



# Ohio Legislative Service Commission

Jason Phillips

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## Fiscal Note & Local Impact Statement

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**Bill:** [H.B. 445 of the 128th G.A.](#)

**Date:** April 13, 2010

**Status:** As Introduced

**Sponsor:** Rep. Letson

**Local Impact Statement Procedure Required:** No — Offsetting revenues

**Contents:** Permits the establishment of local entertainment districts under specified conditions

### State Fiscal Highlights

- This bill permits the issuance of additional liquor permits through the creation of local entertainment districts. Liquor permit fees are collected by the Division of Liquor Control within the Department of Commerce, deposited into the Undivided Liquor Permit Fund (Fund 7066), and then distributed to the GRF, the Statewide Treatment and Prevention Fund (Fund 4750), and local governments.
- In addition to liquor permit fees, the Division of Liquor Control charges \$100 for new permanent permit applications to cover the cost of fingerprinting and background checks. The receipts are deposited into the Liquor Control Fund (Fund 7043).

### Local Fiscal Highlights

- The bill permits local governments to establish a fee for local entertainment district applications. Presumably, these fees would be set in an amount necessary to offset the costs for reviewing and acting upon local entertainment district applications.
- Municipalities 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 local entertainment districts would result in a gain in liquor permit revenue for the local government where the liquor permits are issued.

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## Detailed Fiscal Analysis

The bill allows for the creation of "local entertainment districts" for municipalities with a population of less than 100,000 or unincorporated areas of counties with a population of more than 125,000. Local entertainment districts are bounded areas that include or will include a mix of entertainment, retail, educational, sporting, social, cultural, or arts establishments that enable additional liquor permits to be issued regardless of any permit quota restrictions. The population requirements allow for the creation of these districts in all municipalities except Akron, Cincinnati, Cleveland, Columbus, Dayton, and Toledo and in the unincorporated areas of 22 counties. These are areas that may not be eligible to create a community entertainment district or a revitalization district, similar entities authorized under current law.<sup>1</sup> The bill specifies the steps in creating a local entertainment district, which include the payment of an application fee to be determined and collected by the municipality or county. There is a limit of one district per municipality and one district per unincorporated area of a county.

As noted above, the creation of a local entertainment district would enable additional liquor permits to be issued. Retail food establishments or food service operations with sales of food and meals that make up at least 75% of total sales would be eligible for D-1, D-2, and D-5 restaurant/night club liquor permits to sell beer, wine, and spirituous liquor in the district, subject to the requirements of those permits. However, no more than one D-1, D-2, or D-5 permit can be issued for each five acres of land within the district and no more than ten D-1, D-2, or D-5 permits (or any combination thereof) can be issued within a single district.

If local entertainment districts are created, there would be a gain in liquor permit fee revenue to the Undivided Liquor Permit Fund (Fund 7066), depending on the types of permits issued. The fees for the permits allowed in local entertainment districts range from \$376 to \$2,344. Liquor permit fee revenue deposited into Fund 7066 is subsequently distributed to the GRF (45%), the Statewide Treatment and Prevention Fund (Fund 4750) used by the Department of Health (20%), and the local taxing district where the permits are issued (35%). All permanent liquor permits, in addition to the stated fee, carry a \$100 processing fee that covers the Division of Liquor Control's expenses in fingerprinting and making background checks for permanent license applications. This fee is deposited into the Liquor Control Fund (Fund 7043).

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<sup>1</sup> According to the Department of Commerce, 25 community entertainment districts and two revitalization districts have been created.