

Alcoholic Beverage Tax

The 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 is responsible for issuing, suspending and revoking permits to manufacture, distribute, and sell all alcoholic beverages.

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

Tax liabilities from the excise taxes on beer, wine, and mixed beverages were \$58.4 million in FY 2003, approximately \$1.0 million more than FY 2002. 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 the research and study of grapes and grape products under the direction of the Ohio Grape Industries Committee.

The 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 wine and mixed beverages, 24 cents per gallon on cider, and 16 cents per gallon on beer. 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 Division of Liquor Control, Department of Commerce administers the tax on liquor gallonage.

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. These collections are returned to Cuyahoga County in the month following their collection. The Department of Taxation retains 2 percent of the collections from the county beer and wine taxes for administrative expenses.

RATES:

Type of Product	Revised Code Section	Unit of Measure	Tax Rate
Beer in bottles or cans	4301.42	6 oz. or fractional part thereof	0.84 cent*
Wine (containing alcohol 4% by volume to 14% by volume)	4301.43 – 4301.432	Gallon	32 cents
Wine (containing alcohol 14% to 21% by volume)	4301.43 – 4301.432	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 in barrels	4305.01	31 Gallons	\$5.58
* The rate on bottles and cans having less than 12 ounces 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):

Type of Product	Definition
Beer	Brewed or fermented malt product containing not less than 0.5% by volume and not more than 12.0% alcohol by weight.
Mixed Beverages	Mixture of wine or distilled spirits with carbonated or non-carbonated flavoring materials and containing not less than 0.5% and not more than 21% of alcohol by volume.
Wine (including sparkling wine and vermouth)	Fermented juices of grapes, fruits or other agricultural products and containing not less than 0.5% and not more than 21% of alcohol by volume.
Cider	Fermented juices of apples including flavored, sparkling, or carbonated cider containing more than 0.5% and not more than 6.0% of alcohol by weight.

TAXPAYER:

Type of Product	Revised 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 Beverage	4301.43	Manufacturer, wholesale dealer or retail dealer
Barrel beer	4305.01	Manufacturer or consignee

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

Beer Permit Holders:

Advance Payment — On or before the 18th day 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 day 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. Sales to the federal government.
3. Sales in interstate commerce.
4. 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 their 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.
5. 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 Permit Holders:

Advance Pay Credit: Three percent of the amount of tax received 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 10th day of the following month. It is the smaller of the following: 3 percent of 10 percent 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 day 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 tax 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 the excise tax levied on wine and all of the excise tax levied on beer, cider, and mixed beverages is paid into this fund.

County Permissive Levies (R.C. 4301.423): The Local Excise Tax Administrative Fund receives 2 percent of all collections with the remainder to the county.

ADMINISTRATION (R.C. 4307.04):

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

OHIO REVISED CODE CITATIONS:

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

RECENT LEGISLATION:

Am. Sub. H.B. 95, 125th General Assembly (effective July 1, 2003, 2004-2005 Biennial Budget Bill).

R.C. 4301.43 – Enacts a 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.

Sub. H.B. 371, 124th General Assembly (effective October 11, 2002). R.C. 4301.01 (B) (20) – Beer, malt beverages and malt liquor were all defined the same. The bill changed the definition of beer to mean ale, porter, stout and other similar fermented beverages, including sake. The maximum alcoholic content was also increased from 6 percent to 12 percent by weight.

R.C. 4301.433 – A supplier of wine that is bottled outside Ohio and shipped into and intended for sale in Ohio was required to furnish two copies of the invoice to the Tax Commissioner. The supplier may furnish the invoice information electronically in a format prescribed by the Tax Commissioner. All such invoices shall be open to public inspection during regular business hours.

H.B. 94, 124th General Assembly (effective July 1, 2001).

R.C. 4301.43 – Enacted a 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.

R.C. 4301.422, 4303.33 and 4303.331 – Transferred tax payment functions previously assigned to the Treasurer of State to the Tax Commissioner.

RECENT INFORMATION RELEASES:

XT 2002-05 – “Alcoholic Beverage Reporting Changes for Out-of-State Wine Suppliers,” July 24, 2002.

Table 1
Alcoholic Beverage Taxes – Payments
and Credits, Fiscal Year 2003

Type of Beverage	Gross Tax	Credits and Discounts	Net Tax Receipts
Beer			
Advance tax payments	\$37,818,070	\$1,085,070	\$36,733,000
Payment with return	11,743,590	78,647	11,664,943
Other payments	<u>0</u>	<u>0</u>	<u>0</u>
Total	\$49,561,660	\$1,163,717	\$48,397,943
Wine and Mixed Beverages			
Payment with return	\$9,385,857	\$266,840	\$9,119,017
Other payments	<u>0</u>	<u>0</u>	<u>0</u>
Total	\$9,385,857	\$266,840	\$9,119,017
Total	\$58,947,517	\$1,430,557	\$57,516,960

Source: Department of Taxation, as reported on tax returns.

Table 2
Alcoholic Beverage Taxes — Liability as Reported on Returns
Fiscal Years 2001 - 2003

Type of Beverage	Amount of Tax Liability		
	2001	2002	2003
Beer	\$48,144,546	\$48,258,101	\$49,028,203
Wine 14% or less alcohol	3,965,541	4,009,136	4,338,635
Wine 14-21% alcohol	1,052,396	1,042,352	1,007,148
Mixed beverages	3,122,132	3,071,425	3,010,419
Vermouth	93,802	114,449	106,984
Sparkling wine	876,769	858,374	885,078
Cider	51,762	49,010	34,599
Total	\$57,306,948	\$57,402,847	\$58,411,066

Note: Amounts represent tax liability as opposed to tax payments in Table 1.

Table 3
Cuyahoga County Beer and Wine Liabilities as Reported on Returns
Fiscal Years 2001 - 2003

Type of Beverage	2001	2002	2003
Beer	\$4,889,852	\$5,089,549	\$5,072,439
Wine	961,653	951,551	1,019,504
Total	\$5,851,505	\$6,041,100	\$6,091,943

Source: Department of Taxation, as reported on tax returns.

