
 THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1617 Session of
2019

INTRODUCED BY STAATS, CAUSER, ROTHMAN, YOUNGBLOOD, STEPHENS,
DOWLING, RADER, JAMES, PYLE, OTTEN, MALAGARI, EVERETT,
MACKENZIE, SAINATO, GAYDOS, JOZWIAK, FARRY, IRVIN, STRUZZI
AND WHEELAND, JUNE 11, 2019

AS AMENDED ON THIRD CONSIDERATION, IN SENATE, OCTOBER 19, 2020

AN ACT

1 Amending the act of April 12, 1951 (P.L.90, No.21), entitled "An
2 act relating to alcoholic liquors, alcohol and malt and
3 brewed beverages; amending, revising, consolidating and
4 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 general provisions applying to both liquor and malt and
18 brewed beverages, further providing for INTERLOCKING BUSINESS <--
19 PROHIBITED, FOR limiting number of retail licenses to be <--
20 issued in each county- AND FOR UNLAWFUL ACTS RELATIVE TO <--
21 LIQUOR, MALT AND BREWED BEVERAGES AND LICENSEES.

22 The General Assembly of the Commonwealth of Pennsylvania

23 hereby enacts as follows:

24 ~~Section 1. Section 461(c) of the act of April 12, 1951 <--~~
25 ~~(P.L.90, No.21), known as the Liquor Code, is amended by adding~~
26 ~~a clause to read:~~

1 SECTION 1. SECTION 411(E) OF THE ACT OF APRIL 12, 1951
2 (P.L.90, NO.21), KNOWN AS THE LIQUOR CODE, IS AMENDED AND THE
3 SECTION IS AMENDED BY ADDING A SUBSECTION TO READ:

4 SECTION 411. INTERLOCKING BUSINESS PROHIBITED.--* * *

5 (E) EXCEPT AS HEREIN PROVIDED, NO HOTEL, RESTAURANT, RETAIL
6 DISPENSER OR CLUB LICENSEE, AND NO OFFICER, DIRECTOR OR
7 STOCKHOLDER, AGENT OR EMPLOYE OF ANY SUCH LICENSEE SHALL IN ANY
8 WISE BE INTERESTED, DIRECTLY OR INDIRECTLY, IN THE OWNERSHIP OR
9 LEASEHOLD OF ANY PROPERTY OR THE EQUIPMENT OF ANY PROPERTY OR
10 ANY MORTGAGE LIEN AGAINST THE SAME, USED BY A DISTRIBUTOR,
11 IMPORTING DISTRIBUTOR, OR BY AN IMPORTER OR SACRAMENTAL WINE
12 LICENSEE, IN THE CONDUCT OF HIS BUSINESS; NOR SHALL ANY HOTEL,
13 RESTAURANT, RETAIL DISPENSER OR CLUB LICENSEE, OR ANY OFFICER,
14 DIRECTOR, STOCKHOLDER, AGENT OR EMPLOYE OF ANY SUCH LICENSEE,
15 EITHER DIRECTLY OR INDIRECTLY, LEND ANY MONEYS, CREDIT, OR GIVE
16 ANYTHING OF VALUE OR THE EQUIVALENT THEREOF, TO ANY DISTRIBUTOR,
17 IMPORTING DISTRIBUTOR, IMPORTER OR SACRAMENTAL WINE LICENSEE,
18 FOR EQUIPPING, FITTING OUT, OR MAINTAINING AND CONDUCTING,
19 EITHER IN WHOLE OR IN PART, AN ESTABLISHMENT USED IN THE CONDUCT
20 OF HIS BUSINESS.

21 THE PURPOSE OF THIS SECTION IS TO REQUIRE A SEPARATION OF THE
22 FINANCIAL AND BUSINESS INTERESTS BETWEEN MANUFACTURERS AND
23 HOLDERS OF HOTEL OR RESTAURANT LIQUOR LICENSES AND, AS HEREIN
24 PROVIDED, OF CLUB LICENSES, ISSUED UNDER THIS ARTICLE, AND NO
25 PERSON SHALL, BY ANY DEVICE WHATSOEVER, DIRECTLY OR INDIRECTLY,
26 EVADE THE PROVISIONS OF THE SECTION. BUT IN VIEW OF EXISTING
27 ECONOMIC CONDITIONS, NOTHING CONTAINED IN THIS SECTION SHALL BE
28 CONSTRUED TO PROHIBIT THE OWNERSHIP OF PROPERTY OR CONFLICTING
29 INTEREST BY A MANUFACTURER OF ANY PLACE OCCUPIED BY A LICENSEE
30 UNDER THIS ARTICLE AFTER THE MANUFACTURER HAS CONTINUOUSLY OWNED

1 AND HAD A CONFLICTING INTEREST IN SUCH PLACE FOR A PERIOD OF AT
2 LEAST FIVE YEARS PRIOR TO JULY EIGHTEENTH, ONE THOUSAND NINE
3 HUNDRED THIRTY-FIVE: PROVIDED, HOWEVER, THAT THIS CLAUSE SHALL
4 NOT PROHIBIT ANY HOTEL, RESTAURANT OR CLUB LIQUOR LICENSEE, OR
5 ANY OFFICER, DIRECTOR OR STOCKHOLDER OF ANY SUCH LICENSEE, FROM
6 OWNING LAND OR BUILDINGS WHICH ARE LEASED TO A HOLDER OF A
7 RETAIL DISPENSER'S LICENSE OR A MANUFACTURER'S LICENSE: AND,
8 PROVIDED FURTHER, THAT NOTHING CONTAINED IN THIS SECTION SHALL
9 BE CONSTRUED TO PROHIBIT ANY HOTEL, RESTAURANT, RETAIL DISPENSER
10 OR CLUB LICENSEE OR ANY OFFICER, DIRECTOR OR STOCKHOLDER, AGENT
11 OR EMPLOYE OF ANY SUCH LICENSEE FROM HAVING A FINANCIAL OR OTHER
12 INTEREST, DIRECTLY OR INDIRECTLY IN THE OWNERSHIP OR LEASEHOLD
13 OF ANY PROPERTY OR THE EQUIPMENT OF ANY PROPERTY OR ANY MORTGAGE
14 LIEN AGAINST SAME, USED, LEASED BY AN IMPORTER OR SACRAMENTAL
15 WINE LICENSEE FOR THE EXCLUSIVE PURPOSE OF MAINTAINING
16 COMMERCIAL OFFICES AND ON THE CONDITION THAT SAID PROPERTY IS
17 NOT USED FOR THE STORAGE OR SALE OF LIQUOR OR MALT OR BREWED
18 BEVERAGES IN ANY QUANTITY: AND, PROVIDED FURTHER, THAT NOTHING
19 CONTAINED IN THIS SECTION SHALL PROHIBIT AN OFFICER OR MEMBER OF
20 A LICENSED PRIVATELY OWNED PRIVATE GOLF COURSE CATERING CLUB
21 FROM HAVING AN INTEREST IN A LIMITED WINERY LICENSE: AND,
22 PROVIDED FURTHER, THAT NOTHING CONTAINED IN THIS SECTION SHALL
23 BE CONSTRUED TO PROHIBIT A MEMBER OF THE GOVERNING BOARD OF A
24 PUBLIC AUTHORITY CREATED UNDER SUBDIVISION (N) OF ARTICLE XXIII
25 OF THE ACT OF AUGUST 9, 1955 (P.L.323, NO.130), KNOWN AS "THE
26 COUNTY CODE," FROM HAVING AN INTEREST IN A DISTRIBUTOR OR
27 IMPORTING DISTRIBUTOR LICENSE NOTWITHSTANDING THE FACT THAT THE
28 PUBLIC AUTHORITY HAS AN INTEREST IN ONE OR MORE RETAIL LICENSES
29 OR ACTS AS A LANDLORD FOR ONE OR MORE RETAIL LICENSES: AND,
30 PROVIDED FURTHER, THAT, NOTHING IN THIS SECTION MAY PROHIBIT AN

1 EMPLOYE OF A HOTEL OR RESTAURANT LICENSEE FROM GUARANTEEING ANY
2 LOANS, OR LENDING ANY MONEYS, PROVIDING CREDIT OR GIVING
3 ANYTHING OF VALUE TO A LIMITED WINERY LICENSEE OR ITS OFFICERS,
4 DIRECTORS AND SHAREHOLDERS, PROVIDED THAT THE PERSON ALSO IS NOT
5 AN OFFICER OF OR DOES NOT HAVE ANY INTEREST IN OR EXERCISE ANY
6 CONTROL OVER ANY OTHER LICENSED ENTITY THAT ENGAGES IN ANY SALES
7 TO OR FROM THE LICENSEE: AND, PROVIDED FURTHER, THAT,
8 NOTWITHSTANDING ANY OTHER PROVISION OF THIS SECTION, AN ENTITY
9 MAY ACQUIRE BOTH A MANUFACTURER'S LICENSE OR A LIMITED WINERY
10 LICENSE AND A HOTEL, RESTAURANT OR RETAIL DISPENSER LICENSE FOR
11 USE AT THE SAME LOCATION AND MORE THAN ONE LOCATION MAY BE SO
12 LICENSED. AND, PROVIDED FURTHER, THAT, NOTWITHSTANDING ANY OTHER
13 PROVISION OF THIS SECTION, AN ENTITY LICENSED AS A LIMITED
14 WINERY MAY HOLD AND OPERATE A RESTAURANT LIQUOR LICENSE AT ONE
15 OF ITS ADDITIONAL, BOARD-APPROVED LOCATIONS INSTEAD OF AT ITS
16 PRIMARY LOCATION WHERE MANUFACTURING OCCURS. THE LICENSES AND A
17 PERSON'S INTEREST IN THE LICENSES OR IN THE ENTITY HOLDING THE
18 LICENSES SHALL NOT BE SUBJECT TO THIS SECTION. PROVIDED FURTHER,
19 THAT, A PERSON WHO IS A HOLDER OF TEN PER CENTUM (10%) OR LESS
20 OF SECURITIES OR OTHER INTERESTS IN A PUBLICLY OR PRIVATELY HELD
21 DOMESTIC OR FOREIGN CORPORATION, PARTNERSHIP, LIMITED LIABILITY
22 COMPANY OR OTHER FORM OF LEGAL ENTITY OWNING A RETAIL LICENSE
23 SHALL NOT BE DEEMED TO POSSESS A FINANCIAL INTEREST AND IS NOT
24 SUBJECT TO THE PROVISIONS OF THIS SECTION, PROVIDED THAT THE
25 PERSON IS NOT AN OFFICER OF, EMPLOYE OF OR DOES NOT HAVE ANY
26 INTEREST IN OR EXERCISE ANY CONTROL OVER ANY OTHER LICENSED
27 ENTITY THAT ENGAGES IN ANY SALES TO OR FROM THE RETAIL LICENSEE
28 IN WHICH THE PERSON HOLDS THE TEN PER CENTUM (10%) OR LESS
29 INTEREST. [: AND, PROVIDED FURTHER, THAT NOTHING IN THIS SECTION
30 SHALL PROHIBIT A PERSON WHO HAS AN OWNERSHIP INTEREST IN A

1 LIMITED WINERY LICENSE FROM BEING EMPLOYED BY AN ENTITY THAT
2 HOLDS A HOTEL, RESTAURANT, EATING PLACE OR CLUB LICENSE IF THE
3 PERSON IS NOT EMPLOYED AS ALCOHOL SERVICE PERSONNEL OR AS
4 MANAGER.]

5 (E.1) NOTHING IN SUBSECTION (E) SHALL PROHIBIT ANY OF THE
6 FOLLOWING:

7 (1) A PERSON WHO HAS AN OWNERSHIP INTEREST IN A LIMITED
8 WINERY LICENSE FROM BEING EMPLOYED BY AN ENTITY THAT HOLDS A
9 HOTEL, RESTAURANT, EATING PLACE OR CLUB LICENSE IF THE PERSON IS
10 NOT EMPLOYED AS ALCOHOL SERVICE PERSONNEL OR AS MANAGER.

11 (2) A PERSON WHO HAS AN OWNERSHIP INTEREST IN A BREWERY
12 LICENSE FROM BEING EMPLOYED BY AN ENTITY THAT HOLDS A HOTEL,
13 RESTAURANT, EATING PLACE OR CLUB LICENSE IF THE PERSON HAS NO
14 JOB DUTIES OR RESPONSIBILITIES ON, OR CONNECTED WITH, THE
15 LICENSED PREMISES IN ANY CAPACITY.

16 * * *

17 SECTION 2. SECTION 461(C) OF THE ACT IS AMENDED BY ADDING A
18 CLAUSE TO READ:

19 Section 461. Limiting Number of Retail Licenses To Be Issued
20 In Each County.--* * *

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

1 the total of such required rooms shall be equipped with lavatory
2 and commode:

3 * * *

4 (9.2) For two years after the effective date of this clause,
5 upon application to the board and payment of a fee of thirty
6 thousand dollars (\$30,000) by a hotel licensee, the board shall
7 convert a hotel license under clause (8) of this subsection for
8 a hotel licensee that applied for an exemption under clause (9)
9 or (9.1) of this subsection before January 1, 2019, to a
10 restaurant license without regard to the quota restrictions set
11 forth in subsection (a). This clause shall not apply to a hotel
12 license with a pending objection by the director of the Bureau
13 of Licensing or the board under section 470(a.1) until the
14 application for renewal of the hotel license is approved. This
15 clause shall not apply to hotel licenses in a city of the first
16 class. An application to transfer a restaurant license that was
17 converted from a hotel license under this clause in accordance
18 with section 404 within five years after the board received the
19 application for the restaurant license shall be subject to a fee
20 of twenty-five per centum (25%) or thirty thousand dollars
21 (\$30,000), whichever is greater, of the transactional cost for
22 the transfer of the restaurant license to be paid by the seller
23 of the license. As used in this paragraph, the term
24 "transactional cost" shall mean the cost of the restaurant
25 license.

26 * * *

27 SECTION 3. SECTION 493(11) OF THE ACT IS AMENDED TO READ: <--
28 SECTION 493. UNLAWFUL ACTS RELATIVE TO LIQUOR, MALT AND
29 BREWED BEVERAGES AND LICENSEES.--THE TERM "LICENSEE," WHEN USED
30 IN THIS SECTION, SHALL MEAN THOSE PERSONS LICENSED UNDER THE

1 PROVISIONS OF ARTICLE IV, UNLESS THE CONTEXT CLEARLY INDICATES
2 OTHERWISE.

3 IT SHALL BE UNLAWFUL--

4 * * *

5 (11) LICENSEES EMPLOYED BY OTHERS. FOR ANY HOTEL, RESTAURANT
6 OR CLUB LIQUOR LICENSEE, OR ANY MALT OR BREWED BEVERAGE
7 LICENSEE, OR ANY OFFICER, SERVANT, AGENT OR EMPLOYEE OF SUCH
8 LICENSEE, TO BE AT THE SAME TIME EMPLOYED, DIRECTLY OR
9 INDIRECTLY, BY ANY DISTRIBUTOR, IMPORTING DISTRIBUTOR,
10 MANUFACTURER, IMPORTER OR VENDOR LICENSEE OR ANY OUT OF STATE
11 MANUFACTURER. IT SHALL ALSO BE UNLAWFUL FOR ANY DISTRIBUTOR OR
12 IMPORTING DISTRIBUTOR, OR ANY OFFICER, SERVANT, AGENT OR EMPLOYEE
13 OF SUCH LICENSEE, TO BE AT THE SAME TIME EMPLOYED, DIRECTLY OR
14 INDIRECTLY, BY ANY OTHER DISTRIBUTOR, IMPORTING DISTRIBUTOR,
15 MANUFACTURER, IMPORTER, VENDOR, OUT OF STATE MANUFACTURER, HOTEL
16 RESTAURANT, MALT OR BREWED BEVERAGE LICENSEE, OR CLUB LIQUOR
17 LICENSEE. IT SHALL ALSO BE UNLAWFUL FOR ANY MANUFACTURER,
18 IMPORTER, OR VENDOR LICENSEE, OR ANY OUT OF STATE MANUFACTURER,
19 OR ANY OFFICER, SERVANT, AGENT OR EMPLOYEE OF SUCH LICENSEE OR
20 MANUFACTURER, TO BE AT THE SAME TIME EMPLOYED, DIRECTLY OR
21 INDIRECTLY, BY ANY HOTEL, RESTAURANT OR CLUB LIQUOR LICENSEE OR
22 ANY MALT OR BREWED BEVERAGE LICENSEE OR ANY DISTRIBUTOR OR
23 IMPORTING DISTRIBUTOR LICENSEE. NOTHING IN THIS SUBSECTION SHALL
24 BE CONSTRUED TO PROHIBIT A MANUFACTURER OR LIMITED WINERY
25 LICENSEE, OR ANY OFFICER, SERVANT, AGENT OR EMPLOYEE OF SUCH
26 LICENSEE, TO BE EMPLOYED AT THE SAME TIME BY A HOTEL, RESTAURANT
27 OR RETAIL DISPENSER LICENSEE IF THE HOTEL, RESTAURANT OR RETAIL
28 DISPENSER LICENSEE IS LOCATED AT THE MANUFACTURER OR LIMITED
29 WINERY PREMISES PURSUANT TO SECTION 443. FOR THE PURPOSES OF
30 THIS SUBSECTION, AN OFFICER, SERVANT, AGENT OR EMPLOYEE OF A

1 LICENSEE OR MANUFACTURER IS AN INDIVIDUAL WHO HAS EITHER AN
2 OWNERSHIP INTEREST IN THE LICENSEE OR MANUFACTURER OR WHO
3 RECEIVES COMPENSATION FOR HIS OR HER WORK ON BEHALF OF THE
4 LICENSEE OR MANUFACTURER: PROVIDED FURTHER, THAT NOTHING IN THIS
5 SECTION SHALL PROHIBIT A PERSON WHO HAS AN OWNERSHIP INTEREST IN
6 A LIMITED WINERY LICENSE FROM BEING EMPLOYED BY AN ENTITY THAT
7 HOLDS A HOTEL, RESTAURANT, EATING PLACE OR CLUB LICENSE IF THE
8 PERSON IS NOT EMPLOYED AS ALCOHOL SERVICE PERSONNEL OR AS A
9 MANAGER[.]: AND, PROVIDED FURTHER, THAT NOTHING IN THIS SECTION
10 SHALL PROHIBIT A PERSON WHO HAS AN OWNERSHIP INTEREST IN A
11 BREWERY LICENSE FROM BEING EMPLOYED BY AN ENTITY THAT HOLDS A
12 HOTEL, RESTAURANT, EATING PLACE OR CLUB LICENSE IF THE PERSON
13 HAS NO JOB DUTIES OR RESPONSIBILITIES ON, OR CONNECTED WITH, THE
14 LICENSED PREMISES IN ANY CAPACITY.

15 * * *

16 Section 2 4. This act shall take effect in 60 days.

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