

SENATE APPROPRIATIONS COMMITTEE FISCAL NOTE

BILL NO. House Bill 829

PRINTER NO. 3426

AMOUNT

See Fiscal Impact

FUND

State Stores Fund

DATE INTRODUCED

April 4, 2023

PRIME SPONSOR

Representative Gergely

DESCRIPTION

House Bill 829 amends the Liquor Code providing for omnibus changes in Pennsylvania liquor stores; in licenses, regulations and liquor; alcohol, malt and brewed beverages; and in distilleries, wineries, bonded warehouses, bailees for hire and transporters for hire.

This legislation amends Section 102 (Definitions) changing the definition of "eligible entity" to allow canine-assisted organizations to obtain special occasion permits.

The bill amends Section 305 (Sales by Pennsylvania Liquor Stores) to require the Pennsylvania Liquor Control Board (PLCB) to establish a program under which wholesale licensees are provided a discount if a licensee picks up its purchases at PLCB specified locations, including a PLCB warehouse. The PLCB may set whatever parameters that it deems appropriate, including discount amounts and minimum purchase requirements. This enables the PLCB to restore the backhaul program, which was last available in 2021.

The bill amends Section 406 (Sales by Liquor Licensees; Restrictions) to increase the limitation on happy hours from 14 hours per week to 24 hours per week. Discounts may include food and drink combination specials of no more than two combinations on any day. A subsection is added to allow the price and sale of a self-sponsored event ticket to include a maximum of two alcoholic beverages.

Section 411 (Interlocking Business Prohibited) is amended to clarify that nothing in the section shall prohibit a person who has an ownership interest in a manufacturer from being employed by an entity that holds a liquor license, as long as the person is not employed as the manager or as alcohol service personnel.

The legislation amends Section 417 (Extension of Licensed Service Area and Issuance of Off-premises Catering Permits) to make permanent the outdoor dining provisions enacted by Act 81 of 2021 in response to the COVID-19 pandemic, which are currently set to expire by on December 31, 2024.

Section 431 (Malt and Brewed Beverages Manufacturers', Distributors' and Importing Distributors' Licenses) to clarify that a non-alcoholic malt or brewed beverage shall include a beverage that had the alcohol content reduced below 0.5% later in production, irrespective of whether it initially had a higher percentage.

SENATE APPROPRIATIONS COMMITTEE

FISCAL NOTE

Section 443 (Interlocking Business Prohibited) is amended to provide that nothing in the section shall preclude an importing distributor or distributor from selling or renting items to other licensees at fair market value as otherwise authorized by law.

The bill amends Section 446.1 (Pennsylvania Malt and Brewed Beverages Industry Promotion Board) to move the Pennsylvania Malt and Brewed Beverages Industry Promotion Board from the PLCB to the Department of Agriculture.

The legislation amends Section 474.1 (Surrender of Restaurant, Eating Place Retail Dispenser, Hotel, Importing Distributor and Distributor License for Benefit of Licensee) to provide clubs an additional year of safekeeping for a fee of \$1,000 or \$5,000 depending on the size of the licensee county.

Section 488.1 (Pennsylvania Wine Marketing and Research Board) is amended to move the Pennsylvania Wine Marketing and Research Program Board from the PLCB to the Department of Agriculture.

This bill amends Section 492 (Unlawful Acts Relative to Malt or Brewed Beverages and Licensees) and Section 493 (Unlawful Acts Relative to Liquor, Malt and Brewed Beverages and Licensees) to allow distributors and importing distributors to rent equipment and supplies necessary to dispense draft beer.

The legislation amends Section 492.1 (Hours of Operation Relative to Manufacturers, Importing Distributors and Distributors) to allow manufacturers to operate extended hours on New Year's Eve and one other day with a permit.

Section 493 is further amended to increase the point of sale advertising cap from \$300 to \$750 for retail licensees. Additionally, a distributor or importing distributor may offer and advertise quantity discounts for the purchase of malt or brewed beverages. A manufacturer or licensee of the board may provide a trade buyer with point-of-sale advertising for liquor or malt or brewed beverages being sold. A limited winery may offer discounted pricing on products to non-licensees. The section is also amended to prohibit licensees from placing beer, malt beverages or wine directly next to non-alcoholic beverages containing the same or similar brand name or logo.

The bill amends Section 499 (Premises to be Vacated by Patrons) to remove the six-day limitation for a club extended hours food permit.

The legislation amends Section 505.4 (Limited Distilleries and Distilleries) to allow limited distilleries and distilleries to operate extended hours on New Year's Eve and one other day with a permit.

The new Section 505.5 (Pennsylvania Distilled Spirits Industry Promotion Board) is added to establish the Pennsylvania Distilled Spirits Industry Promotion Board. The board shall consist of one member appointed by the Governor and four members appointed by the General Assembly. Each member must be a resident of the Commonwealth and have expertise or experience in the distilling industry. The board shall make recommendations to the Secretary of Agriculture for grant awards.

This act shall take effect in 60 days.

SENATE APPROPRIATIONS COMMITTEE

FISCAL NOTE

FISCAL IMPACT:

According to information provided by the PLCB, the provisions of House Bill 829 impact Commonwealth funds in various ways.

Including a non-profit specializing in canine activities to the eligible entity definition for a special occasion permit may result in additional permits in the amount of \$30 being issued in the Commonwealth.

The backhaul credit was last utilized in 2021, with a total discount of \$1,513,009. Restoring the credit will result in a similar annual cost to the PLCB.

House Bill 829 will allow a club licensee to extend safekeeping for one extra year if an application and fee is paid. Over the last two years, 21 club licensees had safekeeping expire. Based on the language and assuming all expired licensees were in a 1st through 4th class county and all paid the extension fee, the PLCB will realize an additional \$105,000 in revenue over a two-year period.

The bill makes Act 81 of 2021 outdoor seating changes permanent. In 2022, 440 licensees were approved for a Temporary Outdoor Extension of Premises. In 2023, 318 licensees were approved for the extensions. With the reinstatement of the \$220 application fee, the PLCB expects to realize additional revenue ranging from \$44,000 to \$55,000.

The legislation provides for extended hours permits for breweries and distilleries. There are 639 licensed breweries that are either active or in safekeeping and 251 licensed distilleries that could pay the extended hours permit fee. Assuming that each of these licensees pay the permit fee, this legislation could result in up to \$44,500 in additional revenue.

The change to section 499 allows clubs to use an extended hours food permit all year instead of the current limit of six days. An extended hours food permit allows the holder to stay open for food service between 3:00am to 7:00am. Additional applicants would pay the fee for the permit of \$50. Currently, there are only three clubs with the permit.

The establishment of the Pennsylvania Distilled Spirits Industry Promotion Board will cost the PLCB \$1 million per year for the purpose of awarding grants.

The other provisions of House Bill 829 are expected to have no impact on Commonwealth funds.