



Pennsylvania HB 2272: Making the State's Distilled Spirits Monopolies Illegal

Most states allow private companies to sell and distribute distilled spirits, benefitting consumer choice and access, while avoiding costly and unnecessary bureaucracies to fill those functions. Pennsylvania House Bill 2272 proposes a constitutional amendment that would prohibit the state government from manufacturing or selling liquor but the legislation does not specify how the private sector would take over those functions.

Most states do not sell or distribute distilled spirits

- The sale, wholesale or retail, of any product—including alcoholic beverages—is not an inherently governmental function.
- Only 17 states operate some form of wholesale or retail monopoly for distilled spirits.
- Most states regulate liquor like pharmaceuticals, food and recreational cannabis by monitoring private market activity and avoiding direct government competition with private enterprise.
- While the Pennsylvania Liquor Control Board (PLCB) has focused on implementing improvements in recent years, Pennsylvanians still spend millions every year on liquor purchased in other states to avoid an inefficient state-run system.

Pennsylvania HB 2272 would end the state's distilled spirits monopolies, but stops short of establishing a competitive, private market replacement

- Market competition among private retailers benefits consumers, while government-run systems tend to use their monopoly status to limit choice and drive up prices.
- Without language specifying how private liquor retailers and wholesalers can be established, HB 2272 would need supporting legislation to achieve the underlying intention of privatized liquor sales.

Creating competitive markets for distilled spirits

- Existing state retail entities can be sold and operated by capable private entities that pay property and payroll taxes—Pennsylvania's retail locations generated over \$2.7 billion in sales in 2020–21.
- Act 39 (2016) established guidelines for allowing beer and wine to forgo needless government regulation—lawmakers should establish the same guidelines for liquor.
- Additional bill language licensing private liquor wholesalers and retailers would put the Pennsylvania Liquor Control Board in its proper regulatory role—regulating liquor, not enjoying taxpayer-funded protection from competition.

Key Takeaway: Pennsylvania HB 2272 would wisely remove the state's government control of distilled spirits sales and distribution but needs supporting legislation to replace the state's needless monopolies.