

## Alcoholic Beverage Taxes

### Taxpayer

The percentage of alcohol in the beverage determines who the taxpayer will be. It applies to:

- Manufacturers, importers, and wholesale distributors, which are the taxpayers on beer, wine, cider and mixed beverages of up to 21 percent alcohol by volume.
- The Ohio Department of Commerce's Division of Liquor Control, which is the state's sole purchaser and distributor of liquor containing more than 21 percent alcohol by volume.

### Tax Base

Beer, wine, mixed beverages, cider and liquor.

### Rates

Beer:

Barrels (31 gallons)	\$5.58 per barrel
Containers (12 oz. or less)	0.14 cents per oz.
Containers (more than 12 oz.)	0.84 cents per 6 oz. <sup>1</sup>

Wine:

Less than 14% alcohol	32 cents per gallon
14% to 21% alcohol	\$1.00 per gallon
Vermouth	\$1.10 per gallon
Sparkling wine/champagne	\$1.50 per gallon

Cider: 24 cents per gallon

Mixed beverages: \$1.20 per gallon

Liquor \$3.38 per gallon

### Major Exemptions

- Sacramental wine.
- Sales to the federal government.
- Sales in interstate commerce.

Revenue (in millions)				
Fiscal Year	Beer	Wine & Mixed Beverages	Liquor	Total
2009	\$47.3	\$10.7	\$35.8	\$93.8
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

### Disposition of Revenue

Revenue from all excise taxes on wine, beer, cider and mixed beverages is distributed to the General Revenue Fund except for 5 cents per gallon of the excise tax on wine (including sparkling wine and vermouth), which is distributed to the Ohio Grape Industries Fund. Two cents of the 5 cent Ohio Grape Industries Fund levy is temporary and is scheduled to end on June 30, 2015.

### Payment Dates

Payment dates vary according to the type of beverage:

**Beer:** Advance payment is due on or before the 18th day of each month for that month's estimated tax liability. A monthly payment is due on or before the 10th day of the month for the previous month's liability.

**Wine and mixed beverages:** A monthly payment is due on or before the 18th day of each month for the previous month's liability.

### Special Provisions/Credits

- Beer taxpayers can receive a 3 percent discount on the amount of their estimated advance payment when filing and paying their return. To receive it, estimated advance payments must be made by the 18th day of the month, and returns are due by the 10th day of the following month.
- Wine and mixed beverages taxpayers can receive a 3 percent discount for timely filing of their return and payment

<sup>1</sup> or fractional portion thereof.

of the tax if payment is received by the 18th day of the month.

- Any A-1-C permit holder will receive, in the following year, a credit for the full amount of excise tax on up to 9.3 million gallons of beer distributed in Ohio, and a refund of any excise tax paid.
- Holders of A-2 permits (the standard wine manufacturer permit) are granted an exemption from excise tax for that calendar year and a refund of any excise tax paid if their total production does not exceed 500,000 gallons in a calendar year.
- Holders of B-2A permits (for direct shipment of wine to retailers) or S permits (for direct sales of wine to consumers), not exceeding 250,000 gallons of wine production per calendar year, are exempt from 30 cents of the 32 cents per gallon wine tax.

## Sections of Ohio Revised Code

Chapters 131, 4301, 4303, 4305, and 4307.

## Responsibility for Administration

- Tax Commissioner (beer, wine and mixed beverages).
- Ohio Department of Commerce, Division of Liquor Control (liquor).

## 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:

- 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:

- 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** 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:

- 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 2 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.

**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.

## Comparisons with Other States

(As of July 1, 2013)

The percentages in this listing refer to alcohol content, which is measured by volume. Malt beverages include beer. One barrel equals 31 gallons.

### California

- Beer: 20 cents per gallon
- Still wines: 20 cents per gallon
- Sparkling hard cider: 20 cents per gallon
- Champagne or sparkling wine: 30 cents per gallon
- Distilled spirits (100 proof or less): \$3.30 per gallon
- Distilled spirits (over 100 proof): \$6.60 per gallon

### Florida

- Malt beverages: 48 cents per gallon
- Ciders: 89 cents per gallon
- Beverages and wine, including wine coolers, (between 0.5 percent and less than 17.259 percent): \$2.25 per gallon
- Beverages, other than wine (17.259 percent to 55.78 percent): \$6.50 per gallon
- Beverages (over 55.78 percent): \$9.53 per gallon
- Wine (17.259 percent or more): \$3 per gallon
- Natural sparkling wine: \$3.50 per gallon

### Illinois

- Beer and cider (at least 0.5 percent): 23.1 cents per gallon
- Wine (less than 7 percent): \$1.39 per gallon
- Alcohol and spirits: \$8.55 per gallon

### Indiana

- 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

- Beer: \$2.50 per barrel
- Wine: 50 cents per gallon
- Spirits: \$1.92 per gallon
- Bottled or canned mixed drinks (less than 6 percent): 25 cents per gallon

**Massachusetts**

- Beer: \$3.30 per barrel
- Cider (3 percent to 6 percent) 3 cents per gallon
- Still wine, including vermouth: 55 cents per gallon
- Sparkling wine and champagne: 70 cents per gallon

For other alcoholic beverages, tax rates vary according to the percentage of alcohol by volume, as follows:

- 15 percent or less: \$1.10 per gallon
- More than 15 percent, up to 50 percent: \$4.05 per gallon
- More than 50 percent: \$4.05 per proof gallon

**Michigan**

- Beer: \$6.30 per barrel
- Wine (16 percent or less): 13.5 cents per liter
- Wine (over 16 percent): 20 cents per liter
- Mixed drinks (10 percent or less): 48 cents per liter

For liquor, including wine (more than 21 percent): 12 percent of retail selling price.

**New Jersey**

- Beer: 12 cents per gallon
- Cider (3.2 percent to 7 percent): 15 cents per gallon
- Wines, vermouth, sparkling wines and cider (7 percent or more): 87.5 cents per gallon
- Liquor: \$5.50 per gallon
- Bitters, grenadine and other mixers: \$4.40 per gallon

**New York**

- Beer: 14 cents per gallon
- Wine (still and sparkling): 30 cents per gallon
- Cider (over 3.2 percent): 3.79 cents per gallon

Tax rates on liquor vary according to the percentage of alcohol by volume, as follows:

- Less than 2 percent: 1 cent per liter
- 2 percent to 24 percent: 67 cents per liter
- More than 24 percent: \$1.70 per liter

**Ohio**

As described in the Rates section in this chapter.

**Pennsylvania**

- Malt or brewed beverages: \$2.48 per barrel
- Any alcoholic beverage, except malt or brewed beverages, which contain more than 0.5 percent: 18 percent of net price

**Texas**

- 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**

- Beer and similar products (0.5 to 6 percent): \$5.50 per barrel
- Wine: 26.406 cents per liter
- Liquor: 5 percent of the retail price