As Reported by the Senate Agriculture Committee

126th General Assembly Regular Session 2005-2006

Sub. H. B. No. 209

Representatives Combs, Carano, Chandler, C. Evans, Harwood, Martin,
Perry, Trakas, Daniels, Fende, Yuko, Wolpert, Allen, Barrett, Blessing,
Boccieri, Brown, Distel, Domenick, D. Evans, Flowers, Hughes, Kearns, Key,
Otterman, Reidelbach, Schneider, Seaver, Seitz, Webster, Yates

ABILL

1	amend sections 4301.24 and 4303.181 and to enact	1
	section 4301.242 of the Revised Code to allow	2
	manufacturers and wholesale distributors of	3
	alcohol to provide to other manufacturers or	4
	wholesale distributors travel, lodging, food, and	5
	beverages and to liquor permit holders food,	6
	beverages, and recreational activities, to qualify	7
	the owner or operator of a community arts center	8
	or a community theater meeting specified	9
	qualifications for issuance of a D-5h liquor	10
	permit, to exclude wine sales from the total gross	11
	receipts requirement governing the issuance of a	12
	D-5i liquor permit, to modify the population	13
	requirements for the issuance of a D-5i liquor	14
	permit, and to create an additional qualification	15
	under which a D-5j liquor permit may be issued	16
	within a community entertainment district.	17

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF OHIO:

section 4301.242 of the Revised Code be enacted read as follows:

Sec. 4301.24. No Except as provided in section 4301.242 of 20 the Revised Code, no manufacturer shall aid or assist the holder 21 of any permit for sale at wholesale, and no manufacturer or 22 wholesale distributor shall aid or assist the holder of any permit 23 for sale at retail, by gift or loan of any money or property of 24 any description or other valuable thing, or by giving premiums or 25 rebates. No Except as provided in section 4301.242 of the Revised 26 Code, no holder of any such permit shall accept the same, provided 27 that the manufacturer or wholesale distributor may furnish to a 28 retail permittee the inside signs or advertising and the tap signs 29 or devices authorized by divisions (E) and (F) of section 4301.22 30 of the Revised Code. 31

No manufacturer shall have any financial interest, directly 32 or indirectly, by stock ownership, or through interlocking 33 directors in a corporation, or otherwise, in the establishment, 34 maintenance, or promotion in the business of any wholesale 35 distributor. No retail permit holder shall have any interest, 36 directly or indirectly, in the operation of, or any ownership in, 37 the business of any wholesale distributor or manufacturer. 38

No manufacturer shall, except as authorized by section 39 4303.021 of the Revised Code, have any financial interest, 40 directly or indirectly, by stock ownership, or through 41 interlocking directors in a corporation, or otherwise, in the 42 establishment, maintenance, or promotion of the business of any 43 retail dealer. No wholesale distributor or employee of a wholesale 44 distributor shall have any financial interest, directly or 45 indirectly, by stock ownership, interlocking directors in a 46 corporation, or otherwise, in the establishment, maintenance, or 47 promotion of the business of any retail dealer. No manufacturer or 48 wholesale distributor or any stockholder of a manufacturer or 49

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wholesale distributor shall acquire, by ownership in fee, leasehold, mortgage, or otherwise, directly or indirectly, any interest in the premises on which the business of any other person engaged in the business of trafficking in beer or intoxicating liquor is conducted. All contracts, covenants, conditions, and limitations whereby any person engaged or proposing to engage in the sale of beer or intoxicating liquors promises to confine the person's sales of a particular kind or quality of beer or intoxicating liquor to one or more products, or the products of a specified manufacturer or wholesale distributor, or to give preference to those products, shall to the extent of that promise be void. The making of a promise in any such form shall be cause for the revocation or suspension of any permit issued to any party. This section does not prevent the holder of an A permit from securing and holding a wholesale distributor's permit or permits and operating as a wholesale distributor.

No manufacturer shall sell or offer to sell to any wholesale 66 distributor or retail permit holder, no wholesale distributor 67 shall sell or offer to sell to any retail permit holder, and no 68 wholesale distributor or retail permit holder shall purchase or 69 receive from any manufacturer or wholesale distributor, any beer, 70 brewed beverages, or wine manufactured in the United States except 71 for cash. No right of action shall exist to collect any claims for 72 credit extended contrary to this section. This section does not 73 prohibit a licensee from crediting to a purchaser the actual 74 prices charged for packages or containers returned by the original 75 purchaser as a credit on any sale or from refunding to any 76 purchaser the amount paid by that purchaser for containers or as a 77 deposit on containers when title is retained by the vendor, if 78 those containers or packages have been returned to the 79 manufacturer or distributor. This section does not prohibit a 80 manufacturer from extending usual and customary credit for beer, 81

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brewed beverages, or wine manufactured in the United States and sold to customers who live or maintain places of business outside this state when the beverages so sold are actually transported and delivered to points outside this state. No wholesale or retail permit shall be issued to an applicant unless the applicant has paid in full all accounts for beer or wine, manufactured in the United States, outstanding as of September 6, 1939. No beer or wine manufactured in the United States shall be imported into the state unless the beer or wine has been paid for in cash, and no supplier registration for any such beer or wine manufactured in the United States shall be issued by the division of liquor control until the A-2, B-1, or B-5 permit holder establishes to the satisfaction of the division that the beer or wine has been paid for in cash.

This section does not prevent a manufacturer from securing and holding any financial interest, directly or indirectly, by stock ownership or through interlocking directors in a corporation, or otherwise, in the establishment, maintenance, or promotion of the business or premises of any C or D permit holder, 100 provided that the following conditions are met: 101

- (A) Either the manufacturer or one of its parent companies is 102 listed on a national securities exchange. 103
- (B) All purchases of alcoholic beverages by the C or D permit 104 holder are made from wholesale distributors in this state or 105 agency stores licensed by the division of liquor control. 106
- (C) If the C or D permit holder sells brands of alcoholic 107 beverages that are produced or distributed by the manufacturer 108 that holds the financial interest, the C or D permit holder also 109 sells other competing brands of alcoholic beverages produced by 110 other manufacturers, no preference is given to the products of the 111 manufacturer, and there is no exclusion, in whole or in part, of 112

(a) Food and beverages are provided by the manufacturer or	143
wholesale distributor or the manufacturer's or wholesale	144
distributor's employees or agents during a business meeting with a	145
retail permit holder or the permit holder's employees or agents.	146
(b) Recreational activities are enjoyed in the presence of	147
the retail permit holder or the permit holder's employees or	148
agents and the manufacturer or wholesale distributor or the	149
manufacturer's or wholesale distributor's employees or agents who	150
are paying for the recreational activities.	151
(B) As used in this section, "recreational activities"	152
includes sporting events, concerts, theatrical performances, and	153
other forms of entertainment.	154

Sec. 4303.181. (A) Permit D-5a may be issued either to the 155 owner or operator of a hotel or motel that is required to be 156 licensed under section 3731.03 of the Revised Code, that contains 157 at least fifty rooms for registered transient guests or is owned 158 by a state institution of higher education as defined in section 159 3345.011 of the Revised Code or a private college or university, 160 and that qualifies under the other requirements of this section, 161 or to the owner or operator of a restaurant specified under this 162 section, to sell beer and any intoxicating liquor at retail, only 163 by the individual drink in glass and from the container, for 164 consumption on the premises where sold, and to registered quests 165 in their rooms, which may be sold by means of a controlled access 166 alcohol and beverage cabinet in accordance with division (B) of 167 section 4301.21 of the Revised Code; and to sell the same products 168 in the same manner and amounts not for consumption on the premises 169 as may be sold by holders of D-1 and D-2 permits. The premises of 170 the hotel or motel shall include a retail food establishment or a 171 food service operation licensed pursuant to Chapter 3717. of the 172 Revised Code that operates as a restaurant for purposes of this 173

than four hundred thousand, square feet of floor area.

Two D-5b permits may be issued at an enclosed shopping center 206 containing at least four hundred thousand square feet of floor 207 area. No more than one D-5b permit may be issued at an enclosed 208 shopping center for each additional two hundred thousand square 209 feet of floor area or fraction of that floor area, up to a maximum 210 of five D-5b permits for each enclosed shopping center. The number 211 of D-5b permits that may be issued at an enclosed shopping center 212 shall be determined by subtracting the number of D-3 and D-5 213 permits issued in the enclosed shopping center from the number of 214 D-5b permits that otherwise may be issued at the enclosed shopping 215 center under the formulas provided in this division. Except as 216 provided in this section, no quota shall be placed on the number 217 of D-5b permits that may be issued. Notwithstanding any quota 218 provided in this section, the holder of any D-5b permit first 219 issued in accordance with this section is entitled to its renewal 220 in accordance with section 4303.271 of the Revised Code. 221

The holder of a D-5b permit issued before April 4, 1984, 222 whose tenancy is terminated for a cause other than nonpayment of 223 rent, may return the D-5b permit to the division of liquor 224 control, and the division shall cancel that permit. Upon 225 cancellation of that permit and upon the permit holder's payment 226 of taxes, contributions, premiums, assessments, and other debts 227 owing or accrued upon the date of cancellation to this state and 228 its political subdivisions and a filing with the division of a 229 certification of that payment, the division shall issue to that 230 person either a D-5 permit, or a D-1, a D-2, and a D-3 permit, as 231 that person requests. The division shall issue the D-5 permit, or 232 the D-1, D-2, and D-3 permits, even if the number of D-1, D-2, 233 D-3, or D-5 permits currently issued in the municipal corporation 234 or in the unincorporated area of the township where that person's 235 proposed premises is located equals or exceeds the maximum number 236

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of such permits that can be issued in that municipal corporation or in the unincorporated area of that township under the population quota restrictions contained in section 4303.29 of the Revised Code. Any D-1, D-2, D-3, or D-5 permit so issued shall not be transferred to another location. If a D-5b permit is canceled under the provisions of this paragraph, the number of D-5b permits that may be issued at the enclosed shopping center for which the D-5b permit was issued, under the formula provided in this division, shall be reduced by one if the enclosed shopping center was entitled to more than one D-5b permit under the formula.

The fee for this permit is two thousand three hundred forty-four dollars.

(C) Permit D-5c may be issued to the owner or operator of a 249 retail food establishment or a food service operation licensed 250 pursuant to Chapter 3717. of the Revised Code that operates as a 251 restaurant for purposes of this chapter and that qualifies under 252 the other requirements of this section to sell beer and any 253 intoxicating liquor at retail, only by the individual drink in 254 glass and from the container, for consumption on the premises 255 where sold, and to sell the same products in the same manner and 256 amounts not for consumption on the premises as may be sold by 257 holders of D-1 and D-2 permits. In addition to the privileges 258 authorized in this division, the holder of a D-5c permit may 259 exercise the same privileges as the holder of a D-5 permit. 260

To qualify for a D-5c permit, the owner or operator of a 261 retail food establishment or a food service operation licensed 262 pursuant to Chapter 3717. of the Revised Code that operates as a 263 restaurant for purposes of this chapter, shall have operated the 264 restaurant at the proposed premises for not less than twenty-four 265 consecutive months immediately preceding the filing of the 266 application for the permit, have applied for a D-5 permit no later 267 than December 31, 1988, and appear on the division's quota waiting 268

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list for not less than six months immediately preceding the filing
of the application for the permit. In addition to these
requirements, the proposed D-5c permit premises shall be located
within a municipal corporation and further within an election
precinct that, at the time of the application, has no more than
twenty-five per cent of its total land area zoned for residential
use.

A D-5c permit shall not be transferred to another location. 276

No quota restriction shall be placed on the number of such permits 277

that may be issued. 278

Any person who has held a D-5c permit for at least two years 279 may apply for a D-5 permit, and the division of liquor control 280 shall issue the D-5 permit notwithstanding the quota restrictions 281 contained in section 4303.29 of the Revised Code or in any rule of 282 the liquor control commission.

The fee for this permit is one thousand five hundred sixty-three dollars.

(D) Permit D-5d may be issued to the owner or operator of a 286 retail food establishment or a food service operation licensed 287 pursuant to Chapter 3717. of the Revised Code that operates as a 288 restaurant for purposes of this chapter and that is located at an 289 airport operated by a board of county commissioners pursuant to 290 section 307.20 of the Revised Code, at an airport operated by a 291 port authority pursuant to Chapter 4582. of the Revised Code, or 292 at an airport operated by a regional airport authority pursuant to 293 Chapter 308. of the Revised Code. The holder of a D-5d permit may 294 sell beer and any intoxicating liquor at retail, only by the 295 individual drink in glass and from the container, for consumption 296 on the premises where sold, and may sell the same products in the 297 same manner and amounts not for consumption on the premises where 298 sold as may be sold by the holders of D-1 and D-2 permits. In 299

(c) A community theater, provided that the nonprofit	391
organization is a member of the Ohio arts council and the American	392
community theatre association and has been in existence for not	393
less than ten years. As used in division (H)(1)(c) of this	394
section, "community theater" means a facility that contains at	395
least one hundred fifty seats and has a primary function of	396
presenting live theatrical performances and providing recreational	397
opportunities to the community.	398
(2) The holder of a D-5h permit may sell beer and any	399
intoxicating liquor at retail, only by the individual drink in	400
glass and from the container, for consumption on the premises	401
where sold. The holder of a D-5h permit shall sell no beer or	402
intoxicating liquor for consumption on the premises where sold	403
after one a.m. A D-5h permit shall not be transferred to another	404
location. No quota restrictions shall be placed on the number of	405
D-5h permits that may be issued. The	406
(3) The fee for this a D-5h permit is one thousand eight	407
hundred seventy-five dollars.	408
(I) Permit D-5i may be issued to the owner or operator of a	409
retail food establishment or a food service operation licensed	410
under Chapter 3717. of the Revised Code that operates as a	411
restaurant for purposes of this chapter and that meets all of the	412
following requirements:	413
(1) It is located in a municipal corporation or a township	414
with a population of seventy-five one hundred thousand or less.	415
(2) It has inside seating capacity for at least one hundred	416
forty persons.	417
(3) It has at least four thousand square feet of floor area.	418
(4) It offers full-course meals, appetizers, and sandwiches.	419
(5) Its receipts from beer and liquor sales, excluding wine	420

Chapter 1711. of the Revised Code.

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A D-5i permit shall not be transferred to another location.	452
The division of liquor control shall not renew a D-5i permit	453
unless the retail food establishment or food service operation for	454
which it is issued continues to meet the requirements described in	455
divisions (I)(1) to (6) of this section. No quota restrictions	456
shall be placed on the number of D-5i permits that may be issued.	457
The fee for the D-5i permit is two thousand three hundred	458
forty-four dollars.	459
(J)(1) Permit D-5j may be issued to the owner or the operator	460
of a retail food establishment or a food service operation	461
licensed under Chapter 3717. of the Revised Code to sell beer and	462
intoxicating liquor at retail, only by the individual drink in	463
glass and from the container, for consumption on the premises	464
where sold and to sell beer and intoxicating liquor in the same	465
manner and amounts not for consumption on the premises where sold	466
as may be sold by the holders of D-1 and D-2 permits. The holder	467
of a D-5j permit may exercise the same privileges, and shall	468
observe the same hours of operation, as the holder of a D-5	469
permit.	470
(2) The D-5j permit shall be issued only within a community	471
entertainment district that is designated under section 4301.80 of	472
the Revised Code and that meets one of the following	473
qualifications:	474
(a) It is located in a municipal corporation with a	475
population of at least one hundred thousand.	476
(b) It is located in a municipal corporation with a	477
population of at least twenty thousand, and either of the	478
following applies:	479
(i) It contains an amusement park the rides of which have	480
been issued a permit by the department of agriculture under	481

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(ii) Not less than fifty million dollars will be invested in	483
development and construction in the community entertainment	484
district's area located in the municipal corporation.	485
(c) It is located in a township with a population of at least	486
forty thousand.	487
(d) It is located in a municipal corporation with a	488
population of at least ten thousand, and not less than seventy	489
million dollars will be invested in development and construction	490
in the community entertainment district's area located in the	491
municipal corporation.	492
(3) The location of a D-5j permit may be transferred only	493
within the geographic boundaries of the community entertainment	494
district in which it was issued and shall not be transferred	495
outside the geographic boundaries of that district.	496
(4) Not more than one D-5j permit shall be issued within each	497
community entertainment district for each five acres of land	498
located within the district. Not more than fifteen D-5j permits	499
may be issued within a single community entertainment district.	500
Except as otherwise provided in division $(\mathtt{J})(\mathtt{4})$ of this section,	501
no quota restrictions shall be placed upon the number of D-5j	502
permits that may be issued.	503
(5) The fee for a D-5j permit is two thousand three hundred	504
forty-four dollars.	505
(K)(1) Permit D-5k may be issued to any nonprofit	506
organization that is exempt from federal income taxation under the	507
"Internal Revenue Code of 1986," 100 Stat. 2085, 26 U.S.C.A.	508
501(c)(3), as amended, that is the owner or operator of a	509
botanical garden recognized by the American association of	510
botanical gardens and arboreta, and that has not less than	511
twenty-five hundred bona fide members.	512

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(2) The holder of a D-5k permit may sell beer and any	513
intoxicating liquor at retail, only by the individual drink in	514
glass and from the container, on the premises where sold.	515
(3) The holder of a D-5k permit shall sell no beer or	516
intoxicating liquor for consumption on the premises where sold	517
after one a.m.	518
(4) A D-5k permit shall not be transferred to another	519
location.	520
(5) No quota restrictions shall be placed on the number of	521
D-5k permits that may be issued.	522
(6) The fee for the D-5k permit is one thousand eight hundred	523
seventy-five dollars.	524
Section 2. That existing sections 4301.24 and 4303.181 of the	525
Revised Code are hereby repealed.	526