

# PENNSYLVANIA LIQUOR CONTROL BOARD

## MEETING MINUTES LISTEN TO THE RECORDING

WEDNESDAY, SEPTEMBER 22, 2021  
NORTHWEST OFFICE BUILDING, CONFERENCE ROOM 117, HARRISBURG, PA  
TELEPHONE CONFERENCE MEETING

Tim Holden, Chairman  
Mike Negra, Board Member  
Mary Isenhour, Board Member  
Michael Demko, Executive Director  
John Stark, Board Secretary

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

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

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### PUBLIC MEETING – 11:00 A.M

**CALL TO ORDER** ..... *Chairman Holden*

Pledge of Allegiance to the Flag

Chairman Holden called the meeting to order.

**OLD BUSINESS**..... *Secretary Stark*

A. Motion to approve previous Board Meeting Minutes of the September 1, 2021 meeting.

**Motion Made:** Board Member Negra  
**Seconded:** Board Member Isenhour

**Board Decision:** Unanimously agreed (3-0 vote) to approve previous Board Minutes.

### **PUBLIC COMMENT ON AGENDA ITEMS**

There were no public comments or questions on the printed agenda items.

### **NEW BUSINESS**

*From the Office of Chief Counsel* ..... *Rodrigo Diaz, Chief Counsel*

(1) **Jason Cold Beer Inc**  
1644 Wharton St  
Philadelphia Pa 19146-4762  
Restaurant Liquor License No. R-13491  
LID 65029

Proposed Renewal of Liquor  
License

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

**Motion Made:** Board Member Negra  
**Seconded:** Board Member Isenhour

**Board Decision:** Unanimously agreed (3-0 vote) to approve renewal of liquor license with a Conditional Licensing Agreement.

(2) **Rinku Corporation**  
204 Northampton St,  
Easton Pa 18042-3613  
Restaurant Liquor License No. R-12845  
LID 81606

Appeal from the Adjudication and  
Order of Administrative Law  
Judge

Board Member Negra requested some background information on this matter from Chief Counsel Rodrigo Diaz. Chief Counsel Diaz explained that this is a complicated case. A citation was issued to Rinku Corporation (“Licensee”), the holder of a restaurant liquor license, on the basis that it failed to meet the definition of a “restaurant” because, in order to drink beer on the licensed premise, Licensee was requiring customers to purchase food. A food purchase was not required of customers who were purchasing beer for off-premises consumption.

The ALJ dismissed the citation, saying that there is nothing in section 102 of the Liquor Code which would prohibit a retail licensee from engaging in this practice. Chief Counsel Diaz explained that the genesis of this requirement is a 2009 Pennsylvania Supreme Court case called MBDA vs. PLCB. The issue in that case was whether or not a Sheetz qualified for an “E” license, which is the other retail license, when Sheetz explicitly said that it did not intend to allow anyone to consume beer on the licensed premises. (“E” licensees may only sell beer, not wine or spirits.) The Board at that time said there is nothing in the Liquor Code’s definitions that says an E licensee must sell beer for on-premises consumption and so granted the E license.

The MBDA, which is a trade organization for beer distributors, took an appeal of that Board decision and ultimately went to the Pennsylvania Supreme Court. The Supreme Court acknowledged that the words “you must sell beer for on-premise” were not in the Liquor Code, but in looking at the Liquor Code and the three-tiered system that had been set up—manufacturers, wholesalers and retailers—the Court said that if an entity wanted to sell beer only for off-premises consumption, that entity should get a beer distributor license, not a retail license. Furthermore, the Court said that if an entity has an E license, it must allow on-premise consumption. Thus, the Supreme Court reversed the Board, denied the license, and Sheetz ultimately got a different license.

The question that remained following this 2009 decision was how the decision applies to restaurant liquor licenses, as the other retail license type that is permitted to have off-premises sales of beer. There were no Board cases that really answered that question until a couple of years ago when it issued Advisory Notice No. 24. That Advisory Notice No. 24 dictated that if a licensee is going to avail itself of the privilege of selling beer to go (or wine to go), that licensee must also allow customers to consume those products on the licensed premises at the same time and under similar conditions. So for example, the Board did not require that a licensee make available for on-premise consumption every single brand that it offered for off-premise consumption, as long as similar products were made available. Until now, that has been the dividing wall.

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The instant question goes a step further: in this case, Licensee is allowing on-premises consumption but only with the purchase of food. This food purchase requirement is not being imposed on customers who are purchasing beer for off-premises consumption. Chief Counsel Diaz opined that this position seems inconsistent with the Supreme Court's decision and it was not explicitly mentioned in the Advisory Notice; however, acknowledging that this is a close case, the recommendation is to reverse the ALJ under the theory that a retail licensee must have similar provisions on customers whether they are purchasing for on-premises or off-premises consumption, which is what he opines is consistent with the Supreme Court's decision.

Board Member Negra stated that he does not agree with Chief Counsel Diaz's recommendation as he thinks the ALJ is correct in that these places are acting like a restaurant, still offering on-premises consumption of beer and/or spirits. Board Member Negra noted that there are differences all over the place regarding what happens on-premise versus what happens off-premise. One situation does not mirror the other. In his opinion, to reverse this ALJ decision would amount to the Board micromanaging the policies of restaurants, who are fulfilling the basic requirements, with which he does not necessarily agree although he acknowledges that those requirements were the ruling of the majority of the Board at the time. Board Member Negra opined that taking it another step begs the question of what might be the next step, providing a few examples, and asking where does the next step stop. Board Member then made a motion to affirm the ALJ.

**Motion Made:** Board Member Negra  
**Seconded:** None

Board Member Isenhour respectfully disagreed with Board Member Negra's position and declined to second the Motion. Board Member Isenhour then made a new Motion in the interest of fairness and consistency with decisions previously made by this Board, to reverse and remand the matter to the ALJ.

**Motion Made:** Board Member Isenhour  
**Seconded:** Chairman Holden

**Board Decision:** Agreed (2-1 vote) to reverse the decision of the Administrative Law Judge.

- (3) **Borough of Ebensburg** Municipal Petition for Exemption  
Case No. 21-NE-16 from Liquor Code Statute  
Regarding Amplified Sound

**Motion Made:** Board Member Negra  
**Seconded:** Board Member Isenhour

**Board Decision:** Unanimously agreed (3-0 vote) to approve noise exemption from September 22, 2021 through September 22, 2026.

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*From the Bureau of Licensing .....Tisha Albert, Director of Regulatory Affairs  
Barbara Peifer, Director, Bureau of Licensing*

- (1) **357 All American, L.L.C.** New & Request for an Interior  
(LID No. 107317) Connection with Another  
1836 Stout Drive, Unit #14 Business - Importer  
Warwick Township  
Warminster, Bucks County

Motion Made: Board Member Negra  
Seconded: Board Member Isenhour

Board Decision: Unanimously agreed (3-0 vote) to approve new importer license and request for interior connection with another business.

- (2) **The Giant Company, LLC** Extension of License &  
R-19243 (LID No. 72034) Request for Interior  
315 York Road Connections with Other  
Upper Moreland Township Businesses - Restaurant  
Willow Grove, Montgomery County

Motion Made: Board Member Negra  
Seconded: Board Member Isenhour

Board Decision: Unanimously agreed (3-0 vote) to approve extension of license and request for interior connections with another business.

- (3) **Jim Thorpe Brewing Company** New & Request for Dual  
(LID No. 103768) Case No. 21-9027 Employment - Brewery  
113 Danner Road  
Penn Forest Township  
Jim Thorpe, Carbon County

Motion Made: Board Member Negra  
Seconded: Board Member Isenhour

Board Decision: Unanimously agreed (3-0 vote) to approve new brewery license and request for dual employment.

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- (4) **KDS Enterprise, LLC** Place-to-Place Transfer &  
R-7286 (LID No. 92410) Case No. 21-9004 Request for Interior  
6966 PA Route 873 Connections with Another  
Washington Township Business - Restaurant  
Slatington, Lehigh County

**Motion Made:** Board Member Negra  
**Seconded:** Board Member Isenhour

**Board Decision:** Unanimously agreed (3-0 vote) to approve the place-to-place transfer and request for interior connections with another business.

- (5) **Kalahari Resorts PA, LLC** Extension of License &  
H-6434 (LID No. 93656) Request for Interior  
250 Kalahari Boulevard Connections with Another  
Tobyhanna Township Business - Hotel  
Pocono Manor, Monroe County

**Motion Made:** Board Member Negra  
**Seconded:** Board Member Isenhour

**Board Decision:** Unanimously agreed (3-0 vote) to approve extension of license and request for interior connections with another business.

- (6) **VHS Group, LLC** New & Requests for Interior  
**t/a Crazyoutlet** Connections with Another  
(LID No. 105491) Business & to Conduct Another  
3997 Mann Road Business on the Licensed  
Lower Moreland Township Premises - Importer  
Huntingdon Valley, Montgomery County

**Motion Made:** Board Member Negra  
**Seconded:** Board Member Isenhour

**Board Decision:** Unanimously agreed (3-0 vote) to approve new importer license and request for interior connections with another business and to conduct another business on the licensed premises.

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- (7) **Ber-Dine Enterprises, Inc.** Conditional Licensing Agreement  
**t/a Ray's and Dav's Tavern** Renewal – District 6  
R-18138 (LID No. 19159) Case No. 2020-19159  
Route 22, R. D. 2, P. O. Box 214  
West Wheatfield Township  
New Florence, Indiana County

**Motion Made:** Board Member Negra  
**Seconded:** Board Member Isenhour

**Board Decision:** Unanimously agreed (3-0 vote) to approve the renewal with Conditional Licensing Agreement.

- (8) **CDAX, Inc.** Renewal – District 3  
**t/a Keystone Motel**  
H-5815 (LID No. 61324) Case No. 2021-61324  
4880 West Lincoln Highway  
West Sadsbury Township  
Parkesburg, Chester County

**Motion Made:** Board Member Negra approve renewal  
**Seconded:** None

**Motion Made:** Board Member Isenhour  
**Seconded:** Chairman Holden

**Board Decision:** Hold for a Conditional Licensing Agreement

- (9) **CM Burns3, LLC** Renewal – District 8  
R-7699 (LID No. 72602) Case No. 2020-72602  
215 South Main Street  
Wilkes Barre, Luzerne County

**Motion Made:** Board Member Negra  
**Seconded:** Board Member Isenhour

**Board Decision:** Unanimously agreed (3-0 vote) to approve renewal of liquor license.

- (10) **Camac 255 Corp.** Renewal – District 10  
R-15625 (LID No. 84155) Case No. 2020-84155  
255 South Camac Street & 1217 Spruce Street Rear  
Philadelphia, Philadelphia County

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**Motion Made:** Board Member Negra  
**Seconded:** Board Member Isenhour

**Board Decision:** Hold for Conditional Licensing Agreement.

- (11) **DW’s Deli & Hoagie, Inc.** Renewal – District 3  
R-20110 (LID No. 70600) Case No. 2021-70600  
335 East Grand Avenue  
Tower City, Schuylkill County

**Motion Made:** Board Member Negra  
**Seconded:** Board Member Isenhour

**Board Decision:** Hold for Conditional Licensing Agreement.

- (12) **Fond Bistro, Inc.** Renewal – District 10  
R-2358 (LID No. 67078) Case No. 2020-67078  
1537 South 11<sup>th</sup> Street  
Philadelphia, Philadelphia County

**Motion Made:** Board Member Negra  
**Seconded:** Board Member Isenhour

**Board Decision:** Unanimously agreed (3-0 vote) to approve renewal of liquor license.

- (13) **Johnstown Freight Station, LLC** Renewal – District 1  
**t/a Johnstown Freight Station**  
R-9298 (LID No. 70734) Case No. 2021-70734  
20 Matthews Street  
Johnstown, Cambria County

**Motion Made:** Board Member Negra  
**Seconded:** Board Member Isenhour

**Board Decision:** Hold for Conditional Licensing Agreement.

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**(14) Venue Lounge, LLC**  
R-7882 (LID No. 56921) Case No. 2020-56921  
222 Market Street  
Philadelphia, Philadelphia County

Conditional Licensing  
Agreement  
Renewal – District 10

**Motion Made:** Board Member Negra  
**Seconded:** Board Member Isenhour

**Board Decision:** Unanimously agreed (3-0 vote) to approve renewal of liquor license with a new 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 16 personnel actions presented for consideration.

- (1) Reginald Benson – Removal**
- (2) Betty Brisbon – Demotion**
- (3) Joseph Ernst– Affirm Removal**
- (4) Nakesha Flynn – Affirm Removal**
- (5) Amire Jackson - Removal**
- (6) William Kerrigan – Removal**
- (7) Shawn Mason – Affirm Removal**
- (8) Siddiq Perry – Removal**
- (9) Jaylin Purcell – Removal**
- (10) Derrick Shaw - Removal**
- (11) Patrick Skokan – Removal**
- (12) Colleen Smith – Removal**
- (13) Paige Smith – Affirm Removal**
- (14) Cindy Stover – Removal**
- (15) Nicholas Wiese – Affirm Removal**
- (16) Nadiyah Williams – Affirm Removal**



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**Motion Made:** Board Member Negra  
**Seconded:** Board Member Isenhour

**Board Decision:** Unanimously agreed (3-0 vote) to approve all Personnel Actions.

*From the Bureau of Accounting & Purchasing .....Michael Demko, Executive Director  
Koppolu Ravindraraj, Director, Bureau of Accounting & Purchasing  
Mike Freeman, Director, Bureau of Financial Management & Analysis*

Procurement Actions:

- (1) **Managed Print Services** – Funding increase needed due to increased printing in Region #1 stores, the projected average page count per stores exceeded estimates based on past quantities. The stores have consistently used more print resources than used prior to the managed service. The per page cost in the contract is still a savings to us versus each store buying toner through the DM’s office. Based on the previous year’s average, this increase will be needed through the end of the contract.

Procured via PO 63019846 Increase – VENDOR: **Edwards Business Systems** - TERM: Through PO expiration date of 5/31/2022 - **\$90,000.00 estimated cost.**

- (2) **Oracle Retail Sales Audit (RESA) Staff Augmentation** - RESA support is needed due to staff turnover. This resource will support the daily RESA activities allowing the remaining resources to support Release 1 activities (testing, data migrations, etc.) and focus on critical activities.

Procured via DGS Contract #4400014600 – VENDOR: **OST, Inc.** – TERM: Three months for period 10/4/2021 through 12/31/2021 - **\$71,200.08 estimated cost.**

**Motion Made:** Board Member Negra  
**Seconded:** Board Member Isenhour

**Board Decision:** Unanimously agreed (3-0 vote) to approve all Procurement Actions.

Inter-Agency Charges:

- (1) **Department of General Services (DGS) Employee Liability Insurance (Job 31)** – Billing of \$70,750.63 for FY 2021-22 to reimburse DGS for employee liability insurance premiums. The charge to the PLCB represents approximately 1.2% of the Commonwealth’s total employee liability premium cost of \$5.75 million and was down slightly (\$906, -1.2%) from last year.

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

**Motion Made:** Board Member Negra  
**Seconded:** Board Member Isenhour

**Board Decision:** Unanimously agreed (3-0 vote) to approve Inter-Agency Charges.

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*From the Office of Retail Operations.....Michael Demko, Executive Director*

- 1. #3206 – Townfair Plaza, 475 Ben Franklin South, Indiana Amendment
- 2. #6519 – Crossroads Plaza, 2501 Leechburg Road, Lower Burrell Amendment

**Motion Made:** Board Member Negra  
**Seconded:** Board Member Isenhour

**Board Decision:** Unanimously agreed (3-0 vote) to approve all Retail Operations actions.

*From the Bureau of Product Selection .....Tom Bowman, Director of Product Selection*

- |         |  |
|---------|--|
| Various | 1. Regular New Items Accepted              |
| Various | 2. Regular PA New Items Accepted           |
| Various | 3. Regular PA Preferred New Items Accepted |
| Various | 4. Regular Recommended Delist              |
| Various | 5. Regular Recommended Delist Revision     |

**1. Regular New Items Accepted**

<u>BRAND NAME AND SIZE</u>	<u>REASON</u>
<b><u>Capital Wine and Spirits Inc</u></b>	
Carpano Bianco Vermouth 375 mL	2, 3, 19
Carpano Classico Vermouth 375 mL	2, 3, 19
Carpano Dry Vermouth 375 mL	2, 3, 19
High Note Red Blend 750 mL	11, 14, 19
Routestock Sauvignon Blanc Napa Valley 750 mL	1, 4, 5
<b><u>Deluxe Imports LLC</u></b>	
Alyssa Red Blend 750 mL	11, 19
<b><u>Palm Bay International</u></b>	
Roscato Gold 750 mL	2, 3, 9, 19
<b><u>Paterno Imports Ltd</u></b>	
Cecchi Chianti DOCG 750 mL	2, 3, 19
<b><u>Southern Glazers Wine and Spirits of PA</u></b>	
Sforno Malbec Mendoza 750 mL	11, 14, 19

RECOMMENDED ACTION: We recommend the Board approve this action

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## 2. Regular PA New Items Accepted

<u>BRAND NAME AND SIZE</u>	<u>REASON</u>
<b><u>2 JAS Distilling LLC</u></b>	
Two Jackasses Silver Rum Unaged 80 Proof 750 mL	16
Two Jackasses Spiced Rum 84 Proof 750 mL	16

RECOMMENDED ACTION: We recommend the Board approve this action

## 3. Regular PA Preferred New Items Accepted

<u>BRAND NAME AND SIZE</u>	<u>REASON</u>
<b><u>Antler Ridge Winery Inc</u></b>	
Antler Ridge Winery Dragon Tail 750 mL	17
<b><u>Courtyard Wineries LLC</u></b>	
Courtyard Winery Mamma Mia Sangria 1.5 L	17
Courtyard Winery Razzle 1.5 L	17
<b><u>Michael Yori</u></b>	
Yori Wine Cellars Beach Glass Red 750 mL	17
Yori Wine Cellars Beach Glass White 750 mL	17
Yori Wine Cellars Cabernet Sauvignon 750 mL	17
Yori Wine Cellars Famiglia Red Wine 750 mL	17
Yori Wine Cellars Rosé 750 mL	17

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

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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

#### 4. Regular Recommended Delist

<u>BRAND NAME AND SIZE</u>	<u>CODE</u>
<u>Palm Bay Imports Inc</u>	
Head to Head Red 750 mL	9319
Head to Head Rosé 750 mL	126
<u>Southern Glazers Wine and Spirits of PA</u>	
Gekkeikan Plum Wine 750 mL	98654
Sangre de Toro Original Red Blend 750 mL	5462
<u>Takara Sake USA Inc</u>	
Sho Chiku Bai Classic Junmai Sake 750 mL	97011
<u>Treasury Wine Estates</u>	
19 Crimes Uprising Red Blend 375 mL Aluminum Bottle	98531

EFFECTIVE DATE: The transference to closeout will become effective October 22, 2021

#### 5. Regular Recommended Delist Revision

<u>BRAND NAME AND SIZE</u>	<u>CODE</u>
<u>RESCIND</u>	
<u>Majestic Wine and Spirits USA Inc</u>	
Kono Sauvignon Blanc Marlborough 750 mL	327

**NOTE: This was sent to Board August 4, 2021**

RECOMMENDED ACTION: We recommend the Board approve this action

**Motion Made:** Board Member Negra  
**Seconded:** Board Member Isenhour

**Board Decision:** Unanimously agreed (3-0 vote) to approve all Product Selection actions.

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

**Commonwealth of Pennsylvania  
 Pennsylvania Liquor Control Board  
 State Stores Fund  
 Comparative Statement of Net Position  
 (Unaudited)**

	<u>June 30, 2021</u>	<u>June 30, 2020*</u>
<b><u>ASSETS</u></b>		
Current assets:		
Cash	\$ 28,209,507	\$ 46,641,593
Investments - short term	318,346,788	182,118,221
Accounts and claims receivable, net	6,629,034	7,226,621
Due from other funds - Note 9	2,048	388,773
Merchandise inventories, net	216,042,411	226,514,526
Operating supplies	470,245	757,605
Prepaid expenses	91,991	1,390,248
	<hr/>	<hr/>
Total current assets	569,792,024	465,037,587
Non-current assets:		
Non-depreciable capital assets:		
Land	322,973	322,973
Depreciable capital assets:		
Building	10,583,822	20,875,220
Leasehold improvements	209,134	197,771
Machinery and equipment	47,337,828	49,225,788
Intangible - internally generated software	22,330,818	23,373,809
Intangible - right to use leases - Note 10	322,265,989	330,901,015
	<hr/>	<hr/>
Less: accumulated depreciation	113,523,578	118,393,581
Net depreciable capital assets	289,204,013	306,180,022
Total non-current capital assets	289,526,986	306,502,995
	<hr/>	<hr/>
Total assets	\$ 859,319,010	\$ 771,540,582
	<hr/>	<hr/>
Total deferred outflows of resources - Notes 5, 6	\$ 210,418,847	\$ 117,522,469
	<hr/>	<hr/>
<b><u>LIABILITIES</u></b>		
Current liabilities:		
Trade accounts payable	\$ 328,795,530	\$ 252,136,542
Other accounts payable	29,492,530	28,021,062
Accrued expenses	18,643,728	17,607,083
OPEB - Note 6	-	18,874,000
Self-insurance, workers' compensation - Note 7	6,298,715	5,595,210
Due to other funds - Note 9	8,503,838	6,350,515
Due to fiduciary funds - Note 9	2,776,737	2,625,436
Due to other governments - Note 9	787,416	731,390
Right to use liabilities - Note 10	52,835,345	49,279,874
	<hr/>	<hr/>
Total current liabilities	448,133,839	381,221,112
Non-current liabilities:		
OPEB - Note 6	512,371,000	410,695,000
Self-insurance, workers' compensation - Note 7	58,900,983	47,995,269
Net pension liability - Note 5	462,618,628	458,686,120
Compensated absences - Note 1	25,995,401	24,809,043
Right to use liabilities - Note 10	216,838,680	232,341,267
	<hr/>	<hr/>
Total non-current liabilities	1,276,724,692	1,174,526,699
	<hr/>	<hr/>
Total liabilities	\$ 1,724,858,531	\$ 1,555,747,811
	<hr/>	<hr/>
Total deferred inflows of resources - Notes 5, 6	\$ 356,167,664	\$ 423,027,138
	<hr/>	<hr/>
<b><u>NET POSITION</u></b>		
Net investment in capital assets	\$ 289,526,986	\$ 306,502,995
Deficit	(1,300,815,324)	(1,396,214,893)
	<hr/>	<hr/>
Total net position - Note 12	\$ (1,011,288,338)	\$ (1,089,711,898)
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\*The fiscal year (FY) 2019-20 comparative information is adjusted to recognize the estimated impact of GASB Statement No. 87 which has been implemented for the FY 2020-21 reporting period. Under GASB 87, operating leases previously expensed based on payment schedules are reported as assets with associated liabilities for future lease payments. Additionally, certain FY 2019-20 operating expenses and miscellaneous revenues have been reclassified to Cost of Goods Sold and Sales respectively to provide comparability with the FY 2020-21 presentation.

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**Commonwealth of Pennsylvania**  
**Pennsylvania Liquor Control Board**  
**State Stores Fund**  
**Comparative Statements of Revenues, Expenses, and Changes in Net Position**  
**For the Month Ending June 30, 2021 and June 30, 2020**  
**(Unaudited)**

	<u>2020-21</u>	<u>2019-20*</u>
Sales net of taxes	\$ 192,233,631	\$ 167,034,469
Cost of goods sold	<u>(132,932,094)</u>	<u>(113,857,536)</u>
Gross profit from sales	59,301,537	53,176,933
Operating (expenses):		
Retail operations	(29,953,430)	(9,686,906)
Marketing & merchandising	(4,642,645)	(510,692)
Supply chain	(346,469)	(158,331)
Wholesale operations	(109,204)	107,768
Information technology services	(6,417,850)	(270,994)
Regulatory affairs	(1,025,290)	825,793
Administration	(676,534)	402,220
Finance	(167,729)	218,776
Board & secretary	(435,387)	766,434
Legal	(306,318)	(252,954)
Commonwealth provided services - Note 2	<u>(1,671,398)</u>	<u>(1,872,441)</u>
Total	<u>(45,752,254)</u>	<u>(10,431,327)</u>
Operating profit/(loss)	13,549,283	42,745,606
Other operating revenues (expenses):		
Enforcement fines	75,073	5,673
License fees	981,510	2,105,713
Miscellaneous income	232,915	59,088
Administrative law judge	<u>(229,390)</u>	<u>(252,852)</u>
Total	<u>1,060,108</u>	<u>1,917,622</u>
Total operating income/(loss)	14,609,391	44,663,228
Miscellaneous revenues (expenses):		
Interest income (expense)	(388,442)	(351,883)
Other	<u>(1,686,559)</u>	<u>-</u>
Total	<u>(2,075,001)</u>	<u>(351,883)</u>
Income/(Loss) before operating transfers	12,534,390	44,311,345
Operating transfers out:		
PSP enforcement - Note 3	(2,225,621)	(2,155,838)
<b>Net Income/(Loss) from operations</b>	<b>10,308,769</b>	<b>42,155,507</b>
Statutory Transfers:		
General fund - Note 4	(42,500,000)	-
Drug and alcohol programs - Note 4	(5,297,166)	(4,174,229)
Total	<u>(47,797,166)</u>	<u>(4,174,229)</u>
Change in net position	(37,488,397)	37,981,278
Total net position - beginning	<u>(973,799,941)</u>	<u>(1,127,693,176)</u>
Total net position - ending	<u>\$ (1,011,288,338)</u>	<u>\$ (1,089,711,898)</u>
Liquor tax	34,849,045	29,022,790
State Sales Tax	13,714,042	11,446,363
Local Tax	870,558	512,581
Taxes remitted to Dept.of Revenue PTD	<u>\$ 49,433,645</u>	<u>\$ 40,981,734</u>

\*The fiscal year (FY) 2019-20 comparative information is adjusted to recognize the estimated impact of GASB Statement No. 87 which has been implemented for the FY 2020-21 reporting period. Under GASB 87, operating leases previously expensed based on payment schedules are reported as assets with associated liabilities for future lease payments. Additionally, certain FY 2019-20 operating expenses and miscellaneous revenues have been reclassified to Cost of Goods Sold and Sales respectively to provide comparability with the FY 2020-21 presentation.

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**Commonwealth of Pennsylvania  
Pennsylvania Liquor Control Board  
State Stores Fund  
Comparative Statements of Revenues, Expenses, and Changes in Net Position  
For the Twelve Months Ending June 30, 2021 and June 30, 2020  
(Unaudited)**

	<u>2020-21</u>	<u>2019-20*</u>
Sales net of taxes	\$ 2,317,842,844	\$ 2,041,261,164
Cost of goods sold	<u>(1,574,366,426)</u>	<u>(1,388,761,355)</u>
Gross profit from sales	743,476,418	652,499,809
Operating (expenses):		
Retail operations	(361,343,135)	(351,098,343)
Marketing & merchandising	(15,324,884)	(11,540,064)
Supply chain	(7,047,839)	(7,327,063)
Wholesale operations	(1,520,220)	(1,452,891)
Information technology services	(31,422,993)	(27,435,591)
Regulatory affairs	(15,869,386)	(16,004,894)
Administration	(9,359,624)	(11,225,562)
Finance	(2,577,206)	(2,477,214)
Board & secretary	(3,821,345)	(2,669,937)
Legal	(3,524,128)	(3,522,199)
Commonwealth provided services - Note 2	<u>(14,932,983)</u>	<u>(16,353,515)</u>
Total	<u>(466,743,743)</u>	<u>(451,107,273)</u>
Operating profit/(loss)	276,732,675	201,392,536
Other operating revenues (expenses):		
Enforcement fines	987,585	1,409,664
License fees	21,889,007	32,906,072
Miscellaneous income	3,156,831	2,649,659
Administrative law judge	<u>(2,723,139)</u>	<u>(2,751,387)</u>
Total	<u>23,310,284</u>	<u>34,214,008</u>
Total operating income/(loss)	300,042,959	235,606,544
Miscellaneous revenues (expenses):		
Interest income (expense)	(4,277,530)	(82,836)
Other	<u>(1,671,143)</u>	<u>4,910</u>
Total	<u>(5,948,673)</u>	<u>(77,926)</u>
Income/(Loss) before operating transfers	294,094,286	235,528,618
Operating transfers out:		
PSP enforcement - Note 3	(29,236,001)	(30,779,591)
<b>Net Income/(Loss) from operations</b>	<b><u>264,858,285</u></b>	<b><u>204,749,027</u></b>
Statutory Transfers:		
General fund - Note 4	(185,100,000)	(185,100,000)
Drug and alcohol programs - Note 4	(5,297,166)	(4,174,229)
Total	<u>(190,397,166)</u>	<u>(189,274,229)</u>
Change in net position	74,461,119	15,474,798
Total net position - beginning - Note 12	<u>(1,085,749,457)</u>	<u>(1,105,186,696)</u>
Total net position - ending	<u>\$ (1,011,288,338)</u>	<u>\$ (1,089,711,898)</u>
Liquor tax	415,839,371	365,707,467
State Sales Tax	163,877,596	143,946,095
Local Tax	9,642,553	8,776,815
Taxes remitted to Dept.of Revenue YTD	<u>\$ 589,359,520</u>	<u>\$ 518,430,377</u>

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Board Member Negra asked Mr. Burns for an explanation of why there was a 75% decrease in June’s sales figures despite the agency having done well operationally that month. Mr. Burns confirmed that the fiscal year and the total year-to-date figures were net positive. The June figures historically reflect the adjustments of long-term accrued liability which include estimates for the post-employment health benefits and the pension program. He noted that adjustments to estimates are made throughout the year but the final accounting can distort the net income of the final month of the fiscal year.

**OTHER ISSUES**

***2022 Board Meeting Schedule.....Secretary Stark***

The public meetings will be held in Harrisburg, PA and will commence at 11:00 a.m. in the Northwest Office Building, Conference Room 117. If a meeting is conducted telephonically, members of the public, the media and others can find instructions on the PLCB public website to listen to the meeting.

- Wednesday, January 12, 2022
- Wednesday, January 26, 2022
- Wednesday, February 9, 2022
- Wednesday, February 23, 2022
- Wednesday, March 9, 2022
- Wednesday, March 23, 2022
- Wednesday, April 13, 2022
- Wednesday, April 27, 2022
- Wednesday, May 18, 2022
- Wednesday, June 8, 2022
- Wednesday, June 22, 2022
- Wednesday, July 13, 2022
- Wednesday, July 27, 2022
- Wednesday, August 10, 2022
- Wednesday, August 31, 2022
- Wednesday, September 21, 2022
- Wednesday, October 5, 2022
- Wednesday, October 26, 2022
- Thursday, November 10, 2022
- Wednesday, November 30, 2022
- Wednesday, December 14, 2022

**Motion Made:** Board Member Negra  
**Seconded:** Board Member Isenhour

**Board Decision:** Unanimously agreed (3-0 vote) to approve the 2022 Board Meeting schedule as presented.

**CITIZEN COMMENT/BUSINESS FROM THE FLOOR**

None.



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**NEXT BOARD MEETING**

**The next meeting of the PLCB will be a formal meeting on Wednesday, October 6, 2021 beginning at 11:00 A.M. Prior to the public meeting, there will be an Executive Session to discuss matters of personnel and to engage in non-deliberative informational discussions, some of which are regarding actions and matters which have been approved at previous public meetings.**

**ADJOURNMENT**

On a motion by Board Member Negra, seconded by Board Member Isenhour, the meeting was adjourned.

The foregoing actions are hereby officially approved.

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Chairman

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Member

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Member

ATTEST:

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Secretary