



HOUSE COMMITTEE ON APPROPRIATIONS

FISCAL NOTE

HOUSE BILL NO. 242

PRINTERS NO. 1540

PRIME SPONSOR: Everett

COST / (SAVINGS)

FUND	FY 2010/11	FY 2011/12
Liquor License	\$0	(\$3,000)

SUMMARY: House Bill 242, printer's number 1540, 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 distilleries. The effective date is 60 days after enactment.

ANALYSIS: The bill amends Section 505.4 of the Liquor Code by adding subsections to empower the Liquor Control Board to issue limited distillery licenses to allow license holders to operate distilleries with production that does not exceed forty thousand (40,000) gallons of distilled liquor per year. The LCB shall establish a fee for the limited distillery license of no more than \$1,500. Limited distillery licensees shall be able to sell bottles of liquor produced on the licensed premises to the public between the hours of 9 a.m. and 9 p.m. so long as the price for the distilled liquor being sold is not less than the price the LCB sells the same liquor at State liquor stores. Tasting samples not exceeding one fluid ounce may also be offered for free or sold on the premises. Licensees are also able to sell their bottled distilled liquors at up to two other satellite locations. Holders of limited distillery licenses may also apply for restaurant, hotel, or malt and brewed beverage retail licenses so that they can sell food and alcoholic beverages produced by other manufacturers.

The bill provides a window for current holders of distillery licenses that have not manufactured more than forty thousand gallons of distilled liquor in the prior calendar year to surrender the distillery license in exchange for a new limited distillery license. The LCB's authority to exchange these licenses shall expire December 31, 2012. The bill also grants current distillery licensees with the ability to offer tasting samples and to sell their products directly to the public on their licensed premises so long as the price of the product sold is not less than the price the LCB sells the product for in State liquor stores.

FISCAL IMPACT: The enactment of this bill is estimated to generate at least \$3,000 in additional revenue for the Liquor License Fund assuming at least two small distilleries purchase limited distillery licenses and the LCB sets the limited distillery license fee at \$1,500. To the extent that the limited distillery licensees apply for and receive restaurant, hotel or malt and brewed beverage retail licenses in addition to the limited distillery licenses revenue to the Liquor License Fund may be higher.

PREPARED BY: Lisa Taglang
House Appropriations Committee (R)

DATE: June 14, 2011

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