AN ACT

Amending the act of April 12, 1951 (P.L.90, No.21), entitled "An act relating to alcoholic liquors, alcohol and malt and brewed beverages; amending, revising, consolidating and changing the laws relating thereto; regulating and restricting the manufacture, purchase, sale, possession, consumption, importation, transportation, furnishing, holding in bond, holding in storage, traffic in and use of alcoholic liquors, alcohol and malt and brewed beverages and the persons engaged or employed therein; defining the powers and duties of the Pennsylvania Liquor Control Board; providing for the establishment and operation of State liquor stores, for the payment of certain license fees to the respective municipalities and townships, for the abatement of certain nuisances and, in certain cases, for search and seizure without warrant; prescribing penalties and forfeitures; providing for local option, and repealing existing laws," 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 and for enforcement and repealing provisions relating to 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 liquor license sales and
restrictions, providing for grocery store license sales and
restrictions, further providing for malt and brewed beverages
licensees, for wine and spirits auction permits, for liquor
importers' license fees, privileges and restrictions, for
interlocking business prohibited and for malt and brewed
beverages licenses, providing for distributor package reform
permit, further providing 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
fines, for responsible alcohol management, for local option,
for unlawful acts, for hours of operation, providing for
unlawful acts and for licensees and taxation and further
providing 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.

The General Assembly of the Commonwealth of Pennsylvania
hereby enacts as follows:

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

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

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

* * *

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

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

* * *

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

* * *

"Commission" shall mean the State Civil Service Commission.

* * *

"Controlling interest" shall mean as follows:
(1) For a publicly traded legal entity, an interest in a legal entity, applicant or licensee whereby a person's sole voting rights under State law or corporate articles or bylaws entitles the person to elect or appoint one or more of the members of the board of directors or other governing board or the ownership, directly or indirectly, of five per centum or more of the securities of the publicly traded corporation.
(2) For a privately held corporation, partnership, limited liability company or other form of privately held legal entity, the holding of any securities in the legal entity.

* * *

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

20200HB2547PN3831 - 3 -
"Displaced employe" shall mean a salaried employe of the board whose employment is terminated as a sole and direct result of the implementation of Article III-A. The term shall not include a person who is terminated for cause or who retires or resigns, is furloughed or is otherwise separated from employment for any other reason. The term excludes intermittent liquor store clerks and seasonal liquor store clerks.

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

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

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

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

"Wholesale acquisition factor" shall mean a factor of two and one-half applied to the wholesale profit margin of a brand of
liquor in determining a wholesale license fee.

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

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

* * *

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

"Wine and spirits wholesale license" 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.

* * *

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

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

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

20200HB2547PN3831 - 5 -
distribution system, including the establishment of Pennsylvania liquor stores and licensing of wine and spirits wholesalers, wine and spirits retailers, importing distributors and distributors; and to preserve manufacturers of liquor and alcohol and malt and brewed beverages selling those products within this Commonwealth. The provisions of this act dealing with the manufacture, importation, sale, distribution and disposition of liquor, alcohol and malt or brewed beverages within the Commonwealth through the instrumentality of the board, licensees and otherwise, provide the means by which such control shall be made effective. This act shall not be construed as forbidding, affecting or regulating any transaction which is not subject to the legislative authority of this Commonwealth.

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

* * *

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

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

(a) To buy, import or have in its possession for sale and
sell liquor, alcohol, corkscrews, wine and liquor accessories, trade publications, gift cards, gift certificates, wine- or liquor-scented candles and wine glasses in the manner set forth in this act: Provided, however, That all purchases shall be made subject to the approval of the State Treasurer, or his designated deputy. The board shall buy liquor and alcohol at the lowest price and in the greatest variety reasonably obtainable. The board's authority to exercise the powers granted pursuant to this subsection is subject to the limitations set forth in Article III-A.

(b) The following shall apply:

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

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

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

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

(5) All prices of a particular product identification number shall be uniform throughout the Commonwealth. The board may establish a preferential price structure for wines produced within this Commonwealth for the promotion of such wines, as
long as the price structure is uniform within each class of wine purchased by the board.

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

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

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

(9) The board shall require each Pennsylvania manufacturer and each nonresident manufacturer of liquors, other than wine, selling such liquors to the board, which are not manufactured in this Commonwealth, to make application for and be granted a permit by the board before such liquors not manufactured in this Commonwealth shall be purchased from such manufacturer. Each such manufacturer shall pay for such permit a fee which, in the case of a manufacturer of this Commonwealth, shall be equal to that required to be paid, if any, by a manufacturer or wholesaler of the state, territory or country of origin of the liquors, for selling liquors manufactured in Pennsylvania, and in the case of a nonresident manufacturer, shall be equal to that required to be paid, if any, in such state, territory or country by Pennsylvania manufacturers doing business in such state, territory or country. In the event that any such
manufacturer shall, in the opinion of the board, sell or attempt
to sell liquors to the board through another person for the
purpose of evading this provision relating to permits, the board
shall require such person, before purchasing liquors from him or
it, to take out a permit and pay the same fee as hereinbefore
required to be paid by such manufacturer. All permit fees so
collected shall be paid into the State Stores Fund. The board
shall not purchase any alcohol or liquor fermented, distilled,
rectified, compounded or bottled in any state, territory or
country, the laws of which result in prohibiting the importation
therein of alcohol or liquor, fermented, distilled, rectified,
compounded or bottled in Pennsylvania. The board may not sell
private label products. A Pennsylvania Liquor Store may continue
to sell private label products within its inventory after the
effective date of this section until the private label products
within its current inventory are depleted.

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

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

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

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

"Discontinued items" shall mean those product identification
numbers that the board has voted to delist at a public meeting.
"Limited purchase items" shall mean those product identification numbers that the board purchases on either a one-time or nonrecurring basis due to the product's limited availability or finite allocation.

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

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

* * *

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

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

* * *

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

* * *

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

(p) The board may implement a delivery system as a means of providing product to all licensees under this act.
Section 4. The act is amended by adding a section to read:

Section 207.1. Adjustment of Fees by Regulation.--(a) Notwithstanding any provision of this act or the act of April 9, 1929 (P.L.177, No.175), known as "The Administrative Code of 1929," to the contrary, all fees required under this act shall be fixed by the board by regulation and shall be subject to the act of June 25, 1982 (P.L.633, No.181), known as the "Regulatory Review Act."

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

(1) 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, the board shall increase the fees by regulation, subject to the "Regulatory Review Act," so that the projected revenues will meet projected expenditures.

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

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

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

Section 208. Specific Subjects on Which Board May Adopt Regulations.--Subject to the provisions of this act and without limiting the general power conferred by the preceding section, the board may make regulations regarding:
[(a) The equipment and management of Pennsylvania Liquor
Stores and warehouses in which liquor and alcohol are kept or
sold, and the books and records to be kept therein.]

* * *

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

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

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

* * *

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

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

Section 211. Enforcement.---* * *

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

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

20200HB2547PN3831 - 12 -
against the complement of officers as prescribed in section 205 of the act of April 9, 1929 (P.L.177, No.175), known as "The Administrative Code of 1929."

* * *

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

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

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

* * *

Section 6. Section 215 of the act is repealed:

[Section 215. Wine and Spirits Marketing.—]

(e) The board is authorized to participate in or sponsor wine and spirits events for the purpose of educating consumers as to the wines and spirits available in this Commonwealth. The wine and spirits to be used for the event may be acquired through the State store system or may be donated from outside this Commonwealth. Participation in the tastings may be
conditioned on the purchase of a ticket to the event. The event
may include events occurring on premises licensed by the board,
and the board may sell wine and spirits for off-premises
consumption in an area designated by the board for such sale.]

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

   Section 301. Board to Establish State Liquor Stores.--(a)
   The board shall [establish,] operate and maintain at such places
   throughout the Commonwealth as it shall deem essential and
   advisable, stores to be known as "Pennsylvania Liquor Stores,"
   for the sale of liquor and alcohol in accordance with the
   provisions of and the regulations made under this act[; except
   that no store not so already located shall be located within
   three hundred feet of any elementary or secondary school, nor
   within a dry municipality without there first having been a
   referendum approving such location. When the board shall have
   determined upon the location of a liquor store in any
   municipality, it shall give notice of such location by public
   advertisement in two newspapers of general circulation. In
   cities of the first class, the location shall also be posted for
   a period of at least fifteen days following its determination by
   the board as required in section 403(g) of this act. The notice
   shall be posted in a conspicuous place on the outside of the
   premises in which the proposed store is to operate or, in the
   event that a new structure is to be built in a similarly visible
   location. If, within five days after the appearance of such
   advertisement, or of the last day upon which the notice was
   posted, fifteen or more taxpayers residing within a quarter of a
   mile of such location, or the City Solicitor of the city of the
   first class, shall file a protest with the court of common pleas
of the county averring that the location is objectionable because of its proximity to a church, a school, or to private residences, the court shall forthwith hold a hearing affording an opportunity to the protestants and to the board to present evidence. The court shall render its decision immediately upon the conclusion of the testimony and from the decision there shall be no appeal. If the court shall determine that the proposed location is undesirable for the reasons set forth in the protest, the board shall abandon it and find another location. The board may establish, operate and maintain such establishments for storing and testing liquors as it shall deem expedient to carry out its powers and duties under this act.

and subject to the limitations set forth in Article III-A.

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

Section 305. Sales by Pennsylvania Liquor Stores.--(a) The board shall in its discretion determine where and what classes, varieties and brands of liquor and alcohol it shall make available to the public and where such liquor and alcohol will be sold. Every Pennsylvania Liquor Store shall be authorized to sell combination packages. If a person desires to purchase a class, variety or brand of liquor or alcohol not currently available from the board, he or she may place a special order for such item. A supplier of a special order may not refuse an order from a customer placing an order for one bottle of the
item and may assess a surcharge on the order if the supplier otherwise requires a minimum quantity purchase. The board may require a reasonable deposit from the purchaser as a condition for accepting the order. The customer shall be notified immediately upon the arrival of the goods.

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

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

Unless the customer pays for and accepts delivery of any such special order within ten days after notice of arrival, the store
may place it in stock for general sale and the customer's
deposit shall be forfeited.

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

* * *

(b) [Every] Until the wholesale divestiture process as
provided in Article III-A is complete, every Pennsylvania Liquor
Store shall sell liquors at wholesale to wine and spirits retail
licensees, grocery stores, hotels, restaurants, clubs, and
railroad, pullman and steamship companies licensed under this
act; and, under the regulations of the board, to pharmacists
duly licensed and registered under the laws of the Commonwealth,
and to manufacturing pharmacists, and to reputable hospitals
approved by the board, or chemists. Sales to licensees shall be
made at a price that includes a discount of [ten] fourteen per
centum from the retail price; except that special order sales to
licensees authorized in subsection (a) shall not be subject to
the ten per centum discount. The board may sell to registered
pharmacists only such liquors as conform to the Pharmacopoeia of
the United States, the National Formulary, or the American
Homeopathic Pharmacopoeia. The board may sell at special prices
under the regulations of the board, to United States Armed
Forces facilities which are located on United States Armed Forces installations and are conducted pursuant to the authority and regulations of the United States Armed Forces. All other sales by such stores shall be at retail, except that incentives, such as coupons or discounts on certain products, may be offered to unlicensed customers of the board as provided under sections 207(m) and 493(24)(ii)(B). A person entitled to purchase liquor at wholesale prices may purchase the liquor at any Pennsylvania Liquor Store upon tendering cash, check or credit card for the full amount of the purchase. For this purpose, the board shall issue a discount card to each licensee identifying such licensee as a person authorized to purchase liquor at wholesale prices. Such discount card shall be retained by the licensee. The board may contract through the Commonwealth bidding process for delivery to wholesale licensees at the expense of the licensee receiving the delivery.

* * *

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

* * *

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

ARTICLE III-A

WINE AND SPIRITS DISTRIBUTION

SUBARTICLE A

GENERAL PROVISIONS

Section 301-A. Scope of article.
This article relates to the privatization of liquor distribution in this Commonwealth.

Section 302-A. Legislative intent.

The General Assembly finds and declares as follows:

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

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

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

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

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

(6) 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.

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

(8) The establishment 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.
retail licenses is intended to provide broad economic
opportunities to the citizens of this Commonwealth and to be
implemented in such a manner as to prevent monopolization by
establishing reasonable restrictions on the control of
wholesale and retail licensees.

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

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

(11) 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:

(i) ensure against the illegal sale of alcohol;
(ii) prevent and combat the illegal consumption of alcohol by minors and visibly intoxicated individuals;
and
(iii) discourage the intemperate use of alcohol.

(12) Participation in the wholesale and retail sale of liquor by a wholesale or retail licensee is a privilege, conditioned upon the proper and continued qualification of the licensee and upon the discharge of the affirmative responsibility of the licensee to provide the department and
the board with assistance and information necessary to assure that the policies declared by this article are achieved.

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

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

(b) Retail transition.--

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

(2) 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. As the State liquor stores wind down operations, 600 wine and spirits retail licenses may be issued by the board which shall be allocated by county. The additional licenses shall be issued if the department determines, in cooperation with
the board, that the retail licenses are necessary for consumer convenience. After the determination, the retail licenses shall be issued first to distributor licensees and then on a first-come, first-served basis. Each successful applicant shall be thoroughly investigated to determine whether the person is a reputable and responsible person suitable to be licensed to sell liquor in this Commonwealth.

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

(c) Wholesale transition.--

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

(2) The divestiture of the board's wholesale operations shall be accomplished through the issuance of wine and spirits wholesale licenses by brand of liquor, which shall be subject to an application process as set forth in this article. 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.

(d) Cooperation required.--

(1) The board shall fully cooperate with the department or its advisors in all aspects of implementation of this
article and shall provide the department or its consultant
with all records and information in the possession of the
board upon request.

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

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

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

Section 304-A. Reports to the General Assembly.

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

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

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

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

(4) the status of the ongoing transition, including
Section 305-A. Temporary regulations.

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

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

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

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

SUBARTICLE B
WINE AND SPIRITS RETAIL LICENSES
Section 311-A. Issuance of wine and spirits retail licenses, fees and taxes.

(a) Sale of retail licenses.--The board may award not more than 1,200 wine and spirits retail licenses to qualified applicants, provided that when the State stores close in a given county because the wine and spirits retail licenses have commenced operation, the department, in cooperation with the board, shall determine if it is necessary to issue additional wine and spirits retail licenses for customer convenience and access. If the department determines more wine and spirits retail licenses are needed, the department may authorize the board to issue not more than 600 additional wine and spirits retail licenses.
(b) License classification.--Wine and spirits retail licenses shall be awarded as follows:

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

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

(c) License allocation.--

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

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

(3) A wine and spirits retail licensee may determine whether the wine and spirits retail licensee will sell wine or spirits or both. If a wine and spirits retail licensee elects to sell either wine or spirits, the board shall consider that one wine and spirits retail license and only
the licensee will have the ability to pay an additional fee in the future to sell both wine and spirits.

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

An application must contain:

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

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

(3) other information that the board may prescribe.

The board may not require physical alterations, improvements or changes to the licensed premises until the wine and spirits license application has been approved.

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

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

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

(3) an importing distributor license under section 431.
that authorizes the licensee to sell malt or brewed beverages
at wholesale so long as the importing distributor does not
obtain a wine and spirits wholesale license.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(E) For a county of the eighth class, $142,500.
(iii) For the privilege of selling both wine and spirits, the board shall require a fee equal to the sum of the fees listed above by county. Nothing in this act shall prevent a licensee who initially makes application to sell either wine or spirits from adding the other product at a later date so long as application is made to the board and the proper fees are paid.

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

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

Section 312-A. Postqualification of selected applicants.

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

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

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

(3) the planned operation of the applicant complies with
(b) Authority of the board.--The board may:
   (1) require additional information from an applicant; and
   (2) conduct onsite inspections, as necessary, to complete the postqualification process.
(c) Agreement.--The board may enter into an agreement with the Pennsylvania State Police or the Office of Inspector General to:
   (1) assist the board in the conduct of an investigation under this section; and
   (2) provide for the reimbursement of a cost incurred for providing assistance.
(d) Protocol for objections.--The board shall establish protocol for receiving written objections from residents, churches, hospitals, charitable institutions, schools and public playgrounds that are located near a proposed wine and spirits store location. The board may consider a written objection in the postqualification investigation of applicants. An objector under this paragraph may not appeal the decision of the board.
(e) Investigative fee.--The board may charge a fee to an applicant to recover the costs directly related to the board's investigation within the postqualification process.
(f) Acceptance of qualifications.--The qualifications of an applicant shall be accepted by the board if the investigation by the board reveals the following:
   (1) the applicant and its officers, directors and principals, if any, are of good repute, responsible and suitable for operating a wine and spirits store;
   (2) the applicant possesses sufficient financial
resources to:

(i) operate a wine and spirits store;

(ii) pay taxes due; and

(iii) meet financial obligations;

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

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

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

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

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

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

(3) payment of an outstanding investigation fee; and

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

(h) Approval of qualifications.--If the qualifications of the applicant are approved by the board under subsection (f), the board shall issue a wine and spirits retail license to the successful applicant consistent with the requirements of subsection (g).
License not entitlement.--

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

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

Terms of licensure.--

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

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

or

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

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

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

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

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

(b) Conditions.--In addition to other conditions the board deems necessary or appropriate for a specific wine and spirits retail licensee, a statement of conditions under this section
shall include, at a minimum, the following conditions and impose
the following obligations and requirements:

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

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

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

or

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

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

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

(ii) approval of the board and enforcement bureau.

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

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

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

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

(i) if the licensee is an individual, the licensee;
(ii) if the licensee is a partnership, a partner;
(iii) if the licensee is an association, a member;
(iv) if the licensee is a corporation, an officer, a director or a shareholder in the corporation; and
(v) an affiliate of the licensee.

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

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

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

(i) liquor products are secure; and
(ii) the licensed area may not be accessed during
prohibited hours of operation.

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

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

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

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

(15) In addition to the hours authorized under paragraph
(14), a wine and spirits retail licensee may, upon purchasing
a permit from the board at an annual fee of $1,000, sell wine
or spirits on Sunday between the hours of 9 a.m. and 9 p.m.
(16) A wine and spirits retail licensee may not employ an individual under 18 years of age to work on the licensed premises. An employee of a wine and spirits retail licensee under 21 years of age may not engage in the sale of liquor.

(17) 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 must be organized under the laws of this Commonwealth.

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

(19) A wine and spirits retail licensee shall:

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

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

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

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

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

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

(22) Except as set forth in paragraph (16), an
individual under 21 years of age may not enter the licensed area of a wine and spirits retail licensee unless accompanied by an adult.

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

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

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

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

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

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

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

(i) a fine or suspension or license revocation;

(ii) nonrenewal of a license;

(iii) revocation of operating authority; or

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

SUBARTICLE C

DIVESTITURE OF WHOLESALE LIQUOR DISTRIBUTION

Section 321-A. Wholesale divestiture.

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

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

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

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

(3) Procedures and standards governing the relationship between wine and spirits wholesale licensees and manufacturers and the ability and terms upon which that relationship may be terminated.
(c) Coordination.--

(1) The department shall:

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

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

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

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

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

(1) The following shall apply:

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

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

(iii) The alcoholic products shipped into this
Commonwealth must be delivered to the wholesaler's licensed premises. Upon delivery, the products shall be unloaded, inventoried and remain on the licensed premises for 48 hours before delivery is made to a retailer. During that time period, the board may inspect and inventory wholesale warehouses to verify taxes that are required to be paid on the products.

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

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

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

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

(2) The department shall publish a notice on its Internet website of the wine and spirits wholesale license fee for each brand of liquor determined under paragraph (1). The department shall establish deadlines within which an
applicant must submit an application for a wine and spirits wholesale license for the brands of liquor specified by the applicant.

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

(c) Brands not previously sold.--

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

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

(d) Term.--

(1) A wine and spirits wholesale license, after payment of the required license fee, shall be in effect unless suspended, revoked or not renewed under this article.
(2) The license of a wine and spirits wholesale licensee in good standing shall be renewed every two years under this article.

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

(i) The status of its license.

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

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

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

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

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

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

(i) A corporation.

(ii) A limited liability company.

(iii) A limited partnership.

(iv) A partnership.

(v) An association.

(vi) A legal entity other than a legal entity listed
under this paragraph.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(9) 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. The information shall include:

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

   (ii) The specific offense charged or cited.
(iii) The ultimate disposition of the charge or
citation, including the details of a dismissal, plea
bargain, conviction, sentence, pardon, expungement or
order of Accelerated Rehabilitative Disposition.

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

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

   (ii) of a felony or equivalent crime; or

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

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

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

(13) A current tax certificate issued by the Department
of Revenue showing the amount of taxes owed to the
Commonwealth for the 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.

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

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

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

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

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

(g) Application fees and investigative costs.--

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

(2) The department shall establish, charge and collect fees from an applicant to recover the costs directly related to the board's review and investigation of the application.
for a wine and spirits wholesale license. The board shall have the same authority relating to fees as to applications for renewal.

Section 323-A. Review and investigation of application.

(a) Completeness of application.--

(1) The following shall apply:

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

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

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

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

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

(b) Investigation.--After receipt of an application for a wine and spirits wholesale license and a determination that the application is complete, the department shall provide the application to the board's Bureau of Licensing to conduct an
investigation of the applicant. The investigation shall include
and the applicant shall have the burden of demonstrating the
following:

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

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

(3) The good character, reputation and suitability of
the 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.

(4) The applicant possesses sufficient financial
resources to:

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

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

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

(5) The applicant possesses sufficient financial
resources and experience to create and maintain a successful
and efficient wholesale operation that provides service at a
level that is reasonably equivalent to the level of service
currently provided in this Commonwealth on the effective date
of this section.
(6) The applicant has entered into a contractual relationship with one or more licensed manufacturers, importers or vendors of record for the distribution in this Commonwealth of a brand or brands of liquor regardless of whether the contractual relationship is contingent upon the board issuing a wine and spirits wholesale license to the applicant.

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

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

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

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

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

(v) protect the public interest.

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

Section 324-A. Issuance of licenses.

(a) Notification.--Upon completion of the investigation under section 323-A, the board shall inform the department of
the results of the board's investigation. The board shall inform
the applicant in writing of its decision to approve or deny the
application.

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

(c) Denial.--

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

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

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

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

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

(2) Paid outstanding application or investigation fees.

(3) Executed and delivered to the board the statement of
conditions required under section 325-A.

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

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

(e) License as privilege.--

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

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

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

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

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

(3) The board's Bureau of Licensing shall provide adequate notice to the board's Bureau of Supply Chain that a wine and spirits wholesale license application is ready for license approval to ensure that appropriate inventory reduction can be effectuated without causing a shortage of the brand at issue.
Section 325-A. Wine and spirits wholesale licensee statement of conditions.

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

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

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

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

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

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

   (i) Variable pricing.

   (ii) Unfair or deceptive trade practices proscribed under Federal or State law or regulation.
(iii) Intentional exclusion of competing brands of liquor from the marketplace.

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

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

(A) Acquire liquor exclusively from:

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

or

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

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

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

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

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

(9) As follows:

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

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

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

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

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

(13) A wine and spirits wholesale licensee shall notify the board within 15 days of becoming aware of an arrest, criminal indictment or conviction by the licensee, an affiliate of the licensee or an executive officer, director or general or limited partner of the licensee or person
holding a controlling interest in the licensee.

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

(15)  As follows:

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

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

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

(16)  A wine and spirits wholesale licensee shall make the licensed premises, all of the facilities involved in the wholesale operation and all of the business and financial
books and records of the wholesale operation available at any
time for inspection and audit by the department, the board or
the enforcement bureau. The board shall promulgate
regulations regarding the records that a licensee must
maintain on the licensee's premises.

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

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

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

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

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

(2) may be subject to:

(i) a fine, suspension or license revocation;

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

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

Section 326-A. Loss of rights to wholesale brands of liquor.
The department, in consultation with the board, shall establish procedures and standards governing the relationship between wine and spirits wholesale licensees and manufacturers and the ability and terms upon which that relationship may be terminated. The procedures and standards shall incorporate the following principles:

(1) As follows:

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

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

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

(3) A voluntary or involuntary termination and transfer of the right to distribute the brand of liquor shall comply with this section.
Section 327-A. Transfer of brands of liquor.

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

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

SUBARTICLE D

CLOSURE OF STATE LIQUOR STORES AND ASSISTANCE FOR DISPLACED EMPLOYEES

Section 331-A. Closure of State liquor stores.

(a) Process for closure.--

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

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

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

(4) Where the number of privately owned and privately operated wine and spirits retail licenses plus the grocery...
store licenses exceed the number of Heritage State Stores by a factor of two, the Heritage State Stores within a county must close within six months.

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

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

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

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

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

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

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

(e) Hiring restrictions.--

(1) Notwithstanding any other provision of this act, the board may not hire additional salaried or wage employees for
the purpose of staffing the board's retail operations,
including the board's bureau of marketing and retail
operations, unless explicitly authorized by the department.

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

Section 331.1-A. Licensee service centers.
The board shall work collaboratively with the department to
ensure that an adequate number of stores designated for sales to
licensees or licensee service center locations are maintained
during the retail and wholesale divestiture process so that
licensees are able to timely acquire products sold by the board.

Section 332-A. Transition assistance committee.

(a) Formation.--

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

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

(3) The department shall contract with advisors
necessary to assist the department and the board in
administering the duties under paragraph (2). The contracts
shall not be subject to the provisions of 62 Pa.C.S. Ch. 5
(relating to source selection and contract formation).

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

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

Section 333-A. Preference in public employment hiring.

(a) Civil service examinations.--

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

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

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

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

(3) The three additional points awarded under paragraph
(1) shall be in addition to any points that shall be afforded
to a veteran meeting the requirements of 51 Pa.C.S. § 7103
(relating to additional points in grading civil service
examinations).

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

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

(d) (Reserved).

(e) Eligibility.--

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

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

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

(2) In order to be eligible for the mark-up provided
under subsection (a) and for the preference for noncivil
service positions provided under subsection (c), a displaced
worker must be terminated as a sole and direct result of the
decision to cease wholesale and retail operations under this article and must work until the final day set by the board for that employee's job function.

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

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

(1) two thousand dollars per year for attendance on a full-time basis; or
(2) one thousand dollars per year for attendance on a part-time basis.

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

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

Section 335-A. Reemployment tax credit.

(a) Eligibility.--

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

(2) The voucher under paragraph (1) shall be made available to each displaced employee upon termination of employment.
(3) Each voucher under paragraph (1) shall be certified by the board before the voucher is provided to the displaced employee.

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

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

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

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

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

(2).

(d) Amount of credit.--

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

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

(i) State corporate net income tax, capital stock and franchise tax or the personal tax of a shareholder of
the company if the company is a Pennsylvania S

corporation.

(ii) Insurance premiums tax, gross receipts tax,

bank and trust company shares tax, mutual thrift

institutions tax or title insurance companies shares tax.

(iii) Any combination of the taxes under

subparagraphs (i) and (ii).

(3) A displaced employee whose subsequent employment is

terminated with an employer and who has utilized the

reemployment tax credit voucher to claim a one-year $2,000

tax credit may transfer the voucher to a new employer who may

use the remaining $2,000 tax credit as a claim against the

employer's tax liability for taxes identified under paragraph

(2).

(4) The term of the reemployment tax credit voucher may

not exceed two years from the date the voucher is provided to

the qualified displaced employee.

Section 336-A. Protection of existing benefits.

(a) Contract benefits.--Nothing under this section shall be

deemed to affect:

(1) Pension benefits accrued prior to the date of

separation occurring as a sole and direct result of the

divestiture of the board's wholesale and retail operations

under this article.

(2) Payment of an accrued benefit derived from the terms

of a preexisting collective bargaining agreement payable upon

separation from employment.

(b) Collective bargaining.--As a result of the preferential

hiring benefits, the tax credit for subsequent employers and the

protection of benefits arising from an employee's pension or
from a preexisting collective bargaining agreement under this section, the board shall be deemed to have satisfied all obligations to bargain over the impact of the decision to cease wholesale and retail operations under this article that may arise under the act of July 23, 1970 (P.L.563, No.195), known as the Public Employe Relations Act.

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

SUBARTICLE E

MISCELLANEOUS PROVISIONS

Section 341-A. License renewals.

(a) Renewal.--

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

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

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

(b) Fee.--

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

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

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

(d) Revocation of operating authority.--

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

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

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

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

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

(e) Affirmative duty.--Nothing under this section shall relieve a wine and spirits licensee of the affirmative duty to notify the board of changes relating to the status of its
Section 342-A. Revocation, suspension and fines.

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

(1) The licensee violated any of the following:
   (i) A provision of this act.
   (ii) The regulations of the board.
   (iii) The licensee's signed statement of conditions.
   (iv) Any other law of this Commonwealth.

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

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

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

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

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

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

(1) The wine and spirits license applicable to that premises has been suspended or revoked or has expired.
(2) The operating authority for the wine and spirits license has been revoked.

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

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

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

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

(c) Transfer fee.--

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

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

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

(d) Change of control.--For the purposes of this section, a
change of control of a wine and spirits wholesale or retail licensee shall be deemed to be a sale, assignment or transfer of a wine and spirits wholesale or retail license. A wine and spirits wholesale or retail licensee must notify the board immediately upon becoming aware of a proposed or contemplated change of control.

Section 344-A. The State Stores Fund.

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

Section 345-A. Return of fee or bid.

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

(b) Wine and spirits retail licensee fee or bid amount.—The entire wine and spirits retail license fee or retail bid amount paid by a wine and spirits retail licensee shall be returned if this article is amended or otherwise altered by an act of the General Assembly within five years of the effective date of this section to authorize additional wine and spirits retail licenses under section 311-A.
Section 9. Section 401(a) of the act is amended to read:

Section 401. Authority to Issue Liquor Licenses to Hotels, Restaurants and Clubs.--(a) Subject to the provisions of this act and regulations promulgated under this act, the board shall have authority to issue a retail liquor license for any premises kept or operated by a hotel, restaurant or club and specified in the license entitling the hotel, restaurant or club to purchase liquor from a Pennsylvania Liquor Store or a wine and spirits wholesale licensee and to keep on the premises such liquor and, subject to the provisions of this act and the regulations made thereunder, to sell the same and also malt or brewed beverages to guests, patrons or members for consumption on the hotel, restaurant or club premises. Such licensees, other than clubs, shall be permitted to sell malt or brewed beverages for consumption off the premises where sold in quantities of not more than one hundred ninety-two fluid ounces in a single sale to one person as provided for in section 407 unless the licensee acquires a retail package reform permit issued by the board under section 407(c). Such licenses shall be known as hotel liquor licenses, restaurant liquor licenses and club liquor licenses, respectively. No person who holds any public office that involves the duty to enforce any of the penal laws of the United States, this Commonwealth or of any political subdivision of this Commonwealth may have any interest in a hotel or restaurant liquor license. This prohibition applies to anyone with arrest authority, including, but not limited to, United States attorneys, State attorneys general, district attorneys, sheriffs and police officers. This prohibition shall also apply to magisterial district judges, judges or any other individuals who can impose a criminal sentence. This prohibition does not
apply to members of the General Assembly, township supervisors,
city councilpersons, mayors without arrest authority and any
other public official who does not have the ability to arrest or
the ability to impose a criminal sentence. This section does not
apply if the proposed premises are located outside the
jurisdiction of the individual in question.

* * *

Section 10. The act is amended by adding sections to read:
Section 401.1. Authority to Issue Liquor Licenses to Grocery
Stores.--(a) Subject to the provisions of this act and
regulations promulgated under this act, the board shall have
authority to issue a retail liquor license for any premises kept
or operated by a grocery store and specified in the license
entitling the grocery store to:
(1) Purchase wine from a Pennsylvania liquor wholesale
licensee, a wine and spirits store and any person licensed by
the board as a producer of wine and subject to section 505.2.
(2) Keep on the premises such wine and, subject to the
provisions of this act and the regulations made hereunder, to
sell the same to patrons for consumption off the licensed
premises.
(b) Licenses issued under this section shall be known as
grocery store retail liquor licenses.
(c) No individual who holds any public office that involves
the duty to enforce any of the penal laws of the United States,
this Commonwealth or of any political subdivision of this
Commonwealth may have any interest in a grocery store retail
liquor license. This prohibition applies to an individual with
arrest authority, including, but not limited to, United States
attorneys, State attorneys general, district attorneys, sheriffs

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

Section 403.1. Applications for Grocery Store Retail
License.--(a) Every applicant for a grocery store retail
license or for the transfer of an existing license to another
premises not then licensed shall file a written application with
the board in such form and containing such information as the
board shall from time to time prescribe, which shall be
accompanied by a filing fee and an annual license fee as set
forth in section 406.1 of this act. Every such application shall
contain a description of that part of the grocery store for
which the applicant desires a license and shall set forth such
other material information, description or plan of that part of
the grocery store where it is proposed to keep and sell liquor
as may be required by the regulations of the board. The
descriptions, information and plans referred to in this
subsection shall show the grocery store, or the proposed
location for the construction of a grocery store, at the time
the application is made, and shall show any alterations proposed
to be made thereto, or the new building proposed to be
constructed after the approval by the board of the application
for a license or for the transfer of an existing license to
another premises not then licensed. No physical alterations, improvements or changes shall be required to be made to any grocery store, nor shall any new building for any such purpose be required to be constructed until approval of the application for license or for the transfer of an existing license to another premises not then licensed by the board. After approval of the application, the licensee shall make the physical alterations, improvements and changes to the licensed premises, or shall construct the new building in the manner specified by the board at the time of approval, and the licensee shall not transact any business under the license until the board has approved the completed physical alterations, improvements and changes to the licensed premises, or the completed construction of the new building as conforming to the specifications required by the board at the time of issuance or transfer of the license, and is satisfied that the establishment is a grocery store as defined by this act. The board may require that all such alterations or construction or conformity to definition be completed within six months from the time of issuance or transfer of the license. Failure to comply with these requirements shall be considered cause for revocation of the license. No such license shall be transferable between the time of issuance or transfer of the license and the approval of the completed alterations or construction by the board and full compliance by the licensee with the requirements of this act, unless full compliance is impossible for reasons beyond the licensee's control, in which event, the license may be transferred by the board as provided in this act.

(b) If the applicant is a natural person, the applicant's application must show that the applicant is a citizen of the
United States and has been a resident of this Commonwealth for
at least two years immediately preceding the applicant's
application.

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

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

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

(f) If any false statement is intentionally made in any part
of the application, the affiant shall be deemed guilty of a
misdemeanor and, upon conviction, shall be subject to the
penalties provided by this article.

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

Section 11. Section 404(a) of the act is amended to read:
Section 404. Issuance, Transfer or Extension of Hotel,
Restaurant and Club Liquor Licenses.—(a) Upon receipt of the
application and the proper fees, and upon being satisfied of the
truth of the statements in the application that the applicant
and management company or companies, if any, are the only
persons in any manner pecuniarily interested in the business so
asked to be licensed and that no other person will be in any
manner pecuniarily interested therein during the continuance of
the license, except as hereinafter permitted, and that the
applicant is a person of good repute, that the premises applied
for meet all the requirements of this act and the regulations of
the board, that the applicant seeks a license for a hotel,
restaurant or club, as defined in this act, and that the
issuance of such license is not prohibited by any of the
provisions of this act, the board shall, in the case of a hotel
or restaurant, grant and issue to the applicant a liquor
license, and in the case of a club may, in its discretion, issue
or refuse a license: Provided, however, That in the case of any
new license or the transfer of any license to a new location or
the extension of an existing license to cover an additional area
the board may, in its discretion, grant or refuse such new
license, transfer or extension if such place proposed to be
licensed is within three hundred feet of any church, hospital,
charitable institution, school, or public playground, or if such
new license, transfer or extension is applied for a place which
is within two hundred feet of any other premises which is
licensed by the board: And provided further, That the board's
authority to refuse to grant a license because of its proximity
to a church, hospital, charitable institution, public playground
or other licensed premises shall not be applicable to license
applications submitted for public venues or performing arts
facilities: And provided further, That the board shall refuse
any application for a new license, the transfer of any license
to a new location or the extension of an existing license to
cover an additional area if, in the board's opinion, such new
license, transfer or extension would be detrimental to the
welfare, health, peace and morals of the inhabitants of the
neighborhood within a radius of five hundred feet of the place
proposed to be licensed: And provided further, That the board
shall have the discretion to refuse a license to any person or
to any corporation, partnership or association if such person,
or any officer or director of such corporation, or any member or
partner of such partnership or association shall have been
convicted or found guilty of a felony within a period of five
years immediately preceding the date of application for the said
license. [The board shall not license the area where liquid
fuels or oil is sold. No sales of liquid fuels or oil may be
made from a licensee's licensed premises. A licensed premises
may not have an interior connection with a location that sells
liquid fuels or oil unless it first receives permission from the
board for the interior connection. The approval shall be
required regardless of whether the licensee or another party is
the entity selling the liquid fuels or oil.] The board may enter
into an agreement with the applicant concerning additional restrictions on the license in question. If the board and the applicant enter into such an agreement, such agreement shall be binding on the applicant. Failure by the applicant to adhere to the agreement will be sufficient cause to form the basis for a citation under section 471 and for the nonrenewal of the license under section 470. If the board enters into an agreement with an applicant concerning additional restrictions, those restrictions shall be binding on subsequent holders of the license until the license is transferred to a new location or until the board enters into a subsequent agreement removing those restrictions. If the application in question involves a location previously licensed by the board, then any restrictions imposed by the board on the previous license at that location shall be binding on the applicant unless the board enters into a new agreement rescinding those restrictions. The board may, in its discretion, refuse an application for an economic development license under section 461(b.1) or an application for an intermunicipal transfer of a license if the board receives a protest from the governing body of the receiving municipality. The receiving municipality of an intermunicipal transfer or an economic development license under section 461(b.1) may file a protest against the transfer of a license into its municipality, and the receiving municipality shall have standing in a hearing to present testimony in support of or against the issuance or transfer of a license. Upon any opening in any quota, an application for a new license shall only be filed with the board for a period of six months following said opening.

* * *

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

20200HB2547PN3831 - 78 -
Section 404.1. Issuance or Transfer of Grocery Store Liquor
Licenses.--Upon receipt of the application and the proper fees,
and upon being satisfied of the truth of the statements in the
application that the applicant is the only person in any manner
pecuniarily interested in the business so asked to be licensed
and that no other person will be in any manner pecuniarily
interested therein during the continuance of the license, except
as hereinafter permitted, and that the applicant is a person of
good repute, that the premises applied for meets all the
requirements of this act and the regulations of the board, that
the applicant seeks a license for a grocery store, as defined in
this act, and that the issuance of such license is not
prohibited by any of the provisions of this act, the board shall
grant and issue to the applicant a liquor license: Provided,
however, That in the case of any new license or the transfer of
any license to a new location the board may, in its discretion,
grant or refuse such new license, transfer or extension if such
place proposed to be licensed is within three hundred feet of
any church, hospital, charitable institution, school or public
playground, or if such new license, transfer or extension is
applied for a place that is within two hundred feet of any other
premises that is licensed by the board: And provided further,
That the board shall refuse any application for a new license,
the transfer of any license to a new location or the extension
of an existing license to cover an additional area if, in the
board's opinion, such new license, transfer or extension would
be detrimental to the welfare, health, peace and morals of the
inhabitants of the neighborhood within a radius of five hundred
feet of the place proposed to be licensed: And provided further,
That the board shall have the discretion to refuse a license to
any person or to any corporation, partnership or association if
such person, or any officer or director of such corporation, or
any member or partner of such partnership or association shall
have been convicted or found guilty of a felony within a period
of five years immediately preceding the date of application for
the said license. The board may enter into an agreement with the
applicant concerning additional restrictions on the license in
question. If the board and the applicant enter into such an
agreement, such agreement shall be binding on the applicant.
Failure by the applicant to adhere to the agreement will be
sufficient cause to form the basis for a citation under section
471 and for the nonrenewal of the license under section 470. If
the board enters into an agreement with an applicant concerning
additional restrictions, those restrictions shall be binding on
subsequent holders of the license until the license is
transferred to a new location or until the board enters into a
subsequent agreement removing those restrictions. If the
application in question involves a location previously licensed
by the board, any restrictions imposed by the board on the
previous license at that location shall be binding on the
applicant unless the board enters into a new agreement
rescinding those restrictions.

Section 13. Section 406(e)(1) of the act is amended and the
subsection is amended by adding a paragraph to read:
Section 406. Sales by Liquor Licensees; Restrictions.--* * *
(e) (1) The holder of a hotel license or the holder of a
restaurant license located in a hotel may allow persons to
transport liquor or malt or brewed beverages from the licensed
portion of the premises to the unlicensed portion of the
premises, so long as the liquor or malt or brewed beverages
remain on the hotel property. In addition, a holder of a
restaurant or club license located on a golf course may sell,
furnish or give liquor or malt or brewed beverages on the
unlicensed portion of the golf course so long as the liquor or
malt or brewed beverages remain on the restaurant, club or golf
course. The holder of a restaurant license located immediately
adjacent to and under the same roof of a bowling center may
allow persons to transport liquor or malt or brewed beverages
from the licensed portion of the premises to the unlicensed
portion of the premises, so long as the liquor or malt or brewed
beverages remain within the bowling center. In addition, the
holder of a hotel license or a restaurant license may allow
persons who have purchased but only partially consumed a bottle
of wine on the premises to remove the bottle from the premises
so long as the bottle was purchased in conjunction with a meal
which was consumed on the premises and so long as the bottle is
resealed. Notwithstanding this paragraph, the holder of a hotel
license or a restaurant license may sell up to six bottles of
wine for consumption off the licensed premises so long as the
bottles remain sealed and the holder has obtained a wine-to-go
permit as authorized under section 493(35). In addition, the
holder of a hotel license or a restaurant license may sell up to
one bottle of spirits for consumption off the licensed premises
so long as the bottle remains sealed and the holder has obtained
a spirits-to-go permit as authorized under section 493(39). For
purposes of this subsection, "wine" shall have the meaning given
to it under section 488(i). For purposes of this section and
section 432, "meal" shall mean food prepared on the premises,
sufficient to constitute breakfast, lunch or dinner; it shall
not mean a snack, such as pretzels, popcorn, chips or similar
food.

* * *

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

* * *

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

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

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

(c) Grocery store retail licensees may not charge a
membership fee in order for customers to make purchases from the
grocery store.

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

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

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

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

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

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

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

(1) Tastings at any location in the grocery store, provided
the tastings are in compliance with the provisions and
regulations regarding tastings held on restaurant licensed
premises.

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

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

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

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

(l) All products purchased by grocery store retail licensees
and all products purchased by restaurant and eating place
licensees owned by the same individual or company must be
separately purchased from the board or a wine and spirits
wholesale licensee as required by this act and may not be
purchased from another retail licensee. Separate records must be
maintained for all purchases and sales by all grocery store
retail licensees and restaurant or eating place licensees,
whether or not located within the same building or owned by the
same individual or company.

(m) The following shall apply:

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

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

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

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

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

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

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

(i) For grocery stores located in counties of the fifth
class, counties of the sixth class, counties of the seventh
class or counties of the eighth class, two thousand dollars
(ii) For grocery stores located in counties of the first class, counties of the second class, counties of the second class A, counties of the third class or counties of the fourth class, four thousand dollars ($4,000).

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

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

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

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

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

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

Section 407. Sale of Malt or Brewed Beverages by Liquor
Licensees.--(a) Every liquor license issued to a hotel, restaurant, club, or a railroad, pullman or steamship company under this subdivision (A) for the sale of liquor shall authorize the licensee to sell malt or brewed beverages at the same places but subject to the same restrictions and penalties as apply to sales of liquor, except that licensees other than clubs may sell malt or brewed beverages for consumption off the premises where sold in quantities of not more than one hundred ninety-two fluid ounces in a single sale to one person unless the licensee acquires a retail package permit issued by the board under subsection (c). The sales may be made in either open or closed containers, Provided, however, That a municipality may adopt an ordinance restricting open containers in public places. No licensee under this subdivision (A) shall at the same time be the holder of any other class of license, except a retail dispenser's license authorizing the sale of malt or brewed beverages only.

* * *

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

(2) For the permit issued under paragraph (1), the board
shall require an annual fee of five hundred dollars ($500).

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

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

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

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

* * *

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

(e) Importers' licenses shall permit the holders thereof to bring or import liquor from other states, foreign countries, or insular possessions of the United States, and purchase liquor
from manufacturers located within this Commonwealth, to be sold
outside of this Commonwealth or to Pennsylvania Liquor Stores or
wine and spirits wholesale licensees within this Commonwealth,
or when in original containers of ten gallons or greater
capacity, to licensed manufacturers within this Commonwealth.
All importations of liquor into Pennsylvania by the licensed
importer shall be consigned to the board or the principal place
of business or authorized place of storage maintained by the
licensee or a wine and spirits wholesale licensee.

* * *

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

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

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

(2) The manufacturer, licensee and trade organization
associated with the person providing the moneys or other things
of value must keep a record of the value of the moneys or other
things of value provided, the date provided and the entity to
whom it was provided, as part of the records required under
section 493(12) of this act.

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

Section 18. Section 431(b) of the act is amended to read:
Section 431. Malt and Brewed Beverages Manufacturers',
Distributors' and Importing Distributors' Licenses.--* * *
(b) The board shall issue to any reputable person who
applies therefor, and pays the license fee hereinafter
prescribed, a distributor's or importing distributor's license
for the place which such person desires to maintain for the sale
of malt or brewed beverages, not for consumption on the premises
where sold, and in quantities of not less than a case or
original containers containing one hundred twenty-eight ounces
or more which may be sold separately as prepared for the market
by the manufacturer at the place of manufacture. In addition, a
distributor license holder may sell malt or brewed beverages in
any amount to a person not licensed by the board for off-
premises consumption. The sales shall not be required to be in
the package configuration designated by the manufacturer and may
be sold in refillable growlers. The board shall have the
discretion to refuse a license to any person or to any
corporation, partnership or association if such person, or any
officer or director of such corporation, or any member or
partner of such partnership or association shall have been
convicted or found guilty of a felony within a period of five
years immediately preceding the date of application for the said
license: And provided further, That, in the case of any new
license or the transfer of any license to a new location, the
board may, in its discretion, grant or refuse such new license
or transfer if such place proposed to be licensed is within
three hundred feet of any church, hospital, charitable
institution, school or public playground, or if such new license
or transfer is applied for a place which is within two hundred
feet of any other premises which is licensed by the board: And
provided further, That the board shall refuse any application
for a new license or the transfer of any license to a new
location if, in the board's opinion, such new license or
transfer would be detrimental to the welfare, health, peace and
morals of the inhabitants of the neighborhood within a radius of
five hundred feet of the place proposed to be licensed. The
board shall not license the area where liquid fuels or oil is
sold. No sales of liquid fuels or oil may be made from a
licensee's licensed premises. A licensed premises may not have
an interior connection with a location that sells liquid fuels
or oil unless it first receives permission from the board for
the interior connection. The approval shall be required
regardless of whether the licensee or another party is the
entity selling the liquid fuels or oil. The board may enter into
an agreement with the applicant concerning additional
restrictions on the license in question. If the board and the
applicant enter into such an agreement, such agreement shall be
binding on the applicant. Failure by the applicant to adhere to
the agreement will be sufficient cause to form the basis for a
citation under section 471 and for the nonrenewal of the license
under section 470. If the board enters into an agreement with an
applicant concerning additional restrictions, those restrictions
shall be binding on subsequent holders of the license until the license is transferred to a new location or until the board enters into a subsequent agreement removing those restrictions. If the application in question involves a location previously licensed by the board, then any restrictions imposed by the board on the previous license at that location shall be binding on the applicant unless the board enters into a new agreement rescinding those restrictions. The board shall require notice to be posted on the property or premises upon which the licensee or proposed licensee will engage in sales of malt or brewed beverages. This notice shall be similar to the notice required of hotel, restaurant and club liquor licensees.

Except as hereinafter provided, such license shall authorize the holder thereof to sell or deliver malt or brewed beverages in quantities above specified anywhere within the Commonwealth of Pennsylvania, which, in the case of distributors, have been purchased only from persons licensed under this act as manufacturers or importing distributors, and in the case of importing distributors, have been purchased from manufacturers or persons outside this Commonwealth engaged in the legal sale of malt or brewed beverages or from manufacturers or importing distributors licensed under this article. If the holder of a distributor license applies for and receives a wine and spirits retail license issued pursuant to Article III-A, that distributor shall be authorized to sell wine and/or spirits on the same premises where malt or brewed beverages are sold, and if a distributor licensee applies for and receives a distributor package reform permit issued pursuant to section 431.2, that distributor shall be authorized to sell malt or brewed beverages in quantities enumerated in section 431.2. In the case of an...
importing distributor, the holder of such a license shall be authorized to store and repackage malt or brewed beverages owned by a manufacturer at a segregated portion of a warehouse or other storage facility authorized by section 441(d) and operated by the importing distributor within its appointed territory and deliver such beverages to another importing distributor who has been granted distribution rights by the manufacturer as provided herein. The importing distributor shall be permitted to receive a fee from the manufacturer for any related storage, repackaging or delivery services. In the case of a bailee for hire hired by a manufacturer, the holder of such a permit shall be authorized: to receive, store and repackage malt or brewed beverages produced by that manufacturer for sale by that manufacturer to importing distributors to whom that manufacturer has given distribution rights pursuant to this subsection or to purchasers outside this Commonwealth for delivery outside this Commonwealth; or to ship to that manufacturer's storage facilities outside this Commonwealth. The bailee for hire shall be permitted to receive a fee from the manufacturer for any related storage, repackaging or delivery services. The bailee for hire shall, as required in Article V of this act, keep complete and accurate records of all transactions, inventory, receipts and shipments and make all records and the licensed areas available for inspection by the board and for the Pennsylvania State Police, Bureau of Liquor Control Enforcement, during normal business hours.

Each out of State manufacturer of malt or brewed beverages whose products are sold and delivered in this Commonwealth shall give distributing rights for such products in designated geographical areas to specific importing distributors, and such
importing distributor shall not sell or deliver malt or brewed beverages manufactured by the out of State manufacturer to any person issued a license under the provisions of this act whose licensed premises are not located within the geographical area for which he has been given distributing rights by such manufacturer. In addition, the holder of a distributor license may not sell or deliver malt or brewed beverages to any licensee whose licensed premises is located within the designated geographical area granted to an importing distributor other than the importing distributor that sold the malt or brewed beverages to the distributor. If the licensee purchasing the malt or brewed beverages from the distributor license holder holds multiple licenses or operates at more than one location, then the malt or brewed beverages may not be consumed or sold at licensed premises located within the designated geographical area granted to an importing distributor other than the importing distributor that sold the malt or brewed beverages to the distributor. Should a licensee accept the delivery of malt or brewed beverages or transfer malt or brewed beverages in violation of this section, said licensee shall be subject to a suspension of his license for at least thirty days: Provided, That the importing distributor holding such distributing rights for such product shall not sell or deliver the same to another importing distributor without first having entered into a written agreement with the said secondary importing distributor setting forth the terms and conditions under which such products are to be resold within the territory granted to the primary importing distributor by the manufacturer.

When a Pennsylvania manufacturer of malt or brewed beverages licensed under this article names or constitutes a distributor
or importing distributor as the primary or original supplier of
his product, he shall also designate the specific geographical
area for which the said distributor or importing distributor is
given distributing rights, and such distributor or importing
distributor shall not sell or deliver the products of such
manufacturer to any person issued a license under the provisions
of this act whose licensed premises are not located within the
geographical area for which distributing rights have been given
to the distributor and importing distributor by the said
manufacturer. In addition, the holder of a distributor license
may not sell or deliver malt or brewed beverages to a licensee
whose licensed premises is located within the designated
geographical area granted to an importing distributor other than
the importing distributor that sold the malt or brewed beverages
to the distributor. If the licensee purchasing the malt or
brewed beverages from the distributor license holder holds
multiple licenses or operates at more than one location, the
malt or brewed beverages may not be consumed or sold at licensed
premises located within the designated geographical area granted
to an importing distributor other than the importing distributor
that sold the malt or brewed beverages to the distributor. If a
licensee accepts the delivery of malt or brewed beverages or
transfers malt or brewed beverages in violation of this section,
the licensee shall be subject to suspension of his license for
at least thirty days: Provided, That the importing distributor
holding such distributing rights for such product shall not sell
or deliver the same to another importing distributor without
first having entered into a written agreement with the said
secondary importing distributor setting forth the terms and
conditions under which such products are to be resold within the
20200HB2547PN3831 - 95 -
territory granted to the primary importing distributor by the
manufacturer. Nothing herein contained shall be construed to
prevent any manufacturer from authorizing the importing
distributor holding the distributing rights for a designated
geographical area from selling the products of such manufacturer
to another importing distributor also holding distributing
rights from the same manufacturer for another geographical area,
providing such authority be contained in writing and a copy
thereof be given to each of the importing distributors so
affected.

* * *

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

Section 431.2. Distributor Package Reform Permit.--(a) The
board may issue a distributor package reform permit to a
currently licensed distributor who makes application and pays
the requisite permit fee for use at the same place the
distributor maintains for the sale of malt and brewed beverages.
(b) For a permit under subsection (a), the board shall
require an annual fee of one thousand dollars ($1,000).
(c) Notwithstanding any other provision of this act, the
permit shall allow the holder to:
(1) Break the bulk of a case and sell a unit of that case in
quantities not less than sixty ounces so long as the holder only
sells a package prepared for sale by the manufacturer of no more
than twelve original containers.
(2) Sell a growler filled with malt or brewed beverages.
(d) Before the holder of an enhanced distributor license
breaks the bulk of a case of malt or brewed beverages for the
purpose of selling units of the case, the licensee shall inspect
such case for damage and appropriate production date. When the
licensee breaks the bulk of a case of malt or brewed beverages
to bear all the risk of loss and shall be responsible for the
destruction of any malt or brewed beverages that violate the
manufacturer's specifications relating to sales by a certain
date or within a number of days of the production date.

(e) As used in this section:

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

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

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

(d) The board shall, in its discretion, grant or refuse any
new license, the transfer of any license to a new location or
the extension of an existing license to cover an additional area
if such place proposed to be licensed is within three hundred
feet of any church, hospital, charitable institution, school, or
public playground, or if such new license, transfer or extension
is applied for a place which is within two hundred feet of any
other premises which is licensed by the board. The board shall
refuse any application for a new license, the transfer of any
license to a new location or the extension of an existing
license to cover an additional area if, in the board's opinion,
such new license, transfer or extension would be detrimental to
the welfare, health, peace and morals of the inhabitants of the
neighborhood within a radius of five hundred feet of the place
to be licensed. The board may enter into an agreement with the
applicant concerning additional restrictions on the license in
question. If the board and the applicant enter into such an
agreement, such agreement shall be binding on the applicant. Failure by the applicant to adhere to the agreement will be sufficient cause to form the basis for a citation under section 471 and for the nonrenewal of the license under section 470. If the board enters into an agreement with an applicant concerning additional restrictions, those restrictions shall be binding on subsequent holders of the license until the license is transferred to a new location or until the board enters into a subsequent agreement removing those restrictions. If the application in question involves a location previously licensed by the board, then any restrictions imposed by the board on the previous license at that location shall be binding on the applicant unless the board enters into a new agreement rescinding those restrictions. [The board shall not license the area where liquid fuels or oil is sold. No sales of liquid fuels or oil may be made from a licensee's licensed premises. A licensed premises may not have an interior connection with a location that sells liquid fuels or oil unless it first receives permission from the board for the interior connection. The approval shall be required regardless of whether the licensee or another party is the entity selling the liquid fuels or oil:] And provided further, That the board shall have the discretion to refuse a license to any person or to any corporation, partnership or association if such person, or any officer or director of such corporation, or any member or partner of such partnership or association shall have been convicted or found guilty of a felony within a period of five years immediately preceding the date of application for the said license. The board may, in its discretion, refuse an application for an economic development license under section 461(b.1) or an
application for an intermunicipal transfer or a license if the
board receives a protest from the governing body of the
receiving municipality. The receiving municipality of an
intermunicipal transfer or an economic development license under
section 461(b.1) may file a protest against the approval for
issuance of a license for economic development or an
intermunicipal transfer of a license into its municipality, and
such municipality shall have standing in a hearing to present
testimony in support of or against the issuance or transfer of a
license. Upon any opening in any quota, an application for a new
license shall only be filed with the board for a period of six
months following said opening.

* * *

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

(g) The board may issue to any retail dispenser licensee a
restaurant license in exchange for the retail dispenser license
in any municipality which has approved the granting of liquor
licenses.
An applicant under this section shall surrender his retail dispenser license for cancellation prior to the issuance of the new restaurant license.

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

The provisions of section 461 pertaining to a quota do not pertain to this section for exchange purposes.

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

* * *

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

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

* * *

(e) That the applicant is not, or in case of a partnership or association, that the members or partners are not, and in the case of a corporation, that the officers and directors are not, in any manner pecuniarily interested, either directly or indirectly, in the profits of any other class of business regulated under this article, except as hereinafter permitted.
The requirements of this section shall not prohibit a distributor from holding a wine and spirits retail license, or an importing distributor from holding a wine and spirits wholesale license, under the conditions provided under Article III-A.

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

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

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

(b) A person may not possess or be issued more than five distributor licenses or more than one distributor license in a county.

(c) No person shall possess more than one class of license, except that a holder of a retail dispenser's license may also be a holder of a retail liquor license or a wine and spirits retail license consistent with the restrictions contained in Article III-A: Provided, however, That nothing contained in this section shall be construed to prohibit a member of the governing board of a public authority created under subdivision (n) of Article 20200HB2547PN3831
XXIII of the act of August 9, 1955 (P.L.323, No.130), known as “The County Code,” from having an interest in a distributor or importing distributor license notwithstanding the fact that the public authority has an interest in one or more retail licenses or acts as a landlord for one or more retail licenses: And, provided further, That, notwithstanding any other provision of this section, an entity may acquire both a manufacturer's license or a limited winery license and a hotel, restaurant or retail dispenser license for use at the same location and more than one location may be so licensed. The licenses and a person's interest in the licenses or in the entity holding the licenses shall not be subject to this section.

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

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

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

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

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

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

* * *

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

(b) No distributor or importing distributor and no officer or director of any distributor or importing distributor shall at the same time be a manufacturer, a retail dispenser or a liquor licensee, or be an officer, director, stockholder or creditor of a manufacturer, a retail dispenser or a liquor licensee, or, directly or indirectly, own any stock of, or have any financial...
interest in, or be the owner, proprietor or lessor of, any place covered by any other malt or brewed beverage or liquor license. The requirements of this section or any other provision of law shall not prohibit the holder of a distributor license from holding a wine and spirits retail license issued pursuant to Article III-A, or an importing distributor from also holding a wine and spirits wholesale license issued pursuant to Article III-A.

* * *

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

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

* * *

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

Section 461. Limiting Number of Retail Licenses To Be Issued In Each County.--(a) No additional restaurant, eating place retail dispenser or club licenses shall be issued within a county if the total number of restaurant and eating place retail dispenser licenses is greater than one license for each three
thousand inhabitants in the county, except the board may issue licenses to public venues, performing arts facilities, continuing care retirement communities, airport restaurants, municipal golf courses, hotels, privately-owned private golf courses, privately-owned public golf courses, racetracks, automobile racetracks, nonprimary pari-mutuel wagering locations, privately-owned ski resorts, grocery stores and to any other entity which this act specifically exempts from the limitations provided in this section, and the board may issue a license to a club situated in a borough having a population less than eight thousand inhabitants which is located in a county of the second class A whose application is filed on or before February 28, 2001. In addition, the board may issue an eating place retail dispenser license for on-premises sales only to the owner or operator of a facility having a minimum of a one-half mile asphalt track and having a permanent seating capacity of at least six thousand people used principally for holding automobile races, regardless of the number of restaurant and eating place retail dispenser licenses already issued in that county. When determining the number of restaurant and eating place retail dispenser licenses issued in a county for the purposes of this section, licenses exempted from this limitation and club licenses shall not be considered. Inhabitants of dry municipalities shall be considered when determining the population in a county. Licenses shall not be issued or transferred into municipalities where such licenses are prohibited pursuant to local referendum in accordance with section 472. Licenses approved for intermunicipal transfer may not be transferred from the receiving municipality for a period of five years after the date that the licensed premises are
operational in the receiving municipality.

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

* * *

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

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

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

* * *

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

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

* * *

(b) Hearing on such citations shall be held in the same manner as provided herein for hearings on applications for license. Upon such hearing, if satisfied that any such violation has occurred or for other sufficient cause, the administrative law judge shall immediately suspend or revoke the license, or impose a fine of not less than [fifty dollars ($50)] two hundred fifty dollars ($250) nor more than [one thousand dollars ($1,000)] five thousand dollars ($5,000), or both, notifying the
licensee by registered letter addressed to his licensed
premises. If the licensee has been cited and found to have
violated section 493(1) insofar as it relates to sales to minors
or sales to a visibly intoxicated person, section 493(10)
insofar as it relates to lewd, immoral or improper entertainment
or section 493(14), (16) or (21), or has been found to be a
public nuisance pursuant to section 611, or if the owner or
operator of the licensed premises or any authorized agent of the
owner or operator has been convicted of any violation of the act
of April 14, 1972 (P.L.233, No.64), known as "The Controlled
Substance, Drug, Device and Cosmetic Act," or of 18 Pa.C.S. §
5902 (relating to prostitution and related offenses) or 6301
(relating to corruption of minors), at or relating to the
licensed premises, the administrative law judge shall
immediately suspend or revoke the license, or impose a fine of
not less than [one thousand dollars ($1,000)] five thousand
dollars ($5,000) nor more than [five thousand dollars ($5,000)]
ten thousand dollars ($10,000), or both. However, if a licensee
has been cited and found to have violated section 493(1) as it
relates to sales to minors or sales to a visibly intoxicated
person but at the time of the sale the licensee was in
compliance with the requirements set forth in section 471.1 and
the licensee had not sold to minors or visibly intoxicated
persons in the previous four years, then the administrative law
judge shall immediately suspend or revoke the license, or impose
a fine of not less than [fifty dollars ($50)] one thousand
dollars ($1,000) nor more than [one thousand dollars ($1,000)]
five thousand dollars ($5,000), or both. The administrative law
judge shall notify the licensee by registered mail, addressed to
the licensed premises, of such suspension, revocation or fine.
In the event the fine is not paid within twenty days of the adjudication, the administrative law judge shall suspend or revoke the license, notifying the licensee by registered mail addressed to the licensed premises. Suspensions and revocations shall not go into effect until thirty days have elapsed from the date of the adjudication during which time the licensee may take an appeal as provided for in this act, except that revocations mandated in section 481(c) shall go into effect immediately. Any licensee whose license is revoked shall be ineligible to have a license under this act until the expiration of three years from the date such license was revoked. In the event a license is revoked, no license shall be granted for the premises or transferred to the premises in which the said license was conducted for a period of at least one year after the date of the revocation of the license conducted in the said premises, except in cases where the licensee or a member of his immediate family is not the owner of the premises, in which case the board may, in its discretion, issue or transfer a license within the said year. In the event the bureau or the person who was fined or whose license was suspended or revoked shall feel aggrieved by the adjudication of the administrative law judge, there shall be a right to appeal to the board. The appeal shall be based solely on the record before the administrative law judge. The board shall only reverse the decision of the administrative law judge if the administrative law judge committed an error of law, abused its discretion or if its decision is not based on substantial evidence. In the event the bureau or the person who was fined or whose license was suspended or revoked shall feel aggrieved by the decision of the board, there shall be a right to appeal to the court of common pleas in the same manner as
herein provided for appeals from refusals to grant licenses. Each of the appeals shall act as a supersedeas unless, upon sufficient cause shown, the reviewing authority shall determine otherwise; however, if the licensee has been cited and found to have violated section 493(1) insofar as it relates to sales to minors or sales to a visibly intoxicated person, section 493(10) insofar as it relates to lewd, immoral or improper entertainment or section 493(14), (16) or (21), or has been found to be a public nuisance pursuant to section 611, or if the owner or operator of the licensed premises or any authorized agent of the owner or operator has been convicted of any violation of "The Controlled Substance, Drug, Device and Cosmetic Act," or of 18 Pa.C.S. § 5902 or 6301, at or relating to the licensed premises, or if the license has been revoked under section 481(c), its appeal shall not act as a supersedeas unless the reviewing authority determines otherwise upon sufficient cause shown. In any hearing on an application for a supersedeas under this section, the reviewing authority may consider, in addition to other relevant evidence, documentary evidence, including records of the bureau, showing the prior history of citations, fines, suspensions or revocations against the licensee; and the reviewing authority may also consider, in addition to other relevant evidence, evidence of any recurrence of the unlawful activity occurring between the date of the citation which is the subject of the appeal and the date of the hearing. If the reviewing authority is the board, no hearing shall be held on the application for a supersedeas; however, a decision shall be made based on the application, answer and documentary evidence under this subsection. If the application for a supersedeas is for a license that has been revoked under section 481(c), the
reviewing authority shall grant the supersedeas only if it finds that the licensee will likely prevail on the merits. No penalty provided by this section shall be imposed for any violations provided for in this act unless the bureau notifies the licensee of its nature within thirty days of the completion of the investigation.

* * *

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

* * *

Section 471.1. Responsible Alcohol Management.--(a) The board is authorized to offer a responsible alcohol service program to licensees. The program shall consist of four parts:
new employee orientation, training for alcohol service personnel, manager/owner training and the displaying of responsible alcohol service signage. New employee orientation shall consist of orienting newly hired alcohol service personnel as to Pennsylvania law relating to the sale, furnishing or serving of alcoholic beverages to minors and visibly intoxicated persons. It shall also mean orienting newly hired alcohol service personnel to responsible server practices, as the term is defined by the board, through regulation. Training for alcohol service personnel shall be as set forth by the board, but at minimum it shall consist of training to prevent service of alcohol to minors and to visibly intoxicated persons. Manager/owner training shall be as set forth by the board, but at a minimum it shall consist of training on how to monitor employes, proper service of alcohol and how to develop an appropriate alcohol service policy. The responsible alcohol service signage shall be as set forth by the board and shall consist of signage dealing with the licensee's policy against sales to minors and visibly intoxicated persons. Alcohol service personnel training [may] shall be conducted by [the board or by an entity] entities certified by the board to conduct such training.

* * *

Section 472. Local Option.--(a) In any municipality or any part of a municipality where such municipality is split so that each part thereof is separated by another municipality, an election may be held, subject to subsection (c), not oftener than once in four years, to determine the will of the electors with respect to the granting of liquor licenses to hotels, restaurants, resort facilities and clubs, not oftener than once
in four years, to determine the will of the electors with respect to the granting of liquor licenses to public venues, to performing arts facilities, to continuing care retirement communities, to hotels located on property owned by an accredited college or university, to privately-owned private golf courses or to privately-owned public golf courses, not oftener than once in four years, to determine the will of the electors with respect to the granting of licenses to retail dispensers of malt and brewed beverages, not oftener than once in four years, to determine the will of the electors with respect to granting of licenses to wholesale distributors and importing distributors, not more than once in two years, to determine the will of the electors with respect to the granting of club liquor licenses or club retail dispenser licenses to incorporated units of national veterans' organizations, not oftener than once in two years to determine the will of the electors with respect to the granting of special occasion permits to qualified organizations, not more than once in two years, to determine the will of the electors with respect to granting of licenses to grocery stores, or not more than once in four years, to determine the will of the electors with respect to the establishment[, operation and maintenance by the board of Pennsylvania liquor stores] of wine and spirits retail licensees, within the limits of such municipality or part of a split municipality, or not more than once in two years, to determine the will of the electors with respect to the granting of liquor licenses to ski resort facilities, under the provisions of this act: Provided, That an election on the question of establishing and operating a State liquor store shall be initiated only in those municipalities, or that part of
a split municipality that shall have voted against the granting of liquor licenses; and that an election on the question of granting wholesale distributor and importing distributor licenses shall be initiated only in those municipalities or parts of split municipalities that shall have at a previous election voted against the granting of dispenser's licenses. Whenever electors equal to at least twenty-five per centum of the highest vote cast for any office in the municipality or part of a split municipality at the last preceding general election shall file a petition with the county board of elections of the county for a referendum on the question of granting any of said classes of licenses or the establishment of Pennsylvania liquor stores, the said county board of elections shall cause a question to be placed on the ballots or on the voting machine board and submitted at any election. Separate petitions must be filed for each question to be voted on. Said proceedings shall be in the manner and subject to the provisions of the election laws which relate to the signing, filing and adjudication of nomination petitions, insofar as such provisions are applicable. When the question is in respect to the granting of liquor licenses, it shall be in the following form:

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

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

Do you favor the granting of liquor licenses to resort facilities for the sale of liquor in the.............. Yes
When the question is in respect to the granting of liquor licenses to ski resorts in those municipalities that do not already allow the retail sale of liquor, it shall be in the following form:

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

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

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

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

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

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

Do you favor the granting of liquor licenses to hotels on property owned by an accredited college or university in the ................. of ....................................................? Yes No
When the question is in respect to the granting of liquor licenses, for privately-owned private golf courses, it shall be in the following form:

Do you favor the granting of liquor licenses for privately-owned private golf courses for the sale of liquor in....................by........................ of...................................................?

Yes No

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

Do you favor the granting of liquor licenses for privately-owned public golf courses for the sale of liquor in....................by........................ of...................................................?

Yes No

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

Do you favor the granting of liquor licenses for continuing care retirement communities in...........................by........................ of...................................................?

Yes No

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

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

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

Do you favor the granting of licenses for grocery stores for the sale of wine for consumption off the premises in ................ by .................. of.........................? Yes

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

Do you favor the granting of malt and brewed beverage wholesale distributor's and importing distributor's licenses not for consumption on premises where sold in the ......................... of.........................? Yes

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

Do you favor the granting of club liquor licenses to incorporated units of national veterans' organizations in the ......................... of.........................? Yes

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

Do you favor the granting of club retail dispenser licenses to incorporated units of national veterans' organizations in the ......................... of.........................? Yes
licenses to incorporated units of national veterans' organizations in the ..................................................? No

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

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

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

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

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

Do you favor the establishment, operation and maintenance of Pennsylvania liquor stores granting of wine and spirits retail licenses for the sale of liquor for consumption off the premises in the ..................................................? Yes No
When the question is in respect to the granting of liquor licenses to an airport authority in those municipalities that do not already allow the retail sale of liquor, it shall be in the following form:

Do you favor the granting of liquor licenses to an airport authority for the sale of liquor in

of...................................................?  Yes

of...................................................?  No

In case of a tie vote, the status quo shall obtain. If a majority of the voting electors on any such question vote "yes," then liquor licenses shall be granted by the board to hotels, restaurants, ski resorts, resort facilities and clubs, or liquor licenses shall be granted by the board to public venues, to performing arts facilities, to continuing care retirement communities, to hotels located on property owned by an accredited college or university, to privately-owned private golf courses or to privately-owned public golf courses, or malt and brewed beverage retail dispenser licenses or wholesale distributor's and importing distributor's license for the sale of malt or brewed beverages shall be granted by the board, or club liquor licenses or club retail dispenser licenses shall be granted by the board to incorporated units of national veterans' organizations, or special occasion permits may be issued to qualified organizations, or [the board may establish, operate and maintain Pennsylvania liquor stores] licenses to grocery stores or to wine and spirits retail licenses, as the case may be, in such municipality or part of a split municipality, as provided by this act; but if a majority of the electors voting on any such question vote "no," then the board shall have no
power to grant or to renew upon their expiration any licenses of the class so voted upon in such municipality or part of a split municipality; or if the negative vote is on the question in respect to the establishment, operation and maintenance of Pennsylvania liquor stores, the board shall not open and operate a Pennsylvania liquor store in such municipality or part of a split municipality, nor continue to operate a then existing Pennsylvania liquor store in the municipality or part of a split municipality for more than two years thereafter or after the expiration of the term of the lease on the premises occupied by such store, whichever period is less, unless and until at a later election a majority of the voting electors vote "yes" on such question.

* * *

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

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

It shall be unlawful--

* * *

(2) Possession or Transportation of Liquor or Alcohol. For any person, except a manufacturer or the board or the holder of a sacramental wine license or of an importer's license or a wine and spirits retail license, to possess or transport any liquor or alcohol within this Commonwealth which was not lawfully acquired prior to January first, one thousand nine hundred and thirty-four, or has not been purchased from a Pennsylvania Liquor Store, a wine and spirits wholesale licensee or a licensed limited winery in Pennsylvania, except in accordance
with section 488 or the board's regulations. In addition, it
shall be lawful for anyone to possess miniatures totaling less
than one gallon purchased in another state or a foreign country.
The burden shall be upon the person possessing or transporting
such liquor or alcohol to prove that it was so acquired.
Notwithstanding this section or any other provision of the law,
wine may be produced by any person without a license if the wine
is not produced for sale and total production does not exceed
two hundred gallons per calendar year. Wine produced in
accordance with this clause may be used at organized affairs,
exhibitions, competitions, contests, tastings or judgings if it
is not sold or offered for sale.
None of the provisions herein contained shall prohibit nor
shall it be unlawful for any person to import into Pennsylvania,
transport or have in his possession, an amount of liquor not
exceeding one gallon in volume upon which a State tax has not
been paid, if it can be shown to the satisfaction of the board
that such person purchased the liquor in a foreign country or
United States territory and was allowed to bring it into the
United States. Neither shall the provisions contained herein
prohibit nor make it unlawful for (i) any member of the armed
forces on active duty, or (ii) any retired member of the armed
forces, or (iii) any totally disabled veteran, or (iv) the
spouse of any person included in the foregoing classes of
persons to import into Pennsylvania, transport or have in his
possession an amount of liquor not exceeding one gallon per
month in volume upon which the State tax has not been paid, so
long as such liquor has been lawfully purchased from a package
store established and maintained under the authority of the
United States and is in containers identified in accordance with

20200HB2547PN3831 - 120 -
regulations issued by the Department of Defense. Such liquor shall not be possessed, offered for sale or sold on any licensed premises. The term "package store" as used in this clause shall mean those retail operations located on any of the United States military installations, including an installation of the Army, Navy, Air Force, Marine Corps or Coast Guard.

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

Any person violating the provisions of this clause for a first offense involving the possession or transportation in Pennsylvania of any liquor in a package (bottle or other receptacle) or wine not purchased from a Pennsylvania Liquor Store, a wine and spirits wholesale licensee, a wine and spirits retail licensee or from a licensed limited winery in Pennsylvania, with respect to which satisfactory proof is produced that the required Federal tax has been paid and which was purchased, procured or acquired legally outside of Pennsylvania shall upon conviction thereof in a summary proceeding be sentenced to pay a fine of twenty-five dollars ($25) for each such package, plus costs of prosecution, or undergo imprisonment for a term not exceeding ninety (90) days. Each full quart or major fraction thereof shall be considered a separate package (bottle or other receptacle) for the purposes
of this clause. Such packages of liquor shall be forfeited to
the Commonwealth in the manner prescribed in Article VI of this
act but the vehicle, boat, vessel, animal or aircraft used in
the illegal transportation of such packages shall not be subject
to forfeiture: Provided, however, That if it is a second or
subsequent offense or if it is established that the illegal
possession or transportation was in connection with a commercial
transaction, then the other provisions of this act providing for
prosecution as a misdemeanor and for the forfeiture of the
vehicle, boat, vessel, animal or aircraft shall apply.

* * *

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

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

* * *

(11) Importation of Liquor. For any person, other than the
board, a wine and spirits wholesale licensee or the holder of a
sacramental wine license, an importer's license or a direct wine
shipper's license, to import any liquor whatsoever into this
Commonwealth, but this section shall not be construed to 
prohibit railroad and pullman companies from purchasing and 
selling liquors purchased outside the Commonwealth in their 
dining, club and buffet cars which are covered by public service 
liquor licenses and which are operated in this Commonwealth. 

* * *

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

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

* * *

(16) Importation of Alcohol From Other States. 
Notwithstanding any other provision of this act, it shall not be 
unlawful for a nonlicensed resident of this Commonwealth to 
purchase alcohol outside of this Commonwealth and import that 
alcohol back into this Commonwealth so long as the nonlicensed 
resident remits all applicable taxes to the Department of 
Revenue. This section shall not apply to alcohol that is shipped 
into this Commonwealth. Section 488 shall be the sole law 
governing the shipment of alcohol into this Commonwealth.
Section 27. Sections 492(9), (12), (13) and (14) and 492.1(b)(2) and (c) of the act are amended to read:

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

It shall be unlawful--

* * *

(9) Transportation of Malt or Brewed Beverages by Licensee.

For a malt or brewed beverage licensee, to deliver or transport any malt or brewed beverages, excepting in vehicles bearing the name and address and license number of such licensee painted or affixed on each side of such vehicle in letters no smaller than two inches in height and for purposes not prohibited under this act.

* * *

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

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

(ii) Any equipment, ingredients or other supplies necessary for the unlicensed manufacture of malt or brewed beverages as described in paragraph (1), commonly known as "homebrewing." If the holder of a distributor license acquires a wine and spirits retail license pursuant to Article III-A for use at its licensed premises, it may engage in the sale of liquor, so long as the
licensee meets all of the requirements of this act. If the holder of an importing distributor license acquires a wine and spirits wholesale license pursuant to Article III-A for use at its licensed premises, it may engage in the sale of liquor, so long as the licensee meets all of the requirements of this act. The board shall promulgate regulations consistent with this act governing the sale of any other items by a distributor that acquires a wine and spirits retail license, as well as the sale of other items by an importing distributor that acquires a wine and spirits wholesale license.

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

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

* * *

20200HB2547PN3831 - 125 -
Section 492.1. Hours of Operation Relative to Manufacturers, Importing Distributors and Distributors.--* * *
(b) * * *
(2) Importing distributors and distributors may sell or deliver malt or brewed beverages between eight o'clock antemeridian and [eleven o'clock postmeridian of any] two o'clock antemeridian of the following day, except Sunday, to persons not licensed or permitted by this act.
(c) In addition to the hours authorized under subsections (a) and (b), manufacturers, importing distributors and distributors, upon purchasing a permit from the board at an annual fee of one hundred dollars ($100) unless the applicant for the permit is a distributor that holds a wine and spirits retail license, in which instance Article III-A governs, may sell malt or brewed beverages to persons not licensed under this act or to a holder of a special occasion permit on Sunday between the hours of nine o'clock antemeridian and [nine o'clock postmeridian] two o'clock antemeridian on Monday.
* * *
Section 28. Section 493(24) and (27) of the act are amended and the section is amended by adding clauses to read:
Section 493. Unlawful Acts Relative to Liquor, Malt and Brewed Beverages and Licensees.--The term "licensee," when used in this section, shall mean those persons licensed under the provisions of Article IV, unless the context clearly indicates otherwise.
It shall be unlawful--
* * *
(24) (i) Things of Value Offered as Inducement. Except as provided in subclauses (ii) and (iii), for any licensee under 20200HB2547PN3831 - 126 -
the provisions of this article, or the board or any
manufacturer, or any employe or agent of a manufacturer,
licensee or of the board, to offer to give anything of value or
to solicit or receive anything of value as a premium for the
return of caps, stoppers, corks, stamps or labels taken from any
bottle, case, barrel or package containing liquor or malt or
brewed beverage, or to offer or give or solicit or receive
anything of value as a premium or present to induce directly the
purchase of liquor or malt or brewed beverage, or for any
licensee, manufacturer or other person to offer or give to trade
or consumer buyers any prize, premium, gift or other inducement
to purchase liquor or malt or brewed beverages, except
advertising novelties of nominal value which the board shall
define. This section shall not prevent any manufacturer or any
agent of a manufacturer from offering and honoring coupons which
offer monetary rebates on purchases of wines and spirits through
State Liquor Stores, the holder of a wine and spirits retail
license or grocery store license, or purchases of malt or brewed
beverages through distributors and importing distributors in
accordance with conditions or regulations established by the
board. The board may redeem coupons offered by a manufacturer or
an agent of a manufacturer at the time of purchase. Coupons
offered by a manufacturer or an agent of a manufacturer shall
not be redeemed without proof of purchase. This section shall
not apply to the return of any monies specifically deposited for
the return of the original container to the owners thereof.
(ii) Notwithstanding subclause (i) or any other provision of
law:
(A) A holder of a restaurant license that is also approved
to hold a slot machine license or a conditional slot machine
license under 4 Pa.C.S. Part II (relating to gaming) may give liquor and malt or brewed beverages free of charge to any person actively engaged in playing a slot machine.

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

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

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

* * *

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

* * *

(35) Wine-to-go permit and fees. For any licensee, his servants, agents or employes to sell unopened bottles of wine for consumption off the licensed premises, unless the sale is specifically authorized under this act, or unless the licensee receives a special permit from the board to do so. Only those
licensees holding a current and valid hotel or restaurant license shall be allowed to apply for such a permit. Any licensee that wishes to obtain a wine-to-go permit must make application to the board on a form prescribed by the board and pay the permitting fees. This permit shall not be issued to a restaurant licensee that has an interior connection to another unlicensed business. The board may charge a fee of five hundred dollars ($500) per calendar year to each applicant for this permit. The fees shall be paid into The State Stores Fund. Any violation of this act or the board's regulations for governing activity occurring under the authority of this permit may be the basis for the issuance of a citation under section 471, the nonrenewal of the license under section 470 or the refusal by the board to issue subsequent permits or honor subsequent dates on the existing permit. The penalty shall be in addition to any other remedies available to the enforcement bureau or the board.

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

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

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

(39) Spirits-to-go permit. For any licensee, his servants, agents or employes to sell an unopened bottle of liquor for consumption off the licensed premises unless the sale is specifically authorized under this act or unless the licensee receives a special permit from the board to do so. Only the licensees holding a current and valid hotel or restaurant license may apply for the permit. Any licensee that wishes to obtain a spirits-to-go permit must apply to the board on a form prescribed by the board and pay the permitting fees by June of each calendar year. Any licensee that fails to notify the board and pay the permitting fees by June 1 may be precluded from obtaining the permit for that calendar year. The board may allow the issuance of the permit after the June deadline so long as the applicant is a licensee in good standing with the board and complies with the other requirements for the permit. A licensee applying for the permit after the June deadline shall pay the board a late fee equal to the amount of the permit fee listed below. Any licensee not granted a license until after June 1 of the calendar year has sixty days from the date of the license transfer to notify the board of the licensee's intention to use a spirits-to-go permit and pay the permitting fee. The servers employed by a licensee who obtains a spirits-to-go permit, including any retail dispenser licensee who upgrades to a restaurant license under section 432(g), must be certified under the board's responsible alcohol management program as required under section 471.1. The board shall charge a fee of five hundred dollars ($500) per calendar year to an applicant for the permit. The fees shall be paid into The State Stores Fund. Any violation of this act or the board's regulations for governing
activity occurring under the authority of this permit may be the basis for the issuance of a citation under section 471, the nonrenewal of the license under section 470 or the refusal by the board to issue subsequent permits. The penalty imposed under this clause shall be in addition to the other remedies available to the enforcement bureau or the board.

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

Section 493.2. Unlawful Acts Relative to Wine and Spirits Retail Licensees.--(a) It is unlawful for a wine and spirits retail licensee, or an employe, servant or agent of the licensee or another person to sell, furnish or give liquor or malt or brewed beverages or to permit liquor or malt or brewed beverages to be sold, furnished or given to a minor or person who is visibly intoxicated.

(b) A wine and spirits retail licensee who violates the provisions of subsection (a) is subject to the penalty provisions set forth in section 471.

Section 493.3. Licensees and Taxes.--Notwithstanding any other provision of this act or the act of March 4, 1971 (P.L.6, No.2), known as the "Tax Reform Code of 1971," the following shall apply:

(1) The sale of malt and brewed beverages and wine and spirits by an entity licensed under this act, including the sale of malt and brewed beverages and wine and spirits from the areas of a licensee's premises utilized under a retail license for consumption on the premises, shall be considered a sale by a retail dispenser under section 201 of the "Tax Reform Code of 1971."

(2) The sale of malt and brewed beverages and wine and spirits to an entity described in paragraph (1) for the purpose

20200HB2547PN3831 - 131 -
of sales from the areas of a licensee's premises utilized under a retail license for consumption on the premises shall be considered a sale to a retail dispenser subject to the tax imposed under Article II of the "Tax Reform Code of 1971."

(3) Except for sales under paragraphs (1) and (2), any other sale of malt and brewed beverages shall be considered a sale by a distributor, and any other sale of wine or spirits shall be considered a sale of liquor by a Pennsylvania Liquor Store under section 201 of the "Tax Reform Code of 1971."

Section 30. Sections 494(a), 499(a.1)(1), 505.2(a)(2) and (3), 505.4(a), (b)(1) and (c)(1) and 508(a) of the act are amended to read:

Section 494. Penalties.--(a) Any person who shall violate any of the provisions of this article, except as otherwise specifically provided, shall be guilty of a misdemeanor and, upon conviction thereof, shall be sentenced to pay a fine of not less than one hundred dollars ($100), nor more than five hundred dollars ($500), and on failure to pay such fine, to imprisonment for not less than one month, nor more than three months, and for any subsequent offense, shall be sentenced to pay a fine not less than three hundred dollars ($300), nor more than five hundred dollars ($500), and to undergo imprisonment for a period not less than three months, nor more than one year, or both. If the person, at or relating to the licensed premises, violates section 493(1), (10), (14), (16) or (21), or if the owner or operator of the licensed premises or any authorized agent of the owner or operator violates the act of April 14, 1972 (P.L.233, No.64), known as "The Controlled Substance, Drug, Device and Cosmetic Act," or 18 Pa.C.S. § 5902 (relating to prostitution and related offenses) or 6301 (relating to corruption of
minors), he shall be sentenced to pay a fine not exceeding $5,000 or to undergo imprisonment for a period not less than six months, nor more than one year, or both.

* * *

Section 499. Premises to be Vacated by Patrons.--* * *

(a.1) Subsection (a) shall not apply to sales of malt and brewed beverages for consumption off the premises when the following conditions are met:

(1) no licensee may sell malt or brewed beverages in excess of one hundred ninety-two fluid ounces in any one sale for consumption off the premises unless the licensee possesses a retail package reform;

* * *

Section 505.2. Limited Wineries.--(a) In the interest of promoting tourism and recreational development in Pennsylvania, holders of a limited winery license may:

* * *

(2) Sell alcoholic cider, mead, wine and wine coolers produced by the limited winery or purchased in bulk in bond from another Pennsylvania limited winery on the licensed premises, under such conditions and regulations as the board may enforce, to the board, to wine and spirits retail licensees, to individuals and to brewery, importing distributor, distributor, hotel, restaurant, club, grocery store and public service liquor licensees, and to Pennsylvania winery licensees: Provided, That a limited winery shall not, in any calendar year, purchase alcoholic cider, mead or wine produced by other limited wineries in an amount in excess of fifty per centum of the alcoholic cider, mead or wine produced by the purchasing limited winery in

2020HB2547PN3831 - 133 -
the preceding calendar year. In addition, the holder of a limited winery license may purchase wine in bottles from another Pennsylvania limited winery if these wines undergo a second fermentation process. [Such wine may be sold in bottles bearing the purchasing limited winery's label or the producing limited winery's label. Such wines, if sold by the board, may be sold by the producing limited winery to the purchasing limited winery at a price lower than the price charged by the board.]

* * *

(3) Separately or in conjunction with other limited wineries, sell alcoholic cider, mead, wine and wine coolers produced by the limited winery on no more than five (5) board-approved locations other than the licensed premises, with no bottling or production requirement at those additional board-approved locations and under such conditions and regulations as the board may enforce, to the board, to wine and spirits retail licensees, to individuals and to brewery, hotel, restaurant, club, grocery store and public service liquor licensees. If two or more limited wineries apply to operate an additional board-approved location in conjunction with each other, the wineries need only have one board-approved manager for the location, need only pay one application fee and need not designate specific or distinct areas for each winery's licensed area. Each limited winery must file an application for such an additional board-approved location, and such location shall count as one of the five permitted for each limited winery. Each limited winery is responsible for keeping only its own complete records. A limited winery may be cited for a violation of the recordkeeping requirements of sections 512 and 513 pertaining to its own records only.
Section 505.4. Distilleries.--(a) The board may issue a distillery of historical significance license to any distillery which was established prior to January 1, 1875. The holder of the license may manufacture and sell liquor produced on the licensed premises to the board, to wine and spirits retail licensees, to other entities licensed by the board and to the public under such conditions and regulations as the board may enforce. Production at the distillery of historical significance shall be limited to an amount not to exceed twenty thousand (20,000) gallons per year. The distillery does not need to establish continuous operation since January 1, 1875, in order to qualify for a license under this section.

(b) (1) The board may issue a limited distillery license that will allow the holder thereof to operate a distillery that shall not exceed production of one hundred thousand (100,000) gallons of distilled liquor per year. The holder of the license may manufacture and sell bottled liquors produced on the licensed premises to the board, to wine and spirits retail licensees, to other entities licensed by the board and to the public between the hours of nine o'clock antemeridian and eleven o'clock postmeridian so long as a specific code of distilled liquor which is listed for sale as a stock item by the board in State liquor stores may not be offered for sale at a licensed limited distillery location at a price which is lower than that charged by the board and under such conditions and regulations as the board may enforce. The holder of a limited distillery license may not sell a product or a substantially similar product which is listed for sale as a stock item by the board in State Liquor Stores to a licensee at a price which is lower than

20200HB2547PN3831 - 135 -
that charged by the board and under such conditions and regulations as the board may enforce. The holder of a limited distillery license may also sell wine and alcoholic cider produced by a licensed limited winery, liquor produced by a licensed distillery or limited distillery and malt or brewed beverages produced by a licensed brewery for on-premises consumption. The combined sales of wine, malt or brewed beverages and liquor produced by another licensed distillery or limited distillery may not, on a yearly basis, exceed fifty per centum of the on-premises sales of the limited distillery's own sales of liquor for the preceding calendar year: however, if a limited distillery did not operate for an entire calendar year during the preceding year, then its combined sales of wine, malt or brewed beverages and liquor produced by another licensed distillery or limited distillery may not, on a yearly basis, exceed fifty per centum of the on-premises sales of the limited distillery's own liquor for that year.

* * *

(c) (1) The holder of a distillery license as issued under section 505 may sell bottled liquors produced on the licensed premises to the board, to wine and spirits retail licensees and to other entities licensed by the board and to the public between the hours of nine o'clock antemeridian and eleven o'clock postmeridian so long as a specific code of distilled liquor which is listed for sale as a stock item by the board in State liquor stores may not be offered for sale at a licensed distillery location at a price which is lower than that charged by the board and under such conditions and regulations as the board may enforce. The holder of a distillery license may not sell a product or a substantially similar product which is
listed for sale as a stock item by the board in State Liquor Stores to a licensee at a price which is lower than that charged by the board and under such conditions and regulations as the board may enforce. The holder of a distillery license may also sell its liquor, wine and alcoholic cider produced by a licensed limited winery, liquor produced by a licensed distillery or limited distillery and malt or brewed beverages produced by a licensed brewery for on-premises consumption. The combined sales of wine, malt or brewed beverages and liquor produced by another licensed distillery or limited distillery may not, on a yearly basis, exceed fifty per centum of the on-premises sales of the distillery's own sales of liquor for the preceding calendar year: however, if a distillery did not operate for an entire calendar year during the preceding year, then its combined sales of wine, malt or brewed beverages and liquor produced by another licensed distillery or limited distillery may not, on a yearly basis, exceed fifty per centum of the on-premises sales of the distillery's own liquor for that year.

* * *

Section 508. License Fees.--(a) The annual fee for every license issued to a limited winery or a winery shall be as prescribed in section 614-A of the act of April 9, 1929 (P.L.177, No.175), known as "The Administrative Code of 1929." The fee for every license issued to a distillery (manufacturer) shall be as prescribed in section 614-A of "The Administrative Code of 1929." The annual fee for all other licenses shall be as prescribed in section 614-A of "The Administrative Code of 1929." An applicant for renewal of a license issued under this article shall file a written application with the board together with an application surcharge of seven hundred dollars ($700).
Whenever any checks issued in payment of filing and/or license fees shall be returned to the board as dishonored, the board shall charge a fee of five dollars ($5.00) per hundred dollars or fractional part thereof, plus all protest fees, to the maker of such check submitted to the board. Failure to make full payment or pay the face amount of the check in full and all charges thereon as herein required within ten days after demand has been made by the board upon the maker of the check, the license of such person shall not be renewed for the license period or validated for any interim period for such year.

* * *

Section 31. Section 801 of the act is amended by adding a subsection to read:

Section 801. Moneys Paid Into Liquor License Fund and Returned to Municipalities.--* * *

(a.1) The license fees for grocery stores collected by the board under the provisions of this act shall be paid into the State Treasury through the Department of Revenue into The State Stores Fund.

* * *

Section 32. The act is amended by adding an article to read:

ARTICLE VIII-A

SUPPLEMENTAL PROVISIONS

Section 801-A. Definitions.

The following words and phrases when used in this article shall have the meanings given to them in this section unless the context clearly indicates otherwise:

"Emergency act." The act of June 6, 1936 (Sp.Sess., P.L.13, No.4), entitled "An act imposing an emergency State tax on liquor, as herein defined, sold by the Pennsylvania Liquor..."
Control Board; providing for the collection and payment of such
tax; and imposing duties upon the Department of Revenue and the
Pennsylvania Liquor Control Board."

Section 802-A. Controlling provisions.

For the purpose of the emergency act, the following shall
apply:

(1) The term "board" in the emergency act shall include:

   (i) The board only to the extent the board is making
       sales:

       (A) to the general public; or

       (B) of liquor sold for on-premises consumption
           to licensees holding a license permitting on-premises
           consumption of liquor.

   (ii) A wine or spirits retail licensee.

   (iii) A wine or spirits wholesale licensee only to
         the extent the wholesale licensee makes sales of liquor
         sold for on-premises consumption to licensees holding a
         license permitting on-premises consumption of liquor.

   (iv) A grocery store licensee only to the extent
        that the sales of liquor are not sold under a license
        authorizing the on-premises consumption of liquor.

   (v) Any entity selling liquor to another entity that
       is not required to pay the tax imposed by the emergency
       act.

(2) The term "net price" shall mean total receipts
    received from the sale of liquor without any deductions for
    cost or expenses, including, but not limited to:

    (i) Any reimbursement from manufacturers, purchasers
        or other parties.

    (ii) In the case of a bundled sale that includes
liquor, the term includes the entire purchase price charged for the bundled sale, unless a fair market price for the liquor is separately stated on the sales document given to the purchaser, then the term shall only include the price charged for the liquor.

(3) The tax imposed by the emergency act shall be included in any advertised price, shelf price or any other price for a container of liquor and shall not be listed as an itemized tax on any sales receipt for the sale of liquor.

(4) The emergency act shall be administered and enforced under the provisions of Article II of the act of March 4, 1971 (P.L.6, No.2), known as the Tax Reform Code of 1971, including the provisions of Article II concerning returns, payment, assessment and enforcement where applicable, except that the exclusions and exemptions under Article II of the Tax Reform Code of 1971 shall not apply to the emergency act, except for the resale exemption, provided that exemption shall not be claimed for liquor purchased for on-premises consumption.

(5) The term "fiscal month" shall mean "calendar month."

Section 33. This act shall take effect as follows:

(1) The addition of Article III-A of the act shall take effect in 120 days.

(2) The addition of sections 401.1, 403.1, 404.1 and 406.2 of the act shall take effect in 60 days.

(3) The amendment or repeal of sections 207, 215 and 301 of the act shall take effect upon completion of divestiture of retail sale operations under Subarticle B of Article III-A of the act.

(4) The amendment of section 208 of the act shall take effect in 120 days.
effect upon completion of divestiture of wholesale operation
under Subarticle C of Article III-A of the act.

(5) The remainder of this act shall take effect immediately.