

Ways & Means 2/29

SENATE FILE 2242

Ways and Means  
Carr. Chair  
Palmer  
Brown  
Holden  
Hester

SENATE FILE 2242  
*Approved 2/29 (p. 590)*  
BY COMMITTEE ON STATE GOVERNMENT

FILED FEB 29 1984

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

### A BILL FOR

1 An Act relating to the control, distribution, taxation, and  
2 private sale of wine containing more than five percent but  
3 not more than seventeen percent alcohol by weight, declaring  
4 certain acts relating to wine to be unlawful and prescribing  
5 penalties.

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

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S-2242

1 Section 1. Section 123.1, Code 1983, is amended to read  
2 as follows:

3 123.1 PUBLIC POLICY DECLARED. This chapter shall be cited  
4 as the "Iowa Beer, Wine, and Liquor Control Act", and shall  
5 be deemed an exercise of the police power of the state, for  
6 the protection of the welfare, health, peace, morals, and  
7 safety of the people of the state, and all its provisions  
8 shall be liberally construed for the accomplishment of that  
9 purpose, ~~and it~~. It is declared to be public policy that  
10 the traffic in alcoholic liquors is so affected with a public  
11 interest that it should be regulated to the extent of  
12 prohibiting all traffic in them, except as provided in this  
13 chapter.

14 Sec. 2. Section 123.2, Code 1983, is amended to read as  
15 follows:

16 123.2 GENERAL PROHIBITION. It ~~shall be~~ is unlawful to  
17 manufacture for sale, sell, offer or keep for sale, possess,  
18 or transport alcoholic liquor, wine, or beer except upon the  
19 terms, conditions, limitations, and restrictions enumerated  
20 in this chapter.

21 Sec. 3. Section 123.3, subsections 4, 7, 8, and 10, Code  
22 1983, are amended to read as follows:

23 4. "Local authority" means the city council of any  
24 incorporated city in this state, or the county board of  
25 supervisors of any county in this state, which is empowered  
26 by this chapter to approve or deny applications for retail  
27 beer or wine permits and liquor control licenses; empowered  
28 to recommend that such permits or licenses be granted and  
29 issued by the department; and empowered to take ~~such~~ other  
30 actions ~~as are~~ reserved to them by this chapter.

31 7. "Wine" means any beverage containing more than five  
32 percent but not more than seventeen percent of alcohol by  
33 weight obtained by the fermentation of the natural sugar  
34 contents of fruits or other agricultural products.

35 8. "Alcoholic liquor", "alcoholic beverage" or "intoxi-

1 cating liquor" means ~~and includes~~ the varieties of liquor  
 2 defined in subsections 5, and 6, and 7, beverages made as  
 3 described in subsection 9 which beverages contain more than  
 4 five percent of alcohol by weight but which are not wine as  
 5 defined in subsection 7, and every other liquid or solid,  
 6 patented or not, containing spirits ~~or wine~~ and every beverage  
 7 obtained by the process described in subsection 7 containing  
 8 more than seventeen percent alcohol by weight, and susceptible  
 9 of being consumed by a human being, for beverage purposes.  
 10 Alcohol manufactured in this state for use as fuel pursuant  
 11 to an experimental distilled spirits plant permit or its  
 12 equivalent issued by the federal bureau of alcohol, tobacco  
 13 and firearms is not an "alcoholic liquor".

14 10. "Person" means any individual, association, partner-  
 15 ship, corporation, club, hotel or motel, or municipal corpo-  
 16 ration owning or operating a bona fide airport, marina, park,  
 17 coliseum, auditorium, or recreational facility in or at which  
 18 the sale of alcoholic liquor, wine, or beer is only an inci-  
 19 dental part of ~~such~~ the ownership or operation.

20 Sec. 4. Section 123.3, subsection 11, paragraph c, Code  
 21 1983, is amended to read as follows:

22 c. ~~He is~~ Is not prohibited by ~~the provisions of~~ section  
 23 123.40 from obtaining a liquor control license or a wine or  
 24 beer permit.

25 Sec. 5. Section 123.3, subsections 13, 17, 19, 20, 25,  
 26 26, 27, and 31, Code 1983, are amended to read as follows:

27 13. "Permit" or "license" means an express written autho-  
 28 rization issued by the department for the manufacture or sale,  
 29 or both, of alcoholic liquor, wine, or beer.

30 17. "Distillery", "winery", and "brewery" ~~means~~ mean not  
 31 only the premises ~~wherein~~ where alcohol or spirits ~~is~~ are  
 32 distilled, ~~or rectified~~ wine is fermented, or beer is brewed,  
 33 but in addition mean a person owning, representing, or in  
 34 charge of such premises and the operations conducted ~~therein~~  
 35 there, including the blending and bottling or other handling

1 and preparation of alcoholic liquor, wine, or beer in any  
2 form.

3 19. "Importer" means the person ~~transporting-or-ordering-~~  
4 ~~authorizing,-or-arranging~~ who transports or orders, autho-  
5 rizes, or arranges the transportation of alcoholic liquor,  
6 wine, or beer into this state whether ~~such~~ the person is a  
7 resident of this state or not.

8 20. "Import" means the transporting or ordering or ar-  
9 ranging the transportation of alcoholic liquor, wine, or beer  
10 into this state whether by a resident of this state or not.

11 25. The prohibited "sale" of alcoholic liquor, wine, or  
12 beer under this chapter includes soliciting for sales, taking  
13 orders for sales, keeping or exposing for sale, delivery or  
14 other trafficking for a valuable consideration promised or  
15 obtained, and procuring or allowing procurement for any other  
16 person.

17 26. "Wholesaler" means any person, other than a vintner,  
18 brewer or bottler of beer or wine, who shall sell, barter,  
19 exchange, offer for sale, have in possession with intent to  
20 sell, deal or traffic in alcoholic liquor, wine, or beer.  
21 ~~No~~ A wholesaler shall ~~be-permitted-to~~ not sell for consumption  
22 upon the premises.

23 27. "Retailer" means any person who shall sell, barter,  
24 exchange, offer for sale, or have in possession with intent  
25 to sell any alcoholic liquor for consumption on the premises  
26 where sold, or beer or wine for consumption either on or off  
27 the premises where sold.

28 31. "Licensed premises" or "premises" means all rooms,  
29 enclosures, contiguous areas, or places susceptible of precise  
30 description satisfactory to the director where alcoholic  
31 beverages, wine, or beer is sold or consumed under authority  
32 of a liquor control license, wine permit, or beer permit.  
33 A single licensed premise may consist of multiple rooms,  
34 enclosures, areas or places if they are wholly within the  
35 confines of a single building or contiguous grounds.

1     Sec. 6. Section 123.3, Code 1983, is amended by adding  
2 the following new subsection:

3     NEW SUBSECTION. "Retail wine permit" means a class "B"  
4 or "C" wine permit issued under this chapter.

5     Sec. 7. Section 123.4, Code 1983, is amended to read as  
6 follows:

7     123.4 DEPARTMENT CREATED--PLACE OF BUSINESS. ~~There is~~  
8 ~~hereby-created-an~~ An Iowa beer and liquor control department  
9 is created to administer and enforce the laws of this state  
10 concerning beer, wine, and alcoholic liquor. The principal  
11 place of business of the department shall be provided the  
12 department by the authority designated by law to provide such  
13 quarters or offices to state departments or agencies.

14     Sec. 8. Section 123.6, Code 1983, is amended to read as  
15 follows:

16     123.6 APPOINTMENT--TERM--QUALIFICATIONS--COMPENSATION.  
17 Appointments shall be for five-year staggered terms beginning  
18 and ending as provided by section 69.19 and shall be made  
19 by the governor, subject to confirmation by the senate.  
20 Members of the council shall be chosen on the basis of  
21 managerial ability and experience as business executives.  
22 One member of the council may be the holder of or have an  
23 interest in a permit or license to manufacture alcoholic  
24 liquor, wine, or beer or sell alcoholic liquor, wine, or beer  
25 at wholesale or retail. Members may be reappointed for one  
26 additional term. Each member appointed shall receive compensa-  
27 tion for the member's services of forty dollars per diem in  
28 addition to reasonable and necessary expenses while attending  
29 meetings.

30     Sec. 9. Section 123.14, subsections 1 and 3, Code 1983,  
31 are amended to read as follows:

32     1. The division of beer and liquor law enforcement of  
33 the department of public safety, created pursuant to section  
34 80.25, ~~shall-be~~ is the primary beer, wine, and liquor law  
35 enforcement authority for this state.

1 3. The division of beer and liquor law enforcement shall  
2 ~~be-allowed~~ have full access to all records, reports, audits,  
3 tax reports and all other documents and papers in the  
4 department pertaining to liquor licensees and wine and beer  
5 permittees and their business.

6 Sec. 10. Section 123.15, Code 1983, is amended to read  
7 as follows:

8 123.15 HEARING BOARD ESTABLISHED. ~~There-is-hereby-created~~  
9 a A three-member hearing board is created for the purpose  
10 of conducting departmental hearings relating to controversies  
11 concerning the issuance, suspension, or revocation of special  
12 liquor permits, liquor control licenses, wine permits, and  
13 beer permits authorized under this chapter. One member shall  
14 be appointed by the council from its membership, which member  
15 may be periodically replaced by appointment of another council  
16 member; one member shall be the attorney general or ~~his~~ the  
17 attorney general's designee; and one member shall be the  
18 commissioner of public safety or ~~his~~ the commissioner's  
19 designee. The hearing board shall establish and adopt rules  
20 and procedures for conducting departmental hearings under  
21 this chapter.

22 Sec. 11. Section 123.16, subsection 2, paragraph b, Code  
23 1983, is amended to read as follows:

24 b. The granting or refusing of liquor licenses and per-  
25 mits, wine permits, and beer permits, and the suspension or  
26 revocation of ~~such~~ the licenses and permits.

27 Sec. 12. Section 123.18, Code 1983, is amended to read  
28 as follows:

29 123.18 FAVORS FROM LICENSEE OR PERMITTEE. ~~No~~ A person  
30 responsible for the administration or enforcement of this  
31 chapter shall not accept or solicit donations, gratuities,  
32 political advertising, gifts, or other favors, directly or  
33 indirectly, from any liquor control licensee, wine permittee,  
34 or beer permittee. ~~A-violation-of-this-section-shall-subject~~  
35 ~~the-violator-to-the-general-penalties-provided-by-this-chapter.~~

1     Sec. 13. Section 123.19, subsection 1, Code 1983, is  
2 amended to read as follows:

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

28     Sec. 14. Section 123.21, subsections 6 and 10, Code 1983,  
29 are amended to read as follows:

30     6. Providing for the ~~issuing~~ issuance and ~~distributing~~  
31 distribution of price lists ~~showing~~ which show the price to  
32 be paid by purchasers for each brand, class, or variety of  
33 liquor kept for sale under this chapter. ~~---Provide,~~ providing  
34 for the filing or posting of prices charged in sales between  
35 class "A" beer and class "A" wine permit holders and retailers,

1 as provided in this chapter, and ~~establish~~ establishing or  
2 ~~control-such~~ controlling the prices ~~as-may-be~~ based on minimum  
3 standards of fill, quantity, or alcoholic content for each  
4 individual sale of intoxicating liquor, wine, or beer as  
5 deemed necessary for retail or consumer protection. However,  
6 the department does not have the authority to regulate markups,  
7 prices, discounts, allowances, or other terms of sale at which  
8 wine may be purchased and sold by class "A" and retail wine  
9 permittees, or change, nullify, or vary the terms of any  
10 agreement between a holder of a vintner certificate of  
11 compliance and a class "A" wine permittee.

12 10. Prescribing the time, manner, means, and method by  
13 which distillers, ~~vintners,~~ vendors, or others authorized  
14 under this chapter may deliver or transport alcoholic liquors  
15 and prescribing the time, manner, means, and methods by which  
16 alcoholic liquor may be lawfully conveyed, carried, or trans-  
17 ported.

18 Sec. 15. Section 123.22, unnumbered paragraph 1, Code  
19 1983, is amended to read as follows:

20 The department ~~shall-have~~ has the ~~sole-and~~ exclusive right  
21 of importation, into the state, of all forms of alcoholic  
22 liquor, except as otherwise provided in this chapter, and  
23 ~~no~~ a person shall ~~be~~ not import ~~any-such~~ alcoholic liquor,  
24 except that an individual of legal age may import and have  
25 in ~~his~~ possession an amount of alcoholic liquor not exceeding  
26 one quart or, in the case of alcoholic liquor personally  
27 obtained outside the United States, one gallon for personal  
28 consumption only in a private home or other private  
29 accommodation. No distillery shall sell any alcoholic liquor  
30 within the state to any person but only to the department,  
31 except as otherwise provided in this chapter. It is the  
32 intent of this section to vest in the department exclusive  
33 control within the state both as purchaser and vendor of all  
34 alcoholic liquor sold by distilleries within the state or  
35 imported ~~therein~~, except beer, and wine. Neither the

1 department nor any instrumentality of the department shall  
2 sell wine at either wholesale or retail except as otherwise  
3 provided in this chapter.

4 Sec. 16. Section 123.27, subsection 2, Code 1983, is  
5 amended by striking the subsection.

6 Sec. 17. Section 123.29, subsection 4, paragraph c, Code  
7 1983, is amended to read as follows:

8 c. That neither the applicant, if ~~he~~ the applicant is  
9 an individual, nor any members of the firm or officers of  
10 the corporation, if the applicant is not an individual, has  
11 been convicted of any violation of the laws of this state  
12 with reference to the sale of alcoholic liquors, wine, or  
13 beer within the three years preceding the date of the  
14 affidavit.

15 Sec. 18. Section 123.30, subsection 3, paragraphs a, b,  
16 c, and d, Code 1983, are amended to read as follows:

17 a. CLASS "A". A class "A" liquor control license may  
18 be issued to a club and shall authorize the holder to pur-  
19 chase alcoholic liquors from only the department, wine from  
20 class "A" wine permittees, and native wines from native wine  
21 manufacturers, and to sell ~~such~~ liquors, wine, and beer, to  
22 bona fide members and their guests by the individual drink  
23 for consumption on the premises only.

24 b. CLASS "B". A class "B" liquor control license may  
25 be issued to a hotel or motel and shall authorize the holder  
26 to purchase alcoholic liquors from only the department, wine  
27 from class "A" wine permittees, and native wines from native  
28 wine manufacturers, and to sell ~~such~~ liquors, wine, and beer,  
29 to patrons by the individual drink for consumption on the  
30 premises only, however, wine and beer may also be sold for  
31 consumption off the premises. Each license shall be effective  
32 throughout the premises described in the application.

33 c. CLASS "C". A class "C" liquor control license may  
34 be issued to a commercial establishment but must be issued  
35 in the name of the individuals who actually own the entire

1 business and shall authorize the holder to purchase alcoholic  
2 liquors from only the department, wine from class "A" wine  
3 permittees, and native wines from native wine manufacturers,  
4 and to sell ~~such~~ liquors, wine, and beer, to patrons by the  
5 individual drink for consumption on the premises only, however,  
6 wine and beer may also be sold for consumption off the  
7 premises.

8 A special class "C" liquor control license may be issued  
9 and shall authorize the holder ~~ex-holders~~ to purchase wine  
10 ~~containing-not-more-than-seventeen-percent-alcohol-by-weight~~  
11 from ~~the-department~~ class "A" wine permittees only, and to  
12 sell ~~such~~ wine, and beer, to patrons by the individual drink  
13 for consumption on the premises ~~only, however, beer may also~~  
14 ~~be-sold-for-consumption-off-the-premises~~. The license issued  
15 to holders of a special class "C" license shall clearly state  
16 on its face ~~"alcoholic-liquor,~~ that the license is limited  
17 ~~to-wine-only."~~

18 d. CLASS "D". A class "D" liquor control license may  
19 be issued to a railway corporation, to an air common carrier,  
20 and to passenger-carrying boats or ships for hire with a ca-  
21 pacity of twenty-five persons or more operating in inland  
22 or boundary waters, and shall authorize the holder to sell  
23 or furnish alcoholic beverages, wine, and beer to passengers  
24 for consumption only on trains, watercraft as described here-  
25 ~~in~~ in this section, or aircraft, respectively. Each ~~such~~  
26 license ~~shall-be~~ is valid throughout the state ~~as-a-state~~  
27 ~~license~~. Only one ~~such~~ license ~~shall-be~~ is required for all  
28 trains, watercraft, or aircraft operated in the state by the  
29 licensee.

30 Sec. 19. Section 123.32, subsections 1, 2, and 4, Code  
31 1983, are amended to read as follows:

32 1. FILING OF APPLICATION. An application for a class  
33 "A", class "B", or class "C" liquor control license, ~~and~~ for  
34 a retail beer permit as provided in sections 123.128 and  
35 123.129, or for a class "B" or class "C" retail wine permit

1 as provided in sections 123.76 and 123.77, accompanied by  
2 the required fee and bond, shall be filed with the appropriate  
3 city council if the premises for which the license or permit  
4 is sought are located within the corporate limits of a city,  
5 or with the board of supervisors if the premises for which  
6 the license or permit is sought are located outside the  
7 corporate limits of a city. An application for a class "D"  
8 liquor control license and for a class "A" beer or class "A"  
9 wine permit, accompanied by the required fee and bond, shall  
10 be filed with the department, which shall proceed in the same  
11 manner as in the case of an application approved by local  
12 authorities.

13 2. ACTION BY LOCAL AUTHORITIES. The local authority shall  
14 either approve or disapprove the issuance of a liquor control  
15 license, retail wine permit, or retail beer permit, and shall  
16 endorse ~~such~~ its approval or disapproval on the application  
17 and shall forward same the application along with the required  
18 fee and bond to the department. Upon the initial ~~issuance~~  
19 ~~of application for a liquor control license, retail wine~~  
20 permit, or retail beer permit, the fact that the local author-  
21 ity determines that no liquor control license, retail wine  
22 permit, or retail beer permit shall be issued shall not be  
23 held to be arbitrary, capricious, or without reasonable cause.  
24 There ~~shall be~~ is no limit upon the number of liquor control  
25 licenses, retail wine permits, or retail beer permits which  
26 may be approved for issuance by local authorities.

27 4. APPEAL TO HEARING BOARD. Any applicant for a liquor  
28 control license, wine permit, or beer permit may appeal from  
29 the director's disapproval of an application for a license  
30 or permit to the department hearing board, established pursuant  
31 to section 123.15, ~~from the director's disapproval of an~~  
32 ~~application for a license or permit~~. If, upon such appeal  
33 the hearing board ~~shall determine~~ determines that the local  
34 authority acted arbitrarily, capriciously, or without  
35 reasonable cause in disapproving the application, or that,

1 where the local authority approved the application, the  
2 director's own disapproval should be reversed, it shall order  
3 issuance of a license or permit. The same right of appeal  
4 to the hearing board shall be afforded a liquor control  
5 licensee, wine permittee, or beer permittee, whose license  
6 or permit has been suspended or revoked under this chapter,  
7 and the hearing board shall reduce the period of suspension  
8 or order reinstatement of ~~such~~ the license or permit for good  
9 cause shown.

10 Sec. 20. Section 123.34, subsection 1, Code 1983, is  
11 amended to read as follows:

12 1. Liquor control licenses, wine permits, and beer permits,  
13 unless sooner suspended or revoked, expire one year from date  
14 of issuance. The director shall give sixty days' written  
15 notice of the expiration to each licensee or permittee.

16 However, the director may issue six-month or eight-month  
17 seasonal licenses or class "B" beer permits for a proportionate  
18 part of the license or permit fee or may issue fourteen-day  
19 liquor licenses or beer permits as provided in subsection

20 2. No refund shall be made for seasonal licenses or permits  
21 or for fourteen-day liquor licenses or beer permits. No  
22 seasonal license or permit shall be renewed except after a  
23 period of two months.

24 Sec. 21. Section 123.35, unnumbered paragraph 1, Code  
25 1983, is amended to read as follows:

26 The director shall prescribe simplified application forms  
27 for the renewal of liquor control licenses, wine permits,  
28 and beer permits ~~issued-under-the-provisions-of-this-chapter~~,  
29 which may be filed by licensees and permittees in lieu of  
30 a detailed renewal application form when qualifications and  
31 qualification information have not changed since the original  
32 issuance of the license or permit. ~~Such~~ The simplified form  
33 shall require the licensee or permittee to verify under oath  
34 that the information contained in the original application  
35 remains current, and that no reason exists for the department's

1 refusal to renew the license or permit as originally issued.

2 Sec. 22. Section 123.36, subsection 2, Code Supplement  
3 1983, is amended to read as follows:

4 2. Class "A" liquor control licenses, the sum of six  
5 hundred dollars, except that for class "A" licenses in cities  
6 of less than two thousand population, and for clubs of less  
7 than two hundred fifty members, the license fee shall be four  
8 hundred dollars; however, the fee shall be two hundred dollars  
9 for any club which is a post, branch, or chapter of a veterans  
10 organization chartered by the Congress of the United States,  
11 if ~~sueh~~ the club does not sell or permit the consumption of  
12 alcoholic beverages, wine, or beer on the premises more than  
13 one day in any week, and if the application for a license  
14 states that ~~sueh~~ the club does not and will not sell or permit  
15 the consumption of alcoholic beverages, wine, or beer on the  
16 premises more than one day in any week.

17 Sec. 23. Section 123.36, subsection 5, paragraph c, Code  
18 Supplement 1983, is amended to read as follows:

19 c. For air common carriers, each company shall pay a base  
20 annual fee of five hundred dollars and, in addition, shall  
21 quarterly remit to the department an amount equal to seven  
22 dollars for each gallon of alcoholic liquor sold, given away,  
23 or dispensed in or over this state during the preceding  
24 calendar quarter. The class "D" license fee and tax for air  
25 common carriers ~~shall-be~~ is in lieu of any other fee or tax  
26 collected from ~~sueh~~ the carriers in this state for the  
27 possession and sale of alcoholic liquor, wine, and beer.

28 Sec. 24. Section 123.36, subsection 6, Code Supplement  
29 1983, is amended to read as follows:

30 6. Any club, hotel, motel, or commercial establishment  
31 holding a liquor control license for whom the sale of goods  
32 and services other than alcoholic liquor, wine, or beer  
33 constitutes fifty percent or more of the gross receipts from  
34 the licensed premises, subject to ~~the-provisions-of~~ section  
35 123.49, subsection 2, paragraph "b", may sell and dispense

1 alcoholic liquor to patrons on Sunday for consumption on the  
2 premises only, and wine and beer for consumption on or off  
3 the premises between the hours of noon and ten p.m. on Sunday.  
4 For the privilege of selling beer, wine, and alcoholic liquor  
5 on the premises on Sunday the liquor control license fee of  
6 the applicant shall be increased by twenty percent of the  
7 regular fee prescribed for the license pursuant to this  
8 section, and the privilege shall be noted on the liquor control  
9 license. The department shall prescribe the nature and the  
10 character of the evidence ~~which shall be~~ required of the  
11 applicant under this subsection.

12 Sec. 25. Section 123.36, subsection 7, unnumbered paragraph  
13 1, Code Supplement 1983, is amended to read as follows:

14 ~~Class~~ Special class "C" liquor control licenses ~~which limit~~  
15 ~~sales of alcoholic liquor to wine containing not more than~~  
16 ~~seventeen percent alcohol by weight~~, a sum as follows:

17 Sec. 26. Section 123.37, Code 1983, is amended to read  
18 as follows:

19 123.37 POWER TO LICENSE AND LEVY TAXES. The power to  
20 establish licenses and permits and levy taxes as imposed in  
21 title VI of the Code is vested exclusively with the state.  
22 Unless specifically provided, no local authority shall levy  
23 a local tax on the sale of alcoholic beverages, wine, or beer,  
24 require the obtaining of a special license or permit for such  
25 sale ~~on~~ at any establishment, or require the obtaining of  
26 a license by any person as a condition precedent to ~~his~~ the  
27 person's employment in the sale, serving, or handling of  
28 alcoholic beverages, wine, or beer, within an establishment  
29 operating under a license or permit.

30 Sec. 27. Section 123.38, unnumbered paragraphs 1 and 2,  
31 Code 1983, are amended to read as follows:

32 A special liquor permit, liquor control license, wine  
33 permit, or beer permit ~~shall be~~ is a ~~purely~~ personal privilege  
34 and ~~be~~ is revocable for cause. It ~~shall~~ is not ~~constitute~~  
35 property nor ~~be~~ is it subject to attachment and execution

1 nor be alienable nor assignable, and ~~in any case~~ it shall  
2 cease upon the death of the permittee or licensee. However,  
3 the director may in ~~his~~ the director's discretion allow the  
4 executor or administrator of a permittee or licensee to operate  
5 the business of the decedent for a reasonable time not to  
6 exceed the expiration date of the permit or license. Every  
7 permit or license shall be issued in the name of the applicant  
8 and no person holding a permit or license shall allow any  
9 other person to use ~~same~~ it.

10 Any ~~such~~ licensee or permittee, or ~~his~~ that person's  
11 executor, or administrator, or any person duly appointed by  
12 the court to take charge of and administer the property or  
13 assets of the licensee or permittee for the benefit of ~~his~~  
14 creditors, may voluntarily surrender ~~such~~ a license or permit  
15 to the department ~~and when so~~. When a license or permit is  
16 surrendered the department shall notify the local authority,  
17 and the department ~~and such or the~~ local authority, or the  
18 ~~local authority by itself in the case of a retail beer permit,~~  
19 shall refund to the person ~~so~~ surrendering the license or  
20 permit, a proportionate amount of the fee paid received by  
21 the department or the local authority for ~~such~~ the license  
22 or permit as follows: If a license or permit is surrendered  
23 during the first three months of the period for which ~~said~~  
24 ~~license or permit~~ it was issued, the refund shall be three-  
25 fourths of the amount of the fee; if surrendered more than  
26 three months but not more than six months after issuance,  
27 the refund shall be one-half of the amount of the fee; if  
28 surrendered more than six months but not more than nine months  
29 after issuance, the refund shall be one-fourth of the amount  
30 of the fee. No refund shall be made, however, for any special  
31 liquor permit, nor for a liquor control license, wine permit,  
32 or beer permit surrendered more than nine months after  
33 issuance. For purposes of this paragraph, any portion of  
34 license or permit fees deposited in the county mental health  
35 and institutions fund, shall not be deemed received either

1 by the department or by a local authority. No refund shall  
2 be made to any licensee or permittee, upon the surrender of  
3 ~~his~~ a license or permit, if there is at the time of ~~said~~  
4 surrender, a complaint filed with the department or local  
5 authority, charging ~~him~~ the person with a violation of ~~the~~  
6 ~~provisions-of~~ this chapter. If upon a hearing on ~~any-such~~  
7 a complaint the license or permit is not revoked or suspended,  
8 then the licensee or permittee ~~shall-be~~ is eligible, upon  
9 surrender of ~~his~~ the license or permit, to receive a refund  
10 as ~~herein provided---~~ But in this section; but if his the  
11 license or permit is revoked or suspended upon ~~such~~ hearing  
12 ~~he-shall~~ the licensee or permittee is not be eligible for  
13 the refund of any portion of ~~his~~ the license or permit fee.

14 Sec. 28. Section 123.39, Code 1983, is amended to read  
15 as follows:

16 123.39 SUSPENSION OR REVOCATION OF ~~LIQUOR~~ LICENSE OR BEER  
17 PERMIT. Any liquor control license, wine permit, or beer  
18 permit issued under this chapter may, after notice in writing  
19 to the license or permit holder and reasonable opportunity  
20 for hearing, and subject to section 123.50 where applicable,  
21 be suspended for a period not to exceed one year or revoked  
22 by the local authority or the director for any of the following  
23 causes:

24 1. Misrepresentation of any material fact in the  
25 application for ~~such~~ the license or permit.

26 2. Violation of any of the provisions of this chapter.

27 3. Any change in the ownership or interest in the business  
28 operated under a class "A", class "B", or class "C" liquor  
29 control license, or any wine or beer permit, which change  
30 was not previously reported to and approved by the local  
31 authority and the department.

32 4. An event which would have resulted in disqualification  
33 from receiving ~~such~~ the license or permit when originally  
34 issued.

35 5. Any sale, hypothecation, or transfer of ~~such~~ the license

1 or permit.

2 6. The failure or refusal on the part of any licensee  
3 or permittee to render any report or remit any taxes to the  
4 department under this chapter when due.

5 Local authorities ~~shall have the power to~~ may suspend any  
6 retail wine or beer permit or liquor control license for a  
7 violation of any ordinance or regulation adopted by ~~such~~ the  
8 local authority. Local authorities ~~are empowered to~~ may adopt  
9 ordinances or regulations for the location of the premises  
10 of retail wine or beer and liquor control licensed  
11 establishments and ~~are empowered to~~ local authorities may  
12 adopt ordinances, not in conflict with ~~the provisions of~~ this  
13 chapter and that do not diminish the hours during which beer,  
14 wine, or alcoholic beverages may be sold or consumed at retail,  
15 governing any other activities or matters which may affect  
16 the retail sale and consumption of beer, wine, and alcoholic  
17 liquor and the health, welfare and morals of the community  
18 involved.

19 When a liquor license or wine or beer permit is suspended  
20 after a hearing as a result of violations of ~~the provisions~~  
21 of this chapter by the licensee, permittee or ~~his or her~~ the  
22 licensee's or permittee's agents or employees, the premises  
23 which were licensed by ~~such~~ the license or permit shall not  
24 be relicensed for a new applicant until the suspension has  
25 terminated or time of suspension has elapsed, or ninety days  
26 have elapsed since the commencement of the suspension,  
27 whichever occurs first. However, ~~nothing in~~ this section  
28 ~~shall~~ does not prohibit the premises from being relicensed  
29 to a new applicant before the suspension has terminated or  
30 before the time of suspension has elapsed or before ninety  
31 days have elapsed from the commencement of the suspension,  
32 if the premises prior to the time of the suspension had been  
33 purchased under contract, and the vendor under that contract  
34 had exercised the person's rights under chapter 656 and sold  
35 the property to a different person who is not related to the

1 previous licensee or permittee by marriage or within the third  
2 degree of consanguinity or affinity and if the previous  
3 licensee or permittee does not have a financial interest in  
4 the business of the new applicant.

5 Sec. 29. Section 123.40, Code 1983, is amended to read  
6 as follows:

7 123.40 EFFECT OF REVOCATION. Any liquor control licensee,  
8 wine permittee, or beer permittee whose license or permit  
9 is revoked under this chapter shall not thereafter be permitted  
10 to hold a liquor control license, wine permit, or beer permit  
11 in the state of Iowa for a period of two years from the date  
12 of ~~such~~ revocation. The A spouse and or business associates  
13 associate holding ten percent or more of the capital stock  
14 or ownership interest in the business of a person whose license  
15 or permit has been revoked shall not be issued a liquor control  
16 license, wine permit, or beer permit, and no liquor control  
17 license, wine permit, or beer permit shall be issued which  
18 covers any business in which such person has a financial  
19 interest for a period of two years from the date of ~~such~~  
20 revocation. ~~In-the-event~~ If a license or permit is revoked,  
21 the premises which had been covered by ~~such~~ the license or  
22 permit shall not be relicensed for one year.

23 Sec. 30. Section 123.44, Code 1983, is amended to read  
24 as follows:

25 123.44 GIFT OF LIQUORS PROHIBITED. ~~No~~ A manufacturer  
26 or wholesaler shall not give away any alcoholic liquor of  
27 any kind or description at any time in connection with ~~his~~  
28 the business except for testing or sampling purposes only.  
29 ~~No~~ A manufacturer, vintner, wholesaler, or importer, organized  
30 as a corporation pursuant to the laws of this state or any  
31 other state, and who deals in alcoholic liquor, wine, or beer  
32 subject to this chapter shall not offer or give anything of  
33 value to any council member, official or employee of the  
34 department, or directly or indirectly contribute in any manner  
35 any money or thing of value to any person seeking a public

1 or appointive office or any recognized political party or  
 2 a group of persons seeking to become a recognized political  
 3 party.

4 Sec. 31. Section 123.46, Code 1983, is amended to read  
 5 as follows:

6 123.46 CONSUMPTION IN PUBLIC PLACES--INTOXICATION. It  
 7 is unlawful for any person to use or consume alcoholic li-  
 8 quors, wine, or beer upon the public streets or highways,  
 9 or alcoholic liquors in any public place, except premises  
 10 covered by a liquor control license, or to possess or consume  
 11 alcoholic liquors, wine, or beer on any public school prop-  
 12 erty or while attending any public or private school related  
 13 functions, and ~~no~~ a person shall not be intoxicated nor  
 14 simulate intoxication in a public place. As used in this  
 15 section, "school" means a school or that portion thereof of  
 16 a school, which provides teaching for any grade from  
 17 kindergarten through grade twelve. Any person violating any  
 18 ~~provisiens~~ provision of this section ~~shall-be~~ is guilty of  
 19 a simple misdemeanor.

20 Sec. 32. Section 123.47, Code 1983, is amended to read  
 21 as follows:

22 123.47 PERSONS UNDER LEGAL AGE. ~~No~~ A person shall not  
 23 sell, give, or otherwise supply alcoholic liquor, wine, or  
 24 beer to any person knowing or having reasonable cause to  
 25 believe ~~him~~ the person to be under legal age, and ~~no~~ a person  
 26 or persons under legal age shall not individually or jointly  
 27 have alcoholic liquor, wine, or beer in ~~his-or-their~~ possession  
 28 or control; except in the case of liquor, wine, or beer given  
 29 or dispensed to a person under legal age within a private  
 30 home and with the knowledge and consent of the parent or  
 31 guardian for beverage or medicinal purposes or as administered  
 32 to ~~him~~ the person by either a physician or dentist for  
 33 medicinal purposes and except to the extent that a person  
 34 under legal age may handle alcoholic beverages, wine, and  
 35 beer during the regular course of ~~his-or-her~~ the person's

1 employment by a liquor control licensee, or wine or beer  
2 permittee under this chapter.

3 Sec. 33. Section 123.49, Code 1983, is amended to read  
4 as follows:

5 123.49 MISCELLANEOUS PROHIBITIONS.

6 1. ~~No~~ A person shall not sell, dispense, or give to any  
7 intoxicated person, or one simulating intoxication, any  
8 alcoholic liquor, wine, or beer.

9 2. ~~No~~ A person or club holding a liquor control license  
10 or retail wine or beer permit under this chapter, ~~nor his~~  
11 and the person's agents or employees, shall not do any of  
12 the following:

13 a. Knowingly permit any gambling, except in accordance  
14 with chapter 99B, or knowingly permit solicitation for immoral  
15 purposes, or immoral or disorderly conduct on the premises  
16 covered by the license or permit.

17 b. Sell or dispense any alcoholic beverage, wine, or beer  
18 on the premises covered by the license or permit, or permit  
19 the consumption ~~thereon~~ on the premises between the hours  
20 of two a.m. and six a.m. on any weekday, and between the hours  
21 of two a.m. on Sunday and six a.m. on the following Monday,  
22 however, a holder of a liquor control license or retail beer  
23 or wine permit granted the privilege of selling alcoholic  
24 liquor, wine, or beer on Sunday may sell or dispense ~~such~~  
25 the liquor, wine, or beer between the hours of noon and ten  
26 p.m. on Sunday.

27 c. Sell alcoholic beverages, wine, or beer to any person  
28 on credit, except with a bona fide credit card. This provi-  
29 sion ~~shall~~ does not apply to sales by a club to its members  
30 nor to sales by a hotel or motel to bona fide registered  
31 guests.

32 d. Keep on premises covered by a liquor control license  
33 any alcoholic liquor in any container except the original  
34 package purchased from the department ~~or from a native wine~~  
35 ~~manufacturer, except still wines placed in dispensing or~~

1 ~~servicing-containers-for-temporary-storage~~, and except mixed  
2 drinks or cocktails mixed on the premises for immediate  
3 consumption. This prohibition does not apply to common  
4 carriers holding a class "D" liquor control license.

5 e. Reuse for packaging alcoholic liquor or wine any  
6 container or receptacle used originally for packaging alcoholic  
7 liquor or wine; or adulterate, by the addition of any  
8 substance, the contents or remaining contents of an original  
9 package of an alcoholic liquor or wine; or knowingly possess  
10 any original package which has been so reused or adulterated.

11 f. Any Employ a person under eighteen years of age shall  
12 ~~not-be-employed~~ in the sale or serving of alcoholic liquor,  
13 wine, or beer for consumption on the premises where sold.

14 g. Allow any person other than the licensee, permittee,  
15 or employees of ~~such~~ the licensee or permittee, to use or  
16 keep on the licensed premises any alcoholic liquor in any  
17 bottle or other container which is designed for the  
18 transporting of such beverages, except as permitted in section  
19 123.95. This paragraph shall does not apply to the lodging  
20 quarters of a class "B" liquor control licensee or wine or  
21 beer permittee, or to common carriers holding a class "D"  
22 liquor control license.

23 h. Sell, give, or otherwise supply any alcoholic beverage,  
24 wine, or beer to any person, knowing or having reasonable  
25 cause to believe ~~him~~ that person to be under legal age, or  
26 permit any person, knowing or having reasonable cause to  
27 believe ~~him~~ that person to be under legal age, to consume  
28 any alcoholic beverage, wine, or beer.

29 i. In the case of a retail beer or wine permittee, know-  
30 ingly allow the mixing or adding of alcohol or any alcoholic  
31 beverage to beer, wine, or any other beverage in or about  
32 ~~his~~ the place of business.

33 j. Knowingly permit or engage in any criminal activity  
34 on the premises covered by the license or permit.

35 3. No person under legal age shall misrepresent ~~his-er~~

1 ~~her~~ the person's age for the purpose of purchasing or  
2 attempting to purchase any alcoholic beverage, wine, or beer  
3 from any licensee or permittee. If any person under legal  
4 age ~~shall-misrepresent-his-or-her~~ misrepresents the person's  
5 age, and the licensee or permittee establishes that ~~he-made~~  
6 a reasonable inquiry was made to determine whether ~~such the~~  
7 prospective purchaser was over legal age, ~~such the~~ licensee  
8 or permittee ~~shall~~ is not be guilty of selling alcoholic  
9 liquor, wine, or beer to minors.

10 4. No privilege of selling alcoholic liquor, wine, or  
11 beer on Sunday as provided in sections 123.36, subsection  
12 6, and 123.134, subsection 5, shall be granted to a club or  
13 other organization which places restrictions on admission  
14 or membership in the club or organization on the basis of  
15 sex, race, religion, or national origin. However, the  
16 privilege may be granted to a club or organization which  
17 places restrictions on membership on the basis of sex, if  
18 the club or organization has an auxiliary organization open  
19 to persons of the other sex.

20 Sec. 34. Section 123.50, subsections 2 and 3, Code 1983,  
21 are amended to read as follows:

22 2. The conviction of any liquor control licensee, wine  
23 permittee, or beer permittee for a violation of any of the  
24 provisions of section 123.49 ~~shall~~, subject to subsection  
25 3 of this section, ~~be~~ is grounds for the suspension or  
26 revocation of the license or permit by the department or the  
27 local authority. However, if any liquor control licensee  
28 is convicted of any violation of subsection 2, paragraphs  
29 "a", "d" or "e", of ~~such that~~ that section, or any wine or beer  
30 permittee is convicted of a violation of paragraph "a" or  
31 "e" of that section, the liquor control license, wine permit,  
32 or beer permit shall be revoked and shall immediately be  
33 surrendered by the holder, and the bond of the license or  
34 permit holder shall be forfeited to the department.

35 3. If any licensee, wine permittee, beer permittee, or

1 employee of ~~such~~ a licensee or permittee ~~shall-be~~ is convicted  
2 of a violation of section 123.49, subsection 2, paragraph  
3 "h", or if a retail wine or beer permittee ~~shall-be~~ is  
4 convicted of a violation of paragraph "i" of ~~such~~ that  
5 subsection, the director or local authority shall, in addition  
6 to the other penalties fixed for such violations by this  
7 section, assess a penalty as follows:

8 a. Upon a first conviction, the violator's liquor con-  
9 trol license, wine permit, or beer permit shall be suspended  
10 for a period of fourteen days.

11 b. Upon a second conviction within a period of two years,  
12 the violator's liquor control license, wine permit, or beer  
13 permit shall be suspended for a period of thirty days.

14 c. Upon a third conviction within a period of five years,  
15 the violator's liquor control license, wine permit, or beer  
16 permit shall be suspended for a period of sixty days.

17 d. Upon a fourth conviction within a period of five years,  
18 the violator's liquor control license, wine permit, or beer  
19 permit shall be revoked.

20 Sec. 35. Section 123.51, subsection 3, Code 1983, is  
21 amended to read as follows:

22 3. No signs or other matter advertising any brand of beer  
23 or wine shall be erected or placed upon the outside of any  
24 premises occupied by a licensee or permittee authorized to  
25 sell beer or wine at retail. This subsection ~~shall~~ does not  
26 prohibit the use of signs or other matter inside a fence or  
27 similar enclosure which wholly or partially surrounds the  
28 licensed premises.

29 Sec. 36. Section 123.55, subsections 8 and 9, Code 1983,  
30 are amended to read as follows:

31 8. The number of liquor control licenses, wine permits,  
32 and beer permits issued, by class, the number in effect on  
33 the last day included in the report, and the number which  
34 have been suspended or revoked during the period covered by  
35 the report.

1 9. Amount of fees paid to the department from liquor  
2 control licenses, wine permits, and beer permits, in gross,  
3 and the amount of ~~liquor-control-license~~ fees returned to  
4 local subdivisions of government as provided under this  
5 chapter.

6 Sec. 37. Section 123.56, Code 1983, is amended by striking  
7 the section and inserting in lieu thereof the following:

8 123.56 NATIVE WINES.

9 1. Subject to rules of the department, manufacturers of  
10 native wines from grapes, cherries, other fruits or other  
11 fruit juices, vegetables, vegetable juices, dandelions, clover,  
12 honey, or any combination of these ingredients, holding a  
13 class "A" wine permit as required by this chapter, may sell,  
14 keep, or offer for sale and deliver the wine. Sales may be  
15 made at retail for off-premises consumption when sold on the  
16 premises of the manufacturer. Sales may also be made to class  
17 "A" or retail wine permittees or liquor control licensees  
18 as authorized by the class "A" wine permit.

19 2. A manufacturer of native wines shall not sell the wines  
20 other than as permitted in this chapter and shall not allow  
21 wine sold to be consumed upon the premises of the manufacturer.  
22 However, prior to sale native wines may be sampled on the  
23 premises where made, when no charge is made for the sampling.  
24 A person may manufacture native wine for consumption on the  
25 manufacturer's premises, when the wine or any part of it is  
26 not manufactured for sale.

27 3. For the purposes of this section, "manufacturer"  
28 includes only those persons who process in Iowa the fruit,  
29 vegetables, dandelions, clover, honey, or any combination  
30 of these ingredients, by fermentation into wines.

31 Sec. 38. Section 123.59, Code 1983, is amended to read  
32 as follows:

33 123.59 BOOTLEGGING. Any person who, by-himself personally,  
34 or through another acting for ~~him~~ the person, shall keep or  
35 carry on his or her person, or in a vehicle, or leave in a

1 place for another to secure, any alcoholic liquor, wine, or  
2 beer, with intent to sell or dispense ~~of such~~ the liquor,  
3 wine, or beer, by gift or otherwise in violation of law, or  
4 who shall, within this state, in any manner, directly or  
5 indirectly, solicit, take, or accept any order for the  
6 purchase, sale, shipment, or delivery of ~~such~~ alcoholic liquor,  
7 wine, or beer in violation of law, or aid in the delivery  
8 and distribution of any alcoholic liquor, wine, or beer so  
9 ordered or shipped, or who shall in any manner procure for,  
10 sell, or give any alcoholic liquor, wine, or beer to any  
11 person under legal age, for any purpose except as authorized  
12 and permitted in this chapter, ~~shall be~~ is a bootlegger and  
13 ~~be~~ subject to the general penalties provided by this chapter.

14 Sec. 39. Section 123.60, Code 1983, is amended to read  
15 as follows:

16 123.60 NUISANCES. The premises where the unlawful manu-  
17 facture or sale, or keeping with intent to sell, use or give  
18 away, of alcoholic liquors, wine, or beer is carried on, and  
19 any vehicle or other means of conveyance used in transport-  
20 ing ~~such~~ liquor, wine, or beer in violation of law, and the  
21 furniture, fixtures, vessels and contents, kept or used in  
22 connection with such activities are nuisances and shall be  
23 abated as provided in this chapter.

24 Sec. 40. Section 123.71, Code 1983, is amended to read  
25 as follows:

26 123.71 CONDITIONS. ~~In no case shall a~~ A bootlegger injunc-  
27 tion proceeding, as provided in this chapter, shall not be  
28 maintained unless it ~~be~~ is shown to the court that efforts  
29 in good faith have been made to discover the base of supplies  
30 or place where the defendant charged as a bootlegger conducts  
31 ~~his~~ the unlawful business or receives or manufactures the  
32 alcoholic liquor, wine, or beer, ~~of which he~~ the defendant  
33 is charged with bootlegging.

34 Sec. 41. Section 123.72, Code 1983, is amended to read  
35 as follows:

1 123.72 ORDER OF ABATEMENT. If the existence of a nuisance  
2 is established in a civil or criminal action, an order of  
3 abatement shall be entered as a part of the judgment in the  
4 case. ~~Sueh~~ The order shall direct the confiscation of all  
5 alcoholic liquor, wine, or beer by the state; the removal  
6 from the premises involved of all fixtures, furniture, vessels,  
7 or movable property used in any way in conducting the unlaw-  
8 ful business; the sale of all ~~sueh~~ removed property as well  
9 as any vehicle or other means of conveyance which has been  
10 abated, ~~sueh~~ the sale to be conducted in the manner provided  
11 for the sale of chattels under execution; and the effective  
12 closing of the premises against use for the purpose of manufac-  
13 ture, sale, or consumption of alcoholic liquor, wine, or beer  
14 for a period of one year, unless sooner released by the court.

15 Sec. 42. Section 123.81, Code 1983, is amended to read  
16 as follows:

17 123.81 FORFEITURE OF BOND. If the owner of a property  
18 who has filed an abatement bond as provided in this chapter  
19 fails to abate the liquor, wine, or beer nuisance on the prem-  
20 ises covered by the bond, or fails to prevent the mainte-  
21 nance of any liquor, wine, or beer nuisance on ~~said~~ the  
22 premises at any time within a period of one year after entry  
23 of the abatement order, the court shall, after a hearing in  
24 which such fact is established, direct an entry of ~~sueh~~ the  
25 violation of the terms of the owner's bond, to be made on  
26 the record and the undertaking of ~~his~~ the owner's bond  
27 ~~thereupon shall be~~ forfeited.

28 Sec. 43. Section 123.84, Code 1983, is amended to read  
29 as follows:

30 123.84 JUDGMENT. If the court after a hearing finds a  
31 liquor, wine, or beer nuisance has been maintained on the  
32 premises covered by the abatement bond and that liquor, wine,  
33 or beer has been sold or kept for sale on the premises con-  
34 trary to law within one year from the date of the giving of  
35 ~~sueh~~ the bond, then the court shall order the forfeiture of

1 the bond and enter judgment for the full amount of such the  
 2 bond against the principal and sureties ~~thereof~~ on the bond,  
 3 and the lien on the real estate created pursuant to section  
 4 123.79 shall be decreed foreclosed and the court shall provide  
 5 for a special and general execution for the enforcement of  
 6 such the decree and judgment.

7 Sec. 44. Section 123.91, Code 1983, is amended to read  
 8 as follows:

9 123.91 SECOND AND SUBSEQUENT CONVICTION. Any person who  
 10 has been convicted, in a criminal action, in any court of  
 11 record, of a violation of ~~any-of-the-following~~

12 ~~1---Any~~ a provision of this chapter-

13 ~~2---Any,~~ a provision of the prior laws of this state  
 14 relating to intoxicating liquors, wine, or beer which were  
 15 was in force prior to the enactment of this chapter-

16 ~~3---Any,~~ or a provision of the laws of the United States  
 17 or of any other state relating to intoxicating liquors, wine,  
 18 or beer, and who is thereafter convicted of a subsequent  
 19 criminal offense against any provision of this chapter is  
 20 guilty of the following offenses:

21 a 1. For the second conviction, a serious misdemeanor.

22 b 2. For the third and each subsequent conviction, an  
 23 aggravated misdemeanor.

24 Sec. 45. Section 123.92, Code 1983, is amended to read  
 25 as follows:

26 123.92 CIVIL LIABILITY APPLICABLE TO SALE OR GIFT OF BEER  
 27 OR INTOXICANTS BY LICENSEES. Every husband, wife, child,  
 28 parent, guardian, employer or other person who ~~shall-be~~ is  
 29 injured in person or property or means of support by any  
 30 intoxicated person or resulting from the intoxication of any  
 31 such person, ~~shall-have~~ has a right of action for all damages  
 32 actually sustained, severally or jointly, against any licensee  
 33 or permittee, who ~~shall-sell~~ sells or ~~give~~ gives any beer,  
 34 wine, or intoxicating liquor to ~~any-such~~ a person while he  
 35 ~~ex-she~~ the person is intoxicated, or ~~serve-any-such~~ serves

1 a person to a point where ~~such~~ the person is intoxicated,  
2 ~~for-all-damages-actually-sustained~~. If the injury was caused  
3 by an intoxicated person, a permittee or licensee may establish  
4 as an affirmative defense that the intoxication did not  
5 contribute to the injurious action of the person.

6 Every liquor control licensee, class "B" wine permittee,  
7 and class "B" beer permittee shall furnish proof of financial  
8 responsibility either by the existence of a liability insurance  
9 policy or by posting bond in ~~such~~ an amount as determined  
10 by the department.

11 Sec. 46. Section 123.95, unnumbered paragraph 1, Code  
12 1983, is amended to read as follows:

13 It is unlawful for any person to allow the dispensing or  
14 consumption of intoxicating liquor, except ~~sacramental~~ wines  
15 and beer, in any establishment unless ~~such~~ the establishment  
16 is licensed under this chapter.

17 Sec. 47. Section 123.96, subsections 1 and 2, Code 1983,  
18 are amended to read as follows:

19 1. ~~Except-as-provided-by-section-123-567-subsection-4,~~  
20 ~~there~~ There is imposed on every person licensed to sell  
21 alcoholic beverages for consumption on the premises where  
22 sold, a special tax equivalent to fifteen percent of the price  
23 established by the department on all alcoholic beverages for  
24 general sale to the public. The tax shall be paid by all  
25 licensees at the point of purchase from the state on all  
26 alcoholic beverages intended or used for resale for consumption  
27 on the premises of retail establishments. The tax is in lieu  
28 of any other sales tax applied at the state store and shall  
29 be shown as a separate item on special sales slips provided  
30 by the department for purchases by licensees.

31 2. Except as allowed under section 123.95 ~~and~~ ~~except~~  
32 ~~as-allowed-under-section-123-567-subsection-4,~~ a licensee  
33 shall not knowingly keep on the licensed premises nor use  
34 for resale purposes any alcoholic liquor on which the special  
35 tax has not been paid to the state. The conviction of a

1 violation of this section shall cause the license held to  
2 automatically be revoked and the license shall immediately  
3 be surrendered by the holder, and the bond of the license  
4 holder shall be forfeited to the department.

5 Sec. 48. Section 123.121, unnumbered paragraph 1, Code  
6 1983, is amended to read as follows:

7 In any prosecution under this chapter for the unlawful  
8 sale of alcoholic liquor, wine, or beer, a sale of alcoholic  
9 liquor, wine, or beer which requires a shipment or delivery  
10 of ~~such~~ the liquor, wine, or beer, shall be deemed to be made  
11 in the county in which ~~such~~ the delivery is made by the carrier  
12 to the consignee, his or the consignee's agent, or employee.

13 Sec. 49. Chapter 123, Code 1983, is amended by adding  
14 sections 50 through 66 of this Act as a new division.

15 Sec. 50. NEW SECTION. 123.171 WINE PERMIT OR LICENSE  
16 REQUIRED. A person shall not cause the manufacture,  
17 importation, or sale of wine in this state unless a certificate  
18 or permit as provided in this division, or a liquor control  
19 license as provided in division I of this chapter, is first  
20 obtained which authorizes that manufacture, importation, or  
21 sale. A liquor control license holder is not required to  
22 hold a separate class "B" wine permit or to post a separate  
23 bond.

24 Sec. 51. NEW SECTION. 123.172 EFFECT ON LIQUOR CONTROL  
25 LICENSEES. All applicable provisions of this division relating  
26 to class "B" wine permits apply to liquor control licensees  
27 in the purchasing, storage, handling, serving and sale of wine.

28 Sec. 52. NEW SECTION. 123.173 WINE PERMITS--CLASSES.  
29 Permits exclusively for the sale or manufacture and sale of  
30 wine shall be divided into three classes, and shall be known  
31 as class "A", "B", or "C" wine permits.

32 A class "A" wine permit allows the holder to manufacture  
33 and sell, or sell at wholesale, in this state, wine as defined  
34 in section 123.3, subsection 7. The holder of a class "A"  
35 wine permit may manufacture in this state wine having an

1 alcoholic content greater than seventeen percent by weight  
2 for shipment outside this state or for sale to the department.  
3 A class "B" wine permit allows the holder to sell wine at  
4 retail for consumption off the premises. The holder of a  
5 class "B" wine permit may sell wine at retail for consumption  
6 on or off the premises. A class "C" wine permit allows the  
7 holder to sell wine at retail for consumption off the premises.

8 A class "A" wine permittee shall be required to deliver  
9 wine to a class "B" or "C" wine permittee, and a class "B"  
10 or "C" wine permittee shall be required to accept delivery  
11 of wine from a class "A" wine permittee, only at the licensed  
12 premise of the class "B" or "C" wine permittee. Except as  
13 specifically permitted by the department upon good cause  
14 shown, delivery or transfer of wine from an unlicensed premise  
15 to a licensed "B" or "C" wine permittee's premise, or from  
16 one licensed "B" or "C" wine permittee's premise to another  
17 licensed "B" or "C" wine permittee's premise, even where there  
18 is common ownership of all of the premises by one class "B"  
19 or "C" wine permittee, is prohibited.

20 Sec. 53. NEW SECTION. 123.174 ISSUANCE OF WINE PERMITS.  
21 The director shall issue class "A", "B" and "C" wine permits  
22 as provided in this chapter, and may suspend or revoke a wine  
23 permit for cause as provided in this chapter.

24 Sec. 54. NEW SECTION. 123.175 CLASS "A" APPLICATION.  
25 Except as otherwise provided in this chapter, a class "A"  
26 wine permit shall be issued to a person who complies with  
27 all of the following:

28 1. Submits a written application for the permit and states  
29 on the application under oath:

30 a. The name and place of residence of the applicant and  
31 the length of time the applicant has lived at the place of  
32 residence.

33 b. That the applicant is a citizen of the state of Iowa,  
34 or if a corporation, that the applicant is authorized to do  
35 business in Iowa.

1 c. The place of birth of the applicant, and if the  
2 applicant is a naturalized citizen, the time and place of  
3 naturalization, or if a corporation, the state of in-  
4 corporation.

5 d. The location of the premises where the applicant intends  
6 to use the permit.

7 e. The name of the owner of the premises, and if that  
8 owner is not the applicant, that the applicant is the actual  
9 lessee of the premises.

10 2. Establishes all of the following:

11 a. That the applicant meets the test of good moral  
12 character as provided in section 123.3, subsection 11.

13 b. That the premises where the applicant intends to use  
14 the permit conform to all applicable laws, health regulations,  
15 and fire regulations, and constitute a safe and proper place  
16 or building.

17 3. Submits a bond in the amount of five thousand dollars  
18 in the form prescribed and furnished by the department with  
19 good and sufficient sureties to be approved by the department  
20 conditioned upon compliance with this chapter.

21 Sec. 55. NEW SECTION. 123.176 CLASS "B" APPLICATION.  
22 Except as otherwise provided in this chapter, a class "B"  
23 wine permit shall be issued to a person who complies with  
24 all of the following:

25 1. Submits a written application for the permit and states  
26 on the application under oath:

27 a. The name and place of residence of the applicant, and  
28 the length of time the applicant has lived at the place of  
29 residence.

30 b. That the applicant is a citizen of the state of Iowa,  
31 or if a corporation, that the applicant is authorized to do  
32 business in Iowa.

33 c. The place of birth of the applicant, and if the  
34 applicant is a naturalized citizen, the time and place of  
35 naturalization, or if a corporation, the place of in-

1 corporation.

2 d. The location of the premises where the applicant intends  
3 to use the permit.

4 e. The name of the owner of the premises, and if that  
5 owner is not the applicant, that the applicant is the actual  
6 lessee of the premises.

7 2. Establishes all of the following:

8 a. That the applicant is a person of good moral character  
9 as provided in section 123.3, subsection 11.

10 b. That the premises where the applicant intends to use  
11 the permit conform to all applicable laws, health regulations,  
12 and fire regulations, and constitute a safe and proper place  
13 or building.

14 3. Submits a bond in the amount of one thousand dollars  
15 in the form prescribed and furnished by the department with  
16 good and sufficient sureties to be approved by the department  
17 conditioned upon compliance with this chapter. The bond shall  
18 be further conditioned as a part of the permit granted to  
19 the effect that the permittee and each surety shall consent  
20 to forfeiture of the principal sum of the bond in event of  
21 suspension or revocation of the permit pursuant to this  
22 chapter.

23 Sec. 56. NEW SECTION. 123.177 CLASS "C" APPLICATION.

24 Except as otherwise provided in this chapter, a class "C"  
25 wine permit shall be issued to any person who:

26 1. Submits a written application for the permit and states  
27 on the application under oath:

28 a. The name and place of residence of the applicant, and  
29 the length of time the applicant has lived at the place of  
30 residence.

31 b. That the applicant is a citizen of the state of Iowa,  
32 or if a corporation, that the applicant is authorized to do  
33 business in the state of Iowa.

34 c. The place of birth of the applicant, and if the  
35 applicant is a naturalized citizen, the time and place of

1 naturalization, or if a corporation, the state of  
2 incorporation.

3 d. The location of the premises where the applicant intends  
4 to use the permit.

5 e. The name of the owner of the premises, and if that  
6 owner is not the applicant, that the applicant is the actual  
7 lessee of the premises.

8 2. Establishes that the applicant is a person of good  
9 moral character as provided in section 123.3, subsection 11.

10 3. Submits a bond in the amount of five hundred dollars  
11 to the department in the form prescribed and furnished by  
12 the department with good and sufficient sureties to be approved  
13 by the department conditioned upon compliance with this  
14 chapter.

15 4. Declares that the retail establishment for which  
16 application is made is a store whose business includes the  
17 sale of food or food products for consumption off the premises.

18 Sec. 57. NEW SECTION. 123.178 AUTHORITY UNDER CLASS  
19 "A" PERMIT.

20 1. A person holding a class "A" wine permit may manufacture  
21 and sell, or sell at wholesale, wine for consumption off the  
22 premises. Sales within the state may be made only to persons  
23 holding a class "A", "B" or "C" wine permit, to the department,  
24 and to persons holding a class "A", "B", "C" or "D" liquor  
25 control license. A class "A" wine permittee having more than  
26 one place of business shall obtain a separate permit for each  
27 place of business where wine is to be stored, warehoused,  
28 or sold.

29 2. A class "A" wine permit holder may purchase and resell  
30 only those brands of wine which are manufactured, fermented,  
31 bottled, shipped, or imported by a person holding a certificate  
32 of compliance issued pursuant to section 123.175.

33 Sec. 58. NEW SECTION. 123.179 AUTHORITY UNDER CLASS  
34 "B" PERMIT.

35 1. A person holding a class "B" wine permit may sell wine

1 at retail for consumption on or off the premises. Wine shall  
2 be sold for consumption off the premises in original containers  
3 only.

4 2. A class "B" wine permittee having more than one place  
5 of business where wine is sold shall obtain a separate permit  
6 for each place of business.

7 Sec. 59. NEW SECTION. 123.180 AUTHORITY UNDER CLASS  
8 "C" PERMIT.

9 1. A person holding a class "C" wine permit may sell wine  
10 for consumption off the premises only. Wine shall be sold  
11 in original containers only.

12 2. A class "C" wine permittee having more than one place  
13 of business where wine is sold shall obtain a separate permit  
14 for each place of business.

15 Sec. 60. NEW SECTION. 123.181 PERMIT FEES.

16 1. The annual permit fee for a class "A" wine permit is  
17 seven hundred fifty dollars.

18 2. The annual permit fee for a class "B" wine permit is  
19 one hundred dollars.

20 3. The annual permit fee for a class "C" wine permit is  
21 on a graduated scale based on the amount of interior floor  
22 space which comprises the retail sales area of the premises  
23 covered by the permit as follows:

24 a. Up to and including one thousand square feet, one  
25 hundred dollars.

26 b. Over one thousand square feet and up to and including  
27 two thousand square feet, two hundred dollars.

28 c. Over two thousand square feet and up to and including  
29 five thousand square feet, four hundred dollars.

30 d. Over five thousand square feet and up to and including  
31 ten thousand square feet, six hundred dollars.

32 e. Over ten thousand square feet, eight hundred dollars.

33 Sec. 61. NEW SECTION. 123.182 VINTNERS CERTIFICATE OF  
34 COMPLIANCE--WHOLESALE AND RETAIL RESTRICTIONS.

35 1. A manufacturer, vintner, bottler, importer, or ven-

1 dor of wine or an agent thereof desiring to ship, sell, or  
2 have wine brought into this state for sale at wholesale by  
3 a class "A" permittee shall first make application for and  
4 shall be issued a vintner's certificate of compliance by the  
5 director for that purpose. The vintner's certificate of  
6 compliance shall expire at the end of one year from the date  
7 of issuance and shall be renewed for a like period upon  
8 application to the director unless otherwise revoked for  
9 cause. Each application for a vintner's certificate of  
10 compliance or renewal of a certificate shall be accompanied  
11 by a fee of one hundred dollars payable to the department.  
12 Each holder of a vintner's certificate of compliance shall  
13 furnish the information required by the director in the form  
14 the director requires. A vintner or wine bottler whose plant  
15 is located in Iowa and who otherwise holds a class "A" wine  
16 permit to sell wine at wholesale is exempt from the fee, but  
17 not the other terms and conditions.

18 2. At the time of applying for a vintner's certificate  
19 of compliance, each applicant shall file with the department  
20 a list of all class "A" wine permittees with whom it intends  
21 to do business and shall designate the geographic area in  
22 which its products are to be distributed by the permittees.  
23 Vintner's certificate holders may appoint more than one class  
24 "A" wine permittee to service the same geographic territory.  
25 The listing of class "A" wine permittees and geographic area  
26 as filed with the department may be amended from time to time  
27 by the holder of the certificate of compliance.

28 3. All class "A" wine permit holders shall sell only those  
29 brands of wine which are manufactured, bottled, fermented,  
30 shipped, or imported by a person holding a current vintner's  
31 certificate of compliance. An employee or agent working for  
32 or representing the holder of a vintner's certificate of  
33 compliance within this state shall register the employee's  
34 or agent's name and address with the department. These names  
35 and addresses shall be filed with the department's copy of

1 the certificate of compliance issued except that this provision  
2 does not require the listing of those persons who are employed  
3 on the premises of a bottling plant, or winery where wine  
4 is manufactured, fermented, or bottled in Iowa or to the  
5 listing of those persons who are thereafter engaged in the  
6 transporting of the wine.

7 4. It is unlawful for a holder of a vintner's certificate  
8 of compliance or the holder's agent, or any class "A" wine  
9 permittee or the permittee's agent, to grant to a retail wine  
10 permittee, or a retail liquor licensee, directly or indirectly,  
11 rebates, free goods, or discounts on wine which are not  
12 uniformly offered to all permittees and licensees.

13 5. It is unlawful for a holder of a vintner's certificate  
14 of compliance or the vintner's agent who is engaged in the  
15 business of selling wine to class "A" wine permittees to  
16 discriminate in price, allowance, rebate, refund, commission,  
17 discount, or service between class "A" wine permittees  
18 authorized to sell wine at wholesale. The term "discriminate"  
19 means the granting of more favorable prices, allowances, re-  
20 bates, refunds, commissions, discounts, or services to one  
21 class "A" wine permit holder than to another.

22 6. Regardless of any other penalties provided by this  
23 chapter, any holder of a certificate of compliance relating  
24 to wine, class "A" or retail wine permittee or retail liquor  
25 licensee, who violates any of the provisions of this sec-  
26 tion is subject to a civil fine not to exceed one thousand  
27 dollars or subject to suspension of the certificate of  
28 compliance, license, or permit for a period not to exceed  
29 thirty days or to both civil fine and suspension.

30 Sec. 62. NEW SECTION. 123.183 PROHIBITED ACTS.

31 1. A holder of any class "B" or "C" wine permit shall  
32 not sell wine except wine which is purchased from a person  
33 holding a class "A" wine permit and on which the tax imposed  
34 by section 123.185 has been paid or wine purchased from the  
35 department.

1 2. A class "A" wine permittee shall not sell wine on  
2 credit to a retail liquor licensee or wine permittee for a  
3 period exceeding thirty days from date of delivery.

4 3. A holder of a certificate of compliance or wine  
5 wholesaler shall not offer to any retailer empowered to sell  
6 wine or consumer of wine any rebate, coupon or like financial  
7 incentive for wine.

8 Sec. 63. NEW SECTION. 123.184 LABELS--CONCLUSIVE  
9 EVIDENCE. The label on a bottle or other container in which  
10 wine is offered for sale in this state, which label represents  
11 the alcoholic content of the wine as being in excess of  
12 seventeen per cent by weight, is conclusive evidence of the  
13 alcoholic content of that wine.

14 Sec. 64. NEW SECTION. 123.185 WINE GALLONAGE TAX.

15 1. In addition to the annual permit fee to be paid by  
16 each class "A" wine permittee, there shall be levied and  
17 collected from each class "A" wine permittee on all wine  
18 manufactured for sale and sold in this state at wholesale  
19 and on all wine imported into this state for sale at wholesale  
20 and sold in this state at wholesale, a tax of seventy cents  
21 for every wine gallon and a like rate for the fractional parts  
22 of a wine gallon. A tax shall not be levied or collected  
23 on wine manufactured in this state and shipped outside this  
24 state by a class "A" wine permittee, or on wine sold by one  
25 class "A" wine permittee to another class "A" wine permittee.  
26 All revenue derived from the wine tax shall be deposited in  
27 the liquor control fund established by section 123.53 and  
28 shall be distributed as follows:

29 a. Two-thirds of the revenue derived from the wine tax  
30 shall be distributed in accordance with section 123.53,  
31 subsections 3, 4, 5 and 6. However, the total amount so  
32 distributed shall not exceed an amount equal to the funds  
33 distributed pursuant to those subsections during the fiscal  
34 year ending on June 30 preceding the effective date of this  
35 Act, as adjusted by the percentage change in the gross sales

1 of wine in the state liquor stores in each fiscal year  
2 thereafter.

3 b. One-third of the revenue derived from the wine tax  
4 shall be distributed in accordance with section 123.53,  
5 subsection 7. However, the total amount so distributed shall  
6 not exceed an amount equal to the funds distributed pursuant  
7 to that subsection during the fiscal year ending June 30  
8 preceding the effective date of this Act, as adjusted by the  
9 percent change in the gross sales of wine of the state liquor  
10 stores in each year thereafter.

11 c. The revenue derived from the wine tax, remaining in  
12 the fund after the distributions required by paragraphs a  
13 and b of this subsection shall be transferred by the state  
14 comptroller to the general fund of the state.

15 Sec. 65. NEW SECTION. 123.186 REPORT OF GALLONAGE SALES-  
16 -PENALTY. Each class "A" wine permit holder on or before  
17 the tenth day of each calendar month commencing on the tenth  
18 day of the calendar month following the month in which the  
19 person is issued a permit, shall make a report under oath  
20 to the department upon forms to be furnished by the department  
21 showing the exact number of gallons of wine and fractional  
22 parts of gallons, sold by that permit holder during the  
23 preceding calendar month. The report also shall state whatever  
24 reasonable additional information the director requires.  
25 The permit holder at the time of filing this report shall  
26 pay to the department the amount of tax due at the rate fixed  
27 in section 123.185. A penalty of ten percent of the amount  
28 of the tax shall be assessed and collected if the report is  
29 not filed and the tax paid within the time required by this  
30 section.

31 Sec. 66. NEW SECTION. 123.187 RECORDS REQUIRED. Each  
32 class "A" wine permittee shall keep books of account and  
33 records showing each sale of wine, which shall be at all times  
34 open to inspection by the director and agents of the  
35 department. Each class "B" and "C" wine permittee shall keep

1 proper books of account and records showing each purchase  
2 of wine and the date and the amount of each purchase and the  
3 name of the person from whom each purchase was made, which  
4 shall be open to inspection by the director and agents of  
5 the department during normal business hours of the permittee.

6 Sec. 67. Section 455C.1, subsection 1, Code 1983, is  
7 amended to read as follows:

8 1. "Beverage" means wine as defined in section 123.3,  
9 subsection 7, alcoholic liquor as defined in section 123.3,  
10 subsection 8, beer as defined in section 123.3, subsection  
11 9, mineral water, soda water and similar carbonated soft  
12 drinks in liquid form and intended for human consumption.

13 Sec. 68. Section 455C.2, subsection 1, Code 1983, is  
14 amended to read as follows:

15 1. Except purchases of wine as defined in section 123.3,  
16 subsection 7, or alcoholic liquor as defined in section 123.3,  
17 subsection 8, by holders of class "A", "B" and "C" liquor  
18 control licenses or class "A", "B", or "C" wine permits, a  
19 refund value of not less than five cents shall be paid by  
20 the consumer on each beverage container sold in this state  
21 by a dealer for consumption off the premises. Upon return  
22 of the empty beverage container upon which a refund value  
23 has been paid to the dealer or person operating a redemption  
24 center and acceptance of the empty beverage container by the  
25 dealer or person operating a redemption center, the dealer  
26 or person operating a redemption center shall return the  
27 amount of the refund value to the consumer.

28 Sec. 69. DEPARTMENT PHASEOUT. Notwithstanding other pro-  
29 visions of this Act, the department shall continue to sell  
30 its existing wine inventory through the department's stores  
31 for a period beginning July 1, 1984 and ending June 30, 1985.  
32 Anytime within these dates the department may dispose of all  
33 or any part of its wine inventory at a public sale to the  
34 highest bidder at times and places determined by the  
35 department. The department shall not sell wine at retail

1 or wholesale beyond June 30, 1985. Any wine product not  
2 disposed of and remaining in inventory on June 30, 1985 shall  
3 be sold at a public sale to the highest bidder at times and  
4 places determined by the department.

5 EXPLANATION

6 This bill would place wines containing more than five but  
7 not more than seventeen percent alcohol by weight under private  
8 distribution and sale by wholesalers, wine stores, and stores  
9 which deal to some extent in the sale of food for consumption  
10 off the premises. A class "A" wine permit is for wholesalers  
11 and class "B" or "C" is for retailers. A class "B" permit  
12 allows the sale of wine for consumption on or off the licensed  
13 premises and a class "C" permit allows the sale of wine only  
14 for consumption off the licensed premises.

15 Wholesalers, and retailers dealing primarily in wine, would  
16 be required to obtain a separate and distinct wine permit.  
17 A retail liquor licensee who presently has the privilege of  
18 selling wine for on-premise consumption would not need  
19 additional authority and may also sell wine for consumption  
20 off the premises.

21 Wine containing more than seventeen percent alcohol by  
22 weight would continue to be subject to the present alcoholic  
23 beverage provisions. Wine containing more than five percent  
24 but less than seventeen percent could be imported, wholesaled,  
25 and retailed through private facilities and the state is  
26 required to dispose of its stock of wine within a year of  
27 the bill's enactment. Vintner's and wholesaler's certificates  
28 and permits would be approved and issued by the department.

29 Fees for the issuance of wine permits are of fixed rate  
30 except for the class "C" fee which is based upon sales volume  
31 and the size of the wine sales area of the outlet.

32 The bill also establishes an excise tax of seventy cents  
33 per gallon on wine sold for retail sale within this state.  
34 This tax is imposed in place of the current state revenue  
35 from these sales, and is imposed at the wholesale level.

1 The bill provides for the distribution of the gallonage  
2 tax. Basically, two-thirds of the revenue will be distributed  
3 to the cities and one-third will be distributed to the military  
4 service tax fund, subject to the maximum amounts so distrib-  
5 utable as provided in section 65 of the bill.

6 The bill creates a new division in chapter 123 with sections  
7 numbered 123.163 through 123.179, and refers to some of these  
8 sections.

9 The bill takes effect July 1 following enactment.

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SENATE FILE 2242  
FISCAL NOTE :::: REVISED

REQUESTED BY SENATOR SLATER

In compliance with a written request there is hereby submitted a Fiscal Note for Senate File 2242 pursuant to Joint Rule 17.

Senate File 2242 permits the private distribution and sale of wine by wholesalers, wine stores, and stores which sell food for consumption off the premises. Various classes of wine permits are established, and fees are set. A retail liquor licensee who presently has the privilege of selling wine for on-premise consumption would not need additional authority and may also sell wine for consumption off the premises. Wines containing more than seventeen percent alcohol by weight would continue to be distributed and sold exclusively by the Beer and Liquor Control Department. The state is required to dispose of its inventory of wine within a year of the bill's enactment.

The bill establishes an excise tax of seventy cents per gallon on wine sold for retail sale. This tax is imposed in place of the state revenue from these sales, and is imposed at the wholesale level. Two-thirds of the revenues from the tax will be distributed to the cities, and one-third will be distributed to the military service tax fund, subject to specified maximum amounts.

There are several assumptions that had to be made in order to estimate the fiscal effect of Senate File 2242.

REVENUES FROM SALES TAX depend upon the number of bottles sold and the average price per bottle. REVENUES FROM GALLONAGE TAX depend upon the number of gallons of sold. Other states that have switched from public to private distribution and sale of wine have experienced varying increases in consumption. In Iowa, consumption is projected to increase three times over current levels in FY 1985, but fall back to two times current levels in FY 1986, once the supply pipeline is full. This is based on a wholesale markup of 20%, a retail markup of 30%, and no major change in the price of an average bottle of wine. If markups were higher, and the average price did significantly increase, there would be less of an increase in consumption.

REVENUES FROM LICENSES/CERTIFICATES depend upon the number, type and size of businesses that apply for wine permits. It is expected that applications will be as follows:

Class A (Wholesalers)	100 FY 1985, 50 FY 1986
Class B On/Off Premises	500 both FY 1985 and FY 1986
Class C Off Premise	3000 both FY 1985 and FY 1986
Vintner's Certificates	160 FY 1985, 80 FY 1986

REVENUES FROM SALE OF WINE INVENTORY: the retail value of current wine inventory is estimated to be approximately \$10,000,000. The department's gross profit on wine is 44%; revenues should be approximately \$4,511,000.

APPROPRIATIONS FOR BEER AND LIQUOR CONTROL DEPARTMENT OPERATIONS can be expected to decrease due to fewer bottles being sold. In FY 1983, wine represented 31% of the bottles sold by the department. However, much of the department's \$18 million budget represents costs that are fixed, at least in the near-term. It is expected that the general fund appropriation can be reduced by \$761,000

in FY 1985 (primarily 55 FTEs) and by \$1,522,000 in FY 1986 (primarily 111 FTEs). There would be increased savings during future years as leased retail space can be reduced.

The fiscal effects of this bill are estimated to be as follows (note: all amounts are rounded and 000's are omitted (numbers in thousands)):

	Current Law FY 1985	SF 2242 FY 1985	Difference FY 1985	Current Law FY 1986	SF 2242 FY 1986	Difference FY 1986
<b>Receipts:</b>						
Gross Profit (Wine)	\$12,384	0	\$(12,384)	\$12,384	0	\$(12,384)
Sales Tax (4% of Sales)	905	3,232	2,327	905	2,155	1,250
Licensee Tax (15% Licensee Sales)	848	0	(848)	848	0	(848)
Gallonage Tax (70¢ @ Gallon)	0	4,620	4,620	0	3,080	3,080
Excess Bottle Deposit	149	0	(149)	149	0	(149)
New Licenses/Certificates	0	1,721	1,721	0	1,656	1,656
Profit - Sale of Inventory (44%)	0	4,511	4,511	0	0	0
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Total Receipts	\$14,286	\$14,084	\$(202)	\$14,286	\$6,891	\$(7,395)
<b>Disbursements:</b>						
State - General Fund	\$8,292	\$5,281	\$(3,011)	\$8,292	\$770	\$(7,522)
State - Sales Tax	905	3,232	2,327	905	2,155	1,250
State - Licensee Tax	848	0	(848)	848	0	(848)
Cities - 10% (lost spirit sales)	2,827	(513)	(3,340)	2,827	(513)	(3,340)
Counties - 5%	1,414	(257)	(1,671)	1,414	(257)	(1,671)
New License Share	0	1,721	1,721	0	1,656	1,656
Gallonage Tax	0	4,620	4,620	0	3,080	3,080
	-----	-----	-----	-----	-----	-----
Total Disbursements	\$14,286	\$14,084	\$(202)	\$14,286	\$6,891	\$(7,395)
<b>FISCAL EFFECT - STATE:</b>			\$ (1,532)	\$ (7,120)		
<b>FISCAL EFFECT - CITIES AND COUNTIES:</b>			\$ 1,330	\$ (275)		
<b>TOTAL FISCAL EFFECT:</b>			\$ (202)	\$ (7,395)		

Note: Sales of spirits in state liquor stores may decline due to less "impulse buying" of spirits. Every 1% reduction in sales of spirits reduces revenues by \$417,400 annually. Also, increased income and unemployment taxes will be paid by wine wholesalers and retailers, but no estimate can be made at this time.

No estimate is available concerning the impact of increased wine consumption upon substance abuse treatment costs. Allowing wine to be sold by employees of private businesses instead of by state employees is expected to have some effect upon enforcement of laws pertaining to sales to minors and/or intoxicated persons; however, the impact cannot be accurately determined.

Additional information on the fiscal effects of this bill is available from the Legislative Fiscal Bureau office.

(3189S,84-192B,JMN)

Sources: Beer and Liquor Control Department, Iowa Department of Substance Abuse, Iowa Department of Public Safety

RECEIVED BY THE SECRETARY OF THE SENATE, APRIL 12, 1984

FILED:

APRIL 16, 1984

BY DENNIS C. PROUTY, DIRECTOR  
LEGISLATIVE FISCAL BUREAU