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New State Budget Bill, September 16, 1981

Vern Riffe

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COMMENTS BY OHIO HOUSE SPEAKER VERN RIFFE
TO
THE WHOLESALE BEER ASSOCIATION OF OHIO
WEDNESDAY, SEPTEMBER 16, 1981
MARRIOT INN-NORTH (BUSCH CENTER)
COLUMBUS, OHIO
1 P.M.

INTRODUCTION

PRESIDENT BOB LITTER, VICE PRESIDENT BOB KNALL, OFFICERS,
MEMBERS AND GUESTS. I AM PLEASED TO BE WITH YOU TODAY FOR SOME
BRIEF REMARKS ABOUT OHIO'S LEGISLATIVE WORK.

I WAS PLEASED WHEN PHIL WAYT'S LETTER AND INVITATION ARRIVED
AT THE OFFICE.

THE NEW STATE BUDGET BILL

PROBABLY FOREMOST IN YOUR MINDS TODAY IS THE NEW STATE BUDGET
BILL. H.B. 694. THE GOVERNOR PROPOSED THIS BUDGET. IT HAS
TEMPORARY TAXES IN IT AND IT WOULD PROVIDE UP TO \$774 MILLION IN
ADDITIONAL MONEY FOR ELEMENTARY AND SECONDARY SCHOOLS AND UP TO \$309

MILLION MORE FOR COLLEGES AND UNIVERISITES.

THE BILL WOULD RAISE AN ADDITIONAL \$1.3 BILLION IN STATE REVENUE.

IF THE BILL BECOMES LAW IT WOULD MEAN THAT PUBLIC SCHOOLS WOULD BE RECEIVING \$5.8 BILLION DOLLARS IN STATE AID DURING THE NEXT 21 MONTHS.

I SUPPORT THE CONCEPT OF THE BILL.

SPECIFICALLY--HOW THE BILL AFFECTS WHOLESAL BEER DEALERS

THE BILL PROPOSES AN INCREASE IN THE BEER AND WINE EXCISE TAX TO LAST FOR THE ENTIRE BUDGET PERIOD---21 MONTHS.

THIS BILL CARRIES THE SAME PROVISIONS AS SENATE BILL 448 THAT WAS INTRODUCED BUT NOT PASSED IN THE 113TH GENERAL ASSEMBLY.

SPECIFICALLY FOR YOUR BUSINESS THE NEW BILL WOULD INCREASE THE COST OF A CASE OF BOTTLED BEER BY 36 CENTS---THAT'S THREE CENTS A BOTTLE.

IT WOULD INCREASE THE COST OF A 31 GALLON BARREL OF BEER BY
50 CENTS.

MY ASSUMPTION IS THAT THESE ARE THE AMOUNTS THE BREWERS WOULD
ADD TO THE PRICES YOU WOULD BE PAYING THEM.

SOME WINES WOULD BE TAXED AN ADDITIONAL 36 CENTS PER GALLON, WHILE
14 TO 21 PERCENT BY VOLUME WINE WOULD BE INCREASED BY 40 CENTS A GALLON
IN TAXES.

TAX ON VERMOUTH WOULD BE INCREASED BY 24 CENTS A GALLON TO A TOTAL
OF 1 DOLLAR.

SPARKLING AND CARBONATED WINE AND CHAMPAGNE WOULD BE RAISED FROM
\$1.25 A GALLON IN TAX TO \$1.75.

TAX ON BOTTLED COCKTAILS, HIGHBALLS, CORDIALS, AND OTHER MIXED
BEVERAGES WOULD BE RAISED FROM 80 CENTS PER GALLON TO \$1.60 PER GALLON.

WHAT ABOUT BOOTLEGGING ALONG THE STATE'S BORDERS

THE QUESTION COMES UP ABOUT BOOTLEGGING. PEOPLE WHO BRING IN

BEER AND WINE FROM OTHER STATES AND SELL IT IN OHIO WITHOUT HAVING PAID THE OHIO TAX. ALSO SOME ASK "WON'T MANY OHIOANS GO OUT OF THE STATE TO BUY BEER AND WINE THAT HAS LESS TAX."

I DON'T THINK SO, FIRST, THE HONEST OHIOAN WON'T DRIVE ACROSS THE LINE TO SAVE AS LITTLE AS 3 CENTS A BOTTLE OR 36 CENTS A CASE. HE WOULD SPEND MORE THAN THAT IN GASOLINE GETTING THERE.

THE PROFESSIONAL BOOTLEGGERS ARE DOING IT NOW AND THEY'LL CONTINUE TO BREAK THE LAW--NEW TAX OR NO NEW TAX.

OTHER PROVISIONS OF THE GOVERNOR'S TEMPORARY TAX AND BUDGET BILL

OTHER NEW TEMPORARY TAXES PROPOSED BY THE BILL ARE:

A 1.7 PERCENT INCREASE IN THE STATE SALES TAX UNTIL JULY 1, 1982, WHEN THE TAX WOULD BE REDUCED TO 1 PERCENT, BY JUNE 30, 1983. THE ENTIRE INCREASE WOULD EXPIRE.

A 15 PERCENT SURCHARGE THAT'S 15 PERCENT OF THE AMOUNT OF THE TAX APPLIED TO OHIO CORPORATIONS FOR TWO FRANCHISE TAX PERIODS.

AND THE STATE SALES TAX WOULD APPLY TO CIGARETTES FOR THE FULL 21 MONTH PERIOD.

PAY RAISES FOR STATE EMPLOYEES

STATE EMPLOYEES WOULD RECEIVE AN IMMEDIATE 10 PERCENT PAY RAISE PLUS A MINIMUM OF 5 PERCENT ADDITIONAL AT THE START OF THE NEXT FISCAL YEAR IF THE BILL BECOMES LAW.

OTHER INCREASES IN THIS PROPOSED BUDGET

CERTAIN STATE HUMAN SERVICES MUST BE MAINTAINED AT CERTAIN QUALITY LEVELS.

EXAMPLES: MENTAL HEALTH SERVICES WOULD GET \$82 MILLION MORE THAN LAST BIENNIUM, MENTAL RETARDATION SERVICES WOULD GET \$81 MILLION MORE THAN THE LAST TWO YEAR BUDGET. THE PRISON SYSTEM WOULD RECEIVE \$56 MILLION MORE.

THE LOCAL GOVERNMENT FUND WOULD HAVE \$75 MILLION MORE THAN THE LAST TWO YEARS.

WELFARE WOULD BE INCREASED BY \$996 MILLION . HIGH UNEMPLOYMENT
PLAYS A PART IN THIS FIGURE.

FINANCIAL HELP FOR SENIOR CITIZENS IS IN THE BILL IN THE FORM
OF \$720 MILLION TO KEEP THE EXISTING HOMESTEAD EXEMPTION AND PROPERTY
TAX ROLLBACK PROGRAMS GOING.

CLOSING

THESE ARE JUST SOME HIGHLIGHTS OF THE NEW BUDGET BILL. THE
HOUSE FINANCE COMMITTEE STARTED HEARINGS ON THE BILL YESTERDAY (TUESDAY)
THE COMMITTEE WILL LISTEN TO MANY HOURS OF EXPERT TESTIMONY AND
WILL MAKE ITS DECISIONS BASED ON NEED, KNOWLEDGE, REALITY AND
PRACTICALITY.

THANK YOU FOR ASKING ME HERE TODAY. BEST WISHES TO YOU ALL.