



Ohio Legislative Service Commission

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Fiscal Note & Local Impact Statement

Bill: H.B. 444 of the 131st G.A.

Date: May 25, 2016

Status: As Passed by the House

Sponsor: Rep. Blessing

Local Impact Statement Procedure Required: No

Contents: Allows certain liquor permit holders to provide up to four free tasting samples and increases the permitted alcohol content of beer

State Fiscal Highlights

- By allowing for the sale of higher alcohol content beer, the bill could increase the supply of beer in the market. This in turn could minimally increase the amount collected from the beer excise tax. The revenue from this source is credited to the General Revenue Fund.
- The bill could increase regulatory costs for the Division of Liquor Control within the Department of Commerce. Any costs would be paid from the State Liquor Regulatory Fund (Fund 5LP0).

Local Fiscal Highlights

- No direct fiscal effect on political subdivisions.

Detailed Fiscal Analysis

The bill increases the permitted alcohol content of beer from 12% to 15% by volume and requires C and D liquor permit holders that sell beer containing higher alcohol content to post a sign provided by the Division of Liquor Control indicating as such to patrons. Increasing the alcohol content of beer may increase the supply of beer not currently available in the market. As a result, this would minimally increase the amount of tax collected by the state. The current beer excise tax on a container of 12 ounces or less is \$0.0014 per ounce. This revenue is credited to the General Revenue Fund. According to Department of Taxation data for the five previous fiscal years, beer excise tax revenue has ranged from a low of \$43.9 million in FY 2015 to a high of \$46.5 million in FY 2012.

Additionally, the bill may increase the number of products that the Division of Liquor Control would be responsible for regulating, possibly resulting in a minimal increase in administrative costs. The Division of Liquor Control controls the manufacture, distribution, licensing, regulation, and merchandising of beer, wine, and spirituous liquor. Any costs would be paid from the State Liquor Regulatory Fund (Fund 5LP0). Fund 5LP0 receives 45% of the liquor permit fees that are deposited into the Undivided Liquor Fund (Fund 7066).

Lastly, the bill allows A-1-A, A-1c, and certain D liquor permit holders to provide, in any 24-hour period of time, no more than four tasting samples of beer, wine, or spirituous liquor free of charge to a person who is 21 years of age or older and a paying customer of the permit holder. These tasting samples must be consumed on the permit holder's premises. The bill specifies that a tasting sample is an amount that does not exceed two ounces of beer or wine, or a quarter ounce of spirituous liquor. Currently, there are 165 A-1-A, 170 A-1c, and approximately 37,000 D liquor permit holders that the bill applies to. The permissive authority in the bill, if exercised, does not appear to have any fiscal impact.