

185—5.1(123) Manufacture and sale of native wine. Manufacturers of native wine from grapes, cherries, other fruits or other fruit juices, vegetables, vegetable juices, dandelions, clover, honey, or any combination of these ingredients, may sell, keep or offer for sale and deliver their native wine subject to the following regulations and restrictions.

5.1(1) *Manufacturer of native wine defined.* A manufacturer of native wine is a person in Iowa who processes grapes, cherries, other fruits or other fruit juices, vegetables, vegetable juices, dandelions, clover, honey, or any combination of these ingredients, by fermentation into wine.

5.1(2) *Residency requirements.* A manufacturer of native wine who is a sole proprietor must be a resident of Iowa. At least one of the partners of a partnership which is a manufacturer of native wine must be a resident of Iowa. A corporation which is a manufacturer of native wine must be registered to do business in Iowa with the Iowa secretary of state's office in lieu of any other residency requirements.

5.1(3) *Licenses required.*

a. Class "A" native wine permit. Before selling its wine to the division, Class "A" wine wholesalers, retail wine permittees, and liquor control licensees, a manufacturer of native wine shall apply for and shall obtain from the division one Class "A" native wine permit and a \$5,000 bond for its wineries and for its retail establishments. A Class "A" native wine permit obtained for a native winery and for retail establishments costs \$25 a year. A manufacturer of native wine may obtain an application for a Class "A" native wine permit from the division and may submit the completed application and the \$25 fee to the division without having to get the application approved by a local authority. Each Class "A" native wine permit is valid for one year from the effective date and must be renewed each year. A manufacturer of native wine must display the original or a copy of its Class "A" native wine permit in each of its native wineries and in each of its retail establishments. The \$25 fee paid for a Class "A" native winery is not refundable. A manufacturer of native wine must register its retail establishment on forms provided by the division. The division shall issue a manufacturer of native wine duplicate copies of its Class "A" native wine permit so that a copy of it can be posted in each winery and retail establishment.

b. Vintner's certificate of compliance. In order for a manufacturer of native wine to be able to sell its wine to the division, it must obtain an application for a vintner's certificate of compliance from the division and must obtain a vintner's certificate from the division at no expense in addition to obtaining from the division its one Class "A" native wine permit.

c. Class "B" wine permit. In order for a manufacturer of native wine to sell wine it did not manufacture, it must obtain a Class "B" wine permit and a \$1,000 bond for each native winery or retail establishment.

5.1(4) *Exclusive operation of retail establishments.* No person except a manufacturer of native wine can operate a Class "A" native wine retail establishment.

5.1(5) *Distance a retail establishment must be from a native winery.* A manufacturer of native wine cannot have a retail establishment within five miles of a native winery not operated by the manufacturer of native wine.

5.1(6) *Sale of native wine only.* A manufacturer of native wine may sell wine it did not manufacture only if it obtains an appropriate retail wine permit for each location.

5.1(7) *Hours of sale.* A manufacturer of native wine can sell its native wine in its native winery and in its retail establishments on Mondays through Saturdays between the hours of 9 a.m. and 10 p.m. and on Sundays between the hours of 10 a.m. and 12 midnight.

5.1(8) *Premises, books of account and records available for inspection.* A manufacturer of native wine shall cause the premises, books of account, and records to be accessible and available at all reasonable times for inspection by representatives of the division, the law enforcement division of the Iowa department of public safety, or members of local police authority.

5.1(9) *Delivery of native wine.* A manufacturer of native wine may ship its native wine in closed containers to individual purchasers inside and outside Iowa.

5.1(10) *Reports required.*

a. Monthly combined wine production and wine gallonage tax report. A monthly report is required showing the amount of wine on hand at the beginning of the month, the amount produced, the amount

sold, the amount of wine gallonage tax due, and any other information requested. Report forms shall be furnished by the division. A manufacturer of native wine shall submit a report along with any wine gallonage tax payment to the division's licensing division by the tenth of each month for the preceding month's business. Reports and wine gallonage tax payments postmarked by the tenth of each month for the preceding month shall be considered timely. This report must be mailed for each month even if no wine sales were made during the month.

b. Annual report. A manufacturer of native wine shall, in January of each year, deliver to the division a complete report, sworn to under oath by the owner, a partner or corporate officer, showing the number of gallons of wine produced by the winery in the preceding year. Report forms shall be furnished by the division.

5.1(11) *Wine gallonage tax.* A manufacturer of native wine must pay to the division a \$1.75 wine gallonage tax on its native wine it sells at wholesale: (1) to retail liquor licensees, (2) to retail beer permittees, (3) to retail wine permittees, and (4) to the division. A manufacturer of native wine does not pay the \$1.75 wine gallonage tax on its native wine it: (1) sells at retail in Iowa in its winery and in its retail establishments, (2) ships to individuals inside and outside Iowa, and (3) sells to other Class "A" wine permittees and to Class "F" beer permittees.

This rule is intended to implement Iowa Code sections 123.4, 123.56, and 123.183.