

No. 2016-39

AN ACT

HB 1690

Amending the act of April 12, 1951 (P.L.90, No.21), entitled, as reenacted, "An act relating to alcoholic liquors, alcohol and malt and brewed beverages; amending, revising, consolidating and changing the laws relating thereto; regulating and restricting the manufacture, purchase, sale, possession, consumption, importation, transportation, furnishing, holding in bond, holding in storage, traffic in and use of alcoholic liquors, alcohol and malt and brewed beverages and the persons engaged or employed therein; defining the powers and duties of the Pennsylvania Liquor Control Board; providing for the establishment and operation of State liquor stores, for the payment of certain license fees to the respective municipalities and townships, for the abatement of certain nuisances and, in certain cases, for search and seizure without warrant; prescribing penalties and forfeitures; providing for local option, and repealing existing laws," as follows:

In preliminary provisions, further providing for definitions.

In Pennsylvania Liquor Control Board, further providing for general powers of board.

In Pennsylvania Liquor Stores, further providing for when sales may be made at Pennsylvania Liquor Stores and for sales by Pennsylvania Liquor Stores.

In licenses and regulations, liquor, alcohol and malt and brewed beverages, further providing for license districts, license period and hearings, for issuance, transfer or extension of hotel, restaurant and club liquor licenses, for sales by liquor licensees and restrictions, for special occasion permits, for wine option permits, for liquor importers' licenses, fees, privileges and restrictions and for interlocking business prohibited;

providing for wine expanded permits and for casino liquor license;

further providing for malt and brewed beverages manufacturers', distributors' and importing distributors' licenses, for malt and brewed beverages retail licenses, for application for distributors', importing distributors' and retail dispensers' licenses, for distributors' and importing distributors' restrictions on sales, storage, etc., for retail dispensers' restrictions on purchases and sales, for interlocking business prohibited and for breweries;

establishing the Pennsylvania Malt and Brewed Beverages Industry Promotion Board;

further providing for limiting number of retail licenses to be issued in each county, for incorporated units of national veterans' organizations, for licenses not assignable and transfers and for renewal of licenses and temporary provisions for licensees in armed service;

providing for license auction;

further providing for responsible alcohol management, for local option, for public record, for surrender of restaurant, eating place retail dispenser, hotel, importing distributor and distributor license for benefit of licensee and for shipment of wine into Commonwealth;

providing for Pennsylvania Wine Marketing and Research Board; and

further providing for unlawful acts relative to liquor, alcohol and liquor licensees, for unlawful acts relative to liquor, malt and brewed beverages and licensees and for identification cards, licensees and State Liquor Store employees saved from prosecution.

In distilleries, wineries, bonded warehouses, bailees for hire and transporters for hire, further providing for limited wineries and for distilleries.

Establishing a Wine and Spirits Wholesale and Retail Privatization Commission.

The General Assembly finds and declares as follows:

(1) It is the purpose of this act to reform the system by which alcohol is dispensed and controlled within this Commonwealth to reflect changes in the marketplace while continuing to protect the welfare, health, peace and morals of the citizens of this Commonwealth.

(2) The 21st Amendment to the Constitution of the United States dictates that the laws of the states shall govern the transportation and importation of intoxicating liquors into the state for delivery and use within the state.

(3) Further, the United States Supreme Court has opined in interpreting the 21st amendment that "the states' regulatory power over this segment of commerce is largely unfettered by the Constitution's commerce clause."

(4) Revenues derived from the operation of a system for the manufacture, transportation, distribution and sale of alcohol are necessary to implement and sustain a regulated marketplace to continue to protect the welfare, health, peace and morals of the citizens of this Commonwealth and to contribute to the overall economic stability of the Commonwealth.

(5) In order to adapt to the changing marketplace, this act will:

(i) Permit private industry to offer additional products for sale while ensuring that the laws of this Commonwealth are thoroughly enforced.

(ii) Ensure that the value of licenses held by small businesses are not devalued, but are enhanced through the opportunity to expand operations and sales.

(iii) Provide for the operation of a retail system that promotes competition and convenience to ensure that the residents of this Commonwealth purchase products within this Commonwealth.

(iv) Establish a system by which these increased opportunities will continue to contribute to overall fiscal stability of the Commonwealth.

(6) Recognition and furtherance of all these elements is essential to the welfare, health, peace and morals of the citizens of this Commonwealth.

The General Assembly of the Commonwealth of Pennsylvania hereby enacts as follows:

Section 1. The definitions of "alcohol," "alcoholic cider," "denatured alcohol," "direct shipper," "eligible entity," "holiday," "liquor" and "performing arts facilities" in section 102 of the act of April 12, 1951 (P.L.90, No.21), known as the Liquor Code, reenacted and amended June 29, 1987 (P.L.32, No.14) and amended or added February 21, 2002 (P.L.103, No.10), December 8, 2004 (P.L.1810, No.239), June 25, 2010 (P.L.217, No.35) and July 5, 2012 (P.L.1007, No.116), are amended and the section is amended by adding definitions 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:

"Alcohol" shall mean ethyl alcohol of any degree of proof originally produced by the distillation of any fermented liquid, whether rectified or diluted with or without water, whatever may be the origin thereof, and shall include *powdered alcohol and* synthetic ethyl alcohol, but shall not mean or include ethyl alcohol, whether or not diluted, that has been denatured or otherwise rendered unfit for beverage purposes.

"Alcoholic cider" shall mean a beverage which may contain carbonation in an amount not to exceed three hundred ninety-two one thousandths of a gram per one hundred milliliters and flavors, produced through alcoholic fermentation of any fruit or fruit juice, consisting of at least one-half of one per centum, but not greater than **[five]** *eight* and one-half per centum, alcohol by volume and sold or offered for sale as alcoholic cider and not as a wine, a wine product or as a substitute for wine, in bottles, cases, kegs, cans or other suitable containers of the type used for the sale of malt or brewed beverages in this Commonwealth.

* * *

"Denatured alcohol" shall mean and include all alcohol or any compound thereof which by the admixture of such denaturing material or materials is rendered unfit for use as a beverage. *The term shall not include powdered alcohol.*

* * *

"Direct *wine* shipper" shall mean a person **[outside this Commonwealth who obtains a license from]** *licensed as a producer of wine* by the board **[to accept]** *or by another state or country that accepts* orders placed for wine from within this Commonwealth. **[by the Internet and who ships or facilitates in any way shipment of wine by a delivery agent or common carrier to a Pennsylvania Liquor Store.]** *The term includes a limited winery.*

* * *

"Eligible entity" shall mean a city of the third class, a hospital, a church, a synagogue, a volunteer fire company, a volunteer ambulance company, a volunteer rescue squad, a unit of a nationally chartered club which has been issued a club liquor license, a club which has been issued a club liquor license and which, as of December 31, 2002, has been in existence for at least 100 years, a library, a nationally accredited Pennsylvania nonprofit zoological institution licensed by the United States Department of Agriculture, a nonprofit agricultural association in existence for at least ten years, a bona fide sportsmen's club in existence for at least ten years, a nationally chartered veterans' organization and any affiliated lodge or subdivision of such organization, a fraternal benefit society that is licensed to do business in this Commonwealth and any affiliated lodge or subdivision of such fraternal benefit society, a museum operated by a nonprofit corporation, a nonprofit corporation engaged in the performing arts, an arts council, a nonprofit corporation that operates an arts facility or museum, a nonprofit organization as defined under section 501(c)(3) of the Internal Revenue Code of 1986 (Public Law 99-514, 26 U.S.C. § 501(c)(3)) whose purpose is

to protect the architectural heritage of [boroughs or a township of the second class] a *municipality* and which has been recognized as such by a [municipal] resolution *of the municipality*, a nonprofit organization as defined under section 501(c)(3) of the Internal Revenue Code of 1986 (Public Law 99-514, 26 U.S.C. § 501(c)(3)) conducting a regatta in a city of the second class with the permit to be used on State park grounds or conducting a family-oriented celebration as part of Welcome America in a city of the first class on property leased from that city for more than fifty years, a nonprofit organization as defined under section 501(c)(3) of the Internal Revenue Code of 1986 (26 U.S.C. § 501(c)(3)) whose purpose is to raise funds for the research and treatment of cystic fibrosis, a nonprofit organization as defined under section 501(c)(3) of the Internal Revenue Code of 1986 (26 U.S.C. § 501(c)(3)) whose purpose is to educate the public on issues dealing with watershed conservation, a nonprofit organization as defined under section 501(c)(3) of the Internal Revenue Code of 1986 (Public Law 99-514, 26 U.S.C. § 501(c)(3)) whose purpose is to provide equine assisted activities for children and adults with special needs, a nonprofit economic development agency in a city of the second class with the primary function to serve as an economic generator for the greater southwestern Pennsylvania region by attracting and supporting film, television and related media industry projects and coordinating government and business offices in support of a production, a county tourist promotion agency as defined in section [3(1)] 2 of the act of [April 28, 1961 (P.L.111, No.50), known as the "Tourist Promotion Law,"] July 4, 2008 (P.L.621, No.50), known as the "*Tourism Promotion Act*," a junior league that is a nonprofit organization as defined under section 501(c)(3) of the Internal Revenue Code of 1986 (26 U.S.C. § 501(c)(3)) that is comprised of women whose purpose is exclusively educational and charitable in promoting the volunteerism of women and developing and participating in community projects and that has been in existence for over seventy years, a nonprofit organization as defined under section 501(c)(3) of the Internal Revenue Code of 1986 and whose purpose is the education and promotion of American history, a nonprofit organization as defined under section 501(c)(6) of the Internal Revenue Code of 1986 whose purpose is to support business and industry, a brewery which has been issued a license to manufacture malt or brewed beverages and has been in existence for at least 100 years or a club recognized by Rotary International and whose purpose is to provide service to others, to promote high ethical standards and to advance world understanding, goodwill and peace through its fellowship of business, professional and community leaders or a nonprofit organization as defined under section 501(c)(3) of the Internal Revenue Code of 1986 (Public Law 99-514, 26 U.S.C. § 501(c)(3)) whose purpose is to promote mushrooms while supporting local and regional charities, a museum operated by a not-for-profit corporation in a city of the second class A, a nonprofit organization as defined under section 501(c)(3) of the Internal Revenue Code of 1986 which is located in a city of the second class A and has as its purpose economic and community development, a nonprofit organization as defined under section 501(c)(3) or (6) of the Internal Revenue Code of 1986 that is located in a city of the third class in a county

of the fifth class, a nonprofit social service organization defined under section 501(c)(3) of the Internal Revenue Code of 1986 located in a county of the third class whose purpose is to serve individuals and families in that county of the third class, a nonprofit organization as defined under section 501(c)(3) of the Internal Revenue Code of 1986 whose main purpose is to temporarily foster stray and unwanted animals and match them to suitable permanent homes or a nonprofit organization as defined under section 501(c)(3) of the Internal Revenue Code of 1986 who operates either a Main Street Program or Elm Street Program recognized by the Commonwealth, the National Trust for Historic Preservation or both, a nonprofit radio station that is a member of the National Public Radio network, a nonprofit public television station that is a member of the Pennsylvania Public Television Network or a nonprofit organization as defined under section 501(c)(3) of the Internal Revenue Code of 1986 whose purpose is to promote awareness, education and research and to provide a support system for patients with neutropenia and their families through a national resource network[.], *a nonprofit organization as defined under section 501(c)(3) of the Internal Revenue Code of 1986 whose main purpose is to stimulate community development by facilitating residential and retail growth in a city of the second class located in a county of the second class or a nonprofit community development corporation organized under section 501(c)(3) of the Internal Revenue Code of 1986 that serves an adjoining borough and township in a county of the second class and whose main purpose is to facilitate commercial development and foster neighborhood stabilization, a nonprofit organization as defined under section 501(c)(3) of the Internal Revenue Code of 1986 whose purpose is to provide young people with a program to build character, to teach the responsibilities of citizenship and to develop personal fitness with a goal of creating future leaders, a nonprofit as defined in section 501(c)(3) of the Internal Revenue Code of 1986 whose main purpose is to assist children and their families who are facing financial hardship due to the death of a parent, a nonprofit as defined under section 501(c)(3) of the Internal Revenue Code of 1986 whose purpose is to allocate funds for research to expedite a cure achromatopsia, a nonprofit organization as defined under section 501(c)(3) of the Internal Revenue Code of 1986 that is located in a city of the first class, was organized in 1995 as a community development corporation to promote health, safety and welfare of the residents, businesses and institutions of a neighborhood of a city of the first class, and whose works include public promotions, neighborhood improvement projects and commercial corridor improvements, including a business improvement district or a nonprofit organization as defined under section 501(c)(3) of the Internal Revenue Code of 1986 that is responsible for providing services to members of the armed forces of the United States and relief to disaster victims in the United States and abroad or any neighborhood improvement district management association as defined in section 3 of the act of December 20, 2000 (P.L.949, No.130), known as the "Neighborhood Improvement District Act," that has been established as a 501(c)(3) nonprofit organization under section 501(c)(3) of the Internal Revenue Code of 1986, a nonprofit organization as defined under section*

501(c)(3) of the Internal Revenue Code of 1986 located in a city of the first class whose purpose is to support initiatives to enrich the lives of children, teens and families especially those in need, to reach their full potential as productive and responsible citizens and has been in existence for at least seventy-five years.

* * *

["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.]

* * *

"Institution of higher education" shall mean any of the following:

(1) A community college operating under Article XIX-A of the act of March 10, 1949 (P.L.30, No.14), known as the "Public School Code of 1949."

(2) A university within the State System of Higher Education.

(3) The Pennsylvania State University.

(4) The University of Pittsburgh.

(5) Temple University.

(6) Lincoln University.

(7) Any other institution that is designated as State-related by the Commonwealth.

(8) Any accredited private or independent college or university.

* * *

"Liquor" shall mean and include any alcoholic, spirituous, vinous, fermented or other alcoholic beverage, *powdered alcohol*, or combination of liquors and mixed liquor a part of which is spirituous, vinous, fermented or otherwise alcoholic, including all drinks or drinkable liquids, preparations or mixtures, and reused, recovered or redistilled denatured alcohol usable or taxable for beverage purposes which contain more than one-half of one per cent of alcohol by volume, except pure ethyl alcohol and malt or brewed beverages.

* * *

"Mug club" shall mean a group organized by a retail licensee or a brewery whose members are entitled to discounted malt or brewed beverages. Membership shall be by written application and the licensee must maintain a written list of active members as part of its records. Members shall pay an annual fee as well as a renewal fee as set by the licensee. Membership shall, at a minimum, entitle the member to a mug, glass or similar container and said container must be used when the member is served any discounted malt or brewed beverages. No discounted malt or brewed beverages may be provided between midnight and seven o' clock antemeridian.

* * *

"Performing arts facilities" shall mean those halls or theaters in which live musical, concert, dance, ballet and legitimate play book-length productions are performed. Performing arts facilities shall not mean those halls or theaters in which burlesque shows or reviews are performed. If the operator of the performing arts facility is a nonprofit entity, the facility must have seating for at least **[two hundred fifty (250)] one hundred fifty (150)** people; otherwise, the facility must have seating for at least twenty-five hundred (2,500) people.

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"Powdered alcohol" shall mean alcohol sold in a powder form for either direct use or reconstitution.

"Private label" shall mean a product made under contract by a manufacturer or the manufacturer's agent for the exclusive right of a retailer.

* * *

Section 2. Section 207(b) of the act is 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:

* * *

(b) *The following shall apply:*

(1) 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]

(2) *Except as provided in paragraphs (3) and (4), 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.] may include a handling fee. This proportional pricing provision shall not apply to special liquor orders authorized under section 305(a).*

(3) *The board may price its best-selling items and limited purchase items in a manner that maximizes the return on the sale of those items.*

(4) *The board may discount the price of discontinued items.*

(5) *All prices of a particular product identification number shall be uniform throughout the Commonwealth.* 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.

(6) *On a quarterly basis the board shall publish a listing of the wholesale and Pennsylvania Liquor Store retail prices on its publicly accessible Internet website.*

(7) *No later than April 1st of each year the board shall submit an annual written report to the Law and Justice Committee of the Senate and the Liquor Control Committee of the House of Representatives. The report shall contain information related to the method and rationale for pricing products.*

(8) *No later than June 1st of each year, the board shall appear before the Law and Justice Committee of the Senate and the Liquor Control*

Committee of the House of Representatives to provide testimony in relation to its annual written report under paragraph (7).

(9) 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 permit and pay the same fee as hereinbefore required to be paid by such manufacturer. All permit fees so collected shall be paid into the State Stores Fund. The board shall not purchase any alcohol or liquor fermented, distilled, rectified, compounded or bottled in any state, territory or country, the laws of which result in prohibiting the importation therein of alcohol or liquor, fermented, distilled, rectified, compounded or bottled in Pennsylvania. ***The board may not sell private label products. A Pennsylvania Liquor Store may continue to sell private label products within its inventory after the effective date of this section until the private label products within its current inventory are depleted.***

(10) ***The proportional pricing under paragraph (2) shall not apply to special liquor orders authorized under section 305(a).***

(11) ***As used in this subsection, the following words and phrases shall have the meanings given to them in this paragraph:***

"Best-selling items" shall mean the one hundred fifty (150) most sold product identification numbers of wine and the one hundred fifty (150) most sold product identification numbers of liquor as measured by the total number of units sold on a six-month basis calculated every January 1 and July 1.

"Discontinued items" shall mean those product identification numbers that the board has voted to delist at a public meeting.

"Limited purchase items" shall mean those product identification numbers that the board purchases on either a one-time or nonrecurring basis due to the product's limited availability or finite allocation.

"Product identification number" shall mean the stock keeping unit (SKU) or a successor method of identifying specific products.

* * *

(l) ***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.***

Notwithstanding any other provision of law to the contrary, the board may pay the holder of a winning ticket up to an amount that shall be established jointly by the board and the Department of Revenue. All proceeds retained by the board as compensation for the sale of tickets, including incentive awards or bonuses, as well as credit for direct payment of prizes, shall be deposited into the General Fund.

(m) Notwithstanding subsection (b), 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, to unlicensed customers of the board.

(n) Notwithstanding the act of December 20, 2015 (P.L.497, No.90), known as the Taxpayer-Funded Advertising Transparency Act, any expenditure for media advertising made by the board shall not be subject to any requirement that the media advertising include any statement identifying the fund from which the expenditure was made, nor any statement that the media advertising was paid for with Pennsylvania taxpayer dollars.

Section 2.1. 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 be open for Sunday retail sales between the hours of noon and five 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 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.]
Pennsylvania Liquor Stores, including online stores, shall be open on the hours and days that the board deems appropriate.

Section 3. Section 305(a) and (b) of the act, amended May 8, 2003 (P.L.1, No.1) and July 6, 2005 (P.L.135, No.39), are amended and the section is amended by adding subsections to read:

Section 305. Sales by Pennsylvania Liquor Stores.—**(a) The board shall in its discretion determine where and what classes, varieties and brands of liquor and alcohol it shall make available to the public and where such liquor and alcohol will be sold. Every Pennsylvania Liquor Store shall be authorized to sell combination packages. If a person desires to purchase a class, variety or brand of liquor or alcohol not currently available from the board, he or she may place a special order for such item so long as the order is for two or more bottles. The board may require a reasonable deposit from the purchaser as a condition for accepting the order. The customer shall be notified immediately upon the arrival of the goods.**

In computing the retail price of such special orders for liquor or alcohol, the board shall not include the cost of freight or shipping before applying **[the] a mark-up that is equal to ten per centum of the cost of the product** and taxes but shall add the freight or shipping charges to the price after the mark-up and taxes have been applied. ***In addition to the ten per centum mark-up, the board shall impose handling fees on special orders which come to rest at a store, in the same manner that it imposes them on the other alcohol that it sells.***

A licensed importer or a licensed vendor may place special orders on behalf of customers and may deliver the orders to customers. The orders do not need to come to rest at a store, but delivery may not occur until payment for the order has been forwarded to the board and the board has authorized the delivery of the order. A handling fee may not be assessed by the board on an order delivered directly to a customer. Liability for special orders that do not come to rest at a store, shall, until the order is delivered to the customer, remain with the licensed importer or licensed vendor that placed the order on behalf of the customer. The board shall, by January 1, 2017, implement a procedure for processing special orders which do not come to rest at a store. The board may continue to accept special orders at its stores even after the procedure is implemented.

Unless the customer pays for and accepts delivery of any such special order within ten days after notice of arrival, the store may place it in stock for general sale and the customer's deposit shall be forfeited.

(a.1) The board may refuse to process a special order and preclude a vendor or importer from processing a special order, if it appears that the special order is for an item substantially similar to an item that is on the monthly list the board publishes under section 488(c) or if the board believes that demand for the item is such that it should be made available generally. If the processing of a special order is refused or precluded under this subsection, the item shall be made available through the board in the amount and manner the board deems appropriate.

(b) 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[.]; except that special order sales to licensees authorized in subsection (a) shall not be subject to the ten per centum discount. 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 under sections

207(m) and 493(24)(ii)(B). 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.

(b.1) The board may contract with a licensed transporter for hire through the Commonwealth bidding process for delivery to retail licensees and permit holders at the expense of the licensee or permit holder receiving delivery. Payment shall be by credit card or electronic fund transfer only and may occur no later than the time of delivery.

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(j) A Pennsylvania Liquor Store may continue to sell alcoholic cider within the Pennsylvania Liquor Store's inventory after the effective date of this section until the alcoholic cider within the Pennsylvania Liquor Store's current inventory is depleted. The board may not purchase additional alcoholic cider after the effective date of this section.

(k) Notwithstanding the provisions of the act of August 26, 1971 (P.L.351, No.91), known as the State Lottery Law, the following shall apply if the board becomes a licensed lottery sales agent, as set forth in section 305 of the State Lottery Law:

(1) 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.

(2) The board shall not be required to post any type of bond prior to conducting self-service sales of lottery tickets and games.

(3) 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 General Fund.

Section 3.1. Section 402 of the act is amended by adding a subsection to read:

Section 402. License Districts; License Period; Hearings.—* * *

(d) This section shall not apply to licensees applying for a valid wine expanded permit under section 415.

Section 4. Section 404 of the act, amended January 6, 2006 (P.L.1, No.1), is amended to read:

Section 404. Issuance, Transfer or Extension of Hotel, Restaurant and Club Liquor Licenses.—**(a) Upon receipt of the application and the proper fees, and upon being satisfied of the truth of the statements in the application that the applicant [is] and management company or companies, if any, are the only [person] persons in any manner pecuniarily interested in the business so asked to be licensed and that no other person will be in any manner pecuniarily interested therein during the continuance of the license,**

except as hereinafter permitted, and that the applicant is a person of good repute, that the premises applied for meet all the requirements of this act and the regulations of the board, that the applicant seeks a license for a hotel, restaurant or club, as defined in this act, and that the issuance of such license is not prohibited by any of the provisions of this act, the board shall, in the case of a hotel or restaurant, grant and issue to the applicant a liquor license, and in the case of a club may, in its discretion, issue or refuse a license: Provided, however, That in the case of any new license or the transfer of any license to a new location or the extension of an existing license to cover an additional area the board may, in its discretion, grant or refuse such new license, transfer or extension if such place proposed to be licensed is within three hundred feet of any church, hospital, charitable institution, school, or public playground, or if such new license, transfer or extension is applied for a place which is within two hundred feet of any other premises which is licensed by the board: And provided further, That the board's authority to refuse to grant a license because of its proximity to a church, hospital, charitable institution, public playground or other licensed premises shall not be applicable to license applications submitted for public venues or performing arts facilities: And provided further, That the board shall refuse any application for a new license, the transfer of any license to a new location or the extension of an existing license to cover an additional area if, in the board's opinion, such new license, transfer or extension would be detrimental to the welfare, health, peace and morals of the inhabitants of the neighborhood within a radius of five hundred feet of the place proposed to be licensed: And provided further, That 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 guilty of a felony within a period of five years immediately preceding the date of application for the said license. **[The board shall refuse any application for a new license, the transfer of any license to a new location or the extension of any license to cover an additional area where the sale of liquid fuels or oil is conducted.]** *The board shall not license the area where liquid fuels or oil is sold. No sales of liquid fuels or oil may be made from a licensee's licensed premises. A licensed premises may not have an interior connection with a location that sells liquid fuels or oil unless it first receives permission from the board for the interior connection. The approval shall be required regardless of whether the licensee or another party is the entity selling the liquid fuels or oil.* The board may enter into an agreement with the applicant concerning additional restrictions on the license in question. If the board and the applicant enter into such an agreement, such agreement shall be binding on the applicant. Failure by the applicant to adhere to the agreement will be sufficient cause to form the basis for a citation under section 471 and for the nonrenewal of the license under section 470. If the board enters into an agreement with an applicant concerning additional restrictions, those restrictions shall be binding on subsequent holders of the license until the license is transferred to a new location or until the board enters into a subsequent agreement removing those restrictions. If the application in

question involves a location previously licensed by the board, then any restrictions imposed by the board on the previous license at that location shall be binding on the applicant unless the board enters into a new agreement rescinding those restrictions. The board may, in its discretion, refuse an application for an economic development license under section 461(b.1) or an application for an intermunicipal transfer of a license if the board receives a protest from the governing body of the receiving municipality. The receiving municipality of an intermunicipal transfer or an economic development license under section 461(b.1) may file a protest against the transfer of a license into its municipality, and the receiving municipality shall have standing in a hearing to present testimony in support of or against the issuance or transfer of a license. Upon any opening in any quota, an application for a new license shall only be filed with the board for a period of six months following said opening.

(b) If the applicant intends to use a management company to operate, manage or supervise all or part of the operation of the licensed premises, the licensee must file a written application with the board on a form or forms as the board shall from time to time prescribe. The application shall be accompanied by a fee in an amount determined by the board. The board shall refuse the application if the management company or any person involved with the management company would be precluded from holding an interest in the underlying license.

Section 5. Section 406(a), (f) and (g) of the act, amended July 6, 2005 (P.L.135, No.39), December 22, 2011 (P.L.530, No.113) and July 5, 2012 (P.L.1007, No.116), are amended and the section is amended by adding subsections to read:

Section 406. Sales by Liquor Licensees; Restrictions.—(a) (1) Every hotel, restaurant or club liquor licensee may sell liquor and malt or brewed beverages by the glass, open bottle or other container, and in any mixture, for consumption only in that part of the hotel or restaurant habitually used for the serving of food to guests or patrons, or in a bowling alley that is immediately adjacent to and under the same roof as a restaurant, and in the case of hotels, to guests, and in the case of clubs, to members, in their private rooms in the hotel or club. No club licensee nor its officers, servants, agents or employes, other than one holding a catering license, shall sell any liquor or malt or brewed beverages to any person except a member of the club. The holder of a restaurant license located in a hotel may sell liquor or malt or brewed beverages for consumption in that part of the restaurant habitually used for the serving of meals to patrons and also to guests in private guest rooms in the hotel. For the purpose of this paragraph, any person who is an active member of another club which is chartered by the same state or national organization shall have the same rights and privileges as members of the particular club. For the purpose of this paragraph, any person who is an active member of any volunteer firefighting company, association or group of this Commonwealth, whether incorporated or unincorporated, shall upon the approval of any club composed of volunteer firemen licensed under this act, have the same social rights and privileges as members of such licensed club. For the purposes of this paragraph, the term "active member" shall not include a social member. Any club licensee which is either an

incorporated unit of a national veterans' organization or an affiliated organization as defined in section 461.1 shall be permitted to sell liquor or malt or brewed beverages to any active member of another unit which is chartered by the same national veterans' organization or to any member of a nationally chartered auxiliary associated with the same national veterans' organization.

(2) Hotel and restaurant liquor licensees, **[airport restaurant liquor licensees,]** municipal golf course restaurant liquor licensees and privately-owned public golf course restaurant licensees may sell liquor and malt or brewed beverages only after seven o'clock antemeridian of any day until two o'clock antemeridian of the following day, except Sunday, and except as hereinafter provided, may sell liquor and malt or brewed beverages on Sunday between the hours of twelve o'clock midnight and two o'clock antemeridian.

(2.1) Airport restaurant liquor licensees may sell liquor and malt or brewed beverages only after five o'clock antemeridian of any day and until two o'clock antemeridian of the following day.

(3) Hotel and restaurant liquor licensees, municipal golf course restaurant liquor licensees and privately-owned public golf course restaurant licensees may sell liquor and malt or brewed beverages on Sunday between the hours of eleven o'clock antemeridian and two o'clock antemeridian Monday upon purchase of a special permit from the board at an annual fee as prescribed in section 614-A of the act of April 9, 1929 (P.L.177, No.175), known as "The Administrative Code of 1929." Notwithstanding this provision, a licensee holding such a permit may begin selling liquor and malt or brewed beverages on Sunday between the hours of nine o'clock antemeridian and eleven o'clock antemeridian provided that the licensee offers a meal beginning at nine o'clock antemeridian. Airport restaurant liquor licensees may sell liquor and malt or brewed beverages on Sunday between the hours of **[seven] five** o'clock antemeridian and two o'clock antemeridian Monday upon purchase of a special permit from the board at an annual fee as prescribed in section 614-A of the act of April 9, 1929 (P.L.177, No.175), known as "The Administrative Code of 1929."

(4) Hotel and restaurant liquor licensees, **[airport restaurant liquor licensees,]** municipal golf course restaurant liquor licensees and privately-owned public golf course restaurant licensees which do not qualify for and purchase such special permit, their servants, agents or employes may sell liquor and malt or brewed beverages only after seven o'clock antemeridian of any day and until two o'clock antemeridian of the following day, and shall not sell after two o'clock antemeridian on Sunday. No club licensee or its servants, agents or employes may sell liquor or malt or brewed beverages between the hours of three o'clock antemeridian and seven o'clock antemeridian on any day. No public service liquor licensee or its servants, agents, or employes may sell liquor or malt or brewed beverages between the hours of two o'clock antemeridian and seven o'clock antemeridian on any day.

(6) Notwithstanding any provisions to the contrary, whenever the thirty-first day of December falls on a Sunday, every hotel or restaurant liquor licensee, their servants, agents or employes may sell liquor and malt or

brewed beverages on any such day after one o'clock postmeridian and until two o'clock antemeridian of the following day.

(6.1) Notwithstanding any provisions to the contrary, whenever Saint Patrick's Day falls on a Sunday, every hotel or restaurant liquor licensee, their servants, agents or employes may sell liquor and malt or brewed beverages on any such day after seven o'clock antemeridian and until two o'clock antemeridian of the following day.

(7) Notwithstanding any other provision of this act, if Groundhog Day falls on a Sunday, a hotel or restaurant licensee or the hotel or restaurant licensee's servants, agents or employes may sell liquor and malt or brewed beverages on that day after seven o'clock antemeridian and until two o'clock antemeridian of the following day.

* * *

(f) The holder of a hotel or restaurant liquor license may obtain an off-premises catering permit subject to section 493(33) to hold a catered function off the licensed premises and on otherwise unlicensed premises where the licensee may sell wine, liquor and malt or brewed beverages by the glass, open bottle or other container, and in any mixture together with food, for consumption on those premises. Functions conducted under the authority of the permit shall be subject to the following:

(1) alcohol may be provided only during the days and hours that the license holder may otherwise sell alcohol;

(2) all servers at the off premises catered function shall be in compliance with the responsible alcohol management provisions under section 471.1;

(3) each catered function shall last no longer than one day and not more than **[fifty] fifty-two** catered functions may be held each calendar year by each license holder for use with a particular license;

(4) a catered function shall not be held at a location that is already subject to the applicant's or another licensee's license;

(5) a permit shall not be issued to an applicant whose license is in safekeeping;

(6) a permit shall not be issued to a location that is subject to a pending objection by the director of the Bureau of Licensing or the board under section 470(a.1);

(7) a permit shall not be issued to a location that is subject to a pending license suspension under section 471 or the one-year prohibition on the issuance or transfer of a license under section 471(b);

(8) no alcohol may be taken from the permitted location by any patron, but the applicant may transport alcohol to and from its licensed premises to the proposed premises;

(9) written notice of the catered function as enumerated in paragraph (10) shall be provided to the local police and the enforcement bureau at least seven days in advance of the event;

(10) written notice shall be provided to the board at least **[thirty] fourteen** days prior to a catered function. Written notice must include the location of the function, time of the function, host of the function, general information regarding the guests expected at the function as well as any information the board shall from time to time prescribe. The board may, in its discretion, accept notice in an electronic format. The board may, in its

discretion, waive the **[thirty-day]** *fourteen-day* notice period for a catered function if:

(i) the applicant has previously conducted functions that meet the requirements of this act;

(ii) the applicant is a licensee in good standing with the board;

(iii) notification was received at least **[fourteen]** *seven* days prior to the catered function; and

(iv) the applicant pays a late fee of one hundred dollars (\$100);

(11) the board shall, in its discretion, approve or disapprove a catered function if the applicant fails to provide timely notice of the catered function, does not intend to conduct a function that meets the requirements of this act or has previously conducted a function that did not meet the requirements of this act;

(12) if a catered function is scheduled to occur on private property, the owner of that property is deemed to have submitted to the jurisdiction of the enforcement bureau, and the warrant required by section 211(a)(2) of this act shall not be necessary for the enforcement bureau to enter and search the premises during the function or any activities related to the function;

(13) no catered function may be held for more than five hours per day and must end by midnight *unless the catered function occurs on December 31 of any calendar year on which date the catered function must end by two o'clock antemeridian*;

(14) neither the owner of the property nor the applicant may sell tickets to a catered function unless one of the following conditions is met:

(i) the applicant has contracted with an eligible entity for the function, and the function is being used to raise money for the eligible entity's organization;

(ii) the applicant has contracted with a nonprofit organization as defined under section 501(c)(3) of the Internal Revenue Code of 1986 (Public Law 99-514, 26 U.S.C. § 501(c)(3)), for an event which has the sole purpose of raising funds for that nonprofit organization; or

(iii) the applicant has contracted with an organization that holds tax-exempt status under section 527 of the Internal Revenue Code of 1986;

(15) the catered function location shall be subject to section 493(34) of this act;

(16) catered functions may not be held in locations that are subject to a pending, protested transfer application;

(17) a permit may not be issued to a license holder whose license is subject to a pending objection by the director of the Bureau of Licensing or the board under section 470(a.1);

(18) a permit shall not be issued to a licensee for use in any location that is mobile; and

(19) a permit shall not be issued for use on any location used for parking at a sports event or concert event.

(g) Notwithstanding any other provision of law or regulation, the holder of a retail license may hold happy hours up to four consecutive or nonconsecutive hours per day and up to fourteen hours per week during which the holder discounts the price of alcoholic beverages. No discounts may be given between the hours of midnight and the legal closing time.

Notice of all happy hours shall be visibly posted on the licensed premises seven days prior to the happy hour. Except as provided in this subsection, a licensee shall comply with the provisions of 40 Pa. Code § 13.102 (relating to discount pricing practices). **[Events] Neither events** conducted under the authority of 40 Pa. Code § 13.102(b) **nor discounts provided to mug club members** shall **[not]** be counted against the four-hour per day or fourteen-hour per week limit.

(h) Notwithstanding any other provision of law or regulation, a catering club licensee may cater a self-sponsored event no more than twelve occasions during its licensed term with no more than one event in any calendar month.

(i) Notwithstanding any other provision of law or regulation, a club that sanctions or sponsors an event between participants of its bona fide membership and the participants from any licensed entity may sell alcohol to those nonmembers provided the following:

- (1) the event is scheduled more than twenty-four hours in advance; and*
- (2) the nonmember participants are listed on a roster or registration list provided by a league, organization or licensed entity prior to the beginning of the event.*

Section 6. Section 408.4(i) of the act, amended June 5, 2007 (P.L.11, No.5), is amended to read:

Section 408.4. Special Occasion Permits.—

* * *

(i) Only one special occasion permit shall be issued to each eligible entity per calendar year. Each permit may only be used for six consecutive or nonconsecutive days; **or ten consecutive days.** **[however, if the eligible entity is a museum operated by a nonprofit corporation in a city of the third class or township of the first class, a nonprofit corporation engaged in the performing arts in a city of the third class or in an incorporated town, a bona fide sportsmen's club in existence for at least ten years conducting a national golf championship or an arts council, then the special occasion permit may be used for six nonconsecutive or ten consecutive days.]**

* * *

Section 7. Section 408.12(a) of the act, amended July 16, 2007 (P.L.107, No.34), is amended to read:

Section 408.12. Wine Auction Permits.—(a) Upon application of:

- (1) any nonprofit hospital;
- (2) any nonprofit public television station which is a member of the Pennsylvania Public Television Network;
- (3) any orchestra located in a county of the first, second or third class which is operated by a nonprofit corporation;
- (4) any museum located in a county of the first, second **[or], third or fourth** class which is operated by a nonprofit corporation;
- (5) any nonprofit corporation located in any county of the third class which trains and places dogs for people who are physically handicapped;
- (6) any nationally recognized community-based voluntary health organization committed to fighting cancer which has been in existence for at least ninety years;

(7) any nationally recognized emergency response organization that offers humanitarian care to victims of war or natural disaster and has been in existence for at least one hundred twenty-five years;

(8) any nationally recognized organization whose purpose is to serve as an agent to collect funds for local charities, as well as to coordinate relief services, counsel and refer clients to cooperating agencies and make emergency assistance grants and has been in existence for at least one hundred twenty years; **[or]**

(9) any hospice as defined under section 802.1 of the act of July 19, 1979 (P.L.130, No.48), known as the "Health Care Facilities Act"; **or**

(10) institution of higher education;

and upon payment of a fee of thirty dollars (\$30) per day, the board shall issue a wine auction permit good for a period of not more than four consecutive or nonconsecutive days per calendar year.

* * *

Section 7.1. Section 410 of the act is amended by adding subsections to read:

Section 410. Liquor Importers' Licenses; Fees; Privileges; Restrictions.—

* * *

(g) The holder of an importer's license or a vendor's permit under section 208 may deliver liquor purchased from the board to a licensee as follows:

(1) The liquor may be stored at the licensed importer's or vendor's place of business or its authorized place of storage.

(2) The licensee must place a purchase order with the board and the order must be paid in full prior to delivery.

(3) The holder of an importer's license or vendor's permit may charge a fee for delivery.

(h) The board may release liquor to the holder of an importer's license or the holder of a vendor's permit for delivery to a licensee as follows:

(1) The licensee must place a purchase order with the board and the order must be paid in full prior to delivery.

(2) The holder of an importer's license or vendor's permit may charge a fee for delivery.

Section 8. Section 411(e) of the act, amended December 22, 2011 (P.L.530, No.113), is amended and the section is amended by adding a subsection to read:

Section 411. Interlocking Business Prohibited.—* * *

(e) Except as herein provided, no hotel, restaurant, retail dispenser or club licensee, and no officer, director or stockholder, agent or employe of any such licensee shall in any wise be interested, directly or indirectly, in the ownership or leasehold of any property or the equipment of any property or any mortgage lien against the same, used by a distributor, importing distributor, or by an importer or sacramental wine licensee, in the conduct of his business; nor shall any hotel, restaurant, retail dispenser or club licensee, or any officer, director, stockholder, agent or employe of any such licensee, either directly or indirectly, lend any moneys, credit, or give anything of value or the equivalent thereof, to any distributor, importing distributor, importer or sacramental wine licensee, for equipping, fitting out, or

maintaining and conducting, either in whole or in part, an establishment used in the conduct of his business.

The purpose of this section is to require a separation of the financial and business interests between manufacturers and holders of hotel or restaurant liquor licenses and, as herein provided, of club licenses, issued under this article, and no person shall, by any device whatsoever, directly or indirectly, evade the provisions of the section. But in view of existing economic conditions, nothing contained in this section shall be construed to prohibit the ownership of property or conflicting interest by a manufacturer of any place occupied by a licensee under this article after the manufacturer has continuously owned and had a conflicting interest in such place for a period of at least five years prior to July eighteenth, one thousand nine hundred thirty-five: Provided, however, That this clause shall not prohibit any hotel, restaurant or club liquor licensee from owning land which is leased to, and the buildings thereon owned by, a holder of a retail dispenser's license; and nothing in this clause shall prevent the issuance of a retail dispenser's license to a lessee of such lands who owns the buildings thereon: And, provided further, That nothing contained in this section shall be construed to prohibit any hotel, restaurant, retail dispenser or club licensee or any officer, director or stockholder, agent or employe of any such licensee from having a financial or other interest, directly or indirectly in the ownership or leasehold of any property or the equipment of any property or any mortgage lien against same, used, leased by an importer or sacramental wine licensee for the exclusive purpose of maintaining commercial offices and on the condition that said property is not used for the storage or sale of liquor or malt or brewed beverages in any quantity: And, provided further, That nothing contained in this section shall prohibit an officer or member of a licensed privately owned private golf course catering club from having an interest in a limited winery license: And, provided further, That nothing contained in this section shall be construed to prohibit a member of the governing board of a public authority created under subdivision (n) of Article XXIII of the act of August 9, 1955 (P.L.323, No.130), known as "The County Code," from having an interest in a distributor or importing distributor license notwithstanding the fact that the public authority has an interest in one or more retail licenses or acts as a landlord for one or more retail licenses: And, provided further, That, nothing in this section may prohibit an employe of a hotel or restaurant licensee from having an interest in any property used by a limited winery licensee or in guaranteeing any loans, or lending any moneys, providing credit or giving anything of value to a limited winery licensee or its officers, directors and shareholders, provided that the person also is not an officer of or does not have any interest in or exercise any control over any other licensed entity that engages in any sales to or from the licensee: And, provided further, That, notwithstanding any other provision of this section, an entity may acquire both a manufacturer's license or a limited winery license and a hotel, restaurant or retail dispenser license for use at the same location and more than one location may be so licensed. ***And, provided further, That, notwithstanding any other provision of this section, an entity licensed as a limited winery may hold and operate under a restaurant liquor license at one of its additional, board-approved***

locations instead of at its primary location where manufacturing occurs. The licenses and a person's interest in the licenses or in the entity holding the licenses shall not be subject to this section. Provided further, That, a person who is a holder of five per centum (5%) or less of securities or other interests in a publicly or privately held domestic or foreign corporation, partnership, limited liability company or other form of legal entity owning a restaurant liquor license or retail dispenser's license shall not be deemed to possess a financial interest and is not subject to the provisions of this section, provided that the person is not an officer of, employe of or does not have any interest in or exercise any control over any other licensed entity that engages in any sales to or from the restaurant liquor or retail dispenser licensee in which the person holds the five per centum (5%) or less interest.

(f) The following shall apply:

(1) Notwithstanding any other provision of law to the contrary, a manufacturer or licensee and its officers, directors, shareholders, servants, agents or employes may contribute, and a manufacturer or licensee and its officers, directors, shareholders, servants, agents or employes may accept money or other things of value solely for the administration of a responsible alcohol management training program for alcohol service personnel as provided for under this section. The money or other things of value may be provided by or to a manufacturer or licensee and its officers, directors, shareholders, servants, agents or employes directly or by or to a trade organization consisting, in whole or part, of a group of licensees.

(2) The manufacturer, licensee and trade organization associated with the person providing the money or other things of value must keep a record of the value of the money or other things of value provided, the date provided and the entity to whom it was provided, as part of the records required under section 493(12) of this act.

(3) The manufacturer, licensee and trade organization associated with the person receiving money or other things of value must keep a record of the value of the money or other things of value used, as part of the records required under section 493(12) of this act.

Section 8.1. The act is amended by adding sections to read:

Section 415. Wine Expanded Permits.—(a) (1) The board shall issue a wine expanded permit to a person holding and possessing a valid restaurant liquor license or hotel liquor license.

(2) Nothing in this section may affect the ability of an existing licensee to operate within the scope of its current license as authorized by this act, except that no sales of wine for off-premises consumption may take place by a wine expanded permit holder after eleven o'clock postmeridian of any day until the licensee's permitted hours of operation under section 406 of the next day, including Sundays if the licensee has a permit authorized under sections 406(a)(3) and 432(f).

(3) A wine expanded permit may not be issued to a license holder whose underlying license is subject to a pending objection by the director of the Bureau of Licensing or the board under section 470(a.1), until the matter is decided, so long as the underlying license is authorized to operate. Notwithstanding any other provision of law, a holder of a wine expanded permit may continue to operate under the permit if its

underlying license is objected to by the director of the Bureau of Licensing or the board under section 470(a.1), until the matter is decided.

(4) If the board has approved the operation of another business which has an inside passage or communication to or with the licensed premises, the sale and purchase of wine shall be confined strictly to the premises, in a specifically designated area covered by the license. The purchase of goods obtained from the unlicensed area of the premises shall be permitted in the licensed area.

(5) For purposes of selling wine for off-premises consumption, a holder of a wine expanded permit is not subject to section 493(14).

(6) A wine expanded permit holder shall comply with the responsible alcohol management provisions under section 471.1.

(7) A wine expanded permit holder may store wine in a noncontiguous area that is not accessible to the public and is:

(i) locked at all times when not being accessed by the licensees' employees;

(ii) not accessible to employees under eighteen years of age; and

(iii) identified by dimensions and locations on forms submitted to the board.

(8) A wine expanded permit holder shall utilize a transaction scan device to verify the age of an individual who appears to be under thirty-five years of age before making a sale of wine. A wine expanded permit holder may not sell or share data from the use of a transaction scan device, provided that the licensee may use the data to show the enforcement bureau of the board that the licensee is in compliance with this act. As used in this paragraph, the term "transaction scan device" means a device capable of deciphering, in an electronically readable format, the information encoded on the magnetic strip or bar code of an identification card under section 495(a).

(9) A sale of wine by a wine expanded permit holder shall be made through a register which is well designated with signage, which is staffed at all times, which is staffed by a sales clerk who is at least eighteen years of age and has been trained under section 471.1 and which utilizes a transaction scan device for the sale. The sale of wine may not occur at a point of sale where the customer scans the customer's own purchases.

(b) The application and renewal fee for a wine expanded permit shall be as follows:

(1) For a wine expanded permit issued to licensees, an initial application fee of two thousand dollars (\$2,000).

(2) An annual renewal fee equal to two per centum of the cost of wine purchased from the board for off-premises consumption.

(c) Notwithstanding the provisions of section 802, all fees paid to the board under this section shall be paid into the State Treasury for deposit as follows:

(1) All moneys shall be deposited in the State Stores Fund.

(2) Every June 1, all moneys deposited under paragraph (1) shall be transferred to the General Fund.

(d) A wine expanded permit holder may sell for off-premises consumption, in a single transaction, up to three thousand (3,000) milliliters of wine.

(e) (1) Wine expanded permit holders shall comply with the provisions of section 201(f), (k) and (o) of the act of March 4, 1971 (P.L.6, No.2), known as the Tax Reform Code of 1971, regarding the purchase of wine from a Pennsylvania Liquor Store.

(2) The sale of wine by a wine expanded permit holder for off-premises consumption shall be considered a "purchase at retail" under section 201(f) of the Tax Reform Code of 1971, a "sale at retail" under section 201(k) of the Tax Reform Code of 1971 or a "use" under section 201(o) of the Tax Reform Code of 1971.

(3) A wine expanded permit holder may, when filing its required returns under Article II of the Tax Reform Code of 1971, request a refund of any taxes paid in accordance with paragraph (1) for wine sold for off-premises consumption and for which taxes were remitted to the department under paragraph (2). The request for a refund shall include the original receipt from a Pennsylvania Liquor Store showing the amount of taxes paid under paragraph (1) for which the taxpayer is requesting a refund.

(4) The department shall refund the amount of taxes paid to a Pennsylvania Liquor Store by a wine expanded permit holder under paragraph (1) for which the taxpayer remitted taxes imposed under paragraph (2). The department may promulgate rules or regulations and prescribe forms as may be necessary to implement the provisions of this subsection.

(f) A wine expanded permit holder may not sell a wine product for off-premises consumption at a price less than the licensee's purchase price from the board of the wine product.

(g) A wine expanded permit holder may not sell a private label product.

Section 416. Casino Liquor License.—(a) Notwithstanding any provision of law or regulation, a slot machine licensee or an affiliated designee holding a restaurant liquor or eating place retail dispenser license and which sells liquor or malt or brewed beverages at or adjacent to a gaming facility under this act may apply to the board for a casino liquor license. The board may issue a casino liquor license to a slot machine licensee for use at the casino liquor licensee's licensed facility in accordance with this section.

(b) Each application for a casino license under this section shall be accompanied by a fee of one million dollars (\$1,000,000).

(b.1) Each restaurant licensee that does not hold a slot machine license but operates within or adjacent to the gaming facility must pay a one-time fee of ten thousand dollars (\$10,000).

(c) The following shall apply to renewals:

(1) A casino liquor license must be renewed on an annual basis.

(2) For the first four years after the initial issue of the casino liquor license, the casino liquor license shall be subject to an annual renewal fee of one million dollars (\$1,000,000).

(3) *After the period under paragraph (2), the casino liquor license shall be subject to an annual renewal fee of two hundred and fifty thousand dollars (\$250,000).*

(4) *Notwithstanding the provisions of section 802, all fees collected or received by the board under this subsection shall be paid into the State Treasury through the Department of Revenue for deposit into the General Fund.*

(d) *The following shall apply to disposition of restaurant liquor or eating place retail dispenser licenses:*

(1) *An applicant under this section that currently holds a restaurant liquor or eating place retail dispenser license may continue to utilize the license until the casino liquor license is issued by the board. Upon issuance of a casino liquor license, the applicant must surrender the restaurant liquor or eating place retail dispenser license to the board.*

(2) *An applicant under this section that currently holds a restaurant liquor or eating place retail dispenser license that is subject to the quota restrictions under section 461(a) may continue to utilize that license until the casino liquor license is issued by the board. Upon issuance of a casino liquor license, the applicant may sell the restaurant liquor or eating place retail dispenser license.*

(e) *Notwithstanding any other provision of law, a holder of a casino liquor license may sell or serve liquor and malt or brewed beverages twenty-four (24) hours a day, seven (7) days a week.*

(f) *A casino liquor license shall be nontransferable, except that nothing in this subsection shall preclude a transfer of ownership of a casino liquor license to another eligible person to be used at the same licensed facility.*

(g) *A casino liquor license shall expire under the following circumstances:*

(1) *revocation by an administrative law judge under section 471;*

(2) *nonrenewal by the board under section 470;*

(3) *nonrenewal of the license by a slot machine licensee or its designee;*
or

(4) *upon request by the slot machine licensee.*

(h) *The board may issue a casino liquor license at any time to a new applicant even if the previous license had:*

(1) *been revoked by an administrative law judge under section 471;*

(2) *not been renewed by the board under section 470;*

(3) *not been renewed by the slot machine licensee; or*

(4) *expired upon request by the slot machine licensee.*

(i) *In addition to any other restrictions and privileges, a casino liquor license shall be subject to the following:*

(1) *Sales may be made at any time the facility is open to the public.*

(2) *Liquor or malt or brewed beverages may be transported and consumed off the gaming floor if the liquor or malt or brewed beverage remains within the premises of the licensed facility.*

(3) *Sales of malt or brewed beverages for off-premises consumption are prohibited.*

(4) *In addition to the provisions of section 493(24)(ii), the holder of a casino liquor license may give liquor and malt or brewed beverages free of*

charge to any person attending an invitation-only event held anywhere on the premises of the licensed facility.

(5) Licenses issued under this section shall not be subject to:

- (i) the proximity provisions of sections 402 and 404;*
 - (ii) the restrictions on discount pricing practices set forth in sections 406(g) and 442(g);*
 - (iii) the quota restrictions under section 461;*
 - (iv) the provisions of section 493(10);*
 - (v) the prohibition against minors frequenting as described in section 493(14);*
 - (vi) the cost and total display area limitations of section 493(20)(i);*
 - (vii) the restrictions on events, tournaments or contests in 40 Pa. Code § 5.32 (relating to restrictions/exceptions) or any successor regulation; and*
 - (viii) the restrictions on the awarding of trophies, prizes or premiums set forth in 40 Pa. Code § 5.32 or any successor regulation.*
- (j) More than one casino liquor license issued by the board may be in effect at a licensed facility at any one time, except that no more than one casino liquor license shall be in effect at a specific location within the premises of a licensed facility at the same time.*

Section 9. Section 431(b) and (d)(2) of the act, amended December 20, 1996 (P.L.1513, No.196) and December 8, 2004 (P.L.1810, No.239), are amended 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 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 guilty of a felony within a period of five years immediately preceding the date of application for the said license: And provided further, That, in the case of any new license or the transfer of any license to a new location, the board may, in its discretion, grant or refuse such new license or transfer if such place proposed to be licensed is within three hundred feet of any church, hospital, charitable institution, school or public playground, or if such new license or transfer is applied for a place which is within two hundred feet of any other premises which is licensed by the board: And provided further, That the board shall refuse any application for a new license or the transfer of any license to a new location if, in the board's opinion, such new license or transfer would be detrimental to the welfare, health, peace and morals of the inhabitants of the neighborhood within a radius of five hundred feet of the place proposed to be licensed. **[The board shall refuse any application for a new license or the transfer of any license to a location where the**

sale of liquid fuels or oil is conducted.] *The board shall not license the area where liquid fuels or oil is sold. No sales of liquid fuels or oil may be made from a licensee's licensed premises. A licensed premises may not have an interior connection with a location that sells liquid fuels or oil unless it first receives permission from the board for the interior connection. The approval shall be required regardless of whether the licensee or another party is the entity selling the liquid fuels or oil.* The board may enter into an agreement with the applicant concerning additional restrictions on the license in question. If the board and the applicant enter into such an agreement, such agreement shall be binding on the applicant. Failure by the applicant to adhere to the agreement will be sufficient cause to form the basis for a citation under section 471 and for the nonrenewal of the license under section 470. If the board enters into an agreement with an applicant concerning additional restrictions, those restrictions shall be binding on subsequent holders of the license until the license is transferred to a new location or until the board enters into a subsequent agreement removing those restrictions. If the application in question involves a location previously licensed by the board, then any restrictions imposed by the board on the previous license at that location shall be binding on the applicant unless the board enters into a new agreement rescinding those restrictions. The board shall require notice to be posted on the property or premises upon which the licensee or proposed licensee will engage in sales of malt or brewed beverages. This notice shall be similar to the notice required of hotel, restaurant and club liquor licensees.

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 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 herein. The importing distributor shall be permitted to receive a fee from the manufacturer for any related storage, repackaging or delivery services. In the case of a bailee for hire hired by a manufacturer, the holder of such a permit shall be authorized: to receive, store and repackage malt or brewed beverages produced by that manufacturer for sale by that manufacturer to importing distributors to whom that manufacturer has given distribution rights pursuant to this subsection or to purchasers outside this Commonwealth for delivery outside this Commonwealth; or to ship to that manufacturer's storage facilities outside this Commonwealth. The bailee for hire shall be permitted to receive a fee from the manufacturer for any related storage, repackaging or delivery

services. The bailee for hire shall, as required in Article V of this act, keep complete and accurate records of all transactions, inventory, receipts and shipments and make all records and the licensed areas available for inspection by the board and for the Pennsylvania State Police, Bureau of Liquor Control Enforcement, during normal business hours.

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 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 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 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. Nothing herein contained shall be construed to prevent any manufacturer from authorizing the importing distributor holding the distributing rights for a designated geographical area from selling the products of such manufacturer to another importing distributor also holding distributing rights from the same manufacturer for another geographical area, providing such authority be contained in writing and a copy thereof be given to each of the importing distributors so affected.

* * *

(d) * * *

(2) After January 1, 1980, no manufacturer shall enter into any agreement with more than one distributor or importing distributor for the purpose of establishing more than one agreement for designated brand or brands of malt or brewed beverages in any one territory. Each franchise territory which is

granted by a manufacturer shall be geographically contiguous *or in counties which are contiguous with one another*. All importing distributors shall maintain sufficient records to evidence compliance of this section. With regard to any territorial distribution authority granted to an importing distributor by a manufacturer of malt or brewed beverages after January 1, 1996, the records shall establish that each and every case of a brand of malt or brewed beverages for which the importing distributor is assigned was sold, resold, stored, delivered or transported by the importing distributor, either from a point or to a point with the assigned geographically contiguous territory *or in counties which are contiguous with one another*, to any person or persons, whether such person or persons are licensed by this act or not licensed by this act.

* * *

Section 10. Section 432(d) of the act, amended January 6, 2006 (P.L.1, No.1), is amended and the section is amended by adding a subsection to read:

Section 432. Malt and Brewed Beverages Retail Licenses.—* * *

(d) The board shall, in its discretion, grant or refuse any new license, the transfer of any license to a new location or the extension of an existing license to cover an additional area if such place proposed to be licensed is within three hundred feet of any church, hospital, charitable institution, school, or public playground, or if such new license, transfer or extension is applied for a place which is within two hundred feet of any other premises which is licensed by the board. The board shall refuse any application for a new license, the transfer of any license to a new location or the extension of an existing license to cover an additional area if, in the board's opinion, such new license, transfer or extension would be detrimental to the welfare, health, peace and morals of the inhabitants of the neighborhood within a radius of five hundred feet of the place to be licensed. The board may enter into an agreement with the applicant concerning additional restrictions on the license in question. If the board and the applicant enter into such an agreement, such agreement shall be binding on the applicant. Failure by the applicant to adhere to the agreement will be sufficient cause to form the basis for a citation under section 471 and for the nonrenewal of the license under section 470. If the board enters into an agreement with an applicant concerning additional restrictions, those restrictions shall be binding on subsequent holders of the license until the license is transferred to a new location or until the board enters into a subsequent agreement removing those restrictions. If the application in question involves a location previously licensed by the board, then any restrictions imposed by the board on the previous license at that location shall be binding on the applicant unless the board enters into a new agreement rescinding those restrictions. **[The board shall refuse any application for a new license, the transfer of any license to a location where the sale of liquid fuels or oil is conducted or the extension of an existing license to cover an additional area] *The board shall not license the area where liquid fuels or oil is sold. No sales of liquid fuels or oil may be made from a licensee's licensed premises. A licensed premises may not have an interior connection with a location that sells liquid fuels or oil unless it first receives permission from the board for***

the interior connection. The approval shall be required regardless of whether the licensee or another party is the entity selling the liquid fuels or oil: And provided further, That 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 guilty of a felony within a period of five years immediately preceding the date of application for the said license. The board may, in its discretion, refuse an application for an economic development license under section 461(b.1) or an application for an intermunicipal transfer or a license if the board receives a protest from the governing body of the receiving municipality. The receiving municipality of an intermunicipal transfer or an economic development license under section 461(b.1) may file a protest against the approval for issuance of a license for economic development or an intermunicipal transfer of a license into its municipality, and such municipality shall have standing in a hearing to present testimony in support of or against the issuance or transfer of a license. Upon any opening in any quota, an application for a new license shall only be filed with the board for a period of six months following said opening.

* * *

(h) In a municipality which has approved the granting of liquor licenses and upon application to the board and payment of a fee of thirty thousand dollars (\$30,000), the board shall convert an eating place retail dispensing license to a restaurant license without regard to the quota restrictions set forth in section 461(a). The converted restaurant license shall be subject to the provisions of this act governing restaurant liquor licenses. The provisions of this subsection allowing a holder of an eating place retail dispensing license to convert the license to a restaurant liquor license shall only apply to a license holder whose license is not subject to a pending objection by the director of the Bureau of Licensing or the board under section 470(a.1), until the matter is decided. A conversion under this subsection shall be considered a transfer or issuance of a new license for the purposes of section 402. This subsection does not apply to licenses in a city of the first class.

Section 11. Section 436(f) of the act is amended and the section is amended by adding a subsection to read:

Section 436. Application for Distributors', Importing Distributors' and Retail Dispensers' Licenses.—Application for distributors', importing distributors' and retail dispensers' licenses, or for the transfer of an existing license to another premises not then licensed or to another person, shall contain or have attached thereto the following information and statements:

* * *

(f) That applicant **[is]** *and management company or companies, if any, are* the only **[person]** *persons* in any manner pecuniarily interested in the business so asked to be licensed, and that no other person shall be in any manner pecuniarily interested therein during the continuance of the license, except as hereinafter permitted.

* * *

(k) If the licensee in question has a retail dispenser license, and the applicant intends to use a management company to operate, manage or supervise all or part of the operation of the licensed premises, the applicant must file a written application with the board on the form or forms as the board shall, from time to time, prescribe. The application shall be accompanied by a fee in an amount to be determined by the board. The board shall refuse the application if the management company or any person involved with the management would be precluded from holding an interest in the underlying license.

Section 11.1. Section 441(d)(2) of the act, amended June 28, 2011 (P.L.55, No.11), is amended to read:

Section 441. Distributors' and Importing Distributors' Restrictions on Sales, Storage, Etc.—* * *

(d) * * *

(2) No importing distributor shall maintain any place for the storage of malt or brewed beverages except in the franchise territory in which the licensed premises is located and unless the same has been approved by the board. The board shall issue no more than **[one] four storage [facility] facilities** license to an importing distributor. The storage location shall be designated solely as a storage facility, from which only sales to other licensees are permitted. Retail sales may be made at the licensed location pursuant to subsection (c). If the importing distributor maintains a storage location for cold storage in the same municipality in which the importing distributor is licensed or a nearby municipality, the importing distributor may continue to maintain that cold storage location in addition to another storage location within their franchise territory.

* * *

Section 12. Section 442(f) and (g) of the act, amended or added December 22, 2011 (P.L.530, No.113) and July 5, 2012 (P.L.1007, No.116), are amended to read:

Section 442. Retail Dispensers' Restrictions on Purchases and Sales.—* * *

(f) The holder of an eating place retail dispenser license may obtain an off-premises catering permit under section 493(33) to hold a catered function off of the licensed premises and on otherwise unlicensed premises where the licensee may sell malt or brewed beverages by the glass, open bottle or any other container, together with food, for consumption on those premises solely used for catering premises. Functions conducted under the authority of the permit shall be subject to the following:

(1) malt or brewed beverages may only be provided during the days and hours that the license holder may otherwise sell malt or brewed beverages;

(2) each catered function shall last no longer than one day and not more than **[fifty] fifty-two** catered functions may be held each calendar year by each license holder for use with a particular license;

(3) a catered function shall not be held at a location that is already subject to the applicant's or another licensee's license;

(4) a permit shall not be issued to an applicant whose license is in safekeeping;

(5) a permit shall not be issued to a location that is subject to a pending objection by the director of the Bureau of Licensing or the board under section 470(a.1);

(6) a permit shall not be issued to a location that is subject to a pending license suspension under section 471 or the one-year prohibition on the issuance or transfer of a license under section 471(b);

(7) no malt or brewed beverages may be taken from the permitted location by a patron, but the applicant may transport malt or brewed beverages to and from its licensed premises to the proposed premises;

(8) written notice of the catered function as enumerated in paragraph (9) shall be provided to the local police and the enforcement bureau at least seven days in advance of the event;

(9) written notice shall be provided to the board at least **[thirty] fourteen** days prior to a catered function. Written notice must include the location of the function, time of the function, host of the function, general information regarding the guests expected at the function as well as any information the board shall from time to time prescribe. The board may, in its discretion, accept notice in an electronic format. The board may, in its discretion, waive the **[thirty-day] fourteen-day** notice period for a catered function if:

(i) the applicant has previously conducted functions that meet the requirements of this act;

(ii) the applicant is a licensee in good standing with the board; or

(iii) notification was received at least **[fourteen] seven** days prior to the catered function; and

(iv) the applicant pays a late fee of one hundred dollars (\$100);

(10) the board shall, in its discretion, approve or disapprove a catered function if the applicant fails to provide timely notice of the catered function, does not intend to conduct a function that meets the requirements of this act or has previously conducted a function that did not meet the requirements of this act;

(11) if a catered function is scheduled to occur on private property, the owner of that property is deemed to have submitted to the jurisdiction of the enforcement bureau, and the warrant required by section 211(a)(2) of this act shall not be necessary for the enforcement bureau to enter and search the premises during the function or any activities related to the function;

(12) all servers at the off-premises catered function shall be in compliance with the responsible alcohol management provisions under section 471.1 of this act;

(13) no catered function may be held for more than five hours per day and must end by midnight ***unless the catered function occurs on December 31 of any calendar year on which the date the catered function must end by two o'clock antemeridian;***

(14) neither the owner of the property nor the applicant may sell tickets to a catered function unless one of the following conditions is met:

(i) the applicant has contracted with an eligible entity for the function, and the function is being used to raise money for the eligible entity's organization;

(ii) the applicant has contracted with a nonprofit organization as defined under section 501(c)(3) of the Internal Revenue Code of 1986 (Public Law

99-514, 26 U.S.C. § 501(c)(3)), for an event which has the sole purpose of raising funds for that nonprofit organization;

(iii) the applicant has contracted with an organization that holds tax-exempt status under section 527 of the Internal Revenue Code of 1986;

(15) catered functions held on unlicensed premises shall be subject to section 493(34) of this act;

(16) catered functions may not be held in locations that are subject to a pending, protested transfer application;

(17) a permit may not be issued to a licensee who is subject to objection under the board's nuisance bar program;

(18) a permit shall not be issued to a licensee for use in any location that is mobile; and

(19) a permit shall not be issued for use on any location used for parking at a sports event or concert event.

(g) Notwithstanding any other provision of law or regulation, the holder of a retail dispenser license may hold happy hours up to four consecutive or nonconsecutive hours per day and up to fourteen hours per week during which the holder discounts the price of alcoholic beverages. No discounts may be given between the hours of midnight and the legal closing time. Notice of all happy hours shall be visibly posted on the licensed premises seven days prior to the happy hour. Except as provided in this subsection, a licensee shall comply with the provisions of 40 Pa. Code § 13.102 (relating to discount pricing practices). **[Events] Neither events** conducted under the authority of 40 Pa. Code § 13.102(b) **nor discounts provided to mug club members** shall **[not]** be counted against the four-hours per day or fourteen-hours per week.

Section 13. Section 443 of the act is amended by adding a subsection to read:

Section 443. Interlocking Business Prohibited.—* * *

(h) The following shall apply:

(1) Notwithstanding any other provision of law to the contrary, a manufacturer or licensee and its officers, directors, shareholders, servants, agents or employes may contribute, and a manufacturer or licensee and its officers, directors, shareholders, servants, agents or employes may accept money or other things of value solely for the administration of a responsible alcohol management training program for alcohol service personnel as provided for under this section. The money or other things of value may be provided by or to a manufacturer or licensee and its officers, directors, shareholders, servants, agents or employes directly or by or to a trade organization consisting, in whole or part, of a group of licensees.

(2) The manufacturer, licensee and trade organization associated with the person providing the money or other things of value must keep a record of the value of the money or other things of value provided, the date provided and the entity to whom it was provided, as part of the records required under section 493(12).

(3) The manufacturer, licensee and trade organization associated with the person receiving money or other things of value must keep a record of the value of the money or other things of value used, as part of the records required under section 493(12).

Section 14. Section 446 of the act, amended December 22, 2011 (P.L.530, No.113) and July 5, 2012 (P.L.1007, No.116), is amended to read:

Section 446. Breweries.—(a) Holders of a brewery license may:

(1) Sell malt or brewed beverages produced and owned by the brewery under such conditions and regulations as the board may enforce, to individuals for consumption on the licensed premises in any container or package of any volume and to hotel, restaurant, club and public service liquor licensees.

(2) Operate a restaurant or brewery pub on the licensed premises under such conditions and regulations as the board may enforce: Provided, however, That sales on Sunday may be made irrespective of the volume of food sales if the licensed premises are at a public venue location. The holder of a brewery license may sell at its brewery pub premises **[Pennsylvania wines it has purchased from either the holder of a Pennsylvania limited winery license or from the board]** *wines produced by the holder of a limited winery license or liquor produced by a licensed limited distillery or distillery*: Provided, however, That said wines *and liquor* must be consumed at the licensed brewery pub premises.

(3) Use brewery storage and distribution facilities for the purpose of receiving, storing and distributing malt or brewed beverages manufactured outside this Commonwealth if the beverages are distributed in this Commonwealth only through specific importing distributors who shall have first been given distributing rights for such products in designated geographical areas through the distribution system required for out-of-State manufacturers under section 431(b) as well as all other pertinent sections of this act. The manufacturer of the beverages must comply with section 444.

(4) Apply for and hold a hotel liquor license, a restaurant liquor license or a malt and brewed beverages retail license to sell for consumption at the restaurant or brewery pub on the licensed brewery premises, liquor, wine and malt or brewed beverages regardless of the place of manufacture, under the same conditions and regulations as any other hotel liquor license, restaurant liquor license or malt and brewed beverages retail license, but must brew at least two hundred fifty barrels per year. Each holder of a brewery license who receives a hotel liquor license, a restaurant liquor license or a malt or brewed beverages retail license to operate a brew pub shall not sell directly to any person licensed by this act, except if any malt or brewed beverage is to be distributed in this Commonwealth it shall be only through specific importing distributors who shall have first been given distributing rights for such products in designated geographical areas through the distribution system required for out-of-State manufacturers under section 431(b) as well as all other pertinent sections of this act.

(b) The holder of a brew pub license may obtain an off-premises catering permit subject to section 493(33) to hold a catered function off the licensed premises and on otherwise unlicensed premises where the licensee may sell wine produced by a licensed limited winery and malt or brewed beverages produced by the brewery by the glass, open bottle or other container together with food, and in any mixture, for consumption on those premises. Functions conducted under the authority of the permit shall be subject to the following:

(1) alcohol may be provided only during the days and hours that the license holder may otherwise sell alcohol;

(2) all servers at the off premises catered function shall be in compliance with the responsible alcohol management provisions under section 471.1;

(3) each catered function shall last no longer than one day and not more than **[fifty]** *fifty-two* catered functions may be held each calendar year by each license holder for use with a particular license;

(4) a catered function shall not be held at a location that is already subject to the applicant's or another licensee's license;

(5) a permit shall not be issued to an applicant whose license is in safekeeping;

(6) a permit shall not be issued to a location that is subject to a pending objection by the director of the Bureau of Licensing or the board under section 470(a.1);

(7) a permit shall not be issued to a location that is subject to a pending license suspension under section 471 or the one-year prohibition on the issuance or transfer of a license under section 471(b);

(8) no alcohol may be taken from the permitted location by any patron, but the applicant may transport alcohol to and from its licensed premises to the proposed premises;

(9) written notice of the catered function as enumerated in paragraph (10) shall be provided to the local police and the enforcement bureau at least seven days in advance of the event;

(10) written notice shall be provided to the board at least **[thirty]** *fourteen* days prior to a catered function. Written notice must include the location of the function, time of the function, host of the function, general information regarding the guests expected at the function as well as any information the board shall from time to time prescribe. The board may, in its discretion, waive the **[thirty-day]** *fourteen-day* notice period for a catered function if:

(i) the applicant has previously conducted functions that meet the requirements of this act;

(ii) the applicant is a licensee in good standing with the board;

(iii) notification was received at least **[fourteen]** *seven* days prior to the catered function; and

(iv) the applicant pays a late fee of one hundred dollars (\$100);

(11) the board shall, in its discretion, approve or disapprove a catered function if the applicant fails to provide timely notice of the catered function, does not intend to conduct a function that meets the requirements of this act or has previously conducted a function that did not meet the requirements of this act;

(12) if a catered function is scheduled to occur on private property, the owner of that property is deemed to have submitted to the jurisdiction of the enforcement bureau, and the warrant required by section 211(a)(2) of this act shall not be necessary for the enforcement bureau to enter and search the premises during the function or any activities related to the function;

(13) no catered function may be held for more than five hours per day and must end by midnight *unless the catered function occurs on December*

31 of any calendar year on which date the catered function must end by two o'clock antemeridian;

(14) neither the owner of the property nor the applicant may sell tickets to a catered function unless one of the following conditions is met:

(i) the applicant has contracted with an eligible entity for the function, and the function is being used to raise money for the eligible entity's organization;

(ii) the applicant has contracted with a nonprofit organization as defined under section 501(c)(3) of the Internal Revenue Code of 1986 (Public Law 99-514, 26 U.S.C. § 501(c)(3)), for an event which has the sole purpose of raising funds for that nonprofit organization; or

(iii) the applicant has contracted with an organization that holds tax-exempt status under section 527 of the Internal Revenue Code of 1986;

(15) the catered function location shall be subject to section 493(34) of this act;

(16) catered functions may not be held in locations that are subject to a pending, protested transfer application;

(17) a permit may not be issued to a license holder whose license is subject to a pending objection by the director of the Bureau of Licensing or the board under section 470(a.1);

(18) a permit shall not be issued to a licensee for use in any location that is mobile; and

(19) a permit shall not be issued for use on any location used for parking at a sports event or concert event.

(c) (1) Holders of a brewery license may obtain a special permit to participate in malt or brewed beverages and food expositions off the licensed premises. A special permit shall be issued upon proper application and payment of a fee of thirty dollars (\$30) per day for each day of permitted use, not to exceed thirty consecutive days. The total number of days for all the special permits may not exceed one hundred days in any calendar year. A special permit shall entitle the holder to engage in the sale by the glass, growler, bottle or package not to exceed one hundred ninety-two fluid ounces in a single sale of malt or brewed beverages produced by the permittee under the authority of its brewery license. Holders of special permits may provide tasting samples of malt or brewed beverages in individual portions not to exceed four fluid ounces. Samples at malt or brewed beverages and food expositions may be sold or offered free of charge. Except as provided herein, breweries utilizing special permits shall be governed by all applicable provisions of this act as well as by all applicable regulations or conditions adopted by the board. For purposes of this paragraph, "malt or brewed beverages and food expositions" are defined as affairs held indoors or outdoors with the intent of educating those in attendance of the availability, nature and quality of malt or brewed beverages in conjunction with suitable food displays, demonstrations and sales. Malt or brewed beverages and food expositions may also include activities other than malt or brewed beverages and food displays, including arts and crafts, musical activities, cultural exhibits, agricultural exhibits and farmers markets.

(2) The holder of a brewery license may, at the discretion of the board, obtain a farmers market permit. The permit shall entitle the holder to participate in more than one farmers market at any given time and an unlimited number throughout the year and sell malt or brewed beverages produced under the authority of the underlying brewery license by the growler, bottle or package not to exceed one hundred ninety-two fluid ounces in a single sale. Samples not to exceed four fluid ounces per brand of malt or brewed beverages may be offered free of charge. A farmers market permit shall be issued upon proper application and payment of an annual fee of two hundred fifty dollars (\$250). A permit holder may participate in more than one farmers market at any given time. Sales by permit holders shall take place during the standard hours of operation of the farmers market. Written notice of the date, times and location the permit is to be used shall be provided by the permit holder to the enforcement bureau at least two (2) weeks prior to the event. Except as provided in this subsection, breweries utilizing farmers market permits shall be governed by all applicable provisions of this act as well as by all applicable regulations adopted by the board.

The term "farmers market" as used in this section shall include any building, structure or other place:

(i) owned, leased or otherwise in the possession of a person, municipal corporation or public or private organization;

(ii) used or intended to be used by two or more farmers or an association of farmers, who are certified by the Department of Agriculture to participate in the Farmers Market Nutrition Program subject to 7 CFR Pt. 249 (relating to Senior Farmers Market Nutrition Program (SFMNP)), for the purpose of selling agricultural commodities produced in this Commonwealth directly to consumers;

(iii) which is physically located within this Commonwealth; and

(iv) which is not open for business more than twelve hours each day.

(3) These permits shall only be available to a brewery that qualifies as a manufacturer as authorized under section 431(a) and may be used anywhere in Pennsylvania regardless of whether the manufacturer has named or constituted a distributor or importing distributor as a primary or original supplier of the product under section 431(b). Only malt or brewed beverages for which the brewery is responsible for paying the malt beverage tax shall be considered in calculating the total number of barrels produced each year. All brands of malt or brewed beverages sold or provided under the authority of the special permit as well as the farmers market permit must be registered as set forth by this act.

The term "growler" as used in this section shall mean a refillable container that holds a minimum of sixty-four fluid ounces of malt or brewed beverages.

Section 15. The act is amended by adding a section to read:

Section 446.1. Pennsylvania Malt and Brewed Beverages Industry Promotion Board.—(a) *There is established the Pennsylvania Malt and Brewed Beverages Industry Promotion Board.*

(b) The Pennsylvania Malt and Brewed Beverages Industry Promotion Board shall be composed of the following members:

- (1) One member appointed by the Governor.*
- (2) Four members appointed by the General Assembly as follows:*
 - (i) One individual appointed by the President pro tempore of the Senate.*
 - (ii) One individual appointed by the Minority Leader of the Senate.*
 - (iii) One individual appointed by the Speaker of the House of Representatives.*
 - (iv) One individual appointed by the Minority Leader of the House of Representatives.*
- (c) Each member must be a resident of this Commonwealth and have substantial experience or expertise in the Pennsylvania malt and brewed beverage industry.*
- (d) Each member shall serve at the pleasure of the appointing authority.*
- (e) The Pennsylvania Malt and Brewed Beverages Industry Promotion Board has the following powers and duties:*
 - (1) Make recommendations to the board to award grants to entities for the purpose of increasing the production of Pennsylvania-made malt and brewed beverages and enhancing the Pennsylvania malt and brewed beverages industry through promotion, marketing and research-based programs and projects. Grants shall be awarded through a competitive grant review process. The application for a grant shall include the following information:*
 - (i) Purpose for which the grant will be utilized.*
 - (ii) Need for the grant.*
 - (iii) Estimated budget.*
 - (iv) Method for measuring outcome.*
 - (v) Other criteria required by the Pennsylvania Malt and Brewed Beverages Industry Promotion Board.*
 - (2) Require each grant recipient to provide full and complete access to all records relating to the performance of the grant and to submit accurate information.*
 - (3) Conduct a thorough annual evaluation of each program for which a grant under this section is made.*
 - (4) Seek repayment of money upon a determination that the money was not utilized for the original stated purpose.*
 - (5) Submit an annual report to the General Assembly detailing all grants and other actions.*
 - (f) The Department of Agriculture shall provide assistance to assist the Pennsylvania Malt and Brewed Beverages Industry Promotion Board in carrying out its powers and duties.*
 - (g) Annually, the board shall allocate the amount of one million dollars (\$1,000,000) for the purpose of awarding grants under subsection (e)(1).*

Section 16. Section 461(b.1)(4), (7) and (8), (b.2) and (d) of the act, amended November 29, 2006 (P.L.1421, No.155) and June 28, 2011 (P.L.55, No.11), are amended and subsection (c) is amended by adding a clause to read:

Section 461. Limiting Number of Retail Licenses To Be Issued In Each County.—* * *

(b.1) The board may issue restaurant and eating place retail dispenser licenses and renew licenses issued under this subsection without regard to the quota restrictions set forth in subsection (a) for the purpose of economic development in a municipality under the following conditions:

* * *

(4) An applicant under this subsection shall be required to sell food and nonalcoholic beverages equal to **[seventy per centum (70%)] *fifty per centum (50%)*** or more of its combined gross sales of food and alcoholic beverages.

* * *

(7) An appeal of the board's decision refusing to grant or renew a license under this subsection shall not act as a supersedeas of the decision of the board if the decision is based, in whole or in part, on the licensee's failure to demonstrate that its food and nonalcoholic beverages were at least **[seventy per centum (70%)] *fifty per centum (50%)*** of its combined gross sales of food and alcoholic beverages.

(8) A license issued under this subsection may not be validated or renewed unless the licensee can establish that its sale of food and nonalcoholic beverages during the license year immediately preceding application for validation or renewal is equal to **[seventy per centum (70%)] *fifty per centum (50%)*** or more of its food and alcoholic beverage sales.

(b.2) Qualified applicants under subsection (b.1) shall receive a provisional license for one hundred twenty days, exclusive of periods of safekeeping. After ninety days from the date of issuance, the licensee may file an application for a permanent license. A license shall be issued if the licensee establishes that for ninety consecutive days from the date of initial issue its sales of food and nonalcoholic beverages is equal to at least **[seventy per centum (70%)] *fifty per centum (50%)*** of its combined gross sales of food and alcoholic beverages. Licensees shall not be subject to citation by the Enforcement Bureau for a violation of the requirement that food and nonalcoholic beverages equal at least **[seventy per centum (70%)] *fifty per centum (50%)*** of the combined gross sales of food and alcoholic beverages during the provisional licensing period.

* * *

(c) The word "hotel" as used in this section shall mean any reputable place operated by a responsible person of good reputation where the public may, for a consideration, obtain sleeping accommodations, and which shall have the following number of bedrooms and requirements in each case—at least one-half of the required number of bedrooms shall be regularly available to transient guests seven days weekly, except in resort areas; at least one-third of such bedrooms shall be equipped with hot and cold water, a lavatory, commode, bathtub or shower and a clothes closet; and an additional one-third of the total of such required rooms shall be equipped with lavatory and commode:

* * *

(10) Notwithstanding any other provision of law, the holder of a hotel liquor or hotel retail dispenser license shall be deemed a holder of a

restaurant liquor license for the purposes of the act of June 13, 2008 (P.L.182, No.27), known as the "Clean Indoor Air Act."

(d) "Airport restaurant," as used in this section, shall mean restaurant facilities at any airport for public accommodation, which are owned or operated directly or through lessees by the Commonwealth of Pennsylvania, by any municipal authority, county or city, either severally or jointly, with any other municipal authority, county or city, but shall not include any such restaurant facilities at any airport situated in a municipality where by vote of the electors the retail sale of liquor and malt or brewed beverages is not permitted. An airport restaurant is not subject to the seating requirements nor to the square footage requirements of the definition of restaurant in section 102. An airport restaurant may have unlimited extensions of service areas providing all extended service areas are inside the airport terminal building or buildings, notwithstanding any intervening thoroughfares. In addition to the privileges granted under sections 406 and 407 relative to malt or brewed beverages, airport restaurant liquor licensees may also sell **[wine] liquor** by the glass, open bottle or other container for consumption **[off the licensed premises and]** within the airport terminal building. Notwithstanding any provision to the contrary, an airport restaurant licensee that has acquired a Sunday sales permit may commence sales at **[seven] five** o'clock antemeridian.

* * *

Section 17. Section 461.1(b) of the act, amended June 18, 1998 (P.L.664, No.86), is amended to read:

Section 461.1. Incorporated Units of National Veterans' Organizations.—

* * *

(b) The term "national veterans' organization" shall mean any veterans' organization having a national charter.

The term "incorporated unit of a national veterans' organization" shall mean any incorporated post, branch, camp, detachment, lodge or other subordinate unit of a national veterans' organization having **[one hundred] fifty** or more paid up members and organized for a period of at least one year prior to filing the application for a license. The term does not include auxiliaries, "sons of" or other similar organization.

The term "affiliated organization" shall mean home associations, home corporations, auxiliaries, "sons of" or similar organizations which are directly affiliated with an incorporated unit or a national veterans' organization. An affiliated organization must meet the definition of a club set forth in section 102, except that:

- (1) if incorporated, the affiliated organization need not have been in continuous existence for at least one year prior to its application; or
- (2) if unincorporated, the affiliated organization need not have been in continuous existence for at least ten years prior to its application.

* * *

Section 17.1. Section 468(a)(3) of the act, amended December 20, 2000 (P.L.992, No.141), is amended to read:

Section 468. Licenses Not Assignable; Transfers.—(a) * * *

(3) **[No license shall be transferred to any place or property upon which is located as a business the sale of liquid fuels and oil. Except in**

cases of emergency such as death, serious illness, or circumstances beyond the control of the licensee, as the board may determine such circumstances to justify its action, transfers of licenses may be made only at times fixed by the board. In the case of the death of a licensee, the board may transfer the license to the surviving spouse or personal representative or to a person designated by him.] From any refusal to grant a transfer or upon the grant of any transfer, the party aggrieved shall have the right of appeal to the proper court in the manner hereinbefore provided.

* * *

Section 17.2. 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 *validation or* renewal 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, *and shall include 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 license, after such expiration date, but before the board has received a renewal application nunc pro tunc within the time prescribed herein the board, in its discretion, may, after hearing, accept a renewal application filed within two years after the expiration date of the license with the required fees upon the payment of an additional filing fee of two hundred fifty dollars (\$250.00) for late filing. Where any such renewal application is filed less than sixty days before the expiration date, or subsequent to the expiration date, no license shall issue upon the filing of the renewal application until the matter is finally determined by the board and if an appeal is taken from the board's action the courts shall not order the issuance of the renewal license until final determination of the matter by the courts. The board may enter into an agreement with the applicant concerning additional restrictions on the license in question. If the board and the applicant enter into such an agreement, such agreement shall be binding on the applicant. Failure by the applicant to adhere to the agreement will be sufficient cause to form the basis for a citation under section 471 and for the nonrenewal of the license under this section. A renewal application will not be considered filed unless accompanied by the requisite filing and license fees and any additional filing fee required by this section. Unless the board shall have given ten days' previous notice to the applicant of objections to the renewal of his license, based upon violation by the licensee or his servants, agents or employees of any of the laws of the Commonwealth or regulations of the board relating to the manufacture, transportation, use, storage, importation, possession or sale of liquors, alcohol or malt or brewed

beverages, or the conduct of a licensed establishment, or unless the applicant has by his own act become a person of ill repute, or unless the premises do not meet the requirements of this act or the regulations of the board, the license of a licensee shall be renewed. Notwithstanding any other provision of this act, a noise violation shall not be the sole basis for objection by the board to the renewal of a license unless the licensee has received six prior adjudicated noise citations within a twenty-four-month period.

* * *

Section 17.3. The act is amended by adding a section to read:

Section 470.3. License Auction.—(a) *A restaurant liquor license shall become available for auction by the board under the following conditions:*

(1) the license has not been renewed under section 470;

(2) the license has been revoked under section 471; or

(3) the licensee has failed to meet the requirements under 474.1.

(a.1) (1) Subsection (a) shall apply to all restaurant liquor licenses that became available after December 31, 1999.

(2) Any licenses not sold shall be available for sale at future auctions, provided, however, that no more than fifty licenses shall be auctioned in any county per year.

(b) A license becomes available for auction by the board the day after the deadline has passed for appealing a decision revoking or not renewing the license or the day after the two-year window to file a renewal application nunc pro tunc under section 470 has passed.

(c) The auction shall occur no later than June 1 of the calendar year after the license becomes available for auction and on a date to be determined by the board.

(d) By March 1 of each year, the board shall post on its publicly accessible Internet website a listing of all the licenses that are to be available for auction in June of that year. The list shall also be available upon request.

(e) 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 information as the board shall from time to time prescribe. The board shall accept applications until May 15 and may, in its discretion, accept applications after that date.

(f) A person who would be precluded from acquiring a license under 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 and the board shall refuse any applications submitted by the person.

(g) The auction shall be conducted in the manner set forth by the board and 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. The board shall not accept a bid lower than twenty-five thousand dollars (\$25,000).

(h) 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 (g). The board shall hold the bid amount in escrow until the license is approved.

(i) Within six months of being awarded the license, the bidder or its assignee shall file an application to transfer the license. 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 and county quota restrictions under section 461. The board shall only approve the transfer of a license under this section to a municipality, other than the municipality it last operated in, upon approval by the governing body of the municipality.

(j) Once a license has become available as set forth in this section, it may no longer be subject to any unpaid fines, unserved suspensions, liens or judgments accrued by the previous license holder. A winning bidder under this section shall not be required to supply any information about or secure any information from the previous license holder during the application process.

(k) A license acquired under this section may subsequently be transferred subject to any restrictions that would otherwise be applicable to the transfer of the license.

Section 17.4. Section 471.1 of the act is amended by adding a subsection to read:

Section 471.1. Responsible Alcohol Management.—* * *

(h) Unless successfully completed prior to being hired, all alcohol service personnel shall be required to complete the training for alcohol service personnel under subsection (b) within six months of being hired by a licensed establishment.

Section 18. Section 472(a) of the act, amended February 21, 2002 (P.L.103, No.10), is amended to read:

Section 472. Local Option.—(a) In any municipality or any part of a municipality where such municipality is split so that each part thereof is separated by another municipality, an election may be held, subject to subsection (c), **[on the date of the primary election immediately preceding any municipal election, but]** not oftener than once in four years, to determine the will of the electors with respect to the granting of liquor licenses to hotels, restaurants, resort facilities and clubs, not oftener than once in four years, to determine the will of the electors with respect to the granting of liquor licenses to public venues, to performing arts facilities, to continuing care retirement communities, to hotels located on property owned by an accredited college or university, to privately-owned private golf courses or to privately-owned public golf courses, not oftener than once in four years, to determine the will of the electors with respect to the granting of licenses to retail dispensers of malt and brewed beverages, not oftener than once in four years, to determine the will of the electors with respect to granting of licenses to wholesale distributors and importing distributors, not more than once in two years, to determine the will of the electors with respect to the granting of club liquor licenses or club retail dispenser licenses to incorporated units of national veterans' organizations, not oftener than once in two years to determine the will of the electors with respect to the

granting of special occasion permits to qualified organizations, **[or]** not more than once in four years, to determine the will of the electors with respect to the establishment, operation and maintenance by the board of Pennsylvania liquor stores, within the limits of such municipality or part of a split municipality, *or not more than once in two years, to determine the will of the electors with respect to the granting of liquor licenses to ski resort facilities*, under the provisions of this act: Provided, **[however, Where an election shall have been held at the primary preceding a municipal election in any year, another election may be held under the provisions of this act at the primary occurring the fourth year after such prior election: And provided further,]** That an election on the question of establishing and operating a State liquor store shall be initiated only in those municipalities, or that part of a split municipality that shall have voted against the granting of liquor licenses; and that an election on the question of granting wholesale distributor and importing distributor licenses shall be initiated only in those municipalities or parts of split municipalities that shall have at a previous election voted against the granting of dispenser's licenses. Whenever electors equal to at least twenty-five per centum of the highest vote cast for any office in the municipality or part of a split municipality at the last preceding general election shall file a petition with the county board of elections of the county for a referendum on the question of granting any of said classes of licenses or the establishment of Pennsylvania liquor stores, the said county board of elections shall cause a question to be placed on the ballots or on the voting machine board and submitted at **[the primary immediately preceding the municipal]** *any* election. Separate petitions must be filed for each question to be voted on. Said proceedings shall be in the manner and subject to the provisions of the election laws which relate to the signing, filing and adjudication of nomination petitions, insofar as such provisions are applicable.

When the question is in respect to the granting of liquor licenses, it shall be in the following form:

Do you favor the granting of liquor licenses for the sale of liquor in
 Yes
 of ? No

When the question is in respect to the granting of liquor licenses to resort facilities in those municipalities that do not already allow the retail sale of liquor, it shall be in the following form:

Do you favor the granting of liquor licenses to resort facilities for
 the sale of liquor in the Yes
 of ? No

When the question is in respect to the granting of liquor licenses to ski resorts in those municipalities that do not already allow the retail sale of liquor, it shall be in the following form:

*Do you favor the granting of liquor licenses to ski resort facilities
 for the sale of liquor in the..... Yes
 of ? No*

When the question is in respect to the granting of restaurant liquor licenses for use at public venues in those municipalities that do not already allow the retail sale of liquor, it shall be in the following form:

Do you favor the granting of liquor licenses to public venues for the sale of liquor in the? Yes
of? No

When the question is in respect to the granting of restaurant liquor licenses for use at performing arts facilities in those municipalities that do not already allow the retail sale of alcohol, it shall be in the following form:

Do you favor the granting of liquor licenses to performing arts facilities for the sale of liquor in the? Yes
of? No

When the question is in respect to the granting of liquor licenses for hotels located on property owned by an accredited college or university in those municipalities that do not already allow the granting of liquor licenses, it shall be in the following form:

Do you favor the granting of liquor licenses to hotels on property owned by an accredited college or university in the? Yes
of? No

When the question is in respect to the granting of liquor licenses, for privately-owned private golf courses, it shall be in the following form:

Do you favor the granting of liquor licenses for privately-owned private golf courses for the sale of liquor in
by? Yes
of? No

When the question is in respect to the granting of liquor licenses, for privately-owned public golf courses, it shall be in the following form:

Do you favor the granting of liquor licenses for privately-owned public golf courses for the sale of liquor in
by? Yes
of? No

When the question is in respect to the granting of liquor licenses to continuing care retirement communities in those municipalities that have not already approved the granting of liquor licenses, it shall be in the following form:

Do you favor the granting of liquor licenses for continuing care retirement communities in
by? Yes
of? No

When the question is in respect to the granting of licenses to retail dispensers of malt and brewed beverages, it shall be in the following form:

Do you favor the granting of malt and brewed beverage retail dispenser licenses for consumption on premises where sold in the
of? Yes
of? No

When the question is in respect to the granting of licenses to wholesale distributors of malt or brewed beverages and importing distributors, it shall be in the following form:

Do you favor the granting of malt and brewed beverage wholesale distributor's and importing distributor's licenses not for consumption on premises where sold in the
of? Yes
of? No

When the question is in respect to the granting of club liquor licenses to incorporated units of national veterans' organizations, it shall be in the following form:

Do you favor the granting of club liquor licenses to incorporated units of national veterans' organizations in the..... Yes of? No

When the question is in respect to the granting of club retail dispenser licenses to incorporated units of national veterans' organizations, it shall be in the following form:

Do you favor the granting of club retail dispenser licenses to incorporated units of national veterans' organizations in the..... Yes of? No

When the question is in respect to the granting of special occasion permits allowing the sale of liquor by qualified organizations in municipalities that do not already allow the retail sale of liquor, it shall be in the following form:

Do you favor the granting of special occasion permits to allow the sale of liquor by qualified organizations in the Yes of? No

When the question is in respect to the granting of special occasion permits allowing the sale of malt or brewed beverages only by qualified organizations in municipalities that do not already allow the retail sale of malt or brewed beverages, it shall be in the following form:

Do you favor the granting of special occasion permits to allow the sale of malt or brewed beverages only by qualified organizations in the..... Yes of? No

When the question is in respect to the establishment, operation and maintenance of Pennsylvania liquor stores it shall be in the following form:

Do you favor the establishment, operation and maintenance of Pennsylvania liquor stores in the..... Yes of? No

In case of a tie vote, the status quo shall obtain. If a majority of the voting electors on any such question vote "yes," then liquor licenses shall be granted by the board to hotels, restaurants, *ski resorts*, resort facilities and clubs, or liquor licenses shall be granted by the board to public venues, to performing arts facilities, to continuing care retirement communities, to hotels located on property owned by an accredited college or university, to privately-owned private golf courses or to privately-owned public golf courses, or malt and brewed beverage retail dispenser licenses or wholesale distributor's and importing distributor's license for the sale of malt or brewed beverages shall be granted by the board, or club liquor licenses or club retail dispenser licenses shall be granted by the board to incorporated units of national veterans' organizations, or special occasion permits may be issued to qualified organizations, or the board may establish, operate and maintain Pennsylvania liquor stores, as the case may be, in such municipality or part of a split municipality, as provided by this act; but if a majority of the electors voting on any such question vote "no," then the board shall have no power to grant or to renew upon their expiration any licenses of the class so

voted upon in such municipality or part of a split municipality; or if the negative vote is on the question in respect to the establishment, operation and maintenance of Pennsylvania liquor stores, the board shall not open and operate a Pennsylvania liquor store in such municipality or part of a split municipality, nor continue to operate a then existing Pennsylvania liquor store in the municipality or part of a split municipality for more than two years thereafter or after the expiration of the term of the lease on the premises occupied by such store, whichever period is less, unless and until at a later election a majority of the voting electors vote "yes" on such question.

* * *

Section 19. Section 473 of the act is amended to read:

Section 473. Public Record.—(a) Any person having a pecuniary interest in the conduct of business on licensed premises whether that interest is direct or indirect, legal or equitable, individual, corporate, or mutual, *including any management company*, shall file his name and address with the board on forms provided by the board. In the case of corporate ownership, the secretary of the corporation shall file with the board the names and addresses of all persons having such a corporate pecuniary interest.

(b) The names and addresses required by this section shall be recorded by the board and made available to the public as a public record.

Section 20. Section 474.1(b), (c) and (g) of the act, amended November 29, 2006 (P.L.1421, No.155), are amended to read:

Section 474.1. Surrender of Restaurant, Eating Place Retail Dispenser, Hotel, Importing Distributor and Distributor License for Benefit of Licensee.—* * *

(b) The board may hold the license in safekeeping for a period not to exceed **[three] two** consecutive years. Any license remaining in safekeeping for more than **[three] two** consecutive years shall be immediately revoked by the Bureau of Licensing unless a transfer application or request for reissue from safekeeping has been filed prior to the expiration of the **[three-year] two-year** period or unless the board has approved a request to extend the safekeeping for an additional year as set forth in subsection (g). In addition, the board shall extend the period for an additional year if, at the end of the **[three-year] two-year** period, the licensed premises are unavailable due to fire, flood or other similar natural disaster; no further extension beyond one additional year shall be granted by the board regardless of whether the licensed premises are unavailable due to fire, flood or other similar natural disaster unless an application is made as set forth in subsection (g).

(c) In the event a transfer application filed prior to the expiration of the **[three-year] two-year** period is disapproved by the board, then the license may remain in safekeeping so long as the licensee has submitted and the board has approved a request to extend the safekeeping for an additional year as set forth in subsection (g). Such request must be submitted within thirty days of the board's decision notwithstanding any appeal filed in the matter; however, the fee set forth in subsection (g) shall be refunded if the board's decision is overturned.

* * *

(g) (1) A licensee whose license is subject to this section may, upon written request, apply to the board to allow the license to remain in

safekeeping for an additional one year. The written request must be accompanied by a **[five thousand dollar (\$5,000)] ten thousand dollar (\$10,000)** fee for licenses placed in safekeeping from counties of the first class, second class, second class A, third class and fourth class and a fee of **[two thousand five hundred dollars (\$2,500)] five thousand dollars (\$5,000)** for licenses placed in safekeeping from counties of the fifth through eighth classes. *For each subsequent year in safekeeping, the fees set forth in this paragraph shall be doubled over the amount charged for the previous year's fee. 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, including a fire, flood or other event, which includes the inability to obtain an occupancy permit for the licensed premises from a municipality, that renders the licensed premises unusable. Factors such as another business operating at the licensed premises, the licensed business being no longer viable or other similar circumstances shall not justify a fee waiver.* The board shall approve the request unless the license or licensee no longer meets the requirements of this act or the board's regulations. The fee collected shall be paid into the State Treasury through the Department of Revenue into the State Store Fund.

(2) **[A licensee whose license remains in safekeeping after the expiration of an approved additional one-year period may submit a written request for additional one-year periods; however, each such request must be accompanied by a five thousand dollar (\$5,000) fee for licenses placed in safekeeping from counties of the first class, second class, second class A, third class and fourth class and a fee of two thousand five hundred dollars (\$2,500) for licenses placed in safekeeping from counties of the fifth through eighth classes.] (Reserved).**

Section 21. 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]** *shall be governed by* this section.

(b) Notwithstanding any other provision of this act or law **[to the contrary]**, a person licensed by *the board or* another state *or country* as a producer**[, supplier, importer, wholesaler, distributor or retailer]** of wine and who obtains a direct wine shipper license as provided for in this section may ship **[up to nine liters per month of]** *up to thirty-six cases of up to nine liters per case in a calendar year 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.]**

(c.1) Prior to issuing a direct wine shipper license, the board shall require an applicant to:

(1) File an application with the board.

(2) Pay a registration fee of two hundred fifty dollars (\$250).

(3) Provide to the board a true copy of the applicant's current alcoholic beverage license issued by the board or another state or country.

(4) Provide documentation which evidences that the applicant has obtained a sales tax license from the Department of Revenue.

(5) Provide the board with any other information that the board deems necessary and appropriate.

(d) [An out-of-State] A direct wine shipper shall do all of the following:

[(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 of wine shipped [into] to residents of this Commonwealth 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] direct 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.

(5) Require proof of age of the recipient, in a manner or format approved by the board, before wine is shipped to a resident of this Commonwealth.

(6) 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."

(7) Pay to the Department of Revenue all taxes due on sales to residents of this Commonwealth. The amount of the taxes shall be calculated as if the sales were in this Commonwealth at the locations where delivery was made. The wine delivered under this subsection shall be subject to only the following:

(i) The sales and use tax imposed by section 202 and Article II-B of the act of March 4, 1971 (P.L.6, No.2), known as the Tax Reform Code of 1971.

(ii) The sales and use tax imposed by Article XXXI-B of the act of July 28, 1953 (P.L.723, No.230), known as the Second Class County Code.

(iii) The sales and use tax imposed by the act of June 5, 1991 (P.L.9, No.6), known as the Pennsylvania Intergovernmental Cooperation Authority Act for Cities of the First Class.

(iv) The wine excise tax imposed under subsection (j).

(8) Annually renew its license by paying a renewal fee of two hundred fifty dollars (\$250).

[(e) A direct 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. *A person convicted of selling or offering to sell any wine in violation of this section shall, in addition to any other penalty prescribed by law, be sentenced to pay a fine of four dollars (\$4) per fluid ounce for each container of wine found on the premises where the sale was made or attempted. The amount of fine per container shall be based on the capacity of the container when full, whether or not it is full at the time of sale or attempted sale. All wine found on the premises shall be confiscated. The prohibition on reselling wine shall not apply to any entity who is licensed to resell wine and who acquires the wine from a limited winery licensed under section 505.2.*

(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] *annual* 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 shipper licenses issued by the board[,] *and* the quantity of wine sold *by direct wine shippers* 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.]

(j) *A wine excise tax is imposed and assessed at the rate of two dollars and fifty cents (\$2.50) per gallon on all wine sold and delivered under this section. The tax shall be collected by the direct wine shipper from the purchaser and shall be paid to the department as provided under this section. Unless otherwise specified, the tax shall be assessed, collected and enforced by the department in the same manner as the tax under Article II of the Tax Reform Code of 1971.*

(k) *Receipts from the tax under subsection (j) shall be deposited into the General Fund. Annually, the board shall allocate the amount of one million dollars (\$1,000,000) for the purpose of awarding grants under section 488.1.*

(l) *Delivery shall be by a licensed transporter for hire. The licensed transporter for hire shall:*

(1) *keep records as required under section 512 pertaining to the direct shipment of wine; and*

(2) *permit the board and the enforcement bureau, or their designated representatives, to inspect the records under section 513.*

Section 22. The act is amended by adding a section to read:

Section 488.1. Pennsylvania Wine Marketing and Research Program Board.—(a) Notwithstanding any other provision of law, the Pennsylvania Wine Marketing and Research Program Board shall, in addition to the members appointed by the Secretary of Agriculture under 3 Pa.C.S. § 4504(a) (relating to commodity marketing board), be composed of four members appointed by the General Assembly as follows:

(1) One individual appointed by the President pro tempore of the Senate.

(2) One individual appointed by the Minority Leader of the Senate.

(3) One individual appointed by the Speaker of the House of Representatives.

(4) One individual appointed by the Minority Leader of the House of Representatives.

(b) The members appointed under subsection (a) shall:

(1) Except as provided under this section, serve on the same terms and conditions as members appointed by the Secretary of Agriculture.

(2) Be residents of this Commonwealth.

(3) Have substantial experience or expertise in the Pennsylvania wine industry.

(4) Serve at the pleasure of the appointing authority.

(c) Appointing authorities under subsection (a) shall appoint initial members within thirty days of the effective date of this section.

(d) In addition to duties imposed under other laws, the Pennsylvania Wine Marketing and Research Program Board shall do all of the following:

(1) Meet as often as necessary but at least annually.

(2) Adopt guidelines establishing the procedure by which an entity may submit an application for grant funding under this section to the Pennsylvania Wine Marketing and Research Program Board.

(3) Have the following duties as to awarding grants:

(i) Make recommendations to the board to award grants to entities for the purpose of increasing the production of Pennsylvania-made wines and enhancing the Pennsylvania wine industry through promotion, marketing and research-based programs and projects.

(ii) Allocate grants through a competitive grant review process established by the Pennsylvania Wine Marketing and Research Program Board. The application for a grant shall include:

(A) the purpose for which the grant shall be utilized;

(B) information indicating need for the grant;

(C) an estimated budget;

(D) methods for measuring outcomes; and

(E) any other criteria as the board may require.

(iii) Require grant recipients to provide the Pennsylvania Wine Marketing and Research Program Board with full and complete access to all records relating to the performance of the grant and to submit at the time and in the form as may be prescribed truthful and accurate information that the Pennsylvania Wine Marketing and Research Program Board may require.

(iv) Conduct a thorough annual evaluation of each program for which a grant under this section is made. The Pennsylvania Wine Marketing and Research Program Board shall seek repayment of funds if the Pennsylvania Wine Marketing and Research Program Board determines that funds are not utilized for the original stated purpose.

(v) Submit an annual report to the General Assembly detailing all actions of the Pennsylvania Wine Marketing and Research Program Board and grants awarded under this section.

Section 23. Section 491(1) and (11) of the act, amended December 9, 2002 (P.L.1653, No.212), are amended and the section is amended by adding a clause to read:

Section 491. Unlawful Acts Relative to Liquor, Alcohol and Liquor Licensees.—

It shall be unlawful—

(1) Sales of Liquor. For any person, by himself or by an employe or agent, to expose or keep for sale, or directly or indirectly, or upon any pretense or upon any device, to sell or offer to sell any liquor within this Commonwealth, except in accordance with the provisions of this act and the regulations of the board. This clause shall not be construed to prohibit hospitals, physicians, dentists or veterinarians who are licensed and registered under the laws of this Commonwealth from administering liquor in the regular course of their professional work and taking into account the cost of the liquor so administered in making charges for their professional service, or a pharmacist duly licensed and registered under the laws of this Commonwealth from dispensing liquor on a prescription of a duly licensed physician, dentist or veterinarian, or selling medical preparations containing alcohol, or using liquor in compounding prescriptions or medicines and making a charge for the liquor used in such medicines, or a manufacturing pharmacist or chemist from using liquor in manufacturing preparations unfit for beverage purposes and making a charge for the liquor so used. All such liquors so administered or sold by hospitals, physicians, dentists, veterinarians, pharmacists or chemists shall conform to the Pharmacopoeia of the United States, the National Formulary, or the American Homeopathic Pharmacopoeia. This clause shall not be construed to prohibit an executor or an administrator of a decedent's estate from selling privately or at public auction liquor which was an asset of the decedent. *This clause shall not be construed to prohibit the practice by a bed and breakfast homestead or inn of providing one bottle of wine to its paying guests at check-in while in an overnight status so long as that wine is produced by a licensed limited winery as provided for under section 505.2. For purposes of this paragraph, a "bed and breakfast homestead or inn" shall mean a private residence that contains ten or fewer bedrooms used for providing overnight accommodations to the public and in which breakfast is the only meal served and is included in the charge for the room. This clause shall not be construed to prohibit the practice of a business which is principally engaged in the sale of gift baskets within this Commonwealth to sell a gift basket containing nonliquor items and no more than one bottle of wine which has been lawfully purchased from the board, so long as that wine is produced by a licensed limited winery as provided for under section 505.2*

and provided that delivery of the gift basket shall be by a licensed transporter for hire, which shall keep records as required under section 512 pertaining to the direct shipment of wine, and provided that the business complies with the provisions of section 488 relative to requiring proof of age and labeling advising that the package contains alcohol. The board shall establish regulations to ensure that State taxes from the sales will be paid by the estate from the proceeds of the sale. The board may not prohibit a sale of liquor for the reason that it was not lawfully acquired prior to January 1, 1934 or has not been purchased from a Pennsylvania Liquor Store or in compliance with Pennsylvania law.

* * *

(11) Importation of Liquor. For any person, other than the board or the holder of a sacramental wine license, an importer's license or a direct *wine* shipper's license, to import any liquor whatsoever into this Commonwealth, but this section shall not be construed to prohibit railroad and pullman companies from purchasing and selling liquors purchased outside the Commonwealth in their dining, club and buffet cars which are covered by public service liquor licenses and which are operated in this Commonwealth.

* * *

(15) Possession or sale of powdered alcohol. For any person to possess, purchase, sell, offer to sell or use powdered alcohol. This clause shall not apply to a hospital that operates primarily for the purpose of conducting scientific research, a State institution conducting bona fide research, a private college or university conducting bona fide research or a pharmaceutical company conducting bona fide research.

Section 24. Section 493(2), (14), (24) and (33) of the act, amended May 8, 2003 (P.L.1, No.1), July 6, 2005 (P.L.135, No.39), November 29, 2006 (P.L.1421, No.155) and July 5, 2012 (P.L.1007, No.116), are amended 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—

* * *

(2) Purchase or Sale of Liquor or Malt or Brewed Beverages on Credit; Importing Distributors or Distributors Accepting Cash. For any licensee, his agent, servant or employe, to sell or offer to sell or purchase or receive any liquor or malt or brewed beverages except for cash, excepting credit extended by a hotel or club to a bona fide guest or member, or by railroad or pullman companies in dining, club or buffet cars to passengers, for consumption while enroute, holding authorized credit cards issued by railroad or railroad credit bureaus or by hotel, restaurant, retail dispenser eating place, club and public service licensees, importing distributors or distributors to customers not possessing a license under this article and holding credit cards issued in accordance with regulations of the board or credit cards issued by banking institutions subject to State or Federal regulation: Provided further, That nothing herein contained shall be construed to prohibit the use of checks or drafts drawn on a bank, banking

institution, trust company or similar depository, organized and existing under the laws of the United States of America or the laws of any state, territory or possession thereof, in payment for any liquor or malt or brewed beverages if the purchaser is the payor of the check or draft and the licensee is the payee: Provided further, That notwithstanding any other provision of this act to the contrary, it shall be unlawful for an importing distributor or distributor to accept cash for payment of any malt or brewed beverages from anyone possessing a license issued under this article, except it shall be permissible for the importing distributor or distributor to accept *credit cards*, money orders or cashiers' checks for payment of any malt or brewed beverages in addition to any other type of payment authorized by the board from anyone possessing a license under this article. ***Notwithstanding any other provision of law to the contrary, distributors and importing distributors may accept credit cards for payment of malt or brewed beverages, but they are not required to accept credit cards.*** No right of action shall exist to collect any claim for credit extended contrary to the provisions of this clause. Nothing herein contained shall prohibit a licensee from crediting to a purchaser the actual price charged for original containers returned by the original purchaser as a credit on any sale, or from refunding to any purchaser the amount paid by such purchaser for such containers or as a deposit on containers when title is retained by the vendor, if such original containers have been returned to the licensee. Nothing herein contained shall prohibit a manufacturer from extending usual and customary credit for liquor or malt or brewed beverages sold to customers or purchasers who live or maintain places of business outside of the Commonwealth of Pennsylvania, when the liquor or malt or brewed beverages so sold are actually transported and delivered to points outside of the Commonwealth: Provided, however, That as to all transactions affecting malt or brewed beverages to be resold or consumed within this Commonwealth, every licensee shall pay and shall require cash deposits on all returnable original containers and all such cash deposits shall be refunded upon return of the original containers.

* * *

(14) Permitting Undesirable Persons or Minors to Frequent Premises. For any hotel, restaurant or club liquor licensee, or any retail dispenser, his servants, agents or employes, to permit persons of ill repute or prostitutes to frequent his licensed premises or any premises operated in connection therewith. Minors may only frequent licensed premises if: (a) they are accompanied by a parent; (b) they are accompanied by a legal guardian; (c) they are under proper supervision; (d) they are attending a social gathering; or (e) the hotel, restaurant or retail dispenser licensee has gross sales of food and nonalcoholic beverages equal to fifty per centum or more of its combined gross sale of both food and alcoholic beverages. If a minor is frequenting a hotel, restaurant or retail dispenser licensee under subsection (e), then the minor may not sit at the bar section of the premises, nor may any alcoholic beverages be served at the table or booth at which the said minor is seated unless said minor is with a parent, legal guardian or under proper supervision. Further, if a hotel, restaurant, club liquor licensee or retail dispenser is hosting a social gathering under subsection (d), then written notice at least forty-eight hours in advance of such gathering shall be

given to the Bureau of Enforcement. If a minor is frequenting licensed premises with proper supervision under subsection (c), each supervisor can supervise up to twenty minors, except for premises located in cities of the first class, where each supervisor can supervise up to five minors. Notwithstanding any other provisions of this section, if the minors are on the premises as part of a school-endorsed function, then each supervisor can supervise fifty minors. Nothing in this clause shall be construed to make it unlawful for minors to frequent public venues [or], performing arts facilities *or ski resorts*.

* * *

(24) (i) Things of Value Offered as Inducement. Except as provided in [subclause] *subclauses* (ii) *and* (iii), 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 purchases of malt or brewed beverages through distributors and 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]:

(A) 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.

(B) The board may establish and implement a customer relations management program for the purpose of offering to unlicensed customers of the board incentives, such as coupons or discounts on certain products, which may be conditioned on the purchase of liquor.

(iii) Notwithstanding subclause (i) or any other provision of law, a retail licensee or a brewery may offer a mug club to its patrons.

* * *

(33) Off-premises Catering Permit; Fees. For any licensee, his servants, agents or employes to sell alcohol at a location other than its licensed premises, unless the sale is specifically authorized under this act, or unless the licensee receives a special permit from the board to do so. Only those

licensees holding a current and valid restaurant, hotel, brew pub or eating place license shall be allowed to apply for such a permit. Any licensee that wishes to obtain an off-premises catering permit must notify the board and pay the permitting fee by March of each calendar year regardless of whether the licensee has scheduled catered events. Any licensee that fails to notify the board and pay the permit fee by March 1 shall be precluded from obtaining the permit for that calendar year. If a licensee notifies the board and pays the permitting fee by March 1 and does not then use the permit throughout the calendar year, the licensee shall not be entitled to a return of the permitting fee. Any licensee not granted a license until after March 1 of the calendar year shall have sixty days from the date of the license transfer to notify the board of the licensee's intention to use an off-premises catering permit and pay the permitting fee. ***The board shall have the discretion to allow the issuance of the permit after the March 1 deadline if the applicant is a licensee in good standing with the board and complies with all other requirements for the off-premises catering permit. A licensee shall apply for the permit at least sixty days prior to the first catered function.*** All servers at the off-premises catered function shall be certified under the board's responsible alcohol management program as required under section 471.1. The board may charge a fee of five hundred dollars (\$500) each calendar year, to each applicant for the initial permit associated with a particular license, but no further fee shall be charged for any subsequent permits issued to the applicant for the license during the same calendar year. The applicant shall submit written notice to the board thirty days prior to each catered event, unless this time frame has been waived by the board, and the board may approve or disapprove each event if the applicant fails to provide timely notice of the catered function, does not intend to conduct a function that meets the requirements of this act or has previously conducted a function that did not meet the requirements of this act. The fees shall be paid into the State Stores Fund. Any violation of this act or the board's regulations for governing activity occurring under the authority of this permit may be the basis for the issuance of a citation under section 471, the nonrenewal of the license under section 470 or the refusal by the board to issue subsequent permits or honor subsequent dates on the existing permit. This penalty shall be in addition to any other remedies available to the enforcement bureau or the board.

* * *

Section 24.1. Section 495(a) of the act, amended February 21, 2002 (P.L.103, No.10), is amended to read:

Section 495. Identification Cards; Licensees and State Liquor Store Employees Saved From Prosecution.—(a) The valid photo driver's license or identification card issued by the Department of Transportation or by any other state, ***or Canadian driver's license or other bona fide Canadian identification such as a Canadian-issued passport, or*** a valid armed forces of the United States identification card, a valid passport or a travel visa issued by the United States or a foreign country that contains the holder's photograph shall, for the purpose of this act, be accepted as an identification card.

* * *

Section 25. Section 505.2(a)(5) and (6.1) of the act, amended December 8, 2004 (P.L.1810, No.239) and June 28, 2011 (P.L.55, No.11), are amended and the subsection is amended by adding a clause to read:

Section 505.2. Limited Wineries.—(a) In the interest of promoting tourism and recreational development in Pennsylvania, holders of a limited winery license may:

* * *

(2.1) Notwithstanding any other provision of this act or law to the contrary, only ship wine in accordance with the provisions of section 488.

* * *

(5) Do either of the following:

(i) Apply for and hold a hotel liquor license, a restaurant liquor license or a malt and brewed beverages retail license to sell for consumption at the restaurant or limited winery on the licensed winery premises, liquor, wine and malt or brewed beverages regardless of the place of manufacture under the same conditions and regulations as any other hotel liquor license, restaurant liquor license or malt and brewed beverages retail license.

(ii) Apply for and hold a restaurant liquor license for use at one of the additional board-approved locations referenced under clause (3), as long as such location does not serve as an additional board-approved location for any other manufacturer.

* * *

(6.1) Sell food for consumption on or off the licensed premises and at the limited winery's additional board-approved locations and sell by the glass, at the licensed premises and at the limited winery's additional board-approved locations, [only] wine and alcoholic ciders that may otherwise be sold by the bottle. In addition, the holder of a limited winery license may sell for consumption on the licensed premises and at the limited winery's additional board-approved locations, liquor produced by a licensed distillery or limited distillery and malt or brewed beverages produced by a licensed brewery.

* * *

Section 26. Section 505.4(b)(1) and (2) and (c) of the act, amended December 22, 2011 (P.L.530, No.113), are amended and subsection (b) is amended by adding clauses to read:

Section 505.4. Distilleries.—* * *

(b) (1) The board may issue a limited distillery license that will allow the holder thereof to operate a distillery that shall not exceed production of one hundred thousand (100,000) gallons of distilled liquor per year. The holder of the license may manufacture and sell bottled liquors produced on the licensed premises to the board, to entities licensed by the board and to the public between the hours of nine o'clock antemeridian and eleven o'clock postmeridian so long as a specific code of distilled liquor which is listed for sale as a stock item by the board in State liquor stores may not be offered for sale at a licensed limited distillery location at a price which is lower than that charged by the board and under such conditions and regulations as the board may enforce. The holder of a limited distillery license may not sell a product or a substantially similar product which is listed for sale as a stock

item by the board in State Liquor Stores to a licensee at a price which is lower than that charged by the board and under such conditions and regulations as the board may enforce. The holder of a limited distillery license may also sell wines produced by a licensed limited winery or malt or brewed beverages produced by a licensed brewery for on-premises consumption.

(2) (i) The holder of a limited distillery license may, separately or in conjunction with other limited distillery licensees, sell bottled liquors produced by the distillery at no more than [two (2)] *five (5)* board-approved locations other than the licensed premises, with no bottling or production requirement at those additional board-approved locations and under such conditions and regulations as the board may enforce to the board, to individuals and to entities licensed by the board.

(ii) If two (2) or more limited distilleries apply to operate an additional board-approved location in conjunction with each other, the distilleries need only have one (1) board-approved manager for the location, need only pay one application fee and need not designate specific or distinct areas for each distillery's licensed area. A limited distillery must file an application for the additional board-approved location, and that location shall count as one (1) of the [two (2)] *five (5)* permitted for each limited distillery. A limited distillery is responsible for keeping only its own complete records. A limited distillery may be cited for a violation of the recordkeeping requirements of sections 512 and 513 pertaining to its own records only.

* * *

(8) At the discretion of the board the holder of a limited distillery license may obtain a special permit to participate in alcoholic cider, liquor and food expositions off the licensed premises. A special permit shall be issued upon proper application and payment of a fee of thirty dollars (\$30) per day for each day of permitted use, not to exceed thirty (30) consecutive days. The total number of days for all the special permits may not exceed one hundred (100) days in any calendar year. A special permit shall entitle the holder to engage in the sale by the glass, by the bottle or in case lots of liquor produced by the permittee under the authority of a limited distillery license. Holders of special permits may provide tasting samples of liquor in individual portions not to exceed one and one-half (1.5) fluid ounces. Samples at alcoholic cider, liquor and food expositions may be sold or offered free of charge. Except as provided in this clause, limited distilleries utilizing special permits shall be governed by all applicable provisions of this act as well as by all applicable regulations or conditions adopted by the board. For the purposes of this clause, "alcoholic cider, liquor and food expositions" are defined as affairs held indoors or outdoors with the intent of promoting Pennsylvania products by educating those in attendance of the availability, nature and quality of Pennsylvania-produced alcoholic ciders and liquors in conjunction with suitable food displays, demonstrations and sales. Alcoholic cider, liquor and food expositions may also include activities other than alcoholic cider, liquor and food displays, including arts and crafts, musical activities, cultural exhibits, agricultural exhibits and farmers markets.

(9) At the discretion of the board, the holder of a limited distillery license may obtain a farmers market permit. The permit shall entitle the holder to participate in more than one (1) farmers market at any given time and an unlimited number throughout the year and sell liquor produced under the authority of the underlying limited distillery license by the bottle or in case lots. Samples not to exceed one and one-half (1.5) fluid ounces per brand of liquor may be offered free of charge. A farmers market permit shall be issued upon proper application and payment of an annual fee of two hundred fifty dollars (\$250). A permit holder may participate in more than one (1) farmers market at any given time. Sales by permit holders shall take place during the standard hours of operation of the farmers market. Written notice of the date, times and location the permit is to be used shall be provided by the permit holder to the enforcement bureau at least two (2) weeks prior to the event. Except as provided in this subsection, limited distilleries utilizing farmers market permits shall be governed by all applicable provisions of this act as well as by all applicable regulations adopted by the board.

(c) (1) The holder of a distillery license as issued under section 505 may sell bottled liquors produced on the licensed premises to the board, to entities licensed by the board and to the public between the hours of nine o'clock antemeridian and eleven o'clock postmeridian so long as a specific code of distilled liquor which is listed for sale as a stock item by the board in State liquor stores may not be offered for sale at a licensed distillery location at a price which is lower than that charged by the board and under such conditions and regulations as the board may enforce. *The holder of a distillery license may not sell a product or a substantially similar product which is listed for sale as a stock item by the board in State Liquor Stores to a licensee at a price which is lower than that charged by the board and under such conditions and regulations as the board may enforce. The holder of a distillery license may also sell wines produced by a licensed limited winery or malt or brewed beverages produced by a licensed brewery for on-premises consumption.*

(2) The holder of a distillery license as issued under section 505 may provide tasting samples of liquor that in total do not exceed one and one-half (1.5) fluid ounces. Samples may be sold or provided free of charge between the hours of nine o'clock antemeridian and eleven o'clock postmeridian.

Section 27. (Reserved).

Section 28. The following shall apply:

(1) There is established a Wine and Spirits Wholesale and Retail Privatization Commission.

(2) The commission shall research and make recommendations related to privatizing the wholesale and retail wine and spirits operations in this Commonwealth as provided for in this section.

(3) The commission shall consist of the following members:

(i) The chairperson and minority chairperson of the Law and Justice Committee of the Senate and the chairperson and minority chairperson of the Liquor Control Committee of the House of Representatives, or their designees.

(ii) Three legislators from each chamber of the General Assembly appointed as follows:

(A) Two members appointed by the President pro tempore of the Senate.

(B) One member appointed by the Minority Leader of the Senate.

(C) Two members appointed by the Speaker of the House of Representatives.

(D) One member appointed by the Minority Leader of the House of Representatives.

(iii) An individual appointed by the Governor from within the Governor's Administration.

(iv) The chairman of the Liquor Control Board.

(4) The commission shall appoint a member to serve as chairperson of the commission.

(5) The commission shall hold its first meeting within 45 days of the effective date of this section, notwithstanding whether the Governor or all legislative caucuses have actually approved members to the commission.

(6) The commission shall hold meetings at the call of the chairperson.

(7) A member of the commission may not receive compensation for the member's services, but shall be reimbursed for all necessary travel and other reasonable expenses incurred in connection with the performance of the member's duties as a member of the commission.

(8) The General Assembly shall provide administrative support, meeting space and any other assistance required by the commission to carry out its duties under this section in cooperation with the board. The board and the Department of Revenue shall provide the commission with data, research and other information upon request by the commission. The commission may enter into contracts for professional services as may be needed to fulfill the commission's duties.

(9) The board shall pay for all reasonable expenses of the commission from funds made available from the State Stores Fund.

(10) The commission shall:

(i) Analyze the current wholesale system's ability to meet the demand from retailers.

(ii) Evaluate the impact of public sector job losses through the transfer of the wholesale system to private operators.

(iii) Consider best practices in other states related to the operation of a wine and spirits wholesale operation.

(iv) Determine what impact a transition of the wholesale system to private operators would have on the annual fiscal stability of the Commonwealth.

(v) Determine the effectiveness of the provisions contained in this act and provide recommendations to improve the reforms contained in this act.

(vi) Provide a valuation of the wine and spirits wholesale and retail systems.

(vii) Determine the impact of wholesale and retail privatization on the cost of liquor to the consumer.

(viii) Determine whether the current quota system in each individual county is meeting consumer demand.

(ix) Analyze other factors related to wine and spirits wholesale and retail privatization.

(11) The commission shall have all of the following powers and duties:

(i) Review and make findings and recommendations related to wine and spirits wholesale and retail in this Commonwealth.

(ii) Consult with and utilize experts to assist the commission in carrying out the duties under this section.

(iii) Draft proposed regulations and proposed legislation based on the commission's findings.

(iv) Issue a report of the commission's findings and recommendations to the Governor, the President pro tempore of the Senate, the Majority Leader and Minority Leader of the Senate, the Law and Justice Committee of the Senate, the Speaker of the House of Representatives, the Majority Leader and Minority Leader of the House of Representatives, the Liquor Control Committee of the House of Representatives and the Chairperson of the Liquor Control Board not later than six months after the effective date of this section.

(12) Based on the findings and recommendations in the report issued under paragraph (11)(iv), the General Assembly shall consider further reform measures to the Commonwealth's wholesale and retail wine and spirits operations no later than June 30, 2016.

Section 29. This act shall take effect in 60 days.

APPROVED—The 8th day of June, A.D. 2016

TOM WOLF