



# HOUSE COMMITTEE ON APPROPRIATIONS

## FISCAL NOTE

HOUSE BILL NO. 148

PRINTERS NO. 2144

PRIME SPONSOR: Payne

### COST / (SAVINGS)

FUND	FY 2010/11	FY 2011/12
State Stores Fund	\$0	(\$450,000) to (\$900,000)

**SUMMARY:** The bill amends the act of April 12, 1951 (P.L. 90, No. 21), known as the Liquor Code, as reenacted and amended, to further provide for definitions, and to establish new privileges for restaurant, eating place, hotel, limited winery and importing distributor licensees.

**ANALYSIS:** The bill amends the Liquor Code as follows:

- Section 102 is amended to add definitions for “catered function” and “happy hour,” and to expand the definition for eligible entity that may obtain special occasion permits to include: nonprofit organizations that temporarily foster stray and unwanted animals (i.e. Humane Society); a Chamber of Commerce; a nonprofit museum or economic and community development organizations in a city of the Second Class A; nonprofit organizations that sponsor Main Street or Elm Street programs, or are located in a city of the third class in a county of the fifth class; and a nonprofit social service organization in a county of the third class whose purpose is to serve individuals and families in the county.
- Sections 406, 442, and 493 are amended by adding subsections to provide that a holder of a hotel, restaurant, or eating place liquor license may obtain an off-premises catering permit where the licensee may sell wine, liquor and malt or brewed beverages for consumption at up to 50 catered functions per year. The sale of wine, liquor or beer must be in conjunction with a meal to be consumed on the catered premises. At no time may an off-premises catering permittee agree to hold a catered event that includes the sale of alcohol at a location within a dry municipality. At least 48 hours prior to each off-premises catered event, the permittees must give written notice stating the date, time, and place of the catered event to the local police department or the Pennsylvania State Police if there is no local police department. The annual fee for the off-premises catering permit shall not exceed \$500 per year. All such fees shall be paid into the State Stores Fund. Currently there are approximately 18,000 restaurant and eating place liquor licensees in the Commonwealth.
- Section 406 is also amended to add a subsection to permit the holder of a retail license up to four hours per day and up to fourteen hours per week during which the holder discounts the price of alcoholic beverages (“happy hour”) so long as the hours do not exceed fourteen hours in any given week and so long as no discounts are given between the hours of midnight and the legal closing time. Notice of all happy hours must be visibly posted on the premises seven days prior to the happy hour.
- Section 431 is amended to remove the two year residency requirement for any individual or corporation applying for a malt or brewed beverage manufacturer’s license, importing distributor license or distributor license.
- Section 441 is amended by adding a subsection to allow importing distributors to have one storage location within their licensed franchise territory. The storage location must be solely for storage and sales to other licensees. If an importing distributor maintains a cold storage location in the municipality in which he/she is licensed for cold storage, that storage facility can be kept as well.

Franchise territory is defined as a geographically contiguous area in which an importing distributor has been given rights for the sale or resale of malt or brewed beverages.

- Sections 444 and 445 are amended to allow malt or brewed beverage manufacturers who produce less than 100 barrels of a brand annually to register up to 20 brands for a single annual registration fee of \$150. The bill also directs the LCB to employ a malt beverage compliance officer whose duties shall include registering all malt or brewed beverages sold in the Commonwealth. The compliance officers shall also have the duty of investigating claims that a licensee is selling unregistered malt and brewed beverages. If the compliance officer finds that a licensee is selling unregistered brands, the manufacturer of the beverages shall be notified in writing and told that they have 10 days to register all brands being sold in the Commonwealth. If the manufacturer fails to register the brands within 10 days, the manufacturer shall be responsible for removing all the unregistered brands from the licensee's premises and reimbursing the licensee for all the unregistered product that was unable to be sold.
- Section 461 is amended to allow airport restaurant liquor licensees to sell alcohol on Sundays beginning at 7 a.m.
- Section 468 is amended to permit the transfer of a retail liquor license from one county to another if the municipality where the license is located extends in to more than one county.
- Section 472 is amended to specify that the Liquor Control Board may not refuse to renew a liquor license for premises located in a township of the second class within a county of the third class that is a dry municipality if the premises for which the license is being renewed has been continuously licensed for a period 50 years or more.
- Section 493 (10) is also amended to add language to allow licensees that hold amusement permits as well as extended hours food licenses to continue to have entertainment on the premises even after they are required to stop selling alcohol.
- Section 505.2 is amended to grant limited wineries the opportunity to obtain a farmers' market permit (\$250) to sell alcoholic cider or wine by the bottle or in case lots at more than one farmers' market at any given time. Additionally, the bill provides that limited wineries may remain open until 11 p.m., as well as sell food and wine by the glass at their licensed premises and up to as five satellite locations.

**FISCAL IMPACT:** The enactment of this legislation will increase revenue to the State Stores Fund as a result of new and increased permit fees. An exact estimate of additional revenue that may be obtained cannot be determined. The expansion of the entities that may obtain special occasion permits (\$30 per day fee) will result in nominal additional revenue to the State Stores Fund. The addition of the new off-premises catering permits will result in larger sums for the States Stores Fund. Assuming five percent (5%) to ten percent (10%) of the 18,000 eligible licensees obtain the new off-premises catering permit, the State Stores Fund will receive \$450,000 to \$900,000 in increased revenue (assuming the permit fee is set at the maximum annual rate of \$500).

Costs related to the requirement for the LCB to employ a malt beverage compliance officer can be accommodated within current LCB resources as additional costs are anticipated to be minimal since malt and brewed beverage brand registration and compliance is already required by the Liquor Code.

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**DATE:** June 22, 2011

*Estimates are calculated using the best information available. Actual costs and revenue impact incurred may vary from estimates.*