

Jim Hoops
81st Ohio House District

John Becker
65th Ohio House District

Finance
Transportation and Public Safety
Ways and Means
Chairman: Finance Subcommittee on
Agriculture, Development, and Natural
Resources



Chairman: Federalism
Ways and Means
State and Local Government

Ohio General Assembly
Ohio House of Representatives
Representatives Jim Hoops and John Becker

June 5th, 2019

Rep. Becker

Good afternoon Chairman Manning, Vice Chairman Dean, Ranking Member Lepore-Hagan, and members of the House Commerce and Labor Committee, thank you for the opportunity to present sponsor testimony on HB 219 today along with our colleague, Representative Hoops.

House Bill 219 was brought to us by two of our constituents who both have the same problem, and the more we look into the issue, we believe this same problem exists throughout the state. The issue is that in numerous places in Ohio, Sunday sales of alcohol are prohibited, and the only way to get Sunday sales is to conduct research on the wet/dry status of the property, hold an expensive election, and then pay a yearly fee for a D-6 liquor permit that only allows for sales for part of one day.

House Bill 219 would treat Sundays and holidays like other days of the week with regard to selling privileges.

Historically, Ohio has been slow to make changes to the liquor laws, and the Ohio Legislature proceeds cautiously which has been the case since the repeal of prohibition in 1933. The reason Ohio's approach is more deliberative is because Ohio was the birthplace of prohibition. Both the Women's Christian Temperance Movement and the Anti-Saloon league were based in Westerville, which set the tone of the debate after the passage of the 21st Amendment and into the present day.

One important feature of our law is that there is no home rule—so a city council may not pass a city wide alcohol ban. Instead, the legislature empowered precincts to vote on the wet/dry status within their borders. In fact, local wet/dry elections, our license scheme, our quota system and our distribution system are all established and guided by acts of the legislature. For the past 86 years, the Ohio legislature has reserved the exclusive right to change liquor laws to ourselves, and so I stand here today to explain why I believe we should once again exercise our right regarding Sunday sales.

In House Bill 219, Representative Hoops and I propose to eliminate the D-6 Liquor permit. The D-6 permit is a permit that an establishment attaches to their other permits to allow for Sunday sales. Due to tweaks in the law over the decades, off-premise retailers (grocery stores and convenience stores) pay \$400 per year, and on-premise retailers (bars and restaurants) pay \$500. Again, because of changes that we have made, some retailers may sell at 10:00am on Sunday, and others may not sell until 11:00am.

Jim Hoops
81st Ohio House District

John Becker
65th Ohio House District

Finance
Transportation and Public Safety
Ways and Means
Chairman: Finance Subcommittee on
Agriculture, Development, and Natural
Resources



Chairman: Federalism
Ways and Means
State and Local Government

Ohio General Assembly
Ohio House of Representatives
Representatives Jim Hoops and John Becker

As I mentioned earlier, to get Sunday Sales, retailers held a Sunday specific election costing between \$5,000 to \$10,000, which is the same amount they would pay for an election covering the rest of the week because a precinct-wide vote is a relatively fixed cost regardless of the question on the ballot. Attached to my remarks, I have also included a spreadsheet provided by NABCA which illustrates the approach that other states have taken with this narrow issue.

In our opinion, the burdensome cost to a small business owner should now be taken into account, and I urge your support for HB 219. I would now like to allow time for Representative Hoops to provide further details, and we are happy to answer questions together.

Rep. Hoops

Chairman Manning, Vice-Chairman Dean and Ranking Member Lepore-Hagan, I appreciate the opportunity to joint sponsor HB 219 and to present this testimony to you today.

As stated in Representative Becker's testimony, Ohio's liquor laws have evolved over the years, and I would like to point out the evolution of the Sunday sales laws. When Sunday sales were first permitted in Ohio in 1982, only the precinct-wide vote was available, so the entire precinct voted to be wet or dry for Sunday everywhere in the precinct. All sales began at 1:00PM.

In 1998, the legislature established the single site election, allowing the voters to vote on a single parcel of property instead of wetting up the entire precinct. This created more opportunities for elections to occur. Because of this change, Big Bear in Westerville became the first retailer in that city to get liquor sales, and they also passed a Sunday sales question.

In the early 2000's the legislature added a 10:00 AM Sunday sales question because some retailers wanted to sell earlier. A couple of years later, the legislature passed a bill to make all of the remaining 1:00pm licenses automatically change to 11:00am sales. In this case there was no vote of the people, just a unilateral act of the legislature.

At this point, it is also important to point out that all D-6 permit holders may sell beer at 5:30am, causing one more layer of confusion.

Jim Hoops
81st Ohio House District

John Becker
65th Ohio House District

Finance
Transportation and Public Safety
Ways and Means
Chairman: Finance Subcommittee on
Agriculture, Development, and Natural
Resources



Chairman: Federalism
Ways and Means
State and Local Government

Ohio General Assembly Ohio House of Representatives

Representatives Jim Hoops and John Becker

What this bill would do specifically is allow establishments that have passed weekday liquor sales initiatives to sell on Sunday. The bill eliminates the confusing start times, and it allows small businesses to use the entire day to generate revenue.

The bill does not make a precinct or a parcel that is dry during the week wet. In a precinct that is dry for weekday sales, there are no liquor licenses at all, and nothing in this bill would change that status.

The increased sales opportunity would be for beer, wine and spirituous liquor. On beer and wine, Ohio will see an increase in tax revenue. On spirituous liquor, which is anything over 21% alcohol by volume, JobsOhio is the direct recipient of the profits and the state will collect increased taxes.

However, according to the fiscal note, the Ohio Department of Commerce, Division of Liquor Control would lose a reported \$5.9 which is important to them because they use the license fees to cover some of their operational costs. They will also be processing 12,469 fewer permits with the elimination of the D-6. What the fiscal note does not take into account is the increased revenue for Jobs Ohio based on the expansion of their funding stream. We believe the increase to Jobs Ohio will far outpace the losses at the Division of Liquor Control and therefore we would propose drafting an amendment to require Jobs Ohio to offset the losses to the Division by increasing the transfer amount to cover the Division's losses.

Finally, I would like to acknowledge that the bill as drafted is a starting point, not an end result. In my experience, liquor bills that are moving through the process tend to be amended through a thoughtful and deliberative process. We welcome those ideas, and the insight of our colleagues.

At this time, we would like to answer any questions you may have.