

SENATE APPROPRIATIONS COMMITTEE

FISCAL NOTE

BILL NO. Senate Bill 790

PRINTER'S NO. 2008

AMOUNT

No Fiscal Impact

FUND

General Fund
State Stores Fund

DATE INTRODUCED

March 8, 2011

PRIME SPONSOR

Senator Earll

HISTORY OF BILL

Referred to LAW AND JUSTICE, March 8, 2011

Reported as amended, Nov. 15, 2011

First consideration, Nov. 15, 2011

Second consideration, Dec. 5, 2011

Re-referred to APPROPRIATIONS, Dec. 5, 2011

Re-reported as amended, March 13, 2012

DESCRIPTION AND PURPOSE OF BILL

Senate Bill 790 amends Section 488 (Shipment of Wine) of the Liquor Code to allow a person licensed as a producer, supplier, importer, wholesaler, distributor or retailer by the Liquor Control Board or another state to obtain a direct shipper license to ship up to 18 liters per month to any Commonwealth resident who is at least 21 years of age for personal use.

The bill requires a person seeking a direct shipper license to: (1) file an application with the board; (2) pay a \$100 registration fee, (3) provide a copy of their alcoholic beverage license; and, (4) provide the board with any other information it deems appropriate. It includes provisions requiring a licensed direct wine shipper to: (1) not ship more than 18 liters per month to any one person; (2) report the total amount shipped to Pennsylvania residents in the preceding calendar year; (3) permit the board or Secretary of revenue to perform an audit of its records; (4) submit to the laws of the Commonwealth for the purpose of enforcement; (5) require proof of age in a manner approved by the board; (6) ensure all packages are shipped directly and conspicuously labeled with the word "Contains Alcohol: Signature of Person 21 years of Age or Older Required for Delivery;" (7) annually pay to the Department of Revenue all taxes due on sales to residents of the Commonwealth in the preceding year as if the sale were made at the location where the delivery is made; (8) be licensed in the state which it operates and be bonded by the United State Alcohol and Tobacco Tax and Trade Bureau; and, (9) annually renew its license and pay renewal fees.

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The bill also requires the board to make an annual report to the Appropriations Committee and Law and Justice Committee in the Senate and the Appropriations Committee and Liquor Control Committee in the House of Representatives summarizing the number of direct shipper licenses issues and the quantity of wine sold by direct shippers.

The legislation is scheduled to take effect in 60 days.

FISCAL IMPACT:

Senate Bill 790 will have no adverse fiscal impact on Commonwealth Funds. The bill requires all taxes to be paid on wine shipped to Commonwealth residents in the same manner as if the sale were made in Pennsylvania. Costs related to the administrative responsibilities of the Liquor Control Board should be offset by the \$100 registration fee and renewal fees which are to be set by the board and deposited in the State Stores Fund. In addition, responsibilities of the Department of Revenue with regard to collection of taxes from and the audit of direct wine shippers are routine to the agency and can be accomplished within its existing general government operations budget.