not destruction. And so, Mr. Speaker, from the so-called business standpoint, why would you want to abolish something that is working? That is the question that you have to ask. Why abolish a system that is working?

Secondly, Mr. Speaker, it has been made very clear that there are over 4,000, 4,000 workers who rely on the operation of this system. They have reasonably good jobs with benefits, and, Mr. Speaker, it is insulting, it is insulting to say to them now, I want to make a scholarship, a \$2,000 tax credit available for you, for you to go to school. Throughout their career you have not offered that. Maybe if we had offered a \$2,000 tax credit a few years ago when they started with the system, they might not be with the system today. So it is insulting to say to them that we are going to do the best that we can under as speculative conditions as possible to help you find a job, help you find access to health-care benefits, help you find child-care benefits, help you make a transition to another industry.

And, Mr. Speaker, I was just looking at some labor statistic data the other day. Mr. Speaker, do you know that since the recession the average person that has lost their job due to the recession of 2008-2009, that they have been out of work for almost 5 1/2 years because, Mr. Speaker, the job that they lost as a result of the recession is unable to transfer to industries with similar skills. In fact, the other day they talked about a young lady who worked in the banking business in processing checks. When the banks went under and she lost her job, Mr. Speaker, she has not been able to find another job because processing checks is not a transitional skill that you can take to another industry readily as soon as you lose your job.

So, Mr. Speaker, the 4,000-some people that we are talking about putting out on the street today as a result of HB 466, Mr. Speaker, you cannot promise them anything. We cannot say to them that you are guaranteed another job at the salary and benefit level that you are currently working in today. We cannot do that, and unless we can do that, we should not want to become practitioners of destroying families.

Pennsylvania, the Keystone State, we are pro-families, we are pro-communities, and, Mr. Speaker, we should not be engaging in any conduct that is going to destroy families and destroy the lives of children who are dependent on people who work for the system. Mr. Speaker, I know that you put a lot of time and a lot of work in this, but I know that this is not, this is not – you do not want this to be a consequence of your good work, but that is what is going to happen, and there is nothing in this bill that guarantees these 4,000 people an equal opportunity under current conditions.

And, Mr. Speaker, secondly, Pennsylvania is not in the top five of States that can promote job growth and promote economic viability. We are not in the top five. We are not in the top 10. We are not in the top 15. We are not in the top 20. We are not in the top 25. And so, Mr. Speaker, we should not even be entertaining a conversation like this with the current job and economic situation in the Commonwealth of Pennsylvania.

Mr. Speaker, my colleagues have made a good case on how HB 466 flies in the face of public safety. Part of our responsibility is to protect, protect the safety of our communities in this great Commonwealth. And, Mr. Speaker, you know, it was not that long ago that New Jersey privatized its liquor stores, and have you seen the data of the number of alcohol-related traffic fatalities, the number of young people that are now abusing alcohol following the privatization of alcohol in the State of New Jersey, which is right next door? And, Mr. Speaker, it was so much out of hand until the New Jersey legislature had to adopt a law which says that no liquor store can sell alcohol after 10 p.m. After 10 p.m. you cannot sell any alcohol in the State of New Jersey, and if you are caught doing it, you are going to automatically lose your license and pay a hefty fine.

Now, Mr. Speaker, those kinds of checks and balances are not in HB 466. Under this proposal, young people will be able to access alcohol at all hours of the night if Mr. Johnson wants to open up his store 24/7. There are no protections in HB 466 so that we do not have to end up going through that period of New Jersey where we lost a lot of innocent young college kids and we witnessed an explosion of young people abusing alcohol right after they moved from the State-regulated system to a private system in the State of New Jersey.

So, Mr. Speaker, the question before us is not whether or not the Commonwealth of Pennsylvania should be in the business of booze, selling booze. Mr. Speaker, the real question is, why not? Why not? Who has access to the kind of information, resources, and regulatory control than the Commonwealth of Pennsylvania? The Commonwealth of Pennsylvania is in the best position to protect and prevent our young people from a disaster. We cannot stop everything, but, Mr. Speaker, we are in the best position to deal with that. And so, Mr. Speaker, the question is not whether the Commonwealth should be selling booze. The question is, why not? Why not?

Now, Mr. Speaker, nowhere in HB 466 is there any indication that the private sector is going to be able to provide the kind of information, resources, support to make sure that we do not have an explosion of alcohol-related tragedies or an explosion of alcohol abuse by young people. There is nothing in this bill to provide for that.

And so, Mr. Speaker, last but not least, why is it that we have come to this point in our decisionmaking and policy directives that the only way we can straighten something out is to blow the whole house up? Why do we have this abolishment mentality?

All right; the State does not want to sell booze anymore, so blow the whole system up. Mr. Speaker, this is not the time to blow the system up. Now is the time to improve the delivery of the system so that the system can increase performance, not achieve performance because it is performing well now. So modernization will allow us an opportunity to improve the delivery of the system and remain, remain not just as a profitable asset to the Commonwealth but as a real benefit to the people of Pennsylvania.

So, Mr. Speaker, I am not going to run off on a litany list of organizations that I am prepared to stand with. I am going to present you one organization, and that is the 4,000 people that work for the system that is paying their bills, paying their taxes, taking care of their families, participating in the future of this great Commonwealth. Mr. Speaker, I am standing with them today, with them today.

And no one, no one has been able to provide any evidence-based facts to support that the conclusion to the delivery of alcohol in Pennsylvania should be subject to abolishment or blowing it up.

And I saw somewhere in the bill where these private licensees, licensees, will be able to craft their own marketing message, that they will be delegated the authority to shape their marketing message. So now, what do you think you will see? If things keep going the way that they are going, we will see billboards on 76 with a joint in one hand and Old Crow in the other hand, in the hand of a child. We cannot afford to delegate to the private sector the marketing authority, because you know what will happen when folks start doing what they need to do to chase the money, because the only reason the private sector will have an interest is in making money, and they do not really care whether that money comes from a baby or an adult. They just want the money.

And, Mr. Speaker, the last point I would like for you to consider, where in HB 466 do the Chester County commissioners have an authority to deal with zoning? What is in HB 466 that will keep the people of Chester County from allowing 10 private-operated liquor stores on one block? What is to stop them? There is nothing in this bill that talks about respect for local zoning laws. There is nothing in this bill that respects local lawmaking bodies. There is nothing in this bill that respects the sanctity of local communities. One of the great things about Pennsylvania is this collage of beautiful strong communities. How can we afford to promote the sale of 1200 licenses and talk nothing about the sanctity of our communities? It is devoid, it is devoid of even being mentioned within the confines of HB 466.

So, Mr. Speaker, I close on, as a friend of mine closed a message at one time, and that is, if it does not fit, it is not legit. HB 466 will not fit. Therefore, it is not legit. Vote "no" on HB 466.

The SPEAKER. The good gentleman from York County, Representative Grove.

Mr. GROVE. Thank you, Mr. Speaker.

I could not help but listen to my colleagues debate over this bill, and they highlight what they perceive as the worst in Pennsylvanians – that we are all raging alcoholics, we are all going to get DUIs, and for some reason we are going to commit atrocities against each other – if HB 466 would pass. I think that is the farthest thing from the truth. I mean, earlier today we heard about college students banning together on a 48-hour dance-a-thon to raise \$13 million for defeating cancer. I cannot



help but think that Pennsylvanians are not going to abuse freedom in such a horrible way.

There are many examples. Last session I remember discussing an individual who came to York County at a car show and wanted to find out where they could get alcohol, and I had to explain the archaic system we have.

I probably have a better example of that today, Mr. Speaker. Last October I got to visit up to Ann Arbor, Michigan, with several thousand Pennsylvanians who joined Michigan residents in watching a collegiate activity on a beautiful October evening, and I got to go around prior to the collegiate activity and ask them what they thought about where they found alcohol in the State of Michigan. Many people like the availability and the access that Michigan provided, a State that is not traditionally known as freedom but has passed some good, positive freedom-like policies in the past few years to open up their State. I cannot help but happen to think about how many residents of Pennsylvania traveled to this other State with a more free system. Hundreds of thousands of people, or 110,000 that specific day went to watch a sporting event. Nobody crashed; nobody died. There were not fires on the street. It was a great collegiate sporting event and everybody left and nothing bad happened. I think those same events happen across this Commonwealth, whether in Pittsburgh, State College, Philadelphia. It happens on a day-to-day event, a day-to-day event.

I remember going to a local convenience store. At that convenience store they sold beer, wine, and liquor all under the same house. They IDed every single person going through. I even got IDed. I thanked them for IDing me. I appreciated that. I am not sure I need it anymore, but I appreciated it nonetheless. It is responsibility.

The arguments against this bill assume Pennsylvanians are horrible people and have no recognition of the law and will be horrible non-law-abiding citizens. I disagree. I think people are craving freedom. We are absolutely the State of independence. We are not the State of independence kind of similar, and I think this bill goes a long way to reflect the independent thought of Pennsylvanians and how they crave freedom and moving from an old archaic system that is predicated in government monopoly to a more robust free market system that will perpetuate on freedoms and free economic principles, Mr. Speaker.

That is why I am voting for HB 466. I think Pennsylvanians across this Commonwealth agree that we need to move away from the old antiquated system and bring more freedom, respect, and dignity. And especially, Mr. Speaker, I just again think trying to characterize Pennsylvanians as the worst is not what this bill is about, but it is characterizing them as the best responsible citizens that they can be. Thank you, Mr. Speaker.

### GUEST INTRODUCED

The SPEAKER. At this time I would like to introduce a guest of Representative Madeleine Dean of Montgomery County. Marcel Groen is in the gallery, and, Marcel, if you could please raise your hand, we would appreciate it. Stand up. Thank you.

### CONSIDERATION OF HB 466 CONTINUED

The SPEAKER. The Chair would like to recognize the good gentleman, the minority Appropriations chair, Joseph Markosek, from Allegheny County.

Mr. MARKOSEK. Thank you, Mr. Speaker.

Mr. Speaker, from my perspective as chairman of the Appropriations Committee, this liquor privatization bill fails to deliver for taxpayers and consumers of the Commonwealth of Pennsylvania. First, it fails to deliver for taxpayers because this bill would only provide roughly \$160 million in the first year for the upcoming 2015-2016 budget, which would hardly, hardly make a dent in closing the projected structural deficit that everybody in this room knows and understands is going to be somewhere north of \$2 billion.

We keep hearing this proposal will generate \$1 billion from the sale of the liquor stores. Well, let us be clear. That is a one-time revenue source. It would not come to the State all at once, and it would take at least 2 to 4 years to get that money in, not just in the first year. There is a great deal of uncertainty involved.

The bulk of the estimate is based on the sale of wholesale licenses and assumes that all of the current brands would be purchased by new wholesalers. However, we have seen estimates that the wholesale operations could be worth as little as \$253 million, not the \$1 billion as mentioned. Divesting of the LCB's wholesale operation would also not happen overnight. It would not begin to occur until at least the second year.

Privatization of the State's liquor system would also involve significant transition costs that the bill fails to address. For example, roughly 4,000 full- and part-time workers would lose their jobs, which would cost the State millions of dollars in unemployment costs and leave payouts. This bill would increase the number of locations selling wine and spirits but yet provide no additional support for drug and alcohol programs or law enforcement.

Considering the long-term fiscal implications, Pennsylvania taxpayers would lose because the bill sells off a valuable State asset and gives away a dependable source of income. The State gets \$80 million in profits from the State store system every, every year ad infinitum, year after year, over and over, in perpetuity, ad infinitum. That transfer would no longer exist under a privatized system. Instead, private businesses would be reaping those profits.

The State could modernize the liquor stores and get at least \$125 million more in profits above what we already get, an option that would no longer exist if this proposal was passed.

Once the liquor system is fully divested, we estimate the State would lose more than \$190 million annually. That is even after factoring in the renewal fees and additional business tax collections. Over a 20-year period, the State would be losing roughly \$3 billion; that is \$3 billion that your constituents and my constituents would lose if we passed this bill.

For consumers this bill really fails to deliver. First, consumers will most likely see higher prices for wine and liquor. We have heard testimony here today in some of the comments made. Businesses would pass on the licensing fees and renewal fees to consumers in the form of higher prices.

Second, consumers would most likely have less selection. The bill would create a complicated and confusing licensing bureaucracy, which means selection would vary from store to store and across the State. That is not exactly a one-stop shopping experience the supporters of this legislation tout.

In summary, this bill is bad news for taxpayers and consumers. It would actually exacerbate the structural budget deficit not only by eliminating a predictable revenue source stream but also by robbing the State of its ability to maximize liquor store profits through modernization efforts. Consumers will most likely see higher prices for wine and liquor and have less selection.

Mr. Speaker, the only certainty of any of this in this bill is the uncertainty of all of it. Let me repeat, the only certainty of any of this in this bill is the uncertainty of all of what is in this bill.

I encourage the members to vote "no" on HB 466. Thank you, Mr. Speaker.

The SPEAKER. The Speaker calls upon the majority Appropriations chair, the good gentleman from Delaware County, Bill Adolph.

Mr. ADOLPH. Thank you very much, Mr. Speaker.

Mr. Speaker, I gave a pretty detailed analysis of the fiscal impact of this bill in the Appropriations Committee meeting earlier this morning, and I will not repeat all the facts and figures, but I will mention this: The Pennsylvania Liquor Control Board has presented a 10-year spreadsheet. Back in 2008 they had transferred \$135 million. That has dropped to \$80 million this year. In 2 more years, in 2 more years that transfer will be \$62 million, and 4 years later, that transfer will be zero. This is not Bill Adolph's figures. This is not the House Republican Caucus's figures. This is the Pennsylvania Liquor Control Board's figures. It will be zero.

From then on, I asked those that opposed this bill, are you also asking the taxpayers of Pennsylvania now to subsidize the Pennsylvania Liquor Control Board? How are we going to replace that? Now, in my opinion, is the time to sell this asset.

It was not too long ago, Mr. Speaker – I think the year was 2000 – Pennsylvania was proud and the city of Philadelphia was proud to host the Republican National Convention. I remember being embarrassed in the year 2000 by my Republican colleagues that came all over the nation, and I had to remind them – now listen – in order to buy a case of beer, you have to go to one store, but if you want a six-pack of beer, make sure you go into a deli or a bar, but you cannot buy a bottle of wine in there. You have to find what they call State stores, wine and spirit stores. So I was criticized and kind of embarrassed, and I said, well, we are going to get this fixed – okay? all right? – we are going to get this fixed.

Well, I am very proud that the Democratic National Convention is coming to Pennsylvania in Philadelphia, but I am embarrassed to say that we still have the same archaic laws. So when my good friends on the other side of the aisle start to get criticized by their friends from Jersey, who at least, in my memory, has had privatization for at least 35 years, and I know for a fact you can buy a beer and a bottle of wine after 10 o'clock at night in Jersey, and I am sure that millions of people from Pennsylvania that go down to the Jersey Shore know that.

We can only satisfy so many special interests in this Commonwealth, and I want to, I want to praise the committee for doing an outstanding job of putting this all together, but you

cannot please everybody all the time, but we should, once in a while, think of the taxpayers of Pennsylvania, who, according to the Pennsylvania Liquor Control Board's figures, in the very near future are going to start subsidizing this same agency because revenues are not increasing as fast as expenses, and that is a fact.

So why do we not do something that pleases the taxpayers and your residents, 70 percent the polling says? And I certainly would like to see when this whole thing is done, when this whole thing is done, that we can understand why people from York County and people from Delaware County and Chester County and Philadelphia County are not forced to somehow bootleg beer, wine, and spirits back into their home State.

Please support HB 466 and put Pennsylvania out of this archaic system. Thank you very much.

The SPEAKER. The good gentleman from Northampton County, Representative Freeman.

Mr. FREEMAN. Thank you, Mr. Speaker.

Mr. Speaker, I rise in opposition to HB 466.

The proposal before us today to privatize and expand liquor sales here in Pennsylvania is truly not in the best interest of the citizens of our Commonwealth. The current State store system has served us well over many, many years, and it has continued to improve in time in terms of selection, in terms of price, and in terms of greater consumer friendliness. There is more that can be done to modernize and improve the system and proposals have been offered by members on both sides of the aisle that would do just that – offering better convenience to consumers, greater revenue to our Commonwealth, and ensure that a balanced system of control is kept in place to mitigate a host of alcohol-related problems.

The proponents of HB 466 claim that there are benefits to be realized by the type of privatization created by this legislation, but the reality is, the reality is that many more negative effects would be realized as a result of privatization than there are benefits. Our current system offers good selection at a reasonable price in a controlled way that strikes the right balance by providing a reasonable availability to alcohol but with the kind of limitations and safeguards that prevents access to alcohol by minors and reduces the wider potential for the abuse of alcohol that results in increased crime, increased accidents, and yes, increased deaths.

Financially, the current system has provided needed revenue to Pennsylvania without costing the taxpayers a dime in terms of operation, as the system is self-sustaining and runs at a profit. The advocates for HB 466 point to the amount of revenue that is anticipated to be realized by selling licenses that will result in three times the number of facilities being permitted to sell what our State stores sell as well as other places that will now be able to sell the types of alcoholic beverages that have been confined to the 600 State stores of the system. While all this will result in a one-time infusion of dollars, it will not make up for the ongoing loss in revenue to the General Fund, a potential projected \$190 million that would be lost each and every year. That is the true fiscal legacy of this legislation. Once you sell the hen, you no longer get the eggs.

The sale of the State store system will also result in the loss of some 4,000 family-sustaining jobs as the retail clerks working in the system will lose their family-sustaining jobs and minimum-wage jobs will take their place. The 1200 small business beer distributors will face a hard time surviving under this legislation as they will, in most cases, be unable to afford

the new and expanded licenses and will be squeezed out of the market by big business operations that will now dominate the sale of beer, liquor, and wine.

This legislation does away with the public asset belonging to the people that has been run for a public good and for the public benefit. In its place will arise a private system, more truly like an oligopoly than a private system, much more like an oligopoly than a genuine free market system; a system to be dominated by big businesses, not the small entrepreneur; a private system motivated first and foremost by the motivation to make a profit.

No one doubts the success of the profit motive in selling a product in this country. It is the centerpiece of our capitalist economy and actually has served us very well in providing many everyday goods of life. However, make no mistake about it, alcohol is not an ordinary good of life. It is a drug. It is a drug that needs to be regulated and controlled in an appropriate fashion to prevent it from having the horrible consequences that it can have for our society. That is why we prohibit minors from purchasing and consuming it, that is why we have passed tough laws to take drunk drivers off our State's roads, that is why we recognize the need to fund programs to help and heal those afflicted by the disease of alcoholism, and that is why for the past 80-some years Pennsylvania has stood by its current system. It is this system that has been our safeguard against expanding those abuses. The test of a good system is how it balances the access to alcohol for adults who use it responsibly without creating an environment that will increase the problems associated with expanded alcohol availability and the health and safety risks from its increased consumption and the abuse that it can cause. These problems are very real and will increase in number under the system advised in HB 466.

Some have argued that selling wine and spirits is not a core function of government and that the free market should determine how alcohol is sold here in Pennsylvania. Even the advocates of this proposal do not entirely buy into that ideology, to that ideological argument, however, or this proposal would have provided for an unlimited number of licenses that could be purchased. Even the supporters of this bill realize that such a free market approach to alcohol would have terrible consequences from a health and safety standpoint for all Pennsylvanians. So they pulled back from a free market approach and instead offered a proposal that will make the well-heeled and well-connected wealthier individuals even wealthier while driving the small business beer distributors from the business and causing a loss of good-paying jobs by abolishing the jobs of thousands of State store employees. So if we recognize the dangers of expanded access to alcohol, why would we more than triple the number of outlets for its availability and put it in the hands of a profitmaking motive when the current State store system strikes the right balance between availability and proper control?

This bill will assist the biggest of corporate interests to gain even greater wealth without any assurance that consumers will have a more reasonably priced product to buy, without any assurance that consumers will enjoy a greater selection than the current system offers them through its tremendous buying power, and without any guarantees that a private and expanded system of alcohol product delivery is better suited to prevent underage drinking and the host of societal ills associated with alcohol abuse.

Many groups have voiced their opposition to this bill for these very same reasons. In addition to the opposition expressed by labor unions and the beer distributors, the Pennsylvania DUI Association and the Drug and Alcohol Service Providers Organization of Pennsylvania have all expressed their opposition. The Drug and Alcohol Service Providers Organization, in particular, deals with this problem with drug and alcohol abuse on a daily basis in their work and they are strongly against this measure. The Drug and Alcohol Service Providers Organization has pointed out in their correspondence to the members of this House that, quote, they "...can't imagine a scenario under which increases in access to alcohol could possibly help reduce alcohol-related crime...or how increased access to alcohol could possibly help reduce alcohol-related health problems," end of quote. Indeed, this respected organization noted in their correspondence to us that according to the Centers for Disease Control and Prevention, Pennsylvania has the lowest rate of deaths from alcohol-induced causes in the nation, and yet, as the Pacific Institute for Research and Evaluation has observed, Pennsylvania generates far more revenues from the sales and taxes of spirits and wines than any other State, with the exception of Texas. That is what comes from having the kind of balanced system that we currently have here in Pennsylvania – good revenues with lesser alcohol-related problems. Protecting the safety of our citizens, protecting the safety of our communities and maintaining public assets that contribute to the fiscal stability of this Commonwealth are core functions of government and must remain in position and must remain as a priority in our public policy endeavors here in Pennsylvania.

Our Commonwealth and its citizens would be much better off improving and modernizing the current system than they would be in selling off this significant public asset.

I urge a "no" vote on HB 466.

The SPEAKER. The Speaker recognizes the good gentleman from Chester County, John Lawrence.

Mr. LAWRENCE. Thank you, Mr. Speaker.

Mr. Speaker, I rise today in support of HB 466.

Mr. Speaker, make no mistake, the bill before us today is a decisive opportunity to move forward on a key issue important to millions of Pennsylvanians. The bill in front of us gets the State out of a business that it has no business being in – the complete monopoly of the wholesale and retail distribution of wine and hard liquor.

This bill is a win for consumers. Once the State is out of the business, the private sector will provide consumers with the products they want, not the products that the government decides that the store should sell. Consumers will see better prices, better selection.

This bill is a win in particular for the discerning customer. Today to legally purchase high-end, exclusive, and unusual wine and hard liquor in Pennsylvania, one has to place a special order through the State liquor store system, wait until the product comes in, put a down payment down, and then eventually pay a significant markup. The process is clumsy, cumbersome. Frankly, I think it is ridiculous.

This bill is a pro-small-business bill. We have heard about this today, some of the claims from the other side of the aisle. Some of them claim this legislation is a sellout. Some claim this legislation is a sellout to big-box retailers like Walmart and

Target, when in fact nothing could be further from the truth. Mom-and-pop beer distributors, the very definition of "small business," get first crack to become the sole one-stop shop for beer, wine, and hard liquor across the Commonwealth.

This legislation, importantly, is a win for Pennsylvania wineries who have long struggled to get into the State-run monopoly. Back at home in southern Chester County, the local Pennsylvania wineries are poorly represented in the State store system, if at all, and in a demonstration of sheer irony, if you drive right over the State line to a liquor store in Delaware, you will find local Pennsylvania wines prominently located on the store shelves.

Now, I could entertain a continuation of the current State store liquor system if the management of the LCB had demonstrated a modicum of business sense and competency in the delivery of products to the consumer. The unfortunate truth is that the LCB has long been and continues to be the absolute definition of "patronage" and at times outright incompetence. Example number one, the unmanned wine kiosk, a vending machine installed in selected supermarkets where customers had to blow into a breathalyzer and look into a camera manned by a government bureaucrat in Harrisburg. The rollout and subsequent failure of this crazy idea wasted at least \$1 million, and even years after the LCB pulled the plug, this failed program has proven to be a gift that keeps on giving to the legal community as the vendor and the LCB continue in costly litigation over the termination of the program.

As another example, I point to the TableLeaf wine debacle. This comedy of errors came from a poorly conceived effort from the top of the LCB, who apparently thought it was not enough to have a monopoly on the wholesale and retail distribution of wine and hard liquor. No; now they thought the State needed to get into the manufacturing end of the business. So untold dollars were spent developing several in-house private labels, including the TableLeaf wine brand, and here is the kicker. The wine was sourced from Napa Valley in California, completely overlooking the dozens of qualified Pennsylvania wineries that for years have been struggling to even have a presence in a State-run monopoly. The LCB then took this store-label California wine and gave it preferential store placement, again undercutting Pennsylvania wineries.

As if this was not bad enough, the TableLeaf wine debacle showcases the lack of leadership and seeming lack of knowledge of how the LCB even operates from the gentleman who at the time was chairman when TableLeaf was developed. When the former chairman of the LCB was questioned as to how much the LCB had spent to advertise its own TableLeaf wine, he said, to his knowledge, they had not spent anything at all. As it turns out, ads pushing TableLeaf were one of the largest expenditures in the LCB's advertising budget.

Now, I recognize that there are some who might say, look, look, Lawrence; these examples were in the past. All right. The LCB has gotten their act together now. Well, as recently as December, 2 months ago, the LCB rolled out a special allocation of the popular whiskey Pappy Van Winkle through a Twitter campaign, driving consumers to the LCB's Web site, but when consumers responded and tried to make the purchase, many of them found they could not log on to the Web site to make the purchase. The ensuing Web site meltdown was a major embarrassment and got a lot of press as another LCB debacle. And guess what? The majority of folks who were able to get in and buy this exclusive whiskey through the Web site, it

turns out they were not even from Pennsylvania. Most of the buyers ended up being from out of State.

Now, ironically, shortly after this misstep, the LCB did move quickly on a different issue with the same Pappy Van Winkle whiskey. Less than a month after the Web site meltdown that left eager consumers stranded, the LCB moved quickly when it got wind that someone in Pittsburgh was trying to, of all things, sell a single bottle of this hard-to-find liquor in a private transaction. Heaven forbid two consenting adults sell a bottle of alcohol to each other in the Commonwealth of Pennsylvania.

Now, Mr. Speaker, I would like to directly address one of the accusations made by detractors of this legislation. There are those that point to the so-called fact that the LCB is returning half a billion dollars a year in profit to the State. These folks advocating this line of debate undercut their own case when they fail to mention the fact that almost all of that figure is not profit but taxes collected on liquor. These taxes will be collected regardless of who sells the product.

And if you are concerned about revenues – right? – while no one can predict the future, if we can recapture even a portion of the folks who are currently going across the State line to buy alcohol in Delaware, Maryland, and other surrounding border States, revenues received from alcohol taxes are certain to increase. Anyone who doubts this simply needs to go to the parking lot of any liquor store right across the State line and take a look at the license plates of the people who are buying alcohol there. Those people, by the way, knowingly or unknowingly, are breaking the law by going across the State line to simply purchase a bottle of wine, perhaps a bottle of Pennsylvania wine, from a local Pennsylvania winery that they could not find in the State store system next to their own house. It is incredible that we would force law-abiding citizens to break the law, subject themselves to potential fines and even jail time, simply to enjoy a bottle of local Pennsylvania wine they had to purchase out of State because the State store in their own neighborhood refuses to carry it. Who could support the continuation of such a ludicrous, antiquated, poorly constructed government-run monopoly?

Now, Mr. Speaker, there are certainly a lot of special interest groups that do not want to see this legislation get signed into law. I have heard it said, "The only reason that liquor privatization has not happened in the last 80 years is that only the common man wants it," and there is a lot of truth to that.

Over the past few years special interest groups left and right have been walking the halls of the Capitol trying to do everything they can to stop this legislation from becoming law. Now, look, they are not bad people, and I respect everyone has the right to express their views, but I stand here today and say: I am on the side of the 70 percent of Pennsylvanians who want to see the legislature move forward on this issue, not on the special interests putting money and resources into everything they possibly can to stop it.

Now, in closing, Mr. Speaker, I again want to reinforce this critical point: The vote we are about to take is a decisive vote; it is a telling vote. Whose side do you stand on? Are you on the side of the people of Pennsylvania who want to move forward with a system that 48 other States have put into place, a system that treats people as adults, gives them the price and selection they want? Or do you want to keep the current system, or heaven forbid, expand the current system run by the State?

Do you want to see more TableLeaf wine debacles? More unmanned wine kiosk debacles? Do you want to continue with a



system that forces people who want to get something just a little bit different into making a special order with Lady Commonwealth and paying a huge markup? A system with an inherent conflict of interest between marketing, regulating, and enforcement on the same product? A State agency that runs radio ads encouraging people to buy vodka and drink it with their mother on Mother's Day?

Today, today is the day to move forward. Today is the time to move forward. I encourage a positive vote.

Thank you, Mr. Speaker.

### **THE SPEAKER PRO TEMPORE (MATTHEW E. BAKER) PRESIDING**

The SPEAKER pro tempore. The Chair thanks the gentleman and recognizes the gentledady from Philadelphia, Ms. Bishop.

Ms. BISHOP. Thank you. Thank you, Mr. Speaker.

Mr. Speaker, lend me your ears. Here we are once again being asked to vote to privatize the sale of alcohol in Pennsylvania, and once again, as I have on every other occasion when this issue has come before the Pennsylvania House, I will be voting "no."

The proposal in HB 466 is not good for my community, it is not good for the city of Philadelphia, nor is it good for the Commonwealth of Pennsylvania. HB 466 would dramatically increase the number of locations that could sell alcohol, but does nothing to address the increased accompanying need for treatment for excessive alcohol consumption by some of our most vulnerable citizens. HB 466 will do nothing to replace the well-trained and responsible State store workers that now conduct age verification checks, thereby preventing the proliferation of underage drinking. Now, how many teenage clerks at the cash register in a convenience store can do that?

The U.S. Department of Justice has documented a very clear connection between alcohol consumption and crime, and yet HB 466 does not include funding for increased law enforcement efforts that will undoubtedly be needed as access to alcohol is increased.

While Pennsylvania continues to lag behind the rest of the nation in job growth, HB 466 would result in the loss of thousands of good-paying jobs. The direct impact on the economy of those communities currently hosting State liquor stores could be devastating, from the loss of local tax income to reduction of spending power that currently fuels other businesses in the area, not to mention the health and retirement insecurity that those unemployed workers and their families will face, the devastation for them.

The proposal makes a feeble attempt to allay these concerns by providing ridiculously small amounts of money for training and offering additional civil service points for workers seeking other State jobs. However, however, the funding being made available would only cover a fraction, a small fraction of continuing education costs – a drop in the bucket, especially for a person whose only income is unemployment compensation.

And after 4 dismal years of budget cuts in State agencies by the Corbett administration, additional State jobs are just not available. They are not available. Moreover, much of the State store workers in a city like Philadelphia are moving into the twilights of their careers, making it highly unlikely that they

will ever find comparable work to sustain them and their families until they can retire.

Finally, the bill does not include any plan for replacing the millions of dollars that currently flow from the Liquor Control Board's operation into the General Fund every year. How will we pay for the upfront transitional costs that implementation of this bill would incur?

Governor Corbett's own privatization study estimates those upfront costs to be \$1.4 billion in the next 5 years. These costs, coupled with the costs and the revenue loss associated with an additional 4,000 employee workers across the Commonwealth and the loss of a dependable revenue stream, will only add to more than \$2 billion structural budget deficit currently facing the Commonwealth and will not be offset by the one-time receipt of less than \$200 million in fees and other revenue projected by proponents of the bill.

Privatization proposals have been floating around Harrisburg for decades, literally for decades. If it was such a good idea for Pennsylvania, privatization would have happened a long time ago.

This is a bad bill for our citizens, a bad bill for the entire Commonwealth of Pennsylvania. I will vote "no," and I urge all of you who are concerned about your constituents to vote "no" also.

Thank you, Mr. Speaker. I have been on, and now I am gone. The SPEAKER pro tempore. The Chair thanks the lady.

### **LEAVE OF ABSENCE CANCELED**

The SPEAKER pro tempore. The Chair recognizes the gentleman, Mr. Barbin, on the floor of the House, and he will be added to the master roll.

### **CONSIDERATION OF HB 466 CONTINUED**

The SPEAKER pro tempore. The Chair recognizes the gentleman from Beaver County, Mr. Christiana.

Mr. CHRISTIANA. Thank you, Mr. Speaker.

Mr. Speaker, the debate here today from the other side of the aisle reminds me of a speech given on the same topic back in 1952 on the House of Representatives floor in Mississippi.

Representative Noah Sweat said on that day: "My friends,...You have asked me how I feel about whiskey. All right, here is how I feel about whiskey. If when you say whiskey you mean the devil's brew, the poison scourge, the bloody monster, that defiles innocence, dethrones reason, destroys the home, creates misery and poverty, yea, literally takes the bread from the mouths of little children;...then certainly I am against it.

"But; If when you say whiskey you mean the oil of conversation, the philosophic wine,...if you mean the drink which enables a man to magnify his joy, and his happiness, and to forget, if only for a little while, life's great tragedies, and heartaches, and sorrows; if you mean that drink, the sale of which pours into our treasuries...millions of dollars, which are used to provide tender care for our little crippled children, our blind, our deaf, our dumb, our pitiful aged and infirm; to build highways and hospitals and schools, then certainly I am for it. This is my stand. I will not retreat.... I will not compromise."

That same political doublespeak Representative Sweat gave in 1952 I have heard today from the opposite side of the aisle. Social consequences because of the increased sales and increased consumption, yet then the same discussion about increased sales and increased consumption that we could achieve from modernization; that same political doublespeak about the job loss and the economic consequences of this bill.

Let us first talk about the facts of the employment within the Liquor Control Board: 4,143 jobs, and under some of the Democrats conversation today, they said we would lose 4,000 jobs. Well, there are only 3,229 employees working in the retail side, first of all, and of those, 877 of them are part-time.

The doublespeak, though, is when they talk about the fact that those folks are working in 600 locations, yet this bill will create 1200 locations. I do not understand how you could double the number of stores, yet there would be job loss. What there would be would be a job shift, maybe even increased job opportunities in a private-sector approach – a private-sector approach that the Republicans in this House have been committed to. That is why we have seen a more competitive marketplace that has reduced our unemployment to 4.8 percent compared to the national average of 5.7 percent.

All of us take the jobs of Pennsylvania folks very seriously; however, I think where the difference comes is that this side of the aisle continues to support a market-based approach, a private-sector approach, which I think we have reaped the benefits of that approach.

It has been well stated today that the Liquor Control Board has two functions – to regulate, enforce, to educate about the potential abuse of alcoholic consumption, and to protect alcohol from getting in the hands of minors; but then they also have the function to maximize sales, to increase consumption and revenue.

Under this bill, the Liquor Control Board will not be dissolved. It will maintain its appropriate function. And to determine its appropriate function, we do not have to look any further than the name of the very agency: the Liquor Control Board. It is not the liquor business board, it is the Liquor Control Board.

No other product, no other consumer product in Pennsylvania is bought and sold by the Pennsylvania government. Even controlled substances, dangerous substances like beer, tobacco, bomb-making explosives, OxyContin – even those products are sold by private-sector businesses. Government should not be in the retail business.

With that said, all of us share the goals of the passionate, well-intended Republican chairman from Bucks County. We share the goals of educating the public about the harmful consequences of alcohol abuse. We share his goal, we share his goal to ensure that alcohol does not end up in the hands of minors. But those goals cannot be fully achieved, cannot be fully achieved when an agency is attempting to maximize revenue, maximize consumption, and maximize sales and profits. Government has a duty to educate about abuse, ensure that dangerous products do not get in the hands of minors. We can do that even better when the government gets out of the retail side of it.

Mr. Speaker, I just want to also comment about some things that the minority whip had mentioned in his remarks.

He said, and I quote, "Privatization is wrong. It is wrong...for consumers. I cannot help but acknowledge why so

many in the public are skeptical of politicians, politicians coming to Harrisburg and saying they know what is better for them than they actually know. When we talk about what is wrong for the consumers, I think we should be asking the very consumers that we are saying it is wrong for.

If it was wrong for consumers, then I think I would have dozens of people coming back to Beaver County and saying, "Jim, the system in Virginia and North Carolina and Georgia, Jim, they got it wrong. Pennsylvania's got it right." In 6 years of coming up here, I have not had one person ever travel outside of Pennsylvania and tell us that our system is right and all the other 48 States are wrong.

Mr. Speaker, it is evident by millions of Pennsylvanians continuing to tell all of us that they want, as consumers, they want privatization, and I think it is wrong for us to tell them that they are wrong.

Mr. Speaker, he also said that privatization will do nothing, this bill will do nothing for increasing convenience. That is the same doublespeak, though, that when we talk about the fact that we are going to have 600 more stores, we are going to have increased hours, we are going to have folks be able to buy a bottle of wine in the grocery store – how in the world can we debate this bill and say that it will not increase convenience?

Mr. Speaker, the public has asked for this time and time again, and thankfully, under this leadership, we sent a bill to the Senate last time. And I am looking forward to today to sending HB 466 to the Senate, and hopefully, they, too, will give Pennsylvania what they want: a private-sector approach to the alcohol sale.

Thank you, Mr. Speaker.

The SPEAKER pro tempore. The Chair thanks the gentleman and recognizes the gentleman from Lehigh County, Mr. Schweyer.

Mr. SCHWEYER. Thank you, Mr. Speaker.

Mr. Speaker, I rise in opposition to HB 466.

Now, I am one of 26 freshman legislators in the House, and over the course of the last 2 election cycles, the Pennsylvania House has seen more than 50 new members. The last time there was a policy hearing to fully examine privatization: 2011. Since 2011 more than 25 percent of the total body of this esteemed institution has turned over. That means more than 25 percent of the citizens of our Commonwealth are represented by someone who has not had the opportunity to have a public hearing on liquor privatization. So I ask the obvious question: What is the rush?

Now, during Monday's Liquor Control Committee voting meeting, I asked this very question, and I was told by our chairman that the bill was fully vetted last session. I was also told that it is a part of the job of a freshman legislator to catch up. But in another committee to which I have been assigned, Aging and Older Adult Services, we considered a tremendous piece of legislation about carbon monoxide detectors.

On February 11 we had an informational meeting about this bill, an informational meeting about this bill. We heard from stakeholders, and we heard from concerned residents. A full 2 weeks later, on February 25, we voted on this bill. Again, this legislation will require carbon monoxide detectors to be installed in senior residential buildings. Now, without the same kind of access to those hearings, we are being asked to vote on a bill that will create over 30 different liquor licenses, 30 licenses; displace thousands of employees, who all, by the way, have

family-sustaining jobs; and will have an incredible financial impact on the Commonwealth – again, without the benefit of a public hearing.

So I heeded some sage advice from the chairman, and I have done my best to play catchup on HB 466. I have read the entire bill. I have read a fiscal analysis on it. I have read letters from dozens of stakeholders and concerned organizations. I have attended my lone committee meeting – which, again, was a voting meeting, not an informational meeting – and I have never missed caucus. But in spite of my best attempts to play catchup like a good freshman should, I have still not had the opportunity to hear people discuss the legislation in person, bounce ideas and thoughts and concerns off of one another like we do in a democracy, and neither has a quarter of all of the members of this House of Representatives.

There should be no rush to pass a bill like HB 466, that is so complex and has so many implications for the Commonwealth of Pennsylvania, without giving legislators, stakeholders, and especially the public the chance to weigh in. Let us not rush into making this vote.

Thank you, Mr. Speaker.

The SPEAKER pro tempore. The Chair thanks the gentleman and recognizes the gentleman from Cumberland County, Mr. Bloom.

Mr. BLOOM. Thank you, Mr. Speaker.

Mr. Speaker, I rise in support of HB 466.

For the second legislative session in a row we have the opportunity to pass a bill to get the citizens of our Commonwealth out of the business of selling and promoting alcohol. We have the opportunity to finally end a program designed in the 1930s to make alcohol expensive and inconvenient, a program designed essentially to punish our own citizens.

This bill would not only end the expensive, inefficient State-run monopoly on wine and liquor sales, but would generate nearly a billion new dollars for our immediate budget needs, plus billions more in future years, through stronger tax revenue from ongoing private-sector sales – all without the oppressive carrying costs of the old, wasteful, unsustainable, top-heavy government system.

Mr. Speaker, HB 466 is a win for taxpayers, a win for consumers, a win for fiscal responsibility. Today we have the opportunity to be the leaders that the citizens of our districts sent us to this Capitol to be. Today, by voting "yes," we stand and deliver a clear and powerful message of freedom. Mr. Wolf, tear down this bureaucracy.

Thank you, Mr. Speaker.

The SPEAKER pro tempore. The Chair thanks the gentleman and recognizes the gentlelady, Ms. Mary Jo Daley, from Montgomery County.

Ms. DALEY. Thank you, Mr. Speaker.

I stand today in opposition to HB 466 because I believe it is bad for Pennsylvania. And today I speak not only for the small business owners in the private sector, but also for State employees of the fine wine and spirits stores in my district and across the Commonwealth.

A beer distributor who lives in my district shared his number crunching with me. His analysis on how HB 466 would affect his business concerns him. In his words, and I quote, "The cost of the licenses is excessive for small beer distributors; it would be hard to imagine those with less than \$700,000 in current beer sales being able to justify or afford the cost."

This small business owner is also concerned that by allowing grocery stores to be able to obtain a license to sell a case of beer, it would likely reduce his sales dramatically. Grocery stores that already sell beer and are looking to add wine and spirits to their inventory can add shelf space relatively easily, but the smaller mom-and-pop beer distributors, like my constituent, may already have space limitations, making it very difficult to find that extra shelf space to add wine and spirits in their stores, let alone the space needed to justify the cost of additional licenses.

We often hear stories about the plight of the small business owner in Pennsylvania; however, I fear that this bill is merely a giveaway to big-box stores on the backs of our hardworking small business owners and State workers. Big-box stores could easily meet the requirements of HB 466, as they have done in other States, and this just adds to the challenges of a small beer distributor in densely populated southeastern Pennsylvania.

So I ask, are we now asking our mom-and-pop beer distributors to bet everything that they have worked for on the chance that the margins just might work, despite what their calculations and knowledge of the market tell them? Oh, and let us not forget the experience of Washington State, where the grocery stores have admitted publicly that they restrict selection and stifle choice for their bottom line, not their customers.

And about those State workers who may not find jobs quickly and may be forced into unemployment: Right now these workers earn enough to be part of the middle class. They pay taxes and they use their buying power to support our economy. They help to keep jobs in Pennsylvania. They are the job creators.

During last year's debate we were told that the State should not be in the liquor business, but is now the time – right now – to begin dismembering a system that has been a reliable revenue source? Have we forgotten the gigantic deficit that we are looking at this year? Have we forgotten that the transfer of profits from the PLCB to the Pennsylvania General Fund has been \$80 million each year since 2011-2012? Have we recognized that wine and spirits retail locations are leased from private landlords, resulting in about \$42 million of income to the private sector? Have we disregarded that the PLCB outsources warehouses for three distribution centers across Pennsylvania, contributing more than \$41 million to the State economy? Have we forgotten about grants made by the PLCB? Have we overlooked the thousands of State employees who earn a living wage? And finally, have we forgotten that no State dollars go into the PLCB because all of the money in the liquor system comes from the sale of liquor?

And as if these were not enough reasons to vote against HB 466, our good friends from the Pennsylvania F.O.P. (Fraternal Order of Police) and the Pennsylvania Professional Fire Fighters Association have both weighed in with their concern, and neither group supports HB 466.

I will be voting "no" on this bill and ask my colleagues in the House to join me.

Thank you, Mr. Speaker.

The SPEAKER pro tempore. The Chair thanks the lady and recognizes the gentleman from Adams County, Mr. Tallman.

Mr. TALLMAN. Thank you, Mr. Speaker.

To put some specificity to the comments from our majority whip, driving this past Christmas on 581 over here to this illustrious chamber, I saw a big sign up there: "Chairman's Selection, purchase it," a Liquor Control Board ad. Just before



I get to the river to come over here, I see, "Drink responsibly this holiday season."

We need to put "control" bold, italicized, and underlined – which this bill will do – back into Liquor Control Board. Pennsylvania does not need to be in the liquor business. Get us out. Thank you.

The SPEAKER pro tempore. The Chair thanks the gentleman.

The Chair recognizes the gentlelady from Montgomery County, Mrs. Dean.

Mrs. DEAN. Thank you, Mr. Speaker.

I rise in opposition to HB 466, and while that may not surprise you, my reasons might. My reasons today are threefold – timing, uncertainty, and value.

On timing, it is puzzling that at a time we all agree we have a \$2.2 billion structural deficit, we would sell off a reliable, predictable, profitable revenue stream for one-time uncertain dollars. This move robs us of the chance to improve profitability, and to improve convenience, like our constituents ask and demand of us. This move further risks criticism of credit agencies.

As for uncertainty, there is uncertainty of the cost for this selloff. There is uncertainty as to the sales of licenses. We only have to remember back to last session when we had those bloated estimates of the revenues that we would be garnering from tavern games. There is uncertainty of receipts, and there is certainly uncertainty as to the impact on public safety and public health.

But finally, and I think most importantly, something we reviewed today in Appropriations, is the uncertainty of value.

Let us think about it. This is an asset, a very valuable asset that each year has \$2.2 billion in sales. Total annual taxes collected, taxes and fees, more than \$500 million. Total annual profit, regardless of what you are hearing today, the shaky numbers, more than \$100 million.

So you would think if we are going to sell off something that valuable, there is one thing we ought to do first. Let us find out what it is worth. Let us get a professional, independent appraisal of what it is worth, and yet to a person when I asked did we do that, the answer is no, we did not do that. We had some discussions, we talked to other States, we talked to other people, we talked to LCB, but we did not bother to invest in a professional appraisal of this asset. I cannot understand not doing that. I do not think you could do that in your own personal lives, that you would sell off something of value, something profitable, and not ask for a professional, independent appraisal of that asset. So we failed to do that.

One of the things we talked about, also, today was what is the value, and what is an appropriate multiplier in the professional world. And I agree, one multiplier would be an estimate based on profits, but another is also an estimate based on sales. Either way you look at it, and there are other measures we could use, this sale is a fire sale. It shortchanges us.

If we are to sell off this asset – and I am not talking about the merits of privatization versus not privatizing – if we choose to sell off this asset, I simply ask this question: How do we maximize its value? Sadly, this legislation does not do that.

We are the Commonwealth's fiscal steward. HB 466 is a failure of fiscal oversight. It makes bad fiscal sense; it makes bad business sense.

Mr. Speaker, I will be a "no" vote. Thank you very much.

The SPEAKER pro tempore. The Chair thanks the lady.

## REMARKS SUBMITTED FOR THE RECORD

The SPEAKER pro tempore. The Chair recognizes the gentleman from Montgomery County, Mr. Stephens.

Mr. STEPHENS. Thank you, Mr. Speaker.

I just have some remarks to submit for the record.

The SPEAKER pro tempore. Thank you very much. Please submit your remarks to the clerk. Outstanding.

Mr. STEPHENS submitted the following remarks for the Legislative Journal:

Mr. Speaker, I will be voting for HB 466 today, but it is not without reservation.

While I applaud the bill's goal of providing greater convenience for our consumers, I have concerns about the imbalance the bill strikes between new entrants into the beer, liquor, and wine business and those private-sector entities currently in the business.

Specifically, I take issue with the cost of wine-to-go permits for "R" licensees versus the cost for beer distributors to sell wine; the number of bottles of wine the wine-to-go permits and grocery licenses allow; and the cap-and-carry provision permitting patrons to take spirits from "R" licensees for off-premise consumption, provided the patron consumes some of the spirits first.

There are many good components of the bill that outweigh the negative aspects, but I still have some concerns with the bill. I do, however, recognize that this bill is merely the first step in what is sure to be a lengthy and involved legislative process where there will be additional opportunities to address these issues. I know that to provide consumers the greater convenience they desire, we must move this bill forward to the Senate for their consideration.

I respectfully urge the Senate to carefully consider the points I raise here and to include all stakeholders in the discussions on this issue as they work to move Pennsylvania forward from Prohibition-era liquor policies.

The SPEAKER pro tempore. The Chair recognizes the gentleman, Mr. Sturla.

Mr. STURLA. Thank you, Mr. Speaker.

Mr. Speaker, will the prime sponsor of the bill rise for brief interrogation?

The SPEAKER pro tempore. The gentleman, Mr. Ross, has agreed, if that is acceptable?

Mr. STURLA. Yes, Mr. Speaker.

The SPEAKER pro tempore. Thank you. You may proceed.

Mr. STURLA. Mr. Speaker, I have to admit, 192 pages, I did not make it the entire way through. But I got about halfway through, and I have about 100 pages of questions. Since we did not have a public hearing, I guess I am interested in finding out some of the information that, even with reading the bill, I cannot quite figure out.

Mr. Speaker, on page 4, the definition of "grocery store" says that it is "...a reputable place operated by persons of good repute, which primarily sells food..." Does "primary sells food" mean dollar volume, does it mean square footage in the store? What constitutes primarily selling food?

Mr. ROSS. I would suggest that it would mean that it sells food as its major product. And by the way, this will be determined, obviously, by the licensing agent to determine whether or not it is in fact meeting the definition, which would be the Liquor Control Board.

Mr. STURLA. So we do not know what the definition of a "grocery store" is, even though we would give up 850 licenses to grocery stores that we do not know the definition of?



Mr. ROSS. I think people understand what a grocery store is.

Mr. STURLA. Well, then let me ask, is the deli down on my corner a grocery store?

Mr. ROSS. If it meets the other elements associated with a grocery store, which include under roof of 10,000 feet or more. If you have a particularly big delicatessen, it might well be a grocery store.

Mr. STURLA. Is Walmart a grocery store?

Mr. ROSS. It depends on whether or not they meet the definition as included here, and I cannot speak to any individual Walmart store because I do not know the terms under which they are operating.

Mr. STURLA. Well, Mr. Speaker, I have a Walmart store outside my town, and about two-thirds of the floor space is devoted to goods from China, and about one-third of the floor space is devoted to groceries, but because I do not know whether you are talking about dollar volume – because my guess is that dollar volume on the groceries is probably, you know, more than half of their receipts. If that is the case, what constitutes a grocery store? Do we know?

Mr. ROSS. I think we understand what a grocery store is.

Mr. STURLA. Well, can you tell me, because I do not understand what a grocery store is by that definition, and I have yet to get an explanation?

Mr. ROSS. A grocery store means "...a reputable place operated by persons of good repute, which primarily sells food, supplies for the table and food products for human consumption off the premises and which has an area under one roof of ten thousand square feet or more."

These kinds of definitions are pretty normal in the code, as I think you probably know. And in fact, it is a routine matter for agencies that we delegate to enforce to interpret those.

Mr. STURLA. So we still do not know what a grocery store is.

Mr. ROSS. I think we do.

Mr. STURLA. Mr. Speaker, on page 5, the definition of "wholesale acquisition" factor, it says, "shall mean a factor of two and one-half applied to the wholesale profit margin...." Can you explain to me how a wholesale profit margin is calculated?

Mr. ROSS. The wholesale profit margin of a brand would be the differential between the price that it is imported into the State, and then the markup, or the price that it is sold at retail. So that would be the differential between the price coming into the State and then the price that it is sold at retail.

Mr. STURLA. Is that the price that the State store currently—

Mr. ROSS. To the retail sales.

Mr. STURLA. Is that the price that the State currently charges for retail sales or the price that someone in the future would charge for retail sales of that product?

Mr. ROSS. At this point, it would be based on the existing sales at the LCB.

Mr. STURLA. If in the future someone imports at the wholesale level and turns around and sells it for not a profit at the retail level, could there then be wholesale acquisition factor that was two and a half times zero?

Mr. ROSS. Once the wholesale factor is determined for that particular brand, it will stay – it will not be redetermined. It is a one-time calculation done at the initial privatization of the wholesale market.

Mr. STURLA. But if there is a product that is currently not available in the State of Pennsylvania – which I think there are wild claims about how we do not have much selection in the State of Pennsylvania, despite the 30,000 options that we have – if I decide that I want to import some other liquor or malt beverage or wine and there is not a current State store retail price for it and I import it, sell it to my – say that I am going to sell it at a retail operation for no profit, would there then be no wholesale acquisition factor?

Mr. ROSS. That would not happen because you cannot sell it at retail until you have gotten approval to be able to bring it into the State. So under your circumstance, the product is not sold in the State. There is a system in the legislation designed to help – for the LCB to go through, a calculation, based on sales that are typical in other States.

Mr. STURLA. Okay. So recently I was in the State store and bought a bottle of 2003 Biondi Santi Brunello di Montalcino, and it was \$49.99 a bottle. Pretty expensive stuff. Fortunately, the State had it. They claimed it was worth more than that, Chairman's Selection. When I went online, the cheapest I could find it was \$149.99. Now, if that selection did not currently occur in the State of Pennsylvania when the wholesale acquisition factor is calculated, would it be calculated on the \$149.99?

Mr. ROSS. I do not follow your reasoning, because it is being offered in the State.

Mr. STURLA. All right, well, if I find another wine that is not being offered in the State—

Mr. ROSS. Then it would have to be calculated along the lines that I had earlier described, and I answered that question.

Mr. STURLA. Pardon?

Mr. ROSS. Then it would have to be calculated along the lines that I had earlier described.

Mr. STURLA. So then the calculation would be the \$149 as the retail cost.

Mr. ROSS. No. No. The calculation would be done based on the State store's estimation of the margin for the wholesale as understood by sales in other States or other factors that they could use to calculate a correct wholesale margin.

Mr. STURLA. But, Mr. Speaker, as the example I just gave, the cheapest I can find it anywhere else, other than the State of Pennsylvania, was \$150 a bottle.

Mr. ROSS. We are talking about a wholesale license here, so that would be the price that someone who wished to sell a brand in Pennsylvania that is not currently being sold in Pennsylvania would pay to the State store – or to the LCB to have the right to do that wholesaling.

Mr. STURLA. I understand that, Mr. Speaker. What I am saying is that if – because I am told that sometimes you cannot find certain wineries in the State of Pennsylvania. And if in fact those high-end premium wines are not available in the State of Pennsylvania, the State store will usually say to me, let us go see if we can find it and then we will do our standard markup. And they can actually sell it to me cheaper than I can buy it out in the open market, because the open market says they do not do a 30-percent markup plus an 18-percent Johnstown flood tax plus the 6 percent. They do a 400-percent markup. So if the only other comparison that I have is the 400-percent markup that occurs in some other State, then the only way I get a wholesale acquisition factor is to use that to calculate it. There is a really

good chance that I am never going to apply for a wholesale acquisition license to market that product because I could not afford to sell it in State of Pennsylvania.

Mr. ROSS. Well, I think maybe what you would be doing is doing that by direct shipment.

Mr. STURLA. Is that covered in this bill, Mr. Speaker?

Mr. ROSS. Yes.

Mr. STURLA. Mr. Speaker, on page 5, the definition of "wine and spirits wholesale license" says, "shall mean a license issued by the department or the board authorizing a person to sell and distribute liquor on a wholesale basis to the board until all retail licenses have been issued in accordance with Article III-A and to retail licensees and other licensees under this act."

Does that mean that once all the retail licenses have been issued that wine and spirits wholesale licenses do not exist?

Mr. ROSS. The wine and spirits wholesale licenses for the existing product that is coming into Pennsylvania right now through the State store system will be dealt with along those terms. Then there are also provisions for new products that are not currently being offered, or new brands that are not currently being offered, and a system under which those will be handled.

Mr. STURLA. But I still do not understand it, maybe I am just—

Mr. ROSS. Wholesale license is a one-time fee.

Mr. STURLA. But on page 5, on the definition, it says that a wholesale license shall be issued by the department to a person to sell and distribute it until all retail licenses have been issued. What happens after retail licenses have been issued? It seems to me the way that wording is that the wholesale license is only good until all retail licenses have been issued.

Mr. ROSS. No. The process under which we price and sell them happens during the distribution process. Then — hang on just a second.

Yeah, and we are talking about, this is wholesaling to the board. Now, once we get to the point where retail is completely privatized, then the wholesalers will be selling directly to the private retail outlets.

Mr. STURLA. Okay, but that is not what the language says. The language says the license is good until all the retail licenses have been issued. It does not say the license is good to sell to the board until then.

Mr. ROSS. It does not say the license is good. It does not say the license is good in here.

Mr. STURLA. Well, it says, the wholesale license will "...mean a license issued by the department or the board authorizing a person to sell and distribute liquor on a wholesale basis to the board until all retail licenses have been issued...."

Mr. ROSS. Correct, in accordance with Article III-A.

Mr. STURLA. Okay.

Mr. ROSS. And other licensees, you know, under the act.

Mr. STURLA. Mr. Speaker, on page 7, one of the things that the Liquor Control Board currently is charged to do, on lines 20 and 21, it says, "The board shall buy liquor and alcohol at the lowest price and in the greatest variety reasonably obtainable."

Will that still be the charge of wholesalers and retailers after this legislation passes?

Mr. ROSS. My understanding of the private marketplace is that the desire to make a profit and to serve customers well will drive people to do the best job they can to get competitive prices and provide the variety that the customer wants.

Mr. STURLA. But there will be no requirement in the law for that to happen?

Mr. ROSS. We do not require private businesses to — I think we do not generally ask private businesses and interfere with them in terms of supervising how they price or what kind of products they stock. We do not do that to grocery stores. We do not do that to other general merchandise stores. We do not get into that because generally we recognize that the private sector does a better job of that than a centrally planned economy.

Mr. STURLA. But we do require that of the board currently. On page 8—

Mr. ROSS. We have to for the LCB because it is a governmental monopoly, so therefore, we have to give it instruction.

Mr. STURLA. On page 8, it says that the "...prices...shall reflect any advantage obtained through volume purchases by the board." Will that still be a requirement of retail outlets?

Mr. ROSS. That is instruction for the State-run system that will not be necessary in the private system because the private system will work toward doing the best they can for the customer.

Mr. STURLA. Mr. Speaker, on page 10, item (m) says, "The board may implement a delivery system as a means of providing product to all licensees under this act."

So they will close the liquor stores, but they will implement a delivery system as a means of providing product to the licensees because the liquor store will not be there anymore. Will that require a new delivery system to be established?

Mr. ROSS. This is a transitional effort to deal with a period of time while private licensees are operating under the wholesale system.

Mr. STURLA. Do we have any idea what that delivery system will cost?

Mr. ROSS. There currently is a delivery system internally within the State store system that delivers to the retail wine and spirits outlets. I actually met with one of the companies that is involved in doing that, so I think that is something that will be just a parallel operation. We wanted to make sure as we were dealing with this transition that we did not disrupt the existing system.

Mr. STURLA. Well, I understand that they deliver to 600 stores right now, but now they will have to deliver to 15,000 retail outlets that currently exist, 1300 beer distributors that might buy licenses—

Mr. ROSS. No.

Mr. STURLA. —1200 licensees—

Mr. ROSS. No.

Mr. STURLA. —600 others, 850 grocery stores.

Mr. ROSS. No.

Mr. STURLA. So when a liquor store closes, you are not required to deliver to those people?

Mr. ROSS. The necessity during that 1-year transitional period of time will be that there will need to be a system to get the product from the wholesale, which still exists for a year, into the new private stores.

And remember, we will be closing down State stores as we wind up finding adequate saturation internally within each of these counties, so there will be a transitional period while we are running some private stores side by side with the existing wine and spirits stores. This simply covers that transitional period for a limited period of time.

Mr. STURLA. Mr. Speaker, on page 11, it says that "The board shall be authorized to increase license fees by regulation under the following conditions:" — and one of those is, "If the

revenues raised by the fees imposed under this act are not sufficient to meet all expenditures of the board over a two-year period...."

This seems to imply to me that somebody is fearful that the cost of dismantling this system will actually exceed the cost of licensing fees.

Mr. ROSS. I think that it is wise for us to look into the future and recognize that at all times we want to make sure that the cost of licensing and enforcement are adequately covered. We believe we have done that, but we would be foolish not to provide for the possibility that we may need some additional revenues to make sure that we meet our obligations. We do not want to fail to adequately cover enforcement and licensing, and costs do change. We have seen in this particular situation that the costs of the Liquor Control Board are getting to a point where they are running themselves into the red in 2021, so we want to be careful and make sure that we meet our obligations.

Mr. STURLA. I just find it interesting that the supposed windfall that we are going to see, we have to protect ourselves against the possibility that it might actually be a deficit that would occur as opposed to a windfall.

Mr. ROSS. Well, we are talking about licensing and also the enforcement side, so they are, obviously, generally expenses. We think we have set the fees, the ongoing license fees, sufficient to meet that. That is quite different than the moneys that are going into the restricted fund, which we recognize are going to be in the neighborhood of \$1.16 billion. So, you know, there is backstop with the \$1.16 billion as well, but obviously we want to make sure that we are also covering the necessary expenses for licensing.

And we do this with other fees, we do this with other licensing fees. I noticed recently we did that with Marcellus Shale, where the licensing fees needed to be adjusted up so that there was good service and rapid turnaround for those that were trying to license wells.

Mr. STURLA. Thank you, Mr. Speaker.

Mr. Speaker, on page 14, there is a whole list of restrictions that are enumerated on how and where and when you can locate a State liquor store. Now, I understand we are going to close those liquor stores, and as a result, that section is being eliminated from this bill. Are there similar restrictions for the new private liquor stores as it relates to proximity to churches, schools, private residences, etc.?

Mr. ROSS. It looks to me like the language is – let us see, where does that bracket start?

Mr. STURLA. Page 14. It looks to me like there are brackets around it. I think that means it is eliminated. Starting on line 24, page 13, and ending on—

Mr. ROSS. That applies to State liquor stores which obviously over time – we are certainly not creating any new State liquor stores, so we do not have to have restriction on where we are locating additional State wine and spirits stores since we are not going to be doing any more of that. There are a whole series of license restrictions for other licensees, which would still apply for all the other types of licenses that are on offer.

Mr. STURLA. Do all those other types of licenses that are being permitted talk about proximities to churches, schools, or private residences?

Mr. ROSS. Yes.

Mr. STURLA. Can you tell me where that is?

Mr. ROSS. It is all through the code. We have many, many licenses. It is in the code. We are not changing that.

Mr. STURLA. Okay. I did not catch it, but I only got to page 97, so.

Mr. ROSS. Well, the beer distributors, among others, are licensed, for example. Restaurants are licensed. There are restrictions associated with each one of those licenses. We are not disturbing any of that.

Mr. STURLA. Mr. Speaker, the current—

The SPEAKER pro tempore. Mr. Sturla, would you be kind enough to just suspend. I am just curious, you were on page 14, and I think there are 192 pages?

Mr. STURLA. I only got to read about 95 pages of this, so I only have 95 pages worth of questions.

Mr. ROSS. I have read the other part, if you want to ask questions about that too.

The SPEAKER pro tempore. I just want to remind the gentleman, Mr. Sturla, that the purpose of interrogation is to solicit answers, but it is voluntary, the cooperation of interrogation.

Thank you, Mr. Sturla.

Mr. STURLA. Mr. Speaker, I could interpret what I think it says, but because there was not a public hearing on it, it would be what I think it says as opposed to what somebody else may believe it says. So I would be glad to do it that way too.

The SPEAKER pro tempore. Thank you, Mr. Sturla. You may continue.

Mr. STURLA. Thank you, Mr. Speaker.

Mr. Speaker, on page 16, it says, "During the retail divestiture process..." talks about a "...wine and spirits retail licensee is authorized to assess a handling fee for this purpose." Do we know how much that is? I mean, are we talking 10 bucks or are we talking \$10,000?

Mr. ROSS. It is my understanding that the Liquor Control Board already charges a handling fee, and of course, I did want to also remind you that we had hearings that were the foundation of this bill in the past.

Mr. STURLA. So when it says that the "...wine and spirits retail licensee is authorized to assess a handling fee for this purpose," is that the same handling fee that the State charged, or can it be higher?

Mr. ROSS. Well, if it is a new private store, they are going to have to be competitive with their competition. So that will be – again, we are not mandating prices for private businesses.

Mr. STURLA. So if I want a special order and my guy does not feel like doing it, he can say, "Yeah, I will do it for you, but it is an extra 50 bucks or 100 bucks." So if I am in one of those rural counties, I just might not have access to that.

Mr. ROSS. I would encourage you, under that circumstance, to look at a competitive store first, and then if you are still dissatisfied, avail yourself of the direct shipment option.

Mr. STURLA. Mr. Speaker, on page 17, the bill talks about "Sales to licensees shall be made at a price that includes a discount of..." and you have stricken 10 and added 14 percent of the retail price.

Mr. ROSS. Correct.

Mr. STURLA. This is a new discount to—

Mr. ROSS. It is a changed discount.

Mr. STURLA. Changed. So now the State will be required to sell at a 14-percent discount instead of a 10-percent discount?

Mr. ROSS. Correct.

Mr. STURLA. And that is from the State's retail price?

Mr. ROSS. Yes.

Mr. STURLA. When the wholesalers take over, will they be required to sell at a 14-percent discount?

Mr. ROSS. The wholesalers, as I have said before and I will repeat again, once the system goes private, there will be competition and people will try and make the best deal that they can.

Mr. STURLA. Mr. Speaker, well, we will get back to the competition at some point in time here. I will get to it.

Mr. Speaker, on page 20, it talks about "The wholesale and retail of liquor should no longer be by the Commonwealth, but rather by private persons..." although I think it allows for corporations. Were corporations not mentioned there because we consider corporations to be private persons also?

Mr. ROSS. Well, I think ultimately when we do licensing, we are going to be inquiring as to the persons behind the corporations, and there is a considerable amount of language in here that requires a review of the background of the persons who are looking to take licenses, just as much as we do right now for those that are taking any of the variety of different licenses. We insist on having people of good repute.

People can wind up losing their license if they are not performing properly, so we want to go behind a corporation and actually determine who in turn is actually operating that corporation.

Mr. STURLA. Mr. Speaker, on page 20, item number (6) says, "The authorization of wine and spirits wholesale and retail licenses is intended to continue the generation of revenue to the Commonwealth related to the wholesale and retail sale of liquor." That implies that the Commonwealth is already making money from the wholesale and retail sale of liquor. Is that correct?

Mr. ROSS. There is a declining stream of revenue that is being offered to the General Fund; as I mentioned before, it looks to be going into a deficit in 2021.

Mr. STURLA. So when we continue the generation of revenue, I think you cited a figure that said at some point in time we will only make \$7,000 off the system if we continue it at its current pace. Would it be okay then, if we privatize, to only make \$7,000 off this? Would that still be considered to be a continuation of generation of revenue?

Mr. ROSS. That would not be contemplated by this legislation.

Mr. STURLA. When it says it is intended to continue the generation of revenue, does that mean it is intended to continue the generation of revenue at \$140 million a year?

Mr. ROSS. It does not say that. This is a statement of general principles. It is not a specific set of instructions. You get much more detail later on in the text of the bill, which I would refer you to.

Mr. STURLA. Mr. Speaker, on page 21, section 11, says, "With the transition to a privately-owned and privately-operated wholesale and retail liquor distribution system, and with the addition of new licensing classifications, it is necessary to enhance alcohol education and enforcement efforts to: ensure against the illegal sale of alcohol; prevent and combat the illegal consumption of alcohol by minors and visibly intoxicated persons; and discourage the intemperate use of alcohol."

I have heard numerous people stand up and say that in fact that will not be a problem, but this bill states that it will be a

problem and that we actually have to increase enforcement. Do we need to increase enforcement as a result of increasing the number of outlets?

Mr. ROSS. I believe we have a problem with alcoholism in the Commonwealth today with the State store system in full bloom. I believe we need to do more. And I know my good colleague from Bucks County and I agree on this point, that we need to do more to make sure that we do everything we can to discourage abuse of alcohol and that we prevent the illegal consumption by minors. We have that problem, so we need to do everything in the language that we are doing here, and also by the actions of the LCB and the LCE (Liquor Control Enforcement), to combat these problems, and that is all that this statement is designed to do.

Mr. STURLA. Mr. Speaker, on page 22, where it talks about divestiture, item number (2) at the bottom of the page. It says, "The divestiture of the board's retail operations shall be accomplished through the issuance of 1,200 wine and spirits retail licenses that shall be allocated by county." I am assuming that is by population. And it says also that as the State stores wind down, there will be another 600 retail licenses that "...may be issued by the board which shall be allocated by county." Is that based on population, or is there some other factor? Is it just up to the board as to how to do that at that point in time?

Mr. ROSS. The allocation is by county. It is based on population, and it is updated by the census every 10 years.

Mr. STURLA. Mr. Speaker, on page 23, after you get past the distributor licensees which are allowed to buy licenses – and I think there are over 1300 distributor licenses in the State of Pennsylvania, so we could theoretically see all 1200 plus 100 of those 600 licenses go to distributors.

Mr. ROSS. That is not my understanding.

My understanding is that currently we have a total distributor— And, Mr. Speaker, I know we are entertaining the members not, perhaps, as much as we would like, but if you would not mind, if I could please have a little bit more order so that I can hear my questioner.

Mr. Speaker?

The SPEAKER pro tempore. Will the gentleman please repeat his question?

Mr. ROSS. Yes. I was wondering if you could give me some assistance in being able to hear the questioner more clearly. There is a little bit of background noise here.

The SPEAKER pro tempore. The gentleman is correct.

Members, kindly please take your seats. The interrogation is getting difficult to hear between the members.

The gentleman may proceed.

Mr. ROSS. Thank you, Mr. Speaker.

There are a total of 1,041 active distributor licenses and 57 that are in State safekeeping, so somewhat less than 1100.

Mr. STURLA. Mr. Speaker, does the license have to be active in order for a distributor to purchase, have first dibs at one of the retail licenses?

Mr. ROSS. No.

Mr. STURLA. Okay, because when I talked to the beer distributors association, they told me there are 1307.

Mr. ROSS. They are in error, as far as we know, based on the numbers we received from the Liquor Control Board.

Mr. STURLA. Okay.

It then says that the rest of them get sold on a first-come, first-served basis. If on that first-come, first-served basis day



there are 700 applications for the 600 remaining licenses, is it like whoever walks through the door first that day? How do you do a first-come, first-served basis?

Mr. ROSS. Which ones are you talking about? You are talking about after the year has expired, the beer distributors have, the distributors with a "D" license have taken up all the licenses they want, then what happens to the remainder of the licenses?

Mr. STURLA. Well, let us say that—

Mr. ROSS. Where are we? Are we at the beginning of the process, because any beer distributor right now that wants one will, over that year, have access to one because there is a surplus available. So there will not be a shortage at that point. So are you talking about after that year is up?

Mr. STURLA. Well, I do not know. That is what I am trying to determine from this legislation.

Mr. ROSS. Well, you have to tell me when you are talking about. I cannot guess for you.

Mr. STURLA. I am talking about the paragraph on the bottom of page 22 and the top of page 23, because it does not talk about a timeframe.

Mr. ROSS. Actually, it does.

"The retail licenses shall be issued first to distributor licensees and then on a first-come, first-served basis." So in other words, that would be after the year has expired. They are exclusively reserved for the distributors for the first year.

Mr. STURLA. And then after that first year, the first-come, first-served basis?

Mr. ROSS. That is correct.

Mr. STURLA. The day that they become available, if there are requests for more than are available—

Mr. ROSS. They would go on a first-come, first-served basis, based on the date and the way they come in the door.

Mr. STURLA. Okay.

Mr. Speaker, on page 23 again, it says, "The transition must fully divest the board of all operations relating to the wholesale distribution of liquor within six months of the commencement of wholesale divestiture."

Mr. ROSS. Correct.

Mr. STURLA. Just as a comment – this is not asking a question – any time anybody must sell by a given date, it puts them at a huge disadvantage in terms of price costs, and I think puts the citizens of Pennsylvania at a huge disadvantage.

Mr. ROSS. I would disagree. I would say that basically the calculation that is being done with each of those brands as part of the wholesale divestiture is a mechanical calculation. It does not require negotiations of any substantial amount. There is a question of proof to be delivered by each of the people that have a book of products. They are going to come in. They are going to present their book. They are going to have to be proving their wholesale markup. And we are going to be looking at that relative to what we are selling currently on those brands in Pennsylvania. The LCB has all that information. It is a mechanical process. It is not something that would be subject to pressures of the marketplace or a negotiation.

Mr. STURLA. Mr. Speaker, on page 26, line 10, it talks about "...50% of shelf space...." How is "shelf space" defined?

Mr. ROSS. We are on page 26?

Mr. STURLA. Yes. Line 10.

Mr. ROSS. Line 10. That would be on a square-foot basis.

Mr. STURLA. Okay. Thank you, Mr. Speaker.

Mr. Speaker, lines 24 and 25 on page 26 say that the "...retail licenses shall be evenly distributed throughout the county on a per capita basis." How do I determine within my county how I evenly distribute retail licenses on a per capita basis?

Mr. ROSS. Basically, that is an instruction to the board to do this as best they can. The intent is to make sure that we do not have them all concentrated in one geographic area so that another geographic area is underserved. There is no perfect way to do this, but it is an instruction for them to bear this in mind and do the best they can.

Mr. STURLA. Mr. Speaker, when we talk about the wine and spirits wholesale licenses and the retail licenses, there are fees set up. What was the rationale for the different licensing fees?

Mr. ROSS. Well, first of all, we recognize the beer distributors wound up having a substantial investment already in the existing system of liquor distribution here in the Commonwealth. They have been, they have made a substantial investment. The county fees vary, depending on the relative size of the county and the relative saturation of potential stores.

So there was – I did not participate in it – but I know there was a good deal of discussion and conversation to attempt to get numbers that were fair.

Mr. STURLA. Mr. Speaker, on page 30, it says that the licensing fees can be paid over a 48-month period, and it says that— Is that something that has to be 48 equal payments?

Mr. ROSS. It does not have to be, but it could be.

Mr. STURLA. Okay.

Mr. Speaker, on page 31 it talks about "Protocol for objections – The board shall establish protocol for receiving written objections from residents, churches, hospitals, charitable institutions...that are located near..." – it does not give specific areas. Is this kind of like a theater near you, where it could be across the county if I am in a rural area, or it could be, you know, closer if I live in town?

Mr. ROSS. I would point out the current law is the 300-foot radius. Obviously, if other people wish to make objections, they could, but typically we, the board entertains objections on these kinds of licenses within a 300-foot radius of the store.

Mr. STURLA. Mr. Speaker, on page 32 it talks about "sufficient business experience to operate a wine and spirits store." With the exception of former State employees or someone who owned a wine or spirits store out of the State, who has sufficient experience operating a wine and spirits store in the State of Pennsylvania?

Mr. ROSS. That will be a matter for the licensing agent and the boards to determine, and obviously, they will be considering a variety of different factors in terms of their business ability, their general reputableness, and things along those lines, I would assume.

Mr. STURLA. Mr. Speaker, on page 36 – moving right along here – it says, "A wine and spirits...licensee may not hold, directly or indirectly, more than five wine and spirits retail locations within this Commonwealth...." Can I own five stores and my wife own five stores and my brother own five stores and my sister own five stores and each of my kids that are over 21 own five stores?

Mr. ROSS. If that is a way to subvert the law and in fact you are really in control of all of those stores and the people you are describing are mere shell owners and not actively involved in the operation and management of the store, that would be considered fraud, and I believe that would be— There is no affiliate language in the bill.

So there would have to be a complete separation of ownership, and the owner would have to be not a shell owner but would have to be an actual operating owner with full management control and responsibility.

Mr. STURLA. Okay. But if as a family we decided we wanted to own 20 stores, and the way to do that was that, you know, my one son gets 5 stores over here, and my other son gets 5 stores over there, and I get 5 stores, and my wife gets 5 stores, that is perfectly legal under this legislation?

Mr. ROSS. If your sons are competent to manage those stores, are fully in charge of them, are actually on an everyday basis in control of the operation and the management of the stores, have the necessary funds in their own names to be able to operate, are mature adults, and are really running the stores, they could hold up to five stores statewide.

If they are minors, if they are silent partners that are having no active involvement in the ownership or operation, then I would say that was not allowed.

Mr. STURLA. Thank you, Mr. Speaker.

On page 37, it talks about that an individual needs to be a citizen of the United States, and in some cases, for some of the licenses, a resident of Pennsylvania. But as I understand it in reading the legislation, corporations simply need to be organized under the laws of the Commonwealth but could be owned by people who live in different States, people who live in different countries, or other corporations that are based in other countries. Is that correct?

Mr. ROSS. There must be a responsible party that meets these criteria to hold the license. There must be an individual who meets these standards.

Mr. STURLA. So the corporation cannot be owned by someone from out of State?

Mr. ROSS. A corporation in that situation cannot be the licensee.

Mr. STURLA. If it is owned by someone who lives out of State?

Mr. ROSS. You need a licensee, so if you are going to hold a license, you have got to meet these standards.

Mr. STURLA. Okay. Well, on line 7, page 37, it says, "A wine and spirits retail licensee that is a corporation, a limited liability company, a limited partnership, a partnership, an association or other legal entity" just "must be organized under the laws of this Commonwealth." It does not say that there needs to be somebody that—

Mr. ROSS. Well, now, you were asking me about individuals a minute ago, so—

Mr. STURLA. Well, I said, I said individuals.

Mr. ROSS. And you were referring—

Mr. STURLA. Individuals needed to be, I said, but—

Mr. ROSS. If you wanted me to comment on section 18 about the individuals, I am happy to do that. If you want to direct me to a different section, I am happy to do that too.

Mr. STURLA. Okay, well, it is section 17.

Mr. ROSS. Let us not try and mix the two up.

Mr. STURLA. I said that, Mr. Speaker, I said that if it is an individual, I understand that they need to be a resident and/or sometimes a citizen of the State of Pennsylvania, a resident of the United States or a citizen of Pennsylvania. What I asked about were corporations. Do they, do corporations need to have the ownership living in the State of Pennsylvania? Do they need to have the ownership be a citizen of the United States? Do they need to have the ownership be a citizen of the State?

Mr. ROSS. It has to operate under the laws of the Commonwealth.

Mr. STURLA. So it can be a foreign entity that operates a business under the laws of this State. Is that correct?

Mr. ROSS. I am not a lawyer, so I do not know the answer to that question. I can just read the language here, that it must be "an association or other legal entity must be organized under the laws of this Commonwealth." So perhaps a lawyer will be able to give you more detail on that.

Mr. STURLA. Okay. Well, I am not a lawyer, but I think you can own a corporation in this State without being a citizen of this Commonwealth.

Mr. Speaker, is there anything that prohibits a corporation who is organized under the laws of this Commonwealth to have a Delaware holding company and own one of these licenses?

Mr. ROSS. That would be a question of corporate law, and I am not a corporate lawyer so I cannot answer it.

Mr. STURLA. Okay. Well, I am not a corporate lawyer either, but I am pretty sure this bill allows for somebody to have a Delaware holding corporation and take all the profits to a different State, even though they own a license here in the State of Pennsylvania.

Mr. ROSS. I would not want to speculate.

The SPEAKER pro tempore. Will the gentleman please suspend.

Again, the purpose of interrogation is to ask questions, solicit answers, and then if you do not get the answer that you are looking for and you answer it yourself, it really is not the proper process, Mr. Sturla.

So if you would please just ask questions, wait for the answer, then ask your next question, we would appreciate it.

Mr. STURLA. Thank you. Mr. Speaker, I will try and be brief here.

The valuation of blended brand liquors and the buying of a wholesale license to be the wholesaler for a brand of liquor – if I have an agreement with, let us say, the Seagram's corporation, that they say I can be their exclusive agent in the State of Pennsylvania, and I apply for a wholesale license and I get that wholesale license, would I be the only distributor in the State of Pennsylvania that could distribute Seagram's brand to retail licenses in the State of Pennsylvania?

Mr. ROSS. That would depend on the agreement that you had with Seagram's.

Mr. STURLA. But if I had that agreement with Seagram's, I could have a monopoly on the Seagram's brand in Pennsylvania under this law. Is that correct?

Mr. ROSS. That is how franchising agreements work.

Mr. STURLA. So where does competition come in on the Seagram's brand if I am the only person that can sell that in the State of Pennsylvania?

Mr. ROSS. Well, that is the case right now. Seagram's does offer, you know, have a— The whole blended brand issue right now is that these different distillers and vintners have

agreements to market their product in different parts of the country. This is common all across the country. So they give territory. If Seagram's decides they want to sell their territory, they have the opportunity to do that. But that is how it works. It works in all the other States that do not have a State system as well.

Mr. STURLA. And so they then dictate the price to the retailers as opposed to what currently happens where the State says to Seagram's, if you want to sell in this State, you sell to us at a certain price and we will mark it up at a certain price that is predetermined.

Mr. ROSS. Well, the people that are having the wholesale license negotiate with Seagram's. So if they have an unsatisfactory arrangement with Seagram's, they can negotiate a different price out of Seagram's.

Mr. STURLA. Mr. Speaker, one of the questions I have is, on page 45, where – and this language occurs with the descriptions of all the retail licenses and wholesale licenses as best I can tell – says, "Information disclosing all arrests of and all citations issued for nonsummary offenses to an applicant and any affiliate of the applicant, executive officer, director or general or limited partner of the applicant or person holding a controlling interest in the applicant." Does the person holding a controlling interest have to have 51 percent in order to have it be a controlling interest? That is always what I have understood.

Mr. ROSS. No. We have a definition for "controlling interest."

Mr. STURLA. Where is that definition?

Mr. ROSS. It is in here. We are going to go backwards; I hope that does not alarm anybody. On page 3.

Mr. STURLA. Okay. So more than 5 percent.

Mr. ROSS. I am not going to read it all, but it is there.

Mr. STURLA. Got it. Yep. All right. I found it. Thank you.

Mr. Speaker, on page 49, it says that an applicant must do a job "...that is reasonably equivalent to the level of service currently provided in this Commonwealth..." It does not say that it must provide services better than what is currently provided in this Commonwealth.

Mr. ROSS. We are confident they will.

Mr. STURLA. Thank you, Mr. Speaker.

Mr. Speaker, I will stop my interrogation at this point.

The SPEAKER pro tempore. The Chair thanks the gentleman. He has ended his interrogation. Would you like to speak on the bill on final passage?

The gentleman is in order and may proceed.

Mr. STURLA. Thank you, Mr. Speaker.

Mr. Speaker, it has become pretty evident that this is really a bill that is on a whim and a prayer. It purports to provide convenience. It purports to provide better selection. It purports to provide better price, and in fact does none of the above.

Mr. Speaker, in terms of convenience, it may provide more outlets, but those outlets do not have to provide the same selection. It does not dictate where those outlets are placed, and it does not require that the price be less than it currently is. You would think if there was such confidence that this bill could provide a cheaper price, that you could write it into law, but you cannot, because as we heard, there will be exclusive wholesalers that will have a monopoly on individual brands in this State, and they will charge all the retailers what they decide they want to charge because no one else will be able to sell that brand in the State of Pennsylvania.

Mr. Speaker, we heard that this will end border bleed, but then we also heard that the reason that liquor is more expensive in some States is because there are higher taxes on it, and it is cheaper in some States because there are less taxes on it. Then we heard that the taxes in the State of Pennsylvania on liquor will be exactly the same.

So given the fact that somebody now needs to pay for a license that they probably need to pay more for the product from the wholesaler who has a monopoly, that they have to advertise, that they have to pay a higher price for their leased space, what is going to prevent the person from running across the border to a different State? And the answer is, nothing. In fact, one of the reasons that people run across the border is not to find cheaper prices, but because the liquor store that is right across the border is a couple of miles from their house and the other outlets are, in some cases, 10 or 20 miles away.

So even though they are paying a higher price to run across the border, they do it. The fact of the matter is, if Delaware continues its policy of not taxing alcohol at a rate that is equivalent to Pennsylvania, all those people in those border counties that have easy access to Delaware will still run across the border to Delaware. It will do nothing to prevent that.

Mr. Speaker, we have heard that Pennsylvania really does not do such a good job when it comes to controlling alcohol. We do not have such good ratings. I tend to disagree with that, because every time that there is a citation about drunk driving or teen drinking, it is not because they walked out of a State store and committed those crimes; the majority of the time, the vast majority of the time it is because they visited one of the 15,000-plus private establishments in the State of Pennsylvania that are not as easy to police and monitor, and now we want to do more.

Mr. Speaker, we have heard that there is going to be convenience, and yet I will repeat a portion of what I did the last time this bill ran, although now it is actually worse. So I will summarize this. Before I think there were 24 different schemes as to hours of operation, what you could sell, where it could be sold, how old the person was that could sell it to you. Now there are over 30 different configurations. And so from a convenience standpoint, I now need a list of 30 different possibilities as to what the place down the street from me might be, as to whether or not they can sell to me at 10 a.m. or 11 a.m. or on Sunday or on Saturday, and whether the person is 21 years old or 18 years old, whether or not they can sell me 12 bottles or 11 bottles or whether they can sell me 4 six-packs or 2 six-packs. Mr. Speaker, the list goes on and on and on and on, and it is not about convenience to the consumer. The regulations dealing with this far exceed anything we currently do.

Mr. Speaker, as best I can tell, there is nothing in this bill that prohibits advertising promoting higher consumption of alcohol. You can say, "Let's drink and be happy, it's St. Patrick's Day. Come buy all the booze you possibly can. It's fun to buy booze," and you can put that sign next to a high school.

Mr. Speaker, as was pointed out, even if you support privatization, this bill does not maximize the cost or the return that we can get for the citizens of Pennsylvania. Mr. Speaker, I know there are going to be people that say, "Look, I know this bill is not perfect. It certainly has a lot of flaws to it, but gosh, it privatizes, and so therefore I am for it."

And I have heard the old adage, "Do not let perfect get in the way of good," but this bill is not even good. This bill is just

pretty sloppy in terms of how it goes about divesting the State of its liquor system. We heard earlier that the cost of divesting may actually exceed what we would get for selling it. We did not even get to the part about what do you do with those 10-year and 20-year leases of State stores, and how much does that cost?

Mr. Speaker, part of the bill says that once you get down to 100 stores, you must divest yourself of the remaining liquor stores in the State of Pennsylvania. Well, I do not think it will necessarily happen in this pattern. You could get down to a situation where the liquor stores that exist in 41 counties in this State total less than 100 stores. You can theoretically get to a situation where if no one decides they want to pay the exorbitant price that is asked for, a liquor license or a wine and spirits license in some of those more rural counties, you could have 41 States without any outlets – excuse me, 41 counties without any outlets.

Mr. Speaker, this legislation is bad legislation. It has a lot of really loose definitions that do not make a whole lot of sense. So you can tell your constituents, "Well, I did not really know what was in it. I did not really know what the implications were. We were not really sure. We will figure it out later." If you want to do that, just pass a bill that says you are for privatization and let it at that. At least it will not be as harmful as this bill. But this bill has 192 pages of really bad ideas.

Mr. Speaker, I urge a "no" vote.

The SPEAKER pro tempore. The Chair thanks the gentleman and recognizes the gentleman from Allegheny County, Mr. Frankel.

Mr. FRANKEL. Thank you, Mr. Speaker, and I will be very, very brief.

Look, it comes down, from my perspective, to the fact that we have a revenue-starved State, \$2.3 billion of revenue that needs to be made up just to get back to point A today. We have a sustainable source of revenue that can be enhanced with modernization. That is what we should be doing. We should not be divesting ourselves of a sustainable source of revenue at this time in this place in this history of our State.

Mr. Speaker, my colleagues on the Democratic side of the aisle have articulated the arguments against this in an extraordinarily detailed way that I think is very compelling, and I hope the public will understand.

### REMARKS SUBMITTED FOR THE RECORD

Mr. FRANKEL. I am going to submit the bulk of my remarks for the record. Thank you very much.

The SPEAKER pro tempore. The Chair thanks the gentleman very much.

Mr. FRANKEL submitted the following remarks for the Legislative Journal:

Thank you, Mr. Speaker.

Let me be clear, if we enact the legislation before us, it will leave thousands of people without jobs, will decrease consumer selection, and most likely will increase the cost of wine and spirits for our constituents. Now, Mr. Speaker, supporters of this legislation have done a good job of selling this to the average Pennsylvanian, but their claims do not live up to reality.

HB 466 will leave a considerable hole in our General Fund. At a time when our State is confronting a \$2 billion-plus deficit, why are we

selling a valuable State asset that consistently transfers hundreds of millions of dollars to the General Fund?

Other States have gone down this road recently, most notably Washington. While these changes were supported by a large majority of residents, individuals in Washington now confront higher prices and less selection. I am afraid the same thing will happen here.

Members of the House Democratic Caucus realize that our current system needs some changes, but HB 466 is simply too drastic a change to make at this time. Expanding Sunday sales, direct shipment of wine – these are rational changes to our current system that not only will increase consumer convenience, it will also increase the funds transferred to the General Fund.

Mr. Speaker, I urge my colleagues to vote "no" on this misguided legislation.

### REMARKS SUBMITTED FOR THE RECORD

The SPEAKER pro tempore. The Chair recognizes the gentlelady, Ms. Donatucci.

Ms. DONATUCCI. Thank you, Mr. Speaker.

I rise to oppose this bill. I am asking everybody for a "no" vote, and I am going to submit my remarks for the record. Thank you.

The SPEAKER pro tempore. Thank you very much. Outstanding. Please submit your remarks to the clerk.

Ms. DONATUCCI submitted the following remarks for the Legislative Journal:

Thank you, Mr. Speaker.

I rise to oppose HB 466, which would dismantle the State's lucrative liquor store system and hand over ownership to the private sector. This type of plan is always going to be bad for Pennsylvania, but it is an especially risky proposal right now.

The State's wine and spirits stores bring in a profit of \$80 million a year. That is reliable money that is going to our General Fund, and it would be taken away if we privatize the State system. We just cannot afford to turn down this money, especially now when Pennsylvania has a gaping budget deficit of more than \$2 billion. Despite what the other side may say, the one-time block of revenue generated by selling the system is not enough to even put a dent in closing the budget hole, and even worse, it soon runs out.

Privatization would force more than 4,000 hardworking Pennsylvanians out of their family-sustaining jobs. It would also risk the shutdown of many small, family-owned beer distributors throughout the State. They are against it. We simply cannot risk putting even more people out of work in our State, especially when job growth is stagnant. Why would we willingly create a situation where we lay off thousands of State workers, increase unemployment compensation costs across the State, and hurt our local tax revenues?

This plan is not only morally wrong, it is fiscally irresponsible. In addition, many consumers might be blindsided by changes to the system.

I would like to point out that consumers will lose out if we privatize the State system. Right now our State wine and spirits stores offer 30,000 products, with about 3,000 in stock at any given time. Depending on the store, you can walk in and find wines made right here in Pennsylvania, as well as products from all over the country and the world. Consumers will not have this type of selection at a grocery store or big-box store, where you might only have an aisle to sort through. They will also most likely have to shell out more money for alcohol to make up for the license fees and extra markups. As we all know, every dollar counts, and I cannot imagine many Pennsylvanians would want to pay more for a product that may not even be their first choice.



Simply put, I would just like to say that if you value keeping hardworking people employed while giving Pennsylvanians what they want through modernization and expansion, you will oppose HB 466.

Thank you, Mr. Speaker.

The SPEAKER pro tempore. At this time the gentleman, Mr. Waters, is recognized on final passage.

Mr. WATERS. Thank you, Mr. Speaker.

Mr. Speaker, there is a saying that I want to apply right now, because I know some people are submitting their remarks to the record. And that is that the majority will have their way, but the minority will have their say. So I want to have my say about this, even though I might be reiterating some of the comments that have already come forth about HB 466. But it is not long, so I will be brief.

Once again we are considering privatizing the State liquor stores, and once again I rise in opposition.

First I wanted to talk about the social implications. HB 466 will result in the loss of thousands of family-sustaining jobs, and there is no chance that the private industry, who will now be operating these stores, will hire those State workers who are negatively impacted by HB 466. Grocery stores and existing distributors are not going to hire additional workers simply because they have additional shelf space for beer, wine, or liquor. HB 466 will force these hardworking individuals into unemployment, costing the taxpayers of Pennsylvania millions of dollars.

Former Governor Corbett's own privatization study concluded that more than half of those full-time State store workers would lose their jobs, resulting in more than \$64 million in unemployment costs over the next 4 years, on top of the millions more lost due to reduced buying power of those unemployed workers and their families. Even if some of the displaced workers were hired in the private liquor establishments, those workers are not going to receive anywhere near the same salary or benefits that they have earned working in a State store. Older displaced workers, some working in the State stores for decades, would face extreme difficulties finding comparable work. Although HB 466 offers some potential assistance for displaced workers, these token gestures would not help those workers and their families. Additional civil service points are not helpful when State jobs are not available, and a \$1,000 or \$2,000 education grant is only a drop in the bucket for continuing education costs.

Also, there are questions as to which workers would qualify for the assistance. We know that the way that you would qualify is if you just go on full unemployment compensation, but if you decide that you want to go to school and take advantage of this \$2,000 tax credit or tuition assistance, you would lose your right to collect the unemployment benefit, which will make a difference as to what does the family really want to do, take a chance on the educational outcome or take care of the immediate needs? I support the family-sustaining jobs and the State store workers to provide those jobs, and therefore, I oppose HB 466.

Next I want to talk about the social implications, about the issues of HB 466. In the neighborhoods in which I live, in Philadelphia and Delaware County, a place where already we have serious issues with nuisance bars and nuisance establishments known as stop-and-gos, my constituents already deal with the problems coming from some of these existing establishments. The U.S. Centers for Disease Control has found

that liquor privatization leads to increased consumption, and more important, increased excessive consumption. The CDC recommends against the further privatization of alcohol and liquor sales. HB 466 increases the number of locations that would sell alcohol, but does nothing to address increased costs of law enforcement or alcohol treatment and prevention. Law enforcement does not have the resources to deal with the problems that already exist with the sale of alcohol, and now you want to expand access to alcohol without providing additional resources for law enforcement.

The supporters of this bill will tell you that privatization is what Pennsylvanians want. Well, not in my community. And the question, the way it has been phrased, pretty much has been phrased around, do people want more convenience or more access without the problems of limited hours that the current system has? But if you also ask the question, do you want to put 4,000 people out of work while you are increasing access, I believe that the numbers will shift in terms of what people want. Modernization is what people want. My constituents do not want a privately run liquor store on every corner and increased problems that will come with that. My constituents do not want teenagers to have easier access to alcohol. And we know what happens when you have a profit-driven industry, that they will take more chances and maybe even sell to people who are underage, people who are visibly intoxicated, or even sell after hours.

My constituents do not want easier access to alcohol by vulnerable citizens. What my constituents do want is continued regulation by well-trained State store workers, and they want the Commonwealth to continue to reap the benefits of the State store system to help all Pennsylvanians.

The supporters of this bill claim that privatization means more convenience and better selection for the consumer. State stores carry about 30,000 products, with an average of 3,000 in stock at any time. The selection in one aisle of a Walmart store or grocery store will not come close to matching what the State stores have, will not even come close.

In some communities, like Philadelphia, privatization would lead to a liquor store on almost every corner, while in other more rural areas, consumers will likely not have access to a liquor store without driving long distances. And I have some information right here about where some State stores that exist right now do not generate a profit or they might just break even. People in the business arena would not open a State store or open up a private liquor store in an area like that, more than likely, if they already know that it is not going to help their bottom line. HB 466 would produce a fraction of the upfront revenue its supporters have promised and would sacrifice a long-term revenue source.

So I would, much rather than the short-term benefit that would be gained by selling the State stores, think about the years and years of lost revenue as a result of turning this system over to private industry, let alone the very fact that State stores pay 100 percent of the taxes that are due on the products that they sell, and in private industry, we know that in the private world, most of the time you might collect 90 percent of what is due – additional lost revenue.

On the other hand, the former administration found that privatization would cost about \$1.5 billion to fully divest from wholesale and retail liquor operations. In addition, the Commonwealth will lose approximately \$23.5 million in

revenue because of delinquent or uncollected taxes and a vendor discount provided by private businesses for timely remittance of sales tax.

The Commonwealth would be better off financially to keep the entire profit, as it does running the State stores, rather than to try to collect taxes from the private industry. The net annual loss to the General Fund caused by privatization is about \$190 million each and every year, and over the next 20 years, the net loss for the Commonwealth will be about \$3 billion. I support modernization for the liquor sales and to make sure that we keep what is working working, and to make sure that it works better and is more convenient for Pennsylvanians.

Modernization would generate about \$125 million in additional revenue per year to the Commonwealth, so why do we not just modernize on top of the \$80 million that we are generating? We could probably generate about another \$45 million if we only modernize. What Pennsylvania residents really want is convenience, selection, and good prices.

In conclusion, I stand here with my colleagues who are in opposition to HB 466 and with other groups like Mothers Against Drunk Driving, the Pennsylvania Fraternal Order of Police, the Pennsylvania Association of County Drug and Alcohol Administrators, the Pennsylvania drug and alcohol prevention professionals, the Drug and Alcohol Service Providers Organization of Pennsylvania, and the Pennsylvania Fire Fighters Association, and others. These groups strongly oppose privatization and further proliferation of alcohol, as do I.

I urge a "no" vote. Thank you, Mr. Speaker.

### **THE SPEAKER (MIKE TURZAI) PRESIDING**

The SPEAKER. The good gentleman from Bedford County, Representative Jesse Topper.

Mr. TOPPER. Thank you, Mr. Speaker.

Look, I am just a homeschooled country boy from Bedford, so I know this issue is very complex, but to me, it is actually very simple. Do we trust the private sector? Do we trust them? Now, I have heard a lot of debate today that would imply we do not trust the private sector because maybe they are greedy, maybe they are incompetent. Of course, if I were in the private sector and I were signing the front of the paychecks, I would find it very interesting that this body, or any governmental body, would say that I might be greedy or incompetent. I mean, that kind of brings to mind the story that our mommas all told us about a pot and a kettle.

So I really think that for me what this is about is about trusting the people who drive this economy, and instead of trying to find ways to constrict that, I say we take our foot off their throats and let us let them do what they do best, and that is make Pennsylvania move forward.

Thank you, Mr. Speaker.

The SPEAKER. The gentlelady from Philadelphia, Representative Brownlee.

Ms. BROWNLEE. Thank you, Mr. Speaker.

Mr. Speaker, I rise to oppose HB 466, and I am going to be very brief.

Mr. Speaker, this bill makes no fiscal sense, it makes no business sense, and it makes no common sense. I am speaking for at least 60,000 of the 62,000 people that I represent. So the

majority of my district would look at me and say, "We want convenience, but we do not want it privatized," so, Mr. Speaker, I would say right now we should consider modernizing the system and not privatizing the system.

### **REMARKS SUBMITTED FOR THE RECORD**

Ms. BROWNLEE. Mr. Speaker, the rest of my remarks I would like to submit for the record.

Thank you, Mr. Speaker.

The SPEAKER. They will be submitted.

Ms. BROWNLEE submitted the following remarks for the Legislative Journal:

Thank you, Mr. Speaker.

I rise in opposition to HB 466, the plan to abandon revenue and cut thousands of jobs across the State. This plan is nothing more than a quick cash grab that will put thousands on the unemployment rolls and cost taxpayers millions of dollars in the very near future.

The previous administration's study found that privatization will cost Pennsylvania almost \$1 1/2 billion to fully divest from wholesale and retail liquor operations. I cannot see the value, or even plain business sense, in divesting from income that we can never get back.

On the other hand, Mr. Speaker, the Pennsylvania Liquor Control Board makes money for the Commonwealth – \$123 million in profits this past fiscal year alone, and yet the Republicans want us to agree to dismantle the system at fire sale prices.

I said it earlier and I will say it again: We will never get this money back. And that is what is being decided today.

Even after the dust has settled on the figures – and the taxes go up to offset the losses – you will still have the thousands of jobs our PLCB employees will never get back, jobs that offer a path to retirement and benefits that keep families healthy.

This bill might offer them money for college or preference in civil service, but college is a large commitment that costs far more than \$2,000, and I believe most families are going to find it difficult or impossible to sustain a five-figure cut to their household income and turn around and add a five-figure debt on top of it. If it were that easy, they would probably already be doing it.

And civil service preference? Let me ask you this: How viable of an employer do you think the Commonwealth of Pennsylvania is after the previous administration ran it through a wood chipper? How viable do you think it will be after you run it through the wood chipper?

Finally, the proponents of this bill will tell you that this is what Pennsylvanians want. Well, not in my community they do not. They do not want a privately run liquor store – and the increased crime that it would bring – on every corner. They do not want teenagers to have easier access to alcohol, given the lack of funds for increased enforcement in this proposal. And they do not want easier access to alcohol by vulnerable citizens who already have excessive drinking problems that this proposal does not address.

So let us stop this dismantling. Vote "no" on HB 466. Let us work together. To modernize, not privatize.

Thank you, Mr. Speaker.

The SPEAKER. The good gentleman from Westmoreland County, Representative Evankovich.

We will move off of Representative Evankovich for this time.

Representative DeLuca, the good gentleman from Allegheny County.

Mr. DeLUCA. Thank you, Mr. Speaker.

Mr. Speaker, I was not going to say anything. I did not have any remarks made up. But let me say, sitting here for all this

time and listening to all the people talking, I certainly need to speak up on this issue.

The way I look at this issue here, the other side is talking about the number one drug, alcohol, like it is milk and bread. We have got to have more of it and more convenience for the number one drug in our communities. I hear them talking about money. I hear them talking about all the other things, but I do not hear anyone talking about the citizens, the social problems, the domestic violence, the abuse out there. We keep passing drunk driving laws, yet we want to put more drunk drivers out there.

Now, when you go from 600 to 1400, 1800 stores, you cannot tell me you are not going to increase consumption. Anybody who is 4 years old can tell you, you are going to increase consumption. So that makes no sense at all. You know, what we are looking for— Do we want to go like the other States? No. I do not want to go like Colorado and legalize marijuana, but I will bet you if we put it on the ballot, our constituents would want it.

How about gaming? Why do we not put slot machines in every tavern there? I bet our constituents want that. You think that is good? And let us not forget when we legalized casino gambling, how many more people did we put out there who have stolen money, who are addicted to gaming. Is that what we want for our children in the future, and our grandchildren? I do not think so, Mr. Speaker.

You know, statistics do not lie, and the fact is that the Centers for Disease Control stated that nearly 80,000 deaths in the United States are attributed to alcohol. And this is what is really mind-boggling: This is the third leading preventable cause of death in this country, binge drinking; \$223 billion in related health-care costs. Our health-care costs keep going up. You think this is not going to affect our health-care costs? We do not talk about that today.

We talked about law enforcement. Well, the police chiefs in Washington say they need more money. They need more police departments, more police. They need more support staff. That costs our local governments money. We do not look at the ramifications of what we are doing here today.

You know, Mr. Speaker, when you start talking about alcohol, it is not like going to the corner store and getting milk, bread, something for our kids. We are talking about the number one drug. Our constituents need to know about that. They need to know about how much advertising – it went up 4,000 percent in Washington State. We do not tax advertising, as far as I know, with the sales tax. That is all free, so we are not going to get any money there. And what are they going to do? They are going to gear it toward our young people, and when they see these ads, they might buy it.

We heard about the fact that if we modernize, what is the difference? I will tell the gentleman from Beaver County, the difference is we are not going to 1400 to 1800 stores if we modernize our State stores. Believe me, if you have problems finding a State store, you have a problem if you need booze that bad. I can tell you that.

Now, everyone believes in that happy ending with this legislation, but as most of us know, the reality of alcohol for many people in our society is more like a horror story than a fairytale. Alcohol is related to parties, good times, celebration, and fun, but here is what we do not think about: It is also related to murder, suicide, unemployment, child abuse, and divorces.

Let us keep that in mind, because there are consequences, Mr. Speaker, of what we are doing here today.

You know, it sounds good about making money and patching up the hole we have in our budget, but I do not think that is what our society wants. Do we want to be like other States? I do not think so. There are a lot of things that other States do that we do not want to do. So that does not make us bad. I would imagine that some of those other States, if they had a chance to go back, they would go back. Oregon just pulled off their ballot initiative because they see what the problems were in Washington.

So I ask you, Mr. Speaker, to please think not what is happening today, but think of your kids and your grandkids, because any one of us are subject to losing a loved one from a drunk driver. Keep that in mind.

Thank you, Mr. Speaker.

### FILMING PERMISSION

The SPEAKER. Members, Pete Muntean from WGAL-TV in Harrisburg is videotaping with audio at this time. Again, Pete Muntean from WGAL-TV in Harrisburg will be videotaping with audio at this time.

### CONSIDERATION OF HB 466 CONTINUED

The SPEAKER. Members, we have approximately 15 more speakers who have asked to talk on this matter. I just wanted to see if any member would at this time want to submit their remarks for the record. If they would like to submit their remarks for the record, if you would, please just come up to the side here and we will make sure that your remarks are submitted and accepted.

The good lady from Philadelphia County, Representative DeLissio.

Ms. DeLISSIO. Thank you, Mr. Speaker.

Mr. Speaker, I have a couple of quick questions, please.

The SPEAKER. The gentleman, Mr. Ross, has indicated he will stand for interrogation.

Ms. DeLISSIO. Thank you, Mr. Speaker.

Mr. Speaker, my questions are limited to the employer incentive. It is my understanding that there is a \$2,000 per-employee incentive. I have three questions.

Does the hire that would trip the incentive have to be a former LCB employee?

Mr. ROSS. Yes, it has to be somebody that goes through to the point of separation.

Ms. DeLISSIO. So it must be somebody who formerly worked for the State store system?

Mr. ROSS. Yes, somebody who is actually displaced by this bill. In other words, if somebody gets worried that we might pass this bill and leaves today, it does not count for them. But if they get to the point where their supervisor says we are closing your particular store, then it would apply to them.

Ms. DeLISSIO. Do the wages and benefits offered to the new hire have to be comparable to the wages and benefits from the State store system that we are paying that employee previously?

Mr. ROSS. We have no provision instructing as to what the wage might or might not be. It might be higher. It might be lower.



Ms. DeLISSIO. Thank you, Mr. Speaker.

And the last question I think was answered with the first. So the new hire, if they have to be somebody who was displaced, it does not matter, does it matter if their new hire role, job description, does it have to be directly related to either beer distribution, wine, or alcohol? Could the local grocery store hire this person in almost any capacity?

Mr. ROSS. Yes, it could be any job. It could be a job at a manufacturing company. It could be a job anywhere else in the private sector, totally unrelated in fact to the existing work. And it is \$2,000 per year for 2 years that the manufacturer, excuse me, the new employer can take against any of their State taxes.

Ms. DeLISSIO. Thank you.

Mr. Speaker, in reference to the financing, the 48-month financing of the wine and/or alcohol license for beer distributors, which agency would be responsible for offering that financing and vetting and overseeing?

Mr. ROSS. Well, it would not be like having, you know, a bank do it or something like that. It would simply be that the fee would be divided up potentially over 48 individual months, and they would then be able to pay in installments. So it would be more like an installment purchase.

Ms. DeLISSIO. With an affiliated 5-percent fee in addition to the— Am I reading it correctly?

Mr. ROSS. Yes. My reading of the fee is that you would take the license, total license cost, add 5 percent to it, divide it up by 48, and then the beer distributor who wished to take advantage of that system would be paying out that amount on a 48-month equal payment basis.

Ms. DeLISSIO. Mr. Speaker, what happens if there is a default at any time, a default that is not curable?

Mr. ROSS. Well, if they fail to pay the balance of the fee or default, then the license can be revoked.

Ms. DeLISSIO. So the license is being used as collateral?

Mr. ROSS. It is a property right, I guess.

Ms. DeLISSIO. And then is there a recapture of any of the product that the license would govern? So I default. It is not curable. The license is going to be recaptured, but the product is still on the shelf, whether that product be wine or alcohol. Is there a mechanism to recapture the product?

Mr. ROSS. They would not have rights to sell that, no.

Ms. DeLISSIO. They would not have rights to sell it, but it does not sound like there might be a recapture of the product or they would be in violation of the law.

Mr. ROSS. Yes. Yeah, it would continue to be their property, but they would not have the rights to sell it anymore.

Ms. DeLISSIO. To sell it on a wholesale or a retail basis?

Mr. ROSS. Correct.

Ms. DeLISSIO. Down the drain.

Mr. ROSS. So they better make sure they pay.

Ms. DeLISSIO. Thank you, Mr. Speaker.

Mr. Speaker, comments on the bill.

The SPEAKER. Yes.

Ms. DeLISSIO. Mr. Speaker, you know, I have been here since 2011, was aware of legislation drafted back then that stated almost \$2 billion could be obtained for liquidating 700 licenses. And then in August of that year, it was twice as many licenses for a billion five. And then by the end of December, it was, I am not sure how many licenses, but the amount of money had fallen well below a billion dollars.

From a business background, I do not have a lot of confidence that this bill achieves the goals that are intended. I have many, many more questions, but in deference to other speakers, as well as the hour of the day, I am going to pass on those questions. And for those reasons that I have no confidence that this achieves and is indeed a good thing for this State of Pennsylvania based on business, I am a "no" vote, and would encourage my colleagues to vote similarly. Thank you.

The SPEAKER. The good gentleman from Philadelphia County, Representative Dawkins.

Mr. DAWKINS. Thank you, Mr. Speaker.

I rise today – and my speech initially started off with "good morning," so given the hour, I am going to make it short.

I am a freshman from Philadelphia County, and I was kind of perplexed if I wanted to come up today and actually speak on this bill, but after hearing some of these testimonies today, it would be remiss of myself not to represent the folks that sent me here.

For me it is a personal issue when it comes to liquor control. In the communities that I serve, liquor is not a spirit of cheerful time; it is a constant reminder of some of the oppression that we are dealing with in some of these districts that have high crime rates, that have a high unemployment rate, and it is the only, the only thing they have to escape the reality of their day.

So for me, I do not want to increase the access to those individuals who are suffering from this addiction. For me, as a human, it does not make sense for the convenience of some that we would put others in that type of position to only drink farther into a bottle that they have yet to find the message.

So I stand today in opposition of this bill. Thank you, Mr. Speaker, for giving me the opportunity to speak. Thank you.

The SPEAKER. The good gentleman, Mr. Dush, from Jefferson County.

Mr. DUSH. Thank you, Mr. Speaker.

For my colleagues, I would have submitted these, except there is just one issue that I have not seen addressed today.

There has been a lot of rhetoric today about privatizing or modernizing. This body has addressed the concerns about State employees and small businesses. What has not been addressed is the core issue regarding our positions on this issue. The core issue is this: The government of the Commonwealth of Pennsylvania has been given no constitutional authority to be in the business of buying and selling commodities.

On January 6 every member of this body raised their hand and gave their word to their constituents and to the citizens of this Commonwealth to defend the Constitution of the Commonwealth of Pennsylvania. As a member of the military, I have taken a number of similar oaths. My word, my oath means something to me. It means something to the people who hired me.

In researching this issue, the starting point for me was this: Does the Constitution of Pennsylvania grant authority to the executive branch to be in the business of buying and selling things? To me, the clear answer is no.

Can we regulate it? Oh, yes, we can, but we have no business being in business no matter what the commodity. The people have not given us that authority.

We have been operating for decades outside the will of the people, outside the authority of the Constitution, and thus outside of the law. In other words, the executive branch of the



Commonwealth has been involved for decades in what is essentially an illegal act.

The public already has an unfavorable impression of the legislatures in general. Violating our oaths of office right from the beginning I contend has a lot to do with that unfavorable opinion.

In tackling the problem of divesting the Commonwealth's administration of this unlawful taking of the entire market share of a lawful commodity, the members who choose to be a part of the process have taken care to provide up to \$4,000 a year in benefits towards the State employees who would be affected, and have given as much help as would be reasonable to the small businesses that would be impacted by the changes by letting the market return to the private sector. But let us not forget, those are not the core issue. The core issue is that the executive branch of the Commonwealth is operating outside of the Constitution.

My primary efforts in this body are to encourage the whole of the body to become a body of statesmen who will elevate the body again to one that will work with the people, for the people, and one that the people can look upon with awe and respect that the architecture and inscriptions of the building that we inhabit reflect.

As I stated earlier, my word, my oath, mean something. We can all stumble. I have stumbled. The government of the Commonwealth has stumbled. The question before us is, do we pick ourselves up and make this right, or do we make the promise to those who hired us irrelevant?

For those of you who are considering pushing that red button on this question, I suggest you do this: Look at it before you do. Consider that you have given your word to the people who hired you and realize that you are really answering another question at the same time. That question is, does my word really mean anything? It is a fair question that the 70 to 80 percent of the people of this Commonwealth are eagerly awaiting the answer to.

Thank you, Mr. Speaker.

The SPEAKER. The good lady, Representative Brown, from Philadelphia County.

Ms. V. BROWN. Thank you, Mr. Speaker.

Mr. Speaker, there is an old cliché that says, "Let them eat cake," in response to people needing more food. In response to education, this House last term said, let them have cigarettes, and now for jobs, more jobs in this Commonwealth, we are saying, let them drink liquor.

A district like mine in west Philadelphia that I serve, Mr. Speaker, does not need more liquor. I have moms that are out standing on the corners protesting and picketing corner-store establishments that sell, currently, beer and wine coolers. They are marketing products to a community that has many challenges and is carrying many burdens of drug addiction and alcohol abuse. They are marketing products of alcohol that are targeted to chase those drugs and to keep that high going. They are not offering variety of products; they are offering a very limited, narrow scope of alcohol now, and we are fighting in our community against that. We are fighting against drug dealers who are standing in front of those establishments, giving the full complement of services to people who are looking to relieve themselves of burdens of not having a job, a lack of education, and having convictions that keep them from having access to good jobs and housing.

As stewards of this Commonwealth, we need to not only think about those whose lives could conveniently probably be enhanced because we privatize liquor, we have to think about those people who will be negatively impacted by providing more liquor in those communities, and this bill does not give any provision to protect those people that I serve in my district.

What would make me happy and make me vote for this is if there was a way to limit liquor in troubled areas like we do with nuisance bars in our community. We have moments when they come up for licensing when people can give comments to say why that bar establishment should not continue to operate, but we do not have a process in HB 466 to prohibit anyone who has not been good stewards of a particular community to be shut down.

Mr. Speaker, I must also speak for the small children in my community. I drive through my neighborhood early in the morning and I watch children walking to school, and as they walk to school, they walk past corner-store establishments that are open early, already selling beer to a community that does not need it. There are children that are already on their way to school seeing people that already have overconsumed these products.

We are trying to make our communities better, and I am asking my colleagues that as you make your decision today to think about those vulnerable people, those voiceless people who cannot afford to be here in this Capitol today that will be negatively impacted by passing HB 466 in its current form.

Mr. Speaker, I just want to say thank you for indulging me today and allowing me to share a little bit about the people that I serve in the 190th District.

Thank you, Mr. Speaker.

The SPEAKER. Thank you very much.

The good gentleman from Westmoreland County, Representative Evankovich.

Mr. EVANKOVICH. Thank you, Mr. Speaker.

Mr. Speaker, many of the pros and cons of HB 466 have been discussed today, and I do not seek to take up any more time of the chamber. Well, maybe, maybe a little bit more time, maybe a little bit more time. Do not get too excited.

Mr. Speaker, HB 466 represents a good move for the people of Pennsylvania. I am grateful for the opportunity to vote for it, but before we move forward, I just wanted to share a few very, very brief thoughts. Number one, we have heard a lot of rhetoric as to how HB 466 and privatizing our liquor sales will and could lead to more DUI deaths and more alcohol abuse. Well, Mr. Speaker, I chose to look at some of the facts and figures. Mr. Speaker, the State of Pennsylvania had 368 DUI fatalities in the last year. Mr. Speaker, Pennsylvania has, as we are well aware, a controlled liquor system, State-controlled liquor system. Mr. Speaker, the State of New York had fewer DUI deaths. Mr. Speaker, the State of New Jersey; the State of Maryland; the States of West Virginia, Ohio, and Illinois all had fewer DUI fatalities than the State of Pennsylvania. So I think we need to be very careful whenever we make statements as though they are fact whenever they very well may just be assumptions.

Mr. Speaker, we have heard from some members of this General Assembly that have said that we need to find out what this system is worth before we move forward on this. Well, what I would submit is that the worth of the license is only there because we have chosen to limit and license the sale of this

product, and, Mr. Speaker, the determination should be, what they are sold for should be what a business can pay in order to be profitable to sell the product.

And lastly, Mr. Speaker, I have heard from all the special interest groups. I have heard from the beer distributors, some of which support this proposal, some of which oppose this proposal. Mr. Speaker, I have heard from the unions. Mr. Speaker, I have heard from the public- and private-sector unions who all universally oppose this issue. Mr. Speaker, I have heard from the wholesalers. I have heard from brewers. I have heard from groups that oppose and support, but, Mr. Speaker, the one group of people that I think we should be listening to the most are the consumers. We should be listening to the people that we all were elected to represent.

And, Mr. Speaker, a few weeks ago I visited a State where I could walk into one location. I purchased beer. I purchased alcohol. I purchased wine. Mr. Speaker, the people of Pennsylvania want that kind of freedom, and I believe we should deliver today. Thank you.

### REMARKS SUBMITTED FOR THE RECORD

The SPEAKER. The good gentleman, Representative McCarter, of Montgomery County.

Mr. McCARTER. Thank you, Mr. Speaker.

For brevity I will submit my comments for the record.

The SPEAKER. Thank you. Those will be accepted.

Mr. McCARTER submitted the following remarks for the Legislative Journal:

Mr. Speaker, I rise in opposition to HB 466 for three reasons.

One, some are saying we need this bill to provide more access and selection for consumers. If it is ease of access you want, there is a modernization bill introduced here in the House as well as one in the Senate which accomplishes that goal. We can give consumers greater access by expanding our points of sale to the private sector such as grocery stores and similar outlets without also giving up an annual revenue stream for the Commonwealth.

Two, it does not make sense to sell off an asset when we are desperately strapped for revenue. Our current budget deficit is \$2 billion. This bill only promises to generate a one-time infusion of maybe \$1 billion.

With the modernization plan of expanding our points of sale to more locations like local grocery stores, we can increase our annual revenue to \$700 million. Surely, an ongoing annual profit of \$700 million makes more sense than a one-time infusion of \$1 billion.

Three, this bill eliminates 4,000-plus quality, family-sustaining jobs and is funded on the backs of our beer distributors who, from what I am told, by and large do not want this bill, Mr. Speaker.

The truth is, Mr. Speaker, this bill is about ideology. The reality of its practical implementation, however, will be the displacement of 4,000-plus workers, significant loss of revenue to the State, and puts at risk our efforts to combat alcohol abuse and its effects.

Instead, Mr. Speaker, let us bring the modernization bills up for consideration in the proper committees and table this bill until after a series of statewide public hearings may be held so the people of this great Commonwealth can decide for themselves which plan works best for our future.

Thank you, Mr. Speaker.

The SPEAKER. Representative Pashinski, the good gentleman from Luzerne County.

Mr. PASHINSKI. Thank you very much, Mr. Speaker.

Numbers, statistics; more numbers, more statistics. God bless the people at home that are watching. God bless them if they are still watching. But the bottom line here is, whom can you believe? Whom can you trust?

Selling the liquor store system is a very big deal. It is a momentous transaction. It deserves serious, very serious deliberation, calculation, and expert direction. Above all, it deserves transparency, transparency for the public, transparency so that they, they can thoroughly understand the ramifications and consequences of selling our monopoly, our monopoly on alcohol.

With a transaction worth billions of dollars and the enormous responsibility of ensuring a safe and appropriate control of alcohol, this bill, HB 466, must be fully vetted. It must be fully vetted in the very light of day through our public hearing process and throughout our Commonwealth. To move this bill without public hearings is highly suspect and forces the question, why? Why no hearings, why the rush, and what is hiding under the rug?

Over the past several hours we have heard conflicting statements and conflicting numbers. For this reason, this reason alone is pure evidence for us to conduct public hearings. Let the people hear the facts. Let the people hear from the experts. And I also believe and agree that when the people have the facts, they will make the right decision either to sell or to retain.

We were told not to pass any legislation related to a new budget in Appropriations. The majority leader 2 days ago made this point by saying that we should allow Governor Wolf the opportunity to present his new budget plan and then we could consider such bills. Yet today, just 2 days later, we are debating a House bill that deals with billions of dollars, that deals with consequences that will last for a lifetime. We are considering selling one of this State's most important assets. It is important for us to make the right decision, but the numbers do not add up. We have heard the conflict.

HB 466 states that the sale of our wine and liquor operation will bring in \$1 billion; no, \$1.16 billion, yet we generate more revenue in sales and tax in wine and spirits than all other States except the huge State of Texas. We are the second largest purchaser of spirits in the world, selling \$2 billion every year, and yet HB 466 sells our operation for just \$1 billion. This sale does nothing to address our \$2 billion deficit, and the first year only produces \$167 million – the remaining \$800 million over the next 4 or 5 years. However, and most important, when you subtract the negative transition, the divestiture of \$1.4 billion calculated over 4 to 5 years, that projected profit is negated, is their profit. The numbers do not add up. That is why it is time for a hearing.

Do not sell an asset owned by the people that guarantees, that guarantees income to our State and municipalities. The good gentleman from Chester said we are going into a deficit in the year 2017 or so, yet our numbers say just the opposite. If we modernized, we would be increasing through technology, through the expansion of the stores. If we modernized, we would still increase convenience and profitability while still maintaining strict control over the sale of this alcohol to minors. Open the shutters. Let the light in. It is time for a hearing.

You know, right now HB 466 is trying to eliminate a monopoly owned by the people of Pennsylvania, yet in business, in business we work very hard to try to attain a monopoly. We do that so that we can control the market and

anything that surrounds our product. Well, that is exactly what we have here. It is our monopoly, the second largest in the world, and HB 466 wants to sell that guaranteed moneymaker for \$1 billion. The numbers do not add up. It is time for a hearing.

The sad thing about the issue is, we could have been given this through the PLCB. If we gave it to the managers and we modernized the system 4 years ago when we talked about this, you are looking at four to seven hundred million in good valuable dollars, four to seven hundred million dollars in the black, four to seven hundred million dollars less in debt. But if we sell the people's asset, if we sell our wholesale and retail monopoly, the people's monopoly, we only lose hundreds of millions of dollars per year, every year ad infinitum, forever. We severely affect the lives of literally 1,500 to 2,000 wine and spirits employees and their families – 3,000 to 10,000 people affected. There are 4,000-plus jobs directly affected by this liquor and wine monopoly. Now, we just heard it was 3,229, 827 part-time. So what is it? It is time for a hearing.

But do you know what? Some people say, what does it matter whether it is 4,000, 3,000, 2,000, or 1,000? Well, it does matter. It certainly matters to those 1,000 or 1500 or 2,000 employees that no longer have a job. These are our Pennsylvania people, people who purchase Pennsylvania food, supplies, products that we all need for our daily lives. They purchase homes and cars and rent apartments. They contribute to our economy. They contribute to the well-being and the advancement of all of us in our Commonwealth. They are our friends, our neighbors. Their kids play with our kids. They go to our church. They go to our PTA (Parent Teacher Association) or Little League, the Kiwanis or Lions or Rotary. They contribute like we contribute, but if we sell the people's business, if we sell the people's monopoly, if we sell our wine and spirits monopoly, these displaced workers, these people will lose their jobs. These fired Pennsylvanians will cost Pennsylvania tens of millions of dollars in unemployment compensation. The numbers do not add up. Selling the liquor and wine system is a bad deal. It is time for a hearing.

Selling our wine and liquor stores will also relinquish the impeccable control we have selling alcohol. Medical journals, police reports, drug and alcohol services, all providers for those in need, all state their objections to privatizing our wine and liquor stores, yet there are those that want to sell it. Qualified experts have studied the issue since the 1980s and the research and evidence is overwhelming. It overwhelmingly concludes that HB 466 will provide unfettered access to local alcohol, which will increase consumption and therefore drastically increase countless alcohol-related problems. The alcohol problems of the people of PA will cost them money and valuable resources. At the present time, in contradiction to what we just heard, Pennsylvania has the lowest rate of alcohol-induced deaths in the entire 50 States, but under HB 466, the societal problems associated with drinking increases exponentially, which then leads to increased violent crime, robberies, and domestic issues. That is why the police, the fire, clergy, human services, drug and alcohol personnel, and medical all oppose 466. The numbers do not match up. It is time for a hearing.

Those numbers did not match up before and they do not match up now, just like the proposal to sell the management rights of our PA Lottery, a lottery that benefits our senior

citizens. That was a bad idea and so is HB 466 a bad idea. You never sell a valuable asset when it is producing tens of millions of dollars every year guaranteed, and you never sell a valuable asset at bargain-basement prices. You never relinquish the control and awesome responsibility of protecting the people of Pennsylvania appropriately by managing a very potent substance called alcohol, and you never knowingly trade away living-wage jobs for minimum-wage jobs or no jobs at all.

HB 466 is a bad idea. It is time for a hearing, and I urge a "no" vote.

Thank you, Mr. Speaker.

The SPEAKER. The good gentleman from Cambria County, Representative Barbin.

Mr. BARBIN. Thank you, Mr. Speaker.

The arguments today have gone pretty much on one side or the other. One side says the only question is, should we privatize or should we not? That is not the only question. Why should we not consider auctioning the licenses? Why should we not protect existing licensees? Why should we not consider the effects of our current heroin epidemic and drug and alcohol epidemic when we are doing a bill like this? And why should we transfer wealth to a new oligarchy of business owners? Those are all legitimate questions even if you believe we should move out of the liquor control business. We are not doing that because we refuse to have a public hearing, and because of that, we have got a 5-hour discussion of what this bill means or does not mean.

Caution dictates anytime we try to privatize something, we take a real look at what the problems might be. I will give you two examples. Number one, Social Security. For 1 day our Pennsylvania Senator, Rick Santorum, had up on a Web site that we should privatize Social Security; by the end of the next day it was down.

Number two, public education was privatized. In 2001 we decided we were going to have 14 privatized special public schools. We now have 170. I would ask you, how is that going? Less than 25 percent of them can even meet the standards of public schools. So again what I say is, let us look at what people actually care about.

I was in a taxicab ride. He said the same issue came up in New York. They did say this is wrong to hand over the licenses to the big-box stores by Walmarts. You should not be putting out a business, small business, mom-and-pop owners. You should not be transferring the existing license without a real discussion of that, and that was not me saying that. That was Mayor Giuliani. He stopped that from happening.

A public hearing would let us stop this from happening. I will be voting "no."

The SPEAKER. The good gentleman from Clinton County, for the second time, Representative Hanna.

Mr. HANNA. Thank you, Mr. Speaker.

Mr. Speaker, the gentleman from Chester County took exception to my concerns for our displaced State store employees, arguing the PA economy is much stronger as evidenced by growing State revenues and our current unemployment rate. I would ask the gentleman to reflect on that less than \$300 million revenue growth as we face the \$2.4 billion budget deficit his budget votes created. And if he thinks the unemployment rate negates the fact that his budget votes dropped PA from 8th in job growth to 49th in job growth, then I would suggest he spend some time talking with his constituents at his local CareerLink.



Mr. Speaker, the gentleman from Chester suggests the State does not stand to lose any money because taxes will continue to be collected. He needs to recognize that sales tax collections in the private sector are often more than 10 percent less than the 100 percent our State stores collect, and in New Jersey, where liquor is privatized, sales tax collection delinquencies are the highest with private liquor stores. So yes, Mr. Speaker, Pennsylvania will lose money under this proposal, both in profits and in sales tax.

Mr. Speaker, while the gentleman from Chester County does not believe the sale of alcohol is a core State government function, let me remind him that public safety is the most important core State government function, and our professional State store employees are on the front lines of protecting public safety every day. And proponents are wrong when they say the reason there has never been a serving-minors violation at our stores is because we do not check, when the facts show our State store employees check a million people every year, and last year rejected 25,000 minors.

Mr. Speaker, the gentleman from Beaver County says he does not understand how I can say 1200 locations could have fewer employees than our current 600 stores. Let me remind him that the likely result of HB 466: reduced selection at a higher price in a big-box store where no new employees will be added to manage their meager inventory.

Mr. Speaker, the facts are the facts, and the facts dictate that this bill is bad for public safety, bad for employees, and an economic loser, and for those reasons we need to vote "no."

Thank you, Mr. Speaker.

The SPEAKER. The Chair recognizes the minority leader, Representative Dermody, of Allegheny County.

Mr. DERMODY. Thank you, Mr. Speaker.

Simply put, Mr. Speaker, this is a bad bill created in pursuit of ideology rather than common sense. It will result in the loss of thousands of jobs. It will hurt consumers by raising prices and lowering selection. And you are not asking Mr. Wolf to tear down a bureaucracy; you are asking Mr. Wolf to create a new, convoluted, disjointed bureaucracy to sell liquor in this Commonwealth where none is needed. And above all, this new bureaucracy you want to create hurts every Pennsylvania taxpayer by depriving the State of a predictable source of revenue.

Outside of a local group of special interests who stand to profit from privatization, Pennsylvanians are not demanding this. Pennsylvania residents want convenience, selection, and good pricing. This bill does not get us there; in fact, it does the opposite. We can take simple steps to improve consumer convenience for the sale of beer and wine and liquor. We will give consumers what they want, and at the same time give the State more revenue to attack our budget deficit, and we can protect public safety and protect the public health.

HB 466 will not produce the revenue that supporters have promised. In fact, every time you return to this issue, the revenue promises from the supporters get smaller. It started at \$4 billion, at \$3 billion, \$2 billion. We are now at \$500 million, while we sacrifice a long-term revenue source that provides more than half a billion dollars every single year in combined tax revenue and system profits.

After a short period of time, if this bill is implemented, the net annual loss to the General Fund is \$190 million each year, and there will be huge transition costs. The Corbett

administration commissioned a study, and that study came back and said the transition cost could be as much as \$1.4 billion.

And I am afraid a few of our friends, my friends on the other side of the aisle, got some bad numbers when it comes to the Pennsylvania Liquor Control Board. The facts are, the Pennsylvania Liquor Control Board's net profit over the past decade totaled more than \$1 billion. No financial report has ever shown the Pennsylvania Liquor Control Board operating in the red. The Pennsylvania Liquor Control Board continues to make more money and contribute more money to the State Treasury every single year. The PLCB's operating expenses have risen only 1.7 percent in the past 5 years, and as a result of this positive sales growth, the agency reported interim net income of \$79.1 million, a 3.9-percent increase over the last year, and remitted more than \$247.2 million in sales and liquor tax to the Commonwealth, an increase of \$10.7 million, or 4 1/2 percent, over the first 6 months of 2013-2014. What we have here is corporate welfare at the expense of Pennsylvania taxpayers.

Mr. Speaker, this is a bad bill. It is bad for consumers who simply want a little more convenience, not an entirely new and untested system. It is bad for dedicated workers who make sure liquor is sold safely, responsibly, and who help the State gain hundreds of millions of dollars in new revenue, and it is bad for taxpayers. Mr. Speaker, at a time when we are facing a huge structural budget deficit, it makes no sense to divest ourselves of one State asset that actually generates revenue.

Mr. Speaker, everyone here should vote "no" on HB 466. Thank you, Mr. Speaker.

### REMARKS SUBMITTED FOR THE RECORD

The SPEAKER. The gentleman from Montgomery County, Mr. Murt.

Mr. MURT. Thank you, Mr. Speaker.

Mr. Speaker, I would like to submit some remarks for the record, please.

The SPEAKER. Yes, sir. Thank you.

Mr. MURT submitted the following remarks for the Legislative Journal:

I rise in opposition to HB 466.

Before we vote, how is it a good thing to enact legislation that makes alcohol cheaper and more available throughout our Commonwealth? How is it a good decision to turn over an operation that literally generates millions of dollars each year for our Commonwealth?

Next week Governor Wolf will be talking to us about the next budget. He will be telling us about a Commonwealth that is starved for cash, yet here we are ready to hand over an entity that makes millions for our State.

I do not believe this is a good idea, Mr. Speaker, and I will be voting in the negative.

The SPEAKER. The majority leader, Representative Reed.

Mr. REED. Thank you very much, Mr. Speaker.

This morning as I sat in my office thinking about what I wanted to say as we move forward with HB 466 today, I read through some of the newspaper articles dealing with the issue of liquor privatization, and I came across an article written by John Micek with the Patriot-News that I really think summarizes the crux of the debate more than anything else, and I would like to



just read a couple paragraphs from that article into the record, and I quote, "My friend, the late Pete DeCoursey, who was one of the best political reporters, I've ever known, used to joke that Pennsylvania needed to change its state motto to 'Welcome to Pennsylvania, we fear change.'

"Don't believe me?"

"How long have we been talking about privatizing the sale of alcohol – something every other state in the union, save Utah, has managed to do without turning into Sodom and Gomorrah?"

"I'll give you a hint – it started in 1972 under Democrat Milton Shapp. Now here we are again in 2015, bracing for the state to take..." another vote on privatization "...this week. We'll all need a drink by the end of it," end quote.

Now, Mr. Speaker, I understand, after hearing some of the speakers today, that that drink might not be possible because it seemed like some folks wanted to go back to the era of Prohibition, but, Mr. Speaker, the test before us is really quite simple. We have an opportunity to take the first step in moving our liquor system into the modern world, of moving our liquor system into the 21st century, to catching up with the times. Today's vote is quite simple. We have a chance to tell the people of Pennsylvania we are going to turn our back on the status quo going forward.

I would encourage the members to vote for HB 466. Thank you.

The SPEAKER. The good gentleman, Mr. Costa, from Allegheny County.

Mr. P. COSTA. Thank you, Mr. Speaker.

I am happy to say that I am the last speaker on the Democratic side, so we will be through this soon.

And actually, I know you obviously have the votes and I know this is going to pass, but there are some things that I want to point out that have been mentioned over time that I just want to clear up, and one of them is, why are we in the business of selling alcohol? Well, one of the reasons is it creates good jobs, good-paying jobs. It creates revenue for our Commonwealth, which helps all of our taxpayers. It does an incredible job of preventing sales to minors and shoplifting, which we know is a big issue in other States, and also we control the sale of the alcohol.

One of the good things about that is, I am not sure if any of you are aware of a product that is floating around now. It is called Palcohol, and what Palcohol is, it is a powder that you can put in a bottle of water that turns that water into alcohol. There are several States that are out there scrambling around to make provisions to make sure that this product cannot be sold in their States. We did not have to do that. We have control, which our LCB has determined that that product will not be sold in our State. We did not have to scramble around like other States are trying to do and the product gets in the shelves and then it takes them awhile to get out. That is one of the advantages of having our State-run system.

Some of the concerns about selection and pricing which I believe are a fallacy: We have over 40,000 different items that our wine and spirits stores sell throughout the State. That means anybody from Pittsburgh or Philly or Erie or Scranton or Punxsutawney, for that matter, can get up to 40,000 different products. I do not know of many other private businesses that have those kinds of selections. In addition, we have small stores that have 1500 different products, and our largest stores have up to 10,000 different products. So those things, the part that we do not have selection, that is an error.

As far as pricing goes, instead of taking other people's opinions on pricing and where we rate, I actually did a little bit of research myself. Granted, it was limited to New Jersey and Virginia, but the specific bottles, the specific types of alcohol that I was looking for, Pennsylvania's were always cheaper – and by a lot. The one product I looked at was sold for \$30 in Pennsylvania, and in New Jersey it was sold for \$40 – a 33-percent increase over what we sell. So those fallacies about pricing and selection, they are off the mark.

So let us talk about revenue then. Let us talk about revenue that the liquor stores bring into our Commonwealth. Today they bring in over \$100 million every single year, and that is after they pay the 3500-plus jobs, the good employees that we have in our Commonwealth, pay them benefits and pay them a good family-sustaining salary. In addition to that, they turn over \$100 million. In addition to the 600 stores, 600-plus stores that we are renting off Pennsylvania property owners, again, that is after that that we are turning \$100 million over to the General Fund.

And one other fallacy is that the State stores are not making money. Over the last 6 months we have increased, a 4.5-percent increase over the same amount of time last year.

So now let us go to the fiscal report. The fiscal report claims that this proposal could bring in a one-time \$1 billion fee. Now, according to our Appropriations Committee, assuming that we get that \$1 billion, according to our estimations from our Appropriations Committee, after the fourth and fifth year we are at a break-even point, and from that point on we lose \$200 million every single year from infinity and beyond. So the Corbett report that was done last year said after 5 years that the State will lose \$1.4 billion. That is matching up to the numbers that our State stores – I am sorry; that our Appropriations Committee has done. These numbers match, so somewhere I believe that number is right.

Now, whether you believe that we should privatize or not privatize, that is varying decisions, but my opinion is this is not a good bill. This bill does not work. There is a way that we can do better. We have suggestions on how we can do better. Why should we give up an asset that generates the kind of revenue that it has and it continues to keep the jobs that we have in our State? And to steal a line from one of our former colleagues, who said that if we had a business that came to Pennsylvania and said we are going to bring over 3500 family-sustaining jobs to your State, we would do everything that we possibly could to get them to be here. We have that case right now and we are telling them we do not want them anymore. Go work in the Walmarts, go work in the convenience stores and get minimum wage. You are not going to get a big pay anymore. That is ridiculous.

We have a system. Granted, we know there can be improvements that can be made and they should be made and we have made those suggestions, and we would hope that those suggestions will be adhered to. But this bill, 466, unfortunately does not address that, and it does not do what is right for our constituents, it does not do right for our citizens, and at the end of the day, it is going to cost all of our constituents more tax dollars, and nobody wants to see that.

So I would ask that we would oppose HB 466 and work on a better idea. Thank you.

The SPEAKER. Are there any other members that seek recognition before we go to our final speaker?

The good gentleman from Chester County, Representative Ross.

Mr. ROSS. Thank you, Mr. Speaker.

In recognizing that I am the final speaker and we have had extensive debate on this subject, I am going to be very brief. I have four points I want to go over, and they are really to clarify and I believe correct the record on a couple of points.

First, there is concern that the wine and spirits licenses will only go to megastores and that they are going to be so expensive and difficult to get ahold of that small mom-and-pop operations, the beer distributors, are not going to be able to afford them. And the most expensive county in that would be Montgomery County, where one of our members is concerned about them. There would be a cost for the beer distributor of \$950 a month, that is \$950 a month in Montgomery or Chester, where I am, which is, I do not think, an excessive amount for most businesses.

For the smallest county, the beer distributor would simply have to put out \$170 a month to be able to have the right to sell wine. They would do that for 48 months. They would have that right indefinitely. They could turn and sell that license later. They should be able to make a handsome profit off that. And remember, no one can own more than five of these statewide, and no one can own more than one in a county. That leaves lots of elbow room for these small beer distributors to continue to operate, compete successfully, and enhance their businesses.

Second, there has been discussion of border bleed. The assumption was that border bleed is happening exclusively because of price. Living in Chester County, abutting the Delaware State line, and talking to my neighbors, I know that is not the case. There are certainly some people who are near the border who can go across the border and buy a little bit cheaper, and by the way, spirits in Delaware are not that much cheaper. But what most of the people that are violating the law right now and doing border bleed are concerned about is service and selection. They cannot get the wine they want. They cannot get the advice that they need. If we wind up going to a privatized wine and spirits system similar to what they have in Delaware, we will cut that border bleed out and repatriate that money.

Third, the gentlelady from Philadelphia brought this up again and several other members mentioned it from the other side of the aisle, and it is actually an artifact from the debate we had a couple of years ago. There is discussion of so-called transition costs. We believe that is a misreading of a document that had been produced that shows transition savings or revenues that would be coming in over a period of time. We have not been able to determine what these so-called transition costs would be. We are selling licenses. We have got revenue coming in. There is no transition cost.

Fourth, I have great respect for the Fraternal Order of Police, fire chiefs, and others who are concerned about the proliferation of licenses and the concern they have that that will increase crime, fires, other kinds of social ills. I believe they are misled. I believe they believe that there is going to be a tremendous proliferation of outlets and locations where liquor is going to be served. In fact, as I pointed out earlier, with an existing 15,000 total licenses, not counting others that are part-time licenses, what we are talking about here in the end is an increase in approximately 1.5 percent of the number of locations where liquor in one form or another will be sold – 1.5 percent statewide.

I would also point out, when we are worried about drunkenness and driving, that indeed when you serve alcohol and people then drive home, that is a location where you are likely to wind up being concerned about driving under the influence. When people are buying closed packages out of a retail establishment to take home and consume later, that DUI issue is not happening as a result of the location of the store. We still need good alcohol education. We still need good enforcement, and I am very sincere in my hopes and intents that the increased penalties and increased enforcement opportunities will actually help us rather than hurt us, so this bill will be a plus as far as that is concerned.

And then finally, I want to talk about the money, because that to me has been the most confusing item in this whole debate when I listened to the other side. They have persistently mentioned a \$190 million revenue stream. I have not been able to identify where most of that revenue stream comes from. It was mentioned in Appropriations today but without any facts behind it. It was mentioned again on the floor numerous times as if it was somehow backed up by some form of fact but no source was issued, no facts were issued. What we do have is a statement from the LCB, and the LCB shows their expected revenues, revenues over expenses over the next few years declining below the mandated \$80 million transfer so that they cannot make that \$80 million transfer, and eventually going in 2021 to a point where they will be short \$12 million to run the operation. So when people say this is a guaranteed stream of revenue, be careful. The only thing we have a guarantee for right now is if we continue down the road we are on and do not adopt HB 466, we are going to be sending money out of the General Fund and your taxes into the LCB to help keep their operation afloat.

So I would urge strongly that the members recognize that this is a historic moment when we are finally bringing Pennsylvania in line with reasonable practices that are currently operating all throughout the world and across the country, and I hope that you will all vote "yes" in favor of the bill.

### REMARKS SUBMITTED FOR THE RECORD

Mr. TURZAI submitted the following remarks for the Legislative Journal:

I would like to thank and commend my colleagues for their affirmative vote on HB 466 this afternoon.

The passage of this legislation signifies the General Assembly's continuing commitment to eliminate an outdated, bureaucratic relic of the Prohibition era and move Pennsylvania into the 21st century by privatizing the sale of wine and spirits once and for all.

If there is one question we must ask ourselves, it is this: "Why is government in the business of selling alcohol to consumers?"

The PLCB was first conceived by Governor Gifford Pinchot in 1933. He stated that the purpose of the State-run monopoly was to "discourage the purchase of alcoholic beverages by making it as inconvenient and expensive as possible." Unfortunately, that anachronistic purpose still prevails today.

In an editorial on June 12, 2011, the Philadelphia Inquirer stated, "Rarely before has any government agency so succinctly, thoroughly, and convincingly made the case for its own elimination." Of course, they were referring to the PLCB during their heyday of propping up one bad idea after another. News outlets from across Pennsylvania have echoed these sentiments again and again. It has been over 4 years

since the Inquirer's editorial, yet the PLCB's financial statements tell us that very little has changed.

The PLCB's own data shows that their store operations' costs have gone up 88.7 percent since 2001, currently \$311.3 million. The board's central administrative costs have also skyrocketed during this time, 134 percent, currently \$62.7 million. In 4 of the last 8 years, the PLCB's net income after operating transfers was a negative number with a combined net income over those 8 years of -\$21.9 million.

In 2001 the PLCB's accounts payable, the amount owed to vendors, made up approximately 40 percent of the total value of the inventory. At that time the PLCB held \$147.3 million in product and owed \$59.6 million to vendors. From 2001 through 2008, the board's accounts payable averaged about 44 percent of the value of inventory. For the last 3 years, however, the PLCB's accounts payable exceeded the value of their inventory. In 2014 the amount the board owed was \$52.8 million more than the value of the goods they owned. These numbers are not the by-product of a bad economy. Every year the board boasts that they have had yet another "record year" of sales. With gross sales increasing by 96.5 percent since 2001, their profits should be through the roof. Instead, profits are flat, if they exist at all.

The litany of fiscal missteps by the board in just the last 10 years seems to be without end. To name just a few: the wine kiosks – a \$1 million mistake, assailed by the press and consumers alike; the PLCB's expenditure of millions of taxpayer dollars to purchase and market dozens of "in-house" wines with labels like TableLeaf, La Merika, Dialed In, and Copper Sun, to directly compete with private vendors who are already being strangled by the State monopoly; the board spent \$28,000 on eight bottles of high-end cult wine called Screaming Eagle, only to sell at a \$24,000 loss; the debacle in which the board spent over \$120 million on its inventory management system and point-of-sale computer hardware, causing millions of dollars in inventory to be stored in unrefrigerated rail cars and truck trailers during the hottest months of the year.

If we have learned anything from the PLCB, it is that government is ill-suited to perform in a private-sector marketplace. Government cannot – and should not – be in a position to sell commodities to consumers.

Last year the State collected about \$454 million in taxes on the sale of wine and spirits. This includes \$320.9 million in liquor tax; \$124.9 million in State sales tax; \$8.2 million in local sales tax. This is the "big revenue number" that we routinely hear about by the defenders of the status quo. The government will continue to collect these taxes in a privatized wine and spirits marketplace. Additionally, HB 466 creates millions of dollars of new revenue for the Commonwealth through the collection of corporate and other business taxes on these newly licensed business entities.

This legislation is specifically designed to put the Commonwealth in a better position as it relates to tax revenue while at the same time giving the State upfront revenue of at least \$1.1 billion – \$600 million from wholesale divestiture, \$440 million in the sale of retail licenses, and \$137 million from the sale of grocery store licenses.

But that is not all. This legislation gives us an opportunity to recapture sales that have been lost to neighboring States. According to the Distilled Spirits Council of the United States, DISCUS, border bleed accounts for \$313 million in lost retail revenue to neighboring States. Pennsylvania consumers routinely run the risk of prosecution by purchasing their wine and spirits in Maryland, Delaware, New Jersey, and the other three neighboring States. Each year DISCUS estimates that Pennsylvania loses out on the sale of about 900,000 cases of spirits and 2 million cases of wine. The average amount spent per purchase is \$260.

The keystone to providing consumers with a better buying experience – i.e., greater selection, better pricing, and convenience – is in HB 466's provisions to privatize the wholesale functions of the PLCB.

The current wholesale "distribution" system is hardly a distribution system at all. Government selects the products to be sold and compels retail outlets – i.e., bars and restaurants – to travel miles to a State store

to pick up their purchases. This system has a long and storied history of problems and customer dissatisfaction. Product cost to the consumer under a "control" system – if the consumer is able to get the product they seek in the first place – is a math problem. Each bottle on the PLCB's shelves, regardless of demand, is subject to the same fee, tax, and markup structure. Because there is no competition in the Commonwealth, PLCB has no reason to have one store perform better than the other liquor stores in the area. They are all the same.

By adopting a system of wholesale distribution that is substantially similar to other private license States, we ensure that the availability of, and pricing for, products are no longer controlled by State-appointed bureaucrats. HB 466 puts the wholesale distribution of wine and spirits in the hands of professionals and opens the doors to market competition. In plain terms, this means more products, greater availability, and better pricing for the people of Pennsylvania.

In the private market, the wholesaler delivers in more ways than one. Certainly, they deliver product to retailers – something the PLCB simply will not do – but they also deliver expertise to the retailer: knowledge of the products which they sell and advice on how to market those products. The wholesaler in licensed States has a vested interest in getting product to market as quickly as possible while maintaining competitive prices for consumers. All of that is lost under the control model we have under the status quo.

Once the provisions of HB 466 have been fully implemented, with licensed wholesalers and retailers competing for the consumer's business, consumers will finally be able to purchase their wine, spirits, and beer in one convenient location. They will have access to greater selection and better prices that only private industry can provide.

With the passage of HB 466, the Commonwealth will assume the more appropriate role of government. The PLCB will continue to exist in a more limited capacity – that of regulator, educator, and tax collector. In plain terms, we will finally end the inherent conflict of interest that exists with the State promoting the consumption of alcohol with one hand, and protecting the public from binge drinking, underage consumption, and DUI with the other.

In conclusion, I find myself in awe of the task we have undertaken with HB 466. Passage of this legislation puts an end to a Prohibition-era relic and is cause for celebration.

HB 466 is the culmination of countless hours of effort and deliberation on the part of hundreds of individuals who are dedicated to the proposition that Pennsylvania consumers and taxpayers deserve better than the status quo.

Thanks to the members of the Liquor Control Committee and the exceptional House staff for their commitment and diligence in developing the fine work product that is HB 466.

On the question recurring,  
Shall the bill pass finally?

The SPEAKER. Agreeable to the provisions of the Constitution, the yeas and nays will now be taken.

The following roll call was recorded:

YEAS—114

Adolph	Grell	Maloney	Regan
Baker	Grove	Marshall	Roae
Barrar	Hackett	Marsico	Ross
Benninghoff	Hahn	Masser	Saccone
Bloom	Harhart	McGinnis	Sankey
Boback	Harper	Mentzer	Santora
Brown, R.	Harris, A.	Metcalfe	Saylor
Causar	Heffley	Metzgar	Schemel
Christiana	Helm	Miccarelli	Simmons
Corbin	Hennessey	Millard	Sonney
Cox	Hickernell	Miller, B.	Staats
Culver	Hill	Milne	Stephens
Cutler	Irvin	Moul	Tallman
Day	James	Mustio	Taylor

Delozier	Jozwiak	Nesbit	Tobash
Diamond	Kampf	Oberlander	Toepel
Dunbar	Kaufer	Ortitay	Toohil
Dush	Kauffman	Parker, D.	Topper
Ellis	Keller, F.	Payne	Truitt
Emrick	Keller, M.K.	Peifer	Vereb
English	Killion	Petri	Ward
Evankovich	Klunk	Pickett	Warner
Everett	Knowles	Pyle	Watson
Fee	Krieger	Quigley	Wentling
Gabler	Lawrence	Quinn	Wheeland
Gillespie	Lewis	Rader	Zimmerman
Gingrich	Mackenzie	Rapp	
Godshall	Maher	Reed	Turzai,
Greiner	Major	Reese	Speaker

## NAYS—87

Acosta	Dean	Harhai	Pashinski
Barbin	Deasy	Harkins	Petrarca
Bishop	DeLissio	Harris, J.	Ravenstahl
Bizzarro	DeLuca	Kavulich	Readshaw
Boyle	Dermodly	Keller, W.	Roebuck
Bradford	DiGirolamo	Kim	Rozzi
Briggs	Donatucci	Kinsey	Sabatina
Brown, V.	Driscoll	Kirkland	Sainato
Brownlee	Evans	Kortz	Samuelson
Burns	Fabrizio	Kotik	Santarsiero
Caltagirone	Farina	Longiotti	Schlossberg
Carroll	Farry	Mahoney	Schreiber
Cohen	Flynn	Markosek	Schweyer
Conklin	Frankel	Matzie	Sims
Costa, D.	Freeman	McCarter	Snyder
Costa, P.	Gainey	McNeill	Sturla
Cruz	Galloway	Miller, D.	Thomas
Daley, M.	Gergely	Mullery	Vitali
Daley, P.	Gibbons	Murt	Waters
Davidson	Gillen	Neuman	Wheatley
Davis	Goodman	O'Brien	Youngblood
Dawkins	Hanna	Parker, C.	

## NOT VOTING—0

## EXCUSED—1

O'Neill

The majority required by the Constitution having voted in the affirmative, the question was determined in the affirmative and the bill passed finally.

Ordered, That the clerk present the same to the Senate for concurrence.

The SPEAKER. There are no further votes today.

### BILLS REPORTED FROM COMMITTEE, CONSIDERED FIRST TIME, AND TABLED

**HB 400, PN 757 (Amended)** By Rep. GINGRICH

An Act providing for the Work Experience for High School Students with Disabilities Act; imposing duties on the Office of Vocational Rehabilitation; and providing for appropriations.

LABOR AND INDUSTRY.

### HB 568, PN 638

By Rep. GINGRICH

An Act amending the act of November 10, 1999 (P.L.491, No.45), known as the Pennsylvania Construction Code Act, in exemptions, applicability and penalties, further providing for applicability to certain buildings.

LABOR AND INDUSTRY.

### BILLS RECOMMENDED

The SPEAKER. The Chair recognizes the majority leader, who moves that the following bills be recommitted to the Committee on Appropriations:

HB 73;  
HB 186; and  
HB 446.

On the question,  
Will the House agree to the motion?  
Motion was agreed to.

### BILLS REMOVED FROM TABLE

The SPEAKER. The Chair recognizes the majority leader, who moves that the following bills be removed from the tabled calendar and placed on the active calendar:

HB 140;  
HB 188;  
HB 512; and  
HB 530.

On the question,  
Will the House agree to the motion?  
Motion was agreed to.

### BILLS AND RESOLUTIONS PASSED OVER

The SPEAKER. Without objection, all remaining bills and resolutions on today's calendar will be passed over. The Chair hears no objection.

### ADJOURNMENT

The SPEAKER. The good gentleman, Representative Millard, moves that the House be adjourned until Monday, March 2, 2015, at 1 p.m., e.s.t., unless sooner recalled by the Speaker.

On the question,  
Will the House agree to the motion?  
Motion was agreed to, and at 3:33 p.m., e.s.t., the House adjourned.