



# Ohio Legislative Service Commission

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## Fiscal Note & Local Impact Statement

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**Bill:** H.B. 178 of the 131st G.A. (LSC 131 1252-7)      **Date:** January 8, 2016  
**Status:** In House Government Accountability and Oversight      **Sponsor:** Rep. Manning

**Local Impact Statement Procedure Required:** No

**Contents:** Allows the sale of wine at farmers markets

### State Fiscal Highlights

- The bill allows a person who organizes a farmers market to obtain an F-10 liquor permit created by the bill. This allows A-2 liquor permit holders (wine manufacturers) or S liquor permit holders (out-of-state wine manufacturers that produces less than 250,000 gallons of wine per year) to sell tasting samples and sealed containers of wines manufactured by the permit holder at farmers markets.
- The Department of Commerce may incur some additional administrative cost to process the new F-10 liquor permit. However, this cost will at least be partially offset by the \$100 permit fee. Liquor permit fees are collected by the Division of Liquor Control and deposited into the Undivided Liquor Permit Fund (Fund 7066).
- This money is subsequently distributed to the State Liquor Regulatory Fund (Fund 5LP0) used by the Division of Liquor Control (45%), the local taxing district where the permit is issued (35%), and the Statewide Treatment and Prevention Fund (Fund 4750) used by the Department of Mental Health and Addiction Services (20%).

### Local Fiscal Highlights

- Local taxing districts where the liquor permits are issued receive a portion of liquor permit fee revenue collected by the Division of Liquor Control. The issuance of F-10 liquor permits may result in a gain in liquor permit revenue for these local taxing districts.
- Local law enforcement may incur a minimal cost to ensure that wine consumption is confined to an F-10 premises. Any costs would at least be partially offset by liquor permit revenue or Open Container violation fees.

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## Detailed Fiscal Analysis

### Overview

The bill establishes the F-10 liquor permit for farmers markets to allow A-2 liquor permit holders (wine manufacturers) and S liquor permit holders (out-of-state wine manufacturers that produces less than 250,000 gallons of wine per year) to sell tasting samples and sealed containers of wines manufactured by the permit holder at the farmers market. The bill defines a farmers market as being registered with the Department of Agriculture and that does not include (1) a for-profit farmers market, (2) a farmers market located at a rest area within the limits of the right-of-way of an interstate highway, (3) a farmers market located at a service facility that is along the Ohio Turnpike, or (4) a farmers market with fewer than five farmers market participants. Under the bill, an F-10 liquor permit holder may only allow up to four A-2 permit holders, four S permit holders, or a combination of four A-2 permit holders and S permit holders per day to sell tasting samples and sealed containers of wine at the applicable farmers market. The bill also exempts F-10 permit holders from the requirement to be licensed as a retail food establishment under the Retail Food Establishments and Food Service Operations Law. Lastly, it exempts a person that has an opened container of wine at a farmers market that is served for on-premises consumption by an A-2 or S permit holder from the Open Container Law.

### Fiscal effects

In CY 2014, the Department of Agriculture conducted 89 farmers market inspections. These farmers markets could be eligible to apply for an F-10 liquor permit under the bill. The fee for an F-10 liquor permit is \$100. The Division of Liquor Control (DOLC) may incur a minimal administrative cost to process the new liquor permits. However, this cost would be offset by the \$100 annual fee for the F-10 liquor permit. Liquor permit fees are collected by DOLC and deposited into the Undivided Liquor Permit Fund (Fund 7066), and then distributed to the State Liquor Regulatory Fund (Fund 5LP0) used by DOLC (45%), the local taxing district where the permit is issued (35%), and the Statewide Treatment and Prevention Fund (Fund 4750) used by the Department of Mental Health and Addiction Services (20%).

Local law enforcement may also incur a minimal cost to ensure that wine consumption from samples is confined to the F-10 premises. Any costs would at least be partially offset by Open Container violation fees or revenue from liquor permit fees distributed to that particular local taxing district.

## **Synopsis of Fiscal Changes**

The substitute bill (LSC 131 1252-7) authorizes a person who organizes a farmers market to obtain an F-10 liquor permit rather than authorizing an A-2 liquor permit holder to obtain the F-10 liquor permit as under the As Introduced version. This may result in less F-10 liquor permit fee revenue collected by DOLC on account of fewer farmers markets that are eligible to apply for an F-10 liquor permit compared to the number of A-2 liquor permit holders that would have been eligible to apply. However, this may result in less administrative costs for DOLC to process F-10 liquor permit applications.

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