

# SENATE APPROPRIATIONS COMMITTEE FISCAL NOTE

**BILL NO.** House Bill 148

**PRINTER'S NO.** 2144

**AMOUNT**

\$825,000 New Revenue

**FUND**

State Stores Fund

**DATE INTRODUCED**

January 21, 2011

**PRIME SPONSOR**

Representative Payne

**HISTORY OF BILL**

Referred to LIQUOR CONTROL, Jan. 21, 2011

Reported as amended, Feb. 9, 2011

First consideration, Feb. 9, 2011

Laid on the table, Feb. 9, 2011

Removed from table, March 1, 2011

Re-committed to LIQUOR CONTROL, March 1, 2011

Re-reported as amended, April 13, 2011

Second consideration, May 2, 2011

Re-committed to APPROPRIATIONS, May 2, 2011

Re-reported as committed, May 3, 2011

Third consideration and final passage, May 3, 2011 (179-17)

In the Senate

Referred to LAW AND JUSTICE, May 6, 2011

Reported as amended, June 8, 2011

First consideration, June 8, 2011

Second consideration, June 14, 2011

Re-referred to APPROPRIATIONS, June 14, 2011

Re-reported as amended, June 20, 2011

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## FISCAL NOTE

### **DESCRIPTION AND PURPOSE OF BILL**

House Bill 148 makes the following changes to the Liquor Code:

#### Definitions

Establishes new definitions for the terms "catered event" and "happy hour."

#### Special Occasion Permits

Expands the definition of an "eligible entity" that may obtain a special occasion permits to include: a Chamber of Commerce; museums and economic development agencies operated in Scranton; nonprofit organizations in the City of Lebanon; a nonprofit social service organization whose purpose is to serve individuals and families in Berks County; the Humane Society and organizations that operate Main Street and Elm Street programs.

#### Dry Municipality License Renewal and Transfer Exception

Provides the Liquor Control Board may not refuse to transfer or renew a liquor license located in a township of the second class in county of the third class based on the fact that the municipality is dry, if the license has been in existence for 50 years or more.

#### County-to-County License Transfers

Permits a restaurant license to be transferred from one county to another, if the municipality where the license is located is in both counties.

#### Airport Restaurant License Hours of Operation

Allows airport restaurant license holders to sell alcohol beginning at 7 a.m. on Sundays.

#### Off-Premises Catering Permits

Allows for restaurant, eating place and hotel license holders to obtain an off-premises catering permit for up to 50 events per year. It provides for the permit cost not to exceed \$500 annually. The permit will allow the licensee to sell alcoholic beverages off-premises in conjunction with a meal. Catered functions are not permitted in dry municipalities and servers must be in compliance with responsible alcohol management certification. It also requires the permit holders to provide notice to the local police or, if there is no local police force, to the Bureau of Liquor Control Enforcement of the date, time and location of the function 48 hours in advance.

#### Happy Hours

Allows retail license holders to hold happy hours and discount the price of alcoholic beverages up to four hours per day not to exceed a total of 14 hours per week. It prohibits licensees from discounting drinks between midnight and legal closing time and requires notice of happy hours to be visibly posted seven days prior to the happy hour.

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### Sales by Licensees in Special Permit Areas

Allows hotel, restaurant and club license holders located within the boundaries of a special occasion permit area (Musikfest) to sell malt and brewed beverages in either open or closed containers for consumption off premises during the time specified by the special permit.

### Malt and Brewed Beverage Residency Requirements

Eliminates the two-year residency requirement for an individual or corporation to apply for a malt and brewed beverages manufacturer's license, importing distributor's license or distributor's license.

### Extended Hours Food Permit

Allows licensees that hold an extended hours food permit and an amusement permit to continue to have entertainment, such as a live band, on the premises after they must legally stop selling alcohol.

### Malt and Brewed Beverage Warehouse Sales

Allows importing distributors up to two licensed warehouses within their current franchise area, which may include their current location where retail sales may occur and another facility that may only be used only for storage.

### Limited Wineries Farmers' Market Permit

Allows limited winery license holders to purchase a farmers' market permit to sell alcoholic cider or wine by the bottle or case lot in more than one location at any given time. It allows for samples to be provided which do not to exceed one fluid ounce and provides for a \$200 annual permit fee.

### Other Limited Winery Issues

Allows limited wineries to stay open until 11 p.m. and serve wine by the glass at satellite locations.

### Malt and Brewed Beverage Brand Registration

Requires all malt and brewed beverages sold to be registered with the Liquor Control Board and provides for a \$75 registration fee. It also provides that any manufacturer may pay a fee of \$150 for up to 20 registrations of any brand produced in quantities of 100 barrels or less annually.

### Malt and Brewed Beverage Compliance Officer

Provides for a malt and brewed beverages compliance officer within Liquor Control Board with the duty to registered all malt and brewed beverages sold in the Commonwealth. It directs the compliance officer to investigate claims of improper sales. In addition, if the compliance officer finds that a licensee is selling malt and brewed beverages that are not register he shall provide written notice to the product's manufacturer that it must comply with registration within 10 days. During the 10 day period the manufacturer has to comply, the malt and brewed beverages may remain on the premises but may not be sold. If the manufacturer fails to register the brand within the time period allotted, the manufacturer is required to remove the product from the premises and reimburse the licensee.

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### **FISCAL IMPACT:**

The enactment of House Bill 148 will provide additional fee revenue to the State Stores Fund as of result of increased permit fees related to the expansion of the entities allowed to obtain special occasion permits (\$30 per day), the establishment of the off-premises catering permits (up to \$500 annually) and farmers' market permits (\$250 annually). It is likely that the majority of the additional revenue would be generated from the issuance of off-premises catering permits. Assuming that 15% of the Commonwealth's 11,000 eligible licensees purchased an off-premises catering permit annually, \$825,000 would be generated.

Costs related to the additional permit and licensing provisions are minimal and can be accomplished within the board's existing operating budget.

In addition, the board already provides for brand registration and the new provisions regarding the compliance officer can also be accomplished at minimal cost within its existing budget.