



OHIO LIQUOR CONTROL COMMISSION  
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Testimony before the Finance Subcommittee on  
Agriculture, Development, and Natural Resources

Presented by:

Sarah W. Creedon, Executive Director

February 15, 2017

Chairman Thompson and members of the Subcommittee, thank you for your time. I am Sarah Creedon, Executive Director of the Liquor Control Commission.

### **Liquor Control Commission**

The Commission is an adjudicatory and rule-making agency that oversees Ohio's alcohol beverage industry. The agency's mission is to provide fair and impartial hearings to protect the public and the permit holders, and to ensure compliance with Ohio liquor laws and administrative rules. The agency also adopts and promulgates rules, standards, and requirements regarding alcohol sales in Ohio.

The Commission works with the Ohio Investigative Unit, the Attorney General's Office, the Division of Liquor Control, and the Department of Taxation to achieve the agency mission. The Ohio Investigative Unit, in their enforcement capacity, cites permit holders for alleged violations of law. During citation hearings, the Attorney General's Office acts as the prosecutor.

The Division of Liquor Control is responsible for processing applications and issuing liquor permits. Permit holders can appeal Division decisions rejecting liquor permit applications and renewals to the Commission.

As an adjudicatory body, the Commission functions as an administrative court with the same duties and obligations of any court. This includes ensuring due process, subpoenaing witnesses, granting and denying motions, considering evidence, and issuing decisions.

### **Funding**

The Commission does not receive General Revenue Funds. Operations are funded from the State Liquor Regulatory Fund (5LPO), which receives a portion of the liquor permit fee revenue deposited into the Undivided Liquor Permit Fund (Fund 7066). The State Liquor Regulatory Fund is administered by the Department of Commerce, Division of Liquor Control, which in fiscal year 2016 collected more than \$39.7 million in permit fees.

While the Commission receives no GRF funding, the Commission does contribute to the GRF by depositing all revenue it collects from financial forfeitures issued against permit holders for violations of Ohio's liquor laws and rules. In fiscal year 2016, the Commission collected over \$1.2 million in financial fines and forfeitures and deposited those funds into the GRF. In the current fiscal year to date, over \$1 million was collected and deposited into the GRF.

In addition to collecting forfeitures, the Commission works with the Department of Taxation to recover delinquent taxes. Through the hearing process, additional money is recovered annually for the State. For example, direct collections by the Department of Taxation on tax non-renewal cases alone docketed during fiscal years 2015 and 2016 exceeded one half of a million dollars.

### **Commission Staff**

The agency is made up of three commissioners and five full time staff members. The current Chair of the Commission is Deborah Pryce. Agency staff includes an Executive Director, legal counsel, and three administrative staff.

## **Commission Activities**

Administrative hearings form the bulk of the agency's focus. The Commission handles approximately 2,500 cases a year. In the last biennium, the Commission had anticipated a possible increase in the number of hearings given the merger of the Ohio Investigative Unit with the State Highway Patrol and their commitment to increase investigative resources. In fiscal year 2016, the Commission did see an increase in the number of citation cases heard by the Commission. The Commission heard over 2,000 citation cases in fiscal year 2016, which is about 500 more citation cases than in fiscal year 2015. The number of appeals and tax cases heard by the Commission has remained relatively steady.

Agency staff makes extensive preparation prior to monthly hearings, issues decisions, and collects financial forfeitures. The agency also promulgates rules relating to alcohol sales and distribution and has been diligent in seeking public input to better understand the impact of proposed rules on stakeholders.

## **Funding and Priorities for FY 2018 and FY 2019**

The Commission is requesting \$844,553 for fiscal year 2018 (which represents a 4% increase from fiscal year 2017), and \$851,269 for fiscal year 2019 (which is an additional .08% increase from fiscal year 2018).

The volume of work for the Commission is driven by the number of cases brought before it by partner agencies, as well as appeals from actions and decisions by the Division of Liquor Control. Given the reactive nature of hearings, it is challenging to predict how hearing costs may fluctuate.

The Commission must pay for court reporting, transcript production, the issuance of subpoenas by the Attorney General's Office, mileage reimbursement and fees for witnesses, and court fees. The Commission must make service of notice of hearings and orders to permit holders by certified

mail or personal service. The Commission's budget request reflects the variable nature of these expenses.

The agency's priorities include improving operational effectiveness and reducing agency costs where possible. During the last biennium, the Commission has implemented several changes in an effort to improve and streamline processes, while leveraging resources. For example, the Commission implemented a change to its hearing process involving tax suspension cases and most of those cases are now resolved administratively and dismissed prior to hearing.

The Commission has also taken steps to increase reliance on technology which will allow staff to be more efficient in delivering better service to the public. The Commission made modest, yet effective changes to its website, creating information and sample forms to help the public better navigate the hearing process and file documents with the Commission.

One operational change involved the Commission's increased reliance on DAS, IT services. The Commission is in the process of upgrading its database. In 2015, the agency's database was moved to the State of Ohio Computer Center (the "SOCC"). The Commission now relies on OIT for support as the Commission undergoes the much needed database upgrades.

Agency expenditures are entirely composed of personnel costs, purchased services, and maintenance charges. The agency runs with a modest budget and returns to the state far more revenue than its operating costs. The biennium budget request represents a small increase to allow the agency to continue to carry out its mission and to fulfill its statutory obligations.

Thank you for your consideration. I would be happy to answer any questions.