

# Greenbook

## LBO Analysis of Enacted Budget

### Liquor Control Commission

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# LBO Greenbook

## Liquor Control Commission

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### Quick look...

- The Liquor Control Commission (LCO) is an adjudication and rulemaking body that oversees Ohio’s alcoholic beverage industry. The Commission consists of three members appointed by the Governor and has four full-time staff.
- The Commission is a quasi-judicial body that hears administrative cases against permit holders for alleged violations of Ohio’s liquor laws and certain other matters related to these businesses.
- The Commission’s source of funding is a portion of liquor permit revenue transferred from the Undivided Liquor Permit Fund (Fund 7066).

FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Appropriation	FY 2021 Appropriation
<b>Fund 5LP0 ALI 970601, Commission Operating Expenses</b>					
\$761,571	\$758,636	\$778,556	\$739,603	\$873,607	\$905,916
% change	-0.4%	2.6%	-5.0%	18.1%	3.7%

### Agency overview

The Liquor Control Commission (LCO) is the rulemaking and adjudication agency that oversees the alcohol beverage industry in Ohio. 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, which issues liquor permits, and the Attorney General and Department of Public Safety, which are involved with investigating and enforcing liquor violations alongside LCO. The Commission’s responsibilities include (1) making and interpreting rules regarding liquor production, sales, and advertising, (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 consists of three members appointed by the Governor for six-year terms. In addition to the three salaried appointed members, LCO employed four full-time staff, including the Executive Director, as of August 2019.

## Analysis of FY 2020-FY 2021 budget

The budget of \$873,607 in FY 2020 and \$905,916 in FY 2021 factors in increases for employee payroll related to collective bargaining increases for union employees and parity pay increases for LCO's exempt staff. The budget also provides for anticipated increases in IT and Central Service Agency (CSA) costs charged by the Department of Administrative Services.

LCO's operating expenses are paid from the State Liquor Regulatory Fund (Fund 5LP0), which receives 45% of the liquor permit fee revenue deposited into the Undivided Liquor Permit Fund (Fund 7066). Overall, Fund 7066 collected more than \$45.0 million in permit fees in FY 2019. Of this overall amount, \$43.8 million was distributed to various entities, including just over \$20.0 million deposited into Fund 5LP0 (used by LCO and the Division of Liquor Control within the Department of Commerce), \$15.0 million to local taxing districts for liquor law enforcement, and approximately \$8.8 million directed to the Ohio Department of Mental Health and Addiction Services to fund treatment and education efforts. Of the portion deposited into Fund 5LP0, approximately \$4.0 million in surplus was subsequently transferred to the GRF.

The Commission holds adjudication hearings three days per month. In FY 2019, there were 2,073 cases adjudicated. Of this total, 1,066 were "citation" cases, which deal with liquor violations occurring at permit establishments. Other types of cases heard by the Commission involve, among other issues, tax, workers' compensation, and unemployment compensation delinquencies. Depending on the circumstances of a case, the Commission can impose cash fines, referred to as forfeitures. Once collected, these forfeitures are deposited into the GRF. In FY 2019, proceeds from forfeitures amounted to \$479,700.