

Liquor Control Commission

- Commission continues to issue decisions within the 45-day goal (currently 30 days)
- \$1.36 million in forfeitures collected in 2000 for GRF

OVERVIEW

The Liquor Control Commission (LCO) is the rule-making and adjudication agency that oversees the alcohol beverage industry in Ohio. Its mission is to ensure compliance with Ohio's liquor laws and regulations. In pursuit of these ends, the commission's activities include the following: 1) making and interpreting rules regarding liquor production, sales, advertising, etc; 2) hearing and ruling on cases regarding violations of liquor laws that could result in the suspension or revocation of a liquor permit; 3) hearing and ruling on appeals of decisions of the Division of Liquor Control concerning liquor permit renewals and distribution; and 4) hearing and ruling on appeals of liquor permit revocations and of permit non-renewals due to sales tax delinquency.

The Commission is comprised of three members appointed by the Governor for six-year terms and six full time staff, including an executive director. The bulk of Commission activities are adjudication hearings. Commission staff prepares paperwork prior to hearings and then produces decisions, collateral correspondence and reports. During FY 2000, more than 2,000 hearings were docketed for LCO. No reduction in hearings is anticipated in the future.

The Liquor Control Commission has integrated new policies, procedures and technologies in order to streamline and improve service to its internal and external customers. Currently, the Commission is meeting and exceeding its goal of issuing orders 45 days from the date of hearing. Forfeitures, which are collected as a result of Commission orders and deposited in the state General Revenue Fund, were \$1.36 million in FY 2000. Furthermore, the Commission has been able to provide certified records for more than 130 appeals to county courts of common pleas in a timely manner.

Payments for Personal Services and Purchased Services comprise 81% of the Commission's total budget. Purchased Services include the costs of court reporting and the production of transcripts and is directly tied to the number of hearings that are held. Since the Commission reacts to the activities of the Department of Public Safety, Division of Liquor Control, Attorney General, Department of Taxation, permit holders, and others, it is often difficult to predict how these associated hearing costs will fluctuate. At the present time, the total cost for a single hearing date averages \$1340, which includes witness fees, court reporters, transcript costs, miscellaneous supplies, sheriff writs and postage/order costs. The LCO holds approximately 44 hearing dates per year, amounting to nearly \$59,000 in hearing costs.

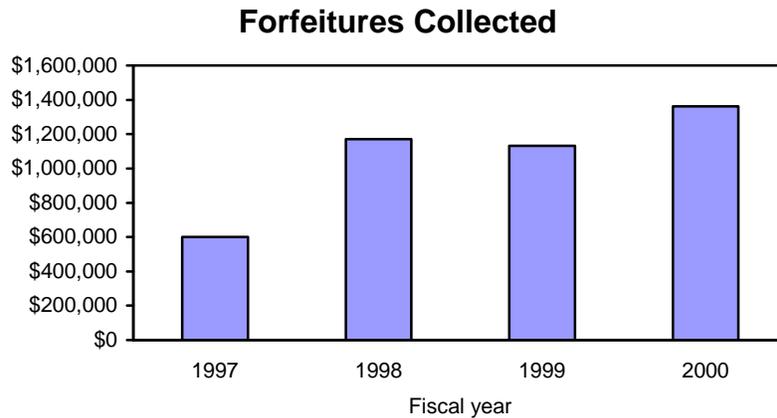
The Commission's total budget request for FY 2002 is \$738,518, a 9.9% increase from the previous fiscal year. The LCO's budget request is \$756,472 for FY 2003, a 2.5% increase from the previous fiscal year. The budget request for FY 2002 includes a supplemental request to replace the existing copy machine with a new digital copier that would interface with the computer network and improve the exchange of information between the Commission and its partner agencies. This would help ensure uninterrupted and efficient service from the LCO. No supplemental request has been made for FY 2003.

ADDITIONAL FACTS AND FIGURES

Liquor Control Commission Staffing Levels						
Alcoholic Beverage Industry Regulation	1998	1999	2000	2001	<i>Estimated</i>	
					2002	2003
Adjudication and Rulemaking	8.5	9	9	9	9	9
Totals	8.5	9	9	9	9	9

Note: The above figures include three commissions. Thus, for 1999 through 2003, there are three commissioners and six employees.

Forfeitures collected as a result of Commission orders are deposited in the state General Revenue Fund; any drivers' licenses forfeited in underage liquor sales findings are turned over to the Bureau of Motor Vehicles for investigation. Rulings of the Commission are still subject to appeal in either the Franklin County Common Pleas Court or the court in the county in which the liquor permit is valid.



ANALYSIS OF EXECUTIVE PROPOSAL

ALCOHOLIC BEVERAGE INDUSTRY

Single Program Agency

Purpose The mission of the Liquor Control Commission is to provide fair and impartial hearings for the protection of the public and permit holders, and to ensure compliance with the liquor laws and regulations of the Ohio Revised Code.

The following table shows the line items that are used to fund this program series, as well as the Governor's recommended funding levels.

Fund	ALI	Title	FY 2002	FY 2003
043	970-321	Operating Expenses	\$738,135	\$756,472
Total funding: Alcoholic Beverage Industry Regulation			\$738,135	\$756,472

Specific programs within the Alcoholic Beverage Industry Regulation program series that this analysis will focus on include:

■ **Adjudication and Rulemaking**

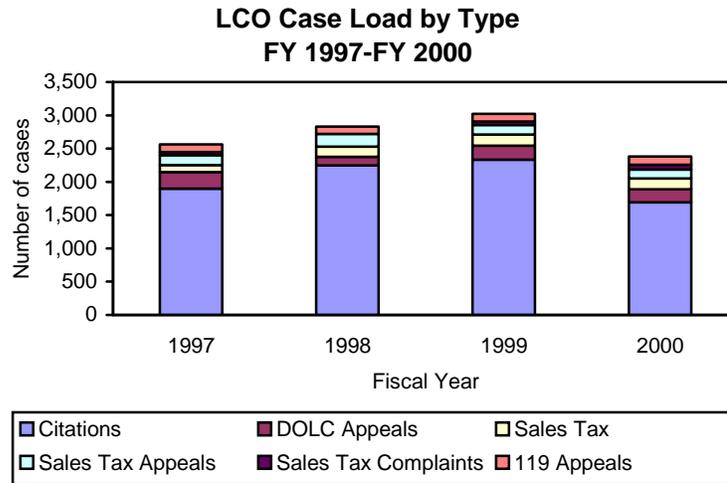
Program Description: The Liquor Control Commission (LCO) was originally established as a part of the Department of Liquor Control. The Commission became an independent agency in 1985 and draws its authority from Chapter 4301 of the Ohio Revised Code.

The role of the Liquor Control Commission is to regulate the alcoholic beverage industry. The Commission issues rules regarding liquor production, sales restrictions, minimum sales mark-up, advertising, and other matters related to the manufacture, distribution and sale of beer, wine, and liquor. Adjudication hearings, however, are the bulk of the Commission's activities. The LCO hears cases related to violations of state liquor laws that could result in fines or the suspension or revocation of liquor permits. The Commission also hears appeals from either permit holders or communities that object to decisions made by the Department of Commerce's Division of Liquor Control concerning the renewal and/or distribution of liquor permits. In addition, the Commission hears appeals on the revocation of liquor permits and non-renewals based on failure to pay sales tax.

In the course of regulating the alcoholic beverage industry, the Commission serves the general public, liquor permit holders, local communities, the Department of Commerce's Division of Liquor Control, the Department of Taxation, and the Bureau of Motor Vehicles.

The Commission has three appointed commissioners with six-year terms and appointments staggered every two years. Commissioners' salaries are fixed for the duration of their terms, and only increase when appointments are made. One Commissioner's term will expire during FY 2003.

Hearings, which are the bulk of the Commission’s activities, are extremely paper intensive. Computer usage can and does allow the Commission to handle paper intensive tasks more effectively and efficiently. Recent technological upgrades has allowed the Commission to streamline and improve its service to customers, internal and external. Average hearing costs are \$1340 per day or \$59,000 per year based upon 44 hearing days per year.



The Commission has requested supplemental funding in FY 2002 in the amount of \$19,000. The supplemental request for FY2002 is a decrease of 31.4% from the previous fiscal year’s supplemental request. No supplemental request has been made for FY 2003. The supplemental budget request in FY 2002 includes money to purchase a new digital copy machine. This machine will be capable of network interfacing and improve the exchange of information between the Commission and its partner agencies.

Funding Source: Fund 043 Liquor Control- primary sources of revenue include retail and wholesale liquor sales.

Line Items: Fund 043 970-321 Operating.

Implication of the Executive Recommendation: Core level funding is provided for the base level activities required to maintain the administrative functions of the Commission; supplemental fund to pay for digital copy equipment.

PERMANENT AND TEMPORARY LAW

This section describes permanent and temporary law provisions contained in the executive budget that will affect the department's activities and spending decisions during the next biennium.

No permanent or temporary law provisions have been proposed by the Executive.

REQUESTS NOT FUNDED

Alcoholic Beverage Industry Regulation						
Fund Line Item	FY 2002 Requested	FY 2002 Recommended	Difference	FY 2003 Requested	FY 2003 Recommended	Difference
043 970-321	\$719,518	\$719,518	(\$0)	\$757,809	\$756,472	(\$1,337)

Although the Executive’s recommendation for FY 2002 was the full amount requested in the Commission’s core budget level (CBL) funding request, the Executive recommended less than LCO’s CBL request in FY 2003. The CBL provides funding for staff salaries, court reporting services, basic supplies, and rental of space at 77 South High Street, and is the level of funding that will enable the Commission to maintain base level activities. The difference in funding should not have a significant impact, provided that the LCO caseload for partner agencies does not increase considerably.

Alcoholic Beverage Industry Regulation						
Fund Line Item	FY 2000 Requested	FY 2000 Recommended	Difference	FY 2001 Requested	FY 2001 Recommended	Difference
043 970-321	\$19,000	\$18,617	(\$383)	\$0	\$0	(\$0)

The Liquor Control Commission requested supplemental funding of \$19,000 in FY 2002. The Executive recommended \$18,617 in FY 2002. This slight decrease in requested funding should not have an impact on the acquisition of a digital copy machine.

LSC Budget Spreadsheet by Line Item, FY 2002 - FY 2003

<i>Fund</i>	<i>ALI</i>	<i>ALI Title</i>	<i>2000</i>	<i>Estimated 2001</i>	<i>Executive 2002</i>	<i>% Change 2001 to 2002</i>	<i>Executive 2003</i>	<i>% Change 2002 to 2003</i>
LCO Liquor Control Commission								
043	970-321	Operating Expenses	\$ 640,902	\$671,416	\$ 738,135	9.9%	\$ 756,472	2.5%
Liquor Control Fund Group Total			\$ 640,902	\$ 671,416	\$ 738,135	9.9%	\$ 756,472	2.5%
Total All Budget Fund Groups			\$ 640,902	\$ 671,416	\$ 738,135	9.9%	\$ 756,472	2.5%

General Revenue Fund

GRF 970-100 Personal Service

1998	1999	2000	2001 Estimate	2002 Executive Proposal	2003 Executive Proposal
\$1,999	\$0	\$0	\$0	\$0	\$0
	-100.0%	N/A	N/A	N/A	N/A

Source: GRF (starting in FY 1998 under H.B 215 of the 122nd G.A. funding for this line item would comes from the Liquor Control Fund, permit revenues)

Legal Basis: ORC 4301

Purpose: This line item was used to pay for personnel costs of the Commission.

GRF 970-200 Maintenance

1998	1999	2000	2001 Estimate	2002 Executive Proposal	2003 Executive Proposal
\$4,523	\$0	\$0	\$0	\$0	\$0
	-100.0%	N/A	N/A	N/A	N/A

Source: GRF (starting in FY 1998 under H.B. 215 of the 122nd G.A., for this line item comes from the Liquor Control Fund, permit revenues)

Legal Basis: ORC 4301

Purpose: This line item was used to pay for maintenance costs of the Committee.

Liquor Control Fund Group

043 970-321 Operating Expenses

1998	1999	2000	2001 Estimate	2002 Executive Proposal	2003 Executive Proposal
\$550,070	\$603,440	\$640,902	\$671,416	\$738,135	\$756,472
	9.7%	6.2%	4.8%	9.9%	2.5%

Source: LCF: Liquor permit revenues

Legal Basis: ORC 4301.12 (originally established by Am. Sub. H.B. 215 of the 122nd G.A.)

Purpose: This line item pays for personal, maintenance and equipment costs. Previously, all operating expenses were paid from the GRF in separate line items.