



# Ohio Legislative Service Commission

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## Fiscal Note & Local Impact Statement

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**Bill:** S.B. 48 of the 130th G.A.

**Date:** March 19, 2013

**Status:** As Introduced

**Sponsor:** Sen. Balderson

**Local Impact Statement Procedure Required:** No

**Contents:** Allows certain liquor permits transferred to a location as part of an economic development project to be subsequently transferred

### State Fiscal Highlights

- The bill allows permits that have been transferred through the Economic Development Transfer (TRES) process by the Division of Liquor Control to be subsequently transferred to another permit-holder or location within the same political subdivision without the requirement that the new permit-holder or new location fulfill the economic development project criteria that the transfer was originally approved under.
- Overall, the bill may result in a slight increase in liquor permit transfers. The applicable transfer fee is \$100, and is deposited into the Undivided Liquor Permit Fund (Fund 7066). Subsequently, these amounts are 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%).
- TRES transfers occur when a business wants a liquor permit in a municipal corporation or township that has already filled its liquor permit quota limit. The Division may transfer such a permit if the business qualifies as an economic development project and the legislative authority where the permit is to be transferred approves the permit application. There are approximately 1,000 TRES transferred liquor permits currently issued in the state.

### Local Fiscal Highlights

- The liquor permit transfers resulting from the bill would stay within the same city or township; consequently, the only fiscal effect to political subdivisions is a possible gain in revenue for local law enforcement from distribution of additional permit fees from transfer applications.

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## Detailed Fiscal Analysis

### Fiscal effects

The bill allows permits that have been transferred through the Economic Development Transfer (TREX) process by the Division of Liquor Control to be subsequently transferred to another permit-holder or location within the same municipal corporation or township without the requirement that the new permit-holder or new location fulfill the economic development project criteria under which the transfer was originally approved. Overall, the bill could result in a slight increase in liquor permit transfers, although this type of transfer would probably be infrequent. Transfer fees are \$100, and are 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%). Because the liquor permits that may be transferred as a result of the bill would stay within the same city or township, the only fiscal effect to political subdivisions is a possible gain in revenue for local law enforcement from distribution of additional fees from transfer applications.

### Background

TREX transfers occur when a business wants a liquor permit in a municipal corporation or township where the liquor permit quota has been reached. The Division of Liquor Control may transfer certain permanent liquor permits, including C-1, C-2, D-1, D-2, D-3, or D-5 permits, to the political subdivision if the business qualifies as an economic development project. The Superintendent of Liquor Control determines whether the applicant's business is designated as an economic development project using various criteria, such as the cost of the project, the estimated number of jobs created, earnings, tax revenues, and other project outcomes. However, before the Division may transfer the permit, the legislative authority where the permit is to be transferred must approve the permit application. There are approximately 1,000 TREX transferred liquor permits currently active in the state.