



News for Immediate Release

Sept. 3, 2014

Pennsylvania Liquor Control Board Reports Record Revenue and Contributions to the General Fund for Fiscal Year 2013-14

Revenue exceeds \$2.2 billion – a 3.2 percent increase over last year; contributions exceed \$566 million

Harrisburg – The Pennsylvania Liquor Control Board (PLCB) today announced revenue at Fine Wine & Good Spirits stores reached \$2.24 billion in Fiscal Year 2013-14, a \$67 million or 3.2 percent increase compared to FY 2012-13. The PLCB paid a record \$526 million in liquor tax, sales tax and transfers to the General Fund, a year-over-year increase of \$13 million.

In addition to \$526 million in contributions to the General Fund, the agency also remitted \$8.3 million in local taxes to Philadelphia and Allegheny counties, \$25 million to the Pennsylvania State Police, \$2.5 million to the Department of Drug and Alcohol Programs and \$4.5 million in licensing fees returned to local municipalities.

In total, agency contributions to state and local entities totaled more than \$566 million, a \$15 million increase over the previous fiscal year.

The annual profit transfer to the General Fund of \$80 million, typically paid in June, was made in March at the request of the Governor's Budget Office, which also sets the amount of the transfer. The PLCB's ongoing profitability and cash flow generated from operations allowed the agency to fulfill this request for early payment. By the end of Fiscal Year 2013-14, the PLCB has no outstanding debts due to the General Fund. In February 2013, the PLCB repaid a \$110 million advance from the General Fund, which had been outstanding since 1968.

The PLCB reported net income of \$123.7 million in FY 2013-14 versus \$128.4 million reported last fiscal year. While it appears net income decreased, it actually did not. In FY 2012-13, the PLCB's net income included an \$8.9 million credit from the Office of Administration for overbilling the agency for medical benefits over a number of years. Without the credit, the net income in FY 2012-13 would have been \$119.5 million. On an adjusted basis, 2013-14 net income exceeded 2012-13 by \$4.2 million, or 3.5 percent. Gross margin decreased slightly to 31.11 percent from the 31.15 percent reported last year.

Retail wine sales at Fine Wine & Good Spirits stores showed the strongest growth – a 3.7 percent increase – driven by the Chairman’s Selection® program, which experienced a 5.6 percent increase in sales. Retail spirits sales also increased by 3.7 percent, while overall licensee sales increased by a more modest 0.7 percent.

Prominent operational expense increases included state pension contributions, up \$7.0 million or 42.9 percent; credit/debit card service fees, up \$1.4M or 6.6 percent; and store rent, up \$1.7 million or 4.1 percent. These increases were partially offset by reduced IT expenses associated with the decision to defer several system upgrades (\$4 million) until the next fiscal year, and lower advertising costs (\$1.3 million).

Established in 1933, the Pennsylvania Liquor Control Board regulates the distribution of beverage alcohol and also operates more than 600 Fine Wine & Good Spirits stores statewide. Taxes and store profits are returned to Pennsylvania’s General Fund, helping to pay the cost of essential services such as education, health care, infrastructure and public safety.

Media contact: Stacy Kriedeman, 717.783.8864

###