



Ohio Legislative Service Commission

Tom Middleton

Fiscal Note & Local Impact Statement

Bill: [S.B. 298 of the 129th G.A.](#)

Date: November 13, 2012

Status: As Introduced

Sponsor: Sen. Cafaro

Local Impact Statement Procedure Required: No

Contents: Establishes local entertainment districts for the purpose of issuing liquor permits

State Fiscal Highlights

- There are likely to be additional liquor permits issued to areas that qualify for designation as local entertainment districts under the bill. If so, there would be a gain in liquor permit fee revenue to the Undivided Liquor Permit Fund (Fund 7066).
- Amounts deposited into Fund 7066 are 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 could 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 municipality or township where the permitted premises is located would gain a minimal amount of revenue from 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.

Detailed Fiscal Analysis

Overview

The bill creates a new "local entertainment district" designation for businesses to issue additional liquor permits in municipalities or townships. Overall, there is likely to be an increase in the number of liquor permits issued, though the number of new permits issued as a result of the bill is uncertain. 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 municipalities and townships in the areas where the permitted premises are located may experience a minimal gain in liquor permit fee revenue. 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.

Current law for community entertainment districts and revitalization districts

Current law provides for the creation of community entertainment districts and revitalization districts, both of which are bounded areas that include or will include a combination of entertainment, retail, educational, sporting, social, cultural, or arts establishments in close proximity. Eligible communities are either (1) municipal corporations with a population of at least 100,000, or (2) townships with a population of at least 40,000. Alternatively, revitalization districts are authorized for issuance in communities that 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 a specified number of additional liquor permits to be issued within their boundaries that are not subject to liquor permit quota requirements and that can be issued to retail food establishments and food service operations meeting certain requirements. The annual fee for both the D-5j permit (for community entertainment districts) and the D-5l permit (for revitalization districts) is \$2,344.

New law creating local entertainment districts

The bill creates local entertainment districts to fill the gap in entertainment district authorization for economic development means by allowing businesses in municipal corporations with a population of less than 100,000 to be issued additional liquor permits when the county has more than 125,000 residents. The bill allows up to ten permits to be issued above the population quota restrictions. The additional permits in the district mirror the D-5j and D-5l permits in current law, since they are only authorized to be issued to retail food establishments and food service operations.

Three permit types are allowed for issuance in local entertainment districts: D-1 permits (beer in restaurant), D-2 permits (wine and mixed beverages in restaurant), and D-5 permit (beer, wine, mixed beverages, and liquor in restaurant). The annual fees for the permits are \$376, \$564, and \$2,344, respectively. These permit fees are to be deposited into the Undivided Liquor Permit Fund (Fund 7066), while the initial application fee of \$100 would be deposited into the Liquor Control Fund (Fund 7043). Additional permits are expected to be issued as a result of the bill; however, the exact number of permits applied for and issued would depend on business conditions and the creation of these local entertainment districts by municipalities and townships in counties with more than 125,000 in population. Currently, 22 of Ohio's 88 counties have a population of greater than 125,000.

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