

## CHAPTER 162 GRAPE AND WINE DEVELOPMENT

S.F. 524

**AN ACT** providing assistance regarding the development of grapes and wine and providing for tax revenue and an appropriation.

*Be It Enacted by the General Assembly of the State of Iowa:*

Section 1. Section 123.183, Code 2001, is amended to read as follows:

123.183 WINE GALLONAGE TAX AND RELATED FUNDS.

1. In addition to the annual permit fee to be paid by each class "A" wine permittee, ~~there a~~ wine gallonage tax shall be levied and collected from each class "A" wine permittee on all wine manufactured for sale and sold in this state at wholesale and on all wine imported into this state for sale at wholesale and sold in this state at wholesale, ~~a.~~ The rate of the wine gallonage tax of is one dollar and seventy-five cents for every each wine gallon ~~and a like.~~ The same rate shall apply for the fractional parts of a wine gallon. ~~A~~ The wine gallonage tax shall not be levied or collected on wine sold by one class "A" wine permittee to another class "A" wine permittee.

2. a. Revenue ~~derived~~ collected from the wine gallonage tax ~~collected~~ on wine manufactured for sale and sold in this state shall be deposited in the wine gallonage tax fund ~~hereby~~ as created in this section.

b. A wine gallonage tax fund is created in the office of the treasurer of state. Moneys deposited in ~~the gallonage tax the fund~~ are appropriated to the department of economic development as provided in section 15E.117. Moneys in the fund shall not revert to the general fund of the state without a specific appropriation by the general assembly are not subject to section 8.33.

3. ~~All other~~ The revenue collected from the wine gallonage tax on wine imported into this state for sale at wholesale and sold in this state at wholesale shall be deposited as follows:

a. The revenue actually collected during each fiscal year from the wine gallonage tax on wine imported into this state at wholesale and sold in this state at wholesale that is in excess of the revenue estimated to be collected from such tax as last agreed to by the state revenue estimating conference during the previous fiscal year as provided in section 8.22A shall be deposited in the grape and wine development fund as created in section 159B.5. However, not more than seventy-five thousand dollars from such tax shall be deposited into the grape and wine development fund during any fiscal year.

b. The remaining revenue derived collected from the wine gallonage tax on wine imported into this state for sale at wholesale and sold in this state at wholesale shall be deposited in the liquor control fund established by created in section 123.53 and shall be transferred by the director of revenue and finance to the general fund of the state.

Sec. 2. NEW SECTION. 159B.1 DEFINITIONS.

1. "Commission" means the grape and wine development commission as established pursuant to section 159B.2.

2. "Department" means the department of agriculture and land stewardship.

3. "Fund" means the grape and wine development fund created pursuant to section 159B.5.

4. "Grower" means a person who owns a vineyard and is actively engaged in growing grapes on a commercial basis in this state for use by a winery.

5. "Retail seller" means a person actively engaged in the business of selling wine in this state on a retail basis.

6. "Vineyard" means a tract of land used for growing grapes used in making wine.

7. "Wine" means the same as defined in section 123.3.

8. "Winemaker" means a person who owns a winery and is actively engaged in producing wine in this state on a commercial basis.

9. "Winery" means a commercial operation using grapes for the production of wine on a commercial basis.

Sec. 3. NEW SECTION. 159B.2 GRAPE AND WINE DEVELOPMENT COMMISSION.

1. A grape and wine development commission is established within the department. The commission shall be composed of the following persons:

a. The following persons, or their designees, who shall serve as nonvoting, ex officio members:

(1) The secretary of agriculture.

(2) The dean of the college of agriculture of Iowa state university of science and technology.

(3) The director of the department of economic development.

(4) The director of the department of natural resources.

b. The following persons appointed by the secretary of agriculture, who shall serve as voting members:

(1) Two growers.

(2) Two winemakers.

(3) One retail seller.

The secretary of agriculture shall appoint the voting members based on a list of nominations submitted by organizations representing growers, winemakers, and retail sellers as certified by the department according to requirements of the department. Appointments of voting members are subject to the requirements of sections 69.16 and 69.16A. In addition, the appointments shall be geographically balanced. Unless the secretary of agriculture determines that it is not feasible, at least one person appointed as a voting member shall reside in each of the state's congressional districts at the time of appointment. The secretary of agriculture's appointees shall be confirmed by the senate, pursuant to section 2.32.

2. The voting members shall serve three-year terms beginning and ending as provided in section 69.19. However, the secretary of agriculture shall appoint initial members to serve for less than three years to ensure members serve staggered terms. A member is eligible for reappointment. A vacancy on the commission shall be filled for the unexpired portion of the regular term in the same manner as regular appointments are made.

3. The commission shall elect a chairperson from among its voting members each year on a rotating basis as provided by the commission. The commission shall meet on a regular basis and at the call of the chairperson or upon the written request to the chairperson of two or more voting members.

4. Members are not entitled to receive compensation or reimbursement of expenses from the department as otherwise provided in section 7E.6.

5. Three voting members constitute a quorum and the affirmative vote of a majority of the voting members present is necessary for any substantive action to be taken by the commission. The majority shall not include any member who has a conflict of interest and a statement by a member that the member has a conflict of interest is conclusive for this purpose. A vacancy in the membership does not impair the duties of the commission.

Sec. 4. NEW SECTION. 159B.3 ADMINISTRATION.

1. The department shall administer this chapter and shall do all of the following:

a. Establish and administer grape and wine development programs as provided in section 159B.4 and account for and expend moneys from the grape and wine development fund created pursuant to section 159B.5.

b. Report to the commission regarding the status of grape and wine development, including information regarding persons receiving assistance under grape and wine development programs as provided in section 159B.4 and the status of the grape and wine development fund as provided in section 159B.5.

c. Provide facilities for the commission to meet and carry out its powers and duties as provided in this section, including by staffing commission meetings.

d. Adopt all rules necessary to administer this chapter.

2. The grape and wine development commission shall oversee the administration of this chapter by the department and shall do all of the following:

a. Monitor conditions, practices, policies, and programs affecting the grape and wine development in this state.

b. Establish mutually beneficial relationships with local, state, and federal governmental agencies and local, regional, and national associations representing growers and winemakers.

c. Contract with a viticulturist or oenologist to provide technical assistance under grape and wine development programs as provided in section 159B.4.

d. Approve or disapprove applications for financial assistance under grape and wine development programs as provided in section 159B.4, after departmental review and recommendation and in accordance with rules adopted pursuant to this chapter. The department shall adopt rules for awarding moneys to persons submitting proposals, including procedures for submitting applications and criteria for selecting proposals.

e. Approve rules proposed by the department for adoption pursuant to chapter 17A required for the administration of this chapter.

Sec. 5. NEW SECTION. 159B.4 GRAPE AND WINE DEVELOPMENT PROGRAMS.

The department in cooperation with the commission shall establish grape and wine development programs, by assisting persons in establishing, improving, or expanding vineyards or winemaking operations, including wineries. To every extent feasible, the programs shall provide assistance to persons located in all regions of the state. The programs may provide for all of the following:

1. Technical assistance which may include all the following:

a. Viticultural assistance in order to increase the size of vineyards, improve yield, and enhance the character, composition, and condition of grapes. The department may provide technical assistance regarding the selection and management of vines suitable for regions of this state; cultivation and harvest practices; the implementation of practices designed to improve grape growing based on soil types, nutrients and minerals, space, climate, and drainage; the use of recommended varieties of native or hybrid cultivars; and disease, weed, and pest control, including the safe and effective application of pesticides or herbicides or the use of organic practices.

b. Oenological assistance which may be based on oenological study in order to produce, preserve, and transport commercially viable wines, including high-quality wines, wines adapted to particular regions of the state, and wines with distinctive tastes produced from native or hybrid cultivars. The technical assistance may include assistance regarding improving practices or constructing facilities designed to expand or improve processing, cellarage, or bottling.

2. Financial assistance which shall be in the form of a loan, forgivable loan, loan guarantee, cost share, indemnification of costs, or any combination of such financing as deemed appropriate by the commission. The financial assistance may be awarded to persons beginning or engaged in grape growing or winemaking, based on a sound business plan that demonstrates the viability of the proposed operations.

Sec. 6. NEW SECTION. 159B.5 GRAPE AND WINE DEVELOPMENT FUND.

1. A grape and wine development fund is created in the state treasury under the control of the department. The fund is composed of moneys appropriated by the general assembly and moneys available to and obtained or accepted by the department from the United States or private sources for placement in the fund. The fund shall include moneys deposited into the fund from the wine gallonage tax as provided in section 123.183.

2. Moneys in the fund are appropriated to the department exclusively to carry out grape and wine development programs as provided in section 159B.4, including contracting with a viticulturist or oenologist to provide technical assistance and to provide financial assistance to growers and winemakers as provided in that section.

3. Section 8.33 shall not apply to moneys in the fund. Notwithstanding section 12C.7, moneys earned as income or interest from the fund shall remain in the fund until expended as provided in this section.

Approved May 23, 2001

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## CHAPTER 163

### UNEMPLOYMENT COMPENSATION — NATURAL DISASTERS

S.F. 98

**AN ACT** concerning unemployment compensation by relieving unemployment compensation charges for employees who become unemployed due to a presidentially declared disaster and providing effective and retroactive applicability dates.

*Be It Enacted by the General Assembly of the State of Iowa:*

Section 1. Section 96.7, subsection 2, paragraph a, subparagraph (2), Code 2001, is amended by adding the following new unnumbered paragraph:

NEW UNNUMBERED PARAGRAPH. The account of an employer shall not be charged with benefits paid to an individual for unemployment that is directly caused by a major natural disaster declared by the president of the United States, pursuant to the federal Disaster Relief Act of 1974, if the individual would have been eligible for federal disaster unemployment assistance benefits with respect to that unemployment but for the individual's receipt of regular benefits.

Sec. 2. **EFFECTIVE AND RETROACTIVE APPLICABILITY DATES.** This Act, being deemed of immediate importance, takes effect upon enactment, and applies retroactively to January 1, 2001, to employer accounts for benefits paid to individuals as provided in section 1 of this Act.

Approved May 25, 2001

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## CHAPTER 164

### TOBACCO SETTLEMENT PROGRAM — MISCELLANEOUS CHANGES

S.F. 532

**AN ACT** relating to matters related to the tobacco settlement including the tobacco settlement authority, the tobacco settlement trust fund, and the tobacco settlement endowment fund, and providing an effective date.

*Be It Enacted by the General Assembly of the State of Iowa:*

Section 1. Section 12.65, Code 2001, is amended to read as follows:

12.65 HEALTHY IOWANS TOBACCO SETTLEMENT ENDOWMENT FUND TRUST.

1. A healthy Iowans tobacco ~~settlement endowment fund~~ trust is created in the office of