



Stable, Sustainable Funding for Economic Development

Why Transfer Ohio's Liquor Wholesale Business to JobsOhio?

Since the end of prohibition in 1933, the State of Ohio has essentially "owned" the monopoly on liquor wholesaling statewide. Through the state's liquor wholesale business, which is part of the Ohio Department of Commerce, the state buys spirituous liquor from producers and distributes it to retail outlets for consumer purchase. Profits from these sales are used to fund general government spending and to repay bonds that have been issued to fund various economic development programs.

Instead of letting Ohio's liquor wholesale profits be used to simply fund general government, Governor John Kasich has proposed **dedicating the profits from what is essentially a private sector business – Ohio's liquor wholesale business – to help grow the private sector and create jobs**. Ohio's liquor profits would be set aside to make sure JobsOhio has the resources it needs to operate successfully, provide powerful incentives for job-creating projects, and reduce its dependency on state funding.

How the Funding Mechanism Will Work

The state will transfer Ohio's liquor wholesale business to JobsOhio – a private, nonprofit corporation – for a period of 25 years in exchange for an up-front payment of \$1.2 billion, which includes \$500 million to the General Revenue Fund and \$700 million to prepay the state's current outstanding bonds backed by liquor profits. The transfer also provides for the possibility of annuity payments to the state in future fiscal years.

- **How JobsOhio will fund the payment:** JobsOhio will issue revenue bonds backed by future liquor wholesale business profits to fund the upfront payment to the state.
- **What JobsOhio will do with the liquor profits:** On an ongoing annual basis through the term of the agreement, JobsOhio will use the liquor wholesale business profit revenue to:
 - Fund ongoing economic development activities, including marketing, business development incentives, operations, and equity investments in targeted industries;
 - Pay debt service on its bonds; and
 - Make annual annuity payments to the State of Ohio.
- **Management of the liquor wholesale business:** The wholesale merchandising function of State Liquor Control will transfer to JobsOhio. JobsOhio will contract with the Ohio Department of Commerce to manage the merchandising function, which includes the day-to-day operations such as inventory management, distribution, and contracts for warehousing and shipping. The permitting and regulation of liquor will not be transferred to JobsOhio, but will remain with the Ohio Department of Commerce.
- **Regulation and enforcement of Ohio liquor laws:** The State of Ohio, through the Ohio Department of Commerce and the Ohio Department of Public Safety, will still regulate the use and sale of all alcohol in Ohio, including liquor, beer, and wine. Enforcement of hours of operation, underage drinking, and all permitting and licensing will always remain with the state.

Benefits

The profits from Ohio's liquor wholesale business are significant (\$228M annually) and will provide Ohio one of the largest job-creation tools in the nation. Dedicating these profits exclusively for job creation will provide unparalleled resources for job creation without raising taxes and without diverting existing funds from other state programs. It will also send a strong message to private investors about JobsOhio's long-term stability.