

SENATE FILE 400

State Government  
Rush, Chairperson  
Ashcraft  
Culver

FILED MAY 13 1977

SENATE FILE 405

By PRIEBE

Passed Senate, Date \_\_\_\_\_ Passed House, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

### A BILL FOR

1 An Act relating to the elimination of state-owned liquor  
2 stores and sales; to provide for the wholesale and retail  
3 sale of liquor by private licensees; to provide for the  
4 taxes thereon and for the sale and distribution of excise  
5 tax stamps by the department of revenue; to provide for  
6 additional department of revenue inspectors; relating to  
7 penalties for violations of liquor and beer laws, and to  
8 otherwise provide for administrative procedures and  
9 practices to carry out the intent of this Act.

10 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

S.F. 405

1 Section 1. Section one hundred twenty-three point three  
2 (123.3), Code 1977, is amended by striking subsection twenty-  
3 one (21).

4 Sec. 2. Section one hundred twenty-three point three  
5 (123.3), subsection twenty-seven (27), Code 1977, is amended  
6 to read as follows:

7 27. "Retailer" means any person who shall sell, barter,  
8 exchange, offer for sale, or have in possession with intent  
9 to sell any alcoholic liquor ~~for consumption on the premises~~  
10 ~~where sold~~, or beer for consumption either on or off the  
11 premises where sold.

12 Sec. 3. Section one hundred twenty-three point three  
13 (123.3), Code 1977, is amended by adding the following new  
14 subsections:

15 NEW SUBSECTION. "On-sale" license means a liquor control  
16 license issued under the provisions of this chapter which  
17 authorizes the holder to sell alcoholic liquor at retail for  
18 consumption on the licensed premises only.

19 NEW SUBSECTION. "Off-sale" license means a liquor control  
20 license issued under the provisions of this chapter which  
21 authorizes the holder to sell alcoholic liquor at either  
22 wholesale or retail for consumption off the licensed premises.

23 Sec. 4. Section one hundred twenty-three point sixteen  
24 (123.16), subsection two (2), Code 1977, is amended to read  
25 as follows:

26 2. The council may review and affirm, reverse, or amend  
27 all actions of the director, including but not limited to  
28 ~~the following instances:~~

29 ~~a.--Purchases of alcoholic liquor for resale by the~~  
30 ~~department.~~

31 ~~b.--The granting or refusing of liquor licenses and per-~~  
32 ~~mits, and beer permits, and the suspension or revocation of~~  
33 ~~such licenses and permits.~~

34 ~~c.--The establishment of retail prices of alcoholic liquor.~~

35 ~~d.--The establishment or discontinuance of state liquor~~

1 stores:

2 Sec. 5. Section one hundred twenty-three point nineteen  
3 (123.19), subsection one (1), Code 1977, is amended to read  
4 as follows:

5 1. Any manufacturer, distiller, vintner, or importer of  
6 alcoholic beverages shipping, selling, or having alcoholic  
7 beverages brought into this state for resale ~~by-the-state~~  
8 shall, as a condition precedent to the privilege of so  
9 trafficking in alcoholic liquors in this state, annually make  
10 application for and shall hold a distiller's certificate of  
11 compliance which shall be issued by the director for such  
12 purpose. No brand of alcoholic liquor shall be sold ~~by-the~~  
13 ~~department~~ in this state unless the manufacturer, distiller,  
14 vintner, importer, and all other persons participating in  
15 the distribution of such brand in this state have obtained  
16 such certificate. Such certificate of compliance shall expire  
17 at the end of one year from the date of issuance and shall  
18 be renewed for a like period upon application to the director  
19 unless otherwise suspended or revoked for cause. Each  
20 application for a certificate of compliance or renewal thereof  
21 shall be made in such manner and upon such forms as shall  
22 be prescribed by the director and shall be accompanied by  
23 a fee of fifty dollars payable to the department. However,  
24 the provisions of this subsection need not apply to a  
25 manufacturer, distiller, vintner, or importer who ships or  
26 sells in this state no more than eleven gallons or its case  
27 equivalent during any fiscal year as a result of "special  
28 orders" which might be placed, as defined and allowed by  
29 departmental rules adopted under this chapter.

30 Sec. 6. Section one hundred twenty-three point nineteen  
31 (123.19), subsection five (5), Code 1977, is amended to read  
32 as follows:

33 5. This section shall not require the listing of those  
34 persons who are employed on premises where alcoholic bever-  
35 ages are manufactured, processed, bottled or packaged in Iowa

1 ~~or-to-persons-who-are-thereafter-engaged-in-the-transporting~~  
2 ~~of-such-alcoholic-beverages-to-the-department.~~

3 Sec. 7. Section one hundred twenty-three point twenty  
4 (123.20), Code 1977, is amended by striking the section and  
5 inserting in lieu thereof the following:

6 123.20 POWERS. The director, in executing departmental  
7 functions, shall have the following duties and powers:

8 1. To rent, lease, or equip any building or any land  
9 necessary to carry out the provisions of this chapter.

10 2. To lease all plants and lease or buy equipment neces-  
11 sary to carry out the provisions of this chapter.

12 3. To appoint clerks, agents, or other employees required  
13 for carrying out the provisions of this chapter; to dismiss  
14 such employees for cause; to assign such employees to such  
15 divisions as may be created by the director within the  
16 department; and to designate their title, duties, and powers.

17 All employees of the department, except occasional or part-  
18 time employees and the director, shall be subject to the  
19 provisions of chapter nineteen A (19A) of the Code.

20 4. To grant and issue beer permits, special permits,  
21 liquor control licenses, and other licenses; and to suspend  
22 or revoke all such permits and licenses for cause under this  
23 chapter.

24 5. To license, inspect, and control the manufacture of  
25 beer and alcoholic liquors and regulate the entire beer and  
26 liquor industry in the state.

27 6. The director shall, take all necessary steps which  
28 may be required in liquidating stocks of merchandise;  
29 satisfying all accounts payable and collecting all accounts  
30 receivable; and selling, leasing or subleasing all real and  
31 personal property used by the department in the sale, handling,  
32 transportation, and storage of alcoholic liquor. Stocks of  
33 liquor on hand on July 1, 1978 may be disposed of by public  
34 auction and sale to buyers entitled by law to purchase such  
35 liquor, which may include wholesalers and on-sale or off-sale

1 retailers licensed under the provisions of this chapter, or  
2 buyers from without this state. All revenue realized pursuant  
3 to the liquidations required by this section, shall be  
4 deposited in the general fund of the state.

5 Sec. 8. Section one hundred twenty-three point twenty-  
6 one (123.21), Code 1977, is amended to read as follows:

7 123.21 RULES. The director may, with the approval of  
8 the council and subject to the provisions of chapter 17A,  
9 make such rules as are necessary to carry out the provisions  
10 of this chapter. Such authority shall extend to but not be  
11 limited to the following:

12 1. Prescribing the duties of officers, vendors, clerks,  
13 agents, or other employees of the department and regulating  
14 their conduct while in the discharge of their duties.

15 ~~2. --Regulating the management, equipment, and merchandise~~  
16 ~~of state liquor stores and warehouses in and from which also~~  
17 ~~alcoholic liquors are transported, kept, or sold and prescribing~~  
18 ~~the books and records to be kept therein.~~

19 3 2. Regulating the purchase of alcoholic liquor generally  
20 ~~and the furnishing of such liquor to state liquor stores~~  
21 ~~established under this chapter, determining the classes,~~  
22 ~~varieties, and brands of alcoholic liquors to be kept in state~~  
23 ~~warehouses or for sale at any state liquor store.~~

24 4 3. Prescribing forms or information blanks to be used  
25 for the purposes of this chapter. The department shall  
26 prepare, print, and furnish all forms and information blanks  
27 required under this chapter.

28 5 4. Prescribing the nature and character of evidence  
29 which shall be required to establish legal age.

30 6 5. ~~Providing for the issuing and distributing of price~~  
31 ~~lists showing the price to be paid by purchasers for each~~  
32 ~~brand, class, or variety of liquor kept for sale under this~~  
33 ~~chapter. --Provide for the filing or posting of prices between~~  
34 class "A" beer permit holders and retailers as provided in  
35 this chapter, and establish or control such prices as may

1 be based on minimum standards of fill, quantity, or alcoholic  
2 content for each individual sale of intoxicating liquor or  
3 beer as deemed necessary for retail or consumer protection.

4 7 6. Prescribing the official seals, labels, or other  
5 markings which shall be attached to or stamped on packages  
6 of alcoholic liquor sold under this chapter.

7 ~~8. -- Prescribing, subject to this chapter, the days and~~  
8 ~~hours during which state liquor stores shall be kept open~~  
9 ~~for the purpose of the sale of alcoholic liquors.~~

10 9 7. Prescribing the place and the manner in which  
11 alcoholic liquor may be lawfully kept or stored by the licensed  
12 manufacturer under this chapter.

13 4A 8. Prescribing the time, manner, means, and method  
14 by which distillers, vintners, vendors, or others authorized  
15 under this chapter may deliver or transport alcoholic liquors  
16 and prescribing the time, manner, means, and methods by which  
17 alcoholic liquor may be lawfully conveyed, carried, or  
18 transported.

19 44 9. Prescribing, subject to the provisions of this  
20 chapter, the conditions and qualifications necessary for the  
21 obtaining of licenses and permits and the books and records  
22 to be kept and the remittances to be made by those holding  
23 licenses and permits and providing for the inspection of the  
24 records of all such licensees and permittees.

25 Sec. 9. Section one hundred twenty-three point twenty-  
26 two (123.22), unnumbered paragraph one (1), Code 1977, is  
27 amended to read as follows:

28 ~~The department shall have the sole and exclusive right~~  
29 ~~of importation, into the state, of all forms of alcoholic~~  
30 ~~liquor, except as otherwise provided in this chapter, and~~  
31 ~~no person shall so import any such alcoholic liquor, except~~  
32 ~~that an~~ An individual of legal age may import and have in  
33 his or her possession an amount of alcoholic liquor not  
34 exceeding one quart or, in the case of alcoholic liquor  
35 personally obtained outside the United States, one gallon

1 for personal consumption only in a private home or other  
2 private accommodation. No distillery shall sell any alcoholic  
3 liquor within the state ~~to any person but only to the~~  
4 ~~department~~, except as otherwise provided in this chapter.  
5 ~~It is the intent of this section to vest in the department~~  
6 ~~exclusive control within the state both as purchaser and~~  
7 ~~vender of all alcoholic liquor sold by distilleries within~~  
8 ~~the state or imported therein, except beer, and except as~~  
9 ~~otherwise provided in this chapter.~~

10 Sec. 10. Section one hundred twenty-three point twenty-  
11 six (123.26), Code 1977, is amended to read as follows:

12 123.26 RESTRICTIONS ON SALES--SEALS--LABELING. No alco-  
13 holic liquor shall be sold ~~by the department~~ to any purchaser  
14 except in a sealed container with such identifying markers  
15 as shall be prescribed by the director ~~and affixed on the~~  
16 ~~premises of a state warehouse or store and no such container~~  
17 ~~shall be opened upon the premises of any state warehouse or~~  
18 ~~store.~~ Possession of alcoholic liquors which do not carry  
19 the prescribed identifying markers shall be a violation of  
20 this chapter except as provided in section 123.22.

21 Sec. 11. Section one hundred twenty-three point twenty-  
22 eight (123.28), Code 1977, is amended to read as follows:

23 123.28 TRANSPORTATION PERMITTED. It shall be lawful to  
24 transport, carry, or convey alcoholic liquors from the place  
25 of purchase ~~by the department~~ to any state warehouse, store,  
26 or depot ~~established by the department~~ or from one such place  
27 to another and, when so permitted by this chapter, it shall  
28 be lawful for any common carrier or other person to transport,  
29 carry, or convey alcoholic liquor sold by a ~~vender from a~~  
30 ~~state warehouse, store, depot or point of purchase by the~~  
31 state wholesaler or retailer licensed under this chapter to  
32 any place to which such liquor may be lawfully delivered under  
33 this chapter. No common carrier or other person shall break  
34 or open or allow to be broken or opened any container or  
35 package containing alcoholic liquor or use or drink or allow

1 to be used or drunk any alcoholic liquor while it is being  
2 transported or conveyed, but this section shall not prohibit  
3 a private person from transporting individual bottles or  
4 containers of alcoholic liquor exempted pursuant to section  
5 123.22 and individual bottles or containers bearing the  
6 identifying mark prescribed in section 123.26 which have been  
7 opened previous to the commencement of such transportation.  
8 Nothing in this section shall affect the right of any special  
9 permit or liquor control license holder to purchase, possess,  
10 or transport alcoholic liquors subject to the provisions of  
11 this chapter.

12 Sec. 12. Section one hundred twenty-three point twenty-  
13 nine (123.29), subsections one (1) and two (2), Code 1977,  
14 are amended to read as follows:

15 1. To a physician, pharmacist, dentist, or veterinarian,  
16 entitling the holder to purchase and import alcohol from  
17 distillers and wholesalers or ~~from the state liquor stores~~  
18 retailers for use medicinally and in compounding prescriptions  
19 and to sell the same for use medicinally in the compounded  
20 prescription only upon the prescription of a licensed physician  
21 or surgeon, or to use such alcohol in manufacturing or  
22 compounding lotions, compounds, and like commodities not  
23 susceptible for beverage purposes, and to sell the same for  
24 public use.

25 2. To a veterans home, sanitarium, hospital, college,  
26 or home for the aged which will entitle the holder to purchase  
27 and import alcohol from distillers and wholesalers or ~~from~~  
28 ~~the state liquor stores~~ retailers for use for medicinal, lab-  
29 oratory, and scientific purposes only.

30 Sec. 13. Section one hundred twenty-three point twenty-  
31 nine (123.29), unnumbered paragraphs three (3), four (4),  
32 and five (5), Code 1977, are amended to read as follows:

33 Such special permit shall entitle the holder to import  
34 into the state, or purchase from licensed distillers within  
35 the state or from ~~the department~~ licensed wholesalers or

1 retailers, alcoholic liquors for use in manufacture in  
2 accordance with the terms of said permit, and to sell the  
3 product of such manufacture.

4 It shall be the duty of every manufacturer holding a special  
5 permit under the provisions of this subsection, whenever such  
6 manufacturer purchases alcoholic liquor from any source ~~other~~  
7 ~~than the department~~, to immediately file with the department  
8 a report of the receipt of such liquor in accordance with  
9 rules adopted by the director.

10 Every person holding a special liquor permit under this  
11 chapter shall fill out in duplicate, on forms furnished by  
12 the department, the amount and kinds of liquors purchased,  
13 and shall retain one copy in his or her establishment for  
14 a period of two years. The ~~vender-of-the-state-liquor-store~~  
15 ~~at which~~ licensed wholesaler or retailer where the purchase  
16 was made shall monthly forward the other copy to the  
17 department.

18 Sec. 14. Section one hundred twenty-three point thirty  
19 (123.30), subsection three (3), Code 1977, is amended by  
20 striking the subsection and inserting in lieu thereof the  
21 following:

22 3. The following liquor control licenses shall be issued  
23 under this chapter:

24 a. Off-sale liquor control licenses.

25 (1) A "wholesale" liquor control license may be issued  
26 to a qualified person, firm, corporation, or partnership and  
27 shall authorize the holder to purchase, transport, and possess  
28 alcoholic liquor and beer as defined in section one hundred  
29 twenty-three point three (123.3) of the Code, with the intent  
30 to sell such liquor and beer to licensed on-sale or off-sale  
31 retailers or special permit holders. No wholesale licensee  
32 shall have any pecuniary or proprietary interest in the  
33 business of any licensee or permittee to whom the licensee  
34 is entitled to sell alcoholic liquor and beer under this  
35 section. No wholesale licensee shall consume or allow to

1 be consumed any alcoholic liquor or beer upon the licensed  
2 premises or in any warehouse used in conjunction with the  
3 business of such licensee for the storage of alcoholic liquor  
4 or beer.

5 (2) A retail liquor control license may be issued to a  
6 person, firm, or corporation qualifying therefor, which will  
7 entitle the holder to purchase any alcoholic liquor and beer  
8 as defined in section one hundred twenty-three point three  
9 (123.3) of the Code, from wholesalers licensed under paragraph  
10 a of this subsection and to sell same to any on-sale liquor  
11 control licensee of the classes provided in subparagraph b  
12 of this subsection, to special permit holders, or to any other  
13 lawful purchaser. No such retail licensee shall have any  
14 pecuniary or proprietary interest in the business of any  
15 licensee or permittee to whom the licensee is entitled to  
16 sell alcoholic liquor and beer under this section. Sales  
17 of alcoholic liquor and beer by such retailer shall be for  
18 consumption off the premises only and no retailer shall open  
19 or consume, or allow to be opened or consumed, any alcoholic  
20 liquor or beer on the licensed premises.

21 b. On-sale liquor control licenses.

22 (1) CLASS "A". A class "A" liquor control license may  
23 be issued to a club and shall authorize the holder to purchase  
24 alcoholic liquors from licensed off-sale wholesalers or  
25 retailers, and to sell such liquors, and beer, to bona fide  
26 members and their guests by the individual drink for con-  
27 sumption on the premises only.

28 (2) CLASS "B". A class "B" liquor control license may  
29 be issued to a hotel or motel and shall authorize the holder  
30 to purchase alcoholic liquors from licensed off-sale whole-  
31 salers or retailers, and to sell such liquors, and beer, to  
32 patrons by the individual drink for consumption on the premises  
33 only, however, beer may also be sold for consumption off the  
34 premises. Each such license shall be effective throughout  
35 the premises described in the application.

1 (3) CLASS "C". A class "C" liquor control license may  
2 be issued to a commercial establishment but must be issued  
3 in the name of the individual or individuals who actually  
4 own the entire business and shall authorize the holder or  
5 holders to purchase alcoholic liquors from licensed off-sale  
6 wholesalers or retailers, and to sell such liquors, and beer,  
7 to patrons by the individual drink for consumption on the  
8 premises only, however, beer may also be sold for consumption  
9 off the premises.

10 (4) CLASS "D". A class "D" liquor control license may  
11 be issued to a railway corporation, to an air common carrier,  
12 and to passenger-carrying boats or ships for hire with a  
13 capacity of twenty-five persons or more operating in inland  
14 or boundary waters, and shall authorize the holder to sell  
15 or furnish alcoholic beverages and beer to passengers for  
16 consumption only on trains, watercraft as described herein,  
17 or aircraft, respectively. Each such license shall be valid  
18 throughout the state as a state license. Only one such license  
19 shall be required for all trains, watercraft, or aircraft  
20 operated in the state by the licensee.

21 Sec. 15. Section one hundred twenty-three point thirty-  
22 two (123.32), subsection one (1), Code 1977, is amended to  
23 read as follows:

24 1. FILING OF APPLICATION. An application for an off-sale  
25 liquor control license or a class "A", class "B", or class  
26 "C" on-sale liquor control license, and for a retail beer  
27 permit as provided in sections 123.128 and 123.129, accompanied  
28 by the required fee and bond, shall be filed with the appro-  
29 priate city council if the premises for which the license  
30 or permit is sought are located within the corporate limits  
31 of a city, or with the board of supervisors if the premises  
32 for which the license or permit is sought are located outside  
33 the corporate limits of a city. An application for a an on-  
34 sale class "D" liquor control license and for a class "A"  
35 beer permit, accompanied by the required fee and bond, shall

1 be filed with the department, which shall proceed in the same  
2 manner as in the case of an application approved by local  
3 authorities.

4 Sec. 16. Section one hundred twenty-three point thirty-  
5 six (123.36), Code 1977, is amended by striking the section  
6 and inserting in lieu thereof the following:

7 123.36 FEES. The following fees shall be paid to the  
8 department annually for special liquor permits and liquor  
9 control licenses issued under sections one hundred twenty-  
10 three point twenty-nine (123.29) and one hundred twenty-three  
11 point thirty (123.30) of the Code respectively:

12 1. Special liquor permits, the sum of five dollars.

13 2. Wholesale liquor control licenses, the sum of five  
14 thousand dollars.

15 3. Off-sale retail liquor control licenses, the sum as  
16 follows:

17 a. Retail establishments located within the corporate  
18 limits of cities of ten thousand population and over, seven  
19 hundred fifty dollars;

20 b. Retail establishments located within the corporate  
21 limits of cities of less than ten thousand population, five  
22 hundred dollars;

23 c. Retail establishments located outside the corporate  
24 limits of any city, five hundred dollars.

25 4. Class "A" liquor control licenses, the sum of six  
26 hundred dollars, except that for class "A" licenses in towns  
27 of less than two thousand population, and for clubs of less  
28 than two hundred fifty members, the license fee shall be four  
29 hundred dollars; however, the fee shall be two hundred dollars  
30 for any club which is a post, branch, or chapter of a veterans  
31 organization chartered by the Congress of the United States,  
32 if such club does not sell or permit the consumption of  
33 alcoholic beverages on the premises more than one day in any  
34 week, and if the application for a license states that such  
35 club does not and will not sell or permit the consumption

1 of alcoholic beverages on the premises more than one day in  
2 any week.

3 5. Class "B" liquor control licenses, the sum as follows:

4 a. Hotels or motels located within the corporate limits  
5 of cities of ten thousand population and over, one thousand  
6 three hundred dollars.

7 b. Hotels and motels located within the corporate limits  
8 of cities of over three thousand and less than ten thousand  
9 population, one thousand and fifty dollars.

10 c. Hotels and motels located within the corporate limits  
11 of cities of three thousand population and less, eight hun-  
12 dred dollars.

13 d. Hotels and motels located outside the corporate limits  
14 of any city, a sum equal to that charged in the incorporated  
15 city located nearest the premises to be licensed, and in case  
16 there is doubt as to which of two or more differing corporate  
17 limits is the nearest, the license fee which is the largest  
18 shall prevail.

19 6. Class "C" liquor control licenses, the sum as follows:

20 a. Commercial establishments located within the corporate  
21 limits of cities of ten thousand population and over, one  
22 thousand three hundred dollars.

23 b. Commercial establishments located within the corporate  
24 limits of cities of over fifteen hundred and less than ten  
25 thousand population, nine hundred fifty dollars.

26 c. Commercial establishments located within the corporate  
27 limits of towns of fifteen hundred population or less, six  
28 hundred dollars.

29 d. Commercial establishments located outside the corporate  
30 limits of any city, a sum equal to that charged in the  
31 incorporated city located nearest the premises to be licensed,  
32 and in case there is doubt as to which of two or more differing  
33 corporate limits are the nearest, the license fee which is  
34 the larger shall prevail.

35 7. Class "D" liquor control licenses, the following sums:

- 1 a. For watercraft, one hundred fifty dollars.
- 2 b. For trains, five hundred dollars.
- 3 c. For air common carriers, each company shall pay a base
- 4 annual fee of five hundred dollars and, in addition, shall
- 5 quarterly remit to the department an amount equal to seven
- 6 dollars for each gallon of alcoholic liquor sold, given away,
- 7 or dispensed in or over this state during the preceding
- 8 calendar quarter. The class "D" license fee and tax for air
- 9 common carriers shall be in lieu of any other fee or tax
- 10 collected from such carriers in this state for the possession
- 11 and sale of alcoholic liquor and beer.

12 The department shall credit all fees to the beer and liquor  
13 control fund and shall remit to the appropriate local author-  
14 ity, a sum equal to sixty-five percent of the fees collected  
15 for each wholesale, off-sale retail, class "A", class "B",  
16 or class "C" license covering premises located within their  
17 respective jurisdictions.

18 Sec. 17. Section one hundred twenty-three point thirty-  
19 nine (123.39), subsection three (3), Code 1977, is amended  
20 to read as follows:

21 3. Any change in the ownership or interest in the business  
22 operated under a wholesale, off-sale retail, class "A", class  
23 "B", or class "C" liquor control license, or any beer permit  
24 which change was not previously reported to and approved by  
25 the local authority and the department.

26 Sec. 18. Section one hundred twenty-three point forty-  
27 one (123.41), Code 1977, is amended to read as follows:

28 123.41 MANUFACTURER'S LICENSE. Upon application in the  
29 prescribed form and accompanied by a fee of three hundred  
30 fifty dollars, the director may in accordance with this chapter  
31 grant and issue a license, valid for a one-year period after  
32 date of issuance, to a manufacturer which shall allow the  
33 manufacture, storage, and wholesale disposition and sale of  
34 alcoholic liquors ~~to the department and to customers outside~~  
35 ~~of the state.~~

1     Sec. 19. Section one hundred twenty-three point forty-  
 2 three (123.43), Code 1977, is amended to read as follows:  
 3     123.43 CONDITIONS--BOND. As a condition precedent to  
 4 the approval and granting of any license to a manufacturer  
 5 ~~or-wholesaler~~, there shall be filed with the department a  
 6 statement under oath that the applicant is a bona fide manu-  
 7 facturer ~~or-wholesaler~~ of alcoholic liquors, and that the  
 8 applicant will faithfully observe and comply with all rules  
 9 ~~and-regulations~~ of the department and that ~~he~~ the applicant  
 10 will in all respects comply with the provisions of this  
 11 chapter, together with a bond in the penal sum of five thousand  
 12 dollars ~~for-a-manufacturer-and-one-thousand-dollars-for-a~~  
 13 ~~wholesaler~~ with a surety to be approved by the director; said  
 14 bond to be in favor of the state of Iowa for the benefit of  
 15 the state in case of any violation of this chapter.

16     Sec. 20. Section one hundred twenty-three point forty-  
 17 eight (123.48), subsection one (1), Code 1977, is amended  
 18 to read as follows:

19     1. Upon attempt to purchase alcoholic liquor ~~in-any-state~~  
 20 ~~liquor-store~~ by any person who appears to the vendor to be  
 21 under legal age, such vendor shall demand and the prospective  
 22 purchaser upon such demand shall display satisfactory evidence  
 23 ~~that-he~~ is of legal age.

24     Sec. 21. Section one hundred twenty-three point forty-  
 25 nine (123.49), subsection two (2), paragraph d, Code 1977,  
 26 is amended to read as follows:

27     d. Keep on any premises covered by a liquor control license  
 28 any alcoholic liquor in any container except the original  
 29 package ~~purchased-from-the-department~~, except still wines  
 30 placed in dispensing or serving containers for temporary  
 31 storage, and except mixed drinks or cocktails mixed on the  
 32 premises for immediate consumption. This prohibition shall  
 33 not apply to common carriers holding a class "D" liquor control  
 34 license.

35     Sec. 22. Section one hundred twenty-three point fifty-

1 three (123.53), subsections one (1), two (2), three (3), and  
2 seven (7), Code 1977, are amended to read as follows:

3 1. There shall be established within the office of the  
4 treasurer of state a fund to be known as the beer and liquor  
5 control fund. The fund shall consist of any moneys appro-  
6 priated by the general assembly for deposit in the fund and  
7 moneys received ~~from the sale of alcoholic liquors~~, from the  
8 issuance of permits and licenses, and of moneys and receipts  
9 received by the department from any other source.

10 2. The state comptroller shall periodically transfer from  
11 the beer and liquor control fund to the general fund of the  
12 state those revenues of the department which are not neces-  
13 sary ~~for the purchase of liquor for resale by the department~~  
14 ~~or~~ for remittances to local authorities or other sources as  
15 required by this chapter, or for other obligations and expenses  
16 of the department which are paid from such fund.

17 3. The treasurer of state shall semiannually distribute  
18 a sum of money equal to ~~ten~~ twenty percent of the gross sales  
19 made by the ~~state liquor stores~~ department of revenue for  
20 stamps representing the excise taxes set forth in section  
21 one hundred twenty-three point ninety-six (123.96) of the  
22 Code to the cities of the state. Such amount shall be  
23 distributed to the cities of the state in proportion to the  
24 population that each incorporated city bears to the total  
25 population of all incorporated cities of the state as computed  
26 by the latest federal census. A city may have one special  
27 federal census taken each decade, and the population figure  
28 thus obtained shall be used in apportioning amounts under  
29 this subsection beginning the calendar year following the  
30 year in which the special census is certified by the secretary  
31 of state. Such apportionment shall be made semiannually as  
32 of July 4 first and January 4 first of each year. Warrants  
33 for the same shall be issued by the state comptroller upon  
34 certification of the treasurer of state and mailed to the  
35 city clerk of each incorporated city of the state and shall

1 be made payable to such incorporated city and shall be subject  
2 to expenditure under the direction of the city council or  
3 other governing bodies of such incorporated city for any  
4 lawful municipal purpose. It shall be a lawful municipal  
5 purpose for cities to allocate a portion of the above funds  
6 for the purpose of financing the activities of a city  
7 commission or committee on alcoholism, such commission or  
8 committee to be appointed by the mayor or by the council or  
9 both. The commission or committee may use any funds so  
10 allocated for the treatment, rehabilitation, and education  
11 of alcoholics in Iowa.

12 7. The treasurer of state shall credit to the military  
13 service tax fund described in chapter 426A, a sum of money  
14 equal to five percent of the gross amount of sales made by  
15 the ~~state-liquor-stores-in-the-cities-of-the-state~~ department  
16 of revenue for stamps representing the excise taxes set forth  
17 in section one hundred twenty-three point ninety-six (123.96)  
18 of the Code. Any amount thus credited shall be allocated  
19 to the various taxing districts of the state as reimbursement  
20 for losses of revenue due to exemption or remission of property  
21 taxes which would be imposed upon property upon which soldiers'  
22 exemptions or soldiers' tax credits are provided under such  
23 terms as the general assembly may provide.

24 Sec. 23. Section one hundred twenty-three point fifty-  
25 five (123.55), Code 1977, is amended by striking the section  
26 and inserting in lieu thereof the following:

27 123.55 ANNUAL REPORT. The council shall cause to be pre-  
28 pared an annual report to the governor of the state, ending  
29 with June thirtieth of each year, showing fully the results  
30 of the operations of the department covering the period since  
31 the last previous report. Such report shall show:

32 1. The total amount of sales by the department of revenue  
33 of stamps representing the excise taxes on alcoholic liquor  
34 as provided in section one hundred twenty-three point ninety-  
35 six (123.96) of the Code.

1       2. The gross receipts from sales of alcoholic liquor in  
2 this state as reported by all wholesalers and retailers  
3 licensed under the provisions of this chapter, and the per-  
4 centage increase or decrease of such liquor sales from the  
5 year last preceding the year in which the report is submitted.

6       3. The current balance of the beer and liquor control  
7 fund, and the amount transferred from such fund to the  
8 treasurer of state during the period covered by the report.

9       4. All other funds on hand and the source from which  
10 derived.

11       5. The increase or decrease of liquor sales from the  
12 previous reporting period.

13       6. The number of liquor control licenses and beer permits  
14 issued, by class and by wholesale and retail designation,  
15 the number in effect on the last day included in the report,  
16 and the number which have been suspended or revoked during  
17 the period covered by the report.

18       7. Amount of fees paid to the department from liquor  
19 control licenses and beer permits, in gross, and the amount  
20 of liquor control license fees returned to local subdivisions  
21 of government as provided under this chapter.

22       Sec. 24. Section one hundred twenty-three point fifty-  
23 seven (123.57), Code 1977, is amended to read as follows:

24       123.57 EXAMINATION OF ACCOUNTS. The financial condition  
25 and transactions of all offices, departments, ~~stores~~, ware-  
26 houses, and depots of the department shall be examined at  
27 least once each year by the state auditor of state and at  
28 shorter periods if requested by the director, governor, or  
29 executive council.

30       Sec. 25. Section one hundred twenty-three point fifty-  
31 eight (123.58), Code 1977, is amended to read as follows:

32       123.58 AUDITING. All provisions of sections 11.6, 11.7,  
33 11.10, 11.11, 11.14, 11.18, 11.21, and 11.23, relating to  
34 auditing of financial records of governmental subdivisions  
35 which are not inconsistent herewith are hereby made applicable

1 to the department and its offices, ~~stores~~, warehouses, and  
2 depots.

3 Sec. 26. Section one hundred twenty-three point ninety-  
4 six (123.96), Code 1977, is amended by striking the section  
5 and inserting in lieu thereof the following:

6 123.96 TAX ON BEVERAGES.

7 1. There is imposed on every individual, partnership,  
8 corporation, association, or club licensed to sell alcoholic  
9 beverages for consumption on the premises where sold, and  
10 on all retailers licensed to sell alcoholic beverages for  
11 consumption off the premises where sold, a special tax  
12 equivalent to twenty-five percent of the wholesale price on  
13 all alcoholic beverages held for general sale to the public.  
14 Such tax shall be paid by all such licensees at the point  
15 of purchase from the wholesaler of all alcoholic beverages  
16 intended or used for resale for consumption either on or off  
17 the licensed premises. Such tax shall be in lieu of any other  
18 sales tax applied in wholesale establishments and shall be  
19 shown as a separate item on special sales slips provided by  
20 the department for purchases by such licensees.

21 2. Except as allowed under section one hundred twenty-  
22 three point ninety-six (123.96) of the Code no retail licensee  
23 shall knowingly keep on the licensed premises nor use for  
24 resale purposes any alcoholic liquor on which the special  
25 tax has not been paid to the state. The conviction of a  
26 violation of this section shall cause the license held to  
27 automatically be revoked and the license shall immediately  
28 be surrendered by the holder, and the bond of the license  
29 holder shall be forfeited to the department.

30 3. There is imposed an excise tax on wines and liquors  
31 as follows:

32 a. On all wines, the sum of sixty cents per gallon.

33 b. On all other liquors, liqueurs, and cordials, the sum  
34 of two dollars per gallon.

35 In computing the tax on any package or container of alco-

1 holic liquor, a proportionate tax at a like rate on all  
2 fractional parts of a gallon shall be paid except that the  
3 tax on all fractional parts of a gallon less than one-sixteenth  
4 shall be the same as the tax on one-sixteenth of a gallon.

5 4. Stamps representing the excise taxes set forth herein  
6 shall be affixed securely to each package or container sold  
7 by or in the possession of any person licensed to sell alco-  
8 holic liquor at wholesale for consumption off the premises.  
9 No person, other than as stated herein, shall possess, within  
10 this state, in the original package or other container, any  
11 alcoholic liquor to which such stamps are not affixed. Any  
12 unstamped liquor found in the possession of any person shall  
13 be subject to seizure and confiscation by any peace officer  
14 unless such liquor at the time was in the possession of or  
15 in transit and consigned to a duly licensed wholesaler in  
16 this state, or has been brought into this state from another  
17 state or foreign country. Liquor brought into this state  
18 from another state or a foreign country by any one person  
19 shall not exceed one gallon and such liquor shall not be  
20 resold.

21 The stamps required herein shall be prepared and printed  
22 by the department of revenue in a form prescribed by the  
23 department and in such denominations as may be necessary in  
24 carrying out the provisions of this chapter, and shall be  
25 issued and sold to all licensed wholesalers upon requisition  
26 thereof from time to time by the department of revenue. Such  
27 wholesalers shall attach such stamps or cause them to be  
28 attached to each package or container of alcoholic liquor  
29 in the proper amounts before the same are delivered, shipped,  
30 or consigned to any licensed retailer, and the wholesaler  
31 shall keep a record thereof, designating the county or city  
32 to which such liquor is shipped and shall report to the  
33 department the location of the licensed retailer to whom said  
34 sale, delivery, or consignment is made.

35 Sec. 27. Section one hundred twenty-three point one hun-

1 dred twenty-two (123.122), Code 1977, is amended to read as  
2 follows:

3 123.122 PERMIT OR LICENSE REQUIRED. No person shall  
4 manufacture for sale or sell beer at wholesale or retail  
5 unless a permit is first obtained as provided in this divi-  
6 sion or, a liquor control license ~~authorizing the retail sale~~  
7 ~~of beer~~ is first obtained as provided in division I of this  
8 chapter. No liquor control license holder shall be required  
9 to hold a separate class "B" beer permit or to post a separate  
10 bond.

11 Sec. 28. Section one hundred twenty-three point one hun-  
12 dred twenty-three (123.123), Code 1977, is amended to read  
13 as follows:

14 123.123 EFFECT ON LIQUOR CONTROL LICENSEES. All appli-  
15 cable provisions of this division relating to class "B" beer  
16 permits shall apply to on-sale retail liquor control licensees  
17 in the purchasing, storage, handling, serving, and sale of  
18 beer.

19 Sec. 29. Section one hundred twenty-three point one hun-  
20 dred thirty-five (123.135), Code 1977, is amended to read  
21 as follows:

22 123.135 BREWER'S CERTIFICATE OF COMPLIANCE.

23 1. Any manufacturer, brewer, bottler, importer, or vendor  
24 of beer or any agent thereof desiring to ship, sell, or have  
25 beer brought into this state for resale by a class "A" per-  
26 mittee or wholesale liquor control licensee shall first make  
27 application for and shall be issued a brewer's certificate  
28 of compliance by the director for such purpose. Such  
29 certificate of compliance shall expire at the end of one year  
30 from the date of issuance and shall be renewed for a like  
31 period upon application to the director unless otherwise  
32 revoked for cause. Each application for a certificate of  
33 compliance or renewal thereof shall be accompanied by a fee  
34 of one hundred dollars payable to the department. Each holder  
35 of a certificate of compliance shall furnish such information

1 and in such form as the director may require. Any brewer  
2 whose plant is located in Iowa and who otherwise holds a class  
3 "A" beer permit or wholesale liquor control license to sell  
4 beer at wholesale shall be exempt from the fee, but not of  
5 the terms and conditions, as herein provided.

6 2. At the time of applying for a certificate of compliance,  
7 each applicant shall file with the department a list of all  
8 class "A" permittees and wholesale liquor control licensees  
9 with whom it intends to do business and shall designate the  
10 geographic area in which its products are to be distributed  
11 by such permittee. The listing of class "A" permittees and  
12 wholesale liquor control licensees and geographic area as  
13 filed with the department may be amended from time to time  
14 by the holder of a certificate of compliance.

15 3. All class "A" permit holders and wholesale liquor  
16 control license holders shall sell only those brands of beer  
17 which are manufactured, brewed, bottled, shipped, or imported  
18 by a person holding a current certificate of compliance.  
19 Any employee or agent working for or representing the holder  
20 of a certificate of compliance within this state shall register  
21 his or her name and address with the department, which names  
22 and addresses shall be filed with the department's copy of  
23 the certificate of compliance issued.

24 4. It shall be unlawful for any holder of a certificate  
25 of compliance or ~~his~~ the holder's agent, or any class "A"  
26 permit holder or ~~his~~ the holder's agent, or wholesale liquor  
27 control license holder or the holder's agent to grant to any  
28 retail beer permit holder, directly or indirectly, any rebates,  
29 free goods, or quantity discounts on beer which are not  
30 uniformly offered to all retail permittees.

31 5. Notwithstanding any other penalties provided by this  
32 chapter, any holder of a certificate of compliance or any  
33 class "A" permit holder or wholesale liquor control license  
34 holder who shall violate any of the provisions of this section  
35 shall be subject to a fine not to exceed one thousand dollars

1 or suspension of his certificate or permit for a period not  
2 to exceed one year or both such fine and suspension.

3 Sec. 30. Section one hundred twenty-three point one hun-  
4 dred thirty-six (123.136), unnumbered paragraph one (1), Code  
5 1977, is amended to read as follows:

6 In addition to the annual permit fee to be paid by all  
7 class "A" permittees and wholesale liquor control licensees  
8 under the provisions of this chapter there shall be levied  
9 and collected from such permittees and licensees on all beer  
10 manufactured for sale or sold in this state at wholesale and  
11 on all beer imported into this state for sale at wholesale  
12 and sold in this state at wholesale, a tax of ~~four-and-thirty-~~  
13 ~~four-hundredths~~ five dollars for every barrel containing  
14 thirty-one gallons, and at a like rate for any other quantity  
15 or for the fractional part of a barrel. However, no tax shall  
16 be levied or collected on beer shipped outside this state  
17 by a class "A" permittee or wholesale liquor control licensee  
18 or sold by one class "A" permittee or wholesale liquor control  
19 licensee to another class "A" permittee or wholesale liquor  
20 control licensee.

21 Sec. 31. Section one hundred twenty-three point one hun-  
22 dred thirty-seven (123.137), unnumbered paragraph one (1),  
23 Code 1977, is amended to read as follows:

24 Every person holding a class "A" permit or wholesale liquor  
25 control license shall on or before the tenth day of each  
26 calendar month commencing on the tenth day of the calendar  
27 month following the month in which such person is issued a  
28 permit or license, make a report under oath to the department  
29 upon forms to be furnished by the department for such purpose  
30 showing the exact number of barrels of beer, or fractional  
31 parts thereof, sold by such permit or license holder during  
32 the preceding calendar month. Such report shall also state  
33 such information as the director may require, and such permit  
34 or license holders shall at the time of filing said report  
35 pay to the department the amount of tax due at the rate fixed

1 in section 123.136.

2 Sec. 32. Section one hundred twenty-three point one hun-  
3 dred thirty-eight (123.138), Code 1977, is amended to read  
4 as follows:

5 123.138 BOOKS OF ACCOUNT REQUIRED. Each class "A" per-  
6 mittee or wholesale liquor control licensee shall keep proper  
7 books of account and records showing the amount of beer sold  
8 ~~by-him~~, which books of account shall be at all times open  
9 to inspection by the director. Each class "B" and class "C"  
10 permittee shall keep proper books of account and records show-  
11 ing each purchase of beer made ~~by-him~~, and the date and the  
12 amount of each purchase and the name of the person from whom  
13 each purchase was made, which books of account and records  
14 shall be open to inspection by the director and agents of  
15 the division of beer and liquor law enforcement of the  
16 department of public safety during normal business hours of  
17 the permittee.

18 Sec. 33. Section one hundred twenty-three point one hun-  
19 dred forty-two (123.142), Code 1977, is amended to read as  
20 follows:

21 123.142 PURCHASE FROM NONPERMIT HOLDER. It shall be  
22 unlawful for the holder of any class "B" or class "C" permit  
23 issued under the provisions of this chapter to sell beer,  
24 except beer purchased from a person holding a subsisting class  
25 "A" permit or wholesale liquor control license issued in  
26 accordance with the provisions of this chapter, and on which  
27 the tax provided in section 123.136 has been paid. However,  
28 the provisions of this section shall not apply to the holders  
29 of special class "B" permits issued under section 123.133  
30 for sales in cars engaged in interstate commerce nor to class  
31 "D" liquor control licensees as provided in this chapter.

32 It shall be unlawful for any person not holding a class  
33 "A" permit or wholesale liquor control license to import beer  
34 into this state for the purpose of sale or resale.

35 Sec. 34. Sections one hundred twenty-three point twenty-

1 three (123.23), one hundred twenty-three point twenty-four  
2 (123.24), one hundred twenty-three point twenty-five (123.25),  
3 one hundred twenty-three point twenty-seven (123.27), and  
4 one hundred twenty-three point forty-two (123.42), Code 1977,  
5 are repealed.

6 Sec. 35. There is established eight auditing positions  
7 in the state department of revenue which positions are to  
8 aid in the enforcement of the tax provisions of this Act.

9 There is appropriated from the general fund of the state  
10 to the state department of revenue an amount necessary to  
11 pay for the additional positions established by this section.

12 Sec. 36. EFFECTIVE DATE. The provisions of this Act shall  
13 take effect July 1, 1978, except as herein provided. Effec-  
14 tive July 1, 1977, the department shall begin taking applica-  
15 tions, making determinations, and issuing wholesale and off-  
16 sale retail liquor control licenses to take effect July 1,  
17 1978. The department shall commence on July 1, 1977 to dispose  
18 of its inventories as provided in section seven (7) of this  
19 Act to wholesalers and off-sale retailers licensed hereunder  
20 who are hereby authorized to purchase such inventories during  
21 1977 for resale commencing July 1, 1978, and to other buyers  
22 as provided in section seven (7) of this Act. Effective July  
23 1, 1977, the department of revenue shall begin printing and  
24 selling the stamps representing the excise taxes set forth  
25 in section one hundred twenty-three point ninety-six (123.96)  
26 of the Code. The department shall do all other things neces-  
27 sary for the off-sale retail and wholesale stores provided  
28 for herein to be in operation on July 1, 1978 and for the  
29 state to cease sale of alcoholic liquors on such date.

30

#### EXPLANATION

31 This bill removes the sale of liquor from state-owned and  
32 operated liquor stores and provides for wholesale and retail  
33 sale of package liquors and beer by duly licensed private  
34 concerns. It provides for the sale of excise stamps to whole-  
35 salers by the department of revenue as a revenue replacement

1 measure and raises the special sales tax from 15 percent of  
2 the retail price to 25 percent of the wholesale price. The  
3 bill raises the barrel tax on beer from four dollars and  
4 thirty-four cents a barrel to five dollars. The bill also  
5 authorizes the addition of eight new auditors in the department  
6 of revenue to enforce the tax provisions of this Act and  
7 authorizes an appropriation to pay for the additional  
8 positions.

9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29  
30  
31  
32  
33  
34  
35