



KIM REYNOLDS  
GOVERNOR

**OFFICE OF THE GOVERNOR**

ADAM GREGG  
LT GOVERNOR

June 29, 2020

The Honorable Paul Pate  
Secretary of State of Iowa  
State Capitol  
Des Moines, Iowa 50319

Dear Mr. Secretary,

I hereby transmit:

House File 2540, an Act concerning alcoholic beverage control, establishing a charity beer, spirits, and wine event permit, providing for alcoholic beverages sales, and including effective date provisions.

The above House File is hereby approved on this date.

Sincerely,

A handwritten signature in black ink, appearing to read "Kim Reynolds", written over a circular stamp or seal.

Kim Reynolds  
Governor of Iowa

cc: Secretary of the Senate  
Clerk of the House



House File 2540

AN ACT

CONCERNING ALCOHOLIC BEVERAGE CONTROL, ESTABLISHING A CHARITY BEER, SPIRITS, AND WINE EVENT PERMIT, PROVIDING FOR ALCOHOLIC BEVERAGES SALES, AND INCLUDING EFFECTIVE DATE PROVISIONS.

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

DIVISION I

CHARITY BEER, SPIRITS, AND WINE EVENT PERMIT

Section 1. Section 123.32, subsection 1, paragraph b, Code 2020, is amended by adding the following new subparagraph:

NEW SUBPARAGRAPH. (7A) A charity beer, spirits, and wine event permit as provided in section 123.173B.

Sec. 2. NEW SECTION. 123.173B Charity beer, spirits, and wine event permit.

1. For purposes of this section, "authorized nonprofit entity" includes a nonprofit entity which has a principal office in the state, a nonprofit corporation organized under chapter 504, or a foreign corporation as defined in section 504.141, whose income is exempt from federal taxation under section 501(c) of the Internal Revenue Code.

2. Upon application to the division and receipt of a charity beer, spirits, and wine event permit, an authorized nonprofit entity may conduct an event at which the entity is authorized to serve the event's attendees beer, spirits, and wine for consumption on the premises of the event, regardless of whether the entity charges an admission fee to the event or otherwise

collects the cost of the beer, spirits, and wine served from the event's attendees and subject to the requirements of this section.

3. An application for a charity beer, spirits, and wine event permit shall include all of the following information:

a. The date and time when the charity beer, spirits, and wine event is to be conducted and the location of the premises in this state where the charity beer, spirits, and wine event is to be physically conducted.

b. The liquor control license or wine or beer permit number issued by the division for the premises where the charity beer, spirits, and wine event is to be conducted.

c. A certification that the objective of the charity beer, spirits, and wine event is to raise funds solely to be used for educational, religious, or charitable purposes and that the entire proceeds from the charity beer, spirits, and wine event are to be expended for any of the purposes described in section 423.3, subsection 78.

4. A charity beer, spirits, and wine event shall comply with all of the following requirements:

a. The event is to be conducted on a premises covered by a valid liquor control license or wine or beer permit issued by the division.

b. The authorized nonprofit entity shall have a written agreement with the liquor control licensee or wine or beer permittee covering the premises where the event is to be conducted specifying that that licensee or permittee shall act as the agent of the authorized nonprofit entity for the purpose of providing and serving alcoholic beverages to the attendees of the event.

c. The liquor control licensee or wine or beer permittee covering the premises where the event is to be conducted shall supply all alcoholic beverages served to the attendees of the event.

d. Only those types of alcoholic beverages as are authorized to be sold by the liquor control license or wine or beer permit covering the premises where the event is to be conducted are to be served to the attendees of the event.

5. An authorized nonprofit entity shall be eligible to

receive no more than two charity beer, spirits, and wine event permits during a calendar year and each charity beer, spirits, and wine event permit shall be valid for a period not to exceed thirty-six consecutive hours.

6. Any violation of the requirements of this chapter or the rules adopted pursuant to this chapter shall subject the charity beer, spirits, and wine event permit holder to the general penalties provided in this chapter and shall constitute grounds for imposition of a civil penalty, suspension of the permit, or revocation of the permit after notice and opportunity for a hearing pursuant to section 123.39 and chapter 17A.

Sec. 3. Section 123.179, Code 2020, is amended by adding the following new subsection:

NEW SUBSECTION. 7. The fee for a charity beer, spirits, and wine event permit is one hundred dollars.

#### DIVISION II

#### WINE SALES

Sec. 4. Section 123.178, subsection 1, Code 2020, is amended to read as follows:

1. A person holding a class "B" wine permit may sell wine at retail for consumption off the premises. Wine shall be sold for consumption off the premises in original containers ~~only~~ except as provided in subsection 4.

Sec. 5. Section 123.178, Code 2020, is amended by adding the following new subsections:

NEW SUBSECTION. 4. Subject to the rules of the division, sales made pursuant to this section may be made in a container other than the original container only if all of the following requirements are met:

a. The wine is transferred from the original container to the container to be sold on the licensed premises at the time of sale or when sold by telephonic or other electronic means.

b. The person transferring the wine from the original container to the container to be sold shall be eighteen years of age or more.

c. The container to be sold shall be no larger than seventy-two ounces.

d. The container to be sold shall be securely sealed by a

method authorized by the division that is designed so that if the sealed container is reopened or the seal tampered with, it is visibly apparent that the seal on the container of wine has been tampered with or the sealed container has otherwise been reopened.

NEW SUBSECTION. 5. A container of wine other than the original container that is sold and sealed in compliance with the requirements of subsection 4 and the rules of the division shall not be deemed an open container subject to the requirements of sections 321.284 and 321.284A if the sealed container is unopened and the seal has not been tampered with, and the contents of the container have not been partially removed.

Sec. 6. Section 123.178A, subsection 1, Code 2020, is amended to read as follows:

1. A person holding a class "B" native wine permit may sell native wine only at retail for consumption off the premises. Native wine shall be sold for consumption off the premises in original containers ~~only~~ except as provided in subsection 4.

Sec. 7. Section 123.178A, Code 2020, is amended by adding the following new subsections:

NEW SUBSECTION. 4. Subject to the rules of the division, sales made pursuant to this section may be made in a container other than the original container only if all of the following requirements are met:

a. The wine is transferred from the original container to the container to be sold on the licensed premises at the time of sale or when sold by telephonic or other electronic means.

b. The person transferring the wine from the original container to the container to be sold shall be eighteen years of age or more.

c. The container to be sold shall be no larger than seventy-two ounces.

d. The container to be sold shall be securely sealed by a method authorized by the division that is designed so that if the sealed container is reopened or the seal tampered with, it is visibly apparent that the seal on the container of wine has been tampered with or the sealed container has otherwise been reopened.

NEW SUBSECTION. 5. A container of wine other than the original container that is sold and sealed in compliance with the requirements of subsection 4 and the rules of the division shall not be deemed an open container subject to the requirements of sections 321.284 and 321.284A if the sealed container is unopened and the seal has not been tampered with, and the contents of the container have not been partially removed.

Sec. 8. Section 123.178B, subsection 1, Code 2020, is amended to read as follows:

1. A person holding a class "C" native wine permit may sell native wine only at retail for consumption on or off the premises. Sales of wine for consumption off the premises made pursuant to this section shall be made in original containers except as provided in subsection 5.

Sec. 9. Section 123.178B, Code 2020, is amended by adding the following new subsections:

NEW SUBSECTION. 5. Subject to the rules of the division, sales made pursuant to this section may be made in a container other than the original container only if all of the following requirements are met:

a. The wine is transferred from the original container to the container to be sold on the licensed premises at the time of sale or when sold by telephonic or other electronic means.

b. The person transferring the wine from the original container to the container to be sold shall be eighteen years of age or more.

c. The container to be sold shall be no larger than seventy-two ounces.

d. The container to be sold shall be securely sealed by a method authorized by the division that is designed so that if the sealed container is reopened or the seal tampered with, it is visibly apparent that the seal on the container of wine has been tampered with or the sealed container has otherwise been reopened.

NEW SUBSECTION. 6. A container of wine other than the original container that is sold and sealed in compliance with the requirements of subsection 5 and the rules of the division shall not be deemed an open container subject to the

requirements of sections 321.284 and 321.284A if the sealed container is unopened and the seal has not been tampered with, and the contents of the container have not been partially removed.

DIVISION III

ALCOHOLIC BEVERAGES SALES

Sec. 10. Section 123.30, subsection 3, paragraph c, subparagraph (1), Code 2020, is amended to read as follows:

(1) A class "C" liquor control license may be issued to a commercial establishment but must be issued in the name of the individuals who actually own the entire business and shall authorize the holder to purchase alcoholic liquors in original unopened containers from class "E" liquor control licensees only, wine from class "A" wine permittees or class "B" wine permittees who also hold class "E" liquor control licenses only as provided in sections 123.173 and 123.177, and to sell alcoholic beverages to patrons by the individual drink for consumption on the premises only. However, alcoholic liquor, wine, and beer may also be sold for consumption off the premises. In addition, mixed drinks or cocktails may also be sold for consumption off the premises subject to the requirements of section 123.49, subsection 2, paragraph "d". The holder of a class "C" liquor control license may also hold a special class "A" beer permit for the premises licensed under a class "C" liquor control license for the purpose of operating a brewpub pursuant to this chapter.

Sec. 11. Section 123.30, subsection 3, paragraph c, subparagraph (3), Code 2020, is amended to read as follows:

(3) A class "C" native distilled spirits liquor control license may be issued to a native distillery but shall be issued in the name of the individuals who actually own the business and shall only be issued to a native distillery which, combining all production facilities of the business, produces and manufactures not more than one hundred thousand proof gallons of distilled spirits on an annual basis. The license shall authorize the holder to sell native distilled spirits manufactured on the premises of the native distillery to patrons by the individual drink for consumption on the premises and mixed drinks or cocktails for consumption off the premises

subject to the requirements of section 123.49, subsection 2, paragraph "d". All native distilled spirits sold by a native distillery for on-premises consumption and mixed drinks or cocktails sold for consumption off the premises shall be purchased from a class "E" liquor control licensee in original unopened containers.

Sec. 12. Section 123.43A, subsection 6, Code 2020, is amended to read as follows:

6. Notwithstanding any provision of this chapter to the contrary or the fact that a person is the holder of a class "A" native distilled spirits license, a native distillery which, combining all production facilities of the business, produces and manufactures not more than one hundred thousand proof gallons of native distilled spirits on an annual basis may sell those native distilled spirits manufactured on the premises of the native distillery for consumption on the premises by applying for a class "C" native distilled spirits liquor control license as provided in section 123.30. A native distillery may be granted not more than one class "C" native distilled spirits liquor control license. All native distilled spirits sold by a native distillery for on-premises consumption and mixed drinks or cocktails sold for consumption off the premises shall be purchased from a class "E" liquor control licensee. A manufacturer of native distilled spirits may be issued a class "C" native distilled spirits liquor control license regardless of whether the manufacturer is also a manufacturer of beer pursuant to a class "A" beer permit or a manufacturer of native wine pursuant to a class "A" wine permit.

Sec. 13. Section 123.49, subsection 2, paragraph d, Code 2020, is amended by adding the following new subparagraph:

NEW SUBPARAGRAPH. (3) Mixed drinks or cocktails mixed on premises covered by a class "C" liquor control license or a class "C" native distilled spirits liquor control license for consumption off the licensed premises may be sold if the mixed drink or cocktail is immediately sealed with a lid or other method of securing the product and is promptly taken from the licensed premises prior to consumption of the mixed drink or cocktail. A mixed drink or cocktail that is sold and sealed

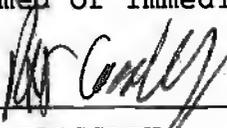
in compliance with the requirements of this subparagraph shall not be deemed an open container subject to the requirements of sections 321.284 and 321.284A if the sealed container is unopened and the seal has not been tampered with, and the contents of the container have not been partially removed.

Sec. 14. Section 123.131, subsection 2, paragraph a, Code 2020, is amended to read as follows:

a. The beer is transferred from the original container to the container to be sold on the licensed premises at the time of sale or when sold by telephonic or other electronic means.

Sec. 15. EMERGENCY RULES. The alcoholic beverages division of the department of commerce may adopt emergency rules under section 17A.4, subsection 3, and section 17A.5, subsection 2, paragraph "b", to implement the provisions of this division of this Act and the rules shall be effective immediately upon filing unless a later date is specified in the rules. Any rules adopted in accordance with this section shall also be published as a notice of intended action as provided in section 17A.4.

Sec. 16. EFFECTIVE DATE. This division of this Act, being deemed of immediate importance, takes effect upon enactment.

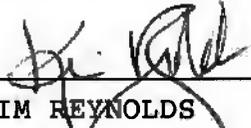
  
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PAT GRASSLEY  
Speaker of the House

  
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CHARLES SCHNEIDER  
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 2540, Eighty-eighth General Assembly.

  
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MEGHAN NELSON  
Chief Clerk of the House

Approved June 29<sup>th</sup>, 2020

  
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KIM REYNOLDS  
Governor