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OHIO LEGISLATIVE SERVICE COMMISSION

Office of Research
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Office

S.B. 374
133rd General Assembly

Fiscal Note & Local Impact Statement

[Click here for S.B. 374's Bill Analysis](#)

Version: As Introduced

Primary Sponsors: Sens. Obhof and Peterson

Local Impact Statement Procedure Required: No

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Highlights

- The bill reinstates the hours of operation for liquor permit holders that existed prior to the part of the Liquor Control Commission's Emergency Rule 80 that limited the hours during which alcohol could be sold or consumed on premises. This may ultimately reduce costs for enforcing the restricted hours of operation under current COVID-19 pandemic rules. Statewide, the Department of Public Safety's (DPS) Ohio Investigative Unit has taken the lead role in investigating violations.
- The Liquor Control Commission is the lead agency responsible for conducting adjudication hearings stemming from these violations. It is likely to see some reduction in costs for hearing cases related to Emergency Rule 80, as well as some potential loss in fine revenue.

Detailed Analysis

The overall fiscal effect of the bill will be to decrease enforcement costs for the agencies involved with investigating violations of Emergency Rule 80 and also to reduce the amount of fine revenue that might be collected from any cases that are adjudicated. The Department of Public Safety (DPS) is the lead enforcement agency while the Liquor Control Commission (LCO) is the lead adjudication agency affected by the bill. The bill reinstates the hours of operation that applied to liquor permit holders before July 31, 2020, when the Liquor Control Commission put in place Emergency Rule 80. It applies to manufacturers, restaurants, bars, night clubs, retail carry-outs, and airline and rail companies. In addition to lifting the restrictions on operating hours under the emergency rule, the bill prohibits the Department of Health, the Division of Liquor Control in the Department of Commerce, the Liquor Control Commission, and local boards of health from taking disciplinary actions if a violation of allowable hours of operation occurred after Emergency Rule 80 took effect. If such actions have already begun, the bill requires that they be ceased immediately.

A majority of the violations related to hours of operations that have resulted in citations thus far have been due to investigations conducted by DPS's Ohio Investigative Unit (OIU). Because the bill restores the allowable operating hours for liquor permit holders that were in place before Emergency Rule 80, presumably OIU will have fewer cases to investigate. OIU consists of approximately 100 employees and is comprised of fully sworn, plainclothes peace officers responsible for enforcing Ohio's alcohol, tobacco, and food stamp fraud laws. OIU is funded through GRF appropriations.

The Liquor Control Commission is the primary agency responsible for conducting the adjudication hearings for these violations. As a result of the bill, the Commission is likely to see a reduction in adjudication costs as well as a drop in fine revenues from penalties that it otherwise would have imposed on permit holders who violated the emergency rule. The Commission consists of eight employees. All of its expenses are paid from the State Liquor Regulatory Fund (Fund 5LP0), consisting of a portion of liquor permit revenue transferred from the Undivided Liquor Permit Fund (Fund 7066), as well as fine and penalty revenues collected.

According to LCO records, the Commission has held seven administrative hearings since July 31, 2020, when the restricted hours of operation went into effect. Overall, the Commission has undertaken the adjudication process for 40 violations occurring at 31 establishments pertaining to hours of operation violations that occurred after July 31. The bill does not specify any remedies in circumstances in which any establishments have already paid any fines or penalties to LCO resulting from hours of operation violations.

Others agencies are involved with enforcing laws and rules that apply to bars and restaurants. Generally, the Ohio Department of Health and local boards of health focus investigative efforts on mask mandates and social distancing orders. Therefore, the bill would likely only have a negligible impact on these entities in terms of cost reductions or fine revenue losses.