



Senate Law and Justice Committee

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Summary House Bill 291, Printer's Number 2326 Prime Sponsor: Representative Donatucci

Summary:

House Bill 291 is an amendment to the Pennsylvania Liquor Code (Act 21 of 1951) and would require all malt and brewed beverages, whether manufactured in-state or out-of-state, with one exception, to be distributed through the Commonwealth's existing three-tiered distribution system.

The bill addresses the "Granholt" decision – a 2005 United States Supreme Court decision that ruled states may not regulate in-state wineries differently than out-of-state wineries. Currently in Pennsylvania, in-state breweries are treated differently than out-of-state breweries.

Under current law, out-of-state brewers must distribute their product through a licensed wholesaler (importing distributor). In-state brewers have the option of using a wholesaler or distributing directly to the retailer.

HB 291 would require all Pennsylvania breweries who are not a "small manufacturer" to distribute their product through an importing distributor.

The bill also would define "small manufacturer" as manufacturers brewing 75,000 barrels or less annually. In-state or out-of-state small manufacturers would be exempt from using importing distributors or from being required to enter into distribution agreements. Additionally, a "small manufacturer" would be allowed to own or lease up to two storage facilities.

The bill eliminates the requirement that an applicant for an importing distributor license be a resident of Pennsylvania for a two year period prior to application.

The bill contains a severability clause.

The bill takes effect in 60 days with the exception of the section requiring manufacturers to give distribution rights to importing distributor which takes effect in 150 days.

