

## Results of “Zombie” Restaurant Liquor License Auction

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On November 16, 2017 the Pennsylvania Liquor Control Board (“PLCB”) released the results from its most recent auction of expired “zombie” restaurant licenses. The results of the highest bidders can be found at Auction 4 Top Bidders.

The PLCB’s ability to auction previously expired licenses was granted by the passage of Act 39 of 2016. In Pennsylvania, the purchase and sale of restaurant retail (also known as “R” licenses) licenses is typically through the quota system, which means that there are a finite number of R licenses in each county that a purchaser may buy. Therefore, before the passage of Act 39, anyone who desired to purchase an R liquor license was required to find a license already owned by another licensee who was looking to sell. The quota system creates a market for liquor licenses that is very susceptible to the theory of supply and demand. For example, where there are few licenses for sale, the price goes up and, likewise, where there are many licenses for sale in the same county, the price goes down. The auction process made possible by Act 39 allows potential purchasers, for the first time, to buy a license directly from the PLCB and outside of the quota system.

Winning bids for the November auction ranged from \$25,605 for a license in Johnsonburg, Elk County, to \$351,502 for a license in Lower Pottsgrove Township, Montgomery County. In total there were 50 licenses up for auction in November and 41 received winning bids. Statewide, about 1,200 licenses that have expired since 2000 are being made available through these auctions.

For more information about the PLCB Auction process or Tucker Arensberg, P.C.’s Alcohol Industry Practice Group, please contact Evan Pappas 717-221-7979 or Irving Firman at 412-594-5557.