



HOUSE COMMITTEE ON APPROPRIATIONS

FISCAL NOTE

HOUSE BILL NO. 1196

PRINTERS NO. 4132

PRIME SPONSOR:

Petri

COST / (SAVINGS)

FUND	FY 2016/17	FY 2017/18
General Fund	See Fiscal Impact	See Fiscal Impact
State Stores Fund	See Fiscal Impact	See Fiscal Impact
Lottery Fund	See Fiscal Impact	See Fiscal Impact

SUMMARY: House Bill 1196, Printer's Number 4132, amends the act of April 12, 1951 (P.L. 90, No. 21), known as The Liquor Code, further providing for definitions, licenses and regulations, sales by liquor stores and general powers of the Liquor Control Board (LCB); further providing for wine auction permits, interlocking business prohibited, public venue license and wine expanded permits; for malt and brewed beverages manufacturer licenses, distributor licenses and importing distributor licenses and for brand registration and shipment; for licenses not assignable and transfers; for wineries, limited wineries, bonded warehouses, distilleries, bailees for hire and transporters for hire; further providing for local option and unlawful acts; and further providing for moneys collected and paid into the State Stores Fund.

The act shall take effect in 60 days.

ANALYSIS: This legislation makes various changes to the Liquor Code including changes to provisions in Act 39 of 2016. More specific details on the changes are as follows:

Definitions

This legislation amends the definitions of "alcoholic cider", "distributor", "eligible entity", "importing distributor", "malt or brewed beverages", "mug club" and "zoo" and adds a definition for "growler" and "mead". Alcoholic cider is amended by raising the permitted level of carbonation to not exceed six and four tenths grams per liter. The definitions of distributor and importing distributor are amended removing the requirement to sell malt or brewed beverages in quantities of not less than a case or the original containers. Language is added to include the following as eligible entities: (1) a nonprofit organization located in a city of the second class that offers adult education and family literacy; (2) a nonprofit organization located in a city of the third class and county of the sixth class whose purpose is primary and secondary education and educational ministry of the diocese of Erie; and (3) a nonprofit organization located in a county of the fourth class that had a population between 142,000 and 144,000 based on the 2010 decennial census and provides rewards for information that leads to the arrest of individuals that may have committed a crime. A growler is defined as a refillable container for malt or brewed beverages that can be resealed. Mead is defined as an alcoholic beverage produced by fermenting honey and the term is added to the definition of "malt or brewed beverages". Mug club is amended by removing the requirement that every member of a mug club be provided a mug and making an annual fee and renewal fee optional as determined by the licensee. The Zoological Association of America is added to the definition of zoo.

Customer Convenience and Relations Marketing

- Provides that names, addresses and other records of customers participating in a customer relations management program may not be sold by the board.
- Exempts customer relations management program records from the Right to Know Law.

Special Orders

- A supplier of a special order may not refuse an order for one bottle and may assess a surcharge on the order if the supplier otherwise requires a minimum quantity purchase.

Sunday Sales Hours

- Provides that licensees may begin to serve alcohol at 9:00 am on Sundays.

Auction Permits

- Expands the current provision for wine auction permits to include spirits and renames the section wine and spirits auction permits.
- Adds the following to the list of eligible entities that can apply for a wine and spirits auction permit: (1) any nationally recognized community-based health organization committed to funding type 1 diabetes research and (2) any nationally recognized community based voluntary health organization committed to fighting cancer which has been in existence for at least 20 years.

Interlocking Business Prohibited

- Provides that any officer, director or stockholder of any hotel, restaurant or club license shall not be prohibited from owning land or buildings which are leased to a holder of a retail dispenser's license, a distillery license or a limited distillery license.
- Increases the ownership percentage for which possession of a financial interest is not deemed in a retail license from up to 5% to up to 10%.

Public Venue License

- Permits the sale of liquor (mixed drinks) at professional and amateur athletic events before, during and after the event in the same manner as currently permitted for the sale of malt or brewed beverages.

Wine Expanded Permits

- Provides that wine sales may occur through a register that also sells beer and food items.
- Changes provisions for wine expanded permit holders in the tax filing process from a refund of taxes paid to a credit of taxes paid when selling wine for off-premise consumption.

Malt and Brewed Beverages Manufacturers, Distributors and Importing Distributors

- Permits a distributor to sell malt or brewed beverages in any amount. Sales are not required to be the package configuration designated by the manufacturer and may be sold in refillable growlers.
- Defines geographically contiguous areas as it relates to distributors and importing distributors.

Breweries

- Authorizes breweries to sell alcoholic cider and malt or brewed beverages produced by another manufacturer to be consumed on its licensed premises (sales of wines and liquor are currently authorized). The combined sales of wine, liquor and malt or brewed beverages produced by another manufacturer may not exceed 50% of the on-premises sales of its own malt or brewed beverages.

Shipment of Malt or Brewed Beverages

- A person licensed by another state or country as a wholesaler or retailer of malt or brewed beverages and who obtains a shipper license may ship up to 192 ounces in a month on the order of any resident of this Commonwealth who is at least 21 years of age. No more than 96 ounces of a specific registered or unregistered brand may be shipped to any one resident during a calendar year.
- A shipper license must be obtained through application and payment of a \$250 registration fee. The shipper license shall be renewed annually for a fee of \$250.

Limited Wineries

- Authorizes limited wineries to sell wine and alcoholic cider produced by another limited winery to be consumed on its licensed premises (sales of liquor and malt or brewed beverages are currently authorized). The combined sales of wine and alcoholic ciders, liquor and malt or brewed beverages produced by another manufacturer may not exceed 50% of the on-premises sales of its own wine and alcoholic cider.

Distilleries and Limited Distilleries

- Authorizes distilleries and limited distilleries to sell alcoholic cider produced by a limited winery and liquor produced by a licensed distillery to be consumed on its licensed premises (sales of wine and malt or brewed beverages are currently authorized). The combined sales of wine, liquor and malt or brewed beverages produced by another manufacturer may not exceed 50% of the on-premises sales of its own liquor.

Other Provisions

- Requires any person selling beer to file a report with the board showing the volume of product sold.
- The board shall have no authority to require an exterior entrance to a licensed premises as a condition for approving a license or approving a renewal in instances when hours of operation do not exceed the hours of operation for the unlicensed premises for which the board has approved an interior connection.
- Allows for a ballot question to grant a liquor license to an airport authority for the sale of liquor to be placed before the voters in those municipalities that do not already allow the retail sale of liquor.
- Removes language requiring the brand name or trademark to appear in legible lettering on the faucet, spigot or dispensing apparatus.
- Adds language providing that all monies collected from casino liquor licenses, conversion of eating place licenses to restaurant licenses and the expired license auctions be transferred from the State Stores Fund to the General Fund on a quarterly basis.

FISCAL IMPACT: Enactment of this legislation will have no adverse fiscal impact on Commonwealth funds. Act 39 of 2016 provided and expanded consumer convenience initiatives for the purchase of wine and spirits. This legislation makes technical changes to the provisions of Act 39 and creates additional consumer convenience for the purchase of spirits, wine and malt and brewed beverages.

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DATE: October 26, 2016

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