

# **SENATE APPROPRIATIONS COMMITTEE FISCAL NOTE**

**BILL NO.** House Bill 1617

**PRINTER NO.** 4544

**AMOUNT**

See Fiscal Impact

**FUND**

State Stores Fund

**DATE INTRODUCED**

June 11, 2019

**PRIME SPONSOR**

Representative Staats

**DESCRIPTION**

House Bill 1617 amends the Liquor Code to allow for the conversion of certain hotel licenses to restaurant licenses and to allow a person with an ownership interest in a brewery license to be employed by an entity that holds a liquor license under certain conditions.

The legislation allows a hotel license that was approved prior to September 1, 1949, and that applied for a bedroom exemption prior to January 1, 2019, to be converted to a restaurant license for a fee of \$30,000 regardless of quota restrictions. The ability to convert a license as provided in the legislation does not apply to a hotel license in the city of the first class or when there is a pending objection to a license by the Pennsylvania Liquor Control Board (PLCB) or the director of the PLCB's Bureau of Licensing.

The legislation provides that if a restaurant license is transferred within five years of being converted, the seller is subject to a fee of 25% of the transactional cost or \$30,000, whichever is greater. The transactional cost is defined as the cost of the restaurant license.

The legislation also allows a person with an ownership interest in a brewery license to be employed by an entity that holds a hotel, restaurant, eating place or club license if the person has no job duties or responsibilities on, or connected with, the licensed premises in any capacity.

The legislation is scheduled to take effect in 60 days. The provisions allowing for the license conversion expire two years from the effective date.

**FISCAL IMPACT:**

The enactment of House Bill 1617 will likely generate additional revenue for the State Stores Fund depending on the number of hotel licenses that are converted to restaurant licenses. The PLCB has identified 253 hotel licenses that would qualify to be converted under the legislation. Assuming 50% of the qualifying hotel licenses are converted at \$30,000 per license conversion, the legislation will generate \$3,795,000.

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Further, because of the high demand for restaurant licenses, it is likely that a number of the converted licenses will be transferred within the five years of the conversion, resulting in the sellers paying additional fees into the State Stores Fund. Assuming a sale price of \$250,000, each converted license that is transferred within five years of the conversion will generate an additional \$62,500.

The PLCB has indicated that it does not foresee any administrative costs related to implementing the provisions that allow a person with an ownership interest in a brewery license to be employed by an entity that holds a liquor license.