

COMMONWEALTH OF PENNSYLVANIA  
HOUSE OF REPRESENTATIVES  
LIQUOR CONTROL COMMITTEE

Independence Visitor Center  
Liberty View Ballroom  
1 North Independence Mall West  
Philadelphia, Pennsylvania

Wednesday, September 8, 2010  
9:30 a.m.

PRESENTATION ON  
HOUSE BILL 2612

BEFORE:

HONORABLE ROBERT DONATUCCI, CHAIRMAN  
HONORABLE MICHAEL O'BRIEN  
HONORABLE SCOTT PETRI  
HONORABLE JOHN PAYNE  
HONORABLE PAUL COSTA  
HONORABLE JOHN TAYLOR  
HONORABLE FRANK BURNS  
HONORABLE RONALD WATERS

ALSO PRESENT:

LYNN BENKA-DAVIES, Executive Director  
ANDREW MOSER, Research Analyst

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MR. CHAIRMAN: Good morning; I'm Rep. Donatucci from Philadelphia and Delaware County. I want to call this hearing to order.

The first business would be for the Members to introduce themselves starting on my right. I'll pass the mic down.

REP. O'BRIEN: Good morning; Michael O'Brien from Philadelphia.

REP. PETRI: Scott Petri; Bucks County.

REP. PAYNE: John Payne; Dauphin County.

REP. COSTA: Good morning; Paul Costa; Allegheny County.

REP. TAYLOR: Good morning; I'm Rep. John Taylor from here in Philadelphia. I'm the Minority Chair.

REP. BURNS: I'm Rep. Frank Burns from Cambria and parts of Somerset County.

MR. CHAIRMAN: Thank you. I want to turn the mic over to the two Sub Chairmen, Rep. Payne and Rep. Costa.

REP. COSTA: Thank you, Mr. Chairman.

Again, I would like to thank you for allowing us to have these subcommittee hearings.

Rep. Payne and I are co-chairs of the subcommittee on Licensing, and we've asked the Chairman, actually last

1 year, if we could have hearings, and, unfortunately, we  
2 didn't have a summer to have them and this year we have a  
3 summer and, naturally, we didn't have them.

4 Before we get started I'd like to have Mike  
5 O'Brien say a few words since this is his district.

6 REP. O'BRIEN: Thank you, Mr. Chairman. I'd like to  
7 welcome you to the 175th District.

8 Certainly, you know, my life was a little bit more  
9 complicated when they decided to move the capital to  
10 Harrisburg, it would have been much more convenient across  
11 the street here where it all started off.

12 But I've always liked the Center, I always like to  
13 remind folks when they come here, that we're currently in  
14 Speaker Benjamin Franklin's Legislative District that I'm  
15 pleased to be the current caretaker of.

16 So, welcome.

17 Thank you, Mr. Chairman.

18 REP. COSTA: Thank you, Michael.

19 The purpose of today's hearing is on House Bill  
20 2612, and the prime sponsor of the bill is my co-chair, who,  
21 in a couple of minutes will explain the bill.

22 REP. PAYNE: Thank you, Mr. Chairman, and thank you  
23 to Chairman Donatucci, Chairman Taylor for allowing you and  
24 I for holding these hearings.

25 This bill actually was written by sitting down

1 with both the taverns and restaurant associations and  
2 saying, instead of focusing on things we don't agree on, how  
3 about we focus on things that we do agree on and see if we  
4 can't find some common areas that would make both groups  
5 better and make our legislation better. There are a variety  
6 of issues across the Commonwealth. We're not here to solve  
7 every one of them, we're here to tackle one issue pertaining  
8 to both taverns and restaurants.

9 And one of them deals with the ability to cater an  
10 event off the grounds that they currently have. And many,  
11 many places do that right now where they have the license  
12 themselves for that address doesn't mean that's where the  
13 catered event would be. And we think of anniversaries,  
14 weddings and all of the other things that people get into.

15 So, that's just one small focus, others pertain  
16 with actual amount of liquor that's served at those  
17 locations.

18 And with that, I would actually like the  
19 testifiers to get into the meat of the bill.

20 REP. COSTA: Thank you, Mr. Chairman.

21 And our first testifier is Joe Conti, Chief  
22 Executive Officer of the PA Liquor Control Board.

23 MR. CONTI: Thank you. Good morning, Chairman  
24 Donatucci, Chairman Taylor, Honorable Members of the House  
25 Liquor Control Committee.

1           With me to my right is Jerry Waters, our director  
2           of the Office of Regulatory Affairs; to my left is Chris  
3           Harrington from our office and chief counsel.

4           My purpose today is to provide technical comments  
5           from the PA Liquor Control Board on House Bill 2612,  
6           Prudence 3998.

7           I am also here to offer the assistance of the  
8           Board and our staff to the General Assembly, as well as the  
9           Governor's Office, on this or any other issue that may come  
10          before you.

11          Currently, a retail licensee, such as a restaurant  
12          or hotel, may only sell wine and spirits for on-premises  
13          consumption at its licensed premises.

14          In addition, a restaurant licensee can sell malt  
15          or brewed beverages for consumption on its premises. It can  
16          also sell up to 192 fluid ounces of malt or brewed beverages  
17          for consumption off premises. All sales must occur at the  
18          specific licensed premises.

19          House Bill 2612 would amend these privileges in  
20          two significant ways. First, it would permit restaurant and  
21          hotel licensees to sell wine and spirits and malt or brewed  
22          beverages for on-premises consumption at a location off the  
23          licensed premises, provided that the alcohol is purchased in  
24          conjunction with a meal at a catered event.

25          Second, it would allow restaurant and hotel

1 licensees to sell up to two sealed bottles of wine for  
2 consumption off the licensed premises.

3 With respect to the desirability of allowing  
4 off-premises catering by restaurants and hotels, that is a  
5 policy call by the General Assembly and the Governor.

6 Accordingly, the Board does not take a policy  
7 position regarding such a measure, but instead presents  
8 itself as a resource.

9 In that vein, if such off-premises catering is  
10 deemed desirable, then there are several technical issues  
11 that we respectfully submit that the Legislature should  
12 address.

13 These include whether or not the holder of an  
14 eating place retail dispenser license may also provide  
15 off-premises catering E License; whether a club license  
16 holder may engage in off-premises catering; whether catered  
17 events should be limited to the same county as the license;  
18 whether a licensee can have more than one catered event at  
19 the same time; whether a catered event can occur in a dry  
20 municipality; whether there are any notice requirements to  
21 the community that alcohol will be sold at the catered  
22 event; whether there are any requirements on the proposed  
23 location such as square footage, or the right to occupy the  
24 premises; and to what extent the licensee should be held  
25 accountable for unlawful conduct which may occur at the

1 catered events.

2 In addition, what constitutes a catered event may  
3 want to be clearly defined.

4 With respect to hotels and restaurants selling up  
5 to two unopened bottles of wine for consumption off the  
6 licensed premises, it appears from the legislation that such  
7 licensees would continue to be required to purchase such  
8 products from the Board through its wine and spirits stores,  
9 limited wineries, or holders of sacramental wine licenses.  
10 The legislation should be clear as to how often such sales  
11 may occur if a limit is intended, i.e., once a day, once an  
12 hour, immediately after the last sale is concluded, such as  
13 that.

14 Further, it should be noted that the Department of  
15 Revenue has indicated, that just like sales for on-premises  
16 consumption, a licensee's resale of wine for off-premises  
17 consumption would not require the licensee to charge six  
18 percent sales tax on the sale to the consumer.

19 The six percent sales tax would continue to be  
20 applied on the sale from the Board to the licensee.

21 Again, the decision to allow licensed restaurants  
22 and hotels to sell two bottles of wine for off-premises  
23 consumption represents a policy call by the General  
24 Assembly.

25 Accordingly, the Board does not take a position on



1       this matter.

2               We look forward to working with the General  
3       Assembly and the Governor's Office in assisting with House  
4       Bill 2612 and any other legislative initiative involving the  
5       Liquor Code.

6               Thank you, and we would be happy to answer any of  
7       your questions at this time.

8               REP. COSTA: Thank you, Mr. Chairman.

9               Before we go to questions, we were joined by Rep.  
10       Ron Waters.

11               Scott Petri.

12               REP. PETRI: Good morning, Joe. Hope you don't mind  
13       me calling you Joe.

14               MR. CONTI: Not at all, Rep.

15               REP. PETRI: We're just too friendly. We've known  
16       each other for too long.

17               You have mentioned in your testimony appropriately  
18       that there are certain licenses that are included and  
19       certain that aren't included, and you've raised this issue  
20       that we should tackle whether we should include a club  
21       license.

22               One that you did mention that I didn't know if it  
23       was intentional or not, maybe it is, are wineries, limited  
24       wineries.

25               And the reason that I ask that, I'll put some

1 preference on that, some municipalities apparently aren't  
2 thrilled with our limited wineries having events on  
3 premises. Some recognize it as valuable. And the neighbors  
4 often aren't the fondest of events, you know, whether it be  
5 a jazz festival or whatever.

6 And, so, you have limited wineries which are  
7 intended to be primarily agricultural use, that for  
8 marketing purposes and paying bills have decided to do some  
9 events on premises, and I was just wondering your thoughts,  
10 good, bad or otherwise, on that.

11 Maybe there is some policy issues?

12 MR. CONTI: Let me share the thoughts of the Board.  
13 We are very supportive of the PA Wineries.

14 In fact, we have a better relationship with the  
15 wineries than we have had historically, perhaps, ever, and  
16 we work with them on a monthly basis.

17 So, I think that is a policy call for you all to  
18 make.

19 And as a former local official where we met Rep.  
20 Petri, there are certainly local zoning ordinances involved  
21 in the noise and activities that go on there.

22 Our Board is supportive of anything that will  
23 benefit the PA Wineries.

24 I will, perhaps, ask Jerry Waters if he has any  
25 comments on the specific licensing matters involved with the

1 wineries.

2 MR. WATERS: Rep. Petri, I think Joe clearly  
3 articulated that it's a policy decision with respect to the  
4 General Assembly. I would only say, that under the current  
5 statute, the limited winery has the ability to hold events  
6 and to sell their wine on the premises, and the rules and  
7 regulations that guide the event is basically a local  
8 municipality issue with respect to noise in the local  
9 municipality.

10 So, I think in your study of what you want to do  
11 and how it effects the limited wineries, that would be  
12 something in the policy if you wanted to continue to allow  
13 them to be outside the scope of this bill, or also how you  
14 can articulate the language.

15 REP. COSTA: Chairman Taylor.

16 REP. TAYLOR: Thank you, Paul.

17 First of all, Joe, thank you very much for having  
18 us yesterday in what was the prototype of the new LCB store  
19 up in New Hope. It is certainly something that we hope is  
20 successful and we can continue in many of our stores.

21 Just from the licensing point of view, just go  
22 through for us what happens now in terms of a -- you know,  
23 if I wanted to have an event outside and I asked a --  
24 currently somebody that's a licensee to cater that, is there  
25 a distinction if they came with the food and provided

1 alcohol as opposed to the word selling, or is that where --  
2 is that what now this legislation will allow them to do,  
3 actually have an R that they sold alcohol across? Or if I  
4 had an event like that, would they be able to provide  
5 alcohol now, or when it's part of the price, if I paid \$20  
6 per person or \$50, whatever it was, is there a distinction  
7 between having a package where alcohol will be at, rather  
8 than me across the market selling?

9 MR. CONTI: Actually, Chairman, that's a great  
10 question, and many of you remember that I'm a bartender by  
11 birth and in the restaurant business for many decades, and  
12 one of the things that we did do to augment our off-premises  
13 sales was catering.

14 And I am pleased to let you know, that the way we  
15 handled it back in the '70s, '80s, and '90s, after  
16 consultation with our office of chief counsel, was  
17 appropriate back then, but it's a very difficult situation.

18 If I would be doing a wedding at a farm, you have  
19 to say to the host, you provide the liquor. Have it here.  
20 I think they had to have receipts that they bought it in PA.  
21 Certain things like that. And then it was permissible for  
22 our staff to serve the wine once it was there.

23 But that brings up a whole host of issues about  
24 liability and all that.

25 I think it's actually very appropriate that

1     you're, perhaps, trying to clarify with this bill. This is  
2     a much cleaner way to do it this way.

3             While our board takes no position, as a  
4     Pennsylvanian I applaud you for looking at this. As a  
5     former licensee, I think it's a wonderful thing that you're  
6     looking into it.

7             Did I miss anything, counsel, or --

8             MR. HARRINGTON: If I could, the only thing that I  
9     would add just to clarify, nothing in it a licensed  
10    establishment, licensed, you know, a catering club license,  
11    to have a catered event at its licensed premises. And they  
12    can obviously sell alcohol later on in the site.

13            Similarly, nothing prohibits you as a patron from  
14    visiting that licensed premises and bringing your own  
15    alcohol into the premises.

16            For instances, Tom is not licensed, he can't sell  
17    alcohol, but what they can do is permit you to bring your  
18    own alcohol in. If you want to bring a bottle of champagne  
19    for a wedding or something like that, they can even have the  
20    licensed establishment charge a corking fee for opening and  
21    serving it.

22            And the important distinction that this bill is  
23    making is, that it is going to allow licensee to do  
24    something that it would otherwise be prohibited from doing  
25    anywhere other than its licensed premises.

1           REP. TAYLOR: So, in Joe's example, I mean, that's  
2   at least what happens now, you have the event, you bring the  
3   food in the licensed premises, but you have to provide your  
4   own alcohol.

5           MR. CONTI: Correct.

6           REP. TAYLOR: And this bill will allow someone to  
7   say, I don't want to be bothered with that, I want you to do  
8   the whole thing?

9           MR. CONTI: Correct.

10          MR. HARRINGTON: And there is actually -- I think  
11   sometimes there is a misconception. Our office handles a  
12   lot of calls during the day, and one of the big questions  
13   that I'm asked is, well, I want to have a -- I want to have  
14   a catering licensee host my event that sells alcohol, can't  
15   they use their license and take it to a location where I  
16   want to have the event? I don't want to have it at the  
17   licensee, I want to have it at my home; I want to have it at  
18   the catering hall down the street and that's not permitted.

19                 I think that is one of the things that's most  
20   misunderstood, the catering club license.

21                 And that is one of the reasons why Joe Conti  
22   brought it out, whether you want to allow that or not,  
23   catering club license has the connotation that the caterer  
24   can take it off premises, it is not the case.

25          REP. COSTA: Well, Joe, thank you very much. We

1 appreciate your input and I'm sure we'll be working with  
2 you. Hopefully you can stick around.

3 MR. CONTI: Sure. Thank you very much.

4 REP. COSTA: Next on our agenda is Major John Lutz  
5 from the PA Bureau of Liquor Control Enforcement.

6 Major, thank you for coming.

7 MAJOR LUTZ: Good morning, Chairman Donatucci and  
8 Members of the House Liquor Control Committee, my name is  
9 Major John Lutz and I serve as the director of the State  
10 Police Bureau of Liquor Control Enforcement. With me today  
11 is Captain Thomas Butler, Director of the Operations  
12 Division of the Bureau of Liquor Control Enforcement.

13 We are here today to discuss House Bill 2612. If  
14 passed, House Bill 2612 would authorize hotel, restaurant  
15 and club licensees to conduct catered events off their  
16 licensed premises. The bill would also permit licensees to  
17 sell up to two full bottles of unopened wine for  
18 off-premises consumption.

19 The Commonwealth has historically regulated the  
20 sale of alcohol, including limiting the sale of alcohol to  
21 locations specifically known, approved and licensed by the  
22 State through the PA Liquor Control Board. The regulation  
23 of the sale of alcohol is considered to be one of the  
24 fundamental tenets of ensuring the health, safety and  
25 welfare of the public.

1           House Bill 2612 would fundamentally change the  
2     manner in which alcohol can be sold in PA. It would permit  
3     almost 12,000 licensees to regularly hold catered events at  
4     unlicensed locations throughout the state without any  
5     limitation on the frequency, location or number of events  
6     being conducted at any given time.

7           In addition, the bill does not require any prior  
8     notification to BLCE or local law enforcement, as is  
9     currently required in the case of special occasion permits.

10          As a result, this bill presents several immediate  
11     concerns of the Bureau of Liquor Control Enforcement,  
12     because it would authorize the sale of alcohol at  
13     undisclosed and unlicensed locations, enforcement of liquor  
14     laws by BLCE at these catered events would be difficult, if  
15     not impossible.

16          Additionally, because neither the state police nor  
17     local law enforcement would have any knowledge regarding the  
18     date, time, location, licensee, catered group or anticipated  
19     number of patrons, it has the potential to create a public  
20     safety issue.

21          Furthermore, given a notification requirement in  
22     the bill, with close to 12,000 licensees being eligible to  
23     host these events, in its current form the bill acts as a  
24     license multiplier and as a result, the potential number of  
25     events at different venues on any given day would far exceed



1 the ability of BLCE to conduct enforcement.

2 In closing, I would like to thank the Committee  
3 for the opportunity to comment on this bill. As always,  
4 BLCE stands ready to assist the Committee regarding the  
5 Committee's efforts to address any changes or shortcomings  
6 in the Liquor Code as they become known.

7 I will now address any questions you may have.

8 REP. COSTA: Do the members have any questions?

9 Major, I do appreciate you coming.

10 There are some things, obviously, that we need to  
11 address as you've heard. I keep wanting to call him  
12 senator, Rep. Joe made some issues, too, and I think all of  
13 these things are very helpful and hopefully we will find a  
14 version.

15 I believe Ron Waters has a couple of questions.

16 REP. WATERS: He is still senator.

17 A question to the officer, as I hear what you were  
18 saying, your concerns are, that as a multiplier, that the  
19 license now travel around at the same time at different  
20 location sites; is that what you're saying?

21 MAJOR LUTZ: Yes, sir. Essentially, what it would  
22 do, there are approximately 12,000 eligible licenses under  
23 this bill, and under the bill to hold catered events, there  
24 is no limitation in the bill as to how many they can post at  
25 any given time or how many venues they can actually use at

1       any given time or how long it can be used throughout the  
2       year.

3               So, without those limitations, it truly does act  
4       along those lines.

5               REP. WATERS: Thank you.

6               REP. TAYLOR: Thank you. And I think that is the  
7       purpose for the people in the audience, the public, you  
8       wrote a bill and you think, well, you've heard Senator  
9       Conti, he owned a bar, a facility, and you try to do things  
10      correctly and legally, and you have an off-site event,  
11      whether that is a wedding or a reception or a party for, you  
12      know, a birthday, an anniversary or whatever, and it happens  
13      across the whole Commonwealth.

14              Well, how do we do that, and do that clear,  
15      precise?

16              And clearly one of the issues of the bill we're  
17      going to have to clean up is, well, the establishments can  
18      do it, but is it one a month, one a week? How do we notify  
19      LCB so that -- or local enforcement so at least they know  
20      there is an event going on?

21              It is the one issue that never ceases to amaze me  
22      as a state rep., what looks like a very simple black and  
23      white issue, after you're done with the hearing you're  
24      scratching your head going, wow, didn't see that. It looked  
25      very simple.

1           Let's just go have a party for the 50th wedding  
2 anniversary for somebody and it's down on the street, and I  
3 don't want to do it in the bar, I'd rather do it down here  
4 at this park in a pavilion, it's a nice day and all of a  
5 sudden it's like, well, there's a whole bunch of challenges  
6 doing that.

7           That is the intent of the bill. How we get there  
8 we appreciate your input.

9           MAJOR LUTZ: Thank you. Just a quick response.  
10 Obviously, we've also seen any time there is changes to the  
11 Liquor Code there's always a trickling down effect that  
12 occurs. And it seems that any other class of license is  
13 also affected by it.

14           But with that said, obviously you're trying to  
15 make a change here.

16           REP. PETRI: Major, you mentioned notification, how  
17 much advance notice would you like to receive; and how would  
18 you like to receive it? And, again, if this does become  
19 law, so that we know that we're making sure it's the right  
20 one.

21           MAJOR LUTZ: I would say that the very minimal, 40  
22 hours.

23           REP. PETRI: I would assume some of them with  
24 advance notice, that might be more than 40.

25           REP. PAYNE: Chairman Donatucci.

1           MR. CHAIRMAN: Thank you.

2           How much more manpower will you need?

3           MAJOR LUTZ: I appreciate that question, because I  
4           don't often get asked that in regards to changes that occur,  
5           and obviously becomes an issue for us.

6           In all honesty, first I'd like to get back to the  
7           full accomplishments, and I realize these are tough times  
8           and we all have tough economic times around the state, so  
9           you will pardon that and hopefully we will see improvement  
10          and do some hiring.

11          I don't know that I have a specific number, but I  
12          appreciate you helping to build up those.

13          MR. CHAIRMAN: I know that the Governor's office  
14          will want a number, eventually, you know, if we decide to  
15          replace, very sharply before the break, but maybe we can get  
16          an idea, you know, what the cost is.

17          I know -- I don't think we will sign something  
18          right now that will add, you know -- we would like to take  
19          it back to where you should be as soon as possible, but  
20          adding more work to your, you know, to your plate, I know  
21          the cost a month, but if we get an idea how many agents  
22          we're talking about.

23          MAJOR LUTZ: Thank you. And we'll start working on  
24          some numbers as soon as the legislature passes.

25          REP. COSTA: Anyone else?

1           Thank you. We appreciate it.

2           The next testifier is Ron Raymond, Government  
3   Affairs Manager, Crisci Associates, he will be speaking on  
4   behalf of the PA Tavern Association.

5           Mr. Chairman, great to see you.

6           MR. RAYMOND: Thank you, Chairman Donatucci and  
7   Chairman Taylor and Committee, as the former chairman of  
8   this Committee and Committee Members representing Committee  
9   O'Brien's district and all the members down at the end, it  
10   is a pleasure to be here.

11          And I'm going to do something that you all would  
12   do if you were in my position, dispense with reading my  
13   comments and just go to some comments.

14          What this bill is all about, and we worked with  
15   Rep. Payne from the perspective that the tavern owners and  
16   the restaurant association, you all understand as well as we  
17   do that the .08, the smoking ban gaining the casinos  
18   competition, what the clubs are able to do having gaming and  
19   smoking and all of that stuff has really put the restaurants  
20   and the taverns in a bad position in terms of being able to  
21   compete.

22          This bill is an effort to try to give the taverns  
23   and restaurants the ability to help meet that bottom line.

24          The tavern industry in PA employees over 200,000  
25   of your neighbors in jobs, an inner struggle, as you all

1 know, the restaurant folks are here to testify as well, will  
2 tell you that restaurant owners and the tavern owners are no  
3 longer just running their business, they're back working  
4 their business behind the bar, at the catering events, doing  
5 stuff that they were not doing up until this bad time hit.

6 Some of the things being mentioned in the bill, we  
7 thought that E License should be included as well.

8 And, of course, E License serve malt beverages and  
9 can serve wine and alcohol, we thought that they should be  
10 included as well.

11 Something else that we thought should be added to  
12 the bill, and some of the comments made by the LCB and also  
13 by us are right on point, that we think there should be  
14 mandatory RAMP training for all people who want to cater.

15 And part of the reason we think the catering by  
16 license establishments would be good, a lot of these people  
17 are trained, are professionals, they know what they're doing  
18 to start with.

19 If you've been to some of the events that I've  
20 been to, I'm sure that you have, they are catered events  
21 with a lot of alcohol and no control, and I hear from local  
22 police all the time the problems that they have.

23 You know that this would be a cleaner way of doing  
24 things. I don't disagree with that aspect of having a time  
25 frame of when you got to file your paperwork and exactly

1       where it's going to be and what you're going to do. That  
2       would be a great thing. So I think a lot of these things  
3       are good.

4               We have a couple of other things that we would  
5       like to bring up in respect of the Tavern Association with  
6       regards to things that would be helpful to our businesses  
7       right now. Happy hours.

8               Right now we have happy hours two hours a day,  
9       seven days a week.

10              We would like to propose that you might want to  
11       end this bill and take a look at allowing taverns to have  
12       the ability to flex their happy hours.

13              Say you have Monday night football, you want to  
14       have three hours of Monday night football instead of two  
15       hours on Tuesday. You could flex the hours. Still have 14  
16       hours of happy hour a week, but flex them around to best  
17       suit business. That would be a simple way of helping and  
18       giving us the ability to do a few things that we can't do  
19       now.

20              Another thing that we looked at, when you want to  
21       get extended hours license as a restaurant or tavern to sell  
22       food, you can do that, but at 2:30 you can only sell  
23       alcohol, but according to current law, you can't have  
24       entertainment going on.

25              If you have a band, people can't be dancing. If

1     you have any entertainment at all, you can't be having any  
2     entertainment, but you can continue to sell food. We think  
3     that should be looked at as well to give them the ability to  
4     have the entertainment continue, not so much -- I would like  
5     to see it extended to 3 a.m. for observing the taverns and  
6     restaurants. That's an issue for another day. It would  
7     allow the entertainment to continue on. It would be a nice  
8     thing.

9             As you can see, I've taken the opportunity here to  
10    throw a few things against the wall and see if it can stick,  
11    as well as the other folks.

12            You know, it's been awhile since I've had a  
13    microphone in my hand, so you have to forgive me for getting  
14    carried away.

15            One thing Major Lutz said, a couple things he said  
16    I think are very important for you to pay attention to is,  
17    that we tried to, over the years, Rep. Donatucci and I when  
18    we ran a committee together, his compliment is down, he's  
19    got the budget, has no ability to hire people because of the  
20    hiring freeze the Governor has on him and, you know, he  
21    could use the help.

22            And, secondly, which is often forgotten, the local  
23    police have the ability to enforce the liquor laws, and they  
24    often don't want to engage in enforcing the liquor laws,  
25    they don't want to be involved.



1           And, again, state police are the local police in  
2   half the state. So that's a little convoluted.

3           I would be remised if I didn't throw in, that in  
4   the small games of chance for taverns we have a provision in  
5   there to give one percent of the proceeds to the Liquor  
6   Control Enforcement, which we estimate would be about \$3  
7   million, that I suggest to you would give them another  
8   compliment to enforce these laws to do it in a very fair and  
9   good manner as he does with this small compliment that he  
10   has now. So we are considering those things. That would be  
11   another good way to go.

12           With that, I think I've used up my time that Rep.  
13   Costa told me that I have, so I'll be happy to answer any  
14   questions.

15           REP. COSTA: Thank you, Mr. Chairman.

16           You did mention earlier about the things that  
17   we've done to, not intentionally hurt the tavern situation,  
18   but they are, a lot of businesses.

19           Like you said, they're our neighbors, so I'm glad  
20   that Rep. Payne has come up with a bill that you guys are  
21   happy with. Hopefully this will help all the tavern owners,  
22   and help them survive certain times. And I'm glad that  
23   you're here, also.

24           Rep. Petri.

25           REP. PETRI: I'm going to pick your brain a little

1 bit, Mr. Chairman, and I've had some good conversations with  
2 you and you always had a lot of thought, you have the  
3 background so I'm going to push the envelope a little bit.  
4 This bill allows 12 licenses. When we start thinking about  
5 12 licenses, one of my concerns, maybe I shouldn't have this  
6 concern, but I would like your thoughts, a lot of different  
7 clubs, VFWs, fire companies, and we certainly want to see  
8 them succeed, but is it a good idea to allow club licenses  
9 of that type to be tempted to do off-premises catering for  
10 revenue enhancement?

11 And I say that because, I think that if I was  
12 consulted by a fire company as an attorney I would say,  
13 don't you dare stick your neck out that far. But I would  
14 like your thoughts. And do you have any ideas how we could  
15 do that?

16 The other thing I would -- I would suggest to the  
17 maker of the bill is, that we have a provision that the  
18 licensee is required to comply with local zoning.

19 The reason for that is, the question is going to  
20 be, who's the onus on to ensure that we don't have our  
21 township officials and borough managers angry with us when  
22 all these places pop up, and could a licensee frequently use  
23 the same off-premise facility in order to effectively  
24 initiate the zoning laws?

25 So, just two thoughts.

1           MR. RAYMOND: Well, from our perspective, we talked  
2   about R and H places, plus the E for a reason. A lot of  
3   clubs do have R Licenses and do participate. And if they  
4   had a valid liquor license that would be fine.

5           Of course without a liquor license they can't  
6   hardly sell alcohol, beer, anyway. So it's an interesting  
7   thing.

8           You know, one thing that I mentioned, I'm going to  
9   deviate a little bit, I mentioned the smoking ban. We  
10   wouldn't have a problem with the smoking ban if it was  
11   uniform across PA and everybody did not have smoking. We  
12   have a problem if there is all these exemptions for clubs  
13   and casinos and everybody else in the world, placing  
14   restaurants and us in a box, and it's unfair. And that's  
15   the uniformity thing.

16          But as far as clubs, you know, I think -- I always  
17   thought when I was chairman we had great discussions about  
18   the PA wineries, and I think that you should look at all the  
19   aspects just to see what you can do. We are one of the most  
20   closed states in the country for access to alcohol and how  
21   we deal with it. And we're, like, one of the last state  
22   controlled states there is. And I think that you need to  
23   look at all these aspects.

24          The bill is a great bill and has some great  
25   intentions and you come up with a whole bunch of good ideas

1       for amendments, and I think it is up to you to move forward  
2       with it.

3               And the clubs, some clubs struggle with complying  
4       with the law, small games law, you might want to ask Major  
5       Lutz about that. They don't comply with it, they only  
6       comply with the liquor law. I don't know. That's a good  
7       question. I'm not that well versed, so I don't really know.

8               REP. PETRI: Mr. Chairman, I don't know if you can  
9       answer this question, but what, and I guess Joe brought it  
10      up earlier, what constitutes a catered event?

11              So, for instance, if I have a tavern and I know  
12      that there is eight fields, can I say that I'm catering an  
13      event in the parking lot at Heinz Field, can I sell as much  
14      beer as I possibly can sell, or is this -- I mean, how do  
15      you prevent that from happening because, obviously, that  
16      can't be the intent?

17              MR. RAYMOND: I agree. I mean, you have to take a  
18      look at -- you have to craft the bill in such a way that  
19      specifies what you can and can't do.

20              We could be having Rep. Donatucci block parties in  
21      every section in his district, one a week with -- you know,  
22      by his local bar. I don't know. That's a good question.  
23      And that's something that really needs to be clarified.

24              And we do Eagle things out here. In Central PA  
25      where I now reside they do Steelers.

1           Like anything else in the Liquor Code, we're going  
2   to have people that take advantage of it and abuse it, and  
3   you're going to have people who don't. And it happens all  
4   the time.

5           Major Lutz, better than I, will be able to tell  
6   you about what goes on in some of these. You have to be  
7   careful and watch it. And you're really going to have to  
8   engage and get the local police involved in paying attention  
9   to this as well because, as I said, it's a lot of licensees  
10   have the ability at that point to do that.

11          REP. COSTA: Chairman Taylor.

12          REP. TAYLOR: Just to follow up front, that, Ron,  
13   and perhaps Ray and Pat can think about this before they  
14   testify, I would think, first of all, that we have to make  
15   sure that there's a customer for the catered event. I think  
16   that would be a natural.

17          But even with that, I mean, I said to Chairman  
18   Donatucci, I can picture some entrepreneurial licensees  
19   deciding that there is a permanent Knight's of Columbus that  
20   doesn't have a license, we're going to cater every single  
21   night down there and turn their license into three licenses.  
22   And we know that's not the intent of the bill. We have to  
23   make sure that there is something in that -- in that  
24   provision that ensures that.

25          So, maybe they can think of -- we know exactly the

1 events that you're talking about. We'd like to see that as  
2 part of this bill, we just have to make sure we don't  
3 multiply the license. And those very people could be  
4 troublesome as well.

5 MR. RAYMOND: Yeah. That brings to mind some of the  
6 special occasion permit problems that we dealt with in years  
7 past where some enterprising licensees were getting special  
8 permits for boys and girls clubs and utilizing Penn's  
9 Landing for big events, yeah. And you're right, we have to  
10 be careful of that.

11 But as much as there is some risk here, and the  
12 good for the industry for the taverns and the restaurants to  
13 be so big, especially in a bad economic time, it doesn't  
14 look like it's getting any better anytime soon, we'd  
15 appreciate your consideration.

16 REP. COSTA: Anybody else?

17 Mr. Chairman, thank you very much for testifying.

18 As a member of the House, I went through a lot and  
19 asked your advice on liquor. It's nice that we could  
20 continue that relationship.

21 Thank you very much.

22 MR. RAYMOND: Anytime. I'm glad to help. Thank  
23 you.

24 REP. COSTA: Next on our agenda are the PA  
25 Restaurant Association. We have Patrick Conway, who's

1 president and CEO, and Ray Hottenstein, the owner of the  
2 Olde Greenfield Inn in Lancaster. He is also chair of the  
3 PRA Alcohol Service Committee.

4 Thank you, gentlemen. Whoever speaks, just make  
5 sure you let the stenographer know.

6 MR. CONWAY: Good morning; thank you. With me, of  
7 course, is Ray Hottenstein, who you will be hearing from in  
8 just a moment.

9 I would like to thank the Committee, certainly  
10 Chairman Donatucci and Taylor, for the opportunity, and  
11 thank the Members of the House Liquor Control Committee as  
12 well, Chairman Payne and Chairman Costa, and sponsor of the  
13 bill, John Payne, we appreciate your help and all of the  
14 co-sponsors who lent their names and support of the  
15 legislation.

16 My name is Patrick Conway, and I'm speaking today  
17 on behalf of the PA Restaurant Association.

18 Our association represents 7000 restaurant  
19 locations across the Commonwealth of PA.

20 Many of these members have made a substantial  
21 investment in liquor licenses, and House Bill 2612 will help  
22 these licensees and their patrons. And we're very pleased  
23 to speak in support of the bill today.

24 Restaurants have a significant economic impact in  
25 PA. Not everybody thinks about it that way. We talk a lot

1     about agriculture and health care, but as someone pointed  
2     out earlier, restaurants and taverns are on every corner  
3     across the Commonwealth.

4             The economic engine that we represent drives the  
5     total employment impact of over 470,000 jobs in PA.

6             2010, eating and drinking place sales are expected  
7     to exceed \$16.2 billion. And each one million in sales in  
8     PA eating and drinking establishments provides for over 43  
9     new jobs.

10            In addition, nine out of ten restaurants are  
11    involved in charitable and philanthropic activities that  
12    improve the quality of life in our neighborhoods.

13            Restaurants also operate on slim profit margins.  
14    As Ron said earlier, times have been very difficult. Even  
15    in good days, good times, they average four percent in terms  
16    of their net profit. And many of them are fighting to keep  
17    their doors open in these tough economic times, and others  
18    have been forced to close their doors.

19            In an industry where profit margins are lower than  
20    others, rising costs and economic pressures are especially  
21    challenging to restaurants.

22            House Bill 2612 will help PA's eating and drinking  
23    establishments by amending the liquor code to allow  
24    licensees to sell up to two bottles of wine to their patrons  
25    as long as the bottles remain sealed.



1           The bill will also allow licensees to hold a  
2 catered event off premise where bar service is offered in  
3 conjunction with a meal like we talked about this morning.

4           These initiatives contained in House Bill 2612  
5 will be an important lifeline to our industry at a very  
6 difficult time.

7           Allowing licensees to sell up to two bottles of  
8 wine for their patrons to take home is not only good for  
9 licensees, it also represents an opportunity for restaurants  
10 to offer their customers a wonderful convenience, the  
11 ability to purchase a bottle of wine to take home after they  
12 have enjoyed that wine with their meal in the restaurant,  
13 allowing licensees to sell up to two sealed bottles of wine  
14 for the expected generated State Store sales as well,  
15 because the products sold in licensed establishments have  
16 been bought from the PLCB.

17           Allowing licensees to hold a catered event off  
18 premise is a positive step for licensees, and it's good for  
19 charitable organizations and other groups who benefit from  
20 working with trained staff of a responsible licensees.

21           We have seen increased concerns in recent years,  
22 which has been eluded to this morning, with the  
23 proliferation of special occasion permits.

24           Using licensees to cater bar and food service off  
25 premise will ensure that special events are well-managed by

1 professionals who know how to serve alcohol safely, while  
2 helping licensees economically and providing charitable  
3 groups a one-stop shop and trained, insured and professional  
4 event staffing.

5 The forward-thinking initiatives in this bill will  
6 help our industry at a critical time, and will also enhance  
7 the dining experience and satisfaction of the consumer  
8 public, both at licensed eating and drinking establishments  
9 and at off-premise catered event.

10 We respectfully ask you to support House Bill  
11 2612.

12 Thanks again for the opportunity to testify, and  
13 at this time I will turn it over to Ray.

14 REP. COSTA: Thank you.

15 MR. HOTTENSTEIN: Thank you, everyone, and thank you  
16 for this opportunity.

17 My head is swimming, I really thought that this  
18 was a slam dunk. It makes so much sense to me.

19 And, you know, Major Lutz, I can't wait to sit and  
20 talk to you because, some of the things that they brought up  
21 are, you know, I just don't think of those things. I don't  
22 hang with or get involved with irresponsible licensees, you  
23 know, I think they should be purged from the system. And I  
24 know that's easy to say with everyone having their rights to  
25 do almost what they want to do today.

1           But, be that as it may, I'm very excited about  
2   this opportunity because of the way that it presents itself  
3   to us, the licensees, who are -- we really are struggling.  
4   I'm not here to cry and sob about this because I'm still  
5   making a living, but I'm working harder than I had worked in  
6   ten years.

7           I'm 64 years old, thought that I was close to the  
8   retirement age, and honestly, I'm not. And it's great  
9   because I wake up every day looking forward to coming to  
10  work.

11          Now, being that said, I'm going to go and read  
12  mine. I wish I was as quick on my feet as Ron, but I have  
13  to read what I wrote down.

14          I want to, again, say thank you very much to  
15  Chairman Donatucci and Members of the Committee, and thank  
16  you for the opportunity to submit this testimony today. I  
17  thank Rep. John Payne for introducing it as well as the  
18  other 14 members that co-sponsored this positive initiative  
19  forum.

20          I've been a long time licensee, 37 years, and  
21  without a violation. And I'll knock on wood on that. And I  
22  try hard to do my clean operation and a restaurateur in  
23  Lancaster County. I operate a fine dining establishment in  
24  Lancaster, along with my wife Sue and my daughter Christin.  
25  And we have 55 employees that we work hard to keep busy

1 every day.

2 I am the past president of PA Restaurant  
3 Association and the current chairman of the Alcohol  
4 Committee that -- for this organization, and have been doing  
5 this for over 15 years.

6 House Bill 2612 is an important change to the  
7 code, that the change has come at a time when there are less  
8 customers entering our establishments and lowering our  
9 expectations of profits and, thereby, costing jobs  
10 throughout the Commonwealth.

11 The fact that we could add to our income by  
12 selling two bottles of wine to our customers is and could be  
13 a huge win for both us and the PLCB.

14 I've always envisioned being able to put together  
15 a nice basket, shrink wrapped, sit out front of my  
16 operation, you know, and sell products that really are  
17 sitting on my -- down in my wine cellar for way too long.  
18 Especially now when I'm sitting with a lot of \$150 bottles  
19 of wines that I can't sell. And I would be more than happy  
20 to reduce those prices down to where I could just get my  
21 little marginal money and move it out of my system. And  
22 it's becoming more and more a problem for us as the customer  
23 moves down the market place.

24 I'm constantly on my daughter, who is the wine  
25 person in my operation, and trying to make sure that she

1 moves in that direction, and seems to be doing a good job at  
2 it.

3 We do ten wine dinners a year. I can't even -- I  
4 have 45 to 50 people at each of these wine dinners. I can't  
5 sell the leftover product to my customers.

6 I mean, this is America. Why wouldn't I be able  
7 to sell two bottles of wine to a customer that just had a  
8 taste of a product that I had to buy through the PLCB? It  
9 makes sense, it makes perfect business sense that I'm able  
10 to do this.

11 Am I going to get my normal mark up at  
12 traditional, in Lancaster we only mark them up ten percent,  
13 but -- and I thought that I would get a joke out of that,  
14 but a lot think I'm serious. Thank you for your sincerity.  
15 But I would not mark it up, I'd mark it to move it. And  
16 that would be a great idea for us to be able to sell those  
17 two bottles of wine.

18 Simply, again, I say, it makes good business  
19 sense. It is a win for everybody, the State, the LCB, the  
20 licensee.

21 Another part of my business is off-premise  
22 catering. I've developed a part of this business as an  
23 event to diversify. And now that there is a downturn in  
24 business, I'm happy that I did.

25 And I think the PLCB would attest that there's

1     been increasing problem in the special occasion permit over  
2     the years. And every non-profit needs to raise money in  
3     some way and is looking for a licensee in an attempt to fill  
4     this need.

5             The cost measure alone at introducing legislation  
6     could be viewed as another benefit in allowing us to partner  
7     with those groups for fundraisers for events.

8             Think about the time that it takes you guys and  
9     girls up there to offer written language for an amendment,  
10    or to an amendment that's already been written for a license  
11    to provide alcoholic beverages. And I wish I cut out some  
12    of the wording that I see over the years.

13            And the one that always sticks out in my mind is  
14    special opportunity -- special license for equines -- equine  
15    centers established prior to 19 -- or December 29th, 1947,  
16    for the betterment and fair and balance treatment of equine.

17            I just -- this is a great opportunity. You  
18    wouldn't need to waste your time doing this. We would  
19    simply apply for a license to partner with this  
20    organization, and for one time a year they have their event,  
21    we could come in and partner with them. They would make  
22    money on the alcohol; we would make money on the alcohol.  
23    It works. It makes sense.

24            There are some problems that we have to overcome,  
25    but I'm convinced after speaking very briefly with the

1 major, that it's not a difficult thing for us to do to  
2 correct.

3 Over the years I've passed over many off-premise  
4 events with non-profits that were not able to secure proper  
5 licensing. This was lost business for me, and I lost it to  
6 others that didn't either, they didn't understand or were  
7 indifferent to the Liquor Code.

8 In the last 16 months, I'm going to be honest with  
9 you, things have changed, and I've been forced to do things  
10 that I have never done before because of the economy. I  
11 look at these things a lot differently, and I consider my  
12 business and my employees first, even though that there may  
13 be a chance that part of this could be viewed as an illegal  
14 practice of serving alcohol in an unlicensed premise.

15 And I attached a copy here, I don't know if we  
16 decided to put it in or not, I didn't want to drop a dime on  
17 anybody, but there is an example, they're wonderful people  
18 trying to make a living, they're trying to pay for a new  
19 roof, but they're admitting in writing via newspapers that  
20 they're selling alcohol and they're including it in the  
21 price of their ticket. This is a liquor law violation.

22 If they're doing these things so, I don't want to  
23 say stupidly because that's not -- with ignorance, then what  
24 are they going to do when they go to sell the product?

25 This is where we come in, because we have the

1 staff, I like the RAMP idea, I think that's a great idea  
2 since -- of course we all have that, and you have the  
3 insurance, you have the knowledge and we're able to do this  
4 in a moments notice.

5 I think that 30 days is not, to answer a question  
6 to the major, I don't know of an event that is not scheduled  
7 30 days out where you couldn't, you know, easily submit the  
8 form to the LCB saying that our partner is on the division.

9 I think that's about all I have to say. I  
10 wouldn't want to say -- again, I appreciate the opportunity  
11 to submit my thoughts for this bill, and I hope that you  
12 understand the plight and the concerns of the PA licensee.

13 The bill would allow us the extra income to bring  
14 in to increase the possibility of staying in business.

15 If you have any questions, I'd be -- I'd love to  
16 try to offer -- or have the opportunity to answer them for  
17 you.

18 Thank you.

19 REP. COSTA: Thank you, Ray; thank you, Pat.

20 Ray, you hit the nail on the head in the beginning  
21 of your testimony when you said there's items that come up  
22 that we don't think about, that's why it's so important, and  
23 I can't thank Chairman Donatucci and Chairman Taylor for  
24 allowing us to have this opportunity to bring all of you in  
25 and to have input in this bill so that, you know, we do,



1       again, if it doesn't become law, but we addressed all the  
2       issues that are out there.

3               So, again, Chairman Donatucci and Chairman Taylor,  
4       thank you so much for allowing us to do this.

5               MR. HOTTENSTEIN:  If I could just say one thing, you  
6       know, I do know a full opera house, any number of banks,  
7       they don't want to be involved in this.

8               They -- and of course in your case, that's a  
9       corporate customer, and they want to do it in their own  
10      bank.  They want to bring their customers in once a year or  
11      maybe every other quarter as a celebration.  They want to do  
12      it in this building right here, and it becomes a problem for  
13      them to do this.

14              And Lancaster General Hospital, I do probably four  
15      or five a year, and I see this as an opportunity to make  
16      everybody legal, and, also, to make everybody whole.

17              And, quite frankly, we could all make a living at  
18      it.

19              So, it's a great opportunity.

20              REP. COSTA:  Thank you, Ray, Pat.

21              Chairman Donatucci and I were probably the only  
22      ones at this table that were around during one of the great  
23      over reaches of our time when towns decided that they could  
24      play blackjack, was, sort of, like, the great example of the  
25      unattended consequences of any bill.  And our job will be to

1 clear that up in the event that we create something that's  
2 misused.

3 I know that's unfair to legitimate businessmen,  
4 but it's actually our job, so...

5 Ray, and I think just from talking to you  
6 privately and hearing you today, I, kind of, understand your  
7 business and it's that type of business that's going to be  
8 doing these events.

9 Give me an example, if you could, on how many  
10 times you think that you could use this in the event that  
11 this was law, the off premise.

12 MR. HOTTENSTEIN: I don't see this as a way of  
13 reception, I don't see this -- I just don't see a father of  
14 the bride coming to me and saying, look, I want to have my  
15 reception at Lime Spring Farm, it's a lovely venue in  
16 Lancaster County, under a big tent.

17 What they do there is what we do, they buy the  
18 bottle and then bring it to the location and then we take it  
19 from there.

20 The problem there is, quite frankly, there is no  
21 control, because they get furious with you when we say, no,  
22 this is it. You're done. We don't think it happens a lot,  
23 but it does happen on occasion. But we don't have total  
24 control of that product, because the father of the groom or  
25 the bride comes up and says, look, that's my wine, and I say

1 we continue service to the customers.

2 But to answer your question, I probably do about  
3 25 -- maybe 25 -- I probably do 25 events a year like this  
4 where -- I'm just trying to think, next week I have a bank,  
5 and it's beer and wine, and it's a three-hour reception,  
6 maybe consume for an hour and a half, two hours.

7 And that's the type of event that I think I see  
8 it.

9 I think the concern is, and I never thought about  
10 this is, that, you're right, it could be set up on some  
11 corner, someplace in a building somewhere. There has to be  
12 some way to control that part of it. That it's not an  
13 actual -- maybe it would be a wedding reception or a bank  
14 reception or a hospital fundraiser, that sort of thing.

15 I probably have maybe six or seven remaining  
16 between now and the end of the year.

17 REP. COSTA: We just have to get a list of variables  
18 that would include exactly the type of events that you're  
19 talking about.

20 I don't think that it would be privy to almost  
21 list those, that licensee would have to comply with these  
22 elements to prevent the very thing that I can certainly  
23 foresee, first of all, being the customer, you have to be  
24 the customer again, not the public in general, it would be  
25 somebody bringing you there for the event.

1           So -- but I think there is quite a few more  
2     provisions that would be necessary. I hate to think of a  
3     limit because, even if we used your 25, somebody that was  
4     not -- was looking to bypass the law could use 25 and be  
5     more than -- he would want it if they're not a legitimate  
6     licensee.

7           MR. HOTTENSTEIN: Well, 25 may be -- that's the  
8     outside, you know. I'm aggressive, I'm always trying to  
9     stay alive, but I don't see it privately. I don't see it  
10    --- I don't see you coming to me with your daughter's  
11    wedding reception and you utilize my service which I  
12    provide. But I see the benefits.

13           A lot of times the person will go out and get an  
14    expensive venue, and then they'll, instead of spending a lot  
15    of money, extra money on the product itself because of the  
16    markups and they have to be there, they buy that product at  
17    the State Store for retail and they deliver it.

18           So, you know, they save a nice chunk of change  
19    there and apply that to other parts of that event.

20           But I do see it -- I have one coming up -- I have  
21    one coming up and I don't want to drop a dime on these  
22    folks, but there is a group in our town, Lancaster County,  
23    that get --

24           REP. COSTA: Major Lutz is taking notes.

25           MR. HOTTENSTEIN: -- special events.

1           No. I know him. He's a straight guy, he wouldn't  
2   use this. This is such a small thing on his plate.

3           And they have five -- they have five, is it, five  
4   maximum special events, five -- okay, six, they rent that  
5   out. They rent that out.

6           And when you follow the special occasion permit,  
7   you can't have anybody else but the people that are involved  
8   in your organization actually handling the product. That's  
9   not the way they operate at all.

10          They handle the money, but they -- and then they  
11   bring the product.

12          And I'll never forget, four or five years ago I  
13   walked up and I was looking at the stuff and it was from  
14   Maryland. And I said to the girls, what is this for? We go  
15   to Maryland to buy our bottles.

16          Now, this is a person who gets a special occasion  
17   permit.

18          So, you know --

19          REP. COSTA: Joe would tell you that it is actually  
20   cheaper to buy here in PA.

21          MR. HOTTENSTEIN: Well, we would all tell you that,  
22   but the problem is, that there is problems on all sides,  
23   whether it's on our side or whatever side it is, it's just  
24   how you attempt to regulate.

25          REP. PETRI: Just a couple of thoughts and maybe

1     some questions to get your perspective, this is an important  
2     part of the process, to understand how the different  
3     licensees get around.

4             Obviously, we got to define, and you can comment  
5     on any of these, I think that we got to define catering  
6     generally.

7             I was, and I would simply be okay with this, I was  
8     thinking that we should have a provision, no event in a  
9     public place. Now, no event at a public place.

10            In other words, you can't go out on the lawn out  
11    here, pitch a tent, comply with local zoning, obviously we  
12    have the right to make sure licensees, who gets it, who  
13    doesn't, consent of an owner or attempt if applicable. You  
14    got to have consent of a person you're doing business with.  
15    It seems logical, but that tends to take care of your  
16    Pittsburgh Steeler.

17            I said the Steelers are not going to allow  
18    somebody to use the parking lot and just pitch a tent and  
19    serve someone beer. RAMP training, I think, is essential,  
20    that's a given.

21            One of the things that you really intrigued me on  
22    is, I see it as very problematic, is special occasion  
23    permits.

24            Now, I don't fault any of my colleagues, they're  
25    just helping their local charitable organization, but, for

1 instance, I think I recall I voted against the special  
2 occasion permit for this facility, for this facility to do  
3 fundraisers, but I felt that they could go to private  
4 business. And that was a smarter vote.

5 Now, I'm not on their board of directors or  
6 trustees, but I thought that would be a smarter vote.

7 So, this bill solves that problem; doesn't it?

8 But I would like to hear from the special occasion  
9 permittees that we currently have to see, because my  
10 contemplation would be to actually eliminate that whole  
11 section, and I would want to hear from the state police as  
12 to whether they think that is a good thing or a bad thing,  
13 because I think there is enough holes in that special  
14 occasion permit process that certainly Chairman Taylor and  
15 former Rep. George Kenny certainly discovered that opened my  
16 eyes to. You could drive trucks through some of those holes  
17 as to who can do it, who can't, and it creates an  
18 administrative nightmare for our poor LCs.

19 So, this bill actually could have -- could solve  
20 that problem if they're okay with sharing some of the profit  
21 with a current licensee.

22 MR. HOTTENSTEIN: And their profits aren't as great  
23 as what they think they are because, whenever I get involved  
24 with one of these, I look at, when I'm packing up and I'm  
25 looking over here at this 26 cases of alcohol and spirits, 5

1 cases of this and a couple of cases of beer and I'm  
2 thinking, what are you going to do with this? What are you  
3 going to do with this product?

4 And, so, their profits are gone.

5 And I don't see that to me, and they will probably  
6 ask the board of directors again, but what I see, I see it  
7 as a way of directing a problem that they all have.

8 Honestly, if you talk to any of their attorneys,  
9 their attorneys don't even like doing this. They would  
10 rather have the liability come on someone else.

11 And there is another, I think should be required,  
12 I think that you should have a requirement that you should  
13 have insurance for that.

14 REP. PETRI: The last thing, I thought that you made  
15 an excellent point about the control aspect, the aspect of,  
16 I'm the host and I'm doing a charitable event and I don't  
17 want to cut the big donor off and say, I'm sorry, sir, you  
18 had too much. But you could do that. You could do that.  
19 You would be required to.

20 MR. HOTTENSTEIN: Yes.

21 REP. PETRI: Or hire a cab or whatever.

22 MR. HOTTENSTEIN: And, now, what they -- they don't  
23 consider us and, frankly, it doesn't connect with my  
24 license, the insurance, the liability carrier where, if I  
25 was serving somebody, I wouldn't be able to be violated as a



1       licensee, but as an individual serving somebody that is  
2       intoxicated.

3               And we are a very -- I'm here to tell you, we are  
4       very strict on that.

5               REP. COSTA:   Chairman Donatucci.

6               MR. CHAIRMAN:   Good morning, Ray.

7               You said that you do 25 events right now off  
8       premise, or did I misunderstand you?

9               MR. HOTTENSTEIN:   I do about 45 events a year with  
10       non-profits.   And I think I'll connect corporates and  
11       non-profits.

12              MR. CHAIRMAN:   Okay.   If this Committee worked out  
13       the details of the problem with this piece of legislation,  
14       what kind of increase do you see your restaurant do if this  
15       legislation passed?

16              MR. HOTTENSTEIN:   That's a good question.   I don't  
17       know that I want to say increase, it will put my foot in the  
18       door.   I already have my foot in the door anyway, which  
19       everybody in my area knows me, everybody is familiar with  
20       how we operate and the fact that I have a license gives me  
21       the opportunity to, you know, have that foot in the door  
22       with somebody who wants to do this, because they want to  
23       rely on somebody who knows what they're doing.

24              A lot of them have experience, but a lot of times  
25       a caterer, not a licensed caterer, will get service from

1       somebody else. And the non-licensed caterer has less  
2       control.

3               But, to answer your question, I couldn't give you  
4       a number on that. I'm sure it would help my business, there  
5       is no doubt about that.

6               MR. CHAIRMAN: Thank you.

7               REP. COSTA: Any other questions? Rep. Payne.

8               REP. PAYNE: Thank you, Rep.

9               I'd like to close by thanking Chairman Taylor and  
10       Chairman Donatucci, again, for allowing Paul and I to  
11       actually have two hearings this summer, which both have been  
12       very informative.

13              We have held one in Hershey, and that was just an  
14       eye opener for a lot of members. And I think this one down  
15       here has been tremendous.

16              I'd like to, kind of, push back both the taverns  
17       and the restaurant associations, and as Chairman Raymond  
18       said, look, you've heard the comments today, you know what  
19       the issues are, come up with some solutions to some of the  
20       challenges that we had today, come back to Paul and I so  
21       that we could look at the ones on this amendment and try to  
22       clean the legislation up rather than -- and clearly Chairman  
23       Raymond knows and so does Senator Conway, the last thing  
24       that you want to do is get a bill on there and start  
25       Christmas treeing the bill. Then you mine as well just

1 forget it, the bill is never going to move.

2 So, I think it's better to get one amendment and  
3 try to get everybody on board.

4 There were excellent comments today on what the  
5 challenges are, but I never want to lose track or face of  
6 where we're trying to go, what we're trying to do, which is  
7 help the restaurants and the taverns.

8 Certainly we've done enough to hurt them, it's  
9 time for us to step up to the plate and try to help them  
10 out.

11 With that, I'd like to personally thank your  
12 attendance and turn it back over to Paul.

13 REP. COSTA: Thank you, Mr. Chairman.

14 And, again, I want to thank all the testifiers  
15 today. It's been, I think, very informative and very  
16 helpful. I want to thank Chairman Taylor and Chairman  
17 Donatucci for allowing us to get you all together. And it  
18 wouldn't happen without our staff doing all this, so I want  
19 to thank Lynn, Marsha and Andrew for doing all this work and  
20 getting us all here.

21 So, with that, I'll turn it back over to Chairman  
22 Donatucci.

23 MR. CHAIRMAN: Thank you. If there is no other  
24 business, this hearing is adjourned.

25 (The hearing concluded at 10:46 a.m.)

## C E R T I F I C A T E

I hereby certify that the proceedings and evidence  
are contained fully and accurately in the notes taken by me  
on the within proceedings and that this is a correct  
transcript of the same.

Renée Helmar