AMENDMENTS TO HOUSE BILL NO. 189

Sponsor: SENATOR BREWSTER

Printer's No. 1851

Amend Bill, page 1, lines 1 through 27, by striking out all 1

2 of said lines and inserting

3 Amending the act of April 12, 1951 (P.L.90, No.21), entitled, as 4 reenacted, "An act relating to alcoholic liquors, alcohol and 5 malt and brewed beverages; amending, revising, consolidating 6 and changing the laws relating thereto; regulating and 7 restricting the manufacture, purchase, sale, possession, 8 consumption, importation, transportation, furnishing, holding 9 in bond, holding in storage, traffic in and use of alcoholic liquors, alcohol and malt and brewed beverages and the 10 persons engaged or employed therein; defining the powers and 11 12 duties of the Pennsylvania Liquor Control Board; providing 13 for the establishment and operation of State liquor stores, 14 for the payment of certain license fees to the respective 15 municipalities and townships, for the abatement of certain 16 nuisances and, in certain cases, for search and seizure 17 without warrant; prescribing penalties and forfeitures; 18 providing for local option, and repealing existing laws," in 19 preliminary provisions, further providing for definitions; in 20 Pennsylvania Liquor Control Board, further providing for 21 general powers of board; in Pennsylvania Liquor Stores, 22 further providing for board to establish State liquor stores, 23 for when sales may be made at Pennsylvania Liquor Stores and 24 for sales by Pennsylvania Liquor Stores; and, in licenses and 2.5 regulations and liquor and alcohol and malt and brewed 26 beverages, further providing for authority to issue liquor 27 licenses to hotels, restaurants and clubs, for sale of malt 28 or brewed beverages by liquor licensees, for malt and brewed 29 beverages manufacturers', distributors' and importing 30 distributors' licenses, for distributors' and importing distributors' restrictions on sales, storage, etc., for 31 32 retail dispensers' restrictions on purchases and sales and 33 for renewal of licenses and temporary provisions for 34 licensees in armed service, providing for license auction and 35 further providing for revocation and suspension of licenses 36 and fines and for shipment of wine into Commonwealth, 37 providing for direct shipment of wine and for unlawful acts 38 relative to liquor, malt and brewed beverages and licensees

- and for premises to be vacated by patrons.
- 2 Amend Bill, page 2, lines 2 through 30; pages 3 through 18,
- 3 lines 1 through 30; page 19, lines 1 through 16; by striking out
- 4 all of said lines on said pages and inserting

5 Section 1. The definitions of "distributor," "holiday,"
6 "importing distributor" and "retail dispenser" in section 102 of
7 the act of April 12, 1951 (P.L.90, No.21), known as the Liquor
8 Code, reenacted and amended June 29, 1987 (P.L.32, No.14) and
9 amended or added May 31, 1996 (P.L.312, No.49) and December 8,
10 2004 (P.L.1810, No.239), are amended to read:

Section 102. Definitions.—The following words or phrases, unless the context clearly indicates otherwise, shall have the meanings ascribed to them in this section:

* * *

 "Distributor" shall mean any person licensed by the board to engage in the purchase only from Pennsylvania manufacturers and from importing distributors and the resale of malt or brewed beverages, except to importing distributors and distributors, in the original sealed containers as prepared for the market by the manufacturer at the place of manufacture, but not for consumption on the premises where sold, and in quantities of not less than a case or original containers containing one hundred twenty-eight ounces or more, or as provided in section 431(g), which may be sold separately.

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"Holiday" shall mean the first day of January, commonly known as New Year's Day; [the third Monday of January, known as Dr. Martin Luther King, Jr., Day; the third Monday in February, known as Presidents' Day; the last Monday in May, known as Memorial Day;] the fourth day of July, known as Independence Day; [the first Monday of September, known as Labor Day;] the fourth Thursday in November, known as Thanksgiving Day; and the twenty-fifth day of December, known as Christmas Day.

* * *

"Importing distributor" shall mean any person licensed by the board to engage in the purchase from manufacturers and other persons located outside this Commonwealth and from persons licensed as manufacturers of malt or brewed beverages and importing distributors under this act, and the resale of malt or brewed beverages in the original sealed containers as prepared for the market by the manufacturer at the place of manufacture, but not for consumption on the premises where sold, and in quantities of not less than a case or original containers containing one hundred twenty-eight ounces or more, or as provided in section 431(g), which may be sold separately.

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"Retail dispenser" shall mean any person licensed to engage in the retail sale of malt or brewed beverages for consumption on the premises of such licensee, with the privilege of selling malt or brewed beverages in quantities not in excess of [one hundred ninety-two fluid ounces in a single sale to one person] three hundred eighty-four ounces in not more than twenty-four original containers in a single sale to one person as provided in section 407, provided the licensee may not sell a package as prepared for sale or distribution by the manufacturer containing more than twelve containers, to be carried from the premises by the purchaser thereof.

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Section 2. Section 207(a) and (b) of the act, amended November 30, 2004 (P.L.1727, No.221) and December 8, 2004 (P.L.1810, No.239), are amended and the section is amended by adding subsections to read:

Section 207. General Powers of Board.--Under this act, the board shall have the power and its duty shall be:

- (a) To buy, import or have in its possession for sale and sell liquor, alcohol, corkscrews, wine and liquor accessories, trade publications, gift cards, gift certificates, wine- or liquor-scented candles and wine glasses in the manner set forth in this act: Provided, however, That all purchases shall be made subject to the approval of the State Treasurer, or his designated deputy. The board shall buy liquor and alcohol at the lowest price and in the greatest variety reasonably obtainable. Such sales and purchases may be to or from persons or entities located both in and outside this Commonwealth.
- To control the manufacture, possession, sale, consumption, importation, use, storage, transportation and delivery of liquor, alcohol and malt or brewed beverages in accordance with the provisions of this act, and to fix the wholesale and retail prices at which liquors and alcohol shall be sold at Pennsylvania Liquor Stores. Prices shall be [proportional with prices paid by the board to its suppliers and shall reflect any advantage obtained through volume purchases by the board. The board may establish a preferential price structure for wines produced within this Commonwealth for the promotion of such wines, as long as the price structure is uniform within each class of wine purchased by the board.] as set forth by the board so long as the price of a particular item is uniform throughout this Commonwealth. The board shall require each Pennsylvania manufacturer and each nonresident manufacturer of liquors, other than wine, selling such liquors to the board, which are not manufactured in this Commonwealth, to make application for and be granted a permit by the board before such liquors not manufactured in this Commonwealth shall be purchased from such manufacturer. Each such manufacturer shall pay for such permit a fee which, in the case of a manufacturer of this Commonwealth, shall be equal to that required to be paid, if any, by a manufacturer or wholesaler of the state, territory or country of origin of the liquors, for selling liquors manufactured in Pennsylvania, and in the case of a nonresident

manufacturer, shall be equal to that required to be paid, if any, in such state, territory or country by Pennsylvania manufacturers doing business in such state, territory or country. In the event that any such manufacturer shall, in the opinion of the board, sell or attempt to sell liquors to the board through another person for the purpose of evading this provision relating to permits, the board shall require such person, before purchasing liquors from him or it, to take out a 9 permit and pay the same fee as hereinbefore required to be paid by such manufacturer. All permit fees so collected shall be paid 10 11 into the State Stores Fund. The board shall not purchase any 12 alcohol or liquor fermented, distilled, rectified, compounded or bottled in any state, territory or country, the laws of which 13 result in prohibiting the importation therein of alcohol or 14 15 liquor, fermented, distilled, rectified, compounded or bottled 16 in Pennsylvania.

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- (1) To be licensed as a lottery sales agent, as set forth in section 305 of the act of August 26, 1971 (P.L.351, No.91), known as the "State Lottery Law," and to take any actions authorized by such designation, except that no bond, insurance or indemnification may be required from the board.
- (m) To establish and implement a customer relations management program for the purpose of offering incentives, such as coupons or discounts on certain products, to unlicensed customers of the board.
 - Section 3. Section 301(b) of the act is amended to read: Section 301. Board to Establish State Liquor Stores. --* * *
- 29 The board may lease the necessary premises for such stores or establishments, but all such leases shall be made 30 through the Department of General Services as agent of the board. Notwithstanding any other provision of law to the contrary, the Department of General Services shall have no more than ninety days from the date the board officially approves a lease recommendation to send the final lease packet to the appropriate agencies for further processing. The Department of General Services shall be required to submit quarterly reports to the chairman and minority chairman of the Law and Justice Committee of the Senate and the chairman and minority chairman of the Liquor Control Committee of the House of Representatives indicating the number of lease recommendations approved by the board during the preceding quarter and whether the corresponding final lease packets were sent to the appropriate agencies within the ninety-day deadline. If the Department of General Services fails to regularly submit these quarterly reports or fails to regularly meet the ninety-day deadline imposed by this subsection, then the General Assembly may consider legislation that would allow the board to lease premises for its stores without the involvement of the Department of General Services. The board, through the Department of General Services, shall

have authority to purchase such equipment and appointments as

may be required in the operation of such stores or establishments.

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50 51 Section 4. Section 304 of the act, amended December 8, 2004 (P.L.1810, No.239), is amended to read:

Section 304. When Sales May Be Made at Pennsylvania Liquor Stores.—(a) Except as provided for in subsection (b), every Pennsylvania Liquor Store shall be open for business week days, except holidays as that term is defined in section 102. The board may, with the approval of the Governor, temporarily close any store in any municipality.

(b) Certain Pennsylvania Liquor Stores operated by the board [shall] may be open for Sunday retail sales between the hours of [noon] nine o'clock antemeridian and [five] nine o'clock postmeridian, except that no Sunday sales shall occur on Easter Sunday or Christmas day. The board shall open [up to twenty-five per centum of the total number of Pennsylvania Liquor Stores at its discretion], at its discretion, as many Pennsylvania Liquor Stores as it deems necessary for Sunday sales as provided for in this subsection. The board shall submit yearly reports to the Appropriations and the Law and Justice Committees of the Senate and the Appropriations and the Liquor Control Committees of the House of Representatives summarizing the total dollar value of sales under this section.

Section 5. Section 305(b) of the act, amended July 6, 2005 (P.L.135, No.39), is amended and the section is amended by adding a subsection to read:

Section 305. Sales by Pennsylvania Liquor Stores. --* * *

Every Pennsylvania Liquor Store shall sell liquors at wholesale to hotels, restaurants, clubs, and railroad, pullman and steamship companies licensed under this act; and, under the regulations of the board, to pharmacists duly licensed and registered under the laws of the Commonwealth, and to manufacturing pharmacists, and to reputable hospitals approved by the board, or chemists. Sales to licensees shall be made at a price that includes a discount of ten per centum from the retail price. The board may sell to registered pharmacists only such liquors as conform to the Pharmacopoeia of the United States, the National Formulary, or the American Homeopathic Pharmacopoeia. The board may sell at special prices under the regulations of the board, to United States Armed Forces facilities which are located on United States Armed Forces installations and are conducted pursuant to the authority and regulations of the United States Armed Forces. All other sales by such stores shall be at retail[.], except that incentives, such as coupons or discounts on certain products, may be offered to unlicensed customers of the board as provided for under sections 207(m) and 493(24)(iii). A person entitled to purchase liquor at wholesale prices may purchase the liquor at any Pennsylvania Liquor Store upon tendering cash, check or credit card for the full amount of the purchase. For this purpose, the

board shall issue a discount card to each licensee identifying

such licensee as a person authorized to purchase liquor at wholesale prices. Such discount card shall be retained by the licensee. The board may contract through the Commonwealth bidding process for delivery to wholesale licensees at the expense of the licensee receiving the delivery.

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- (j) If the board becomes a licensed lottery sales agent, as set forth in section 305 of the act of August 26, 1971 (P.L.351, No.91), known as the "State Lottery Law," then the following shall apply, notwithstanding the provisions of the "State Lottery Law":
- (i) The Secretary of Revenue shall permit the board to operate and maintain Pennsylvania lottery instant ticket vending machines, player-activated terminals and technologies or systems subsequently approved by the Department of Revenue for the self-service sale of lottery tickets and games in Pennsylvania Liquor Stores. The board and the Secretary of Revenue shall mutually agree upon the number and location of the stores authorized to conduct self-service sales of lottery tickets and games.
- (ii) The board shall not be required to post any type of bond prior to conducting self-service sales of lottery tickets and games.
- (iii) Any commissions, compensation or any type of incentive award based upon the sale of lottery tickets and games shall be deposited by the board into the State Stores Fund.

Section 6. Section 401(a) of the act, amended December 22, 2011 (P.L.530, No.113), is amended to read:

Section 401. Authority to Issue Liquor Licenses to Hotels, Restaurants and Clubs. -- (a) Subject to the provisions of this act and regulations promulgated under this act, the board shall have authority to issue a retail liquor license for any premises kept or operated by a hotel, restaurant or club and specified in the license entitling the hotel, restaurant or club to purchase liquor from a Pennsylvania Liquor Store and to keep on the premises such liquor and, subject to the provisions of this act and the regulations made thereunder, to sell the same and also malt or brewed beverages to quests, patrons or members for consumption on the hotel, restaurant or club premises. Such licensees, other than clubs, shall be permitted to sell malt or brewed beverages for consumption off the premises where sold in quantities of not more than [one hundred ninety-two fluid ounces in a single sale to one person as provided for in section 407.] three hundred eighty-four ounces in not more than twenty-four original containers in a single sale to one person as provided for in section 407, provided the licensee may not sell a package as prepared for sale or distribution by the manufacturer containing more than twelve containers. Such licenses shall be known as hotel liquor licenses, restaurant liquor licenses and club liquor licenses, respectively. No person who holds any public office that involves the duty to enforce any of the penal laws of the United States, this Commonwealth or of any political

subdivision of this Commonwealth may have any interest in a hotel or restaurant liquor license. This prohibition applies to anyone with arrest authority, including, but not limited to, United States attorneys, State attorneys general, district attorneys, sheriffs and police officers. This prohibition shall also apply to magisterial district judges, judges or any other individuals who can impose a criminal sentence. This prohibition 7 does not apply to members of the General Assembly, township 9 supervisors, city councilpersons, mayors without arrest authority and any other public official who does not have the 10 11 ability to arrest or the ability to impose a criminal sentence. 12 This section does not apply if the proposed premises are located 13 outside the jurisdiction of the individual in question.

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Section 7. Section 407(a) of the act, amended June 28, 2011 (P.L.55, No.11), is amended to read:

Section 407. Sale of Malt or Brewed Beverages by Liquor Licensees. -- (a) Every liquor license issued to a hotel, restaurant, club, or a railroad, pullman or steamship company under this subdivision (A) for the sale of liquor shall authorize the licensee to sell malt or brewed beverages at the same places but subject to the same restrictions and penalties as apply to sales of liquor, except that licensees other than clubs may sell malt or brewed beverages for consumption off the premises where sold in quantities of not more than [one hundred ninety-two fluid ounces in a single sale to one person.] three hundred eighty-four ounces in not more than twenty-four original containers in a single sale to one person, provided the licensee may not sell a package as prepared for sale or distribution by the manufacturer containing more than twelve containers. The sales may be made in either open or closed containers, Provided, however, That a municipality may adopt an ordinance restricting open containers in public places. No licensee under this subdivision (A) shall at the same time be the holder of any other class of license, except a retail dispenser's license authorizing the sale of malt or brewed beverages only.

Section 8. Section 431(b) of the act, amended December 8, 2004 (P.L.1810, No.239), is amended and the section is amended by adding a subsection to read:

Section 431. Malt and Brewed Beverages Manufacturers', Distributors' and Importing Distributors' Licenses.--* * *

(b) The board shall issue to any reputable person who applies therefor, and pays the license fee hereinafter prescribed, a distributor's or importing distributor's license for the place which such person desires to maintain for the sale of malt or brewed beverages, not for consumption on the premises where sold, and except as provided for under subsection (g), in quantities of not less than a case or original containers containing one hundred twenty-eight ounces or more which may be sold separately as prepared for the market by the manufacturer

at the place of manufacture. The board shall have the discretion to refuse a license to any person or to any corporation, partnership or association if such person, or any officer or director of such corporation, or any member or partner of such partnership or association shall have been convicted or found quilty of a felony within a period of five years immediately 7 preceding the date of application for the said license: And provided further, That, in the case of any new license or the 9 transfer of any license to a new location, the board may, in its discretion, grant or refuse such new license or transfer if such 10 11 place proposed to be licensed is within three hundred feet of 12 any church, hospital, charitable institution, school or public playground, or if such new license or transfer is applied for a 13 place which is within two hundred feet of any other premises 14 15 which is licensed by the board: And provided further, That the board shall refuse any application for a new license or the 16 17 transfer of any license to a new location if, in the board's 18 opinion, such new license or transfer would be detrimental to the welfare, health, peace and morals of the inhabitants of the 19 20 neighborhood within a radius of five hundred feet of the place 21 proposed to be licensed. The board shall refuse any application 22 for a new license or the transfer of any license to a location 23 where the sale of liquid fuels or oil is conducted. The board 24 may enter into an agreement with the applicant concerning 25 additional restrictions on the license in question. If the board and the applicant enter into such an agreement, such agreement 26 27 shall be binding on the applicant. Failure by the applicant to 28 adhere to the agreement will be sufficient cause to form the 29 basis for a citation under section 471 and for the nonrenewal of the license under section 470. If the board enters into an 30 31 agreement with an applicant concerning additional restrictions, 32 those restrictions shall be binding on subsequent holders of the 33 license until the license is transferred to a new location or 34 until the board enters into a subsequent agreement removing 35 those restrictions. If the application in question involves a 36 location previously licensed by the board, then any restrictions imposed by the board on the previous license at that location 37 38 shall be binding on the applicant unless the board enters into a 39 new agreement rescinding those restrictions. The board shall require notice to be posted on the property or premises upon 40 41 which the licensee or proposed licensee will engage in sales of 42 malt or brewed beverages. This notice shall be similar to the 43 notice required of hotel, restaurant and club liquor licensees. 44 Except as hereinafter provided, such license shall authorize 45

Except as hereinafter provided, such license shall authorize the holder thereof to sell or deliver malt or brewed beverages in quantities above specified anywhere within the Commonwealth of Pennsylvania, which, in the case of distributors, have been purchased only from persons licensed under this act as manufacturers or importing distributors, and in the case of importing distributors, have been purchased from manufacturers or persons outside this Commonwealth engaged in the legal sale

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of malt or brewed beverages or from manufacturers or importing distributors licensed under this article. In the case of an importing distributor, the holder of such a license shall be authorized to store and repackage malt or brewed beverages owned by a manufacturer at a segregated portion of a warehouse or other storage facility authorized by section 441(d) and operated by the importing distributor within its appointed territory and deliver such beverages to another importing distributor who has been granted distribution rights by the manufacturer as provided 9 herein. The importing distributor shall be permitted to receive 10 11 a fee from the manufacturer for any related storage, repackaging 12 or delivery services. In the case of a bailee for hire hired by 13 a manufacturer, the holder of such a permit shall be authorized: 14 to receive, store and repackage malt or brewed beverages 15 produced by that manufacturer for sale by that manufacturer to 16 importing distributors to whom that manufacturer has given 17 distribution rights pursuant to this subsection or to purchasers 18 outside this Commonwealth for delivery outside this Commonwealth; or to ship to that manufacturer's storage 19 facilities outside this Commonwealth. The bailee for hire shall 20 21 be permitted to receive a fee from the manufacturer for any 22 related storage, repackaging or delivery services. The bailee 23 for hire shall, as required in Article V of this act, keep 24 complete and accurate records of all transactions, inventory, 25 receipts and shipments and make all records and the licensed 26 areas available for inspection by the board and for the 27 Pennsylvania State Police, Bureau of Liquor Control Enforcement, 28 during normal business hours. 29

Each out of State manufacturer of malt or brewed beverages whose products are sold and delivered in this Commonwealth shall give distributing rights for such products in designated geographical areas to specific importing distributors, and such importing distributor shall not sell or deliver malt or brewed beverages manufactured by the out of State manufacturer to any person issued a license under the provisions of this act whose licensed premises are not located within the geographical area for which he has been given distributing rights by such manufacturer. Should a licensee accept the delivery of such malt or brewed beverages in violation of this section, said licensee shall be subject to a suspension of his license for at least thirty days: Provided, That the importing distributor holding such distributing rights for such product shall not sell or deliver the same to another importing distributor without first having entered into a written agreement with the said secondary importing distributor setting forth the terms and conditions under which such products are to be resold within the territory granted to the primary importing distributor by the manufacturer.

When a Pennsylvania manufacturer of malt or brewed beverages licensed under this article names or constitutes a distributor or importing distributor as the primary or original supplier of

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his product, he shall also designate the specific geographical area for which the said distributor or importing distributor is given distributing rights, and such distributor or importing distributor shall not sell or deliver the products of such manufacturer to any person issued a license under the provisions of this act whose licensed premises are not located within the 7 geographical area for which distributing rights have been given to the distributor and importing distributor by the said manufacturer: Provided, That the importing distributor holding 9 such distributing rights for such product shall not sell or 10 11 deliver the same to another importing distributor without first 12 having entered into a written agreement with the said secondary importing distributor setting forth the terms and conditions 13 14 under which such products are to be resold within the territory 15 granted to the primary importing distributor by the 16 manufacturer. Nothing herein contained shall be construed to prevent any manufacturer from authorizing the importing 17 18 distributor holding the distributing rights for a designated geographical area from selling the products of such manufacturer 19 20 to another importing distributor also holding distributing 21 rights from the same manufacturer for another geographical area, 22 providing such authority be contained in writing and a copy 23 thereof be given to each of the importing distributors so 24 affected.

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- (g) (1) In addition to being able to sell in case quantities as provided under subsection (b), a distributor or importing distributor may break the bulk of a case and sell units of any case in quantities of not less than forty-two ounces, provided the distributor or importing distributor sells a package as prepared for sale by the manufacturer.
- (2) Before a distributor or importing distributor breaks the bulk of a case for the purpose of selling units, the distributor or importing distributor shall inspect the case for damage and appropriate production date. When the distributor or importing distributor breaks the bulk of a case for the purpose of selling units of the case, the distributor or importing distributor bears the risk of loss and is responsible for the destruction of any malt and brewed beverages that violate the manufacturer's specifications relating to sales by a certain date or within a number of days of the production date.
- (3) The term "unit" as used in this subsection means an undamaged bottle or can from a case.

Section 9. Section 441(a) and (b) of the act, amended June 18, 1998 (P.L.664, No.86) and December 9, 2002 (P.L.1653, No.212), are amended to read:

Section 441. Distributors' and Importing Distributors' Restrictions on Sales, Storage, Etc.--(a) No distributor or importing distributor shall purchase, receive or resell any malt or brewed beverages except:

(1) in the original containers as prepared for the market by

the manufacturer at the place of manufacture;

- (2) in the case of identical containers repackaged in the manner described by subsection (f); or
 - (3) as provided in section 431(b) and (g).
- (b) [No] Except as provided for in section 431(g), no distributor or importing distributor shall sell any malt or brewed beverages in quantities of less than a case or original containers containing one hundred twenty-eight ounces or more which may be sold separately: Provided, That no malt or brewed beverages sold or delivered shall be consumed upon the premises of the distributor or importing distributor, or in any place provided for such purpose by such distributor or importing distributor. Notwithstanding any other provision of this section or act, malt or brewed beverages which are part of a tasting conducted pursuant to the board's regulations may be consumed on licensed premises.

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Section 10. Section 442(a)(1) of the act, amended June 28, 2011 (P.L.55, No.11), is amended to read:

Section 442. Retail Dispensers' Restrictions on Purchases (1) No retail dispenser shall purchase or and Sales. -- (a) receive any malt or brewed beverages except in original containers as prepared for the market by the manufacturer at the place of manufacture. The retail dispenser may thereafter break the bulk upon the licensed premises and sell or dispense the same for consumption on or off the premises so licensed. No retail dispenser may sell malt or brewed beverages for consumption off the premises in quantities in excess of [one hundred ninety-two fluid ounces.] three hundred eighty-four ounces in not more than twenty-four original containers in a single sale to one person as provided in section 407, provided the licensee may not sell a package as prepared for sale or distribution by the manufacturer containing more than twelve containers. Sales may be made in open or closed containers, Provided, however, That a municipality may adopt an ordinance restricting open containers in public places. No club licensee may sell any malt or brewed beverages for consumption off the premises where sold or to persons not members of the club.

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Section 10.1. Section 470(a) of the act, amended December 22, 2011 (P.L.530, No.113), is amended to read:

Section 470. Renewal of Licenses; Temporary Provisions for Licensees in Armed Service. —— (a) All applications for renewal or validation of licenses under the provisions of this article shall be filed with tax clearance from the Department of Revenue and the Department of Labor and Industry and requisite license and filing fees, including an application surcharge of seven hundred dollars (\$700.00), at least sixty days before the expiration date of same: Provided, however, That the board, in its discretion, may accept nunc pro tunc a renewal application filed less than sixty days before the expiration date of the

license with the required fees, upon reasonable cause shown and the payment of an additional filing fee of one hundred dollars (\$100.00) for late filing: And provided further, That except where the failure to file a renewal application on or before the expiration date has created a license quota vacancy after said expiration date which has been filled by the issuance of a new 7 license, after such expiration date, but before the board has received a renewal application nunc pro tunc within the time 9 prescribed herein the board, in its discretion, may, after hearing, accept a renewal application filed within two years 10 11 after the expiration date of the license with the required fees 12 upon the payment of an additional filing fee of two hundred 13 fifty dollars (\$250.00) for late filing. Where any such renewal application is filed less than sixty days before the expiration 14 15 date, or subsequent to the expiration date, no license shall 16 issue upon the filing of the renewal application until the matter is finally determined by the board and if an appeal is 17 18 taken from the board's action the courts shall not order the issuance of the renewal license until final determination of the 19 20 matter by the courts. The board may enter into an agreement with 21 the applicant concerning additional restrictions on the license 22 in question. If the board and the applicant enter into such an 23 agreement, such agreement shall be binding on the applicant. 24 Failure by the applicant to adhere to the agreement will be 25 sufficient cause to form the basis for a citation under section 471 and for the nonrenewal of the license under this section. A 26 27 renewal application will not be considered filed unless 28 accompanied by the requisite filing [and], license and 29 administrative fees and any additional filing fee required by this section. Unless the board shall have given ten days' 30 31 previous notice to the applicant of objections to the renewal of 32 his license, based upon violation by the licensee or his 33 servants, agents or employes of any of the laws of the 34 Commonwealth or regulations of the board relating to the 35 manufacture, transportation, use, storage, importation, 36 possession or sale of liquors, alcohol or malt or brewed beverages, or the conduct of a licensed establishment, or unless 37 38 the applicant has by his own act become a person of ill repute, 39 or unless the premises do not meet the requirements of this act or the regulations of the board, the license of a licensee shall 40 41 be renewed. Notwithstanding any other provision of this act, a 42 noise violation shall not be the sole basis for objection by the board to the renewal of a license unless the licensee has 43 44 received six prior adjudicated noise citations within a twenty-45 four-month period. * * * 46

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Section 10.2. The act is amended by adding a section to read:

Section 470.3. License Auction. -- (a) A restaurant liquor license or eating place retail dispenser license which is subject to the quota restrictions set forth in section 461(a)

- and which has not been renewed as required by section 470, has been revoked under section 471 or as required by section 474.1, or which the board refused to renew under section 470, shall be offered for auction by the board. The auction shall occur in July of the calendar year after the license becomes available for auction, on a date to be determined by the board. For purposes of this section, a license becomes available for auction the day after the deadline has passed for appealing a decision revoking or nonrenewing the license or the day after_ the two-year window to file a renewal application nunc pro tunc
 - (b) By March 1 of each year, the board shall post on its

 Internet website a listing of all the licenses that shall be

 available for auction in July of that year. The list shall also
 be available upon request.

set forth in section 470, has passed.

- (c) The board shall accept applications from persons interested in bidding at the auction beginning March 1. The application shall be in writing and shall contain such information as the board shall from time to time prescribe. The board shall accept applications until June 15th and may, in its discretion, accept applications after that date.
- (d) A person who would be precluded from acquiring a license by sections 411 or 443, or who, in the board's opinion, is not of good repute may not apply for a license under this section.
- (e) The auction shall be conducted in the manner set forth by the board, in July at the date and time appointed by the board. After the auction, the board shall provisionally award to the person making the highest bid for the license the right to file an application for the license. However, the board may not accept a bid lower than the following amounts:
 - (1) In counties of the first through fourth class, one hundred thousand dollars (\$100,000).
 - (2) In counties of the fifth through eighth class, fifty thousand dollars (\$50,000).
- (f) The winning bidder shall pay to the board the bid amount within two weeks. Payment shall be by cashier's check, certified check or any other method acceptable to the board. If the winning bidder does not pay the bid amount within two weeks, the second highest bidder shall be awarded the right to file an application for the license, so long as the bid amount is in accordance with subsection (e).
- (g) If there are no bids for a license or if there are no bids that meet the bid amounts set forth in subsection (f), the license shall be revoked and may not be reissued.
- (h) Within six months of a bidder being informed that he is the winning bidder and that the winning bid has been processed, the winning bidder shall file an application to transfer the license to itself or to an assignee. The application shall be processed in the same manner as any other transfer application and shall be subject to the same restrictions as any other transfer application, including any conditional licensing

agreements, but not including any unpaid fines or unserved suspensions accrued by the previous license holder. The 3 application may be filed on a prior approval basis. 4 Section 10.3. Section 471(b) of the act, amended July 6, 5 2005 (P.L.135, No.39), is amended to read: Section 471. Revocation and Suspension of Licenses; Fines .--6 7 Hearing on such citations shall be held in the same manner as provided herein for hearings on applications for 9 license. Upon such hearing, if satisfied that any such violation 10 11 has occurred or for other sufficient cause, the administrative 12 law judge shall immediately suspend or revoke the license, or 13 impose a fine of not less than [fifty dollars (\$50)] one hundred 14 dollars (\$100) nor more than [one thousand dollars (\$1,000)] two thousand dollars (\$2,000), or both, notifying the licensee by 15 16 registered letter addressed to his licensed premises. If the licensee has been cited and found to have violated section 17 18 493(1) insofar as it relates to sales to minors or sales to a visibly intoxicated person, section 493(10) insofar as it 19 20 relates to lewd, immoral or improper entertainment or section 21 493(14), (16) or (21), or has been found to be a public nuisance 22 pursuant to section 611, or if the owner or operator of the 23 licensed premises or any authorized agent of the owner or 24 operator has been convicted of any violation of the act of April 14, 1972 (P.L.233, No.64), known as "The Controlled Substance, 25 Drug, Device and Cosmetic Act," or of 18 Pa.C.S. § 5902 26 27 (relating to prostitution and related offenses) or 6301 28 (relating to corruption of minors), at or relating to the 29 licensed premises, the administrative law judge shall 30 immediately suspend or revoke the license, or impose a fine of 31 not less than [one thousand dollars (\$1,000)] two thousand 32 dollars (\$2,000) nor more than [five thousand dollars (\$5,000)] 33 ten thousand dollars (\$10,000), or both. However, if a licensee has been cited and found to have violated section 493(1) as it 34 relates to sales to minors or sales to a visibly intoxicated 35 36 person but at the time of the sale the licensee was in 37 compliance with the requirements set forth in section 471.1 and 38 the licensee had not sold to minors or visibly intoxicated 39 persons in the previous four years, then the administrative law judge shall immediately suspend or revoke the license, or impose 40 41 a fine of not less than [fifty dollars (\$50)] one hundred 42 dollars (\$100) nor more than [one thousand dollars (\$1,000)] two 43 thousand dollars (\$2,000), or both. The administrative law judge 44 shall notify the licensee by registered mail, addressed to the licensed premises, of such suspension, revocation or fine. In 45 the event the fine is not paid within twenty days of the 46 adjudication, the administrative law judge shall suspend or 47 48 revoke the license, notifying the licensee by registered mail 49 addressed to the licensed premises. Suspensions and revocations 50 shall not go into effect until thirty days have elapsed from the

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date of the adjudication during which time the licensee may take

an appeal as provided for in this act, except that revocations mandated in section 481(c) shall go into effect immediately. Any licensee whose license is revoked shall be ineligible to have a license under this act until the expiration of three years from the date such license was revoked. In the event a license is revoked, no license shall be granted for the premises or 7 transferred to the premises in which the said license was conducted for a period of at least one year after the date of 9 the revocation of the license conducted in the said premises, except in cases where the licensee or a member of his immediate 10 11 family is not the owner of the premises, in which case the board 12 may, in its discretion, issue or transfer a license within the 13 said year. In the event the bureau or the person who was fined 14 or whose license was suspended or revoked shall feel aggrieved 15 by the adjudication of the administrative law judge, there shall 16 be a right to appeal to the board. The appeal shall be based solely on the record before the administrative law judge. The 17 18 board shall only reverse the decision of the administrative law judge if the administrative law judge committed an error of law, 19 20 abused its discretion or if its decision is not based on substantial evidence. In the event the bureau or the person who 21 22 was fined or whose license was suspended or revoked shall feel 23 aggrieved by the decision of the board, there shall be a right 24 to appeal to the court of common pleas in the same manner as 25 herein provided for appeals from refusals to grant licenses. 26 Each of the appeals shall act as a supersedeas unless, upon 27 sufficient cause shown, the reviewing authority shall determine 28 otherwise; however, if the licensee has been cited and found to 29 have violated section 493(1) insofar as it relates to sales to minors or sales to a visibly intoxicated person, section 493(10) 30 31 insofar as it relates to lewd, immoral or improper entertainment 32 or section 493(14), (16) or (21), or has been found to be a 33 public nuisance pursuant to section 611, or if the owner or 34 operator of the licensed premises or any authorized agent of the owner or operator has been convicted of any violation of "The 35 36 Controlled Substance, Drug, Device and Cosmetic Act," or of 18 Pa.C.S. § 5902 or 6301, at or relating to the licensed premises, 37 38 or if the license has been revoked under section 481(c), its 39 appeal shall not act as a supersedeas unless the reviewing authority determines otherwise upon sufficient cause shown. In 40 41 any hearing on an application for a supersedeas under this 42 section, the reviewing authority may consider, in addition to other relevant evidence, documentary evidence, including records 43 44 of the bureau, showing the prior history of citations, fines, suspensions or revocations against the licensee; and the 45 reviewing authority may also consider, in addition to other 46 relevant evidence, evidence of any recurrence of the unlawful 47 48 activity occurring between the date of the citation which is the 49 subject of the appeal and the date of the hearing. If the 50 reviewing authority is the board, no hearing shall be held on 51 the application for a supersedeas; however, a decision shall be

made based on the application, answer and documentary evidence under this subsection. If the application for a supersedeas is for a license that has been revoked under section 481(c), the reviewing authority shall grant the supersedeas only if it finds that the licensee will likely prevail on the merits. No penalty provided by this section shall be imposed for any violations provided for in this act unless the bureau notifies the licensee of its nature within thirty days of the completion of the investigation.

* * *

 Section 11. Section 488 of the act, added February 21, 2002 (P.L.103, No.10), is amended to read:

Section 488. Shipment of Wine [into Commonwealth.--(a) The shipment of wine from out-of-State to residents of this Commonwealth is prohibited, except as otherwise provided for in this section.] to Pennsylvania Liquor Stores.--

- (b) Notwithstanding any other provision of this act or law to the contrary, a person licensed by another state as a producer, supplier, importer, wholesaler, distributor or retailer of wine and who obtains a [direct wine shipper] direct—to-store wine shipper license as provided for in this section may ship up to nine liters per month of any wine [not included on the list provided for in subsection (c)] on the [Internet] order of any resident of this Commonwealth who is at least twenty-one (21) years of age for such resident's personal use and not for resale.
- [(c) Each month, the board shall publish on the Internet a list of all classes, varieties and brands of wine available for sale in the Pennsylvania Liquor Stores. A person holding a direct shipper license may ship only those classes, varieties and brands of wine not included on the list at the time an Internet order is placed.]
 - (d) [An out-of-State] A direct-to-store wine shipper shall:
- (1) Not ship more than nine liters per month on the Internet order of any person in this Commonwealth.
- (2) Report to the board each year the total <u>amount</u> of wine shipped [into this Commonwealth] <u>to Pennsylvania Liquor Stores</u> in the preceding calendar year.
- (3) Permit the board, the enforcement bureau or the Secretary of Revenue, or their designated representatives, to perform an audit of the [out-of-State] <u>direct-to-store</u> wine shipper's records upon request.
- (4) Be deemed to have submitted to the jurisdiction of the board, any other State agency and the courts of this Commonwealth for purposes of enforcement of this section and any related laws, rules or regulations.
- (e) A [direct] <u>direct-to-store wine</u> shipper may ship wine on the [Internet] order of a resident into this Commonwealth provided that the wine is shipped to a Pennsylvania Liquor Store selected by the resident. The wine will be subject to taxes in the same manner as wine sold directly by the board. The wine

- will not be released by the State store until all moneys due, including all taxes and fees, have been paid by the resident.
- (f) A person shall sign an affidavit provided by the Pennsylvania Liquor Store where the wine was delivered to stating that the wine will only be used for the person's personal use. Any person who resells wine obtained under this section commits a misdemeanor of the second degree.
- (g) The board may promulgate such rules and regulations as are necessary to implement and enforce the provisions of this section. The board may charge the resident a fee to cover the cost associated with processing the [Internet] order.
- (h) The board shall submit [monthly] <u>annual</u> reports to the Appropriations Committee and the Law and Justice Committee of the Senate and to the Appropriations Committee and the Liquor Control Committee of the House of Representatives summarizing the number of [direct] <u>direct-to-store wine</u> shipper licenses issued by the board, the quantity of wine sold <u>and shipped by direct-to-store wine</u> shipper licensees pursuant to this section and the total dollar value of sales under this section.
- (i) The term "wine" as used in this section shall mean liquor which is fermented from [grapes and other fruits, having alcoholic content of twenty-four per centum or less. The term "wine" shall not include malt or brewed beverages nor shall wine include any products containing alcohol derived from malt, grain, cereal, molasses or cactus] an agricultural commodity as that term is defined in section 505.2(c).
- Section 12. The act is amended by adding a section to read:

 Section 489. Direct Shipment of Wine.--(a) Notwithstanding
 any other provision of law, a person licensed by the board or
 another state as a producer of wine, and who obtains a license
 as provided for in this section, may ship up to eighteen liters
 per month of any wine on the order of any resident of this
 Commonwealth who is at least twenty-one years of age for such
 resident's personal use and not for resale.
- (b) Prior to issuing such a license, the board shall require the person seeking the license to:
 - (1) File an application with the board.
 - (2) Pay a registration fee of one hundred dollars (\$100).
- (3) Provide to the board a copy of the applicant's current alcoholic beverage license issued by the board or another state, if applicable.
- 42 (4) Provide documentation to the board which evidences that
 43 the applicant has obtained a sales tax license from the
 44 Department of Revenue.
 - (\$1,000), such that if the licensee does not pay the taxes imposed under this section when due, the surety of the bond shall pay all taxes and any related penalties, and any interest that may be due or become due.
- 50 (6) Provide the board with any other information that the board deems necessary and appropriate.

(c) The licensee shall:

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- (1) Require proof of age of the recipient, in a manner or format approved by the board, before any wine is shipped to a resident of this Commonwealth.
- (2) Ensure that all boxes or exterior containers of wine shipped directly to a resident of this Commonwealth are conspicuously labeled with the words "CONTAINS ALCOHOL: SIGNATURE OF PERSON 21 YEARS OF AGE OR OLDER REQUIRED FOR DELIVERY."
- (3) Ensure that shipments shall be delivered by an entity holding a valid transporter-for-hire license issued by the board and that such transporter-for-hire shall not deliver any wine unless it does all of the following:
- (i) Obtains the signature of the recipient of the wine upon delivery.
- (ii) Verifies by inspecting a valid form of photo identification, as provided for in section 495(a), that the recipient is at least twenty-one (21) years of age.
- (iii) Determines that the recipient is not visibly intoxicated at the time of delivery.
- (4) On a quarterly basis, remit to the Department of Revenue all taxes due on sales to residents of this Commonwealth.
- (5) Permit the board, the enforcement bureau or the Secretary of Revenue, or their designated representatives, to perform an audit of the licensee's records upon request.
- (6) Be deemed to have submitted to the jurisdiction of the board, any other State agency and the courts of this Commonwealth for purposes of enforcement of this section and any related laws, rules or regulations, including the collection and remission of taxes as required under this section.
- (7) Annually renew its license by paying a renewal fee established by the board and report to the board, at the time of renewal, the total amount of wine shipped to residents of this Commonwealth in the preceding calendar year.
- (d) Wine delivered under the authority of this section is 35 36 subject to the sales and use tax imposed by section 202 of the 37 act of March 4, 1971 (P.L.6, No.2), known as the "Tax Reform Code of 1971," the sales and use tax imposed by Article XXXI-B 38 of the act of July 28, 1953 (P.L.723, No.230), known as the
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- "Second Class County Code," the sales and use tax imposed by the 40
- 41 act of February 12, 2004 (P.L.73, No.11), known as the
- 42 "Intergovernmental Cooperation Authority Act for Cities of the
- 43 Second Class," and the emergency State tax imposed on wines sold
- by the board under the act of June 9, 1936 (1st Sp. Sess., 44
- P.L.13, No.4), entitled "An act imposing an emergency State tax 45
- 46 on liquor, as herein defined, sold by the Pennsylvania Liquor
- Control Board; providing for the collection and payment of such 47
- 48 tax; and imposing duties upon the Department of Revenue and the
- 49 Pennsylvania Liquor Control Board."
- 50 (e) A transporter for hire shall:
- (1) keep records as required under section 512 pertaining to 51

the direct shipment of wine; and

- (2) permit the board and the enforcement bureau, or their designated representatives, to inspect such records in accordance with section 513.
- (f) Any person who resells wine obtained under this section commits a misdemeanor of the second degree.
- (g) Shipments of wine to persons in this Commonwealth from persons who do not possess a license from the board authorizing such shipments are prohibited. Any person who knowingly makes, participates in, transports, imports or receives such shipment commits a misdemeanor.
- (h) The board shall submit annual reports to the
 Appropriations Committee of the Senate and the Law and Justice
 Committee of the Senate and to the Appropriations Committee of
 the House of Representatives and the Liquor Control Committee of
 the House of Representatives summarizing the number of licenses
 issued by the board under this section, the quantity of wine
 sold and shipped by licensees pursuant to this section and the
 total dollar value of sales under this section.
- (i) The board may promulgate such rules and regulations as are necessary to implement and enforce the provisions of this section.
- (j) The term "wine" as used in this section shall mean liquor which is fermented from an agricultural commodity as that term is defined in section 505.2(c).
- Section 13. Section 493(24) of the act, amended November 29, 2006 (P.L.1421, No.155), is amended and the section is amended by adding a paragraph 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--

* * *

(24) (i) Things of Value Offered as Inducement. Except as provided in subclause (ii), for any licensee under the provisions of this article, or the board or any manufacturer, or any employe or agent of a manufacturer, licensee or of the board, to offer to give anything of value or to solicit or receive anything of value as a premium for the return of caps, stoppers, corks, stamps or labels taken from any bottle, case, barrel or package containing liquor or malt or brewed beverage, or to offer or give or solicit or receive anything of value as a premium or present to induce directly the purchase of liquor or malt or brewed beverage, or for any licensee, manufacturer or other person to offer or give to trade or consumer buyers any prize, premium, gift or other inducement to purchase liquor or malt or brewed beverages, except advertising novelties of nominal value which the board shall define. This section shall not prevent any manufacturer or any agent of a manufacturer from

offering and honoring coupons which offer monetary rebates on purchases of wines and spirits through State Liquor Stores or 3 purchases of malt or brewed beverages through distributors and 4 importing distributors in accordance with conditions or regulations established by the board. The board may redeem coupons offered by a manufacturer or an agent of a manufacturer at the time of purchase. Coupons offered by a manufacturer or an agent of a manufacturer shall not be redeemed without proof of purchase. This section shall not apply to the return of any monies specifically deposited for the return of the original container to the owners thereof.

(ii) Notwithstanding subclause (i) or any other provision of law, a holder of a restaurant license that is also approved to hold a slot machine license or a conditional slot machine license under 4 Pa.C.S. Part II (relating to gaming) may give liquor and malt or brewed beverages free of charge to any person actively engaged in playing a slot machine.

(iii) Notwithstanding subclause (i) or any other provision of law, the board may establish and implement a customer relations management program for the purpose of offering incentives, such as coupons or discounts on certain products which may be conditioned upon the purchase of liquor, to unlicensed customers of the board.

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(35) Sale of Wine Received by Direct-to-Store or Direct Shipment. For any licensee to sell or offer to sell any wine purchased or acquired, directly or indirectly, from a licensee pursuant to the authority of section 488, or from a licensee pursuant to the authority of section 489.

Section 14. Section 499(a.1) of the act, amended October 5, 1994 (P.L.522, No.77), is amended to read:

Section 499. Premises to be Vacated by Patrons. -- * *

- Subsection (a) shall not apply to sales of malt and brewed beverages for consumption off the premises when the following conditions are met:
- (1) no licensee may sell malt or brewed beverages in excess of [one hundred ninety-two fluid ounces] three hundred eightyfour ounces in not more than twenty-four original containers in a single sale to one person as provided in section 407, provided the licensee may not sell a package as prepared for sale or distribution by the manufacturer containing more than twelve containers, in any one sale for consumption off the premises;
- (2) sales and service of malt and brewed beverages for consumption off the premises are made prior to the designated time the licensee is required by this act to cease serving liquor, malt or brewed beverages;
- (3) persons who have purchased malt and brewed beverages for consumption off the premises shall remove the malt and brewed beverages from the premises by the designated time as contained in this act that patrons are required to vacate the premises;
 - no club licensee may sell any malt or brewed beverage

- 1 for consumption off the premises where sold or to any persons
- 2 who are not members of the club.
- Section 15. This act shall take effect in 60 days. 4