

Greenbook

LBO Analysis of Enacted Budget

Liquor Control Commission

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LBO Greenbook

Liquor Control Commission

Quick look...

- The Commission consists of three members appointed by the Governor. As of July 2021, it employed four full-time staff to oversee operations.
- 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 is funded through a portion of liquor permit fee revenue collected by the state.

FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Appropriation	FY 2023 Appropriation
Fund 5LP0 ALI 970601, Commission Operating Expenses					
\$778,556	\$739,603	\$769,868	\$817,356	\$1,031,108	\$1,036,458
% change	-5.0%	4.1%	6.2%	26.2%	0.5%

Agency overview

The Liquor Control Commission (LCO) is the rulemaking and adjudication agency that oversees the alcohol beverage industry in Ohio and ensures compliance with Ohio’s liquor laws and regulations. LCO works with the Department of Commerce’s Division of Liquor Control, which issues liquor permits, 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. Each of the three appointed members draws a salary. In addition to the appointees, there are four full-time employees, including the Executive Director.

Analysis of FY 2022-FY 2023 budget

The budget for LCO is \$1,031,108 in FY 2022 and \$1,036,458 in FY 2023. The Commission’s operating revenue consists of a share of cash transfers from the Undivided Liquor Permit Fund (Fund 7066) that is deposited into the State Liquor Regulatory Fund (Fund 5LP0). This fund is also used by the Department of Commerce’s Division of Liquor Control to oversee the state’s liquor permitting process and other such regulatory functions. Altogether, Fund 5LP0 receives 45% of permit revenue deposited into Fund 7066. The remaining amounts go to the municipalities and

townships where the permits are issued (35%) and the Statewide Treatment and Prevention Fund (20%).

Operating expenses of the Division consist chiefly of payroll. There are also costs for rent, IT maintenance, and various administrative functions that are handled by the Central Service Agency within the Department of Administrative Services. Finally, the Commission pays a considerable amount for purchased personal services, consisting of contract hearing officers, court reporting services and transcripts, writs served, and witness reimbursements.

Budget provisions affecting LCO operations

Violations of COVID-19 health orders – vetoed

The Governor vetoed a provision in the budget enacted by the General Assembly that would have vacated violations of orders addressing COVID-19 by applicable businesses occurring after March 14, 2020, and required state agencies and boards of health to cease disciplinary actions in progress against businesses for violations that occurred thereafter. The provision also required these entities to expunge any record of a vacated violation and restore any rights and privileges that a business lost as a result of the violation. Finally, the provision required that any fines or civil penalties collected under these COVID-19-related orders to be refunded to the applicable businesses. This provision affects LCO since it adjudicates such alleged violations committed by liquor permit holders.

Reinstatement of liquor permits – vetoed

The Governor also vetoed a provision that required the Commission to reinstate a permit that had been revoked because of a COVID-19 health order or disorderly conduct related to such an order so long as the permit holder paid a fine of \$2,500.