

## THE GENERAL ASSEMBLY OF PENNSYLVANIA

## HOUSE BILL

No. 991 Session of  
2017

INTRODUCED BY A. HARRIS, IRVIN, GREINER, ORTITAY, REED, MILLARD,  
JAMES AND ELLIS, MARCH 28, 2017

AS REPORTED FROM COMMITTEE ON LIQUOR CONTROL, HOUSE OF  
REPRESENTATIVES, AS AMENDED, APRIL 3, 2017

## AN ACT

1 Amending the act of April 12, 1951 (P.L.90, No.21), entitled, ~~as~~ <--  
2 ~~reenacted,~~ "An act relating to alcoholic liquors, alcohol and  
3 malt and brewed beverages; amending, revising, consolidating  
4 and changing the laws relating thereto; regulating and  
5 restricting the manufacture, purchase, sale, possession,  
6 consumption, importation, transportation, furnishing, holding  
7 in bond, holding in storage, traffic in and use of alcoholic  
8 liquors, alcohol and malt and brewed beverages and the  
9 persons engaged or employed therein; defining the powers and  
10 duties of the Pennsylvania Liquor Control Board; providing  
11 for the establishment and operation of State liquor stores,  
12 for the payment of certain license fees to the respective  
13 municipalities and townships, for the abatement of certain  
14 nuisances and, in certain cases, for search and seizure  
15 without warrant; prescribing penalties and forfeitures;  
16 providing for local option, and repealing existing laws," in  
17 preliminary provisions, further providing for definitions; in  
18 Pennsylvania Liquor Control Board, further providing for  
19 general powers of board and for specific subjects on which  
20 board may adopt regulations; in Pennsylvania Liquor Stores,  
21 further providing for sales by Pennsylvania Liquor Stores;  
22 and providing for Pennsylvania retail franchise stores. <--

23 The General Assembly of the Commonwealth of Pennsylvania

24 hereby enacts as follows:

25 Section 1. Section 102 of the act of April 12, 1951 (P.L.90,  
26 No.21), known as the Liquor Code, is amended by adding  
27 definitions to read:

1 Section 102. Definitions.--The following words or phrases,  
2 unless the context clearly indicates otherwise, shall have the  
3 meanings ascribed to them in this section:

4 \* \* \*

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

8 \* \* \*

9 "Retail outlet" shall mean an establishment at which consumer  
10 products are sold, supplied or offered for sale directly to  
11 consumers which has an area under one roof of greater than five  
12 thousand square feet.

13 "Retailer" shall mean a person who sells, supplies or offers  
14 consumer products for sale directly to consumers.

15 \* \* \*

16 "Spirits" shall mean any beverage which contains alcohol  
17 obtained by distillation, mixed with water or other substance in  
18 solution, and includes brandy, rum, whiskey, gin or other  
19 spirituous liquors and such liquors when rectified, blended or  
20 otherwise mixed with alcohol or other substances.

21 \* \* \*

22 Section 2. Section 207(b) of the act, amended June 8, 2016  
23 (P.L.273, No.39), is amended and the section is amended by  
24 adding a subsection to read:

25 Section 207. General Powers of Board.--Under this act, the  
26 board shall have the power and its duty shall be:

27 \* \* \*

28 (b) The following shall apply:

29 (1) To control the manufacture, possession, sale,  
30 consumption, importation, use, storage, transportation and

1 delivery of liquor, alcohol and malt or brewed beverages in  
2 accordance with the provisions of this act, [and] to fix the  
3 wholesale [and] prices at which liquors and alcohol shall be  
4 sold to licensees under this act and to fix the retail prices at  
5 which liquors and alcohol shall be sold at Pennsylvania Liquor  
6 Stores.

7 [(2) Except as provided in paragraphs (3) and (4), prices  
8 shall be proportional with prices paid by the board to its  
9 suppliers and may include a handling fee. This proportional  
10 pricing provision shall not apply to special liquor orders  
11 authorized under section 305(a).

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

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

16 (2.1) The following shall apply to wholesale prices set by  
17 the board:

18 ~~(i) Any liquor or alcohol sold to a permit holder under~~ <--  
19 ~~section 415 or to a franchisee under Article XI shall be sold at~~  
20 ~~the price from which the liquor or alcohol was acquired by the~~  
21 ~~board.~~

22 ~~(I) ANY LIQUOR OR ALCOHOL SOLD TO A PERMIT HOLDER UNDER~~ <--  
23 ~~SECTION 415 OR TO A RETAILER UNDER ARTICLE XI MAY INCLUDE A~~  
24 ~~MARKUP OF NOT GREATER THAN 15%. NO OTHER HANDLING FEES OR~~  
25 ~~CHARGES MAY BE ASSESSED.~~

26 ~~(ii) Liquor sold to a franchisee RETAILER under Article XI~~ <--  
27 ~~shall not include the tax under Article II of the act of March~~  
28 ~~4, 1971 (P.L.6, No.2), known as the "Tax Reform Code of 1971,"~~  
29 ~~or the emergency State tax imposed under the act of June 9, 1936~~  
30 ~~(1st Sp.Sess., P.L.13, No.4), entitled "An act imposing an~~

1 emergency State tax on liquor, as herein defined, sold by the  
2 Pennsylvania Liquor Control Board; providing for the collection  
3 and payment of such tax; and imposing duties upon the Department  
4 of Revenue and the Pennsylvania Liquor Control Board."

5 (5) All prices of a particular product identification number  
6 for sale at Pennsylvania Liquor Stores shall be uniform  
7 throughout the Commonwealth. The board may establish a  
8 preferential price structure for wines produced within this  
9 Commonwealth for the promotion of such wines, as long as the  
10 price structure is uniform within each class of wine purchased  
11 by the board.

12 (6) On a [quarterly] monthly basis the board shall publish a  
13 listing of [the wholesale and] Pennsylvania Liquor Store retail  
14 prices on its publicly accessible Internet website.

15 (6.1) The board shall maintain a master list of the price  
16 liquors or alcohol was acquired by the board. This list shall be  
17 made available to any licensee upon request.

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

23 (8) No later than June 1st of each year, the board shall  
24 appear before the Law and Justice Committee of the Senate and  
25 the Liquor Control Committee of the House of Representatives to  
26 provide testimony in relation to its annual written report under  
27 paragraph (7).

28 (9) The board shall require each Pennsylvania manufacturer  
29 and each nonresident manufacturer of liquors, other than wine,  
30 selling such liquors to the board, which are not manufactured in

1 this Commonwealth, to make application for and be granted a  
2 permit by the board before such liquors not manufactured in this  
3 Commonwealth shall be purchased from such manufacturer. Each  
4 such manufacturer shall pay for such permit a fee which, in the  
5 case of a manufacturer of this Commonwealth, shall be equal to  
6 that required to be paid, if any, by a manufacturer or  
7 wholesaler of the state, territory or country of origin of the  
8 liquors, for selling liquors manufactured in Pennsylvania, and  
9 in the case of a nonresident manufacturer, shall be equal to  
10 that required to be paid, if any, in such state, territory or  
11 country by Pennsylvania manufacturers doing business in such  
12 state, territory or country. In the event that any such  
13 manufacturer shall, in the opinion of the board, sell or attempt  
14 to sell liquors to the board through another person for the  
15 purpose of evading this provision relating to permits, the board  
16 shall require such person, before purchasing liquors from him or  
17 it, to take out a permit and pay the same fee as hereinbefore  
18 required to be paid by such manufacturer. All permit fees so  
19 collected shall be paid into the State Stores Fund. The board  
20 shall not purchase any alcohol or liquor fermented, distilled,  
21 rectified, compounded or bottled in any state, territory or  
22 country, the laws of which result in prohibiting the importation  
23 therein of alcohol or liquor, fermented, distilled, rectified,  
24 compounded or bottled in Pennsylvania. The board may not sell  
25 private label products. A Pennsylvania Liquor Store may continue  
26 to sell private label products within its inventory after the  
27 effective date of this section until the private label products  
28 within its current inventory are depleted.

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

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

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

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

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

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

17 \* \* \*

18 (o) To provide for and regulate the licensing of franchise <--  
19 RETAIL stores under Article XI. <--

20 Section 3. Section 208 of the act is amended by adding a  
21 clause to read:

22 Section 208. Specific Subjects on Which Board May Adopt  
23 Regulations.--Subject to the provisions of this act and without  
24 limiting the general power conferred by the preceding section,  
25 the board may make regulations regarding:

26 \* \* \*

27 (k) The licensing, location and operation of franchise <--  
28 RETAIL stores under Article XI. <--

29 Section 4. Section 305(a) and (b) of the act, amended June  
30 8, 2016 (P.L.273, No.39) and November 15, 2016 (P.L.1286,

1 No.166), are amended to read:

2 Section 305. Sales by Pennsylvania Liquor Stores.--(a) The  
3 board shall in its discretion determine where and what classes,  
4 varieties and brands of liquor and alcohol it shall make  
5 available to the public and where such liquor and alcohol will  
6 be sold. Every Pennsylvania Liquor Store shall be authorized to  
7 sell combination packages. If a person desires to purchase a  
8 class, variety or brand of liquor or alcohol not currently  
9 available from the board, he or she may place a special order  
10 for such item. A supplier of a special order may not refuse an  
11 order from a customer placing an order for one bottle of the  
12 item and may assess a surcharge on the order if the supplier  
13 otherwise requires a minimum quantity purchase. The board may  
14 require a reasonable deposit from the purchaser as a condition  
15 for accepting the order. The customer shall be notified  
16 immediately upon the arrival of the goods.

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

26 A licensed importer or a licensed vendor may place special  
27 orders on behalf of customers and may deliver the orders to  
28 customers. The orders do not need to come to rest at a store,  
29 but delivery may not occur until payment for the order has been  
30 forwarded to the board and the board has authorized the delivery

1 of the order. A handling fee may not be assessed by the board on  
2 an order delivered directly to a customer. Liability for special  
3 orders that do not come to rest at a store, shall, until the  
4 order is delivered to the customer, remain with the licensed  
5 importer or licensed vendor that placed the order on behalf of  
6 the customer. The board shall, by [January 1,] December 31,  
7 2017, implement a procedure for processing special orders which  
8 do not come to rest at a store. The board may continue to accept  
9 special orders at its stores even after the procedure is  
10 implemented.

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

15 \* \* \*

16 (b) Every Pennsylvania Liquor Store shall sell liquors at  
17 wholesale to hotels, restaurants, clubs, and railroad, ~~franchise~~ <--  
18 RETAIL stores, pullman and steamship companies licensed under <--  
19 this act; and, under the regulations of the board, to  
20 pharmacists duly licensed and registered under the laws of the  
21 Commonwealth, and to manufacturing pharmacists, and to reputable  
22 hospitals approved by the board, or chemists. Sales to licensees  
23 other than ~~franchisees~~ RETAILERS licensed under Article XI or <--  
24 wine expanded permit holders licensed under section 415 shall be  
25 made at a price that includes a discount of ten per centum from  
26 the retail price; except that special order sales to licensees  
27 authorized in subsection (a) shall not be subject to the ten per  
28 centum discount. The board may sell to registered pharmacists  
29 only such liquors as conform to the Pharmacopoeia of the United  
30 States, the National Formulary, or the American Homeopathic



1 Pharmacopoeia. The board may sell at special prices under the  
2 regulations of the board, to United States Armed Forces  
3 facilities which are located on United States Armed Forces  
4 installations and are conducted pursuant to the authority and  
5 regulations of the United States Armed Forces. All other sales  
6 by such stores shall be at retail, except that incentives, such  
7 as coupons or discounts on certain products, may be offered to  
8 unlicensed customers of the board as provided under sections  
9 207(m) and 493(24)(ii)(B). A person entitled to purchase liquor  
10 at wholesale prices may purchase the liquor at any Pennsylvania  
11 Liquor Store upon tendering cash, check or credit card for the  
12 full amount of the purchase. For this purpose, the board shall  
13 issue a discount card to each licensee identifying such licensee  
14 as a person authorized to purchase liquor at wholesale prices.  
15 Such discount card shall be retained by the licensee. The board  
16 may contract through the Commonwealth bidding process for  
17 delivery to wholesale licensees at the expense of the licensee  
18 receiving the delivery.

19 \* \* \*

20 Section 5. The act is amended by adding an article to read:

21 ARTICLE XI

22 PENNSYLVANIA RETAIL FRANCHISE STORES <--

23 Section 1101. Authority to issue licenses to retailers.

24 (a) General rule.--Subject to the provisions of this act and  
25 regulations promulgated under this act, the board shall have the  
26 authority to issue a license to a retailer operating a retail  
27 outlet. The licensees will be known as franchise RETAIL stores <--  
28 and a holder of a license shall be known as a franchisee <--  
29 RETAILER. <--

30 (b) Issuance.--Licenses may be issued at a ratio of one per

1 every 6,000 residents within a county, with a minimum of 15  
2 licenses granted to a county.

3 Section 1102. Qualifications.

4 The proposed premises shall:

5 (1) provide adequate linear shelving to display the  
6 amount of product required in section 1103(d);

7 (2) have the ability to provide storage space for  
8 additional liquor inventory;

9 (3) operate and maintain an updated computer system; and

10 (4) operate and maintain an updated system for recording  
11 daily sales and tax collection.

12 Section 1103. Operation.

13 (a) Purchase and storage.--~~Franchisees~~ RETAILERS licensed <--  
14 under this section shall be permitted to purchase liquor from  
15 the board, licensed wineries under section 505 and licensed  
16 distilleries under section 505.4. All liquor shall be kept on  
17 the premises or in a noncontiguous storage area approved by the  
18 board. Subject to the provisions of this act and the regulations  
19 made thereunder, ~~franchisees~~ RETAILERS may sell liquor for <--  
20 consumption off the premises.

21 (b) Sale hours for off-premises consumption.--~~Franchise~~ <--  
22 RETAIL stores may sell liquor for off-premise consumption <--  
23 between the hours of 9 a.m. and 11 p.m. on any day except  
24 Sunday, to a person that is not licensed under this act.

25 (c) Sunday sales.--In addition to the hours authorized under  
26 this section, upon purchasing a permit from the board at an  
27 annual fee of \$5,000, a ~~franchise~~ RETAIL store may sell liquor <--  
28 on Sunday between the hours of 9 a.m. and 9 p.m.

29 (d) Product identification numbers.--~~Franchise~~ RETAIL stores <--  
30 shall be required to maintain a minimum amount of product

1 identification numbers in inventory at all times as follows:

2 (1) In counties of the first class, second class, third  
3 class and fourth class, 200 product identification numbers of  
4 wine and 200 product identification numbers of spirits.

5 (2) In counties of the fifth, sixth class, seventh class  
6 and eighth class, 100 product identification numbers of wine  
7 and 100 product identification numbers of spirits.

8 (e) Sale price.--~~Franchise~~ RETAIL stores shall not sell a <--  
9 liquor product at a price less than the liquor products'  
10 underlying cost.

11 (f) Other licenses.--Notwithstanding any other provision of  
12 law, nothing in this act shall prohibit a ~~franchisee~~ RETAILER <--  
13 from holding:

14 (1) a distributor license under section 431;

15 (2) a restaurant liquor license or a retail dispenser  
16 license; or

17 (3) an importing distributor license under section 431.  
18 Section 1104. Conditions of operation.

19 (a) General rule.--~~Franchise~~ RETAIL stores are subject to <--  
20 the following conditions, obligations and requirements:

21 (1) Collect the tax required under Article II of the act  
22 of March 4, 1971 (P.L.6, No.2), known as the Tax Reform Code  
23 of 1971, and the emergency State tax imposed under the act of  
24 June 9, 1936 (1st Sp.Sess., P.L.13, No.4), entitled "An act  
25 imposing an emergency State tax on liquor, as herein defined,  
26 sold by the Pennsylvania Liquor Control Board; providing for  
27 the collection and payment of such tax; and imposing duties  
28 upon the Department of Revenue and the Pennsylvania Liquor  
29 Control Board," and remit those taxes to the Department of  
30 Revenue. The emergency State tax shall be included in the

1 retail price of liquor offered for sale. The tax shall not be  
2 assessed at the point of sale to consumers.

3 (2) Under section 493, shall not sell or distribute  
4 liquor to an individual under 21 years of age or to an  
5 individual who is visibly intoxicated.

6 (3) The retail outlet and facilities involved in retail  
7 operations, including a change to the facilities during the  
8 term of license, are subject to inspection and investigation  
9 by the board and enforcement bureau as well as approval of  
10 the board and enforcement bureau.

11 (4) Adequate security must be maintained to protect the  
12 ~~franchisee's~~ RETAILER'S inventory from unauthorized sale or <--  
13 diversion and prevent unauthorized distribution.

14 (5) Notify the board within 15 days of a change in  
15 persons holding an interest in the license.

16 (6) Notify the board within 15 days of becoming aware of  
17 an arrest, criminal indictment or conviction by the  
18 following:

19 (i) if the ~~franchisee~~ RETAILER is an individual, the <--  
20 ~~franchisee~~ RETAILER; <--

21 (ii) if the ~~franchisee~~ RETAILER is a partnership, a <--  
22 partner;

23 (iii) if the ~~franchisee~~ RETAILER is an association, <--  
24 a member of the association;

25 (iv) if the ~~franchisee~~ RETAILER is a corporation, an <--  
26 officer, director or shareholder of the corporation; and

27 (v) an affiliate of the ~~franchisee~~ RETAILER. <--

28 (7) Notify the board within 15 days of becoming aware of  
29 a violation of this article by an individual listed under  
30 paragraph (5).

1       (8) The premises shall be configured in a manner and  
2 with adequate safeguards to ensure that all liquor products  
3 are secure and that liquor products may not be accessed  
4 during prohibited hours of sale.

5       (9) An individual younger than 18 years of age may not  
6 be employed to work at a register from which the sale of  
7 liquor takes place nor be employed to handle any liquor  
8 products contained within the franchise RETAIL store. <--

9       (10) The presence of at least one register designated by  
10 signage where the sale of liquor products will occur which  
11 shall be staffed by an individual at least 18 years of age.

12       (11) Comply with the responsible alcohol management  
13 program training under section 471.1;

14       (12) All managers and employees who will engage in the  
15 sale of liquor must attend responsible alcohol management  
16 training within one month of commencing employment.

17       (13) A transaction scan device shall be utilized to  
18 verify the age of an individual who appears to be under 35  
19 years of age before making a sale of liquor.

20       (b) Violations.--A violation of a condition under this  
21 article, a violation of this act or the board's regulations for  
22 governing activity occurring under the authority of the license  
23 granted to a franchise RETAIL store may be the basis for any of <--  
24 the following:

25           (1) a fine, suspension or license revocation;

26           (2) nonrenewal of a license;

27           (3) revocation of operating authority; or

28           (4) a penalty authorized under section 471.

29 Section 1105. Applications.

30       (a) General rule.--An applicant for a franchise RETAIL store <--

1 shall file a written application with the board in the form and  
2 containing the information as the board shall prescribe from  
3 time to time, which must be accompanied by a filing fee, license  
4 fee as prescribed under section 1108 and other fees provided for  
5 in this act. An application must contain:

6 (1) pictures of the retail outlet, including the  
7 interior and exterior;

8 (2) a description of the proposed part or parts of the  
9 retail outlet in which liquor will be displayed for purchase;

10 (3) a description of alterations proposed to be made to  
11 the retail outlet or additional construction plans to be  
12 undertaken after the approval by the board of the application  
13 for a license;

14 (4) a description of the location at which liquor sales  
15 will take place and how many registers will be solely  
16 dedicated to the sale of liquor; and

17 (5) proposed storage locations for liquor inventory.

18 (b) Citizenship and residency.--If the applicant is a  
19 natural person, the applicant's application must show that the  
20 applicant is a citizen of the United States and has been a  
21 resident of this Commonwealth for at least two years immediately  
22 preceding the application.

23 (c) Corporate applicant.--If the applicant is a corporation,  
24 the application must show that:

25 (1) the corporation was created under the laws of  
26 Pennsylvania or holds a certificate of authority to transact  
27 business in this Commonwealth;

28 (2) all officers, directors and stockholders are  
29 citizens of the United States; and

30 (3) the manager of the hotel, restaurant or club is a

1 citizen of the United States.

2 (d) Verified signature required.--Each application shall be  
3 signed and verified by oath or affirmation by one of the  
4 following:

5 (1) the owner, if a natural person;

6 (2) if an association, by a member or partner of the  
7 association;

8 (3) if a corporation, by an executive officer of the  
9 corporation or a person specifically authorized by the  
10 corporation to sign the application, to which shall be  
11 attached written evidence of the person's authority.

12 (e) Posting notice of application.--Every applicant for a  
13 license shall post, for a period of at least 30 days beginning  
14 with the day on which the application is filed with the board,  
15 in a conspicuous place on the outside of the premises or at the  
16 proposed new location for which the license is applied, a notice  
17 of the application. The notice shall be in a form, be of the  
18 size, and contain any provisions as the board may require by  
19 regulation. Proof of the posting of the notice shall be filed  
20 with the board.

21 (f) False statements.--If any false statement is  
22 intentionally made in any part of the application, the affiant  
23 shall be deemed guilty of a misdemeanor and, upon conviction,  
24 shall be subject to the penalties provided by this act.

25 (g) Municipality notified.--Upon receipt of an application  
26 for a new ~~franchise~~ RETAIL store, the board shall immediately <--  
27 notify, in writing, the municipality in which the premises  
28 proposed to be licensed are located.

29 Section 1106. Licensing decisions.

30 (a) Investigation.--The board shall investigate:

1           (1) if the applicant and officers, directors and  
2 principals, if any, are of good repute, responsible and  
3 suitable candidates for operating a franchise RETAIL store; <--

4           (2) whether the applicant possesses adequate legitimate  
5 and verifiable financial resources to:

6                 (i) operate a franchise RETAIL store; <--

7                 (ii) purchase and maintain the required amount of  
8 inventory under section 1103(d);

9                 (iii) meet and maintain all financial obligations to  
10 continually operate a franchise RETAIL store; <--

11           (3) whether the applicant proposes an acceptable retail  
12 outlet and location for the sale of liquor; and

13           (4) whether the planned operation of the applicant  
14 complies with this article and all applicable sections of the  
15 act.

16           (b) Location.--The board shall conduct an investigation to  
17 determine the feasibility of the location and type of retail  
18 outlet that applicant is currently operating. The board shall  
19 take into account:

20                 (1) proximity of the proposed location to an existing  
21 Pennsylvania State Liquor Store or proposed or existing  
22 franchise RETAIL store; <--

23                 (2) whether the proposed location would impact the  
24 public health, welfare, peace and morals;

25                 (3) whether the existence of a franchise RETAIL store in <--  
26 the proposed location could create law enforcement issues;

27                 (4) whether the interior and exterior premises of the  
28 retail outlet are clean, orderly and are in full compliance  
29 with all State and local zoning and building code ordinances;

30                 (5) that the proposed location within the community is



1 suitable to the local governing body.

2 (c) License prohibition.--Licenses shall not be granted if  
3 the proposed location is:

4 (1) within 300 feet of a preschool, elementary or  
5 secondary school, a church, hospital, charitable institution  
6 or public playground without approval of the board or  
7 municipality;

8 (2) in a municipality that voted to preclude the  
9 establishment of a Pennsylvania Liquor Store;

10 (3) within the same shopping center as a Pennsylvania  
11 Liquor Store or franchise RETAIL store; <--

12 (4) within 1,200 yards of a Pennsylvania Liquor Store or  
13 franchise RETAIL store in an urbanized area, or within two <--

14 miles of a Pennsylvania Liquor Store or franchise RETAIL <--  
15 store in a rural area. For the purposes of this paragraph,

16 the term "rural area" shall mean an area outside urbanized  
17 areas as defined by the United States Bureau of Census.

18 Distances shall be measured from the main entrance of a  
19 Pennsylvania Liquor Store or franchise RETAIL store, to the <--

20 proposed location by the most reasonable direct route of  
21 travel;

22 (5) in an area that would adversely impact the public  
23 health, peace, welfare or morals; or

24 (6) in an area that could create law enforcement issues.

25 Section 1107. Hearings.

26 (a) General rule.--The board may hold hearings on  
27 applications for franchise RETAIL store licenses and license <--

28 renewals, as it deems necessary, at a time the board shall fix  
29 for the purpose of hearing testimony for and against

30 applications for new franchise RETAIL store licenses and license <--

1 renewals. The board shall hold a hearing on a new application or  
2 the transfer of a franchise RETAIL store license under the <--  
3 limitations of section 1110(c), upon the request of any person  
4 with standing to testify under subsection (b) if the request is  
5 filed with the board within the first 15 days of posting of the  
6 notice of application under section 1105(g).

7 (b) Resident testimony.--Where a hearing is held in the case  
8 of a new application, the board shall permit residents residing  
9 within a radius of 500 feet of the premises to testify at the  
10 hearing. The board and a hearing examiner of the board shall  
11 give appropriate evidentiary weight to any testimony of a  
12 resident given at the hearing.

13 Section 1108. Initial license fees.

14 (a) General rule.--License fees shall be graduated according  
15 to the total square footage of the retail outlet as follows:

16 (1) One hundred thousand dollars for a retail outlet  
17 with square footage greater than 5,000 square feet but less  
18 than 10,000 square feet.

19 (2) Two hundred thousand dollars for a retail outlet  
20 with square footage greater than 10,000 square feet but less  
21 than 25,000 square feet.

22 (3) Three hundred thousand dollars for a retail outlet  
23 with square footage greater than 25,000 square feet but less  
24 than 50,000 square feet.

25 (4) Four hundred thousand dollars for a retail outlet  
26 with square footage greater than 50,000 square feet but less  
27 than 75,000 square feet.

28 (5) Five hundred thousand dollars for a retail outlet  
29 with square footage greater than 75,000 square feet.

30 (b) Extension of premises.--A franchisee RETAILER that seeks <--

1 to extend the premises of a retail outlet beyond the initial  
2 square footage noted on the application and approved by the  
3 board for a license under this section shall pay a fee of \$100  
4 per each square foot requested for approval of an extension of  
5 premises. The fee shall be due at the time of application for  
6 the extension of premises.

7 (c) Collection of fees.--All license fees authorized under  
8 this section shall be collected by the board and shall be  
9 transferred from the State Stores Fund to the General Fund on a  
10 quarterly basis.

11 Section 1109. Renewal of license.

12 (a) Annual renewal.--A ~~franchise~~ RETAIL store shall be <--  
13 renewed on an annual basis.

14 (b) Fee.--A renewal fee equal to 5% of the total gross  
15 receipts shall be due at the time the renewal application is  
16 filed. For purposes of this subsection, gross receipts shall be  
17 determined as the total of all sales of liquor made to consumers  
18 for off-premise consumption in the previous 12 months inclusive  
19 of taxes. Renewal fees shall be collected by the board and shall  
20 be transferred from the State Stores Fund to the General Fund on  
21 a quarterly basis.

22 (c) Renewal considerations.--In reviewing applications for  
23 renewal, the board shall consider:

24 (1) the licensee's inventory of liquor;

25 (2) whether the ~~franchisee~~ RETAILER can establish <--

26 continued financial viability of the ~~franchise~~ RETAIL store <--  
27 under section 1106(a) (2);

28 (3) any changes in the interior selling location of the  
29 premises or proposed renovations;

30 (4) any complaints lodged; and

1           (5) any violations charged against the licensee.

2 Section 1110. Terms of licensure.

3           (a) General rule.--A franchise RETAIL store license is in <--  
4 effect unless the board:

5           (1) revokes, suspends or fails to renew the license; or

6           (2) revokes the operating authority of the licensee  
7 under the license requirements of this article.

8           (b) Suspension or revocation.--The board may suspend or  
9 revoke a franchise RETAIL store license issued under this <--  
10 section if the board finds that the franchisee RETAILER or any <--  
11 of the franchisee's RETAILER'S affiliates, executive officers, <--  
12 directors or general or limited partners or persons holding a  
13 controlling interest in the licensee:

14           (1) is in violation of any provision of this act;

15           (2) has furnished the board with false or misleading  
16 information;

17           (3) is unable to establish continued financial viability  
18 of the franchise RETAIL store under section 1106(a) (2); or <--

19           (4) is no longer reputable or suitable for licensure.

20           (c) Transfer prohibited generally.--Franchise RETAIL <--  
21 licenses shall not be transferred, except that nothing in this  
22 subsection shall preclude a transfer of ownership to another  
23 eligible person as franchisee RETAILER of the franchise RETAIL <--  
24 store nor shall it preclude relocation of the franchise RETAIL <--  
25 store to another location subject to the restrictions of this  
26 act and board regulations.

27           Section 6. This act shall take effect in 60 days.