



HOUSE COMMITTEE ON APPROPRIATIONS

FISCAL NOTE

HOUSE BILL NO. 829

PRINTER'S NO. 3426

PRIME SPONSOR: Gergely

COST / (SAVINGS)

FUND	FY 2024/25	FY 2025/26
State Stores Fund	See Fiscal Impact	See Fiscal Impact

SUMMARY: HB 829 PN 3429 would allow employees who work for distributors or importing distributors to also work at other licensees' establishments. The legislation would take effect in 60 days.

ANALYSIS: This legislation amends Act 21 of 1951 (Liquor Code) to:

- Allows an employee or distributor or importing distributor to also work at other licensees' establishments.
- Allows all manufacturers(limited wineries, distilleries, breweries) to allow employees who have an owner interest in the manufacturer to also be employed by an entity that holds a hotel, restaurant, eating place or club license.
- Special Occasion Permit - Amends the definition of eligibility entity to include a 501(C) 3 non-profit organization whose purpose is to provide canine assisted activities for children and adults with special needs.
- Backhauling - requires the PLCB to establish a program to provide discounts to whole sale licensees that pick up their own purchase at board-specified locations, including it warehouse. Also allows the board to set parameters including the amount of discount or discounts and minimum purchase requirements.
- Happy Hour - Increases the number of hours a retail licensee can offer Happy Hour discounts from 14 to 24 hours per week. Permits up to 2 food and alcohol beverage combination specials on any day.
- Self-Sponsor Events - Allows a hotel, restaurant or club licensee that self-sponsors an event to include the price of not more than 2 alcoholic beverages in the cost of the ticket as long as the event is scheduled more than 24 hours in advance.
- Outdoor Seating - makes permanent the outdoor seating provisions for licensed club, catering club, restaurant, retail dispenser, hotel, limited distillery, distillery, brewery, or limited winery, permitted during the Covid 19 pandemic which are set to expire on December 31,2024. Additionally, the bill would reinstate the ability of the PLCB to collect a fee at time of application.
- N/A Beer - Amends the definition of a non-alcoholic malt and brewed beverage to clarify a malt and brewer beverages that were initially brewed at a higher alcohol content but had its alcohol level reduced during further production to 0.5% alcohol by volume.
- Renting Equipment - distributor or importing distributor can sell or rent items to other licensees for fair market value. Sell books concerning beer, rent equipment necessary to dispense beer.

- Wine Marketing and Malt and Brewed Beverage Industry Promotion Boards - moves the approval of grants recommended by both the Malt and Brewed Beverages and Wine Marketing and Promotion Boards to place the boards under the purview of the Department of Agriculture rather than the PA Liquor Control Board.
- Club Safekeeping - allows clubs and catering clubs licenses to remain in safekeeping for up to two years. The bill further allows club and catering club licensees to remain in safekeeping upon written application to the board for subsequent years. The fee schedule for a subsequent year is as follows:
 - Counties of the first through fourth class: \$5,000
 - Counties of the fifth through eighth class: \$1,000
 - For additional years, the fee as set forth above is doubled

Additionally, as is the case for other classes of licenses, no fee shall be required if the licensee can prove that he or she is unable to use the license through no fault of his or her own.

- Brewery Extended Hours - breweries would be able to remain open for extended hours on December 31st each year until 2AM on January 1st for the New Year's holiday celebration. Allows the PLCB to create an extended hours permit for breweries:
 - A brewery could apply for only one permit to remain open for extended hours until 2AM the following calendar day one day during the year
 - Fee for the permit is \$50 dollars
 - Local law enforcement must be notified in writing at least 48 hours before the date of the extended hours
- Point of Sale Display/Branding - allows for point-of-sale advertising relating to one brand to have a value up to \$750.
- Advertise Quantity Discounts for Malt and Brewed Beverages - allows distributors and importing distributors to offer and advertise quantity discounts on the purchase of malt or brewed beverages.
- Winery Discounts: a limited winery may offer to non-licensees discounted pricing on products that the limited winery may sell for off premises consumption and may condition the pricing on the purchase of a specific amount of alcohol.
- Product Placement - amends Section 493 of the Liquor Code relevant to Unlawful Acts Relative to Liquor, Malt and Brewed Beverages and Licensees by adding a new paragraph, which prevents products that contain alcohol from being sold next to nonalcoholic beverages unless certain signage requirements are met.
- Club Extended Hours Permit - permits clubs and catering clubs to obtain an extended food permit, beyond the current 6 days already permitted, to sell food during the hours of 3am to 7am.
- Limited Distillery Hours - allows distilleries extended hours on New Years Eve until 2AM and allows distilleries to obtain a permit to extend hours on one additional day until 2AM for a \$50.00 permit fee. Local law enforcement must be notified in writing at least 48 hours before the date of the extended hours.
- Distilled Spirits Promotion Board - Establishes the PA Distilled Spirits Industry Promotion Board under the Department of Agriculture composed of 5 members appointed by each of the following:
 - Governor
 - President Pro tempore of the Senate
 - Minority Leader of the Senate
 - Speaker of the House; and
 - Minority Leader

Each member must be a resident of Pennsylvania and have expertise in the distillery industry

- Allocates \$1 million from the PLCB for the purpose of awarding grants under the legislation.

FISCAL IMPACT: The fiscal impact of HB 829 would be realized within the State Stores Fund. According to the PLCB, provisions within the legislation which would impact Commonwealth funds are as follows:

- Trailer Drop Credit – last utilized in 2021, it is anticipated that annual costs would be about \$1.5 million.
- Club Safekeeping - over the last two years, 21 club licensees have had their safekeeping clock expire. Due to the unknown nature of whether all 21 clubs would have chosen the extension, assuming all of those expired licensees would have been in a 1st through 4th class county, and assuming all paid the extension fee, the PLCB would be able realize \$105,000 over a two-year period.
- Fiscal impact from the addition of a *non-profit* specializing in canine activities to the eligible entity definition for a special occasion permit- a permit fee of \$30 would be *de minimis*.
- Extended Hours Permit for Breweries and Distilleries- according to PLCB 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 the impact would be up to \$44,500 in additional revenue.
- Extended Hours Food Permit – according to PLCB the change would allow clubs to use extended hours food permit all year instead of the current limit of 6 days. This would allow the holder to stay open for food service only between 3:00am to 7:00am. The fee associated with the permit is \$50, and the current permit holders are 3 clubs, thus the impact would be *de minimis*.
- Spirits Promotion Board - would cost the PLCB \$1 million.
- Outdoor Seating changes – according to PLCB, in 2022 there were 440 licensees with a Temporary Outdoor Extension of Premises (TOEP). In CY 2023, 318 licensees were approved for the TOEP. Some licenses applied for the TOEP for a couple days while others applied through the sunset. The legislation reinstates the \$220 application and assuming that between 200 to 250 applications submit for the permit, this could potentially generate revenues of between \$44,000 to \$55,000.

PREPARED BY: Gueorgui Tochev, Budget Analyst
House Appropriations Committee (D)

DATE: July 3, 2024

Estimates are calculated using the best information available. Actual costs and revenue impact incurred may vary from estimates.