

**LIQUOR CODE - ENFORCEMENT, INTERLOCKING BUSINESS PROHIBITED,
BREWERIES, UNLAWFUL ACTS RELATIVE TO MALT OR BREWED BEVERAGES
AND LICENSEES AND UNLAWFUL ACTS RELATIVE TO LIQUOR, MALT AND
BREWED BEVERAGES AND LICENSEES**

Act of Dec. 22, 2017, P.L. 1237, No. 75

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Session of 2017

No. 2017-75

HB 1902

AN ACT

Amending the act of April 12, 1951 (P.L.90, No.21), entitled "An act relating to alcoholic liquors, alcohol and malt and brewed beverages; amending, revising, consolidating and changing the laws relating thereto; regulating and restricting the manufacture, purchase, sale, possession, consumption, importation, transportation, furnishing, holding in bond, holding in storage, traffic in and use of alcoholic liquors, alcohol and malt and brewed beverages and the persons engaged or employed therein; defining the powers and duties of the Pennsylvania Liquor Control Board; providing for the establishment and operation of State liquor stores, for the payment of certain license fees to the respective municipalities and townships, for the abatement of certain nuisances and, in certain cases, for search and seizure without warrant; prescribing penalties and forfeitures; providing for local option, and repealing existing laws," in Pennsylvania Liquor Control Board, further providing for enforcement; in liquor, alcohol and malt and brewed beverages licenses and regulations, further providing for interlocking business prohibited, for breweries, for unlawful acts relative to malt or brewed beverages and licensees and for unlawful acts relative to liquor, malt and brewed beverages and licensees; and making related repeals.

The General Assembly of the Commonwealth of Pennsylvania hereby enacts as follows:

Section 1. Section 211 of the act of April 12, 1951 (P.L.90, No.21), known as the Liquor Code, is amended by adding a subsection to read:

Section 211. Enforcement.--* * *

(g) The following shall apply:

(1) An individual who is under twenty-one years of age may purchase, attempt to purchase, possess or transport liquor or malt or brewed beverages if all of the following apply:

(i) The individual is at least eighteen years of age.

(ii) The individual is an officer, employe or intern of the enforcement bureau.

(iii) The individual has completed training specified by the enforcement bureau.

(iv) The individual is acting within the scope of prescribed duties.

(v) The individual is acting under the direct control or supervision of an enforcement bureau officer who is an adult.

(2) Individuals under twenty-one years of age may not consume liquor or malt or brewed beverages.

(3) The Pennsylvania State Police shall promulgate regulations prescribing the manner in which compliance checks are to be performed. Compliance checks under this subsection

shall be conducted in a manner consistent with the regulations. Regulations shall require, at a minimum, all of the following:

(i) Prior to participation in the compliance check, the officer, employe or intern shall undergo training approved by the enforcement bureau.

(ii) A person licensed to sell liquor or malt or brewed beverages that is found to be in compliance with 18 Pa.C.S. § 6308 or 6310 (relating to inducement of minors to buy liquor or malt or brewed beverages) during a compliance check shall be notified in writing of the compliance check and the determination of compliance.

(iii) A person licensed to sell liquor or malt or brewed beverages that is found to be noncompliant with 18 Pa.C.S. § 6308 or 6310 during a compliance check shall be immediately verbally advised by the supervising enforcement bureau officer and shall be notified in writing of the failure to comply within ten working days of the date of the compliance check.

(4) The provisions of this subsection shall expire December 31, 2022.

Section 2. Section 411(d) and (e) of the act, amended June 8, 2016 (P.L.273, No.39) and November 15, 2016 (P.L.1286, No.166), are amended to read:

Section 411. Interlocking Business Prohibited.--* * *

(d) Excepting as herein provided, no hotel licensee, restaurant licensee or club licensee, and no officer, director, stockholder, agent or employe of any such licensee shall [in any wise be interested, either directly or indirectly, in the ownership or leasehold of any property or the equipment of any property or any mortgage lien against the same, used by a manufacturer in manufacturing liquor or malt or brewed beverages; nor shall any hotel, restaurant or club licensee, or any officer, director, stockholder, agent or employe of any such licensee], either directly or indirectly, lend any moneys, credit, or give anything of value or the equivalent thereof, to any manufacturer for equipping, fitting out, or maintaining and conducting, either in whole or in part, an establishment used for the manufacture of liquor or malt or brewed beverages.

(e) Except as herein provided, no hotel, restaurant, retail dispenser or club licensee, and no officer, director or stockholder, agent or employe of any such licensee shall in any wise be interested, directly or indirectly, in the ownership or leasehold of any property or the equipment of any property or any mortgage lien against the same, used by a distributor, importing distributor, or by an importer or sacramental wine licensee, in the conduct of his business; nor shall any hotel, restaurant, retail dispenser or club licensee, or any officer, director, stockholder, agent or employe of any such licensee, either directly or indirectly, lend any moneys, credit, or give anything of value or the equivalent thereof, to any distributor, importing distributor, importer or sacramental wine licensee, for equipping, fitting out, or maintaining and conducting, either in whole or in part, an establishment used in the conduct of his business.

The purpose of this section is to require a separation of the financial and business interests between manufacturers and holders of hotel or restaurant liquor licenses and, as herein provided, of club licenses, issued under this article, and no person shall, by any device whatsoever, directly or indirectly, evade the provisions of the section. But in view of existing economic conditions, nothing contained in this section shall be construed to prohibit the ownership of property or conflicting interest by a manufacturer of any place occupied

by a licensee under this article after the manufacturer has continuously owned and had a conflicting interest in such place for a period of at least five years prior to July eighteenth, one thousand nine hundred thirty-five: Provided, however, That this clause shall not prohibit any hotel, restaurant or club liquor licensee, or any officer, director or stockholder of any such licensee, from owning land or buildings which are leased to a holder of a retail dispenser's license[, a distillery license or a limited distillery license] **or a manufacturer's license:** And, provided further, That nothing contained in this section shall be construed to prohibit any hotel, restaurant, retail dispenser or club licensee or any officer, director or stockholder, agent or employe of any such licensee from having a financial or other interest, directly or indirectly in the ownership or leasehold of any property or the equipment of any property or any mortgage lien against same, used, leased by an importer or sacramental wine licensee for the exclusive purpose of maintaining commercial offices and on the condition that said property is not used for the storage or sale of liquor or malt or brewed beverages in any quantity: And, provided further, That nothing contained in this section shall prohibit an officer or member of a licensed privately owned private golf course catering club from having an interest in a limited winery license: And, provided further, That nothing contained in this section shall be construed to prohibit a member of the governing board of a public authority created under subdivision (n) of Article XXIII of the act of August 9, 1955 (P.L.323, No.130), known as "The County Code," from having an interest in a distributor or importing distributor license notwithstanding the fact that the public authority has an interest in one or more retail licenses or acts as a landlord for one or more retail licenses: And, provided further, That, nothing in this section may prohibit an employe of a hotel or restaurant licensee from [having an interest in any property used by a limited winery licensee or in] guaranteeing any loans, or lending any moneys, providing credit or giving anything of value to a limited winery licensee or its officers, directors and shareholders, provided that the person also is not an officer of or does not have any interest in or exercise any control over any other licensed entity that engages in any sales to or from the licensee: And, provided further, That, notwithstanding any other provision of this section, an entity may acquire both a manufacturer's license or a limited winery license and a hotel, restaurant or retail dispenser license for use at the same location and more than one location may be so licensed. And, provided further, That, notwithstanding any other provision of this section, an entity licensed as a limited winery may hold and operate a restaurant liquor license at one of its additional, board-approved locations instead of at its primary location where manufacturing occurs. The licenses and a person's interest in the licenses or in the entity holding the licenses shall not be subject to this section. Provided further, That, a person who is a holder of ten per centum (10%) or less of securities or other interests in a publicly or privately held domestic or foreign corporation, partnership, limited liability company or other form of legal entity owning a retail license shall not be deemed to possess a financial interest and is not subject to the provisions of this section, provided that the person is not an officer of, employe of or does not have any interest in or exercise any control over any other licensed entity that engages in any sales to or from the retail licensee in which the person holds the ten per centum (10%) or less

interest[.]: **And, provided further, That nothing in this section shall prohibit a person who has an ownership interest in a limited winery license from being employed by an entity that holds a hotel, restaurant, eating place or club license if the person is not employed as alcohol service personnel or as manager.**

* * *

Section 3. Section 446(a)(1) of the act, amended November 15, 2016 (P.L.1286, No.166), is amended to read:

Section 446. Breweries.--(a) Holders of a brewery license may:

(1) Sell malt or brewed beverages produced **at the location** and owned by the brewery under such conditions and regulations as the board may enforce, to individuals for consumption on the licensed premises in any container or package of any volume and to hotel, restaurant, club and public service liquor licensees. **Malt or brewed beverages produced for the holder of a brewery license under a contract brewing agreement with an out-of-State manufacturer may be sold to a nonlicensee for on-premises or off-premises consumption, except that sales to a licensee must be distributed as provided under section 431(b).**

* * *

Section 4. Section 492 of the act is amended by adding a paragraph to read:

Section 492. Unlawful Acts Relative to Malt or Brewed Beverages and Licensees.--

It shall be unlawful--

* * *

(22) Selling or Distributing of Malt or Brewed Beverages. For the holder of a brewery license to sell or distribute malt or brewed beverages except as provided under section 446(a)(1).

Section 5. Section 493(11) of the act is amended to read:

Section 493. Unlawful Acts Relative to Liquor, Malt and Brewed Beverages and Licensees.--The term "licensee," when used in this section, shall mean those persons licensed under the provisions of Article IV, unless the context clearly indicates otherwise.

It shall be unlawful--

* * *

(11) Licensees Employed by Others. For any hotel, restaurant or club liquor licensee, or any malt or brewed beverage licensee, or any officer, servant, agent or employe of such licensee, to be at the same time employed, directly or indirectly, by any distributor, importing distributor, manufacturer, importer or vendor licensee or any out of State manufacturer. It shall also be unlawful for any distributor or importing distributor, or any officer, servant, agent or employe of such licensee, to be at the same time employed, directly or indirectly, by any other distributor, importing distributor, manufacturer, importer, vendor, out of State manufacturer, hotel restaurant, malt or brewed beverage licensee, or club liquor licensee. It shall also be unlawful for any manufacturer, importer, or vendor licensee, or any out of State manufacturer, or any officer, servant, agent or employe of such licensee or manufacturer, to be at the same time employed, directly or indirectly, by any hotel, restaurant or club liquor licensee or any malt or brewed beverage licensee or any distributor or importing distributor licensee. Nothing in this subsection shall be construed to prohibit a manufacturer or limited winery licensee, or any officer, servant, agent or employe of such licensee, to be employed at the same time by a hotel, restaurant or retail dispenser licensee if the hotel, restaurant or retail

dispenser licensee is located at the manufacturer or limited winery premises pursuant to section 443. For the purposes of this subsection, an officer, servant, agent or employe of a licensee or manufacturer is an individual who has either an ownership interest in the licensee or manufacturer or who receives compensation for his or her work on behalf of the licensee or manufacturer[.]: **Provided further, That nothing in this section shall prohibit a person who has an ownership interest in a limited winery license from being employed by an entity that holds a hotel, restaurant, eating place or club license if the person is not employed as alcohol service personnel or as a manager.**

* * *

Section 6. Repeals are as follows:

(1) The General Assembly declares that the repeals under paragraphs (2) and (3) are necessary to effectuate the addition of section 211(g) of the act.

(2) 18 Pa.C.S. §§ 6308(e) and 6310(c) are repealed.

(3) Section 2 of the act of December 3, 2002 (P.L.1144, No.141), entitled "An act amending Title 18 (Crimes and Offenses) of the Pennsylvania Consolidated Statutes, further providing for purchase, consumption, possession or transportation of liquor or malt or brewed beverages and for inducement of minors to buy liquor or malt or brewed beverages," is repealed.

Section 7. This act shall take effect immediately.

APPROVED--The 22nd day of December, A.D. 2017.

TOM WOLF