

COMMONWEALTH OF PENNSYLVANIA
HOUSE OF REPRESENTATIVES

LIQUOR CONTROL COMMITTEE

STATE CAPITOL
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THURSDAY, MARCH 22, 2012
9:00 A.M.

HEARING ON
HOUSE BILL 1771 (SANTONI)

BEFORE:

REPRESENTATIVE JOHN TAYLOR, MAJORITY CHAIRMAN
REPRESENTATIVE DANTE SANTONI, MINORITY CHAIRMAN
REPRESENTATIVE STEPHEN BARRAR
REPRESENTATIVE BRENDAN BOYLE
REPRESENTATIVE JOSEPH BRENNAN
REPRESENTATIVE PAUL COSTA
REPRESENTATIVE BRIAN ELLIS
REPRESENTATIVE THOMAS KILLION
REPRESENTATIVE NICK KOTIK
REPRESENTATIVE RON MILLER
REPRESENTATIVE THOMAS QUIGLEY
REPRESENTATIVE JOHN SABATINA

INDEX
TESTIFIERS

WITNESS	PAGE
REP. JOHN TAYLOR CHAIRMAN	3
REP. DANTE SANTONI CHAIRMAN	4
LYNN BENKA-DAVIES MINORITY EXECUTIVE DIRECTOR, HOUSE LIQUOR CONTROL COMMITTEE	4
JOE CONTI CEO, PENNSYLVANIA LIQUOR CONTROL BOARD	5
BILL KOHL PAST CHAIRMAN, PENNSYLVANIA RESTAURANT ASSOCIATION	12
AMY CHRISTIE EXECUTIVE DIRECTOR, PENNSYLVANIA TAVERN ASSOCIATION	16
CERTIFICATE	24

CHAIRMAN TAYLOR: Good morning, everyone. I would like to call this hearing of the House Liquor Control Committee to order. Before we begin, I have to advise everyone that we are being videotaped. Those red lights behind you mean that we are "on," that turned out to be a really pertinent statement yesterday. So, just be aware that you will be videotaped and audio taped during any testimony. I would like to start with having our members introduce themselves, starting from my right.

REPRESENTATIVE KOTIK: Representative Nick Kotik, Allegheny County.

REPRESENTATIVE QUIGLEY: Representative Tom Quigley, Montgomery County.

REPRESENTATIVE COSTA: Good morning, everyone. I'm Paul Costa, eastern suburbs of Allegheny County.

REPRESENTATIVE MILLER: Good morning. Ron Miller, York County.

REPRESENTATIVE ELLIS: Brian Ellis, Butler County.

REPRESENTATIVE BARRAR: Steve Barrar, Delaware and Chester Counties.

CHAIRMAN TAYLOR: Thank you. I am joined by Chairman Dante Santoni and his Executive Director, Lynn Benka-Davies and to my right is our Executive Director Marcia Lampman.

Today we are going to discuss the issue of special occasion permits, particularly as it is offered, changes and that within HB 1771. Special occasion permits over many years have been of particular interest to this committee, the code has changed piecemeal over the many many years of adding things to the special occasion permits. It is somewhat controversial in terms of how they are done, who gets them, and why. I think that 1771 is an attempt to rectify that. I am first going to turn to Chairman Santoni, who will introduce Lynn and possibly discuss the bill.

CHAIRMAN SANTONI: I thank you, Mr. Chairman. As Chairman Taylor said, special occasion permits have been an interest of this committee and in our attempt to try to address some of those issues; we introduced HB 1771. Lynn is going to discuss it a little bit in a second, but I just want to make a few brief statements about the bill. Again, it has been a hodge podge of how we determine who gets a special occasion permits and there has been some discussion about setting up some kind of parameter, setting up some kind of a system so that we can get a better grasp of who is doing it.

To commend the Chairman, part of this hearing is to get some feedback from the interested parties and the affected parties, so we look forward to that testimony. Really, HB1771 is really a starting point and we welcome feedback and we welcome your concerns and we hope to get good feedback today and throughout the process, as we move forward. What I will do now is turn it over to Lynn and she can talk a little bit about some of the provisions of HB 1771. Thank you, Mr. Chairman.

MS. BENKA-DAVIES: Good morning. HB 1771 would expand the eligible entities that could obtain a special occasion permit to allify the 1C3's. It would change the structure of applying to a two step application process. First being they would have to apply for a special occasion license. Second being after they apply, they would have to submit their specific event days or permit days.

The SOP would be used for six consecutive or non-consecutive permit days, which is what they have now and changes the fee structure slightly by putting an application fee as well, a one-time, first time application fee, and then followed by a permit day fee. In order to renew the license there would also be a fee applied to that, similar to how your R's, E's, H's.

There is 48 hours notification to local police or State police, again, that is similar to the current statute and also a five day minimum filing period, which would address concerns with last minute notification about event permit days.

CHAIRMAN TAYLOR: Any members have any particular questions about the bill, of Lynn, before we start? With that, we are going to have the CEO of the Pennsylvania Liquor Control Board, Joe Conti. Joe it seems like just yesterday,

CEO CONTI: It seems like just yesterday, yes. I changed my tie.

CHAIRMAN TAYLOR: With Joe, as yesterday is Licensing Director, Jerry Waters and Deputy Council, Rod Diaz.

CEO CONTI: Thank you very much, Chairman Taylor, Chairman Santoni and members of the committee. I think I can summarize our eight pages in a few moments. Before you, you have a background on licensing and the sixty different types of licenses and permits that we administer. I think you have a little history in the testimony of the special occasion permit and the current 40 eligible entities for that, along with the uses. You see that we issued 2,828 of these in 2011. On page five, I think you see basically, I can boil it down to three concerns that we ask you to look at; which is the definition of eligible entity, as proposed; the special occasion permit, expanding a bit to a special occasion license; and the use of the term license versus perhaps permit, which might be a possible amendment you might want to consider; also the aforementioned time frame of five days. It is currently 30 days and to go to five days may be a little bit of an imposition on our Bureau of Licensing but we like to have a little dialog about that.

In closing, I think we really applaud the effort to look at this. So many applicants view the decisions we make as decisions of discretion. We don't think we are doing that, we think are

just administering the code as you've administered it. So, anything that you can do to assist in what is really the perception of discretion in these matters would be very helpful to us. You have done some of that over the years, but the more we can do of that the better. So, without further ado, Counsel Diaz, or Director Waters, anything that you want to add at this point or right to the questions? Okay, go to the questions.

CHAIRMAN TAYLOR: Chairman Santoni?

CHAIRMAN SANTONI: Thank you, John. I mean, we have talked about, briefly about, some of the language, license, using the word license is problematic and do you have any suggestions, how we might, what we might call it? We don't want to make it more difficult, obviously, we want to try to streamline it and make it more simple. So if you have any suggestions on that we would appreciate hearing them.

CEO CONTI: I think we are proposing "permit".

DIRECTOR WATERS: Permit is fine. Our concern with the use of the word "license" is that there are many provisions in the Liquor Code that just refer to the entity as a "licensee". We were not sure you want these permittees to be subject to them. And the best example I can give you, would be the Tide House provisions. A manufacturer can't provide, can't donate alcohol to a retail licensee. Now that happens with special occasion permittees often. These are non-profits. We are fine with that, but if they are now called licensees, we got a problem under the code. We would have to go section by section by section of the code to say, okay should this apply to these temporary six day, what we call permittees, now? So really, it is a matter of grammar. We think the work permit is okay.

The other thing is we got a sense of what you are trying to do, the two step process. We do that already. When we get an initial applicant, we vet them, typically to make sure they

qualify and then once we are confident that they qualify, any subsequent applications are processed much quicker.

CHAIRMAN SANTONI: And the day, five is not enough? I am zipping through your testimony, is there recommendations?

COUNSEL DIAZ: Currently, we work on a policy of thirty days we would like to have the application, because sometimes, especially with identified groups, in the current law some have to come with a resolution from the local municipality. Many times the application come in and we actually hold the application in advance, it is longer than five days when you go back and forth. Some entities do not realize that they have to obtain that, and we don't want to, five days would kind of put us in a pickle to have to either send it back, we would have to have some rules, policies to either send it back or hold it in advance with the 34,000 possible applicants that are 510(c)'s, that could become very arduous on my staff.

CHAIRMAN SANTONI: So, you need 30 days for the initial application and then because there is two steps, the second step you don't really need—

COUNSEL DIAZ: The second step would just be administrative, which as Rod has stated, we do now. Once we qualify an applicant, subsequent applications are normally done very quickly. Even within the thirty days, we constantly receive applications within fifteen days and it pushes my staff a little bit, but we try and make sure we get those applications qualified and approved because we understand that it is for a non-profit and most of them are for great causes.

CHAIRMAN SANTONI; I think the best scenario would be if these organizations just went through everything at the beginning of the year and that would be ideal and that is what we are planning to do and maybe we can educate them on that. Again, we appreciate your input and

look forward to continue discussion on this as we move forward. I have no further questions, Mr. Chairman.

CHAIRMAN TAYLOR: We have been joined since we began by Representative Brendan Boyle, Philadelphia; Representative Tom Killion, as well, from Delaware County.

You know in speaking, you mentioned about trying to get as much language as you can, so if you don't have any discretion at least you have some guidelines. Similar to our issue that we discussed yesterday with off-premises catering. You know, at least in my particular neck of woods, in Philadelphia, the special occasion permit has been somewhat abused with, you know it is not Mother Divine Grace Church getting the permit to do their Italian carnival which we have, it was other groups sort of lending out their permit to some for-profit situation for which they got a minor contribution. Can you suggest any language that we can use to maybe eliminate that? Again, we know why we want these things, the people that use them 90 percent of the time are perfectly legitimate but to get this non-profit entity to ask for a permit here but it is used four miles away and they are not on site, they have nothing to do with the dispensing of alcohol, they get a check back and you know sometimes that has been absolutely fraudulent, which is not what the code envisions, but sometimes it is kind of within the parameters of the code, as well.

DIRECTOR WATERS: If we run into that we will become aware of it sometimes because we will issue the permit and then someone other than the permittee shows up at the State Store or someone brings it to our attention. I am not really sure, we will sometimes look at whatever agreement they have to make sure that it is the entity who is applying for the license or the permit – that it is the entity that is purchasing the alcohol, that is what we will advise them to do and you would probably want to talk to enforcement as to what particular issues they run into. But you are also going to run into the problem where there are eligible entities who are quite

comfortable with that scenario you just described. I am going to get a flat fee. I am going to let you do all the work. I am going to buy the alcohol. And as far as I am concerned, I'm okay with that because I got what I, I made money, that's what I wanted and I didn't have to do all the other stuff, even if I, even if it's in my name. I am not sure what you could do, to be honest.

CHAIRMAN TAYLOR: Well for example, doesn't, does the code dictate or not dictate that the permit holder must be in direct control of the dispensing of the product?

DIRECTOR WATERS: What we've told people is what the permit requires is that the alcohol be sold in the entities name, that the alcohol be bought in the entities name. They can do it in conjunction with someone else. And nothing precludes an eligible entity to hire someone to help them out, a caterer, before the days of the off premise catering permit, who is supplying the food and maybe supplying the manpower. So, we require that the alcohol be sold in the applicants name. We require that the applicant have the ultimate authority. There is no practical way for us to enforce that, do you know what I mean? If the applicant says, oh yeah, I am making all the decisions. Ok. Then it becomes a—

CHAIRMAN TAYLOR: In the application, do they describe where they are going to sell alcohol?

DIRECTOR WATERS: They describe the location, yeah, that the area is licensed, so we know exactly where it is being sold. You have to make sure it is not in a dry, not dry for special occasion permits. So we know exactly where it is sold. Again, because they are often times purchasing the alcohol from us, we know that it is being purchased by the holder of the SOP.

CHAIRMAN TAYLOR: Well, I think we have the same dilemma that we talked about yesterday where we hope it doesn't get to a strict enforcement issue rather than if we add some,

some time and effort and money put up front so that the permitting process, so then we would be less concerned about what they do with it afterward.

CEO CONTI: I think, Chairman Taylor, in the scenario that you are questioning, we end up being more part of a process of may I use the term “Monday morning quarterbacking”. We will hear from a community activist or from a legislator that perhaps there was an abuse of the permit on an occasion and working with the State Police and ourselves, we look at it. And we don’t really find that we have ever, you know, not permitted properly – that is probably not good language this early in the morning. So at that point it does get to enforcement and checking that everything was adhered too. But I don’t think that we, I wish we could bring to you something more concrete to avoid the situations you are questioning.

DIRECTOR WATERS: The one thing I think that does help is the permit, the special occasion permits verses the catering permit, off premise catering permits, is the number. Again, if there are only three or four or six occasions, it is hard for an outside third party to build a business model around the ability to sell alcohol for six days rather than fifty days.

CHAIRMAN TAYLOR: And it is per day, right? I am just thinking of our Catholic parishes that have these festivals that might run three days in two consecutive weeks, is kind of typical. So that would be six, that would be the max?

COUNSEL DIAZ: That is correct.

CHAIRMAN TAYLOR: So it is per day, not per event?

COUNSEL DIAZ: Per day.

CHAIRMAN TAYLOR: Now, under the legislation, with the legislation that we talked about, the 501(3)(c), and just out of curiosity I am wondering if any of the entities that we probably all have grandfathered them in, but these types of entities are all under that category? I

guess they are. So when you look at the code and what we have done over the years, it is just like a hodge podge.

JERRY WATERS: That is actually one of our comments. They are not all 501(3)(c)'s, so you do want to make sure if you start excluding references to other entities that you are not going to be in a situation where they were eligible before and not now eligible.

CHAIRMAN TAYLOR: And it is has always been a controversy in this committee, because some members will say, wait a minute what about my Elks Club? We say well, put in a bill. You know, we are not against anybody, but that doesn't mean we should not be for this particular organization. So, you know we have done it on a piecemeal basis.

Let's see, who joined us just now. We were joined by Representative John Sabatina. Any other questions? Chairman.

CHAIRMAN SANTONI: Just as a follow-up, I think we did try to include, maybe we will have to go back and look at the language, but we did try to include everybody that qualified before and if we didn't we will certainly hear from them and make the appropriate changes. But I know that some, just a question on the liability, if I'm sort of farming out my SOP, for want of a better term, and I still have that liability, I could still get in trouble if something doesn't work out as a holder of that permit, I have liability, correct?

DIRECTOR WATERS: You are talking about liability to the State? Yes, we hold licensees and permittees accountable. Civil liability is kind of beyond what we can address.

CHAIRMAN TAYLOR: There is no, even though I think some of the entities that I am familiar with that get these permits get sort of insurance riders, but there is no requirement for that, right?

COUNSEL DIAZ: No, at this time there is no requirement.

CHAIRMAN TAYLOR: That gets us into a whole other issue, position. Not a lot of insurance out there in general, in some cases. Well, I will say that in our committee there is a sentiment for no special occasion permits. It is not necessarily one I share, but it is kind of prominent in a lot of our discussions, that all permittees should have to team up with a business, but a lot of these non-profits are, these events are what keeps them going on a year-to-year basis. We were trying to look for somebody from the non-profit world to come in and talk to us, but it was a little more difficult than we thought. With that are there any other questions for these gentlemen? Alright, thank you.

Our next witness is Bill Kohl, past Chairman of the Pennsylvania Restaurant Association.

CHAIRMAN KOHL: Good morning everybody and thank you for giving us the opportunity to weigh in on this issue. Chairman Taylor, Chairman Santoni and members of the committee, we appreciate that opportunity very much. I am Bill Kohl, past Chairman of the Pennsylvania Restaurant Association, but in Harrisburg I also operate Bricco and the Hilton Harrisburg.

We appreciate that HB 1771 seeks to simplify the procedure for the organizations to obtain these SOP's, but the legislation opens up the ability for an SOP to all non-profit 501(c) organizations as long as the written application and fee are submitted and we at the Pennsylvania Restaurant Association are opposed to HB 1771, as it is currently written.

Having said that, we do recognize the need to fix the problem. We can be supportive of certain issues in that regard. It was mentioned that, just a few moments ago, that pairing with a business could be one possibility for these organizations. There is a statistic from the National Restaurant Association that nine out of ten restaurants are heavily involved in charitable organizations in the communities in which they operate, and I know from my own personal

involvement, we get asked to do things at our costs or at the cost of our labor from charitable organizations all the time, and we are always happy to comply with that request because there is good business value in it for us. So I think maybe somewhere down the road you might think about some aspects like that, because I think you would have willing partners within the restaurant community who would gladly help support some of these other organizations.

We believe that the previously passed Act 11 of 2011, which allows licensees to serve alcohol at the events they caterer off premises eliminates the need for a lot of these special occasion permits and also helps insure that these events are held responsibly and safely. An eligible entity that receives an SOP may hold an event on an unlicensed premise and sell alcoholic beverages from 7:00 in the morning until 2:00 a.m. and as you know the SOP holders must purchase the alcohol that is being sold and only members of the entity may handle or sell the alcohol. I suggest that perhaps that doesn't always happen that way. During these events the eligible entity is subject to all facets and requirements of the code, this includes identification of the attendees, not serving the visibly intoxicated persons, and properly serving alcohol. These are requirements that licensees train their employees, routinely go through thorough in-house training, and also participate in the Responsible Alcohol Management Program sanctioned by the PLCB (Pennsylvania Liquor Control Board). Yet, there is nothing in this code that requires an entity obtaining the SOP to undergo any kind of training at all, including RAMP certification. So, on the one hand you have industry professionals who do this every day for a living, having the justifiable and understandable requirements to go through the RAMP training, where we then have charitable organizations that don't have any requirements in that regard, and that causes us some concern. This not only puts the attendees of the event at risk but also the eligible entity is at risk; I believe both personally and as an organization. Furthermore, they don't have any liquor

liability insurance, so while they may be subject to some penalties from the LCB, they are exposed without having that liquor liability insurance . Additionally, as previously mentioned, these can be provided to a for-profit entity who may use it for purposes other than originally intended.

The Bureau of Liquor Control Enforcement is responsible for insuring that the holders of SOP's are following the liquor code requirements but with the Enforcement Bureau already being stretched, I think there are legitimate concerns of how it will be able to investigate these events. According to the 2009 study that we uncovered by the National Center for Charitable Statistics, there are over 45,000 501(c)(3)'s just in Pennsylvania. HB 1771 would make all of them eligible to obtain the SOP's, which can be used up for up to the aforementioned six consecutive days or ten nonconsecutive days. So, it just seems to me that allowing the potential for 45,000 organizations to obtain these permits creates a little bit of an enforcement nightmare for the LCB.

As licensees, we are required to responsibly serve alcohol in a safe environment. Our members have always taken this seriously. It is their livelihood and we always ensure that our, try to ensure that our staff is fully trained and able to manage the service of alcohol and events that occur on our premises. The passage of Act 11 allows any individual group or entity to have a fully catered off-premise function that follows the requirements of the Liquor Code through the use of the licensee. Act 11 mandates that RAMP training is required for all those servers at the off-premise event. So, again, we feel that this is a potential solution to these SOP events for non-profits in that the industry may be able to assist them in that regard.

Licensee's make a huge investment in our liquor licenses. We rely on them for our livelihood and those same investments are not made by these non-profit organizations. So we

urge you to consider either discontinuing the use of the SOP's as they are currently outlined or continue to go down the road that you seem to be going down to try and solve this problem. We appreciate the opportunity to do this today, we thank you very much and I would happy to answer any questions.

CHAIRMAN SANTONI: Mr. Kohl, thank you for your testimony. We appreciate your input. Obviously, as I mentioned earlier, we are trying to make the SOP process better and more streamlined and we are not trying to hurt anybody. As you went through your testimony, I am hearing that passage of Act 11 pretty much make the SOP's not necessary, is that what you are saying?

CHAIRMAN KOHL: We think it was a significant step to a solution for that, yes.

CHAIRMAN SANTONI: And the Restaurant Association has worked with these groups in the past and you said that you do a lot of that kind of work, has that been the history of—

CHAIRMAN KOHL: Yes, I would say that it has not been the Association specifically that have worked with the groups, but the individual restaurants in the communities. I mean I have worked with probably over 200 charitable groups a year between my operations to do different events.

CHAIRMAN SANTONI: Some of the things mentioned, you mentioned the RAMP training and other things, that is not required of SOP's now?

CHAIRMAN KOHL: That is one of our concerns.

CHAIRMAN SANTONI: Okay. I will stop here now.

CHAIRMAN TAYLOR: Okay, Bill, just in terms of insurance, I understand that that is a problem; you heard me address that question to Mr. Waters and Mr. Conti, but what percentage of restaurants in Pennsylvania have liquor liability insurance?

CHAIRMAN KOHL: You know I don't have the answer to your question, Mr. Chairman. I assumed that everybody had it, just as a good business practice.

CHAIRMAN TAYLOR: Well, I don't think they do because, I mean, that is something we also discuss many times. I will ask Amy when she comes up about taverns, but I would like to give you an opportunity, I understand you have some concerns about some of the testimony yesterday with regard to off-premise catering. Did you?

CHAIRMAN KOHL: I will be happy to answer any questions on that. I was not here yesterday.

CHAIRMAN TAYLOR: Okay. Maybe our next witness will do that. Any questions about the SOP's for Bill? Bill, thank you very much.

CHAIRMAN KOHL: Yes, thank you very much.

CHAIRMAN TAYLOR: Our next witness is Amy Christie, Executive Director of the Pennsylvania Tavern Association. Good morning, Amy.

EXECUTIVE DIRECTOR CHRISTIE: Good morning. Good morning, Chairman Taylor, Chairman Santoni and members of the committee. We really appreciate and would like to thank you for hearing our thoughts on HB1771. Special occasion permits have been an issue of great debate with our members. Just for a little background, the Pennsylvania Tavern Association is Pennsylvania's licensed beverage association; exclusively represents thousands of retail licensed establishments across the State. Our small businesses not only serve as wholesale partners to the PLCB and provide millions in tax dollars a year to the State, our members have served as a distinctive part of our State great history while being productive citizens to our communities. Not so long ago our members establishments served as town halls, polling places, our nation's first Congressional meeting house, even birthing the United States Marine Corp from our

Pennsylvania taverns. Today it is a regular scene to see Little Leaguers sporting our establishments names as their team sponsor on their very first baseball jersey. To see a licensed establishment hosting a charity event for a community member in need or a local tavern, restaurant and pub partnering with local police and fire companies and community improvement boards for the betterment of their towns and neighborhoods. Collectively, as a whole, our members provide the most consistent support for charitable organizations across the State, ranging from high school sports teams to large national organizations like the American Heart Association.

As we provide a large base of charitable support across the Commonwealth, we also support legitimate non-profit charitable organizations raising funds for their good causes. We support that, which is what the special occasion permits are supposed to be doing. As small business owners in a troubled economy, with their livelihoods invested in their licensed establishments, special occasion permits can be an extra obstacle in staying out of the red and paying your bills for the month. That is why we are very pleased to see Chairman Santoni's language that takes really good steps in ensuring that the integrity of the non-profit is protected, while also providing more enforcement and regulatory details to special occasion permit holders. Requiring updated information on non-profit license holders of SOP's, providing language for liquor code citations and fines for serving minors or visibly intoxicated persons, and including Pennsylvania Liquor Control enforcement as enforcement are all positive steps for the non-profit and for the attendees of the events.

The Pennsylvania Tavern association recommends an annual report from the special occasion permit holders on funds raised from the events and how they were spent. We also would recommend that before renewing the license the non-profit officer information be updated

as well as points of contact for the PLCB and PLCE. This not only keeps records up-to-date for the State, but also insures that the permit holders is using the license for the intended purposes of the non-profit organization. I think that we all remember back in the City where a beceased Little League organizers name was used in Penn's Landing, of all places. I mean so it does happen and I applaud Chairman Santoni for taking steps here and I think it is a really great starting point.

Last year in HB 148, known as Act 11, this committee and the full Legislature voted to allow our members to cater off-premise with alcohol up to 50 times a year. Since many of our members have been providing catering services for years and are already licensed by the State to sell and serve alcohol, this was a commonsense update to the Liquor Code that served the consumers, helped small businesses and provided extra safety at catered events for attendees. This was accomplished by including the provision in HB 148, that called for all servers of licensed establishments working the catered event to be PLCB RAMP server/seller trained. This server/seller training provides Pennsylvania specific liquor code laws, regulations, training on carding to prevent minors, how to spot signs of intoxication, encouraging patrons to eat, turning customers away, and a myriad of situations that a server of alcohol may be faced with at any time. The Pennsylvania Tavern Association would also recommend that volunteers or paid workers that these events serving alcohol under an SOP permit would also be required to pass this course. This would be a great help to the servers at these events in keeping their attendees safe while also providing valuable liability protection to the non-profit organization itself and it has a low cost of investment. As this course is offered in classroom settings and online at low cost, this should be a step that special occasion permit holders would have no problem in completing, whatsoever.

We would like to continue to work with Chairman Santoni on this bill regarding our recommendations. I thank you for your time and attention to this. I will be happy to answer any questions and especially about anything with off premise. We are here for it. Thank you.

CHAIRMAN SANTONI: Thank you. You get, I am sure you will get a chance to make a comment on the off premise stuff. I mean you have made some good recommendations and we are certainly open to those. The record keeping stuff, I mean it is important, maybe that is a way that we can look at keeping, make sure these are legitimate and what the money being raised for is legitimate, etc. We understand that the training, again, the dilemma there, the problem we have is, is it cost effective for these non-profits to be able to do that for six or ten, eight, ten days that kind of thing. So, that is the challenge that we are trying to juggle. We want to make sure that we have a system in place that protects you guys and the restaurants. But we also want to make sure that these non-profits that are just trying to raise a few dollars, that because local communities, local governments don't have the money, State governments don't have the money, that we don't throw too many road blocks up. So, that is the challenge and—

EXECUTIVE DIRECTOR CHRISTIE: I agree, and there are a lot of charitable organizations out there that are doing great things with these events. There is also, as in every other industry, some people that are abusing it, and I think that your language takes a step in getting rid of that and just some of our recommendations, I think, would really be able to narrow that down. And just as an aside, I agree with the LCB's three issues as well. I think five days is too short of a period for anybody, actually, to be able to make sure that this event is going on at this time with this person and this is who is in charge. I think that it would help if you kept it to the 30 days.

CHAIRMAN TAYLOR: As a business proposition is there maybe, Senator Conti can answer this too as a former licensee , but is there a way to make it feasible for a non-profit to bring in a licensed group to do it?

EXECUTIVE DIRECTOR CHRISTIE: If we do it—

CHAIRMAN TAYLOR: I am trying to think of what they must go through—

EXECUTIVE DIRECTOR CHRISTIE: We do it all the time. I have members that, you know like I said, have been catering for 30 years. We are always helping out hospitals, high schools, you know, a lot of the times our members donate the food and it is great food. It cuts down on a lot of the work from the people of the organization, it saves them a lot of money and time.

CHAIRMAN TAYLOR: Can you put that in a statute, that it is required?

EXECUTIVE DIRECTOR CHRISTIE: It is awesome food.

CHAIRMAN TAYLOR: No, that it is donated. Now we are getting somewhere. See, this is the purpose of these things.

EXECUTIVE DIRECTOR CHRISTIE: Well, if we do the, with the off premise catering permits, utilizing that, I mean right there takes care of your training and making sure the people are trained. It cuts down on a lot of the issues and honestly the intent of the whole off premise catering permits, the intent was to be able to do things like this because we are always helping out charitable organizations and fundraising capabilities with chef's walks and all kinds of things like that for just neighborhoods. We are also at the same time doing a ton of weddings, a lot of anniversaries and things like that, that is the intent of the off premise catering and with a, I understand that there are some issues with that, but I think that with the intent and the way that we read the language, if you are looking at 50 times a year and it has to be, you have to have a

contract or agreement with somebody else and the fact that it has to be a certain set of invited people, we felt comfortable with that, so I know that you are having some issues with that, but we would really like to work with you guys on that before you make any steps that might hurt the good operators out there.

CHAIRMAN TAYLOR: Well, I think Deputy Counsel Diaz used the words “business model” that some groups are now arranging this as a business to—

EXECUTIVE DIRECTOR CHRISTIE: Which was not the intent

CHAIRMAN TAYLOR: —circumvent the code and it is probably not of your more established members.

EXECUTIVE DIRECTOR CHRISTIE: It was not the intent of that, they are not my member.

CHAIRMAN TAYLOR: And you know, I am not even kidding about this part, to team up or require a non-profit to be with a licensee, there could be some pressure on that licensee to donate everything as well, depending on the non-profit and the non-profit stature in that community. This could end up working against, because there may be some expectations that they donate their services, which then becomes, you know, almost a requirement because the church down the street can't do it without you.

EXECUTIVE DIRECTOR CHRISTIE: Right, right.

CHAIRMAN TAYLOR: And you know, your family is a member of that church and so.

EXECUTIVE DIRECTOR CHRISTIE: Well, that is how we serve our communities anyway. I mean like, a good establishment and a good member and a long standing establishment with a great reputation, the one thing that that sets them indifferent from anybody else is that they do these things for the community because that's what ingrains them in the

community, that is what bring people to their place. You want to go to that local pub because it is like, oh yeah, he helped out so and so down the street, or he threw an event for my niece that has MS. You know, I mean, so it is a constant, it's a constant relationship going on between a great licensee and his community in the first place. We would like to work with you guys to just keep this conversation going and I think that Chairman Santoni, again, has made some great steps here.

CHAIRMAN SANTONI: I just thought of something and I am sure that it is just a thought that, I don't know, you will probably blow holes in it, but under Act 11, I should maybe can ask this of the Restaurant Association, if you guys can lend a percentage of your business to some of the non-profits then I can throw my bill in the trash we wouldn't need to do it.

EXECUTIVE DIRECTOR CHRISTIE: I think that is something that I will go back to my board and talk with them about and get back to you on.

CHAIRMAN SANTONI: Just a thought. I don't know where the bill is going to go and we certainly want to try make positive changes for everybody but if we could get some commitments on that maybe that is the answer.

EXECUTIVE DIRECTOR CHRISTIE: Yes sir.

CHAIRMAN TAYLOR: Any other questions for Amy?

EXECUTIVE DIRECTOR CHRISTIE: Thank you very much. I appreciate it.

CHAIRMAN TAYLOR; Thank you very much. Well, thanks to everyone that testified today. This and every other bill we do is very difficult to fashion a code around an entire Commonwealth. You know, in this particular special occasion permits if you look at the list of those that have them now, it is easy to envision helping the church down the street, but then

some major, major institutions have the same opportunity for special occasion permits as well, so it is very difficult.

As sort of a follow-up, at least for me, about yesterday's hearing, as a legislator and as a chairman we very much everyday as, questions, legitimately, because we don't know the answer. I guess as a lawyer, I am always concerned about asking questions that I don't know the answers too to, and I think yesterday, we were going to follow-up with Judge Manis in at least, at least in letter form and to ask her if they have specific instances of this command pressure that she is talking about, what has been done about it? It is very difficult for us to listen to some hypothetical yet not hypothetical because I ask her specifically whether or not these where things that could happen or things do happen and she very specifically said they are things that do happen, and yet we don't have any specifics. So we are not sure where those accusations were casted, what entity, what person, I think it puts us in an uncomfortable position because we are having a hearing on a particular issue, we are not necessarily an investigative authority but we will ask her to pass that information along. I think that this committee is probably not the proper venue for it, but we will certainly try to facilitate anything she has to say with the proper people that need to hear it. But I think it is almost incumbent upon her to follow up on it, because you can't leave those sort of insinuations out there without some specifics.

But again, thanks for today. Chairman Santoni do you have any remarks?

CHAIRMAN SANTONI: Just to reiterate on 1771 to keep the lines of communication open and we look forward to working with you and maybe that discussion about percentage of your business to some of the non-profits just as a thought, but we look forward to your input.

Thank you Mr. Chairman.

CHAIRMAN TAYLOR: Thank you Mr. Chairman. Any other members have anything they would like to add? With that, thank you very much, this meeting is adjourned.

(Where upon, the meeting adjourned at 12:20 PM)

The above is a full and accurate transcript of proceedings produced by the Chief Clerk's Office of the House of Representatives.

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