



Budget Testimony of
Sarah Creedon, Executive Director

Ohio House Development Committee
Main Operating Budget for Fiscal Years 2026 and 2027

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Chairman Hoops, Vice Chair Lorenz, Ranking Member Abdullahi, and members of the Committee, my name is Sarah Creedon, and I am the Executive Director of the Liquor Control Commission. Thank you for the opportunity to testify concerning the proposed biennial budget for the Commission.

Overview

The Liquor Control Commission is an adjudication and rule-making agency that oversees Ohio's alcohol beverage industry. As a neutral, quasi-judicial body, the Commission hears cases against permit holders for alleged violations of Ohio's liquor laws and rules, as well as cases appealed to the Commission from actions or decisions of the Ohio Department of Commerce, Division of Liquor Control concerning permit applications and renewals. The Commission also hears cases against permit holders for the alleged failure to pay taxes and fees owed to the state.

The Commission's administrative rules govern the manufacture, distribution, and sale of alcoholic beverages in Ohio, as well as the procedures of the Division of Liquor Control in the suspension, revocation, and cancellation of permits.

The Commission consists of three members appointed by the Governor for six-year, staggered terms and has six staff members. The current Chair of the Commission is Ron O'Brien.

The Commission's mission is to provide fair and impartial hearings for the protection of the public and permit holders and to ensure compliance with Ohio's liquor laws and rules. To achieve its mission, the Commission works closely with its partnering agencies, including the Division of Liquor Control, the Ohio Investigative Unit with the Department of Public Safety, the Ohio Department of Taxation, and the Ohio Attorney General's Office.

Results

During fiscal years 2023-2024, the Commission made significant progress in accomplishing its overall goals and objectives, resulting in notable outcomes. The Commission typically hears about 2,000 cases annually. However, during fiscal years 2023-2024, the Commission exceeded the average annual caseload, hearing a total of over 4,800 cases. The Commission also collected over \$1.8 million in financial fines and forfeitures and deposited those funds into the General Revenue Fund (GRF).

In addition, through its administrative rule-making responsibilities, the Commission oversaw the alcohol beverage industry, which had annual sales of spirituous liquor reaching \$1.76 billion in fiscal year 2024, while also working to ensure the protection of the public, permit holders, and the liquor industry.

Finally, the Commission made considerable progress in continuing to streamline and modernize processes. In fiscal year 2024, there were approximately 28,000 active liquor permits in Ohio. Working closely with our partnering agencies, the Commission continued to improve the hearing process to ensure the highest level of service for its customers. This past year, the Commission acquired a new case management system, Matrix, which will serve a dual purpose. The new case management system replaces our outdated internal database and going forward will also be used in conjunction with our partnering agencies to replace a computer system used in managing citation cases, which are the cases that primarily originate from the Ohio Investigative Unit. The Commission recently implemented Matrix internally for our tax and appeals cases. Matrix assists with tracking these cases and issuing letters, notices, orders, and other documents. As to citation cases, the Commission is actively working with partnering agencies to further develop and implement the system to accommodate changes to the hearing process and to provide for a better workflow among the agencies.

Funding and Budget Request

The Commission is requesting a total of \$1,177,114 for fiscal year 2026, which represents a 4% decrease from the Commission's fiscal year 2025 estimated costs, and \$1,241,735 for fiscal year 2027, which represents a 5.2% increase from the Commission's fiscal year 2026 request.

The Commission receives no funding from the GRF. Rather, the Commission receives 100% of its funding from the State Liquor Regulatory Fund (5LP0), which receives a portion of the liquor permit fee revenue deposited into the Undivided Liquor Permit Fund (Fund 7066). This fund is administered by the Division of Liquor Control. In fiscal year 2024, the Division collected nearly \$45 million in permit fees.

Priorities for FY 2026 and FY 2027

The Commission's top priority is to carry out its mission with fairness and integrity while continuing to improve processes and contain costs. The Commission, which essentially functions as an administrative court, typically handles a very heavy caseload. The volume of work for the Commission is largely driven by the number of cases brought before it by our partnering agencies and appeals from licensing decisions. The Commission will continue to maintain its extensive caseload, while issuing orders typically within 2-3 weeks following hearings. The Commission's budget submission reflects the Commission's diligent efforts to reduce costs associated with hearings, including costs for writs and subpoenas, witness fees and mileage reimbursement, court reporters, and transcription costs. However, the Commission must consider the variable nature of these necessary expenses. The Commission's budget request also accounts for reasonably anticipated increases for general expenses relating to operating costs, including supplies, OIT, DAS, rent, printing, and postage.

Going forward, the Commission will also continue to increase reliance on technology which will allow staff to be more efficient in delivering better service to the public. Most notably, the Commission will continue to develop and implement the new case management system for our citation cases. The Commission anticipates that the newly acquired case management system will improve operational effectiveness and reduce costs by assisting in tracking cases and expediting the time it takes to resolve cases. Matrix will assist in reducing the number of continuances and ensure that the Commission is keeping pace with the incoming caseload. Matrix will also assist with running reports, creating documents, and streamlining workflow, and overall provide a better organization of managing the active cases. The collaborative use of Matrix between partnering agencies will also result in increased efficiencies through the real-time sharing of documents.

While the Commission's budget request reflects costs associated with the new case management system, including annual subscription licensing costs, the Commission anticipates that the case management system will ultimately achieve cost savings. While implementing Matrix for our citation cases, the Commission will strive to provide consistency and continuity for our customers during the transition.

Conclusion

Overall, the Commission's budget request reflects a modest increase to allow the Commission to continue to fulfil its mission while collaborating with our partnering agencies to leverage resources and create efficiencies. Thank you for the opportunity to present testimony today. I would be happy to answer any questions.