



HOUSE COMMITTEE ON APPROPRIATIONS

FISCAL NOTE

HOUSE BILL NO. 1617

PRINTERS NO. 4572

PRIME SPONSOR: Staats

COST / (SAVINGS)

FUND	FY 2020/21	FY 2021/22
State Stores Fund	See fiscal impact	See fiscal impact

SUMMARY: House Bill 1617, printer's number 4572, amends the Liquor Code further providing for interlocking business prohibited, for brand registration, for limiting number of retail licenses to be issued in each county, and for unlawful acts relative to liquor, malt and brewed beverages and licensees. This act shall take effect in 60 days upon passage.

ANALYSIS: House Bill 1617 allows any hotel license, except those located in a city of the first class, approved prior to September 1949 and that applied for a bedroom exemption prior to January 1, 2019, to convert to a restaurant license for a fee of \$30,000, irrespective of municipal quotas. The conversion of the license is permitted for a two-year period from the effective date of the act. Furthermore, if the converted license is transferred within five years, an additional fee of \$30,000 or 25% of the transactional cost, whichever is greater, shall be applied.

The bill reduces the restrictions on interlocking businesses to allow someone to have an ownership interest in a brewery, regardless if they are employed by an entity that holds a hotel, restaurant, eating place or club license as long as they have no job duties or responsibilities with the licensed establishment.

House Bill 1617 also adds language to allow fermented fruit beverages that are less than 8.5% ABV (alcohol by volume) to be considered a malt or brewed beverage, allowing them to be sold outside of State Stores. Any fermented fruit beverage that was sold in any PA Liquor Store after January 1, 2018 may not be classified as a malt or brewed beverage and would continue to be sold through the State Store System.

FISCAL IMPACT: The enactment of this legislation will have no adverse impact on the State Stores Fund and may result in increased revenue from the conversion of eligible hotel liquor licenses to restaurant liquor licenses. The fee to convert a license is \$30,000. According to the PLCB, there are potentially 253 hotel licenses that would qualify to convert to a restaurant license.

be converted under the legislation. Additionally, if the converted restaurant license is transferred within a five-year period the applicant would be subject to a fee of 25% of the transactional cost, or \$30,000, whichever is greater.

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House Appropriations Committee (R)

DATE: November 17, 2020

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