

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 \$57.7 million in Fiscal Year 2005. 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 beverage	4301.43	Manufacturer, wholesale dealer or retail dealer
Barrel beer	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.

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 4.0 - 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 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 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.

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.

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 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: 3.0 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 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. 924.51-55, 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.

Recent Legislation

Amended Substitute House Bill 66, 126th 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.

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 6.0 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.

Table 1
Alcoholic Beverage Taxes - Payments
and Credits, Fiscal Year 2005

Type of Beverage	Gross Tax	Credits and Discounts	Net Tax Receipts
Beer			
Advance tax payments	\$39,182,235	\$1,079,835	\$38,102,400
Payment with return	10,185,144	71,207	10,113,937
Total	\$49,367,379	\$1,151,042	\$48,216,337
Wine and mixed beverages			
Payment with return	\$9,811,065	\$282,801	\$9,528,264
Total	\$59,178,444	\$1,433,843	\$57,744,601

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

Table 2
Alcoholic Beverage Taxes - Liability as Reported on Returns
Fiscal Years 2003 - 2005

Type of Beverage	Amount of Tax Liability		
	2003	2004	2005
Beer	\$49,028,203	\$49,710,161	\$47,697,154
Wine less than 14% alcohol	4,338,635	4,123,117	4,320,690
Wine 14-21% alcohol	1,007,148	1,106,171	1,111,829
Mixed beverages	3,010,419	2,936,334	3,046,523
Vermouth	106,984	97,851	89,708
Sparkling wine	885,078	877,344	870,063
Cider	34,599	29,910	32,752
Total	\$58,411,066	\$58,880,888	\$57,168,719

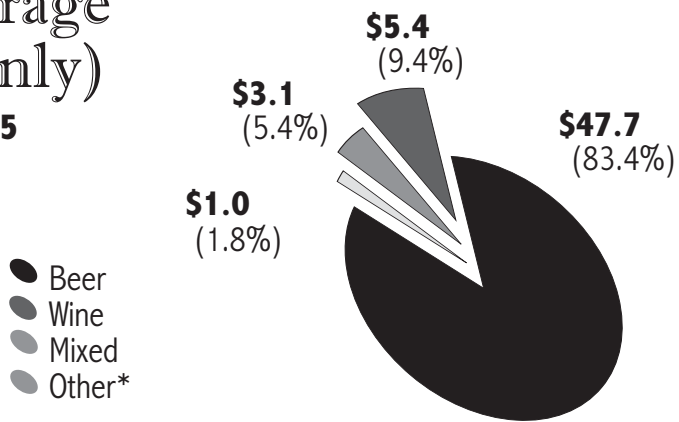
Note: Amounts represent tax liability as opposed to tax payments reported in Table 1.

Table 3
Cuyahoga County Beer and Wine Liabilities as
Reported on Returns
Fiscal Years 2003 - 2005

Type of Beverage	2003	2004	2005
Beer	\$5,072,439	\$4,941,408	\$4,913,129
Wine	1,019,504	1,056,232	1,236,114
Total	\$6,091,943	\$5,997,640	\$6,149,243

**Alcoholic Beverage
Tax Liabilities
By Beverage
(State Only)**

Fiscal Year 2005
(figures in millions)



Total \$57.2 million

*Other includes vermouth, sparkling wine and cider.