



Summary of House Bill 790 as Passed by State House

The Pennsylvania House of Representatives passed HB 790 on March 21, 2013. This legislation would allow private retailers to sell wine and spirits and end the state government monopoly over wholesale of wine and liquor. Here is a summary of that legislation.

Wholesale Privatization

- One year after the legislation is signed into law, wholesale divestiture would occur. The state would negotiate wholesale licenses to distribute wine and liquor products to stores, bars and restaurants by brand. After paying a license fee based on valuation, a wholesaler would have the exclusive right to distribute that brand throughout Pennsylvania.

New Privately-Run Wine and Spirits Stores

- The state would initially issue 1,200 wine and spirits licenses.
 - Beer distributors would have right of first refusal on licenses for one year. If a distributor gets a wine and spirits license, **they would be the one-stop shop to get wine, beer and liquor.**
- After one year, the unclaimed licenses become available to the public on a 'first-come basis,' based on the number of licenses available in each county; no county will have fewer licenses available than the number of distributors.
- All license holders must be stand-alone alcohol retail stores, unless owned by distributors.
- A wine and spirits licensee can hold five licenses in the state, but no more than one per county.
- Licensees can't require memberships (that is, Costco, Sam's Club, etc. would be excluded).

Retail License Cost

- Licensees can purchase the right to sell wine, spirits or both.
- The cost of a new license for beer distributors varies based on county classes. Wine: \$7,500 to \$37,500; Spirits: \$30,000 to \$60,000. Distributors can elect to pay this cost over four years with an additional five percent fee.
- New wine and spirits stores: Wine: \$97,500 to \$187,500; Spirits: \$142,500 to \$262,500.
- Licenses are renewed every two years at a cost of \$1,000.
- Sunday sale permits will be available at annual cost of \$1,000.

Greater Convenience through Grocery Stores and Package Reform

- Grocery stores may purchase a license to sell up to 12 bottles of wine. Prices for these licenses would range, based on county, from \$97,500 to \$187,500. Sunday sales permits would also be available.

- Restaurants may purchase a license to sell up to six wine bottles to go, in addition to beer which they are currently allowed to sell.
- The gas prohibition is removed, meaning that a gas station that *has a restaurant license* and sells food will also be allowed to sell limited amounts of beer and wine.

Closure of State Stores

- Once the number of privately-operated stores (including grocery stores selling wine) doubles the number of government-run liquor stores in a county, the state stores must close within six months.
- As the 600 state stores close, the Department of General Services could offer up to 600 additional wine and spirits licenses.
- The PLCB will have to close all state store operations once it has 100 or less stores remaining.

Benefits for Current PLCB Employees

- These include: training and education grants, tax credits for businesses to hire displaced workers, and a civil service hiring preference.

Safety

- Transaction scan devices would be required and employees must be trained in alcohol safety.
- State Troopers would be allowed undercover investigations in licensed establishments, which does not currently occur in state stores.

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For more on Liquor Store Privatization, visit www.BoozeFacts.com

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