



ADVISORY NOTICE NO. 16 (Amended)

DISCOUNT PRICING PRACTICES

APRIL 14, 2004

TO: All Retail Licensees

The purpose of this advisory notice is to answer questions frequently asked by retail licensees regarding discount pricing practices in general.

1. Can the standard New Year's package of dinner for two with a bottle of champagne or carafe of wine be advertised and offered to customers?

Yes. A bottle of champagne or carafe of wine with dinner is permissible provided neither the meal nor the wine is discounted. Similarly a pitcher of beer with pizza would be permissible if neither is discounted. These are examples of definite and limited amounts of alcoholic beverages. Food may not be discounted as part of a package with alcoholic beverages because it would violate the Liquor Code provision that prohibits giving something of value to induce the purchase of alcoholic beverages. [47 P.S. § 4-493(24)].

2. What type of discounting is prohibited under the regulations dealing with discount pricing practices or "happy hour"?

The following are prohibited discount pricing practices: a sale or serving of more than one alcoholic beverage for the price of a single drink, an increased volume of an alcoholic beverage without a corresponding proportional increase in the price, an indefinite or unlimited amount of alcoholic beverages for a set price and a change in the price of an alcoholic beverage within the two hours permitted for happy hour.

3. Are there any exceptions to these prohibitions?

Yes. In addition to happy hour, there are two other exceptions. Licensees are permitted to sell and serve an unlimited or indefinite amount of alcoholic beverages at a fixed price for catered events arranged at least 24 hours in advance. This would include such events as weddings or private parties booked by an individual, a group or an organization for a specific number of people at a set date and time. A catered event must be conducted for a third party and a licensee may not conduct its own catered event.

The other exception is the offering for sale of a daily drink special.

4. What types of drinks can be offered as the daily drink special?

Please be advised that neither the daily drink special nor its price may change during the course of a business day, except that the drink may not be discounted after midnight. Furthermore, the daily drink special may end anytime before midnight. The following are examples of permissible daily beer specials: a specific brand of beer such as "Blue Hound Pilsner" or "Brendan's Cream Stout" or "Oil City Light," but not "all draft" or "all bottled" beer or "all Blue Hound products." Daily wine specials could be "Chardonnay" or "Merlot," but not "all white wine" or "all red wine" or "all Kendall's wines." Permissible spirits specials would be "Rum and Cola" or "all brandy drinks," but not "all well drinks" or "all Jackson's products."

5. Is it permissible to split the two-hour happy hour and conduct two separate happy hours of one-hour duration?

No. The regulations only permit the discounting of drinks for *two consecutive hours*; however, drinks may be discounted for less than two hours. During the happy hour, all or some alcoholic beverages may be discounted. Furthermore, no alcoholic beverages may be discounted between midnight and the legal closing hour.

6. May prices fluctuate or change during the two-hour period when I am permitted to discount drinks?

No. Board regulations specifically prohibit the pricing of alcoholic beverages in a manner that permits the price to change within the two-hour period.

7. Would I be permitted to serve a complimentary New Year's toast to my customers?

Yes. A licensee may provide a complimentary toast to a patron, group of patrons or to each patron at any time as long as it is limited to one drink per customer per day.

Any discount pricing issues not covered by this Advisory Notice may be resolved by writing to:

The Office of Chief Counsel

Room 401

Northwest Office Building

Harrisburg PA 17124-0001

This notice supersedes Advisory Notice No. 16 adopted October 21, 1998. Advisory Notice No. 16 (Amended) is hereby adopted on this date. Please govern your operations accordingly.

**BY ORDER OF:
THE PENNSYLVANIA LIQUOR CONTROL BOARD**



**JOHN D.W. REILEY
Secretary to the Board**