

## ALCOHOLIC BEVERAGE TAX

The Ohio Department of Taxation and the Division of Liquor Control, under the Ohio Department of Commerce, share responsibility for the administration of laws governing 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. The Division of Liquor Control, Ohio Department of Commerce, is responsible for issuing, suspending, and revoking permits to manufacture, distribute, and sell all alcoholic beverages. This chapter covers only the role of the Department of Taxation.

Tax payments from excise taxes on beer, wine, and mixed beverages were approximately \$58.3 million in Fiscal Year 2006. These payments are made to 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.

In 1986, the Ohio General Assembly authorized county governments to levy a permissive tax of \$3.00 per gallon on liquor for the purpose of funding sports facilities. Then 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 and the Division of Liquor Control administer the tax and collect the county levies through a local tax return filed with the state. All exemptions and credits allowed for the state tax on alcoholic beverages apply to the county levies. Tax collected is returned to Cuyahoga County in the month following collection. The Department of Taxation retains 2.0 percent of the collections from the county beer and wine taxes for administrative expenses.

### 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 Beverages	4301.43	Manufacturer, wholesale dealer, or retail dealer
Beer in barrels	4305.01	Manufacturer or consignee

### TAX BASE (OHIO REVISED CODE 4301.01):

Type of Product	Definition
Beer	Brewed or fermented from malt products and containing not less than 0.5% and not more than 12% alcohol by volume.
Mixed Beverages	Mixture of wine or distilled spirits with carbonated or noncarbonated flavoring materials and containing not less than 0.5% and not more than 21% 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% 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% alcohol by weight.

## ALCOHOLIC BEVERAGE TAX 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(s)*
Wine (containing alcohol 4.0 - 14% by volume)	4301.43 – 4301.432	Gallon	32 cents
Wine (containing alcohol 14 - 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(s) 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	4301.421	Gallon	Up to 24 cents

## 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 production does 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.



(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.

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**Wine and Mixed Beverage Permit Holders:**

**Monthly Payment** — On or before the 18<sup>th</sup> 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.

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

Discounts and additional credits are available 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 18<sup>th</sup> 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 10<sup>th</sup> day of the following month. It is the smaller of the following: 3.0 percent of 10 percent of the advance payment or 3.0 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 18<sup>th</sup> 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-.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 2.0 percent of all collections, while the remaining revenue collected is distributed to the county.

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

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

**OHIO REVISED CODE CITATIONS:**

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

**Amended Substitute House Bill 66, 126<sup>th</sup> General Assembly (FY 2006-2007 biennium budget bill, effective July 1, 2005). R.C. 4301.43:**

Enacted a two-year continuation of the two cents per gallon additional credit to the Ohio Grape Industries Fund on tax paid on wine, vermouth, and sparkling and carbonated wine and champagne.

TABLE 1

## ALCOHOLIC BEVERAGE TAXES - PAYMENTS AND CREDITS, FISCAL YEAR 2006

Type of Beverage	Gross Tax	Credits and Discounts	Net Tax Receipts
<b>Beer</b>			
Advance tax payments	\$42,980,802	\$1,242,618	\$41,738,184
Payment with return	6,729,457	65,121	6,664,336
<b>Total</b>	<b>\$49,710,259</b>	<b>\$1,307,739</b>	<b>\$48,402,520</b>
<b>Wine and mixed beverages</b>			
Payment with return	\$10,240,256	\$340,029	\$9,900,227
<b>Total</b>	<b>\$59,950,515</b>	<b>\$1,647,768</b>	<b>\$58,302,747</b>

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

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TABLE 2

ALCOHOLIC BEVERAGE TAXES - LIABILITY AS  
REPORTED ON RETURNS  
FISCAL YEARS 2004 - 2006

Type of Beverage	2004	2005	2006
Beer	\$49,710,161	\$47,697,154	\$49,622,845
Wine less than 14% alcohol	4,123,117	4,320,690	4,546,619
Wine 14-21% alcohol	1,106,171	1,111,829	1,200,710
Mixed Beverages	2,936,334	3,046,523	3,206,023
Vermouth	97,851	89,708	102,187
Sparkling Wine	877,344	870,063	877,231
Cider	29,910	32,752	32,187
<b>Total</b>	<b>\$58,880,888</b>	<b>\$57,168,719</b>	<b>\$59,587,802</b>

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

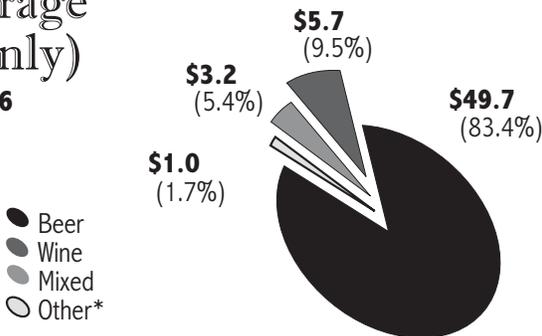
TABLE 3

CUYAHOGA COUNTY BEER AND WINE LIABILITIES AS  
REPORTED ON RETURNS  
FISCAL YEARS 2004 - 2006

Type of Beverage	2004	2005	2006
Beer	\$4,941,408	\$4,913,129	\$4,870,856
Wine	1,056,232	1,236,114	1,209,091
<b>Total</b>	<b>\$5,997,640</b>	<b>\$6,149,243</b>	<b>\$6,079,947</b>

Alcoholic Beverage  
Tax Liabilities  
By Beverage  
(State Only)

Fiscal Year 2006  
(figures in millions)



Total \$59.6 million

\* Other includes vermouth, sparkling wine, and cider.