



Alcoholic Beverage Taxes

Responsibility for administering Ohio's taxes on alcoholic beverages is split between the Ohio Department of Taxation and the Ohio Department of Commerce's Division of Liquor Control. This chapter covers only the role of the Department of Taxation, which administers taxes on beer, wine, cider and mixed beverages of up to 21 percent alcohol by volume.

Tax payments from excise taxes on beer, wine, cider and mixed beverages totaled approximately \$56.6 million in fiscal year 2014. Of this amount, approximately \$55.5 million was distributed to the General Revenue Fund. Approximately \$1.0 million from five cents per gallon of the excise tax on wine (including sparkling wine and vermouth) was distributed to the Ohio Grape Industries Fund. Two cents of the five cents is temporary and is scheduled to end on June 30, 2015.

The Department of Taxation also administers county permissive taxes on beer, wine, cider and mixed beverages. Cuyahoga County is the only county that levies such taxes; in 2008, the General Assembly prohibited new local taxes on alcohol. See the Local Government Taxes section for details.

Taxpayer

The excise taxes on alcoholic beverages are paid by the manufacturers, importers and wholesale distributors who sell and distribute in and to Ohio, as shown in the table below.

Type of Product	Code Section	Taxpayer
Bottle and canned beer	4301.42	Manufacturer, bottler, canner or wholesale dealer
Wine	4301.43	Manufacturer, wholesale dealer or retail dealer
Mixed beverages	4301.43	Manufacturer, wholesale dealer or retail dealer
Beer in barrels	4305.01	Manufacturer or consignee

Tax Base

(Ohio Revised Code 4301.01)

The tax base is comprised of beer, wine, cider and mixed beverages up to 21 percent alcohol by volume. These beverages are defined in law as follows:

- Beer is brewed or fermented from malt products. It contains at least 0.5 percent but not more than 12 percent alcohol by volume.
- Mixed beverages are mixtures of wine or distilled spirits with carbonated or noncarbonated flavoring materials. They contain at least 0.5 percent and not more than 21 percent alcohol by volume.
- Wine, including sparkling wine and vermouth, consists of fermented juices of grapes, fruits or other agricultural products. It contains at least 0.5 percent and not more than 21 percent alcohol by volume. By law, wine with less than four percent alcohol is not subject to the alcoholic beverage excise tax.
- Cider consists of fermented juices of apples, including flavored, sparkling or carbonated cider. It contains at least 0.5 percent and not more than six percent alcohol by weight.

A separate tax on liquor gallonage is administered by the Division of Liquor Control.

Rates

Excise tax rates on each alcoholic beverage vary by type and alcohol content. The state tax rates are as follows:

Type of Product	Code Section	Measure	Rate
Beer in bottles or cans	4301.42	6 oz. or fractional part thereof	0.84 cent(s) ¹
Wine (containing alcohol 4% - 14% by volume)	4301.43 - 4301.432	Gallon	32 cents
Wine (containing alcohol 14% - 21% by volume)	4301.43 - 4301.432	Gallon	\$1.00 cents
Vermouth	4301.43 - 4301.432	Gallon	\$1.10
Sparkling & carbonated wine & champagne	4301.43 - 4301.432	Gallon	\$1.50
Cider	4301.43	Gallon	24 cents
Mixed Beverages	4301.43	Gallon	\$1.20
Beer in barrels	4305.01	31 gallons	\$5.58

¹ The rate on bottles and cans having less than 12 ounces is 0.14 cent(s) per ounce.

Exemptions and Refunds

(R.C. 4301.23, 4303.332, 4303.333, 4307.05)

Exemptions

The alcoholic beverage tax does not apply to:

- Sacramental wine used in religious rites.
- Sales to the federal government.
- Sales for resale outside Ohio.

Small breweries

Any Ohio A-1-c permit holder will receive a credit against their excise tax the following year and a refund on any excise tax paid during the current year on up to 9.3 million gallons of beer distributed in Ohio.

Small wineries

Any licensed Ohio wine producer whose total production does not exceed 500,000 gallons in a calendar year will be granted an exemption from the excise tax for such year and a refund of any excise tax paid.

Filing and Payment Dates

(R.C. 4303.33, 4301.422)

Filing and payment schedules vary according to the type of permit.

Beer permit holders

- Advance payments are due on or before the 18th day of each month for that month's estimated tax liability.
- Monthly payments are due on or before the 10th day of the month for the previous month's liability.

Wine and mixed beverage permit holders

Monthly payments are due on or before the 18th day of each month for the previous month's liability.

Discounts and Additional Credits

(R.C. 4303.33, 4301.422)

Discounts and additional credits are available for collection and timely payment of tax liability by permit holders.

Beer permit holders

An advance pay credit is available equal to three percent of the amount of tax received by the 18th day of the month for which the tax is paid. Also, a discount is offered on the balance of tax due (after the advance payment) if received by the 10th day of the following month. This additional discount is the smaller of the following: three percent of 10 percent of the advance payment or three percent of the net amount of tax due after deducting the advance payment.

Wine and mixed beverage permit holders

A three percent discount is available on the amount of monthly payment if the payment is received on or before the 18th day of the month for the previous month's tax liability.

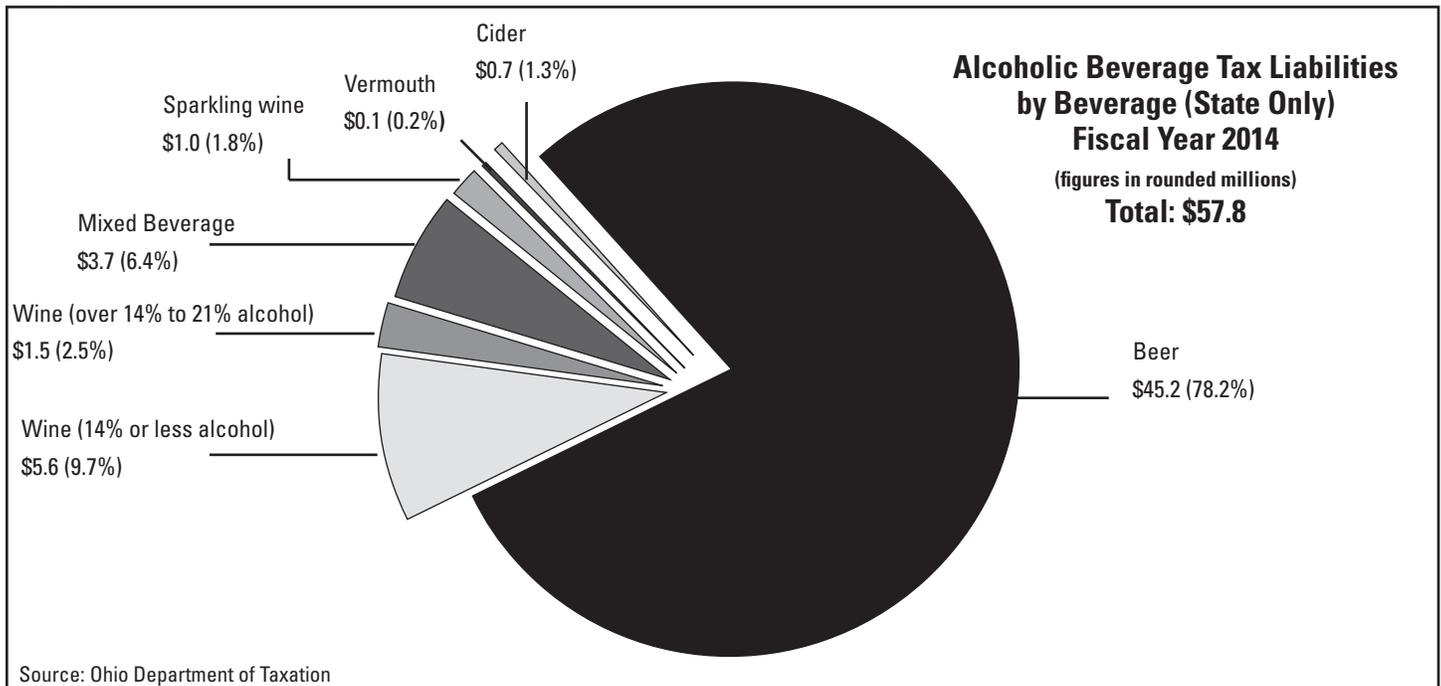
Disposition of Revenue

(R.C. 924.51-.55, 4301.43, 4301.432, 4301.46, 4305.01, 4301.423)

State levies

All of the excise tax is distributed to the General Revenue Fund, except for five cents per gallon of the excise tax

Chart 1



on wine (including sparkling wine and vermouth), which is distributed to the Ohio Grape Industries Fund.

Administration

(R.C. 4307.04)

The Tax Commissioner administers alcoholic beverage taxes on beer, wine, cider and mixed beverages of up to 21 percent alcohol by volume. The Division of Liquor Control, in the Ohio Department of Commerce, administers the liquor gallonage tax. The Division of Liquor Control is also responsible for issuing, suspending, and revoking all permits to manufacture, distribute, and sell alcoholic beverages.

Ohio Revised Code Citations

Chapters 924, 4301, 4303, 4305, 4307.

History of Major Changes

1805	General Assembly enacts first saloon license law, permitting counties to charge annual fees of between \$4 and \$12.
1851	New Ohio constitution prohibits the licensing of liquor traffic, but permits the legislature to "provide against evils resulting therefrom."
1886	After two previous taxes are struck down, the General Assembly enacts the Dow Law, a \$200 annual tax on the traffic of liquor and \$100 annual tax on the traffic of "malt or vinous" alcohol. Generally, the tax applies to saloons; manufacturers are exempted. Initially, proceeds are split between county treasuries and county poor funds. The Dow Law, framed as an "act providing against the evils" of liquor traffic, withstands constitutional scrutiny.
1888	Dow tax is raised to \$250, regardless of type of alcohol. One-fifth of proceeds is directed to the state general revenue fund.
1896	Dow tax is raised to \$350; 30 percent of revenue is dedicated to state general revenue fund.
1906	Dow tax is raised to \$1,000.
1920	Prohibition begins.
1933	Prohibition ends; the modern taxation of alcohol begins. Beer and malt beverages are taxed at \$1 per barrel. Wine is taxed at 10 percent of retail price.
1934	Liquor is taxed at \$1 per gallon. Tax on bottled beer and malt beverages is set at 0.75 cents per each six ounces or fractional share thereof.
1935	Mixed beverages are taxed at 10 percent of retail price. Malt beverage tax is increased to \$2.50 per barrel.

1939	Mixed beverages are taxed at 40 cents per gallon. Wine tax is revised as follows: <ul style="list-style-type: none"> • Wine (less than 14 percent alcohol): 12 cents per gallon. • Wine (14 percent to 21 percent alcohol): 30 cents per gallon. • Vermouth: 60 cents per gallon. • Sparkling wine and champagne: \$1 per gallon.
1959	Sales of wine and mixed beverages are subjected to sales tax. Beer tax is increased to \$2.50 per barrel.
1967	Beer and malt beverages are subjected to sales tax.
1969	New rates are enacted as follows: <ul style="list-style-type: none"> • Liquor gallonage: \$2.25 per gallon. • Mixed beverages: 80 cents per gallon. • Wine (less than 14 percent): 24 cents per gallon. • Wine (14 to 21 percent): 60 cents per gallon. • Vermouth: 75 cents per gallon. • Sparkling wine and champagne: \$1.25 per gallon.
1981	Temporary tax increases on beer, malt beverages, wine and mixed beverages take effect from January to June.
1982	<ul style="list-style-type: none"> • Credit against taxes is enacted for Ohio brewers and wine producers. • Wine tax is increased 2 cents per gallon, with 3 cents per gallon earmarked for grape industries. Distinction between "beer" and "malt" beverages is repealed. Tax on beer in containers of 12 ounces or less is changed to 0.125 cents per ounce.
1989	Tax on barreled beer is increased to \$3.50 per barrel.
1992	Tax on beer is increased to 0.14 cents per ounce bottled and \$5.58 per barrel. Mixed beverage tax is increased to \$1.20 per gallon. Wine taxes are increased to the following rates: <ul style="list-style-type: none"> • Less than 14 percent alcohol: 32 cents per gallon. • Between 14 and 21 percent alcohol: \$1 per gallon. • Sparkling wine: \$1.50 per gallon. • Vermouth: \$1.10 per gallon.
1995	Additional 2 cents of the excise tax on wine is temporarily allocated to the Ohio grape industry special account until July 1, 1999.
1997	Department of Liquor Control is renamed Division of Liquor Control and placed within the Department of Commerce.
1999	Temporary two cents per gallon tax on wine for the Ohio Grape Industries Fund is extended until July 1, 2001 (and extended for an additional two years in 2001, 2003, 2005, 2007, 2009, 2011 and 2013).
2007	General Assembly creates two new permit types, B-2A and S, to allow for the direct shipment of wine by small wineries to retailers and consumers in Ohio.

History of Major Changes - continued

2008	General Assembly exempts holders of B-2a and S permits from 30 cents of the 32 cents per gallon wine tax and allows for a refund of all but two cents per gallon of the total tax paid by these permit holders, retroactive to Oct. 1, 2007. Also raises the threshold at which wine manufacturers are eligible for these permits from 150,000 gallons to 250,000 gallons.
2011	General Assembly allows an "S" permit holder direct shipment of beer by brand owner, or United States importer, to consumers in Ohio. The first monthly tax return that was affected by these changes was July, 2011 return, which was due August 10, 2011.
2013	Carved the A-1-c permit holders out of the A-1 permit holders. A-1-c permit holders are those manufacturers whose total production of beer, wherever produced, will not exceed 31 million gallons of beer in a calendar year.

Comparisons with Other States

(as of July 1, 2014)

The percentages in this listing refer to alcohol content, which is measured by volume. Malt beverages include beer. One barrel equals 31 gallons. In states where the tax is on a per liter basis, a conversion to gallons was done for comparison sake.

Georgia	<ul style="list-style-type: none"> • Distilled spirits: \$3.79 (inclusive of import tax). • Beer: \$10 per barrel. • Wine: Up to \$1.51 per gallon (inclusive of import tax).
Indiana	<ul style="list-style-type: none"> • Beer, flavored malt beverages and hard cider: 11.5 cents per gallon. • Mixed beverages (15 percent or less): 47 cents per gallon. • Wine (less than 21 percent): 47 cents per gallon. • Liquor and wine (21 percent or more): \$2.68 per gallon.
Kentucky	<ul style="list-style-type: none"> • Beer: \$2.50 per barrel. • Wine: 50 cents per gallon. • Spirits: \$1.92 per gallon. • Distilled spirits placed in containers for resale (less than 6%): 25 cents per gallon.
Michigan	<ul style="list-style-type: none"> • Beer: \$6.30 per barrel. • Wine (16 percent or less): 51 cents per gallon; 75.7 cents per liter if over 16 percent. • Mixed drinks (10 percent or less): \$1.81 per gallon. • For liquor, including wine (more than 21 percent): 12 percent of retail selling price.

North Carolina	<ul style="list-style-type: none"> • Beer: \$19.13 per barrel. • Wine: \$1.00 per gallon; If more than 16% but less than 24%: \$1.11 per gallon). • Liquor: 30 percent excise on distiller's price plus state store freight and bailment charge.
Pennsylvania	<ul style="list-style-type: none"> • Malt or brewed beverages: \$2.48 per barrel. • Any alcoholic beverage, except malt or brewed beverages, which contains more than 0.5 percent: 18 percent of net price.
Tennessee	<ul style="list-style-type: none"> • Wine: \$37.50 per barrel. • Spirits: \$4.40 per gallon. • Alcoholic beverages (7 percent or less) \$1.10 per gallon. • Wine: \$1.21 per gallon.
Texas	<ul style="list-style-type: none"> • Beer (0.5 percent by volume to 4 percent by weight): \$6 per barrel. • Still wine (14 percent or less): 20.4 cents per gallon. • Still wine (over 14 percent): 40.8 cents per gallon. • Sparkling wine: 51.6 cents per gallon. • Ale and malt liquor (over 4 percent): 19.8 cents per gallon. • Distilled spirits: \$2.40 per gallon. • Mixed beverages: 14 percent of gross receipts.
West Virginia	<ul style="list-style-type: none"> • Beer and similar products (0.5 to 6 percent): \$5.50 per barrel. • Wine: \$1.00 per gallon. • Liquor: 5 percent of retail price.

Table 1

Alcoholic Beverage Tax Revenue Fiscal Years 2010 - 2014 (dollars in millions)				
Fiscal Year	Beer	Wine & Mixed Beverages	Liquor	Total
2010	\$45.9	\$10.2	\$36.5	\$92.6
2011	44.9	11.5	37.6	94.0
2012	46.5	12.2	39.4	98.1
2013	44.7	12.9	40.7	98.3
2014	44.0	12.6	41.8	98.4
Source: Office of Budget and Management financial reports				

Table 2

Alcoholic Beverage Taxes, Reported Payments and Credits Fiscal Year 2014			
Type of Beverage	Gross Tax	Credits and Discounts	Net Tax Receipts
Beer			
Advance tax payments	\$37,869,083	\$1,092,483	\$36,776,600
Payments with return	7,312,193	59,341	7,243,462
Sub-Total	\$45,181,276	\$1,161,214	\$44,020,062
Wine and Mixed beverages			
Payment with return	\$13,062,833	\$370,035	\$12,692,798
Total	\$58,244,109	\$1,531,249	\$56,712,860
Source: Ohio Department of Taxation, as reported on tax returns.			

Table 3

Alcoholic Beverage Taxes Liability, as Reported on Returns Fiscal Years 2012 - 2014			
Type of Beverage	2012	2013	2014
Beer	\$47,114,394	\$48,907,607	\$45,206,066
Wine 14% or less alcohol	5,588,212	5,936,640	5,604,643
Wine 14-21% alcohol	1,394,923	1,503,243	1,464,552
Mixed beverages	3,958,262	3,822,599	3,713,666
Vermouth	70,469	84,376	90,661
Sparkling wine	965,831	1,027,167	1,021,494
Cider	134,360	279,146	720,382
Total	\$59,226,451	\$61,560,778	\$57,821,465
Note: Amounts represent tax liability as opposed to tax payments reported on Table 2.			
Source: Ohio Department of Taxation, as reported on tax returns.			