

ISSUE BRIEF

SENATE POLICY DEVELOPMENT AND RESEARCH OFFICE

PREPARED IN CONJUNCTION WITH THE SENATE REPUBLICAN POLICY COMMITTEE

Liquor Control Issues

Privatization

The Pennsylvania Liquor Control Board (PLCB) was created in 1933 following the end of Prohibition in the United States. Governor Gifford Pinchot, a staunch prohibitionist, rushed legislation to passage that created the PLCB. Pinchot's goal was to "prohibit forever the open saloon" by restraining the sale and use of alcoholic beverages. The PLCB has survived two efforts to extract Pennsylvania from the liquor selling business, one by Governor Dick Thornburgh and one by Governor Tom Ridge.

Privatization of the state liquor store system engenders strong arguments from both proponents and detractors. Groups such as the Reason Foundation, in partnership with the Commonwealth Foundation, the Allegheny Institute for Public Policy, and the National Federation of Independent Business, favor privatizing state liquor stores. Groups such as Mothers Against Drunk Driving (MADD), the National Alcohol Beverage Control Association, United Food and Commercial Workers (UFCW), and the Independent State Store Union oppose it.

Most of the arguments for privatizing the state liquor store system are fiscal in nature. The Reason Foundation, in testimony before the Senate Majority Policy Committee on April 18, 2007, cited a 1997 Price Waterhouse study that, at the time, estimated the Commonwealth could bring in over \$1 billion for the complete privatization of the wholesale and retail business of alcohol sales; updated estimates put that figure around \$1.7 billion. In addition, the Reason Foundation noted Pennsylvania's state and local governments do not realize any corporate or real estate tax revenue from the more than 630 State Stores.

Arguments against privatization have two bases. The first belief is that by privatizing the state liquor stores, access to alcohol will increase, which will result in heightened consumption and greater dependence. According to MADD, Pennsylvania ranked fourth in the nation in alcohol-related traffic deaths in 2005, with 639. (However, on a *per capita* basis, Pennsylvania ranked 31.) The second belief is state store employees can do a better job of screening for underage customers than a private, profit-driven company. UFCW cited a National Institute on Alcohol Abuse and Alcoholism survey of sales at 385 private outlets in Oregon, for example, gas stations and grocery stores, which found that "alcohol was sold to youthful-looking decoys during 34 percent of the purchase attempts." In contrast, Pennsylvania's State Store System employees "carded" more than 884,780 suspected minors in 2005. Finally, opponents also note that the current employees of the state store system are "state" employees earning livable wages with health benefits. These individuals question whether the private sector entities that purchase the stores would provide the same wages and benefits.

Legislation

Under Age Drinking

[Act 75 of 2008](#) (Senate Bill 737 - Rafferty-R) extended the provisions of the Crimes Code which permits use of underage enforcement officers by the Pennsylvania State Police, Bureau of Liquor Control to attempt to purchase, transport, or possess alcoholic or malt and brewed beverages for investigatory purposes.

[Senate Bill 95](#) (D. White-R) would authorize licensed sellers of liquor and malt or brewed beverages to confiscate any identification presented to them that has a reasonable suspicion of being false. SB 95 would also protect the sellers from any criminal or civil liability stemming from the confiscation of the identification. This bill awaits action in the Senate Law and Justice Committee.

[Senate Bill 306](#) (Rafferty-R) would amend Title 18 (Crimes and Offenses) of the Pennsylvania Consolidated Statutes to provide a person with immunity from prosecution for underage drinking when that person calls 911 because someone else requires medical attention. SB 306 passed the Senate on March 28, 2007 on a 48-0 vote, and awaits action in the House Judiciary Committee.

[House Bill 197](#) (Baker-R) would change the penalty associated with supplying alcohol to minors from a third to a first degree misdemeanor and would increase the associated fine for the first violation from \$1,000 to \$2,500. For every subsequent violation, the fine would increase from \$2,500 to \$5,000. This bill awaits action in the House Liquor Control Committee.

[House Bill 229](#) (Siptroth-D) would mandate that any faculty or staff member at an institution of higher education in Pennsylvania who is aware of a specific underage drinking incident must report the information to the Pennsylvania State Police, Bureau of Liquor Control Enforcement within 10 days of the incident. This bill awaits action in the House Liquor Control Committee.

[House Bill 570](#) (Eachus-D) would make it at least a second-degree misdemeanor to provide alcohol to any person under 21 who suffers from or causes another person to suffer bodily injury. If serious bodily harm should occur, the offense would be classified as a first-degree misdemeanor, and if death occurs the offense would be classified as a third-degree felony. This bill awaits action in the House Judiciary Committee.

[House Bill 1461](#) (DeLuca-D) would make a college student who is convicted of a second underage drinking violation ineligible to receive state financial aid for his or her education. This bill awaits action in the House Education Committee.

Wine Sales

[Act 34 of 2007](#) (House Bill 896 – Solobay-D) enables limited Pennsylvania wineries to obtain special permits to sell and promote their products at farmers' markets.

[Senate Bill 293](#) (Ferlo-D) would provide for direct shipment of up to 18 liters (24 750-ml bottles) of wine from appropriately licensed producers, suppliers, importers, wholesalers, distributors, or retailers to Pennsylvania residents. This bill awaits action in the Senate Law and Justice Committee.

[Senate Bill 297](#) (Rafferty-R) authorizes the interstate transportation of up to 384 ounces (15 750-ml bottles) of wine not purchased in the Commonwealth for personal use. This bill awaits action in the Senate Law and Justice Committee.

Reform of the Pennsylvania Liquor Control Board

[Senate Bill 981](#) (Rafferty-R) would change the job description of the three members of the Pennsylvania Liquor Control Board by classifying the positions as part-time and setting a yearly salary of \$30,000. This bill awaits action in the Senate Law and Justice Committee.

Beer Distribution

[Senate Bill 223](#) (Greenleaf-R) would mandate that any malt or brewed beverage container filled with more than 128 fluid ounces have affixed to it a numbered form that includes the purchaser's name and address. Removal of the form from the container would be a summary offense, and the distributor of such container would be required to keep a copy of the form on file. This bill awaits action in the Senate Law and Justice Committee.

[Senate Bill 674](#) (Logan-D) would allow beer distributors to sell six-packs instead of only cases. It would also allow a person to purchase up to three six-packs at a time from a bar or restaurant, instead of the two currently allowed by law. This bill awaits action in the Senate Law and Justice Committee.