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May 9, 2019

The Honorable Tom Wolf, Governor
225 Main Capitol Building
Harrisburg, Pa. 17120

Dear Gov. Wolf:

I am writing to ask that you direct the Liquor Control Board to immediately suspend any planned or future expired liquor license auctions.

I request that, at minimum, the auctions be suspended until the completion and publication of the report by the Wine and Spirits Wholesale and Retail Privatization Commission. Act 39 of 2016 required this report; yet, nearly three years later, the commission has never formed and no study ever conducted.

The same law authorized the LCB to auction off expired/revoked restaurant liquor licenses. These so-called "zombie licenses" were given new life by the auctions, but their insertion back into the marketplace is accelerating the death of private mom-and-pop businesses.

For many licensees, their liquor license is an asset on which they've staked future financial security. But licensees in rural areas have little hope of selling their license for a fair market value when interested buyers know they can simply hold out until the LCB's next auction.

Furthermore, there is nothing in the law forcing the LCB to conduct these auctions. It's time to step back and analyze the devastating effect these auctions are having on Pennsylvania's small businesses by continuing to drive down liquor license values.

As proof the auctions have diminished the value of liquor licenses, the agency needs to look no further than their own auction data. The percentage of licenses receiving no bid or a bid of less than \$40,000 more than doubled from the first auction in March 2017 (20 percent) to the auction in November 2018 (45 percent).

It is unfair to allow a state agency to undercut private businesses and worsen the already over-saturated liquor license market in many counties. I hope we can speak in the next few days to discuss a better way to balance the needs of small business owners with the financial needs of the Commonwealth.

Sincerely,

A handwritten signature in cursive script that reads "Frank Burns".

Frank Burns
State Representative
72nd Legislative District