



Ohio Legislative Service Commission

Bill Analysis

Jeff Grim

Sub. H.B. 342*

131st General Assembly
(As Reported by S. Agriculture)

Reps. Young, Becker, Grossman, Hackett, Schaffer, Vitale, Brown, Blessing, Anielski, Antonio, Arndt, Baker, Boose, Brenner, Buchy, Celebrezze, Cera, Clyde, Dovilla, Fedor, Hambley, Hill, Lepore-Hagan, Manning, S. O'Brien, Patterson, Phillips, Ramos, Retherford, Rogers, Romanchuk, Sears, Sheehy, Sprague, Strahorn, Thompson

BILL SUMMARY

Ohio Farm Winery Permit

- Creates the A-2f liquor permit and designates it as the "Ohio Farm Winery Permit."
- Authorizes the Division of Liquor Control to issue the A-2f permit to a wine manufacturer that:
 - Grows grapes, fruit, or other agricultural products on property owned by the manufacturer that is classified as land devoted exclusively to agricultural use; and
 - Uses the grapes, fruit, or other agricultural products to produce wine.
- Authorizes the holder of an A-2f permit to sell wine directly to a consumer on the premises where the wine is manufactured, but otherwise prohibits the holder from selling wine directly to a consumer or to a retailer unless the holder obtains other specified liquor permits.
- Specifies that the fee for the A-2f permit is \$76 for each plant to which the permit is issued.

* This analysis was prepared before the report of the Senate Agriculture Committee appeared in the Senate Journal. Note that the list of co-sponsors and the legislative history may be incomplete.

Wine manufacturer permit

- Allows an A-2 permit holder (wine manufacturer) to use agricultural products, in addition to grapes and other fruit as in current law, to manufacture wine.

D-5l liquor permit population requirements

- Authorizes the Division of Liquor Control to issue a D-5l liquor permit to a premises that is located in a municipal corporation that is wholly within the geographic boundaries of a township, provided that a specified population density applies to the municipal corporation and township.

CONTENT AND OPERATION

Ohio Farm Winery Permit

The bill creates the A-2f liquor permit, designates it as the "Ohio Farm Winery Permit,"¹ and authorizes the Division of Liquor Control to issue it to a manufacturer to do all of the following:

- (1) Manufacture wine from grapes, fruit, or other agricultural products;
- (2) Import and purchase wine in bond for blending purposes. The total amount of wine imported for blending purposes during any year covered by the permit cannot exceed 40% of all the wine manufactured and imported.
- (3) Manufacture, purchase, and import brandy for fortifying purposes; and
- (4) Sell products produced either in glass or container for consumption on the premises where manufactured, in sealed containers for consumption off the premises where manufactured, and to wholesale permit holders under rules adopted by the Division of Liquor Control.²

Current law generally allows a wine manufacturer with an A-2 liquor permit to do all four of the activities specified above.³ However, the new A-2f permit differs from the current A-2 permit in that the Division may issue an A-2f permit to a manufacturer only if both of the following apply:

¹ R.C. 4303.031(E).

² R.C. 4303.031(A) and (E).

³ R.C. 4303.03.



(1) The manufacturer grows grapes, fruit, or other agricultural products on property owned by the manufacturer that is classified as land devoted exclusively to agricultural use.⁴

(2) The manufacturer processes the grapes, fruit, or other agricultural products specified in item (1) into wine and sells the wine as authorized under the bill's provisions.⁵

Like the current A-2 permit, the bill prohibits the holder of an A-2f permit from selling wine directly to a retailer. In order to make wine sales to a retailer, the manufacturer must obtain a B-2a liquor permit (authorizes wine sales to retailers under specified circumstances) or make the sale directly to a B-2 or B-5 liquor permit holder (wholesale distribution of wine) for subsequent resale to a retailer.⁶ Also, like the current A-2 permit, the bill prohibits the holder of an A-2f permit from selling directly to a consumer unless the product is sold on the premises in accordance with the bill's provisions. In order to make direct sales to a consumer off the premises where the wine is manufactured, the manufacturer must obtain an S liquor permit (direct shipment of beer and wine).⁷

The bill specifies that the fee for the A-2f permit is \$76 for each plant to which the permit is issued, which is identical to the fee for the current A-2 permit.⁸

Additionally, the bill makes conforming changes throughout the Liquor Control Law, the Liquor Permits Law, and the law governing the exemption of grape products from personal property taxation.⁹

Wine manufacturer permit

Under current law, an A-2 permit holder may manufacture wine from grapes or other fruit. The bill also allows an A-2 permit holder to manufacture wine from other agricultural products such as honey.¹⁰ The Division of Liquor Control already

⁴ See R.C. 5713.31, not in the bill.

⁵ R.C. 4303.031(B).

⁶ R.C. 4303.031(C)(1).

⁷ R.C. 4303.031(C)(2).

⁸ R.C. 4303.031(D).

⁹ R.C. 4301.12, 4301.13, 4301.24, 4301.30, 4301.355, 4301.43, 4301.432, 4301.47, 4301.62, 4301.82, 4301.83, 4303.021, 4303.07, 4303.10, 4303.182, 4303.204, 4303.33, 4303.333, and 5709.55.

¹⁰ R.C. 4303.03(A).



authorizes A-2 permit holders to manufacture wine from agricultural products such as honey.

D-5l liquor permit population requirements

The bill modifies the population requirements for issuance of a D-5l liquor permit. A D-5l permit generally authorizes the holder to sell beer and intoxicating liquor at retail by the individual drink for on-premises consumption and to sell certain types of beer and intoxicating liquor for off-premises consumption in specified quantities. Under current law, a D-5l permit may be issued to a premises to which all of the following apply:

(1) The premises has gross annual receipts from the sale of food and meals that constitute not less than 75% of its total gross annual receipts;

(2) The premises is located within a revitalization district;

(3) The premises is located in a municipal corporation or township in which the number of D-5 liquor permits issued equals or exceeds the quota limit for those permits that may be issued in the municipal corporation or township; and

(4) The premises meets any of the following qualifications:

--It is located in a county with a population of 125,000 or less according to the population estimates certified by the Development Services Agency (DSA) for calendar year 2006.

--It is located in the municipal corporation that has the largest population in a county, if the municipal corporation is wholly located in a county and if the county has a population between 215,000 and 225,000 according to the population estimates certified by DSA for calendar year 2006.

--It is located in the municipal corporation that has the largest population in a county, if the municipal corporation is wholly located in a county and the county has a population between 140,000 and 141,000 according to the population estimates certified by DSA for calendar year 2006.

The bill modifies the fourth requirement by allowing a permit also to be issued to a premises that is located in a municipal corporation that is wholly located within the geographic boundaries of a township, provided that the municipal corporation and the

unincorporated portion of the township have a combined population density of less than 450 people per square mile according to the most recent federal decennial census.¹¹

HISTORY

ACTION	DATE
Introduced	09-28-15
Reported, H. Gov't Accountability & Oversight	12-09-15
Passed House (96-1)	01-27-16
Reported, S. Agriculture	---

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¹¹ R.C. 4303.181(L)(2)(d)(v).

