

# Liquor Control Commission

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- Docketed and heard more than 2,700 hearings in FY 2004
- \$1.67 million in forfeitures collected in FY 2004, with proceeds deposited in the GRF

## OVERVIEW

### Duties and Responsibilities

The Liquor Control Commission (LCO) is the rule-making and adjudication agency that oversees the alcohol beverage industry in Ohio. Its mission is to ensure compliance with Ohio's liquor laws and regulations. The Liquor Control Commission works jointly with the Division of Liquor Control in the Department of Commerce, the Attorney General's office and the Department of Public Safety. The Division of Liquor Control issues and renews all 45 types of liquor permits and maintains the spirituous liquor warehouse. The Department of Public Safety is the enforcement agency that issues citations for any liquor permit violations. The Liquor Control Commission's activities include: (1) making and interpreting rules regarding liquor production, sales, advertising, etc., (2) hearing and ruling on cases regarding violations of liquor laws that could result in the suspension or revocation of a liquor permit, (3) hearing and ruling on appeals of decisions of the Division of Liquor Control concerning liquor permit renewals and distribution, and (4) hearing and ruling on appeals of liquor permit revocations and of permit nonrenewals due to tax delinquency. The Liquor Control Commission receives its funding from the Liquor Control Fund (Fund 043), which is administered by the Division of Liquor Control within the Ohio Department of Commerce and supported through the sale of spirituous liquor. Less than 1% of the revenues received from the sale of spirituous liquor went to fund Liquor Control Commission operations in FY 2004.

### Agency in Brief

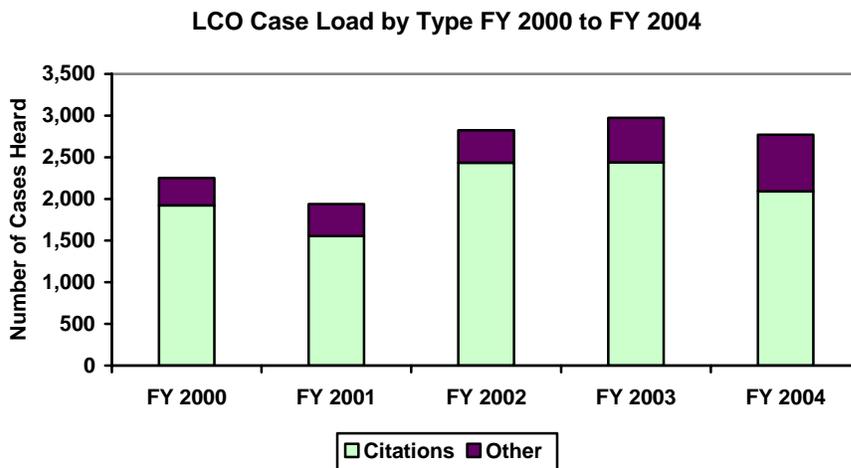
Agency In Brief					
Number of Employees*	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2006	2007	2006	2007	
8	\$781,181	\$803,348	\$0	\$0	Am. Sub. H.B. 66

\*Employee count obtained from the Department of Administrative Services (DAS) payroll reports as of June 2005.

### Adjudication Hearings

The bulk of Commission activities are adjudication hearings. Commission staff prepares paperwork prior to hearings and then produces decisions, collateral correspondence, and reports. During FY 2004, more than 2,700 hearings were docketed and heard. The number of violations issued by law enforcement authorities primarily drives the Commission's caseload. For example, the Commission believes that the continued success of local law enforcement programs such as Stop Teenage Opportunity to Purchase (STOP) will slightly decrease the caseload over the biennium. The chart below illustrates

that citation cases comprise the vast majority of the Liquor Control Commission's caseload. In the chart, "Other" includes Division of Liquor Control appeals, sales tax appeals, sales tax complaints, unemployment compensation cases, and Bureau of Workers Compensation payment issues involving permit holders. In FY 2004, the Commission was able to exceed its goal to issue decisions within 45 days and was able to issue the vast majority of decisions within two weeks.



### Certified Records

In addition to lower amounts of forfeitures resulting from better adherence to the law, the Commission has provided fewer numbers of certified records to courts of common pleas. In FY 2004, the Commission provided certified records for 66 appeals to the common pleas courts, a decrease from 138 records in FY 2003 and 165 records in FY 2002. This decrease reflects a reduction in the number of revocations ordered by the Commissioners and increased compliance with Ohio's liquor laws by permit holders and their employees.

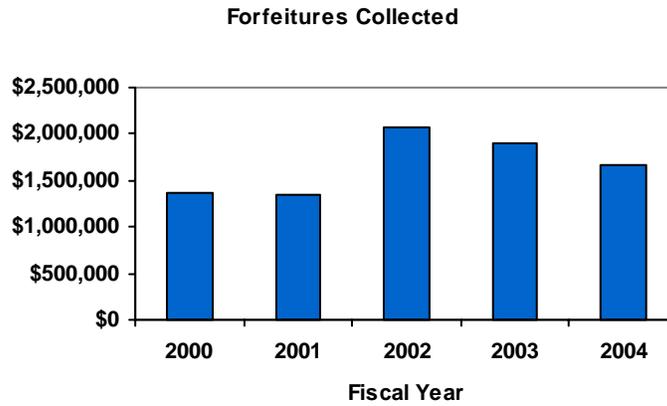
### New Dockets

As stated previously, adjudication hearings account for most of the Commission's activities. As such, the Commission staff prepares extensive amounts of paperwork prior to hearings to assist the Commissioners in conducting the hearings and issues decisions upon completion of the hearing. Though the locally administered STOP program and a change in gambling laws have decreased slightly the number of citation hearings, the Commission now has two new dockets: one for corporate franchise taxes and another for workers' compensation payments owed by permit holders. The Commission expects the new tax dockets to increase over the biennium, due in part to the additional tax deficiencies referred to the Commission for hearing. However, the Commission is unsure whether there will be a net increase or decrease in the total number of cases docketed.

### Forfeiture Collections

Forfeitures, which are collected as a result of Commission orders and deposited in the General Revenue Fund (GRF), amounted to \$1,668,600 in FY 2004. While the Commission states that it cannot predict the amount of forfeitures ordered or collected, recent experience suggests they may continue to decline. The Commission cited better adherence to the prohibition of selling to underage persons by permit holders and recent legislation that allowed for some permit holders to get licenses for charitable

gambling. As long as the permit holders licensed for charitable gambling adhere to the law, the Commission anticipates a corresponding reduction in gambling cases and resulting forfeitures.



**Vetoed Provisions**

There were no vetoed provisions for the Liquor Control Commission.

## ANALYSIS OF THE ENACTED BUDGET

For budget purposes, as detailed below, the Liquor Control Commission is considered a single program series agency and its activities are not subdivided into separate programs.

### Program Series 1

### State Liquor Law Hearings

**Purpose:** To provide fair and impartial hearings for the protection of the public and permit holders, and to ensure compliance with the liquor laws and regulations of the Revised Code.

The following table shows the line items that are used to fund the Liquor Control Commission, as well as the enacted budget's funding levels.

Fund	ALI	Title	FY 2006	FY 2007
<b>Liquor Control Fund</b>				
043	970-321	Operating Expenses	\$781,181	\$803,348
<b>Total Funding: Liquor Control Commission</b>			<b>\$781,181</b>	<b>\$803,348</b>

### Liquor Control Hearings

**Program Description:** The Commission hears cases related to violations of state liquor laws that could result in fines or the suspension or revocation of liquor permits. The Commission also hears appeals from either permit holders or communities that object to decisions made by the Department of Commerce's Division of Liquor Control concerning the renewal and/or distribution of liquor permits. In addition, the Commission hears appeals on the revocation of liquor permits and nonrenewals based on failure to pay taxes.

**Funding Source:** Fund 043, Liquor Control - primary sources of revenue include retail and wholesale spirituous liquor sales

**Implication of the Enacted Budget:** The Commission received funding of \$781,181 in FY 2006 and \$803,348 in FY 2007. The enacted budget allows the Liquor Control Commission to fulfill its statutory duties. However, it does not allow the Commission to fund one of its six administrative staff positions, which is currently a vacant hearing bailiff. While the Commission is not able to afford to fill the vacant hearing bailiff position, it is still attempting to reclassify the remaining three bargaining unit staff members to a slightly higher pay range in order to replace the vacant hearing bailiff duties and to add other additional administrative tasks.