## THE GENERAL ASSEMBLY OF PENNSYLVANIA

# HOUSE BILL No. $2721{ }^{5 \mathrm{smamac}}$ 

INTRODUCED BY McILHINNEY, STEIL, REINARD, DONATUCCI, L. I. COHEN, CORRIGAN, McNAUGHTON AND STEVENSON, SEPTEMBER 14, 2000

AS REPORTED FROM COMMITTEE ON LIQUOR CONTROL, HOUSE OF REPRESENTATIVES, AS AMENDED, SEPTEMBER 26, 2000

## AN ACT

Amending the act of April 12, 1951 (P.L.90, No.21), entitled, as reenacted, "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," further providing for issuance of hotel, restaurant and club liquor licenses, for transfer of restaurant licenses to deteriorated areas, for malt and brewed beverages retail licenses, for limiting the number of retail licenses to be issued in each municipality, for incorporated units of national veterans' organizations, for hearings and appeals upon refusal of licenses, renewals or transfers, for licenses not assignable, for transfer of licenses, for local option and for granting of liquor licenses in certain municipalities.

The General Assembly of the Commonwealth of Pennsylvania
hereby enacts as follows:
Section 1. Section 404 of the act of April 12, 1951 (P.L.90,

No.21), known as the Liquor Code, reenacted and amended June 29, 1987 (P.L.32, No.14), and amended December 21, 1998 (P.L.1202, No.155), is amended to read:

Section 404. Issuance of Hotel, Restaurant and Club 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 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 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
sale of liquid fuels or oil is conducted. The board may, in its discretion, refuse an application for an economic development license under section 461 (b) of this act or an application for an inter-municipal transfer of a license if the board receives a protest from the receiving municipality. The receiving municipality of an inter-municipal transfer or economic development license under section $461(b)$ of this act 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 2. Section 408.13 of the act, amended May 31, 1996 (P.L.312, No.49), is amended to read:
[Section 408.13. Transfer of Restaurant Licenses to Deteriorated Areas.--(a) The board is hereby authorized to approve the transfer of restaurant liquor licenses from one municipality to another in the same county regardless of the quota limitations provided for in section 461 , if sales of liquor and malt or brewed beverages are legal in such other municipality and if the place proposed to be licensed in the other municipality is located within a deteriorated area whose boundaries have been affixed pursuant to the criteria set forth in the act of December 1, 1977 (P.L.237, No.76), known as the "Local Economic Revitalization Tax Assistance Act," and as of the date of restaurant liquor license transfer is designated as a distressed community by the Department of Commerce pursuant to criteria set forth in the act of July 2, 1984 (P.L.520, No.105), known as the "Business Infrastructure Development Act," and in
pursuant to section 403.
(e) Before an application for transfer may be filed with the board under subsection (a) of this section, the applicant for transfer must receive the approval of the municipal governing body which specified the boundaries of the LERTA zone wherein the place proposed to be licensed is located. Within thirty days of a request for approval of a transfer of a restaurant liquor license to a LERTA zone by an applicant, at least one public hearing shall be held by the municipal governing body for the purpose of receiving the comments and recommendations of interested individuals residing within the LERTA zone concerning the applicant's intent to transfer a restaurant liquor license to the LERTA zone. The municipal governing body shall, within forty-five days of a request for approval, render a decision by ordinance or resolution to approve or disapprove the applicant's request to transfer a restaurant liquor license to the LERTA zone. A decision by the municipal governing body to approve the request is appealable to the board. A municipal governing body shall not approve any request to transfer a restaurant liquor license to a LERTA zone which does not meet the requirements relating to property tax exemption by more than one local taxing authority, total acreage of the LERTA zone, and the square footage of new construction receiving tax exemption contained in subsections (a) and (d) of this section.
(f) Every applicant for transfer of a restaurant liquor license under this section shall file a written application with the board and shall conform with the requirements of section 102. Applications for transfer under this section must meet all the requirements of restaurant liquor license transfers not inconsistent with the provisions of this section but shall not
be subject to the two hundred-foot restriction set forth in section 404.
(g) An application for transfer filed under this section shall contain a copy of the ordinance or resolution of the municipal governing body approving the transfer of a restaurant liquor license to a LERTA zone. The applicant shall submit such other information as the board may by regulation require.
(h) Upon receipt of an application in proper form and the filing fee and upon being satisfied that the requirements of this section have been met, the board shall approve the transfer of the license.
(i) After transfer of the license into a LERTA zone under this section, the license may not be transferred to a location outside of the LERTA zone or outside of the boundaries by which the LERTA zone was originally established, except as provided for in section 468 and the selling price of the license, if any, shall remain fixed at the price at which the license was transferred to the LERTA zone.
(j) For the purposes of this section, the term "new construction" shall mean a construction project of additional square footage where local ordinance requires the application and approval of a building permit and where the actual construction requires the existence of a foundation or an additional foundation. The term shall not include the internal renovation or cosmetic change to an existing structure.]

Section 3. Section $432(d)$ of the act, amended April 29, 1994 (P.L.212, No.30), is amended to read:

Section 432. Malt and Brewed Beverages Retail Licenses.--* * *
(d) The board shall, in its discretion, grant or refuse any
new license or the transfer of any license to a new location 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. 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 to be licensed. The board shall refuse any application for a new license or the transfer of any license to a location where the sale of liquid fuels or oil is conducted: 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 $461(b)$ of this act or an application for an inter-municipal transfer of a license if the board receives a protest from the receiving municipality. The receiving municipality of an inter-municipal transfer or an economic development license under section 461 (b) of this act, 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 municipalities 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.

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Section 4. Section 461 heading, (a) and (b) of the act are amended and the section is amended by adding subsections to read:

Section 461. Limiting Number of Retail Licenses To Be Issued In Each [Municipality] County.--(a) [No licenses shall
hereafter be granted by the board for the retail sale of malt or brewed beverages or the retail sale of liquor and malt or brewed beverages in excess of one of such licenses of any class for each three thousand inhabitants in any municipality, exclusive of licenses granted to airport restaurants, municipal golf courses, hotels, privately-owned public golf courses and units of nonprofit nationally chartered clubs, as defined in this section, whose applications are filed on or before June 30, 2000, and except those units falling under section 461.1 , and clubs; but at least one such license may be granted in each municipality and in each part of a municipality where such municipality is split so that each part thereof is separated by another municipality, except in municipalities where the electors have voted against the granting of any retail licenses and except in that part of a split municipality where the electors have voted against the granting of any retail licenses. Nothing contained in this section shall be construed as denying the right to the board to renew or to transfer existing retail licenses of any class notwithstanding that the number of such licensed places in a municipality shall exceed the limitation
hereinbefore prescribed; but where such number exceeds the limitation prescribed by this section, no new license, except for hotels, municipal golf courses, airport restaurants, privately-owned public golf courses, privately-owned private golf course licensees and units of nonprofit nationally chartered clubs, as defined in this section, whose applications are filed on or before June 30, 2000, and except those units falling under section 461.1 , shall be granted so long as said limitation is exceeded.]

Except as provided in this section, no additional restaurant, eating place retail dispenser or club licenses shall be issued within the 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. The board may issue liquor licenses to airport restaurants, municipal golf courses, hotels, privately owned private golf courses, privately owned public golf courses and to any other entity which the act specifically exempts from the limitations provided in this section. 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 of this act.
(a.1) The following provisions shall apply to application for transfer from one municipality to another within the same county:
(1) In the calendar year 2001, applications for intermunicipal transfer of licenses must be made to the board prior to March 1, 2001. In each county of the Commonwealth, the board, in its discretion, may approve one quarter of the number of applications for inter-municipal transfer or one application for inter-municipal transfer in each county, whichever is greater.
(2) In the calendar year 2002, applications for intermunicipal transfer of licenses must be made to the board prior to March 1, 2002. In each county in the commonwealth, the board, in its discretion, may approve one third of the number of applications for inter-municipal transfer or two applications for inter-municipal transfer in each county, whichever is greater.
(3) In the calendar year 2003, applications for intermunicipal transfer of licenses shall be made to the board prior to March 1, 2003. In each county in the Commonwealth, the board, in its discretion, may approve half of the number of applications for inter-municipal transfer or three applications for inter-municipal transfer in each county, whichever is greater.
(4) When determining which application for intex-municipat <transfer to approve under subsection $(a .1)(1),(2)$ and $(3)$, the board shall consider the following factors in making a determination:
(i) The ratio of licenses to population in the receiving municipality.
(ii) Experience of the applicant in the restaurant or xetail food service industry.
(iii) Any other relevant factor reasonably related to the transfer of a liquor license from one municipality to another.

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premises is located in a county of the first through third
class.
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(ii) Twenty-five thousand dollars $(\$ 25,000)$ if the licensed premises is located in a county of the fourth through eighth class.

The initial application surcharge shall be refunded to the applicant if the board refuses to issue a provisional license under subsection (b.1).
(6) A license issued under this subsection and a provisional license issued under subsection (b.1) shall be nontransferable with regard to ownership or location.
(7) An appeal of the board's decision refusing to grant or renew a license under this subsection shall not act as a supersedeas of decision of the board if the decision is based, in whole or in part, on the licensee's failure to demonstrate that its food and non-alcoholic beverages were at least seventy per centum ( $70 \%$ ) of its combined gross sales of food and alcoholic beverages.

> (b.1) Qualified applicants under subsection (b) shall receive a provisional license for one hundred twenty days, exclusive of period of safekeeping. After ninety days from the date of issuance, the licensee may file an application for a permanent license. A license shall be issued if the licensee establishes that for ninety consecutive days from the date of initial issue, its sales of food and non-alcoholic beverages equal at least seventy per centum (70\%) of its combined gross sales of food and alcoholic beverages. Licensees shall not be subject to citation by the Enforcement Bureau for a violation of the requirement that food and non-alcoholic beverages equal at lease seventy (70\%) of the combined gross sales of food and
hearing shall be before a hearing examiner designated by the board. At such hearing, the board shall present its reasons for its refusal or withholding of license, renewal or transfer thereof, or its refusal for renewal of an amusement permit. The applicant may appear in person or by counsel, may cross-examine the witnesses for the board and may present evidence which shall likewise be subject to cross-examination by the board. Such hearing shall be stenographically recorded. The hearing examiner shall thereafter report, with the examiner's recommendation, to the board in each case. The board shall thereupon grant or refuse the license, renewal or transfer thereof or the renewal of an amusement permit. In considering the renewal of a license or amusement permit, the board shall not refuse any such renewal on the basis of the propriety of the original issuance or any prior renewal of such license or amusement permit. If the board shall refuse such license, renewal or transfer or the renewal of an amusement permit, following such hearing, notice in writing of such refusal shall be mailed to the applicant at the address given in his application. In all such cases, the board shall file of record at least a brief statement in the form of an opinion of the reasons for the ruling or order and furnish a copy thereof to the applicant. Any applicant who has appeared at any hearing, as above provided, who is aggrieved by the refusal of the board to issue any such license or to renew or transfer any such license or to renew any amusement permit may appeal, or any church, hospital, charitable institution, school or public playground located within three hundred feet of the premises applied for, aggrieved by the action of the board in granting the issuance of any such license or the transfer of any such license, may take an appeal limited to the question of such
chartered club or a volunteer fire company or an affiliated organization of a volunteer fire company, the board is hereby authorized to transfer such license to a place in any other municipality within the same county if the sale of liquor or malt and brewed beverages are legal in such other municipality as the board may determine. Prior to the approval of an application for transfer by a unit of a nonprofit nationally chartered club the board shall make an affirmative finding, upon proof submitted by the applicant, and after investigation by the board, that at the time the application for transfer is made the club continues to hold a valid national charter and continues to function in fact as a club as defined in section 102. The board, in its discretion, may transfer an existing restaurant retail dispenser or club license from one municipality to another in the same county regardless of the quota limitations provided for in this act, if sales of liquor or malt and brewed beverages are legal in such other municipality and if the restaurant retail dispenser or club lost the use of the building in which it was located due to governmental exercise of the right of eminent domain and no other suitable building can be found in the first municipality] county.
[(2) (i) The board, in its discretion, may transfer an existing restaurant liquor license from one municipality to another municipality of the same county or in a contiguous county regardless of the quota limitations provided for in this act if:
(A) sales of liquor or malt and brewed beverages are legal in such other municipality;
(B) the location in the same county or a contiguous county is an indoor bowling center; and
(C) the restaurant liquor license is currently located in an area which has been designated as blighted.
(ii) For purposes of this subsection, a property shall be determined to be blighted if it is any of the following:
(A) real property within or outside a certified redevelopment area determined to be blighted property under the act of May 24, 1945 (P.L.991, No.385), known as the "Urban Redevelopment Law";
(B) any property declared to be blighted under the "Urban Redevelopment Law" by a Pennsylvania local government or its agency; or
(C) any property which is located within a redevelopment area, when one of the stated purposes of designation as a redevelopment area is to remove blight, designated by a local government or its agencies under the "Urban Redevelopment Law."
(iii) If a restaurant liquor license is transferred to an indoor bowling center located outside of the municipality in which the license was originally issued, that restaurant liquor license may not be transferred within five years of the date of initial transfer unless the subsequent transfer is for use in an indoor bowling center. In the case of distributor and importing distributor licenses, the board may transfer any such license from its place in a municipality to a place in any other municipality within the same county, or from one place to another place within the same municipality, or exchange a distributor license for an importing distributor license or an importing distributor license for a distributor license, if the building for which the license is to be issued has, in the case of an importing distributor license, an area under one roof of two thousand five hundred square feet and, in the case of a
distributor license, an area under one roof of one thousand square feet: And provided, That, in the case of all transfers of distributor or importing distributor licenses, whether from a place within the same municipality to another place within the same municipality or from a place in a municipality to a place in any other municipality within the same county, and, in the case of an exchange of a distributor license for an importing distributor license or an importing distributor license for a distributor license, the premises to be affected by the transfer or exchange shall contain an office separate and apart from the remainder of the premises to be licensed for the purpose of keeping records, required by the board, adequate toilet facilities for employes of the licensee and an entrance on a public thoroughfare: Provided, however, That in the event that the majority of the voting electors of a municipality, at an election held under the provisions of any law so empowering them to do, shall vote against the issuance of distributor or importing distributor licenses in such municipality, the board is hereby authorized to transfer any such distributor or importing distributor license from its place in such municipality to a place in any other municipality within the same county, upon application prior to the expiration of any such license and upon payment of the transfer filing fee and the execution of a new bond; but no transfer shall be made to a person who would not have been eligible to receive the license originally nor for the transaction of business at a place for which the license could not lawfully have been issued originally, nor, except as herein provided, to a place as to which a license has been revoked.]
(3) No license shall be transferred to any place or property
cancellation the malt and brewed beverage retail dispenser's license. The board shall not issue such a liquor license in excess of one for each three thousand residents in said municipality.
(b) Nothing in this section shall otherwise affect any existing malt and brewed beverage retail dispenser's license.
(c) The board may not accept, act upon, or grant an application for a liquor license under this section, when such application, if granted, would cause an excess in the aforesaid quota of one liquor license for each three thousand residents in said municipality. Nor shall an applicant under this section be required to surrender his malt and brewed beverage retail dispenser's license until and unless the board has granted his application for a liquor license.] The board may issue a restaurant liquor license to an applicant holding an eating place retail dispenser's license in a municipality which, by referendum, approved the granting of eating place retail dispenser licenses and, in a subsequent referendum, approved the granting of restaurant liquor licenses. This subsection applies to eating place retail dispenser licenses which were issued in the municipality prior to the referendum that allowed the issuance of restaurant liquor licenses. If the board grants the restaurant liquor license, the applicant must immediately surrender for cancellation its eating place retail dispenser license.

Section 10. This act shall take effect as follows:
(1) The amendment of section $468(a)(2)$ of the act shall
take effect July 1, 2001.
(2) This section shall take effect immediately.
(3) The remainder of this act shall take effect January

1, 2001.

