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# OHIO LEGISLATIVE SERVICE COMMISSION

Office of Research  
and Drafting

Legislative Budget  
Office

H.B. 86  
135<sup>th</sup> General Assembly

## Fiscal Note & Local Impact Statement

[Click here for H.B. 86's Bill Analysis](#)

**Version:** As Introduced

**Primary Sponsor:** Rep. LaRe

**Local Impact Statement Procedure Required:** No

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### Highlights

- The bill increases the amount of liquor that a micro-distillery may produce in a year from less than 100,000 gallons to less than 1 million gallons per year. Because micro-distillery permits (A-3a) are assessed on a per 50 gallon barrel rate, it is possible there could be additional permit revenues collected by the Department of Commerce's Division of Liquor Control from amounts of liquor produced over 100,000 gallons.
- 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 (A-3a permit holders) may annually manufacture from less than 100,000 gallons to less than 1 million gallons, the equivalent to 5.05 million 750 milliliter (ml) bottles. As of the most recent liquor permit data, there are 62 active A-3a permits in Ohio. The current permit fee for these permits ranges from \$2 to \$4,000, depending on the number of barrels produced by the distillery.<sup>1</sup> Presumably, some licensed micro-distilleries would produce more liquor under the increase in gallonage allowed in the bill. If this were the case, the Ohio Division of Liquor Control (ODLC) might conceivably collect additional permit revenue. However, ODLC has indicated to LBO that most of the currently licensed micro-distilleries are well below the current 100,000 gallon limit. Given the current

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<sup>1</sup> [com.ohio.gov/divisions-and-programs/liquor-control/new-permit-info/guides-and-resources/permit-class-types](http://com.ohio.gov/divisions-and-programs/liquor-control/new-permit-info/guides-and-resources/permit-class-types).

production levels of these permit holders, it is unclear how many current A-3a license holders would increase production as allowed under the bill. Overall, any additional revenue attributable to micro-distillery production in excess of 100,000 gallons would appear 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).

Currently, ODLIC issues two types of permits for distilleries. The A-3a permit is for those distilleries that produce 100,000 gallons of liquor or under. For larger distilleries (100,000 gallons or more), an A3 permit is required. The permit fee for an A3 permit ranges from \$2 to \$3,906. There are currently five active A3 permits in the state. It is unclear whether the gallonage change in the bill would result in some of those entities with an A3 permit which would instead apply for an A-3a permit.

The bill makes two other changes that do not have any fiscal effects. The first of these is a provision which requires 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.