

Reprinted 3/25

MAR 12 1980

HOUSE FILE 2529

Place On Calendar

By COMMITTEE ON STATE GOVERNMENT

(Formerly House File 2261)

Passed House, Date 3-21-80 (3-1088) Passed Senate, Date _____

Vote: Ayes 68 Nays 24 Vote: Ayes _____ Nays _____

Approved April 2, 1980

A BILL FOR

1 An Act relating to the sale of native wines to class "A",
2 class "B", and class "C" liquor control licensees for
3 consumption on the licensed premises.

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

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2529

1 Section 1. Section one hundred twenty-three point twenty-
2 six (123.26), Code 1979, is amended to read as follows:

3 123.26 RESTRICTIONS ON SALES--SEALS--LABELING. No
4 ~~alcoholic~~ Alcoholic liquor shall not be sold by the department
5 to any a purchaser except in a sealed container with ~~such~~
6 identifying markers as ~~shall-be~~ prescribed by the director
7 and affixed on the premises of a state warehouse or store
8 and no such container shall be opened upon the premises of
9 any a state warehouse or store. Possession of alcoholic
10 liquors which do not carry the prescribed identifying markers
11 ~~shall-be~~ is a violation of this chapter except as provided
12 in section 123.22, and except as authorized by the council
13 pursuant to section one hundred twenty-three point fifty-six
14 (123.56), subsection four (4) of the Code.

15 Sec. 2. Section one hundred twenty-three point twenty-
16 seven (123.27), Code 1979, is amended to read as follows:

17 123.27 SALES PROHIBITED.

18 1. It ~~shall-be~~ is unlawful to transact the sale or delivery
19 of any alcoholic liquor in, on, or from the premises of any
20 a state liquor store or warehouse:

21 1 a. After the closing hour as established by the director.

22 2 b. On any legal holiday.

23 3 c. On any Sunday.

24 4 d. During ~~such~~ other periods or days as ~~may-be~~ designated
25 by the director.

26 2. The director shall promulgate rules, subject to the
27 approval of the council, concerning the days and hours that
28 manufacturers of native wines may sell native wines to class
29 "A", class "B", and class "C" liquor control licensees pur-
30 suant to section one hundred twenty-three point fifty-six
31 (123.56) of the Code.

32 Sec. 3. Section one hundred twenty-three point thirty
33 (123.30), subsection three (3), paragraphs a, b, and c, are
34 amended to read as follows:

35 a. Class "A". A class "A" liquor control license may

1 be issued to a club and shall authorize the holder to purchase
2 alcoholic liquors from only the department only, and native
3 wines from native wine manufacturers, and to sell such liquors,
4 and beer, to bona fide members and their guests by the
5 individual drink for consumption on the premises only.

6 b. Class "B". A class "B" liquor control license may
7 be issued to a hotel or motel and shall authorize the holder
8 to purchase alcoholic liquors from only the department only,
9 and native wines from native wine manufacturers, and to sell
10 such liquors, and beer, to patrons by the individual drink
11 for consumption on the premises only, however, beer may also
12 be sold for consumption off the premises. Each ~~such~~ license
13 shall be effective throughout the premises described in the
14 application.

15 c. Class "C". A class "C" liquor control license may
16 be issued to a commercial establishment but must be issued
17 in the name of the ~~individual-or~~ individuals who actually
18 own the entire business and shall authorize the holder ~~or~~
19 ~~holders~~ to purchase alcoholic liquors from only the department
20 only, and native wines from native wine manufacturers, and
21 to sell such liquors, and beer, to patrons by the individual
22 drink for consumption on the premises only, however, beer
23 may also be sold for consumption off the premises.

24 Sec. 4. Section one hundred twenty-three point forty-nine
25 (123.49), subsection two (2), paragraph d, Code 1979, is
26 amended to read as follows:

27 d. Keep on ~~any~~ premises covered by a liquor control license
28 any alcoholic liquor in any container except the original
29 package purchased from the department or from a native wine
30 manufacturer, except still wines placed in dispensing or
31 serving containers for temporary storage, and except mixed
32 drinks or cocktails mixed on the premises for immediate
33 consumption. This prohibition ~~shall~~ does not apply to common
34 carriers holding a class "D" liquor control license.

35 Sec. 5. Section one hundred twenty-three point fifty-

1 three (123.53), subsection one (1), Code 1979, is amended
2 to read as follows:

3 1. There shall be established within the office of the
4 treasurer of state a fund to be known as the beer and liquor
5 control fund. The fund shall consist of any moneys
6 appropriated by the general assembly for deposit in the fund
7 and moneys received from the sale of alcoholic liquors by
8 the department, from the issuance of permits and licenses,
9 and of moneys and receipts received by the department from
10 any other source.

11 Sec. 6. Section one hundred twenty-three point fifty-
12 six (123.56), Code 1979, is amended to read as follows:

13 123.56 NATIVE WINES.

14 1. Notwithstanding any other provision of this chapter,
15 but subject to section one hundred twenty-three point twenty-
16 six (123.26), section one hundred twenty-three point twenty-
17 seven (123.27), subsection two (2), section one hundred twenty-
18 three point thirty (123.30), subsection three (3), paragraphs
19 a, b, and c, section one hundred twenty-three point forty-
20 nine (123.49), subsection two (2), paragraph d, and section
21 one hundred twenty-three point ninety-six (123.96), subsection
22 three (3), of the Code, and the rules of the department,
23 manufacturers of native wines from grapes, cherries, other
24 fruit juices, or honey may sell, keep, or offer for sale and
25 deliver ~~the same~~ native wines in ~~such~~ quantities as ~~may be~~
26 permitted by the director for consumption off the premises.

27 2. A manufacturer of native wines shall not sell such
28 wines otherwise than as permitted by this section or allow
29 any wine so sold, ~~or any part thereof,~~ to be drunk upon the
30 premises of ~~such~~ the manufacturer. Any person may manufacture
31 native wine for consumption on ~~his~~ the person's own premises.

32 3. For the purposes of this section "manufacturer" includes
33 only those persons who process the fruit or honey, ferment,
34 and bottle native wines in Iowa.

35 4. The director shall promulgate rules, subject to the

1 approval of the council, which permit manufacturers of native
2 wines to sell those native wines to class "A", class "B",
3 and class "C" liquor control licensees, for consumption on
4 the licensed premises. The rules shall provide for the as-
5 essment, collection, reporting and payment by the native
6 wine manufacturer of a tax in lieu of the tax provided in
7 section one hundred twenty-three point ninety-six (123.96)
8 of the Code. Sales to class "A", class "B", and class "C"
9 liquor control licensees by a native wine manufacturer are
10 exempt from other sales tax. A native wine manufacturer
11 selling native wine to a class "A", class "B", or class "C"
12 liquor control licensee shall assess, collect, report and
13 pay to the state, the in-lieu tax specified in this subsection.

14 Sec. 7. Section one hundred twenty-three point ninety-
15 six (123.96), subsections one (1) and two (2), Code 1979,
16 are amended to read as follows:

17 1. ~~There~~ Except as provided by section one hundred twenty-
18 three point fifty-six (123.56), subsection four (4), of the
19 Code, there is imposed on every person licensed to sell
20 alcoholic beverages for consumption on the premises where
21 sold, a special tax equivalent to fifteen percent of the price
22 established by the department on all alcoholic beverages for
23 general sale to the public. ~~Such~~ The tax shall be paid by
24 all licensees at the point of purchase from the state on all
25 alcoholic beverages intended or used for resale for consumption
26 on the premises of retail establishments. ~~Such~~ The tax shall
27 be is in lieu of any other sales tax applied at the state
28 store and shall be shown as a separate item on special sales
29 slips provided by the department for purchases by licensees.

30 2. Except as allowed under section 123.95 ~~no~~ and, ex-
31 cept as allowed under section one hundred twenty-three point
32 fifty-six (123.56), subsection four (4), of the Code, a
33 licensee shall not knowingly keep on the licensed premises
34 nor use for resale purposes any alcoholic liquor on which
35 the special tax has not been paid to the state. The conviction

1 of a violation of this section shall cause the license held
2 to 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. 8. This Act takes effect January first following
6 its enactment.

7 EXPLANATION

8 This bill provides for the direct sale of native wines
9 (defined in section 123.56) by native wine manufacturers to
10 class "A", class "B" and class "C" liquor control licensees
11 for consumption on the licensee's premises, pursuant to rules
12 to be established by the beer and liquor control department.

13 The rules are to provide for the days and hours the sales
14 may occur and for the assessment collection, reporting and
15 payment of a tax in lieu of the tax that would have been im-
16 posed by section 123.96 if the sale had been from the manu-
17 facturer to the beer and liquor control department which in
18 turn sold the native wines to the licensees.

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FISCAL NOTE
House File 2529
Requested by Representative Lura
March 6, 1980

In compliance with a written request there is hereby submitted a Fiscal Note for House File 2529 pursuant to Joint Rule 16.

House File 2529, An Act relating to the sale of native wines to Class "A", class "B", and class "C" liquor control licensees for consumption on the licensed premises.

The following assumptions were used in obtaining estimates:

1. Under the proposed law, sales of native wines to Class A, B & C license holders would increase 20% to \$19,200 in FY 1981 and \$20,400 in FY 1982.
2. Three of the five native wineries that now have manufacturer's licenses would no longer need these because they won't meet the two criteria for having them:
 - a. they do not sell out of state and
 - b. they do not sell to the Iowa Beer & Liquor Control Department.
3. That the in-lieu tax to be established by the department rules would be 15%.
4. Administrative costs would exist but these would be minimal.

Fiscal Year 1981:	Current <u>Law</u>	H.F. <u>2261</u>	Incr. <u>(Decr.)</u>
<u>Revenue</u>			
Sales of native wines	\$ 16,000	-0-	(16,000)
Licensee tax collected	2,400	2,880	480
Manufacturer's license	1,750	700	(1,050)
Distiller's Certif.of Compl.	<u>150</u>	<u>-0-</u>	<u>(150)</u>
Total Revenue	<u>\$ 20,300</u>	<u>3,580</u>	<u>(16,720)</u>

<u>Expenditures</u>			
Cost of Goods	<u>9,700</u>	<u>-0-</u>	<u>(9,700)</u>
LOST REVENUE	\$ 10,600	3,580	<u>(7,020)</u>

Fiscal Year 1982:

<u>Revenue</u>			
Sales of native wines	\$ 17,000	-0-	(17,000)
Licensee tax collected	2,550	3,060	510
Manufacturer's license	1,750	700	(1,050)
Distiller's Certif.of Compl.	<u>150</u>	<u>-0-</u>	<u>(150)</u>
Total Revenue	<u>\$ 21,450</u>	<u>3,760</u>	<u>(17,690)</u>

<u>Expenditures</u>			
Cost of Goods	<u>\$ 10,494</u>	<u>-0-</u>	<u>(10,494)</u>
LOST REVENUE	\$ 10,956	3,760	<u>(7,196)</u>

Lost revenue to cities and counties:
(Included in the above estimate)

1981: \$2,400 1982: \$2,550

Source: Iowa Beer & Liquor Control Department

HOUSE FILE 2529

H-5593

- 1 Amend House File 2529, page 5, by striking
- 2 lines 5 and 6.

H-5593 FILED

BY LURA of Marshall

MARCH 19, 1980

Adopted 2/21 (p. 1088)

HOUSE FILE 2529

H-5597

- 1 Amend House File 2529 as follows:
- 2 1. Page 3, by striking lines 30 and 31 and
- 3 inserting in lieu thereof the words "premises of
- 4 such the manufacturer."

H-5597 FILED

BY SPEAR of Lee

MARCH 19, 1980

#12 3/21 (p. 1097)

HOUSE FILE 2529

H-5596

- 1 Amend House File 2529 as follows:
- 2 1. Page 3, by striking line 24 and inserting in
- 3 lieu thereof the following: "fruit juices, or
- 4 vegetables, vegetable juices, dandelions, clover,
- 5 honey, or any combination of these ingredients, may
- 6 sell, keep, or offer for sale and".
- 7 2. Page 3, by striking line 33 and inserting in
- 8 lieu thereof the following: "only those persons who
- 9 process the fruit or, vegetables, dandelions, clover,
- 10 honey or any combination of these ingredients, ferment".

H-5596 FILED

BY SPEAR of Lee

MARCH 19, 1980

Adopted 2/21 (p. 1097)

*I State 3/25
Do Pass 3/28 (p. 1150)*

HOUSE FILE 2529

By COMMITTEE ON STATE
GOVERNMENT

(As Amended and Passed by the House)

Passed House, Date 3/21/80 (p. 1085) Passed Senate, Date 4/8/80 (p. 1311)
Vote: Ayes 68 Nays 24 Vote: Ayes 45 Nays 0
Approved April 21, 1980

A BILL FOR

1 An Act relating to the sale of native wines to class "A",
2 class "B", and class "C" liquor control licensees for
3 consumption on the licensed premises.

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

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House Amendments _____

Language Stricken ■

1 Section 1. Section one hundred twenty-three point twenty-
2 six (123.26), Code 1979, is amended to read as follows:

3 123.26 RESTRICTIONS ON SALES--SEALS--LABELING. ~~No~~
4 ~~alcoholic~~ Alcoholic liquor shall not be sold by the department
5 to any a purchaser except in a sealed container with ~~such~~
6 identifying markers as ~~shall-be~~ prescribed by the director
7 and affixed on the premises of a state warehouse or store
8 and no such container shall be opened upon the premises of
9 ~~any a~~ state warehouse or store. Possession of alcoholic
10 liquors which do not carry the prescribed identifying markers
11 ~~shall-be~~ is a violation of this chapter except as provided
12 in section 123.22, and except as authorized by the council
13 pursuant to section one hundred twenty-three point fifty-six
14 (123.56), subsection four (4) of the Code.

15 Sec. 2. Section one hundred twenty-three point twenty-
16 seven (123.27), Code 1979, is amended to read as follows:

17 123.27 SALES PROHIBITED.

18 1. It ~~shall-be~~ is unlawful to transact the sale or delivery
19 of any alcoholic liquor in, on, or from the premises of any
20 a state liquor store or warehouse:

- 21 1 a. After the closing hour as established by the director.
- 22 2 b. On any legal holiday.
- 23 3 c. On any Sunday.
- 24 4 d. During ~~such~~ other periods or days as ~~may-be~~ designated
25 by the director.

26 2. The director shall promulgate rules, subject to the
27 approval of the council, concerning the days and hours that
28 manufacturers of native wines may sell native wines to class
29 "A", class "B", and class "C" liquor control licensees pur-
30 suant to section one hundred twenty-three point fifty-six
31 (123.56) of the Code.

32 Sec. 3. Section one hundred twenty-three point thirty
33 (123.30), subsection three (3), paragraphs a, b, and c, are
34 amended to read as follows:

35 a. Class "A". A class "A" liquor control license may

1 be issued to a club and shall authorize the holder to purchase
2 alcoholic liquors from only the department ~~only~~, and native
3 wines from native wine manufacturers, and to sell such liquors,
4 and beer, to bona fide members and their guests by the
5 individual drink for consumption on the premises only.

6 b. Class "B". A class "B" liquor control license may
7 be issued to a hotel or motel and shall authorize the holder
8 to purchase alcoholic liquors from only the department ~~only~~,
9 and native wines from native wine manufacturers, and to sell
10 such liquors, and beer, to patrons by the individual drink
11 for consumption on the premises only, however, beer may also
12 be sold for consumption off the premises. Each ~~such~~ license
13 shall be effective throughout the premises described in the
14 application.

15 c. Class "C". A class "C" liquor control license may
16 be issued to a commercial establishment but must be issued
17 in the name of the ~~individual~~ ~~or~~ individuals who actually
18 own the entire business and shall authorize the holder ~~of~~
19 ~~holders~~ to purchase alcoholic liquors from only the department
20 ~~only~~, and native wines from native wine manufacturers, and
21 to sell such liquors, and beer, to patrons by the individual
22 drink for consumption on the premises only, however, beer
23 may also be sold for consumption off the premises.

24 Sec. 4. Section one hundred twenty-three point forty-nine
25 (123.49), subsection two (2), paragraph d, Code 1979, is
26 amended to read as follows:

27 d. Keep on any premises covered by a liquor control license
28 any alcoholic liquor in any container except the original
29 package purchased from the department or from a native wine
30 manufacturer, except still wines placed in dispensing or
31 serving containers for temporary storage, and except mixed
32 drinks or cocktails mixed on the premises for immediate
33 consumption. This prohibition ~~shall~~ does not apply to common
34 carriers holding a class "D" liquor control license.

5 Sec. 5. Section one hundred twenty-three point fifty-

1 three (123.53), subsection one (1), Code 1979, is amended
2 to read as follows:

3 1. There shall be established within the office of the
4 treasurer of state a fund to be known as the beer and liquor
5 control fund. The fund shall consist of any moneys
6 appropriated by the general assembly for deposit in the fund
7 and moneys received from the sale of alcoholic liquors by
8 the department, from the issuance of permits and licenses,
9 and of moneys and receipts received by the department from
10 any other source.

11 Sec. 6. Section one hundred twenty-three point fifty-
12 six (123.56), Code 1979, is amended to read as follows:

13 123.56 NATIVE WINES.

14 1. Notwithstanding any other provision of this chapter,
15 but subject to section one hundred twenty-three point twenty-
16 six (123.26), section one hundred twenty-three point twenty-
17 seven (123.27), subsection two (2), section one hundred twenty-
18 three point thirty (123.30), subsection three (3), paragraphs
19 a, b, and c, section one hundred twenty-three point forty-
20 nine (123.49), subsection two (2), paragraph d, and section
21 one hundred twenty-three point ninety-six (123.96), subsection
22 three (3), of the Code, and the rules of the department,
23 manufacturers of native wines from grapes, cherries, other
24 fruit juices, or vegetables, vegetable juices, dandelions,
25 clover, honey, or any combination of these ingredients, may
26 sell, keep, or offer for sale and deliver the-same native
27 wines in such quantities as may-be permitted by the director
28 for consumption off the premises.

29 2. A manufacturer of native wines shall not sell such
30 wines otherwise than as permitted by this section or allow
31 any wine so sold, ~~or any part thereof,~~ to be drunk upon the
32 premises of ~~such~~ the manufacturer. Any person may manufacture
33 native wine for consumption on ~~his~~ the person's own premises.

34 3. For the purposes of this section "manufacturer" includes
35 only those persons who process the fruit or, vegetables,

1 dandelions, clover, honey or any combination of these
2 ingredients ferment, and bottle native wines in Iowa.

3 4. The director shall promulgate rules, subject to the
4 approval of the council, which permit manufacturers of native
5 wines to sell those native wines to class "A", class "B",
6 and class "C" liquor control licensees, for consumption on
7 the licensed premises. The rules shall provide for the as-
8 essment, collection, reporting and payment by the native
9 wine manufacturer of a tax in lieu of the tax provided in
10 section one hundred twenty-three point ninety-six (123.96)
11 of the Code. Sales to class "A", class "B", and class "C"
12 liquor control licensees by a native wine manufacturer are
13 exempt from other sales tax. A native wine manufacturer
14 selling native wine to a class "A", class "B", or class "C"
15 liquor control licensee shall assess, collect, report and
16 pay to the state, the in-lieu tax specified in this subsection.

17 Sec. 7. Section one hundred twenty-three point ninety-
18 six (123.96), subsections one (1) and two (2), Code 1979,
19 are amended to read as follows:

20 1. ~~There~~ Except as provided by section one hundred twenty-
21 three point fifty-six (123.56), subsection four (4), of the
22 Code, there is imposed on every person licensed to sell
23 alcoholic beverages for consumption on the premises where
24 sold, a special tax equivalent to fifteen percent of the price
25 established by the department on all alcoholic beverages for
26 general sale to the public. ~~Such~~ The tax shall be paid by
27 all licensees at the point of purchase from the state on all
28 alcoholic beverages intended or used for resale for consumption
29 on the premises of retail establishments. ~~Such~~ The tax shall
30 be is in lieu of any other sales tax applied at the state
31 store and shall be shown as a separate item on special sales
32 slips provided by the department for purchases by licensees.

33 2. Except as allowed under section 123.95 ~~no~~ and, ex-
34 cept as allowed under section one hundred twenty-three point
35 fifty-six (123.56), subsection four (4), of the Code, a

1 licensee shall not knowingly keep on the licensed premises
2 nor use for resale purposes any alcoholic liquor on which
3 the special tax has not been paid to the state. The conviction
4 of a violation of this section shall cause the license held
5 to automatically be revoked and the license shall immediately
6 be surrendered by the holder, and the bond of the license
7 holder shall be forfeited to the department.

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HOUSE FILE 2529

AN ACT

RELATING TO THE SALE OF NATIVE WINES TO CLASS "A", CLASS "B",
AND CLASS "C" LIQUOR CONTROL LICENSEES FOR CONSUMPTION ON
THE LICENSED PREMISES.

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

Section 1. Section one hundred twenty-three point twenty-six (123.26), Code 1979, is amended to read as follows:

123.26 RESTRICTIONS ON SALES--SEALS--LABELING. ~~No alcoholic~~ Alcoholic liquor shall ~~not~~ be sold by the department to ~~any~~ a purchaser except in a sealed container with ~~such~~ identifying markers as ~~shall-be~~ prescribed by the director and affixed on the premises of a state warehouse or store and no such container shall be opened upon the premises of ~~any~~ a state warehouse or store. Possession of alcoholic liquors which do not carry the prescribed identifying markers ~~shall-be~~ is a violation of this chapter except as provided in section 123.22, and except as authorized by the council pursuant to section one hundred twenty-three point fifty-six (123.56), subsection four (4) of the Code.

Sec. 2. Section one hundred twenty-three point twenty-seven (123.27), Code 1979, is amended to read as follows:

123.27 SALES PROHIBITED.

1. It ~~shall-be~~ is unlawful to transact the sale or delivery of ~~any~~ alcoholic liquor in, on, or from the premises of ~~any~~ a state liquor store or warehouse:

- 1 a. After the closing hour as established by the director.
- 2 b. On any legal holiday.
- 3 c. On any Sunday.
- 4 d. During ~~such~~ other periods or days as ~~may-be~~ designated by the director.

2. The director shall promulgate rules, subject to the approval of the council, concerning the days and hours that

manufacturers of native wines may sell native wines to class "A", class "B", and class "C" liquor control licensees pursuant to section one hundred twenty-three point fifty-six (123.56) of the Code.

Sec. 3. Section one hundred twenty-three point thirty (123.30), subsection three (3), paragraphs a, b, and c, are amended to read as follows:

a. Class "A". A class "A" liquor control license may be issued to a club and shall authorize the holder to purchase alcoholic liquors from only the department ~~only~~, and native wines from native wine manufacturers, and to sell such liquors, and beer, to bona fide members and their guests by the individual drink for consumption on the premises only.

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

c. Class "C". A class "C" liquor control license may be issued to a commercial establishment but must be issued in the name of the ~~individual-or~~ individuals who actually own the entire business and shall authorize the holder ~~or holders~~ to purchase alcoholic liquors from only the department ~~only~~, and native wines from native wine manufacturers, and to sell such liquors, and beer, to patrons by the individual drink for consumption on the premises only, however, beer may also be sold for consumption off the premises.

Sec. 4. Section one hundred twenty-three point forty-nine (123.49), subsection two (2), paragraph d. Code 1979, is amended to read as follows:

d. Keep on ~~any~~ premises covered by a liquor control license any alcoholic liquor in any container except the original package purchased from the department or from a native wine

manufacturer, except still wines placed in dispensing or serving containers for temporary storage, and except mixed drinks or cocktails mixed on the premises for immediate consumption. This prohibition ~~shall~~ does not apply to common carriers holding a class "D" liquor control license.

Sec. 5. Section one hundred twenty-three point fifty-three (123.53), subsection one (1), Code 1979, is amended to read as follows:

1. There shall be established within the office of the treasurer of state a fund to be known as the beer and liquor control fund. The fund shall consist of any moneys appropriated by the general assembly for deposit in the fund and moneys received from the sale of alcoholic liquors by the department, from the issuance of permits and licenses, and of moneys and receipts received by the department from any other source.

Sec. 6. Section one hundred twenty-three point fifty-six (123.56), Code 1979, is amended to read as follows:

123.56 NATIVE WINES.

1. Notwithstanding any other provision of this chapter, but subject to section one hundred twenty-three point twenty-six (123.26), section one hundred twenty-three point twenty-seven (123.27), subsection two (2), section one hundred twenty-three point thirty (123.30), subsection three (3), paragraphs a, b, and c, section one hundred twenty-three point forty-nine (123.49), subsection two (2), paragraph d, and section one hundred twenty-three point ninety-six (123.96), subsection three (3), of the Code, and the rules of the department, manufacturers of native wines from grapes, cherries, other fruit juices, or vegetables, vegetable juices, dandelions, clover, honey, or any combination of these ingredients, may sell, keep, or offer for sale and deliver ~~the same native wines~~ wines in such quantities as ~~may be~~ permitted by the director for consumption off the premises.

2. A manufacturer of native wines shall not sell such wines otherwise than as permitted by this section or allow any wine so sold, ~~or any part thereof,~~ to be drunk upon the

premises of ~~such the~~ manufacturer. Any person may manufacture native wine for consumption on ~~his the person's~~ own premises.

3. For the purposes of this section "manufacturer" includes only those persons who process the fruit or vegetables, dandelions, clover, honey or any combination of these ingredients ferment, and bottle native wines in Iowa.

4. The director shall promulgate rules, subject to the approval of the council, which permit manufacturers of native wines to sell those native wines to class "A", class "B", and class "C" liquor control licensees, for consumption on the licensed premises. The rules shall provide for the assessment, collection, reporting and payment by the native wine manufacturer of a tax in lieu of the tax provided in section one hundred twenty-three point ninety-six (123.96) of the Code. Sales to class "A", class "B", and class "C" liquor control licensees by a native wine manufacturer are exempt from other sales tax. A native wine manufacturer selling native wine to a class "A", class "B", or class "C" liquor control licensee shall assess, collect, report and pay to the state, the in-lieu tax specified in this subsection.

Sec. 7. Section one hundred twenty-three point ninety-six (123.96), subsections one (1) and two (2), Code 1979, are amended to read as follows:

1. There Except as provided by section one hundred twenty-three point fifty-six (123.56), subsection four (4), of the Code, there is imposed on every person licensed to sell alcoholic beverages for consumption on the premises where sold, a special tax equivalent to fifteen percent of the price established by the department on all alcoholic beverages for general sale to the public. Such The tax shall be paid by all licensees at the point of purchase from the state on all alcoholic beverages intended or used for resale for consumption on the premises of retail establishments. Such The tax shall be is in lieu of any other sales tax applied at the state store and shall be shown as a separate item on special sales slips provided by the department for purchases by licensees.

2. Except as allowed under section 123.95 no and, ex-

cept as allowed under section one hundred twenty-three point fifty-six (123.56), subsection four (4), of the Code, a licensee shall not knowingly keep on the licensed premises nor use for resale purposes any alcoholic liquor on which the special tax has not been paid to the state. The conviction of a violation of this section shall cause the license held to automatically be revoked and the license shall immediately be surrendered by the holder, and the bond of the license holder shall be forfeited to the department.

WILLIAM H. HARBOR
Speaker of the House

TERRY E. BRANSTAD
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 2529, Sixty-eighth General Assembly.

BRUCE GRAHAM
Assistant Chief Clerk of the House

Approved April 2, 1980

ROBERT D. RAY
Governor