## THE GENERAL ASSEMBLY OF PENNSYLVANIA

## SENATE BILL No. 81 Session of 2009

INTRODUCED BY EARLL, JANUARY 29, 2009

SENATOR CORMAN, APPROPRIATIONS, RE-REPORTED AS AMENDED, MAY 5, 2009

## AN ACT

Amending the act of April 12, 1951 (P.L.90, No.21), entitled, as 1 reenacted, "An act relating to alcoholic liquors, alcohol and 2 malt and brewed beverages; amending, revising, consolidating 3 and changing the laws relating thereto; regulating and 4 5 restricting the manufacture, purchase, sale, possession, consumption, importation, transportation, furnishing, holding 6 in bond, holding in storage, traffic in and use of alcoholic 7 liquors, alcohol and malt and brewed beverages and the 8 persons engaged or employed therein; defining the powers and 9 duties of the Pennsylvania Liquor Control Board; providing 10 for the establishment and operation of State liquor stores, 11 for the payment of certain license fees to the respective 12 municipalities and townships, for the abatement of certain 13 nuisances and, in certain cases, for search and seizure 14 15 without warrant; prescribing penalties and forfeitures; providing for local option, and repealing existing laws," 16 further defining for the definition of "eligible entity" and 17 adding definitions; further providing for general powers of 18 the board, for wine marketing and for Sunday retail sales by 19 Pennsylvania Liquor Stores; and, in licenses and regulations 20 relating to liquor, alcohol and malt and brewed beverages, 21 further providing for interlocking businesses prohibited, for 22 number and kinds of licenses allowed same licensee and for 23 unlawful acts relative to liquor, malt and brewed beverages 24 25 and licenses issued.

26 The General Assembly of the Commonwealth of Pennsylvania

27 hereby enacts as follows:

28 Section 1. The definition of "eligible entity" in section 29 102 of the act of April 12, 1951 (P.L.90, No.21), known as the 1 Liquor Code, reenacted and amended June 29, 1987 (P.L.32, 2 No.14), and amended November 29, 2006 (P.L.1421, No.155), is 3 amended and the section is amended by adding definitions to 4 read:

5 Section 102. Definitions.--The following words or phrases, 6 unless the context clearly indicates otherwise, shall have the 7 meanings ascribed to them in this section:

8 \* \* \*

9 "Eligible entity" shall mean a city of the third class, a 10 hospital, a church, a synagogue, a volunteer fire company, a volunteer ambulance company, a volunteer rescue squad, a unit of 11 a nationally chartered club which has been issued a club liquor 12 13 license, a club in a city of the third class which has been 14 issued a club liquor license and which, as of December 31, 2002, 15 has been in existence for at least 100 years, a library, a 16 nationally accredited Pennsylvania nonprofit zoological institution licensed by the United States Department of 17 18 Agriculture, a nonprofit agricultural association in existence 19 for at least ten years, a bona fide sportsmen's club in 20 existence for at least ten years, a nationally chartered veterans' organization and any affiliated lodge or subdivision 21 of such organization, a fraternal benefit society that is 22 23 licensed to do business in this Commonwealth and any affiliated 24 lodge or subdivision of such fraternal benefit society, a museum 25 operated by a nonprofit corporation in a city of the third class or township of the first class, a nonprofit corporation engaged 26 in the performing arts in a city of the third class, borough or 27 28 in an incorporated town, an arts council, a nonprofit corporation that operates an arts facility or museum in a city 29 30 of the third class in the county of the fourth class, a

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nonprofit organization as defined under section 501(c)(3) of the 1 2 Internal Revenue Code of 1986 (Public Law 99-514, 26 U.S.C. § 3 501(c)(3)) whose purpose is to protect the architectural heritage of boroughs and which has been recognized as such by a 4 municipal resolution, a nonprofit organization as defined under 5 section 501(c)(3) of the Internal Revenue Code of 1986 (Public 6 Law 99-514, 26 U.S.C. § 501(c)(3)) conducting a regatta in a 7 8 city of the second class with the permit to be used on State park grounds or conducting a family-oriented celebration as part 9 10 of Welcome America in a city of the first class on property 11 leased from that city for more than fifty years, a nonprofit 12 organization as defined under section 501(c)(3) of the Internal 13 Revenue Code of 1986 (26 U.S.C. § 501(c)(3)) whose purpose is to 14 raise funds for the research and treatment of cystic fibrosis, a 15 nonprofit organization as defined under section 501(c)(3) of the Internal Revenue Code of 1986 (26 U.S.C. § 501(c)(3)) whose 16 purpose is to educate the public on issues dealing with 17 18 watershed conservation, a nonprofit organization as defined 19 under section 501(c)(3) of the Internal Revenue Code of 1986 20 (Public Law 99-514, 26 U.S.C. § 501(c)(3)) whose purpose is to provide equine assisted activities for children and adults with 21 special needs, a nonprofit economic development agency in a city 22 23 of the second class with the primary function to serve as an 24 economic generator for the greater southwestern Pennsylvania 25 region by attracting and supporting film, television and related 26 media industry projects and coordinating government and business 27 offices in support of a production, a county tourist promotion 28 agency as defined in section 3(1) of the act of April 28, 1961 29 (P.L.111, No.50), known as the "Tourist Promotion Law," and 30 located in a city of the third class in a county of the fourth

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class or located in a township of the second class in a county 1 2 of the fifth class, a junior league in a third class county that 3 is a nonprofit organization as defined under section 501(c)(3) of the Internal Revenue Code of 1986 (26 U.S.C. § 501(c)(3)) 4 that is comprised of women whose purpose is exclusively 5 educational and charitable in promoting the volunteerism of 6 7 women and developing and participating in community projects and 8 that has been in existence for over seventy years, a nonprofit organization as defined under section 501(c)(3) of the Internal 9 10 Code of 1986 which is located in counties of the second class A and of the third class and whose purpose is the education and 11 promotion of American history or a nonprofit organization as 12 13 defined under section [501(C)(6)] 501(c)(6) of the Internal Revenue Code of 1986 which is located in a city of the third 14 15 class in a county of the third class and whose purpose is to 16 support business and industry. 17 \* \* \* "Satellite wine store" shall mean a wine kiosk operated by 18 19 the Pennsylvania Liquor Control Board, together with the space 20 in which it is located. \* \* \* 21 22 "Wine kiosk" shall mean an automated, self service, bottled 23 wine kiosk operated by the Pennsylvania Liquor Control \* \* \* 24 25 Section 2. Section 207 of the act is amended by adding a 26 subsection to read: 27 Section 207. General Powers of Board.--Under this act, the 28 board shall have the power and its duty shall be:

29 \* \* \*

30 (1) To establish and implement a customer relations\_

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1 marketing program for the purpose of offering incentives, such

2 <u>as coupons or discounts on certain products, to customers of the</u> 3 board.

4 Section 3. Section 215 of the act, amended December 30, 2003
5 (P.L.423, No.59), is amended to read:

6 Section 215. Wine <u>and Spirits</u> Marketing.--

7 The board is authorized to participate in or sponsor (e) 8 wine and spirits events for the purpose of educating consumers as to the wines and spirits available in this Commonwealth. The 9 wine and spirits to be used for the event may be acquired 10 through the State store system or may be donated from outside 11 this Commonwealth. Participation in the tastings may be 12 13 conditioned on the purchase of a ticket to the event. The event may include events occurring on premises licensed by the board, 14 and the board may sell wine and spirits for off-premises 15 16 consumption in an area designated by the board for such sale. 17 Section 4. Section 304 of the act, amended December 8, 2004 18 (P.L.1810, No.239), is amended to read:

19 Section 304. When Sales May Be Made at Pennsylvania Liquor 20 Stores.--(a) Except as provided for in subsection (b), every 21 Pennsylvania Liquor Store shall be open for business week days, 22 except holidays as that term is defined in section 102. The 23 board may, with the approval of the Governor, temporarily close 24 any store in any municipality.

(b) Certain Pennsylvania Liquor Stores operated by the board shall be open for Sunday retail sales between the hours of noon and five o'clock postmeridian, except that no Sunday sales shall occur on Easter Sunday or Christmas day. The board shall open up to twenty-five per centum of the total number of Pennsylvania Liquor Stores<u>, excluding any store designated as a satellite</u>

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store in which a wine kiosk is utilized, at its discretion 1 wine 2 for Sunday sales as provided for in this subsection. THE TWENTY-3 FIVE PER CENTUM LIMITATION SHALL NOT APPLY TO THE BOARD'S OPERATION OF SATELLITE WINE KIOSKS. The board shall submit 4 yearly reports to the Appropriations and the Law and Justice 5 6 Committees of the Senate and the Appropriations and the Liquor 7 Control Committees of the House of Representatives summarizing 8 the total dollar value of sales under this section.

9 Section 5. Sections 411(e) and 438(c) of the act are amended 10 to read:

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

12 (e) Except as herein provided, no hotel, restaurant, retail 13 dispenser or club licensee, and no officer, director or 14 stockholder, agent or employe of any such licensee shall in any 15 wise be interested, directly or indirectly, in the ownership or 16 leasehold of any property or the equipment of any property or any mortgage lien against the same, used by a distributor, 17 18 importing distributor, or by an importer or sacramental wine 19 licensee, in the conduct of his business; nor shall any hotel, 20 restaurant, retail dispenser or club licensee, or any officer, director, stockholder, agent or employe of any such licensee, 21 either directly or indirectly, lend any moneys, credit, or give 22 23 anything of value or the equivalent thereof, to any distributor, 24 importing distributor, importer or sacramental wine licensee, 25 for equipping, fitting out, or maintaining and conducting, 26 either in whole or in part, an establishment used in the conduct 27 of his business.

The purpose of this section is to require a separation of the financial and business interests between manufacturers and holders of hotel or restaurant liquor licenses and, as herein

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provided, of club licenses, issued under this article, and no 1 2 person shall, by any device whatsoever, directly or indirectly, 3 evade the provisions of the section. But in view of existing economic conditions, nothing contained in this section shall be 4 construed to prohibit the ownership of property or conflicting 5 6 interest by a manufacturer of any place occupied by a licensee 7 under this article after the manufacturer has continuously owned 8 and had a conflicting interest in such place for a period of at 9 least five years prior to July eighteenth, one thousand nine hundred thirty-five: Provided, however, That this clause shall 10 not prohibit any hotel, restaurant or club liquor licensee from 11 owning land which is leased to, and the buildings thereon owned 12 13 by, a holder of a retail dispenser's license; and nothing in 14 this clause shall prevent the issuance of a retail dispenser's license to a lessee of such lands who owns the buildings 15 16 thereon: And, provided further, That nothing contained in this section shall be construed to prohibit any hotel, restaurant, 17 18 retail dispenser or club licensee or any officer, director or 19 stockholder, agent or employe of any such licensee from having a 20 financial or other interest, directly or indirectly in the ownership or leasehold of any property or the equipment of any 21 property or any mortgage lien against same, used, leased by an 22 23 importer or sacramental wine licensee for the exclusive purpose 24 of maintaining commercial offices and on the condition that said 25 property is not used for the storage or sale of liquor or malt or brewed beverages in any quantity[.]: And, provided further, 26 That nothing contained in this section shall be construed to 27 28 prohibit a member of the governing board of a public authority 29 created under subdivision (n) of Article XXIII of the act of August 9, 1955 (P.L.323, No.130), known as "The County Code,"\_ 30

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1	from having an interest in a distributor or importing
2	distributor license notwithstanding the fact that the public
3	authority has an interest in one or more retail licenses or acts
4	as a landlord for one or more retail licenses: And, provided
5	further, That notwithstanding any other provision of this
6	section, an entity may acquire both a manufacturer's license or
7	a limited winery license and a hotel, restaurant or retail
8	dispenser license for use at the same location and more than one
9	location may be so licensed. The licenses and a person's
10	interest in the licenses or in the entity holding the licenses
11	shall not be subject to this section.
12	Section 438. Number and Kinds of Licenses Allowed Same
13	Licensee* * *
14	(c) No person shall possess more than one class of license,
15	except that a holder of a retail dispenser's license may also be
16	a holder of a retail liquor license[.]: Provided, however, That
17	nothing contained in this section shall be construed to prohibit
18	a member of the governing board of a public authority created
19	under subdivision (n) of Article XXIII of the act of August 9,
20	1955 (P.L.323, No.130), known as "The County Code," from having
21	an interest in a distributor or importing distributor license
22	notwithstanding the fact that the public authority has an
23	interest in one or more retail licenses or acts as a landlord
24	for one or more retail licenses: And, provided further, That
25	notwithstanding any other provision of this section, an entity
26	may acquire both a manufacturer's license or a limited winery
27	license and a hotel, restaurant or retail dispenser license for
28	use at the same location and more than one location may be so
29	licensed. The licenses and a person's interest in the licenses
30	or in the entity holding the licenses shall not be subject to

1 this section.

Section 6. Section 443(g) of the act, amended May 31, 1996 3 (P.L.312, No.49), is amended to read:

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

5 The purpose of this section is to require a separation (q) of the financial and business interests between the various 6 7 classes of business regulated by subdivision (B) of this article, and no person or corporation shall, by any device 8 whatsoever, directly or indirectly, evade the provisions of this 9 10 section. But in view of existing economic conditions, nothing 11 contained in this section shall be construed to prohibit the 12 ownership of property or conflicting interest by a malt or 13 brewed beverage manufacturer of any place occupied by a 14 distributor, importing distributor or retail dispenser after the 15 manufacturer has continuously owned and had a conflicting 16 interest in such place for a period of at least five years prior to the eighteenth day of July, one thousand nine hundred thirty-17 18 five: Provided, however, That a holder of a manufacturer's 19 license under section 431(a) who is eligible to operate a 20 brewery pub under section 446(2) or a limited winery as provided for under section 505.2 may also hold and operate under a hotel 21 liquor license, a restaurant liquor license or a malt and brewed 22 23 beverages retail license on the manufacturer's or limited 24 winery's licensed premises. The hotel liquor license or 25 restaurant liquor license or the malt and brewed beverages 26 retail license shall be acquired by the manufacturer or limited winery subject to section 461 and shall satisfy all requirements 27 28 for each respective license[.]: And, provided further, That\_ 29 nothing contained in this section shall be construed to prohibit a member of the governing board of a public authority created 30

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under subdivision (n) of Article XXIII of the act of August 9, 1 1955 (P.L.323, No.130), known as "The County Code," from having 2 3 an interest in a distributor or importing distributor license notwithstanding the fact that the public authority has an 4 interest in one or more retail licenses or acts as a landlord 5 for one or more retail licenses. 6 The term "manufacturer" as used in this section shall include 7 8 manufacturers of malt or brewed beverages as defined in this act and any person manufacturing any malt or brewed beverages 9 10 outside of this Commonwealth. 11 Section 7. Section 493(24)(ii) of the act, amended November 12 29, 2006 (P.L.1421, No.155), is amended to read: 13 Section 493. Unlawful Acts Relative to Liquor, Malt and Brewed Beverages and Licensees. -- The term "licensee," when used 14 in this section, shall mean those persons licensed under the 15 16 provisions of Article IV, unless the context clearly indicates 17 otherwise. 18 It shall be unlawful--\* \* \* 19 20 (24) \* \* \* 21 Notwithstanding subclause (i) or any other provision of (ii) law, a holder of a restaurant license that is also approved to 22 23 hold a slot machine license or a conditional slot machine 24 license under 4 Pa.C.S. Part II (relating to gaming) may give 25 liquor and malt or brewed beverages free of charge to any person actively engaged in playing a slot machine. Further, 26 27 notwithstanding subclause (i) or any other provision of law, the 28 (III) NOTWITHSTANDING SUBCLAUSE (I) OR ANY OTHER PROVISION 29 OF LAW, THE board may establish and implement a customer relations marketing program for the purpose of offering 30

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1 incentives, such as coupons or discounts on certain products

2 which may be conditioned upon the purchase of liquor, to

3 <u>customers of the board.</u>

4 \* \* \*

5 Section 8. Section 505 of the act, amended December 21, 1998
6 (P.L.1202, No.155), is amended to read:

7 Section 505. Licenses Issued.--Upon receipt of the 8 application in the form herein provided and the proper fees, the 9 board may grant to such applicant a license to engage in, (a) 10 the operation of a limited winery or a winery; or, (b) the manufacturing, producing, distilling, developing, or using in 11 the process of manufacturing, denaturing, redistilling, 12 13 recovering, rectifying, blending and reusing of alcohol and liquor; or, (c) the holding in bond of alcohol and liquor; or, 14 15 (d) the holding in storage, as bailee for hire, of alcohol, 16 liquor and malt or brewed beverages; or, (e) the transporting for hire of alcohol, liquor and malt or brewed beverages. Such 17 18 licenses may be transferred from one person to another or from 19 one place LOCATION to another, or both. Every applicant for a transfer of such licenses shall file a written application with 20 the board, together with a filing fee of five hundred fifty 21 dollars (\$550) if the transfer is to a new location, six hundred 22 23 fifty dollars (\$650) if the transfer is to a new person, or 24 seven hundred dollars (\$700) if the transfer is to a new person for use at a new location. Whenever such a license is 25 26 transferred, no license or other fees shall be required from the persons to whom such transfer is made for the portion of the 27 28 license period for which the license fee has been paid by the 29 transferor. 30 Section 9. This act shall take effect in 60 days.

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