

# Fiscal Note & Local Impact Statement

127<sup>th</sup> General Assembly of Ohio

Ohio Legislative Service Commission  
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BILL: **S.B. 136**

DATE: **May 2, 2007**

STATUS: **As Introduced**

SPONSOR: **Sen. Mumper**

LOCAL IMPACT STATEMENT REQUIRED: **No — Minimal cost**

CONTENTS: **Authorizes changes in the time that certain Sunday liquor sales may begin and clarifies that the Liquor Control and Liquor Permit Laws do not prevent the manufacture, sale, and transport of ethanol or ethyl alcohol for use as fuel**

## State Fiscal Highlights

STATE FUND	FY 2008	FY 2009	FUTURE YEARS
<b>General Revenue Fund</b>			
Revenues	Potential minimal gain from liquor sales	Potential minimal gain from liquor sales	Potential minimal gain from liquor sales
Expenditures	- 0 -	- 0 -	- 0 -
<b>Liquor Control Fund (Fund 043) – Department of Commerce</b>			
Revenues	Potential minimal gain if expanded hours lead to increased sales	Potential minimal gain if expanded hours lead to increased sales	Potential minimal gain if expanded hours lead to increased sales
Expenditures	One-time increase possibly in the tens or hundreds of thousands of dollars to publish notice of option to revert first hour of liquor sales	- 0 -	- 0 -

Note: The state fiscal year is July 1 through June 30. For example, FY 2008 is July 1, 2007 – June 30, 2008.

- **Notice of option to revert first hour of sales.** The bill requires the Superintendent of Liquor Control to publish notice in a newspaper of general circulation in each county of the option of electors to petition to hold an election to revert the first hour of sales back to 1 p.m. Advertising in such papers would represent a significant one-time cost for the Division of Liquor Control that may be in the tens or hundreds of thousands of dollars.
- **Earlier liquor sales – impact on revenue.** The bill also authorizes certain Sunday liquor sales to begin at 11 a.m. even if the voters previously approved sales to commence at 1 p.m. Expanding the hours that Sunday sales are allowed in a precinct may cause a possible increase in sales. However, it is more likely that this would simply result in earlier rather than a greater volume of sales. Nevertheless, if there is an increase in the sale of spirituous liquor,



then there will be a revenue increase in the Liquor Control Fund (Fund 043) and a possible increase in excess liquor profits transferred to the GRF.

### ***Local Fiscal Highlights***

LOCAL GOVERNMENT	FY 2007	FY 2008	FUTURE YEARS
<b>Counties, Municipalities, and Townships</b>			
Revenues	- 0 -	- 0 -	- 0 -
Expenditures	Potential minimal increase or decrease for local election costs	Potential minimal increase or decrease for local election costs	Potential minimal increase or decrease for local election costs

Note: For most local governments, the fiscal year is the calendar year. The school district fiscal year is July 1 through June 30.

- ***Earlier sales – special elections.*** Based on the results of elections to change the first hour of sale to 10 a.m., it appears that there would likely be few special elections to revert the first hour of liquor sales back to 1 p.m. Therefore, additional costs to municipalities and townships associated with the special local option elections would appear to be minimal. If there were more such questions, counties may experience a minimal increase in expenses for such activities as providing petitioners with voter or street lists, notifying through certified mail each permit holder affected by the local option election, verifying signatures, and hearing protests filed against a local option election on any additional local option petitions that may be submitted.
- ***Potential reduction in local option petitions.*** Changing the first hour of sales to 11 a.m. even if the voters previously approved sales to commence at 1 p.m. may decrease the number of local option questions on ballots. It is possible that persons with a license that allows for 1 p.m. Sunday liquor sales would be content to have the ability to sell at 11 a.m. and not file petitions to sell beer or intoxicating liquor at 10 a.m. Thus, as long as the voters have approved a question allowing for Sunday liquor sales between 1 p.m. and midnight, permit holders may file for fewer questions allowing sales at 10 a.m., which may decrease county expenses in performing the functions with regard to petitions noted above and any municipal or township expenses related to local option elections. It is uncertain what the net effect on counties, municipalities, and townships may be as a result of the bill.

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## ***Detailed Fiscal Analysis***

### **Earlier sales for locations already approved in local option election**

#### **Likely few special elections**

The bill authorizes certain Sunday liquor sales under a D-6 liquor permit (Sunday liquor sales) to begin at 11 a.m. even if the voters previously approved sales to commence at 1 p.m., but allows voters to hold an election to revert the time of commencement to 1 p.m. in accordance with certain conditions. According to an official with the Franklin County Board of Elections, changing the selling time from 1 p.m. to 11 a.m. in areas that have already approved sales at 1 p.m. would likely not bring significant objection from the electorate unless an establishment has had a history of being a nuisance in the neighborhood. Historically, almost all of the questions the Franklin County Board of Elections has had on the ballot requesting to change the sale time from 1 p.m. to 10 a.m. pass without challenge. Therefore, it is likely that there would be few local option elections questions to revert sales back to 1 p.m.

#### **Local option liquor election costs**

Local option elections require county boards of elections to furnish printed ballots at the election. However, the expenses associated with local option elections are charged to the municipal corporation or township in which the election is located. Thus, if few such special elections were held to revert the first hour of sale back to 1 p.m., costs to municipalities and townships for ballots for special elections would appear to be minimal. However, the specific fiscal impact would vary depending on the size of the municipality and the number of local option elections held.

However, county boards of elections are also required to provide petitioners with voter or street lists, notify through certified mail each permit holder affected by the local option election, and hear protests filed against a local option election. Though the boards of elections may charge a reasonable fee to cover the cost of the voter or street lists, they do not pass on the costs for petition signature verification, holding hearings, and notifying permit holders. So, if there were more such questions or elections, counties may experience a minimal increase in expenses to perform the above functions on any additional local option petitions that may be submitted.

#### **Department of Commerce newspaper advertising costs**

Also, the bill requires the Superintendent of Liquor Control to publish notice in a newspaper of general circulation in each county of the option of electors to petition to hold an election to revert the first hour of sales back to 1 p.m. The Division of Liquor Control in the Department of Commerce could opt to use the Ohio Newspaper Service (ONS), which is a nonprofit company wholly owned by newspapers of Ohio. The Department of Commerce currently uses ONS to coordinate media buys and publication in newspapers of general circulation in each of the 88 counties to publicize owners of

unclaimed funds as required by state law. Buying advertising through ONS in such papers would represent a significant one-time cost for the Division of Liquor Control that may be in the tens or hundreds of thousands of dollars. The exact cost would depend on the length and presentation of the advertisements as well as the length of the time the advertisements would appear in newspapers.

**Impact on liquor sales revenue**

By increasing the number of hours a precinct is allowed to sell intoxicating liquor on Sundays, there may be an increase in the amount of liquor sold on Sundays. However, it would be reasonable to assume that by merely expanding the time available to buy liquor, the provision would not result in a greater volume of liquor sales, rather the expansion of hours that liquor is sold on Sundays may only result in earlier sales.

If there were an increase in sales, then there would be a gain in revenue to the Liquor Control Fund (Fund 043) and a possible gain in revenue to the GRF. The revenue generated by the sale of spirituous liquor is deposited into the Liquor Control Fund (Fund 043). This fund is used for the Division of Liquor Control operating costs, an alcohol treatment program operated by the Department of Drug and Alcohol Addiction Services, the Department of Public Safety's Liquor Enforcement Division, and an alcohol testing unit run by the Department of Health. Excess profits are also devoted to urban revitalization and development assistance bond service. The remaining profits are deposited into the GRF. An increase in liquor sales revenue would have no direct impact on local governments.

**Local option election question changes – potentially fewer elections**

In addition to authorizing certain Sunday liquor sales to begin at 11 a.m. even if the voters previously approved sales to commence at 1 p.m., the bill makes changes to certain local option election questions on Sunday sales of intoxicating liquor from allowing sales between 1p.m. and midnight to allow sales between 11 a.m. and midnight. It may be that these changes actually lessen the number of local option election questions on election ballots. For instance, a permit holder that is limited to liquor sales commencing at 1 p.m. can put a question on the ballot to allow for sales beginning at 10 a.m. without losing current sales privileges. It is possible that persons with a license that allows for 1 p.m. Sunday liquor sales would be content to have the ability to sell at 11 a.m. Thus, as long as the voters have approved a question allowing for Sunday liquor sales between 1 p.m. and midnight, permit holders may file for fewer questions allowing sales at 10 a.m.

As county boards of elections are required to provide petitioners with voter or street lists, notify through certified mail each permit holder affected by the local option election, and hear protests filed against a local option election, counties may experience a decrease in these expenses if there were fewer local option liquor questions submitted for approval. Any impact would vary by the county.

**Manufacture, sale, and transport of ethanol or ethyl alcohol**

Finally, the bill states that the Liquor Control and Liquor Permit Laws do not prevent the manufacture, sale, and transport of ethanol or ethyl alcohol for use as fuel. This provision is a technical change to ensure that ethanol producers are not required to obtain a liquor permit and appears to have no direct fiscal impact.

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