

**House File 437 - Introduced**

HOUSE FILE 437  
BY COMMITTEE ON COMMERCE

(SUCCESSOR TO HSB 133)

(COMPANION TO SF 125 BY  
COMMITTEE ON COMMERCE)

**A BILL FOR**

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

1 Section 1. Section 123.43A, subsection 3, Code 2015, is  
2 amended to read as follows:

3 3. A micro-distillery shall not sell micro-distilled  
4 spirits other than as permitted in this chapter and shall not  
5 allow micro-distilled spirits sold to be consumed upon the  
6 premises of the micro-distillery. However, as a part of a  
7 micro-distillery tour, micro-distilled spirits of no more than  
8 two ounces per person per day may be ~~sampl~~ed tasted on the  
9 premises where fermented, distilled, or matured, when no charge  
10 is made for the ~~sampling~~ tasting.

11 Sec. 2. Section 123.56, subsections 1 and 2, Code 2015, are  
12 amended to read as follows:

13 1. Subject to rules of the division, manufacturers of  
14 native wines from grapes, cherries, other fruits or other fruit  
15 juices, vegetables, vegetable juices, dandelions, clover,  
16 honey, or any combination of these ingredients, holding a  
17 class "A" wine permit as required by this chapter, may sell,  
18 keep, or offer for sale and deliver the wine. Notwithstanding  
19 section 123.24, subsection 4, or any other provision of this  
20 chapter, manufacturers of native wine may ~~purchase~~ obtain and  
21 possess grape brandy from the division for the sole purpose of  
22 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 ~~sampl~~ed tasted on the premises where made, when no charge is  
33 made for the ~~sampling~~ tasting. A person may manufacture native  
34 wine for consumption on the manufacturer's premises, when the  
35 wine or any part of it is not manufactured for sale.

1     Sec. 3. Section 123.127, subsection 1, unnumbered paragraph  
2 1, Code 2015, is amended to read as follows:

3     A class "A", ~~or~~ class "AA", special class "A", or special  
4 class "AA" permit shall be issued by the administrator to any  
5 person who:

6     Sec. 4. Section 123.128, subsection 1, paragraph a, Code  
7 2015, is amended to read as follows:

8     a. All the information required of ~~a class "A"~~ an applicant  
9 by section 123.127, subsection 1, paragraph "a".

10    Sec. 5. Section 123.128, subsection 2, Code 2015, is amended  
11 to read as follows:

12    2. ~~Fulfills the requirements of section 123.127, subsection~~  
13 ~~1, paragraph "b", relating to class "A" applicants.~~

14    Sec. 6. Section 123.129, subsection 2, paragraph a, Code  
15 2015, is amended to read as follows:

16    a. Submits an application electronically, or in a manner  
17 prescribed by the administrator, which shall state under oath  
18 all the information required of ~~a class "A"~~ an applicant by  
19 section 123.127, subsection 1, paragraph "a".

20    Sec. 7. Section 123.130, Code 2015, is amended to read as  
21 follows:

22    **123.130 Authority under class "A", class "AA", special class**  
23 **"A", and special class "AA" permits.**

24    1. Any person holding a class "A" or class "AA" permit  
25 issued by the division shall be authorized to manufacture  
26 and sell, or sell at wholesale, beer for consumption off the  
27 premises, such sales within the state to be made only to  
28 persons holding subsisting class "A", "B", or "C" permits,  
29 or liquor control licenses issued in accordance with the  
30 provisions of this chapter. A class "A", class "AA", special  
31 class "A", or special class "AA" permit does not grant  
32 authority to manufacture wine as defined in section 123.3,  
33 subsection 47.

34    2. All class "A" and class "AA" premises shall be located  
35 within the state. All beer received by the holder of a class

1 "A" or class "AA" permit from the holder of a certificate  
2 of compliance before being resold must first come to rest on  
3 the licensed premises licensed by the class "A" of the permit  
4 holder, must be inventoried, and is subject to the barrel tax  
5 when resold as provided in section 123.136. A class "A" or  
6 class "AA" permittee shall not store beer overnight except on  
7 premises licensed under a class "A" or class "AA" permit.

8 3. All special class "A" and special class "AA" premises  
9 shall be located within the state. A person who holds a  
10 special class "A" or special class "AA" permit for the same  
11 location at which the person holds a class "C" liquor control  
12 license or class "B" beer permit may manufacture and sell beer  
13 to be consumed on the premises and may sell beer to a class "A"  
14 or class "AA" permittee for resale purposes.

15 Sec. 8. Section 123.135, Code 2015, is amended to read as  
16 follows:

17 **123.135 Certificate of compliance — civil penalty.**

18 1. A manufacturer, brewer, bottler, importer, or vendor  
19 of beer or any agent thereof desiring to ship or sell beer,  
20 or have beer brought into this state for resale by a class  
21 "A" or class "AA" permittee shall first make application for  
22 and be issued a brewer's certificate of compliance by the  
23 administrator for that purpose. The certificate of compliance  
24 expires at the end of one year from the date of issuance  
25 and shall be renewed for a like period upon application to  
26 the administrator unless otherwise revoked for cause. Each  
27 application for a certificate of compliance or renewal of a  
28 certificate shall be submitted electronically, or in a manner  
29 prescribed by the administrator, and shall be accompanied  
30 by a fee of five hundred dollars payable to the division.  
31 Each holder of a certificate of compliance shall furnish the  
32 information in a manner the administrator requires.

33 2. At the time of applying for a certificate of compliance,  
34 each applicant shall file with the division a list of all  
35 class "A" and class "AA" permittees with whom it intends to do

1 business and shall designate the geographic area in which its  
2 products are to be distributed by such permittee. The listing  
3 of class "A" and class "AA" permittees and geographic area as  
4 filed with the division may be amended from time to time by the  
5 holder of a certificate of compliance.

6 3. All class "A" and class "AA" permit holders shall sell  
7 only those brands of beer which are manufactured, brewed,  
8 bottled, shipped, or imported by a person holding a current  
9 certificate of compliance. Any employee or agent working for  
10 or representing the holder of a certificate of compliance  
11 within this state shall submit electronically, or in a manner  
12 prescribed by the administrator, the employee's or agent's name  
13 and address with the division.

14 4. It shall be unlawful for any holder of a certificate of  
15 compliance or the holder's agent, or any class "A" or class  
16 "AA" permit holder or the permit holder's agent, to grant to  
17 any retail beer permit holder, directly or indirectly, any  
18 rebates, free goods, or quantity discounts on beer which are  
19 not uniformly offered to all retail permittees.

20 5. Notwithstanding any other penalties provided by this  
21 chapter, any holder of a certificate of compliance or any class  
22 "A" or class "AA" permit holder who violates this chapter or  
23 the rules adopted pursuant to this chapter is subject to a  
24 civil penalty not to exceed one thousand dollars or suspension  
25 of the holder's certificate or permit for a period not to  
26 exceed one year, or both such civil penalty and suspension.  
27 Civil penalties imposed under this section shall be collected  
28 and retained by the division.

29 Sec. 9. Section 123.136, Code 2015, is amended to read as  
30 follows:

31 **123.136 Barrel tax.**

32 1. In addition to the annual permit fee to be paid by all  
33 class "A" and class "AA" permittees under this chapter there  
34 shall be levied and collected from the permittees on all beer  
35 manufactured for sale or sold in this state at wholesale and

1 on all beer imported into this state for sale at wholesale and  
2 sold in this state at wholesale, and from special class "A"  
3 and special class "AA" permittees on all beer manufactured for  
4 consumption on the premises, a tax of five and eighty-nine  
5 hundredths dollars for every barrel containing thirty-one  
6 gallons, and at a like rate for any other quantity or for the  
7 fractional part of a barrel. However, no tax shall be levied  
8 or collected on beer shipped outside this state by a class "A"  
9 or class "AA" permittee or sold by one class "A" or class "AA"  
10 permittee to another class "A" or class "AA" permittee.

11 2. All revenue derived from the barrel tax shall accrue to  
12 the state general fund.

13 3. All of the provisions of this chapter relating to the  
14 administration of the barrel tax on beer shall apply to this  
15 section.

16 Sec. 10. Section 123.137, subsection 1, Code 2015, is  
17 amended to read as follows:

18 1. A person holding a class "A" or, class "AA", special  
19 class "A", or special class "AA" permit shall on or before  
20 the tenth day of each calendar month commencing on the tenth  
21 day of the calendar month following the month in which the  
22 person is issued a permit, make a report under oath to the  
23 division electronically, or in a manner prescribed by the  
24 administrator, showing the exact number of barrels of beer, or  
25 fractional parts of barrels, sold by the permit holder during  
26 the preceding calendar month. The report shall also state  
27 information the administrator requires, and permit holders  
28 shall at the time of filing a report pay to the division the  
29 amount of tax due at the rate fixed in section 123.136.

30 Sec. 11. Section 123.138, subsection 1, Code 2015, is  
31 amended to read as follows:

32 1. Each class "A" or, class "AA", special class "A", or  
33 special class "AA" permittee shall keep proper records showing  
34 the amount of beer sold by the permittee, and these records  
35 shall be at all times open to inspection by the administrator

1 and to other persons pursuant to section 123.30, subsection  
2 1. Each class "B" permittee, class "C" permittee, or retail  
3 liquor control licensee shall keep proper records showing each  
4 purchase of beer made by the permittee or licensee, and the  
5 date and the amount of each purchase and the name of the person  
6 from whom each purchase was made, which records shall be open  
7 to inspection pursuant to section 123.30, subsection 1, during  
8 normal business hours of the permittee or licensee.

9 Sec. 12. Section 123.139, Code 2015, is amended to read as  
10 follows:

11 **123.139 Separate locations — class "A", class "AA", special**  
12 **class "A", special class "AA".**

13 A class "A" ~~or~~, class "AA", special class "A", or special  
14 class "AA" permittee having more than one place of business  
15 is required to have a separate permit for each separate place  
16 of business maintained by the permittee where beer is stored,  
17 warehoused, or sold.

18 Sec. 13. Section 123.142, Code 2015, is amended to read as  
19 follows:

20 **123.142 Unlawful sale and importation.**

21 1. It is unlawful for the holder of a class "B" or class  
22 "C" permit issued under this chapter to sell beer, except  
23 beer brewed on the premises covered by a special class "A"  
24 or special class "AA" permit or beer purchased from a person  
25 holding a class "A" or class "AA" permit issued in accordance  
26 with this chapter, and on which the tax provided in section  
27 123.136 has been paid. However, this section does not apply to  
28 class "D" liquor control licensees as provided in this chapter.

29 2. It shall be unlawful for any person not holding a class  
30 "A" or class "AA" permit to import beer into this state for the  
31 purpose of sale or resale.

32 Sec. 14. Section 123.143, subsection 3, Code 2015, is  
33 amended to read as follows:

34 3. Barrel tax revenues collected on beer manufactured in  
35 this state from a class "A" or class "AA" permittee which owns

1 and operates a brewery located in Iowa shall be credited to the  
2 barrel tax fund hereby created in the office of the treasurer  
3 of state. Moneys deposited in the barrel tax fund shall not  
4 revert to the general fund of the state without a specific  
5 appropriation by the general assembly. Moneys in the barrel  
6 tax fund are appropriated to the economic development authority  
7 for purposes of section 15E.117.

8 Sec. 15. Section 123.180, subsection 1, Code 2015, is  
9 amended to read as follows:

10 1. A manufacturer, vintner, bottler, importer, or vendor  
11 of wine or an agent thereof desiring to ship, sell, or have  
12 wine brought into this state ~~for resale by the division or for~~  
13 sale at wholesale by a class "A" permittee shall first make  
14 application for and shall be issued a vintner's certificate  
15 of compliance by the administrator for that purpose. The  
16 vintner's certificate of compliance shall expire at the end of  
17 one year from the date of issuance and shall be renewed for  
18 a like period upon application to the administrator unless  
19 otherwise revoked for cause. Each application for a vintner's  
20 certificate of compliance or renewal of a certificate shall  
21 be submitted electronically, or in a manner prescribed by the  
22 administrator, and shall be accompanied by a fee of one hundred  
23 dollars payable to the division. Each holder of a vintner's  
24 certificate of compliance shall furnish the information  
25 required by the administrator in the form the administrator  
26 requires. A vintner or wine bottler whose plant is located in  
27 Iowa and who otherwise holds a class "A" wine permit to sell  
28 wine at wholesale is exempt from the fee, but not the other  
29 terms and conditions. The holder of a vintner's certificate of  
30 compliance may also hold a class "A" wine permit.

31

EXPLANATION

32 The inclusion of this explanation does not constitute agreement with  
33 the explanation's substance by the members of the general assembly.

34 This bill concerns alcoholic beverage control.

35 Code sections 123.43A and 123.56, concerning micro-distilled



1 spirits and native wines, are amended to replace the word  
2 "sample" with "taste" when describing spirits or wine given  
3 to an individual for no cost. Code section 123.56 is further  
4 amended to provide that manufacturers of native wine may  
5 obtain, instead of purchase, grape brandy from the alcoholic  
6 beverages division of the department of commerce for the sole  
7 purpose of manufacturing wine.

8 Division II of Code chapter 123, entitled "beer provisions",  
9 is amended, where applicable, to provide that provisions  
10 referencing class "A" and special class "A" beer permits also  
11 specifically reference class "AA" and special class "AA" beer  
12 permits relating to high alcoholic content beer. Code section  
13 123.130 is further amended to require all special class "A" and  
14 special class "AA" permit premises to be located within the  
15 state.

16 Code section 123.180 is amended to provide that wine brought  
17 into the state for sale at wholesale by a class "A" permittee  
18 need not be resold by the alcoholic beverages division prior  
19 to that sale.