

House Bill 11 Fact Sheet

Office of the Majority Leader

Wholesale and Retail Licenses

- 1,250 retail licenses will be auctioned (based on reserve pricing) to the highest responsible bidder. Retail licenses will be structured as follows:
 - 750 Class-A licenses (which include retail outlets with 15,000 or more square feet of retail space). These licenses would typically be held by grocery stores and “big Box” retail outlets.
 - 500 Class-B licenses (which include retail outlets with less than 15,000 square feet of retail space). These licenses would typically be held by independent operators.
- Wholesale licenses will be sold based on a contractual relationship between manufacturers/importers and a wholesaler to be the exclusive wholesaler for their products within the state. The wholesaler would purchase the right to distribute the products in their portfolio based on an objective valuation, similar to the formula used in the Virginia privatization model.
- The Department of General Services (with the full cooperation of the Board) will enable the divestiture of LCB wholesale and retail operations.

Tax Reform

- Eliminate the current 30 percent PLCB markup.
- Eliminate the 18 percent Johnstown Flood Tax
- Abolish the “handling” tax imposed on every bottle of wine and spirits by the PLCB (also known as the “LTMF” fee).
- Replace current taxes with a “Gallonage Tax” as is done in 26 other states for spirits and 35 other state for wine.
- Currently, restaurants, taverns and clubs pay the 6 percent sales tax when they purchase wine and spirits from the PLCB; that would remain the same, just substituting the wholesaler for the PLCB.
- This proposal will significantly mitigate the lost revenue from Pennsylvania consumers who currently leave the state to purchase their wine and spirits (what is commonly referred to as border bleed).

Employee Opportunities

- Provide employment support for PLCB employees through:
 - Tax credits for employers who hire PLCB employees;
 - Tuition assistance for employees’ to further their education; and
 - A preferential “leg up” in applying for other civil service positions in the Commonwealth.

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Strengthen Law Enforcement

- Increase law enforcement by providing for concurrent jurisdiction for state and local police to enforce liquor laws (as we do with tobacco).
- Retain enforcement, licensing, inspections and alcohol education functions of the PLCB.
- Increase safety by requiring employees to attend R.A.M.P. (Responsible Alcohol Management Program) training.
- Mandate the use of I.D. scanners with age verification software.
- Require retail operations to be maintained in a separate, self-contained area dedicated solely to the sale of wine and spirits.
- Require retail store employees that sell alcohol to consumers be at least 21 years old.
- Subject retail licensees to “age compliance checks” to ensure against selling to minors.
- Establish heavy penalties (up to \$10,000 in fines and suspension or revocation of operating authority) for licensees who violate the provisions of the Liquor Code and authorizes the PLCB to suspend or revoke licenses for “nuisance” operators.