

PENNSYLVANIA LIQUOR CONTROL BOARD

MEETING MINUTES

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WEDNESDAY, JULY 16, 2025

NORTHWEST OFFICE BUILDING, CONFERENCE ROOM 117, HARRISBURG, PA
MICROSOFT TEAMS MEETING

Darrell Clarke, Chairman
Randy Vulakovich, Board Member
James Brewster, Board Member
Rodrigo Diaz, Executive Director
Michael Vigoda, Board Secretary

[Office of Chief Counsel](#)
[Bureau of Licensing](#)
[Bureau of Human Resources](#)
[Bureau of Accounting & Purchasing](#)

[Office of Retail Operations](#)
[Bureau of Product Management](#)
[Financial Report](#)
[Other Issues](#)

PUBLIC MEETING – 11:00 A.M

CALL TO ORDER *Chairman Clarke*

Board Secretary Michael Vigoda indicated that a quorum of the Board was present, and Chairman Clarke called the meeting to order.

Pledge of Allegiance to the Flag

OLD BUSINESS..... *Secretary Vigoda*

A. Motion to approve previous Board Meeting Minutes of the June 25, 2025, meeting.

Motion Made: Board Member Vulakovich
Seconded: Board Member Brewster

Board Decision: Unanimously agreed (3-0 vote) to approve the previous Board Meeting Minutes of the June 25, 2025, meeting.

B. Announcement by Chairman for Ratification of a Board Action – Transfers to General Fund

The following Board Action approved on June 27, 2025, was decided by Notational Voting after the adjournment of the Board's last public meeting on June 25, 2025.

Board Action: At the June 25, 2025, Board meeting, the Pennsylvania Liquor Control Board voted to hold two separate transfers from the States Store Fund to the General Fund relative to the PLCB's collection of certain application and renewal fees as provided under the Liquor Code to allow for further discussion and clarification.

After a subsequent discussion with the Office of Budget, the Board received necessary clarification on these transfers. Because the Office of Budget requested that these transfers be

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completed prior to June 30, 2025, and our next scheduled meeting was not scheduled until today, July 16, 2025, these matters were presented to the Board for a notational vote.

Chairman Clarke, Member Vulakovich and Member Brewster agreed (3-0 vote) to approve both transfer requests from the State Stores Fund to the General Fund.

Motion Made: Board Member Vulakovich
Seconded: Board Member Brewster

Board Decision: Unanimously agreed (3-0 vote) to ratify the notational vote to approve both transfer requests from the State Store Fund to the General Fund.

C. Announcement by Chairman for Ratification of a Board Action – Final-Form Regulation

The following Board Action approved on July 9, 2025, was decided by Notational Voting after the adjournment of the Board’s last public meeting on June 25, 2025.

Board Action: On October 5, 2022, the Pennsylvania Liquor Control Board approved a proposed regulation concerning Hearings by Teleconference. The rulemaking codified the existing procedures used by the Board and the Office of Administrative Law Judge for holding virtual hearings in license matters, requests for supersedeas, and citation matters. The Final-Form Regulation package has been prepared for submission to the Independent Regulatory Review Commission which included minor amendments and revisions along with explanations in response to comments that were received during the public comment period of the proposed regulation.

The deadline to submit the Final-Form Regulation was July 10, 2025, which was prior to our next scheduled Board meeting. Therefore, a notational vote was requested by the Office of Chief Counsel.

Chairman Clarke, Member Vulakovich and Member Brewster agreed (3-0 vote) to approve the Hearings by Teleconference Final-Form Regulation package.

Motion Made: Board Member Vulakovich
Seconded: Board Member Brewster

Board Decision: Unanimously agreed (3-0 vote) to ratify the notational vote to approve the Hearings by Teleconference Final- Form Regulation Package

ANNOUNCEMENT OF EXECUTIVE SESSIONS

As explained in the printed Meeting Agenda, certain matters being presented for “official action” at today’s meeting have been discussed during Executive Sessions held prior to today’s meeting as permitted by the Sunshine Act.

PUBLIC COMMENT

The Board reserved 10 minutes for public comment.

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Public comments were offered by the following individuals. Please see the addendum to these Board Minutes for their submitted written remarks or a summary of their oral remarks.

Andrew Deloney- DISCUS
Terri Beirne- The Wine Institute
Tom Perrick- American Distilled Spirits Alliance
Lynn Walding- Diageo
Mike Negra- Pennsylvania Wine & Spirits Association

NEW BUSINESS

From the Office of Chief Counsel Jason Worley, Chief Counsel

- | | |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------|
| (1) Borough of Bellevue
Case No. 25-NE-07 | Municipal Petition for Exemption
from Liquor Code Statute
Regarding Amplified Sound |
| Motion Made: Board Member Vulakovich
Seconded: Board Member Brewster | |
| Board Decision: Unanimously agreed (3-0 vote) to approve the petition of exemption from
the Liquor Code provisions regarding amplified sound for a 3-year period
beginning July 16, 2025, to July 16, 2028. | |
| | |
| (2) Lower Yoder Township
Case No. 25-NE-08 | Municipal Petition for Exemption
from Liquor Code Statute
Regarding Amplified Sound |
| Motion Made: Board Member Vulakovich
Seconded: Board Member Brewster | |
| Board Decision: Unanimously agreed (3-0 vote) to approve the petition of exemption from
the Liquor Code provisions regarding amplified sound for a 3-year period
beginning July 16, 2025, to July 16, 2028. | |
| | |
| (3) D & P Brutto, LLC
1333 Old Swede Road
Douglassville, PA 19518-8926
License No. R-12795
LID 65924 | Request for Rescission of
Conditional Licensing Agreement |

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Motion Made: Board Member Vulakovich
Seconded: Board Member Brewster

Board Decision: Unanimously agreed (3-0 vote) to approve the licensee's request to rescind the conditional licensing agreement.

*From the Bureau of LicensingTisha Albert, Director of Regulatory Affairs
Andrew Stuffick, Director, Bureau of Licensing*

- (1) **Anthony's Coal Fired Pizza of Settlers Ridge, LLC** Appointment of Manager –
t/a Anthony's Coal Fired Pizza Restaurant
R-8861 (LID No. 65701) Case No. 24-9132
1810 Settlers Ridge Center Drive
Robinson Township
Pittsburgh, Allegheny County

Motion Made: Board Member Vulakovich
Seconded: Board Member Brewster

Board Decision: Unanimously agreed (3-0 vote) to hold for a conditional licensing agreement.

- (2) **Armenia Mountain Spirits, LLC** New & Requests for Interior
t/a Armenia Mountain Spirits Connections with Other Businesses,
(LID No. 129794) Conduct Other Businesses on the
177 Douglas Road Licensed Premises & Dual
Armenia Township Employment – Limited Distillery
Troy, Bradford County

Motion Made: Board Member Vulakovich
Seconded: Board Member Brewster

Board Decision: Unanimously agreed (3-0 vote) to put a hold on this matter.

- (3) **Beer Buddy, LLC** Double Transfer - Restaurant
t/a Beer and Wine Downtown
R-5655 (LID No. 120628) Case No. 24-9140
355 5th Avenue Suite 125
Pittsburgh, Allegheny County

Motion Made: Board Member Vulakovich

Chairman Clarke asked if anyone in the audience wished to speak on behalf of Beer Buddy, LLC. There was no response.

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Seconded: Board Member Brewster

Board Decision: Unanimously agreed (3-0 vote) to refuse the transfer.

- (4) **Blue Water Enterprise Inc.** Renewal – Restaurant
t/a Blue Water Saloon
R-13919 (LID No. 114774) Case No. 24-9148
118 Main Street
Mifflin, Juniata County

Motion Made: Board Member Vulakovich

Chairman Clarke asked if anyone in the audience wished to speak on behalf of Blue Water Enterprise, Inc. There was no response.

Seconded: Board Member Brewster

Board Decision: Unanimously agreed (3-0 vote) to refuse the renewal due to failure to obtain tax clearance.

- (5) **El-Canelo VI, Inc.** Notice of Change in Business
t/a El-Canelo Structure – Restaurant
R-13148 (LID No. 51487) Case No. 24-9092
4236 Peach Street
Erie, Erie County

Motion Made: Board Member Vulakovich

Seconded: Board Member Brewster

Board Decision: Unanimously agreed (3-0 vote) to approve the notice of change in business structure.

- (6) **Hamilton-Maloy VFW Post 595 Canteen, Inc.** Renewal with Notice of Change in
CC-2617 (LID No. 50307) Case No. 24-9142 Officers – Catering Club
401 Shipley Street
Everson, Fayette County

Motion Made: Board Member Vulakovich

Seconded: Board Member Brewster

Board Decision: Unanimously agreed (3-0 vote) to hold for a conditional licensing agreement.

- (7) **Overseas Veterans of Kulpmont PA** Request for Hearing After
C-4845 (LID No. 2219) Case No. 24-9145 Revocation –
821-823 Chestnut Street Club
Kulpmont, Northumberland County

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Motion Made: Board Member Vulakovich
Seconded: Board Member Brewster

Board Decision: Unanimously agreed (3-0 vote) to reinstate and approve the renewal.

- (8) **Philadelphia Beer Works, Inc.** Renewal – Brewery
G-271 (LID No. 36088) Case No. 24-9108
4118 Main Street
Philadelphia, Philadelphia County

Motion Made: Board Member Vulakovich

Chairman Clarke asked if anyone in the audience wished to speak on behalf of Philadelphia Beer Works, Inc. There was no response.

Seconded: Board Member Brewster

Board Decision: Unanimously agreed (3-0 vote) to refuse the renewal due to failure to obtain tax clearance.

- (9) **Prima Arts, Inc.** Request for Hearing after
t/a Prima Theatre Administrative
(LID No. 120675) Case No. 24-9174 Cancellation – New – Performing
941 Wheatland Avenue Arts
Suite A Facility Restaurant
Lancaster, Lancaster County

Motion Made: Board Member Vulakovich

Chairman Clarke asked if anyone in the audience wished to speak on behalf of Prima Arts, Inc. There was no response.

Seconded: Board Member Brewster

Board Decision: Unanimously agreed (3-0 vote) to refuse to approve the new performing arts application.

- (10) **33 North 2nd Street Tavern, LLC** Renewal – District 4
R-54022 (LID No. 109441) Case No. 2024-109441
31-33 North 2nd Street
Coplay, Lehigh County

HOLD 4/30/25 SESSION

Conditional Licensing Agreement

Motion Made: Board Member Vulakovich
Seconded: Board Member Brewster

Board Decision: Unanimously agreed (3-0 vote) to approve the renewal with an amended conditional licensing agreement.

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- (11) **319 BLT, Inc.** Renewal – District 10
R-13523 (LID No. 59816) Case No. 2020-59816 and
2022-59816
319 Market Street
Philadelphia, Philadelphia County
- Motion Made:** Board Member Vulakovich
Seconded: Board Member Brewster
- Board Decision:** Unanimously agreed (3-0 vote) to hold for an amended conditional licensing agreement.
-
- (12) **I. B. P. O. E. W. Cyrene Lodge No. 169** Renewal – District 2
CC-1692 (LID No. 3187) Case No. 2024-3187
140 Frank S Brown Boulevard
Steelton, Dauphin County
- HOLD 5/14/25 SESSION**
Conditional Licensing Agreement
- Motion Made:** Board Member Vulakovich
Seconded: Board Member Brewster
- Board Decision:** Unanimously agreed (3-0 vote) to approve the renewal with a conditional licensing agreement.
-
- (13) **Johnstown Beer And Eats, LLC** Renewal – District 1
t/a Country Garden 6 Pak Featuring Red's Texas BBQ
R-18176 (LID No. 106095) Case No. 2023-106095
3116 Elton Road
Richland Township
Johnstown, Cambria County
- HOLD 5/14/25 SESSION**
- Motion Made:** Board Member Vulakovich
Seconded: Board Member Brewster
- Board Decision:** Unanimously agreed (3-0 vote) to place this matter on hold.
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- (14) **McCann Restaurant Group, LLC** Renewal – District 6
R-3332 (LID No. 72771) Case No. 2024-72771
163-165 West Main Street
Monongahela, Washington County
- Motion Made:** Board Member Vulakovich
Seconded: Board Member Brewster
- Board Decision:** Unanimously agreed (3-0 vote) to hold for a conditional licensing agreement.

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- (15) **SOBO, Inc.** Renewal – District 6
t/a Belmont II
R-9939 (LID No. 49742) Case No. 2024-49742
1805 North Main Street Extension
Center Township
Butler, Butler County
- Motion Made:** Board Member Vulakovich
Seconded: Board Member Brewster
- Board Decision:** Unanimously agreed (3-0 vote) to hold for a conditional licensing agreement.

- (16) **Sulli’s Enterprises, LLC** Renewal – District 1
t/a Sullivan’s Bar & Restaurant
R-16997 (LID No. 91095) Case No. 2025-91095 **Conditional Licensing Agreement**
1239 Glades Pike
Jefferson Township
Somerset, Somerset County
- Motion Made:** Board Member Vulakovich
Seconded: Board Member Brewster
- Board Decision:** Unanimously agreed (3-0 vote) to approve the renewal with an amended conditional licensing agreement.

From the Bureau of Human Resources Jason Lutcavage, Director of Administration
Jennifer Haas, Director, Bureau of Human Resources

Personnel Actions

There were 21 personnel actions presented for consideration.

- (1) **Nyah Alston – Affirm Removal**
- (2) **Christopher Andersen – Removal**
- (3) **Paul Antosh – Removal**
- (4) **Aleshia Balak – Affirm Removal**
- (5) **Michael Carodine – Removal**
- (6) **Layla Coklay – Affirm Removal**
- (7) **Robert Davenport – Removal**
- (8) **Walter Edwards - Removal**

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- (9) **Amy Fleming - Removal**
- (10) **Cameron Gallagher – Affirm Removal**
- (11) **Tayvon Holbrook-Kennerly - Removal**
- (12) **Anthony Nagoda – Affirm Removal**
- (13) **Jaimeen Patel – Affirm Removal**
- (14) **Shalik Pope – Removal**
- (15) **Justice Rawlings – Affirm Removal**
- (16) **Cody Ritter – Removal**
- (17) **Brian Salov - Removal**
- (18) **DeVera Werts – Removal**
- (19) **Darrin Willoughby – Removal**
- (20) **Jonathan Woodall - Affirm Removal**
- (21) **Paula Woodton - Removal**

Motion Made: Board Member Vulakovich
Seconded: Board Member Brewster

Board Decision: Unanimously agreed (3-0 vote) to approve the proposed actions received from the Bureau of Human Resources as presented.

From the Bureau of Accounting & Purchasing Rodrigo Diaz, Executive Director
Tammy Wenrich, Chief, Purchasing & Contracting Administration
Ijeoma Ezekoye, Director, Bureau of Financial Management & Analysis

Procurement Actions:

None

Inter-Agency Charges:

- (1) **Department of General Services (DGS) Vehicle Purchases (Job 66)** – Billing of \$303,941.00 to purchase two 2025 Ford Transit Cargo AWD vans & three Econoline 350 DRW Cutaway/Express for the PLCB by means of DGS. These vehicles will be purchased to replace high-mileage vehicles in the Facilities Maintenance offices in Regional Office 1, Region 2 and Region 3.

Bureau of Financial Management and Analysis has reviewed these charges and determined that they are reasonable based on billing methodology and previous experience.

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Motion Made: Board Member Vulakovich
Seconded: Board Member Brewster

Board Decision: Unanimously agreed (3-0 vote) to approve the proposed actions from the Bureau of Accounting and Purchasing as presented.

From the Office of Retail Operations..... Rodrigo Diaz, Executive Director

- (1) #0294 – Olympia Shopping Center, 4313 Walnut Street, McKeesport
Exercise Option**
- (2) #0937 – Oxford Oaks Shopping Center, 1601 Big Oak Road, Yardley
Amendment**
- (3) #2320 – Manoa Shopping Center, 1305 West Chester Pike, Havertown
Amendment**
- (4) #3901 – Crest Plaza Shopping Center, 1516 Cedar Crest Boulevard, Allentown
Amendment**
- (5) #4503 – 1152 Route 390, Cresco
Amendment**
- (6) #4647 – The Court at Harleysville, 237 Harleysville Pike, Harleysville
Amendment**
- (7) #5401 – 530 Pottsville Park Plaza, Pottsville
Amendment**
- (8) #6524 – Tri-County Plaza, 321 Tri-County Lane, Belle Vernon
Amendment**

Motion Made: Board Member Vulakovich
Seconded: Board Member Brewster

Board Decision: Unanimously agreed (3-0 vote) to approve the recommended lease actions received from the Office of Retail Operations.

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From the Bureau of Product Management.....Megan Painter, Director of Product Management

VENDOR – ITEM NAME

BOARD ACTION REQUESTED

“These items went to Board for the public meeting without pricing”

Various
Various

1. Regular New Items Accepted
2. Regular Recommended Delist

1. Regular New Items Accepted

BRAND NAME AND SIZE

REASON

Jim Beam Brands Co

196 Grapefruit Vodka Seltzer 4x355 mL Cans	18
196 Peach Vodka Seltzer 4x355 mL Cans	18
196 Strawberry Vodka Seltzer 4x355 mL Cans	18

RECOMMENDED ACTION: We recommend the Board approve this action

**New Items – Recommended Listings
Reason Codes**

1. Strong marketing support
2. High brand recognition
3. Line/Size extension of successful brand
4. Trade up opportunity
5. Growing category
6. Growing segment
7. National rollout
8. Niche item / Limited distribution
9. High dollar profit potential
10. Trade out
11. High quality for the value
12. Innovative product/flavor
13. High sales through other PLCB channels (Luxury, Online, SLO)
14. Underrepresented category/segment
15. Hole in selection – consumer/store requests
16. PA Spirits
17. PA Wines
18. Licensee only
19. Probationary listing

2. Regular Recommended Delist

BRAND NAME AND SIZE

CODE

Sutter Home Winery

Menage a Trois Sweet Collection Hot Pink Sweet Rose Blend 750 mL	97778
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WJ Deutsch Sons LTD

Yellow Tail Sangria 750 mL	7915
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The Wine Group Inc

Lemonade Stand at Main and Vine Strawberry Lemonade Rose 1.5 L

96145

EFFECTIVE DATE: The transference to closeout will become effective June 9, 2025

Motion Made: Board Member Vulakovich
Seconded: Board Member Brewster

Board Decision: Unanimously agreed (3-0 vote) to approve the recommended product actions received from the Bureau of Product Management as presented.

FINANCIAL REPORT *Michael J. Burns, Comptroller Operations, Office of Budget*

None

OTHER ISSUES

From the Director of Supply Chain..... *Cliff McFarland*

Bailment Fee:

This office recommends that the Board modify the current bailment agreement by implementing a per case bailment fee for all bailment inventory received at a PLCB distribution center. The fee will help to partially offset warehousing costs and provide an additional tool for the Bureau of Supply Chain to manage inventory levels and supplier performance. The fee would be set at \$1.00 per case with a recommended start date of January 1, 2026.

Motion Made: Board Member Vulakovich
Seconded: Board Member Brewster

Board Decision: Unanimously agreed (3-0 vote) to approve recommendation to impose a \$1.00 per case bailment fee for all bailment inventory received at the PLCB distribution centers beginning on January 1, 2026.

PUBLIC COMMENT

No public comments were offered.

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NEXT BOARD MEETING

Chairman Clarke made the following statement:

First, I would like to say on behalf of the Board and our team here, we really appreciate the relationship that we've had with all our vendors, all our partners, all our clients, all the individuals that help make the PLCB what it is today. We appreciate and when I say that word I don't say it lightly. We really appreciate the fact that we've had such a relationship, and what I'm told, it is an improving relationship, so we take input from our partners very seriously.

But from time to time there must be decisions, business decisions, that must be made within the industry. Understanding that, we will be forwarding information to you all shortly that outlines a number of various things with respect to this decision. I understand it will be very shortly, i.e. as soon as tomorrow, discussions with members of the industry to talk about these issues the need for this particular action that was taken by the Board today. The implementation date is not until January so that will give us more than enough time to have fruitful discussions again understanding that partnership because we do want to keep that strong.

So, I would just like to say that on behalf of the PLCB, we appreciate your patience, and we will look forward to continuing the strength and our relationship as we move forward on this issue and other critical industry issues.

The next meeting of the PLCB will be a formal meeting on Wednesday, August 6, 2025, beginning at 11:00 A.M. Prior to the public meeting, an Executive Session or Sessions will be held for the specific purposes as regularly set forth in the printed Board Agenda.

ADJOURNMENT

On a motion by Board Member Vulakovich and seconded by Board Member Brewster, the meeting of July 16, 2025, was adjourned.

The foregoing actions are hereby officially approved.

Chairman

Member

Member

ATTEST:

Secretary

**Public Comments Addendum
PLCB Board Meeting
July 16, 2025**

Mr. Andrew Deloney- on behalf of the Distilled Spirits Council of the United States

My name is Andy Deloney with the Distilled Spirits Council of the United States (DISCUS). DISCUS is the leading national trade association representing distillers and importers of distilled spirits, from companies you've known for years, to small, craft distillers, including here in Pennsylvania.

On behalf of our members, I speak today to urge the Board to delay consideration of any bailment fee policy change.

Other than the brief description which was posted in the agenda for this meeting just two days ago, we don't know what the detailed proposed policy is. Is it for spirits? Wine? Spirits and wine? What about for cases with 6 or fewer bottles? How does this affect existing agreements with vendors?

It hasn't been demonstrated what the need is for such a significant increase. It hasn't been shown what the use of the revenues raised will be. There has been no outreach to vendors to ask them what kind of impact this policy will have on them, how vendors would adjust to it, whether there are other policy options to explore in lieu of such a drastic and quick action.

I, personally, had the distinct privilege of being appointed to chair a control state agency. I have an appreciation for the work that you do because I have done it. But I could not begin to think about implementing a policy change of this magnitude, a huge fee increase, a tremendous cost increase on my business partners, without letting them know of what is on the table, without demonstrating accountability by making the case for the need of such a huge fee increase, without providing details, without answering questions, without making the effort to inquire of them if and how they can absorb this, without allowing them to offer potential alternative solutions, without a robust conversation.

You have vendors for whom this will cost them many hundreds of thousands of dollars. This calls for careful consideration.

I urge you to delay any consideration of this so that you can consult with your business partners, the vendors of spirits and wines, before you take any action.

Thank you.

Terri Beirne- on behalf of The Wine Institute

Ms. Beirne spoke on behalf of The Wine Institute, highlighting the significant challenges currently facing the global wine industry. She noted that increased competition from cannabis, hemp-based products, and other emerging alcoholic beverages has contributed to a decline in wine sales worldwide. Additionally, tariffs have placed considerable strain on the market. These pressures are further compounded by wildfires, extreme weather events, and the rising costs associated with operating a winery.

Given these burdens, Ms. Beirne urged the Board to refrain from taking action on the proposed bailment fee included on today's agenda. She concluded by requesting greater transparency in the Board's processes and suggested the establishment of an industry advisory committee to enhance communication and collaboration with the wine industry.

Tom Perrick- on behalf of American Distilled Spirits Alliance

Thank you, Chair Clarke and Board Members,

I'm Tom Perrick, National Director of State Government Affairs for the American Distilled Spirits Alliance. We represent hundreds of recognizable name brands, including both of Pennsylvania's own Jacquins and Samson and Surrey ... along with the jobs and tax base they represent.

Thank you for the opportunity to testify today in opposition to the Board adopting a new Bailment Fee on alcohol.

Practically not a day goes by that the press isn't riddled with real-life articles outlining the ongoing challenges with the alcohol industry: work force shortages, supply chain disruptions, increased costs at every turn, slowing sales, more costly regulations ... all resulting in tighter margins and hampering growth of alcohol suppliers. Add in increased - yet not fully known competition - from the largely unregulated hemp and the market. Now throw in the possibility of tariffs and you know our industry is under dire pressure.

As PLCB Board members and members of NABCA, you're well aware of these urgent challenges, too. That's why I don't understand why now is the time you chose to consider adding a Bailment fee on an already battered industry.

And as I stated in my comment letter, this proposal comes at a time when the Governor is proclaiming \$321 million in additional revenue collected so far this fiscal year and an \$11 billion dollar surplus. These two things are in conflict and just don't add up.

Currently, from a state spirits tax perspective, PA is comfortably in the middle of the pack for all states, roughly 25th highest spirits tax rate in the country. Give or take, most of PA's neighboring states are around the middle of the pack, too. A notable exception is Delaware, with about 40% less state spirits tax than PA.

Pennsylvanians in that area of the state might choose to shop in Delaware ... or any of the other neighboring states for that matter ... an activity referred to as 'border bleed'. Statewide and municipal revenues may suffer because when customers purchase spirits elsewhere, they will often purchase other products as well which means stores lose out on additional sales and the Commonwealth stands to lose additional revenues.

If the Board needs new revenue - and it's not been made clear to suppliers and the public that it does - you have other operational levers at your disposal to increase revenues and, equally important but very seldom mentioned ... cutting operational costs.

Suppliers on this call, along with businesses and families across the Commonwealth, are all tightening their budgets and belts. We think there's room for PLCB to do the same.

I'll close with this: Just because you can do something doesn't mean you should. I do not mean to be flippant. We do want to work with the new Board leadership. But this proposal comes as a costly

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surprise to the industry. So did the price increase in 2023 under prior leadership, referenced in my comment letter.

We urge the Board to not implement this Bailment Fee today.

Instead, extend the time for more detailed discussions with suppliers, and commit to a full review of all costs on an already stressed industry.

Thank you.

Lynn Walding- on behalf of Diageo North America

I am writing in opposition to the PLCB Proposed Bailment Fee and submit the following five reasons in support of that position:

Reason #1: Inadequate Notice.

- Less than 48-hours' notice, before such a significant policy shift, seems less than fair. The imposition of a Control State Bailment Fee warrants prudent deliberation and, ideally, industry input.

Reason #2: The Proposal couldn't come at a more inopportune time for Suppliers, the Hospitality Industry and, most importantly, Pennsylvania Consumers:

- Spirits suppliers are experiencing a significant loss in sales, affecting their bottom lines as well.
- Tariffs and uncertainty surrounding tariffs.
- Diageo shares are down \$21.60 in the past 12 months.
- Pernod 20.45|Constellations 33.09|Moet 27.19|Remy 20.72|Suntory 14.30.
- Small Distilleries are already filing for Bankruptcy, as reported this week in the Mark Brown Industry New Update.
- \$15M impact to Suppliers, \$1M Diageo
- The Proposal also seems insensitive the economic plight of Pennsylvania consumers and would negatively impact Pennsylvania bar and restaurant owners.

Reason #3: The Original Purpose behind the Control State Markup and the Tax Foundation Report of January 2024:

- Open State Gallonage Taxes vs. Control State Mark-Up Rates.
- Control State operate as the wholesale tier in their markets and the mark-up rate, as originally intended, incorporates the operational costs.
- Thus, as of January 2024, the Tax Foundation places 11 of the Control States in the top 13 highest State's Distilled Spirits Tax rates.

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- Pennsylvania sits at #21 and it is worth noting that, except for Ohio and West Virginia, all the other States – the Open States of NY, NJ and DE – are ranked higher (with lower tax rates) than Pennsylvania.
- Imposition of a Pennsylvania Bailment Fee risks further border-bleed into those neighboring open markets.
- Stated alternatively, the intent was never to impose a significantly higher rate of tax on the industry, while expecting Suppliers to also cover the cost of the states' warehouse operations.

Reason #4: NABCA Control States Bailment Fees Report 12.03.24 (2025 Tab):

- A common misinterpretation on the PLCB's behalf is that all the other Control States impose a bailment fee.
- To the contrary, as reported by the NABCA, only five states currently collect a bailment fee – Iowa, Maine, Mississippi, New Hampshire and North Carolina.
- Three other states collect inbound or outbound fees but no bailment fee.
- Some states do impose other fees, like Oregon that imposes a "Temporary" Surcharge on bottles sold in that state and several other states impose a delivery fee on the private retailers.
- Idaho, Montgomery County, Vermont and Wyoming are examples of Control jurisdictions that charge neither bailment, nor other fees.
- Pennsylvania, as pointed out in the Reason #5 below, is a state that currently doesn't impose a bailment fee but does impose several other fees in lieu of bailment. And, as you will see in the next section, those other fees raise significant revenue for Keystone State, far more than any of the five bailment states generate from that fee.

Reason #5: The PLCB already Imposes Significant Fees on Industry as follows:

I. Johnstown Flood Tax of 18% on Pennsylvania Liquor Sales:

- Originally set at 10% of Pennsylvania liquor sales, the tax was intended to help the city of Johnstown recover from the flood of 1936.
- The tax was made permanent in 1951, increased to the current rate of 18% in 1968 and the money is now directed to the Pennsylvania General Fund, generating over \$450M annually.
- The Johnstown Flood Legacy is approaching a Century with no end in sight.

Note: Board Minutes are not officially approved until all required signatures are affixed.

II. 4% shelf price Increase in 2023:

- The PLCB raised shelf prices in 2023 to help address revenue shortfalls.
- Suppliers were led to believe that the increase would shore-up revenue shortfalls and, presumably, would resolve the existing financial situation.
- Two short years later, the PLCB is considering yet another increase.

III. Bailment Vendor Performance Penalties of 2021:

- In 2021, the PLCB began fining Suppliers for failure to maintain adequate inventory levels and for out-of-stock products.
- Diageo was fined \$325K in the initial year.

IV. Add to the list, an additional 6% Sales Tax and the Pricing Formula.

CLOSING

For all the reasons listed above, Diageo is requesting that the Pennsylvania Liquor Control Board forgo adoption and the imposition of the PLCB Proposed Bailment Fee at this time. Instead, as a member of the NABCA Industry Advisory Committee (IAC), Diageo encourages the Board to create the Pennsylvania Manufacturers Advisory Council (MAC), as previously proposed by the PLCB Leadership Team, to work with the IAC and place this topic before that organization to discuss the merits of a bailment fee or, alternatively, to explore other more palatable means of enhancing State revenue from the responsible sale of alcohol.

In making that request, Diageo is confident that it would have the unanimous support of its fellow Committee members and, collectively, the IAC would welcome the opportunity to work in partnership with the State on this and other commercial projects.

Thank you for your kind consideration.

Mike Negra- Pennsylvania Wine and Spirits Association

Mr. Negra addressed the Board regarding the proposed bailment fee listed on the agenda. He emphasized that members of the Pennsylvania Wine and Spirits Association (PWSA) are committed to being collaborative partners with the PLCB and share in the goal of supporting its success. However, Mr. Negra expressed concern that implementing a bailment fee could divert marketing resources and investment away from Pennsylvania. He respectfully requested that the Board postpone any decision on the fee to allow time for further dialogue and engagement with the industry to fully assess its potential impact.