Regulatory Analysis

Notice of Intended Action to be published: 701—Chapter 1000
"Mixed Drinks or Cocktails"

Iowa Code section(s) or chapter(s) authorizing rulemaking: 123.10 and 123.49(2)"d"(3) and 2025 Iowa Acts, House File 470

State or federal law(s) implemented by the rulemaking: Iowa Code sections 123.30, 123.33, and 123.49

Public Hearing

A public hearing at which persons may present their views orally or in writing will be held as follows:

July 1, 2025 1:30 to 2 p.m.	Via videoconference call: meet.google.com/tyb-diem-qkf

Public Comment

Any interested person may submit written or oral comments concerning this Regulatory Analysis, which must be received by the Revenue Department no later than 4:30 p.m. on the date of the public hearing. Comments should be directed to:

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Purpose and Summary

The proposed amendments to Chapter 1000 are responsive to 2025 Iowa Acts, House File 470. The legislation expands the definition of "mixed drink or cocktail" to include alcoholic beverages composed of wine or beer. The addition of wine and beer in the definition of "mixed drink or cocktail" also expanded the retail alcohol license classifications allowed to fill, sell, and serve mixed drinks or cocktails. Additionally, the legislation codified the requirements for mixed drinks or cocktails not for immediate consumption, commonly known as infusion; therefore, the Department is proposing to rescind the now redundant and outdated rule 701—1000.19(123).

Analysis of Impact

1. **Persons affected by the proposed rulemaking:**

- **Classes of persons that will bear the costs of the proposed rulemaking:**

No classes of persons have been identified to bear the costs of the proposed rules.

- **Classes of persons that will benefit from the proposed rulemaking:**

Retail alcohol license holders will benefit from the proposed rulemaking by having accurate rules that align with the newly passed legislation.

2. **Impact of the proposed rulemaking, economic or otherwise, including the nature and amount of all the different kinds of costs that would be incurred:**

- **Quantitative description of impact:**

There is no economic impact from the proposed rules beyond what is contained in statute.

- **Qualitative description of impact:**

The proposed rulemaking reduces confusion and provides clarity by rescinding a rule that is duplicative of statute and amending a rule that is currently outdated due to newly passed legislation.

3. **Costs to the State:**

- **Implementation and enforcement costs borne by the agency or any other agency:**

There are no costs to the agency for implementing the rulemaking beyond those that would otherwise be required to administer the statutes.

- **Anticipated effect on State revenues:**

There is no anticipated effect on State revenues.

4. **Comparison of the costs and benefits of the proposed rulemaking to the costs and benefits of inaction:**

There are no costs associated with the proposed rules. The benefit of the rules is reducing confusion and providing clarity for retail alcohol license holders in response to the newly passed legislation.

5. **Determination whether less costly methods or less intrusive methods exist for achieving the purpose of the proposed rulemaking:**

The proposed rulemaking is not costly or intrusive.

6. **Alternative methods considered by the agency:**

- **Description of any alternative methods that were seriously considered by the agency:**

No alternative methods were considered by the agency.

- **Reasons why alternative methods were rejected in favor of the proposed rulemaking:**

Maintaining rule 701—1000.19(123) would be outdated and redundant of statute as passed by new legislation. Additionally, the Department is required by Iowa Code section 123.49(2)"d"(3) to adopt rules to administer mixed drinks or cocktails packaged and sold in a container other than the original container. The new legislation requires changes to maintain rule 701—1000.23(123).

Small Business Impact

If the rulemaking will have a substantial impact on small business, include a discussion of whether it would be feasible and practicable to do any of the following to reduce the impact of the rulemaking on small business:

- Establish less stringent compliance or reporting requirements in the rulemaking for small business.
- Establish less stringent schedules or deadlines in the rulemaking for compliance or reporting requirements for small business.
- Consolidate or simplify the rulemaking's compliance or reporting requirements for small business.
- Establish performance standards to replace design or operational standards in the rulemaking for small business.
- Exempt small business from any or all requirements of the rulemaking.

If legal and feasible, how does the rulemaking use a method discussed above to reduce the substantial impact on small business?

This rulemaking does not have a substantial impact on small business because it does not make any special distinctions for small businesses.

Text of Proposed Rulemaking

ITEM 1. Rescind and reserve rule **701—1000.19(123)**.

ITEM 2. Amend rule 701—1000.22(123) as follows:

701—1000.22(123) Filling and selling of mixed drinks or cocktails in a container other than the original container. Class "C," special class "C" retail alcohol licensees, and special class "C" retail native wine licensees and the licensee's employees may fill and sell mixed drinks or cocktails in a container other than the original container subject to Iowa Code section 123.49(2)*"d"*(3) and this rule.

1000.22(1) *Definitions.*

"Alcoholic liquor," for the purposes of this rule, means the same as defined in Iowa Code section 123.3(5) and includes "native distilled spirits" as defined in Iowa Code section 123.3(34).

"Beer," for the purposes of this rule, means "beer" as defined in Iowa Code section 123.3(7) and includes "high alcoholic content beer" as defined in Iowa Code section 123.3(22).

"Mixed drink or cocktail," for the purposes of this rule, means the same as defined in Iowa Code section 123.3(32).

"Original container," for the purposes of this rule, means a vessel containing alcoholic liquor, beer, or wine that has been lawfully obtained and has been securely capped, sealed, or corked at the location of manufacture.

"Sealed container," for the purposes of this rule, means the same as defined in Iowa Code section ~~123.49(2)*"d"*(4)(a)~~ 123.49(2)*"d"*(4)(b).

"Tamper-evident," for the purposes of this rule, means the same as defined in Iowa Code section ~~123.49(2)*"d"*(4)(b)~~ 123.49(2)*"d"*(4)(c).

"Wine," for the purposes of this rule, means "wine" as defined in Iowa Code section 123.3(53) and includes "native wine" as defined in Iowa Code section 123.3(36).

1000.22(2) *Filling conditions.*

a. A sealed container may be filled and sold only by the licensee or the licensee's employees who are 18 years of age or older.

b. A sealed container may be filled only upon receipt of an order by a consumer of legal age.

c. A sealed container may be filled only with mixed drinks or cocktails composed in whole or in part with alcoholic liquor, beer, or wine from an original container purchased ~~from a class "E" retail alcohol licensee~~ as prescribed by Iowa Code chapter 123.

d. The filling of a sealed container needs to be conducted in compliance with applicable state and federal food safety statutes and regulations at all times.

1000.22(3) to **1000.22(7)** No change.

This rule is intended to implement Iowa Code sections 123.30, 123.33, and 123.49.