

Senate Study Bill 1086 - Introduced

SENATE/HOUSE FILE _____
BY (PROPOSED DEPARTMENT
OF COMMERCE/ALCOHOLIC
BEVERAGES DIVISION BILL)

A BILL FOR

1 An Act relating to matters under the purview of the alcoholic
2 beverages division of the department of commerce, and making
3 penalties applicable.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 22.7, subsection 24, Code 2011, is
2 amended by striking the subsection.

3 Sec. 2. Section 123.3, Code 2011, is amended by adding the
4 following new subsection:

5 NEW SUBSECTION. 014A. "*Grape brandy*" means brandy produced
6 by the distillation of fermented grapes or grape juice.

7 Sec. 3. Section 123.41, Code 2011, is amended to read as
8 follows:

9 **123.41 Manufacturer's license.**

10 1. Upon application in the prescribed form and accompanied
11 by a fee of three hundred fifty dollars, the administrator may
12 in accordance with this chapter grant and issue a license,
13 valid for a one-year period after date of issuance, to a
14 manufacturer which shall allow the manufacture, storage, and
15 wholesale disposition and sale of alcoholic liquors to the
16 division and to customers outside of the state.

17 2. As a condition precedent to the approval and granting of
18 a manufacturer's license, an applicant shall file a statement
19 under oath with the division that the applicant is a bona fide
20 manufacturer of alcoholic liquors, and that the applicant
21 will faithfully observe and comply with all laws, rules, and
22 regulations governing the manufacture and sale of alcoholic
23 liquor.

24 ~~2- 3.~~ A person who holds an experimental distilled spirits
25 plant permit or its equivalent issued by the ~~federal bureau~~
26 ~~of alcohol, tobacco and firearms~~ alcohol and tobacco tax and
27 trade bureau of the United States department of the treasury
28 may produce alcohol for use as fuel without obtaining a
29 manufacturer's license from the division.

30 4. A violation of the requirements of this section shall
31 subject the licensee to the general penalties provided in this
32 chapter and shall constitute grounds for imposition of a civil
33 penalty or suspension or revocation of the license after notice
34 and opportunity for a hearing pursuant to section 123.39 and
35 chapter 17A.

1 Sec. 4. Section 123.43A, subsection 8, Code 2011, is amended
2 to read as follows:

3 8. Micro-distilled spirits purchased at a micro-distillery
4 shall not be consumed ~~within three hundred feet of a~~
5 ~~micro-distillery or~~ on any property owned, operated, or
6 controlled by a micro-distillery.

7 Sec. 5. Section 123.56, subsections 1, 2, and 3, Code 2011,
8 are amended to read as follows:

9 1. Subject to rules of the division, manufacturers of
10 native wines from grapes, cherries, other fruits or other fruit
11 juices, vegetables, vegetable juices, dandelions, clover,
12 honey, or any combination of these ingredients, holding a
13 class "A" wine permit as required by this chapter, may sell,
14 keep, or offer for sale and deliver the wine. ~~Sales may be~~
15 ~~made at retail for off-premises consumption when sold on the~~
16 ~~premises of the manufacturer, or in a retail establishment~~
17 ~~operated by the manufacturer. Sales may also be made to class~~
18 ~~"A" or retail wine permittees or liquor control licensees as~~
19 ~~authorized by the class "A" wine permit. Notwithstanding any~~
20 ~~other provision of this chapter, manufacturers of native wine~~
21 ~~may purchase and possess grape brandy from the division for the~~
22 ~~sole purpose of manufacturing wine.~~

23 2. Native wine may be sold at retail for off-premises
24 consumption when sold on the premises of the manufacturer,
25 or in a retail establishment operated by the manufacturer.
26 Sales may also be made to class "A" or retail wine permittees
27 or liquor control licensees as authorized by the class "A"
28 wine permit. A manufacturer of native wines shall not sell
29 the wines other than as permitted in this chapter and shall
30 not allow wine sold to be consumed upon the premises of the
31 manufacturer. However, prior to sale native wines may be
32 sampled on the premises where made, when no charge is made
33 for the sampling. A person may manufacture native wine for
34 consumption on the manufacturer's premises, when the wine or
35 any part of it is not manufactured for sale.

1 3. A manufacturer of native wines may ship wine in closed
2 containers to individual purchasers inside and outside this
3 state by obtaining a wine direct shipper license pursuant to
4 section 123.187. ~~The manufacturer shall label the package~~
5 ~~containing the wine with the words "deliver to adults only".~~

6 Sec. 6. Section 123.57, Code 2011, is amended to read as
7 follows:

8 **123.57 Examination of accounts.**

9 The financial condition and transactions of all offices,
10 departments, warehouses, and depots of the division shall be
11 examined at least once each year by the state auditor and at
12 shorter periods if requested by the administrator, governor,
13 commission, or executive council the general assembly's
14 standing committees on government oversight.

15 Sec. 7. REPEAL. Section 123.43, Code 2011, is repealed.

16 EXPLANATION

17 This bill makes changes regarding matters under the purview
18 of the alcoholic beverages division of the department of
19 commerce.

20 The bill deletes an exception to the open records law in
21 Code chapter 22 which currently provides that records of
22 purchases of alcoholic liquor from the division which would
23 reveal purchases made by an individual class "E" liquor control
24 licensee shall be kept confidential, unless required to be
25 revealed for law enforcement purposes or for the collection of
26 payments due the division pursuant to Code section 123.24.

27 The bill provides that prior to the approval and granting
28 of a manufacturer's license, which allows the manufacture,
29 storage, and wholesale disposition and sale of alcoholic
30 liquors to the division and to customers outside of the state,
31 an applicant must file a statement under oath with the division
32 that the applicant is a bona fide manufacturer of alcoholic
33 liquors, and that the applicant will faithfully observe and
34 comply with all laws, rules, and regulations governing the
35 manufacture and sale of alcoholic liquor. The bill subjects

1 a licensee violating the requirements for issuance of a
2 manufacturer's license, in addition to any other applicable
3 penalty contained in Code chapter 123, to the civil penalty and
4 suspension or revocation provisions contained in Code section
5 123.39. The civil penalty is in an amount not to exceed \$1,000
6 per violation. The bill repeals Code section 123.43, which
7 requires the posting of a \$5,000 bond by applicants for a
8 manufacturer's license.

9 The bill deletes a current provision prohibiting
10 micro-distilled spirits purchased at a micro-distillery from
11 being consumed within 300 feet of a micro-distillery.

12 Additionally, the bill makes specified changes relating
13 to the manufacture of native wine. The bill states that
14 manufacturers of native wine may purchase and possess grape
15 brandy, as defined in the bill, for the sole purpose of
16 manufacturing wine, provided that the grape brandy is purchased
17 from the division. The bill clarifies that a manufacturer of
18 native wine shall obtain a wine shipper's license pursuant to
19 Code section 123.187 and makes the manufacturer subject to the
20 provisions of the Code section.