

# **LSC Greenbook**

**Analysis of the Enacted Budget**

## **Liquor Control Commission**

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**ATTACHMENTS:**

Budget Spreadsheet By Line Item

# Liquor Control Commission

- The Commission docketed and heard over 2,400 cases in FY 2009
- \$1.3 million in forfeitures deposited in the GRF in FY 2009

## OVERVIEW

### Agency Overview

The Liquor Control Commission (LCO) is the rule-making and adjudication agency that oversees the alcoholic beverage industry in Ohio. LCO was originally established as a part of the Department of Liquor Control, becoming an independent agency in 1985. The Commission's mission is to ensure compliance with Ohio's liquor laws and regulations. This requires LCO to work with the Department of Commerce's Division of Liquor Control, the state's permit-issuing authority, the Attorney General, and the Department of Public Safety. The Commission's responsibilities include (1) making and interpreting rules regarding liquor production, sales, advertising, and so forth, (2) hearing and ruling on cases regarding alleged liquor permit violations, (3) hearing and ruling on appeals of the Division of Liquor Control decisions concerning liquor permit renewals and distribution, and (4) hearing and ruling on appeals of liquor permit revocations and of permit nonrenewals based on tax delinquencies. The Commission is comprised of three members appointed by the Governor for six-year terms and five full-time staff, including an executive director. Commissioners' salaries are fixed by the Governor's office and increase only when new appointments are made. The Commission receives its funding from the Liquor Control Fund (Fund 7043), which consists of receipts from the sale of spirituous liquor.

### Appropriation Overview

The budget provides \$728,162 in FY 2010, which is 2.1% higher than FY 2009 actual spending of \$713,505 but 5.7% less than the funding the Commission received for FY 2009. The FY 2010 amount equals the actual spending by LCO for FY 2008. Funding for FY 2011 increases by 6.1% to \$772,524, the same amount appropriated for FY 2009.

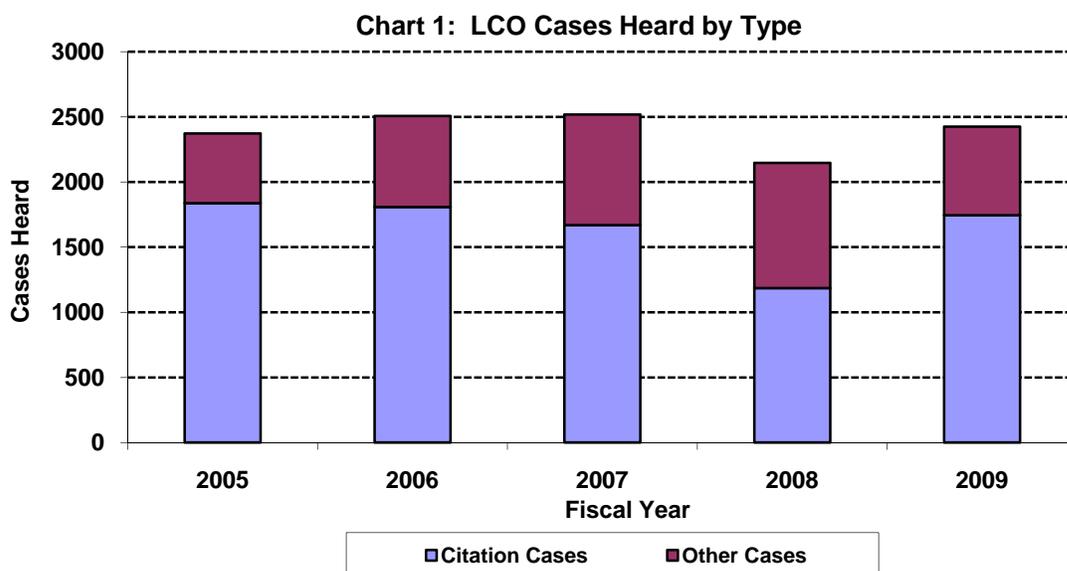
### Summary of Budget Issues

#### Adjudication Hearings

The bulk of Commission work revolves around preparing for and holding adjudication hearings. Commission staff prepare paperwork before hearings and then produce decisions, related correspondence, and various reports. During FY 2009, over

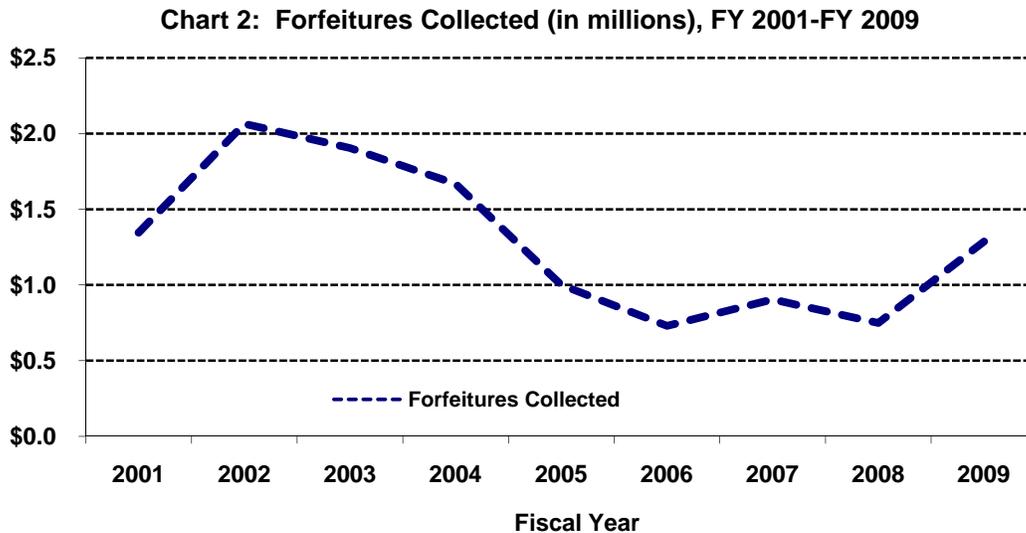
2,400 cases were docketed and heard. In order to accommodate Department of Public Safety agents who frequently appear at hearings and to resolve other scheduling issues, the Commission intends to modify its schedule to hold hearing days on four or five days per week during one week out of the month beginning later in 2009.

As Chart 1 below shows, the number of violations issued by law enforcement authorities – referred to as citation cases – primarily drives the Commission's caseload. Other types of cases include Division of Liquor Control appeals, sales tax appeals, sales tax complaints, unemployment compensation cases, and Bureau of Workers' Compensation (BWC) payment issues involving permit holders. The Commission's goal is to issue decisions within 45 days. The vast majority are issued within two weeks.



**Forfeiture Collections**

Forfeitures, or cash fines collected as a result of Commission orders and deposited in the GRF, totaled about \$1.3 million in FY 2009. As Chart 2 below shows, forfeitures peaked in FY 2002 at just over \$2 million and declined throughout most of this decade. While the amount of forfeitures ordered or collected in any year depends on the types of cases heard, the Commission's judgment on the frequency and severity of offenses also plays a role in these cases.



### Ohio Liquor Law Enforcement Database

The Commission shares information via computer technology with the general public and the Department of Commerce's Division of Liquor Control, the Attorney General's Liquor Unit, and the Department of Public Safety's Investigative Unit, via the Ohio Liquor Law Enforcement (OLLE) database. This system, hosted and supported by the Department of Public Safety, is used for reporting citation cases as well as for printing citation case dockets and witness lists. The Commission continues to work toward making OLLE fully operational by coordinating with the Department of Public Safety's programmer responsible for the project.

## ANALYSIS OF ENACTED BUDGET

The Commission's operations are funded by a single line item appropriation from the Liquor Control Fund (Fund 7043), the primary revenue source for which is retail and wholesale liquor sales. The table below shows the appropriated funding for this line item.

Appropriations for the Liquor Control Commission				
Fund	ALI and Name		FY 2010	FY 2011
<b>Liquor Control Fund Group</b>				
7043	970321	Operating Expenses	\$728,162	\$772,524

This line item pays for operating expenses. The funding for FY 2010 amounts to \$728,162, which is 2.1% higher than FY 2009 spending of \$713,505 but 5.7% less than the \$772,524 in funding the Commission received for FY 2009. This amount is the same as the Commission actually expended in FY 2008. The amount for FY 2011 increases by 6.1% to \$772,524, the same amount appropriated for FY 2009.

The Commission's annual share of the fees for the OLLE database described in the previous section is estimated to be approximately \$8,333 per fiscal year in the upcoming biennium based on hosting and support costs of \$25,000 per year split three ways between the Commission, the Department of Public Safety, and the Department of Commerce. Presumably this expense will be offset by efficiencies, such as reducing paperwork and improving communications between the other participating agencies. In addition, other agencies will be able to access information from the Commission's databases without Commission assistance, reducing Commission staff time devoted to researching such matters.

*LCO.docx / sle*

**FY 2010 - 2011 Final Appropriation Amounts**

**All Fund Groups**

<b>Line Item Detail by Agency</b>			<b>FY 2008</b>	<b>FY 2009</b>	<b>FY 2010 Appropriations</b>	<b>% Change FY09 - FY10</b>	<b>FY 2011 Appropriations</b>	<b>% Change FY10 - FY11</b>
<b>Report For: Main Operating Appropriations Bill</b>			<b>Version: Enacted</b>					
<b>LCO Liquor Control Commission</b>								
7043	970321	Operating Expenses	\$ 728,162	\$ 713,505	\$ 728,162	2.05%	\$ 772,524	6.09%
<b>Liquor Control Fund Group Total</b>			<b>\$ 728,162</b>	<b>\$ 713,505</b>	<b>\$ 728,162</b>	<b>2.05%</b>	<b>\$ 772,524</b>	<b>6.09%</b>
<b>Liquor Control Commission Total</b>			<b>\$ 728,162</b>	<b>\$ 713,505</b>	<b>\$ 728,162</b>	<b>2.05%</b>	<b>\$ 772,524</b>	<b>6.09%</b>