



HOUSE COMMITTEE ON APPROPRIATIONS

FISCAL NOTE

HOUSE BILL NO. 438

PRINTERS NO. 454

PRIME SPONSOR: Reese

COST / (SAVINGS)

FUND	FY 2016/17	FY 2017/18
General Fund	\$0	See Fiscal Impact
State Stores Fund	\$0	See Fiscal Impact

SUMMARY: House Bill 438, Printer's Number 454, amends the act of April 12, 1951 (P.L. 90, No. 21), known as The Liquor Code, further providing for definitions and providing for spirit expanded permits.

The act shall take effect in 60 days.

ANALYSIS: This legislation amends Section 102 of the Liquor Code by adding a definition of "spirits." The definition provides that spirits shall mean any beverage which contains alcohol obtained by distillation, mixed with water or other substance in solution, and includes brandy, rum, whiskey, gin or other spirituous liquors, and such liquors when rectified, blended or otherwise mixed with alcohol or other substances.

The legislation adds a section to the Liquor Code to provide for Spirit Expanded Permits. Specific details relating to the Spirit Expanded Permits follow:

- Allows restaurants and hotels to purchase a permit to sell up to 3,000 mL of spirits (4 bottles) in a single transaction for off-premise consumption.
- The initial permit fee is \$2,000 and the renewal fee is equal to 2% of the cost of spirits purchased from the Pennsylvania Liquor Control Board (PLCB) for off-premise consumption.
- Spirit expanded permit holders may sell spirits for off-premises consumption until 11p.m. each day of permitted hours of operation, including Sundays if the permit holder has a Sunday sales permit.
- Spirit expanded permit holders must comply with responsible alcohol management and must utilize a transaction scan device to verify the age of an individual who appears to be under 35 years of age.
- A sale of spirits by a spirit expanded permit holder shall be made through a register which is designated with signage, and is staffed at all times by a sales clerk who is at least eighteen years of age. The sale of spirits may not occur at a point of sale where the customer scans their own purchases.

FISCAL IMPACT: Enactment of this legislation is estimated to generate an additional \$898,000 in license fees in fiscal year 2017-18 assuming 4% of the eligible licensees purchase a spirit expanded permit. The estimate of eligible licensees that will apply to obtain a spirits expanded permit is based on the actual number of wine expanded permits that have been obtained by eligible licensees pursuant to Act 39 of 2016. The PLCB gross margin will be reduced to the extent that spirits are purchased by expanded permit holders as it is assumed the current ten-percent licensee discount will be applied to purchases from the PLCB by the permit holders. As required by the legislation, the license fees shall be deposited in the State Stores Fund. On June 1, all moneys deposited in the State Stores Fund for application and renewal fees shall be transferred to the General Fund.

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House Appropriations Committee (R)

DATE: April 24, 2017

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