



**DISTILLED SPIRITS COUNCIL**  
OF THE UNITED STATES

September 21, 2021

To: Majority Chairman Carl Metzgar (House Liquor Control), Minority Chairman Daniel Deasy (House Liquor Control), Majority Chairman Mike Regan (Senate Law and Justice), and Minority Chairman Jim Brewster (Senate Law and Justice)

From: David E. Wojnar, Senior Vice President and Head of State Public Policy

Date: September 29, 2021

**General Comments Regarding Supply Chain Issues:**

There are supply chain issues across almost every industry as manufacturers continue to struggle with pandemic-related economic challenges. The spirits industry, like numerous others, is being impacted by shortages of containers, drivers, and glass bottles. Our sector faces some unique issues since many luxury spirits products take years to make and age. Suppliers cannot simply increase production overnight to address increased demand or, in this case, supply chain issues.

**PENNSYLVANIA**

- While the Pennsylvania Liquor Control Board (PLCB) has made some head scratching decisions over the years – namely closing all spirits stores in March 2020 which forced consumers to cross the border to purchase their favorite products – the decision to limit bottles seems reasonable in that it is trying to avoid hoarding of products and ensure some availability for consumers. That said, the PLCB continues to levy out-of-stock fees against suppliers despite the acknowledged supply chain issues. A supplier must apply for a waiver, but it is still subject to the PLCB's subjectivity.

**Requested Action- Given the current circumstances, we urge the PLCB to suspend all out-of-stock fees until further notice and not subject suppliers to unnecessary paperwork and bureaucratic red tape.**

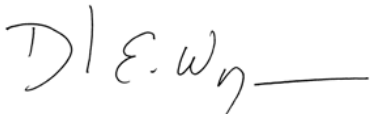
- While we are hopeful the supply chain issue is a short-term problem, there are a multitude of other issues in Pennsylvania that severely restrict consumer access to distilled spirits beyond supply chain issues and a government-imposed limitation on sales.
  - o For one, there are only 0.70 number of outlets per 10,000 consumers in Pennsylvania when the national average is 3.39 number of outlets per 10,000 consumers.
  - o Then, there is flexible pricing which allows the state-run PLCB to raise prices at will and pocket savings at the expense of the consumer.

- There is also the unequal treatment of spirits products that penalizes consumers. For example, popular new ready-to-drink cocktails with the exact same alcohol content as malt-based products like hard seltzers are prohibited from being sold at the same stores.

**Requested Action- Supply chain issues aside, Pennsylvania is still not be the ideal place to buy spirits, and we urge you to consider legislation that will repeal flexible pricing, expand spirits sales into R-licenses like Act 39 did for wine, and expand the availability of spirit based RTDs which was discussed earlier in the year.**

In closing, Pennsylvania spirits consumers are taxpayers, voters and shareholders of the Pennsylvania Liquor Control Board system, and they deserve the ability to purchase their products where they want, when they want and how they want. To accomplish this, we are asking you to adopt the measures we have put forward. Thank you in advance for your consideration.

Sincerely,

A handwritten signature in cursive script that reads "D. Wojnar" followed by a horizontal line.

David Wojnar  
Senior Vice President and Head of State Public Policy