OHIO LEGISLATIVE SERVICE COMMISSION

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Office of Research and Drafting

Legislative Budget Office

H.B. 86
135th General Assembly

Fiscal Note & Local Impact Statement

Click here for H.B. 86's Bill Analysis

Version: As Reported by House Commerce and Labor

Primary Sponsor: Rep. LaRe

Local Impact Statement Procedure Required: No

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Highlights

- The bill allows micro-distilleries holding an active A-3a permit before the bill's effective date to produce any amount of spirituous liquor in a year rather than the 100,000 gallon annual limit under current law.
- Because these permits are assessed on a per 50 gallon barrel rate, the Department of Commerce's Division of Liquor Control could collect additional permit revenue if production among active A-3a permit holders increases.
- Liquor permit revenues are deposited into the Undivided Liquor Permit Fund (Fund 7066), which collects and distributes liquor permit fees to the State Liquor Regulatory Fund (Fund 5LP0), municipalities and townships, and the Statewide Treatment and Prevention Fund (Fund 4750).

Detailed Analysis

The bill increases the amount of spirituous liquor that a micro-distillery (an active A-3a permit holder) may annually manufacture from less than 100,000 gallons of spirituous liquor to any amount of spirituous liquor. The bill applies this change only to those holding an A-3a permit before the effective date of the bill. The 100,000 gallon limit would remain for any micro-distillery issued an A-3a permit after the effective date of the bill. If this change leads to higher production volumes, the Division of Liquor Control might collect more permit revenue, as explained in more detail below.

As of the most recent liquor permit data, there are 62 active A-3a permits statewide. The current annual permit fee for these permits is $2 per 50 gallon barrel, depending on the number of barrels produced by the micro-distillery.[1] If the current qualifying A-3a permit holders produce more spirituous liquor after the 100,000 gallon cap is removed, the Ohio Division of Liquor Control (ODLC) might conceivably collect additional permit revenue. Note, however, that most of the currently licensed micro-distilleries are well below the current 100,000 gallon limit. Given these circumstances, any additional permit revenue attributable to micro-distillery production in excess of 100,000 gallons is likely to be minimal.

Liquor permit fee revenues are deposited into the Undivided Liquor Permit Fund (Fund 7066). Of the money deposited into Fund 7066, 45% is distributed to the State Liquor Regulatory Fund (Fund 5LP0), 35% is distributed to the municipal corporations and townships in which liquor premises are located, and 20% is deposited in the Statewide Treatment and Prevention Fund (Fund 4750).

The bill makes two other changes that do not have any fiscal effects. The first of these is a provision requiring that tasting samples of spirituous liquor provided by authorized individuals be offered to consumers at state liquor agencies free of charge rather than a minimum of 50¢ per sample as under current law. Finally, the bill eliminates a prohibition on adding grains of paradise, a type of flavorful and pleasing aromatic spice, to manufactured formulations of spirituous liquor.

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[1] com.ohio.gov/divisions-and-programs/liquor-control/new-permit-info/guides-and-resources/permit-class-types.