

# ALCOHOLIC BEVERAGE TAXES

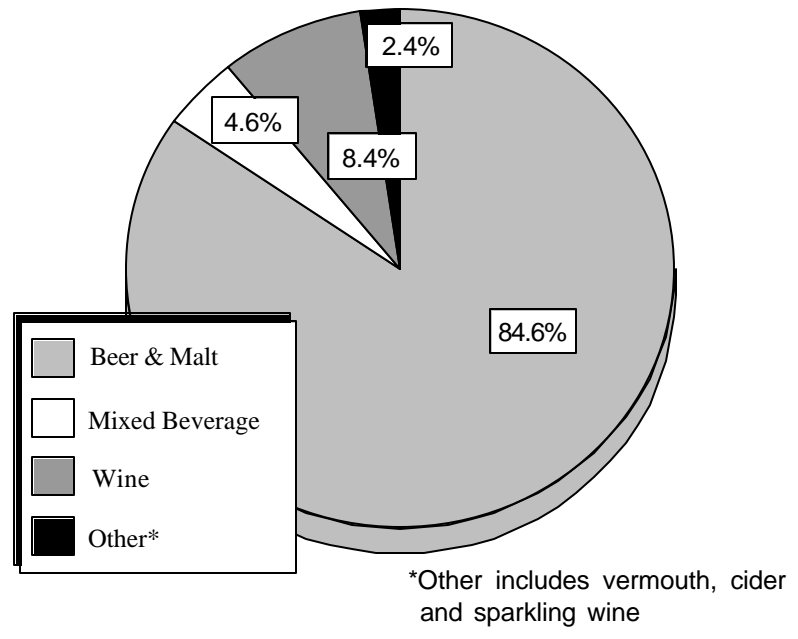
The Ohio Department of Taxation and the Division of Liquor Control, under the Department of Commerce, share responsibilities for the administration of the laws regarding alcoholic beverages. The Division of Liquor Control, which includes the Liquor Control Commission: (1) is in charge of issuing, suspending, and revoking permits to manufacture, distribute, and sell all alcoholic beverages; (2) grants permits for and controls all phases of manufacturing, distribution, and sale of alcoholic beverages in Ohio.

The Department of Taxation is involved in the administration of the taxes on beer, malt beverages, wine, and mixed beverages. This does not include distilled beverages over 21 percent alcohol by volume. This section of the Annual Report covers only the role of the Department of Taxation.

Before the repeal of Prohibition in 1933, the states played a secondary role to the federal government in regulating the sale of alcoholic beverages. However, after Prohibition was repealed, the states gained predominance. That same year, Ohio created the Department of Liquor Control and enacted tax levies on beer, wine and other non-spirituous beverages. Since 1933, there have been amendments to the law including excise tax increases and imposing the state sales tax on beer, malt beverages, wine, and mixed beverages. As of July 1, 1997, the Department of Commerce assumed control of the Department of Liquor Control. The Department was renamed the Division of Liquor Control as directed by Senate Bill 162.

Tax liabilities from the excise taxes on beer, malt beverages, wine, and mixed beverages were \$56.0 million in fiscal year 1999, \$1.8 million more than fiscal year 1998 liabilities. All of these liability payments go into the general revenue fund except for five cents of the tax on each gallon of wine. This revenue is designated for research and study of grapes and grape products under the direction of the Ohio Grape Industries Committee.

**Alcoholic Beverage Tax Liabilities  
By Beverage**  
Fiscal Year 1999 Total -- \$56.0 Million



The Ohio General Assembly, in 1986, authorized county governments to levy a permissive tax of \$3.00 per gallon on liquor for the purpose of funding sports facilities. In 1990, the General Assembly authorized counties to levy taxes on all alcoholic beverages to operate or service the debt of a sports facility operated by the county or a development corporation.

The law allowed counties to levy a tax of up to 32 cents per gallon on wines and mixed beverages, 24 cents on cider, and 16 cents per gallon on beer and malt beverages. Cuyahoga County enacted such levies at the maximum rates effective August 1, 1990. The Department of Taxation administers the taxes on beer and wine, while the tax on liquor gallonage is administered by the Division of Liquor Control. The levies on liquor, beer, and wine produced revenues of \$10.2 million during fiscal year 1999.

The state collects the county levies through a local tax return filed by taxpayers doing business in Cuyahoga County. All exemptions and credits allowed for the state tax on alcoholic beverages apply to the county levies. Taxpayers filing returns in a timely fashion and making timely payments

receive a 2.5 percent discount on payment. These collections are returned to Cuyahoga County in the month following their collection. The Department of Taxation retains two percent of the collections from beer and wine for administrative expenses.

**RATES:**

Type of Product	Revised Code Section	Unit of Measure	Tax Rate
Beer and malt beverages in bottles or cans	4301.42	6 oz. or fractional part thereof	0.84 cent*
Wine (containing alcohol 4 percent by volume to 14 percent by volume)	4301.43 - 4301.432	gallon	32 cents
Wine (containing alcohol 14 percent to 21 percent by volume)	4301.43	gallon	\$1.00
Vermouth	4301.43 - 4301.432	gallon	\$1.10
Sparkling and carbonated wine and champagne	4301.43 - 4301.432	gallon	\$1.50
Cider	4301.43	gallon	24 cents
Mixed beverages	4301.43	gallon	\$1.20
Beer and malt beverages in barrels	4305.01	31 gallons	\$5.58

\* The rate on bottles and cans having 12 ounces or less of liquid content is 0.14 cent per ounce.

**COUNTY LEVIES:**

Type of Product	Revised Code Section	Unit of Measure	Tax Rate
Wine and mixed beverages	4301.421	gallon	Up to 32 cents
Beer	4301.421	gallon	Up to 16 cents
Cider	4308.421	gallon	Up to 24 cents

**TAX BASE (R.C. 4301.01):**

Sale by volume of the following non-spirituous beverages:

Type of Product	Definition
Beer, malt liquor (or malt beverage)	Brewed or fermented malt product containing not less than 0.5 percent by volume and not more than 6.0 percent alcohol by weight
Mixed beverages	Mixture of wine or distilled spirits with carbonated or non-carbonated flavoring materials and containing not less than .59 percent and not more than 21 percent of alcohol by volume
Wine (including sparkling wine and vermouth)	Fermented juices of grapes, fruits or other agricultural products and containing not less than .59 percent and not more than 21 percent of alcohol by volume
Cider	Fermented juices of apples including flavored, sparkling, or carbonated cider that contains more than one-half of one percent and not more than six percent of alcohol by weight

**TAXPAYER:**

Type of Product	Revised Code Section	Taxpayer
Bottle and canned beer and malt beverages	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
Barrel beer	4305.01	Manufacturer or consignee

**FILING AND PAYMENT DATES  
(R.C. 4303.33):**

***Beer and Malt Beverages Permit Holders:***

**Advance Payment:** On or before the 18th of each month for that month's estimated tax liability.

**Monthly Payment:** On or before the 10th day of the month for the previous month's liability.

***Wine and Mixed Beverage Permit Holders:***

**Monthly Payment:** On or before the 18th of each month for the previous month's liability.

***County Permissive Levies (R.C. 4301.422):***

**Monthly Payment:** On or before the last day of the month for the previous month's liability.

**EXEMPTIONS AND REFUNDS  
(R.C. 4301.23, 4303.332, 4303.333,  
4307.05):**

1. Sacramental wine used in religious rites.
2. Any licensed Ohio brewer whose total production, wherever produced, does not exceed 31,000,000 gallons in a calendar year will receive a credit against his excise tax the following year and a refund on any excise tax paid during the current year on up to 9,300,000 gallons of beer distributed in Ohio.
3. Any licensed Ohio wine producer whose sales do not exceed 500,000 gallons in a calendar year will be granted an exemption from the excise tax during the following year and a refund on any excise tax paid during the current year.

**DISCOUNTS AND ADDITIONAL  
CREDITS (R.C. 4303.33):**

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

***Beer and Malt Beverage Permit Holders:***

**Advance Pay Credit:** Three percent of the amount of tax received by the Treasurer of State by the 18th day of the month for which the tax is paid.

**Discount:** A discount is offered on the balance of tax due (after the advance payment) if received by the Treasurer of State by the 10th day of the following month. It is the smaller of the following: 3 percent of the amount of the advance payment or 3 percent of the net amount of tax due after deducting the advance payment.

***Wine and Mixed Beverage Permit Holders:***

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

***County Permissive Levies (R.C. 4301.422):***

Taxpayers filing timely returns and making timely payments receive a 2.5 percent discount on the liability due.

**DISPOSITION OF REVENUE  
(R.C. 924.51-924.55, 4301.43, 4301.432,  
4301.46, 4305.01):**

***Grape Industries Special Account:*** Five cents per gallon of the excise tax levied on wine is paid into this account to provide funds for research, development, and marketing of grape products in Ohio.

***General Revenue Fund:*** Remainder of excise tax levied on wine and all of the excise tax levied on beer, malt beverages, cider, and mixed beverages is paid into this fund.

**County Permissive Levies (R.C. 4301.423):**

The Local Excise Tax Administrative Fund receives two percent of all collections with the remainder to the county.

**Wine and Mixed Beverage Permit Holders:**

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

**ADMINISTRATION (R.C. 4307.04):**

The Tax Commissioner administers alcoholic beverage taxes, and the Division of Liquor Control, under the Department of Commerce, administers liquor gallonage.

**OHIO REVISED CODE CITATIONS:**

Chapters 924, 4301, 4303, 4305, 4307, 4309.

**RECENT LEGISLATION:**

**House Bill 283; effective June 30, 1999 (Biennial Budget Bill).**

**RC 4301.43** - Two-year continuation of the two-cents per gallon credit to the Ohio Grape Industries Fund on tax paid on wine, vermouth, and sparkling and carbonated wine and champagne.

<b>Table 10</b>			
<b>Alcoholic Beverage Taxes--Payments and Credits, Fiscal Year 1999</b>			
Type of Beverage	Gross Tax	Credits and Discounts	Net Tax Receipts
<b>Beer and malt beverage:</b>			
Advance tax payments	\$39,889,732	\$1,222,756	\$38,666,976
Payment with return	7,531,357	72,859	7,458,498
Other payments	<u>0</u>	<u>0</u>	<u>0</u>
Total	\$47,421,089	\$1,295,615	\$46,125,474
<b>Wine and mixed beverages:</b>			
Payment with return	\$8,548,668	\$256,230	\$8,292,438
Other payments	<u>0</u>	<u>0</u>	<u>0</u>
Total	\$8,458,668	\$256,230	\$8,292,438
<b>Grand Total</b>	<b>\$55,969,757</b>	<b>\$1,551,845</b>	<b>\$54,417,912</b>

<b>Table 11</b>			
<b>Alcoholic Beverage Taxes--Liability as Reported on Returns, Fiscal Years 1997-1999</b>			
Type of Beverage	Amount of Tax Liability		
	1997	1998	1999
Beer and malt beverage	\$45,941,330	\$45,754,130	\$47,421,089
Wine 14% or less alcohol	3,357,804	3,577,695	3,734,774
Wine 14-21% alcohol	913,699	1,036,671	975,413
Mixed beverages	2,340,748	2,588,062	2,646,977
Vermouth	115,943	108,582	98,602
Sparkling wine	979,875	974,897	1,031,064
Cider	<u>59,993</u>	<u>53,834</u>	<u>61,838</u>
Total	\$53,709,392	\$54,093,871	\$55,969,757

*Note: amounts represent tax liability as opposed to tax payments in Table 10.*

<b>Table 11A</b>			
<b>Cuyahoga County Beer and Wine Liabilities as Reported on Returns, Fiscal Years 1997-1999</b>			
Type of Beverage	1997	1998	1999
Beer	\$5,093,022	\$5,113,956	\$4,884,039
Wine	<u>870,948</u>	<u>885,776</u>	<u>913,809</u>
Total	\$5,963,970	\$5,999,732	\$5,797,848