



www.lsc.ohio.gov

# OHIO LEGISLATIVE SERVICE COMMISSION

Office of Research  
and Drafting

Legislative Budget  
Office

H.B. 219  
133<sup>rd</sup> General Assembly

## Fiscal Note & Local Impact Statement

*Revised*

[Click here for H.B. 219's Bill Analysis](#)

**Version:** As Introduced

**Primary Sponsors:** Reps. Becker and Hoops

**Local Impact Statement Procedure Required:** Yes

Terry Steele, Senior Budget Analyst

### Highlights

- The bill eliminates the statutory limitations on Sunday sales of beer and intoxicating liquor, consequently doing away with the D-6 liquor permit and local option elections authorizing Sunday sales of beer, wine, mixed beverages, or spirituous liquor. As of May 2019, there are 12,469 D-6 permits statewide.
- The total revenue that the Division of Liquor Control within the Department of Commerce derived from D-6 permit issuances (\$400 or \$500 depending on underlying permit type) was approximately \$5.9 million as of May 2019.
- Liquor permit fee revenues are deposited into the Undivided Liquor Permit Fund (Fund 7066) and are subsequently distributed to various entities according to percentages designated in statute. These entities would see declines in their shares of liquor permit fee revenue as a result of the bill. In particular, based on D-6 permit receipts through May 2016, municipalities and townships statewide would see aggregate revenue losses of approximately \$2.1 million.

### Detailed Analysis

The bill eliminates the statutory limitations on Sunday sales of alcohol. The elimination of these provisions also therefore includes the elimination of certain local option elections, and elimination of the D-6 liquor permit. Liquor permit revenues are used to (1) provide oversight of the state's liquor laws (45%), (2) support addiction treatment and education programming statewide (20%), and (3) supplement the general funds of municipalities or townships where permit premises are located (35%). Consequently, these recipients would see some decline in revenue from the elimination of the D-6 permit. However, the Division of Liquor Control would see some minimal cost decreases associated with no longer having to process D-6 permits.

Finally, county boards of elections would realize some small cost savings associated with no longer having local option ballot issues for Sunday sales questions. However, because these elections are infrequent and generally only require placing an additional question on a small number of ballots, these costs are generally minimal in nature.

## D-6 permits

Based on the approximately 12,500 D-6 permits issued by the Division of Liquor Control as of May 2019, there would be an anticipated revenue loss of approximately \$5.9 million under the bill. Depending on the type of permit establishment, the D-6 permit fee is either \$400 (C permits applying to retail carryouts) or \$500 (A and D permits applying to wineries, breweries, distilleries, as well as most restaurants, nightclubs, and other venues). Table 1 below summarizes the current number of D-6 permits and fees collected. Over the past two fiscal years, the Department of Commerce has issued 2,155 new D-6 permits. While it is unknown how many new D-6 permits would be issued or how many annual renewals there would be absent the bill, it is reasonable to expect that renewal revenues from these permits would rise based on the growth in the number of establishments seeking permission for Sunday sales of alcohol.

<b>Permit Class</b>	<b>Permit Fee</b>	<b>Total Permits</b>	<b>Revenue</b>
A – Class	\$500	219	\$109,500
C – Class	\$400	3,601	\$1,440,400
D – Class	\$500	8,649	\$4,324,500
<b>Total</b>		<b>12,469</b>	<b>\$5,874,400</b>

## Distributions from the Undivided Liquor Permit Fund

Liquor permit revenue is deposited into the Undivided Liquor Permit Fund (Fund 7066). From there, 45% of the revenue is distributed to the State Liquor Regulatory Fund (Fund 5LP0), which is used to pay the operating expenses for the Division of Liquor Control and permit adjudication issues handled by the Liquor Control Commission. Next, 20% of the permit revenue goes to the Statewide Treatment and Prevention Fund (Fund 4750) used by the Department of Mental Health and Addiction Services for statewide addiction treatment and education programs. Finally, municipalities and townships where permit premises are located receive 35% of the revenue, with the proceeds deposited into their general funds. Consequently, the loss of revenue from the removal of D-6 permits will decrease the distributions from Fund 7066 to these entities.

In particular for municipalities and townships, the loss in D-6 permit revenue distributions from the Undivided Liquor Permit Fund would depend on the number of D-6 permit establishments within those specific political subdivisions. Municipalities and townships with a larger number of D-6 permit establishments currently would incur greater revenue

losses. Based on the approximately \$5.9 million in D-6 permit receipts through May 2019, municipalities and townships would see aggregate revenue losses of approximately \$2.1 million statewide if the D-6 permit type were eliminated. Table 2 below shows the estimated revenue loss for each of the entities based on the statutory percentage of distributions from the Undivided Liquor Permit Fund.

<b>Table 2. Revenue Losses Attributable to Eliminating the D-6 Permit Based on D-6 Receipts as of May 2019</b>		
<b>Entity</b>	<b>Distribution Percentage</b>	<b>Revenue Loss</b>
State Liquor Regulatory Fund (Fund 5LPO)	45%	\$2,643,480
Municipalities and Townships	35%	\$2,056,040
Statewide Treatment and Prevention Fund (Fund 4750)	20%	\$1,174,880
<b>Total</b>		<b>\$5,874,400</b>

### **Local option elections – Sunday sales**

Since the bill eliminates the need for communities to hold local option elections concerning Sunday sales of beer or intoxicating liquor, it would yield some small amount of savings for boards of elections. The boards of elections offset some of the cost of administering these local option elections by charging petitioners a fee for lists of street names within the bounds of the local option election area. For the November 6, 2018 general election, there were a total of 210 Sunday sales questions on ballots statewide.