# Ohio Legislative Service Commission

*Jason Phillips*

# Fiscal Note & Local Impact Statement

**Bill**: S.B. 82 of the 128th G.A. **Date**: April 20, 2009

**Status**: As Introduced **Sponsor**: Sen. Niehaus

**Local Impact Statement Procedure Required**: No — No local cost

**Contents**: Creates the A-2a liquor permit to authorize the sale of wine at retail by an A-2 permit holder at a location other than the premises where the wine is manufactured

## State Fiscal Highlights

| STATE FUND | FY 2010 – FUTURE YEARS |
|---|---|
| **Liquor Control Fund (Fund 7043) – Department of Commerce** | |
| Revenues | Potential gain from liquor permit processing fees |
| Expenditures | - 0 - |
| **Undivided Liquor Permit Fund (Fund 7066) – Department of Commerce** | |
| Revenues | Potential gain in revenue from liquor permit fees |
| Expenditures | Potential increase in transfers to specified state funds and local governments |

Note: The state fiscal year is July 1 through June 30. For example, FY 2010 is July 1, 2009 – June 30, 2010.

- As a result of the proposed new A-2a permit for wine manufacturers, Undivided Liquor Permit Fund (Fund 7066) fee revenue may increase by up to $10,000 or so if all 131 A-2 permit holders were to seek the A-2a permit. The proceeds are distributed to the GRF (45%), the local government where the permit is issued (35%), and the Statewide Treatment and Prevention Fund (Fund 4750) used by the Department of Alcohol and Drug Addiction Services (20%).
- If all current A-2 liquor permit holders were to seek an A-2a permit, the Liquor Control Fund (Fund 7043) would experience a gain in revenue of up to $13,100 from the $100 application processing fee that accompanies permanent liquor permits.

## Local Fiscal Highlights

| LOCAL GOVERNMENT | FY 2010 – FUTURE YEARS |
|---|---|
| **Municipalities and Townships** | |
| Revenues | Potential minimal gain from liquor permit fee distributions |
| Expenditures | - 0 - |

Note: For most local governments, the fiscal year is the calendar year. The school district fiscal year is July 1 through June 30.

- Local governments where A-2a liquor permits are issued would gain minimally from Fund 7066 distributions.

# Detailed Fiscal Analysis

This bill creates the A-2a liquor permit, which authorizes A-2 permit holders (wine manufacturers) to sell wine at retail at a location other than the premises where the wine is manufactured if the receipts from other goods and services, excluding wine sales, at the retail location will not exceed 25% of total gross receipts. There are other limits on the issuance of the permit, such as: (1) each A-2 permit holder may hold only one A-2a permit, (2) only one A-2a permit holder may sell wine at any retail sales location, and (3) the premises for which an A-2a permit is issued must be located in a precinct or portion of a precinct that permits the sale of wine.

The bill sets the fee for the A-2a permit at $76, which is consistent with the fee for the A-2 permit. There are currently 131 active A-2 permit holders across the state. If all of the A-2 permit holders were to seek an A-2a permit, revenue to the Undivided Liquor Permit Fund (Fund 7066), where liquor permit fees are initially deposited, would be $9,956 ($76 x 131 = $9,956). The revenue in Fund 7066 is distributed as follows: 45% to the GRF, 35% to the local governments where the permits are issued, and 20% to the Statewide Treatment and Prevention Fund (Fund 4750) used by the Department of Alcohol and Drug Addiction Services. Therefore, those recipients would also experience a minimal gain in revenue from any A-2a permits that are issued.

In addition to the liquor permit fee of $76, current law requires a $100 processing fee to accompany all permanent liquor permit applications, the revenue from which covers the Division of Liquor Control's expenses in fingerprinting and making background checks for permanent license applications and is deposited into the Liquor Control Fund (Fund 7043). If all A-2 permit holders were to seek an A-2a permit, revenue to Fund 7043 from this fee would be about $13,100.

*SB0082IN.docx/ejs*