Ohio Legislative Service Commission

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Fiscal Note & Local Impact Statement

Bill: Sub. S.B. 298 of the 129th G.A.

Date: December 10, 2012

Status: As Reported by House Commerce, Labor and Technology

Sponsor: Sen. Cafaro

Local Impact Statement Procedure Required: No

Contents: Alters the conditions under which D-5l and F-2 permits may be issued and makes other changes to the issuance of F-2 permits

State Fiscal Highlights

- The bill authorizes the issuance of D-5l liquor permits in the largest municipal corporation in counties with populations between 140,000 and 141,000, and 215,000 and 225,000. According to the census data certified by the Development Services Agency, this appears to affect the city of Springfield within Clark County, and the city of Warren within Trumbull County, respectively.
- The bill makes two changes to the authorization of F-2 liquor permits by (1) allowing one permit to be issued to an applicant every 30 days, instead of one per calendar year, and (2) increasing the time period that these temporary permits can last, from two days to four days.
- As a result of the bill, there is likely to be a minimal increase in liquor permits issued. If so, additional liquor permit fee revenue would be deposited into the Undivided Liquor Permit Fund (Fund 7066) and subsequently distributed to the State Liquor Regulatory Fund (Fund 5LP0) used by the Division of Liquor Control (45%), the local taxing district 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%). There would also be a minimal gain in revenue to the Liquor Control Fund (Fund 7043) from the $100 processing fee that accompanies all permanent liquor permit applications.

Local Fiscal Highlights

- If more liquor permits are issued, the local taxing district would receive a portion of the liquor permit fees collected by the state and deposited into the Undivided Liquor Permit Fund (Fund 7066). Current law specifies that local taxing districts are to receive 35% of the permit fees attributable to permitted establishments within their jurisdiction. These revenues would presumably offset any local costs as a result of additional liquor permits.

Detailed Fiscal Analysis

Overall, the bill may result in additional liquor permits to be issued. Up to 30 D-5l permits may be issued to applicants in the cities of Springfield and Warren, provided that revitalization districts are created in both cities. The bill also allows F-2 permits to be issued to an applicant more frequently and for a longer duration. These changes would result in a minimal gain in revenue to the Undivided Liquor Permit Fund (Fund 7066), which would offset costs to the state and political subdivisions as a result of additional liquor permits. The potential fiscal effects of the bill are described in more detail below.

D-5l Permits for potential revitalization districts in Springfield and Warren

Current law provides for the creation of revitalization districts that include or will include a combination of entertainment, retail, educational, sporting, social, cultural, or arts establishments in close proximity. Eligible communities are municipal corporations or townships of less than 100,000 in a county of less than 125,000 in population. Creating these types of districts allows for additional liquor permits to be issued within their boundaries that are not subject to liquor permit quota requirements. The permits are solely issued to retail food establishments and food service operations meeting other requirements.

The bill authorizes the issuance of D-5l liquor permits in the largest municipal corporation in counties with populations between 140,000 and 141,000, and 215,000 and 225,000. According to the census data certified by the Development Services Agency, this appears to affect the city of Springfield within Clark County, and the city of Warren within Trumbull County, respectively.

Provided that revitalization districts are indeed created in both cities, there is likely to be a minimal increase in the number of liquor permits issued. Although the exact number of new permits to be issued as a result of the bill is uncertain, current law authorizes no more than 15 D-5l permits to be issued within a single revitalization district. The fee revenue from these permits is initially deposited into the Undivided Liquor Permit Fund (Fund 7066) and subsequently distributed to the State Liquor Regulatory Fund (Fund 5LP0) used by the Division of Liquor Control (45%), the local taxing district 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%). Thus, these state funds and the cities of Springfield and Warren may experience a minimal gain in liquor permit fee revenue. Revenue to the cities would presumably offset any costs as a result of additional liquor permits. The annual fee for the D-5l permit is $2,344. Additionally, there would also be a minimal gain in revenue to the Liquor Control Fund (Fund 7043) from the $100 processing fee that accompanies all permanent liquor permit applications. There are currently 12 D-5l permits issued in the state.

Temporary permits for nonprofits

F-2 liquor permits are temporary permits issued to nonprofits to sell beer, wine, mixed beverages, and spirituous liquor at certain events. Typically, applicants are religious, fraternal, or charitable organizations that wish to sell alcohol at fundraising functions like game nights, food events, and festivals. The bill makes two changes to the authorization of F-2 liquor permits by (1) allowing one permit to be issued to a qualifying applicant every 30 days, instead of one per calendar year, and (2) increasing the time period that these temporary permits can last, from two to four days.

The Division of Liquor Control estimates that these changes would result in an increase of 150 to 250 F-2 permits issued annually. The F-2 permit fee is $150. However, additional revenue to Fund 7066 as a result of these changes is expected to be minimal. This is because many of the additional permits would likely be issued to applicants who currently apply for the F permit, which is a similar temporary permit, except it only allows for beer to be sold at the permitted event. Consequently, the additional F-2 permits would at least partially replace current F permits. Up to two F permits may be issued to an applicant every 30 days, with a permit fee of $40. There were 2,240 F-2 permits issued in calendar year 2011.

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