



Ohio Legislative Service Commission

Shannon Pleiman

Fiscal Note & Local Impact Statement

Bill: S.B. 95 of the 131st G.A.

Date: March 16, 2015

Status: As Introduced

Sponsor: Sens. Seitz and Thomas

Local Impact Statement Procedure Required: No

Contents: Permits the creation of outdoor refreshment areas, exempts persons within the area from the open container law, and declares an emergency

State Fiscal Highlights

- The bill permits the creation of outdoor refreshment areas, allowing for the consumption of beer and spirituous liquor at outdoor locations within the designated areas. There are 46 municipal corporations and townships in Ohio with a population of at least 35,000 that could approve these areas.
- If any of the eligible municipal corporations or townships creates an outdoor refreshment area, the Division of Liquor Control within the Department of Commerce must issue an outdoor refreshment area designation to certain liquor permit holders located within the area.
- This may result in additional liquor permit applications and issuances by the Division of Liquor Control. Liquor permit fees are collected by the Division of Liquor Control and deposited into the Undivided Liquor Permit Fund (Fund 7066), and then distributed to the State Liquor Regulatory Fund (Fund 5LP0) used by the Division of Liquor Control (45%), the local taxing district where the permit is issued (35%), and the Statewide Treatment and Prevention Fund (Fund 4750) used by the Department of Mental Health and Addiction Services (20%).

Local Fiscal Highlights

- If any of the 46 eligible Ohio municipal corporations and townships approves the creation of outdoor refreshment areas, there could be increased costs for local law enforcement to ensure that imbibers confine their drinking to the designated area.
- Municipal corporations and townships receive a portion of liquor permit fee revenue collected by the Division of Liquor Control. The issuance of additional liquor permits for establishments in outdoor refreshment areas would result in a gain in liquor permit revenue for the municipal corporation or township where the liquor permit is issued.

Detailed Fiscal Analysis

Political subdivisions where outdoor refreshment areas may be situated

The bill allows for the creation of "outdoor refreshment areas" within municipal corporations or townships with a population of greater than 35,000. The areas may be up to 320 contiguous acres or one-half square mile, and the area must include at least four A-1, A-1-A, A-1c, A-2, or D liquor permit holders. There are many types of D permits, but the vast majority of these permits are issued for restaurants and bars for on-premises consumption of alcohol. The eligible A permit holders are manufacturers of beer or wine. Currently, there are approximately 38,000 D and 474 A-1, A-1-A, A-1c, or A-2 liquor permits issued by the Division of Liquor Control (DOLC) within the Department of Commerce. The bill exempts imbibers from the open container law when inside the areas. There are two primary steps that must be taken to fully allow for this exemption within the outdoor refreshment areas: (1) the municipal corporation or township must approve the area, and (2) DOLC must then designate the businesses that are eligible.

Effects on municipal corporations and townships

There are currently 46 municipal corporations or townships that would be eligible to contain an outdoor refreshment area. To establish an outdoor refreshment area or to expand an existing one, the executive officer of a municipal corporation or the fiscal officer of a township must file an application with the city council or board of township trustees where the outdoor refreshment area would be created. The application must be approved by ordinance or resolution. The table below shows the number of Ohio municipal corporations and townships that would be able to create these designated outdoor drinking areas by population tier as specified under the bill. Overall, the 46 municipal corporations and townships that meet the population thresholds could create a maximum of 55 outdoor refreshment areas under the bill.¹

Municipal Corporations or Townships Eligible to Create Outdoor Refreshment Areas	
Population Tier	Number
Tier 1: Population 35,001-150,000 – allowed one outdoor refreshment area	41
Tier 2: Population 150,001-275,000 – allowed two outdoor refreshment areas	1
Tier 3: Population 275,001 or more – allowed three outdoor refreshment areas	4
TOTAL	46

Note: Population figures are based on the 2010 U.S. Census.

¹ The bill states that the population thresholds are determined by the most recent federal census, so other municipal corporations or townships may be newly eligible after the 2020 U.S. Census and beyond.

Municipal corporations and townships that approve outdoor refreshment areas are likely to see increased expenses for overseeing compliance with the outdoor refreshment area law and providing additional law enforcement in and around designated outdoor refreshment areas. It is possible that there could be more people prosecuted for open container violations if imbibers leave the outdoor refreshment area boundaries with an open container. If this occurs, adjudication costs for counties and municipalities could increase. These costs would be at least partially offset by revenue from (1) any new liquor permits that could be issued as a result of the new outdoor refreshment areas, and (2) more citations being issued for open container violations. Open container violations are minor misdemeanors carrying fines of up to \$150. The municipal corporation or township where a new permit is issued receives 35% of the permit revenue that was paid to DOLC.

Effects on the Division of Liquor Control

While the bulk of the fiscal effects of the bill would fall to the 46 political subdivisions meeting the population criteria, the state DOLC could also incur a minimal increase in costs to administer the bill's provisions. Specifically, the bill does not allow for DOLC to charge a supplementary fee when determining whether A-1, A-1-A, A-1c, A-2, and D permit holders may be designated as businesses that are eligible for the open container consumption exemption. Presumably, any costs incurred might likely be mostly offset by new liquor permit fee revenue deposited into the Undivided Liquor Permit Fund (Fund 7066) as a result of an increase in the number of issuances among these five permit types. The annual fees for these permits range from \$76 to \$2,344. New permit fee revenue received would be subsequently distributed to the State Liquor Regulatory Fund (Fund 5LP0) used by DOLC, which receives 45% of the permit fee revenue, the Statewide Treatment and Prevention Fund (Fund 4750) used by the Department of Mental Health and Addiction Services (20%), as well as the local taxing district where the permits are issued (35%).

Open Refreshment Area Study Committee

The bill also creates a seven-member Outdoor Refreshment Area Study Committee, consisting of four members of the General Assembly, a county commissioner, a representative of a municipal corporation or township with a population of 35,000 or less, and a person from the Division of Liquor Control. Their task would be to study the utility and viability of allowing municipalities or townships with populations under 35,000 to create outdoor refreshment areas and issue a report to the majority and minority leadership of the General Assembly by December 1, 2015. The bill specifies that the members of the study committee would serve without compensation for their participation.