

House File 607 - Introduced

HOUSE FILE 607

BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO HF 521)

(SUCCESSOR TO HSB 108)

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:

DIVISION I

ALCOHOLIC BEVERAGE CONTROL

1
2
3 Section 1. Section 123.3, subsection 25, Code 2017, is
4 amended to read as follows:

5 25. *“Licensed premises”* or *“premises”* means all rooms,
6 enclosures, contiguous areas, or places susceptible of precise
7 description satisfactory to the administrator where alcoholic
8 beverages, wine, or beer is sold or consumed under authority
9 of a liquor control license, wine permit, or beer permit.
10 A single licensed premises may consist of multiple rooms,
11 enclosures, areas, or places if they are wholly within the
12 confines of a single building or contiguous grounds, or areas
13 or places susceptible of precise description satisfactory to
14 the administrator.

15 Sec. 2. Section 123.22, Code 2017, is amended to read as
16 follows:

17 **123.22 State monopoly.**

18 1. The division has the exclusive right of importation
19 into the state of all forms of alcoholic liquor, except as
20 otherwise provided in [this chapter](#), and a person shall not
21 import alcoholic liquor, except that an individual of legal age
22 may import and have in the individual's possession an amount
23 of alcoholic liquor not exceeding one liter or, in the case of
24 alcoholic liquor personally obtained outside the United States,
25 four liters for personal consumption only in a private home
26 or other private accommodation. A distillery shall not sell
27 alcoholic liquor within the state to any person but only to
28 the division, except as otherwise provided in [this chapter](#).
29 This section vests in the division exclusive control within the
30 state as purchaser of all alcoholic liquor sold by distilleries
31 within the state or imported, except beer and wine, and except
32 as otherwise provided in [this chapter](#). The division shall
33 receive alcoholic liquor on a bailment system for resale by the
34 division in the manner set forth in [this chapter](#). The division
35 shall act as the sole wholesaler of alcoholic liquor to class

1 "E" liquor control licensees.

2 2. No person, acting individually or through another
3 acting for the person shall directly or indirectly, or upon
4 any pretense, or by any device, manufacture, sell, exchange,
5 barter, dispense, give in consideration of the purchase of any
6 property or of any services or in evasion of **this chapter**, or
7 keep for sale, or have possession of any intoxicating liquor,
8 except as provided in **this chapter**; or own, keep, or be in any
9 way concerned, engaged, or employed in owning or keeping, any
10 intoxicating liquor with intent to violate any provision of
11 this chapter, or authorize or permit the same to be done; or
12 manufacture, own, sell, or have possession of any manufactured
13 or compounded article, mixture or substance, not in a liquid
14 form, and containing alcohol which may be converted into a
15 beverage by a process of pressing or straining the alcohol
16 therefrom, or any instrument intended for use and capable of
17 being used in the manufacture of intoxicating liquor; or own
18 or have possession of any material used exclusively in the
19 manufacture of intoxicating liquor; or use or have possession
20 of any material with intent to use it in the manufacture of
21 intoxicating liquors; however, alcohol may be manufactured
22 for industrial and nonbeverage purposes by persons who have
23 qualified for that purpose as provided by the laws of the
24 United States and the laws of this state. Such alcohol, so
25 manufactured, may be denatured, transported, used, possessed,
26 sold, and bartered and dispensed, subject to the limitations,
27 prohibitions and restrictions imposed by the laws of the United
28 States and this state. Any person may manufacture, sell, or
29 transport ingredients and devices other than alcohol for the
30 making of homemade wine or beer.

31 Sec. 3. Section 123.23, subsection 2, Code 2017, is amended
32 to read as follows:

33 2. At the time of applying for a certificate of compliance,
34 each applicant shall submit to the division electronically,
35 or in a manner prescribed by the administrator, the name and

1 address of its authorized agent for service of process which
2 shall remain effective until changed for another, and a list
3 of names and addresses of all representatives, employees, or
4 attorneys whom the applicant has appointed in the state of Iowa
5 to represent it for any purpose. The listing shall be amended
6 ~~from time to time~~ by the certificate holder as necessary to
7 keep the listing current with the division.

8 Sec. 4. Section 123.28, Code 2017, is amended to read as
9 follows:

10 **123.28 Restrictions on transportation.**

11 1. It is lawful to transport, carry, or convey alcoholic
12 liquors from the place of purchase by the division to a state
13 warehouse or depot established by the division or from one such
14 place to another and, when so permitted by [this chapter](#), it is
15 lawful for the division, a common carrier, or other person to
16 transport, carry, or convey alcoholic liquor sold from a state
17 warehouse, depot, or point of purchase by the state to any
18 place to which the liquor may be lawfully delivered under this
19 chapter.

20 2. The division shall deliver alcoholic liquor purchased by
21 class "E" liquor control licensees. Class "E" liquor control
22 licensees may deliver alcoholic liquor purchased by class "A",
23 "B", or "C" liquor control licensees, and class "A", "B", or
24 "C" liquor control licensees may transport alcoholic liquor
25 purchased from class "E" liquor control licensees.

26 3. A common carrier or other person shall not break or
27 open or allow to be broken or opened a container or package
28 containing alcoholic liquor or use or drink or allow to be used
29 or drunk any alcoholic liquor while it is being transported or
30 conveyed, ~~but this.~~

31 4. This [section](#) does not prohibit a private person from
32 transporting individual bottles or containers of alcoholic
33 liquor exempted pursuant to [section 123.22](#) and individual
34 bottles or containers bearing the identifying mark prescribed
35 in [section 123.26](#) which have been opened previous to the

1 commencement of the transportation.

2 5. This section does not affect the right of a special
3 permit or liquor control license holder to purchase, possess,
4 or transport alcoholic liquors subject to this chapter.

5 Sec. 5. Section 123.30, subsection 1, paragraph c, Code
6 2017, is amended to read as follows:

7 c. As a further condition for the issuance of a class "E"
8 liquor control license, the applicant shall post a bond in
9 a sum of not less than five thousand nor more than fifteen
10 thousand dollars as determined on a sliding scale established
11 by the division; however, a bond shall not be required if all
12 purchases of alcoholic liquor from the division by the licensee
13 are made ~~by cash payment or~~ by means that ensure that the
14 division will receive full payment in advance of delivery of
15 the alcoholic liquor.

16 Sec. 6. Section 123.31, subsections 6 and 7, Code 2017, are
17 amended by striking the subsections.

18 Sec. 7. Section 123.32, subsection 6, paragraph b, Code
19 2017, is amended to read as follows:

20 b. Upon receipt of an application having been approved by
21 the local authority, the division shall make an investigation
22 as the administrator deems necessary to determine that the
23 applicant complies with all requirements for holding a license
24 or permit, and may require the applicant to appear to be
25 examined under oath to demonstrate that the applicant complies
26 with all of the requirements to hold a license or permit. If
27 the administrator requires the applicant to appear and to
28 testify under oath, a record shall be made of all testimony or
29 evidence and the record shall become a part of the application.
30 The administrator may appoint a member of the division or
31 may request an administrative law judge of the department of
32 inspections and appeals to receive the testimony under oath
33 and evidence, and to issue a proposed decision to approve
34 or disapprove the application for a license or permit. The
35 administrator may affirm, reverse, or modify the proposed

1 decision to approve or disapprove the application for the
2 license or permit. If the application is approved by the
3 administrator, the license or permit shall be issued. If the
4 application is disapproved by the administrator, the applicant
5 ~~and the appropriate local authority~~ shall be so notified by
6 certified mail and the appropriate local authority shall be
7 notified electronically, or in a manner prescribed by the
8 administrator.

9 Sec. 8. Section 123.33, Code 2017, is amended to read as
10 follows:

11 **123.33 Records.**

12 Every holder of a ~~liquor control~~ license shall ~~keep a daily~~
13 ~~record, in printed or electronic format, of the gross receipts~~
14 ~~of the holder's business~~ or permit under this chapter shall
15 maintain records, in printed and electronic format, which
16 include income statements, balance sheets, purchase and sales
17 invoices, purchase and sales ledgers, and any other records as
18 the administrator may require. The records required and the
19 premises of the licensee or permittee shall be accessible and
20 open to inspection pursuant to [section 123.30, subsection 1](#),
21 during normal business hours of the licensee or permittee.

22 Sec. 9. Section 123.34, subsection 1, Code 2017, is amended
23 to read as follows:

24 1. Liquor control licenses, wine permits, and beer permits,
25 unless sooner suspended or revoked, expire one year from
26 date of issuance. The administrator shall give sixty days'
27 written notice of the expiration to each licensee or permittee.
28 However, the administrator may issue six-month or eight-month
29 seasonal licenses, class "B" wine permits, or class "B" beer
30 permits for a proportionate part of the license or permit fee
31 or may issue fourteen-day liquor control licenses, native wine
32 permits, or beer permits as provided in [subsection 2](#). No
33 refund shall be made for seasonal licenses or permits or for
34 fourteen-day liquor control licenses, native wine permits, or
35 beer permits. No seasonal license or permit shall be renewed

1 ~~except.~~ However, after a period of two months the applicant
2 may apply for a new seasonal license or permit for the same
3 location.

4 Sec. 10. Section 123.49, subsection 2, paragraph b, Code
5 2017, is amended to read as follows:

6 b. Sell or dispense any alcoholic beverage ~~or beer~~ on
7 the premises covered by the license or permit, or permit its
8 consumption thereon between the hours of 2:00 a.m. and 6:00
9 a.m. on a weekday, and between the hours of 2:00 a.m. on Sunday
10 and 6:00 a.m. on the following Monday, however, a holder of a
11 liquor control license or retail wine or beer permit granted
12 the privilege of selling alcoholic liquor, wine, or beer on
13 Sunday may sell or dispense alcoholic liquor, wine, or beer
14 between the hours of 8:00 a.m. on Sunday and 2:00 a.m. on the
15 following Monday.

16 Sec. 11. Section 123.49, subsection 2, paragraph k, Code
17 2017, is amended by striking the paragraph.

18 Sec. 12. Section 123.51, subsection 1, Code 2017, is amended
19 to read as follows:

20 1. No signs or other matter advertising any brand of
21 alcoholic liquor, beer, or wine shall be erected or placed upon
22 the outside of any premises occupied by a licensee or permittee
23 authorized to sell alcoholic liquor, beer, or wine at retail.
24 ~~This subsection does not prohibit the use of signs~~ However,
25 signs or other advertising matter may be erected or placed
26 inside the premises, inside a fence or similar enclosure which
27 wholly or partially surrounds the ~~licensed~~ premises, or inside
28 a window facing outward from the premises.

29 Sec. 13. Section 123.175, Code 2017, is amended by striking
30 the section and inserting in lieu thereof the following:

31 **123.175 Class "A" or retail wine permit application and**
32 **issuance.**

33 1. A person applying for a class "A" or retail wine permit
34 shall submit an application electronically, or in a manner
35 prescribed by the administrator, which shall set forth under

1 oath the following:

2 *a.* The name and place of residence of the applicant.

3 *b.* The names and addresses of all persons or, in the case of
4 a corporation, the officers, directors, and persons owning or
5 controlling ten percent or more of the capital stock thereof,
6 having a financial interest, by way of loan, ownership, or
7 otherwise, in the business.

8 *c.* The location of the premises where the applicant intends
9 to operate.

10 *d.* The name of the owner of the premises and if the owner of
11 the premises is not the applicant, whether the applicant is the
12 actual lessee of the premises.

13 *e.* When required by the administrator, and in such form and
14 containing such information as the administrator may require,
15 a description of the premises where the applicant intends to
16 use the permit, to include a sketch or drawing of the premises
17 and, if applicable, the number of square feet of interior floor
18 space which comprises the retail sales area of the premises.

19 *f.* Whether any person specified in paragraph "b" has ever
20 been convicted of any offense against the laws of the United
21 States, or any state or territory thereof, or any political
22 subdivision of any such state or territory.

23 *g.* Any other information as required by the administrator.

24 2. The administrator shall issue a class "A" or retail wine
25 permit to any applicant who establishes all of the following:

26 *a.* That the applicant has submitted a completed application
27 as required by subsection 1.

28 *b.* That the applicant is a person of good moral character as
29 provided in section 123.3, subsection 34.

30 *c.* That the applicant is a citizen of the state of Iowa
31 or, if a corporation, that the applicant is authorized to do
32 business in the state.

33 *d.* That the premises where the applicant intends to use the
34 permit conforms to all applicable laws, health regulations, and
35 fire regulations, and constitutes a safe and proper place or

1 building.

2 e. That the applicant gives consent to a person, pursuant
3 to section 123.30, subsection 1, to enter upon the premises
4 without a warrant during the business hours of the applicant
5 to inspect for violations of the provisions of this chapter or
6 ordinances and regulations that local authorities may adopt.

7 f. That the applicant has submitted, in the case of a class
8 "A" wine permit, a bond in the amount of five thousand dollars
9 in a manner prescribed by the administrator with good and
10 sufficient sureties to be approved by the division conditioned
11 upon compliance with this chapter.

12 Sec. 14. Section 123.177, Code 2017, is amended by adding
13 the following new subsection:

14 NEW SUBSECTION. 3. A class "A" wine permit holder may sell
15 wine to a person holding both a class "B" beer permit and a
16 class "A" beer permit pursuant to section 123.131, subsection
17 4.

18 Sec. 15. Section 123.178B, subsection 4, Code 2017, is
19 amended to read as follows:

20 4. A person holding a class "C" native wine permit and a
21 class "A" wine permit whose primary purpose is manufacturing
22 native wine may purchase beer from a wholesaler holding a class
23 "A" beer permit for sale at retail for consumption on or off
24 the premises covered by the class "C" native wine permit.

25 Sec. 16. Section 123.180, subsection 2, Code 2017, is
26 amended to read as follows:

27 2. At the time of applying for a vintner's certificate of
28 compliance, each applicant shall file with the division a list
29 of all class "A" wine permittees with whom it intends to do
30 business. The listing of class "A" wine permittees as filed
31 with the division may shall be amended ~~from time to time~~ by the
32 holder of the certificate of compliance as necessary to keep
33 the listing current with the division.

34 Sec. 17. Section 123.183, subsection 2, paragraph a, Code
35 2017, is amended to read as follows:

1 *a.* Revenue collected from the wine gallonage tax on wine
2 manufactured for sale and sold at wholesale in this state,
3 and on wine subject to direct shipment as provided in section
4 123.187 by a wine manufacturer licensed or permitted pursuant
5 to laws regulating alcoholic beverages in this state, shall be
6 deposited in the wine gallonage tax fund as created in this
7 section.

8 Sec. 18. Section 123.187, subsection 2, paragraph *c*, Code
9 2017, is amended to read as follows:

10 *c.* An application submitted pursuant to paragraph "*a*"
11 shall also be accompanied by a bond in the amount of five
12 thousand dollars in the form prescribed and furnished by the
13 division with good and sufficient sureties to be approved by
14 the division conditioned upon compliance with this chapter.
15 However, a wine manufacturer that has submitted a bond pursuant
16 to section 123.175, subsection 3 2, paragraph "f", shall not be
17 required to provide a bond as provided in this paragraph.

18 DIVISION II

19 BEER PERMITS

20 Sec. 19. Section 123.30, subsection 3, paragraph *e*,
21 subparagraph (1), Code 2017, is amended to read as follows:

22 (1) A class "E" liquor control license may be issued and
23 shall authorize the holder to purchase alcoholic liquor from
24 the division only and high alcoholic content beer from a class
25 "~~AA~~" "A" beer permittee only and to sell the alcoholic liquor
26 and high alcoholic content beer to patrons for consumption off
27 the licensed premises and to other liquor control licensees.
28 A holder of a class "E" liquor control license may hold other
29 retail liquor control licenses or retail wine or beer permits,
30 but the premises licensed under a class "E" liquor control
31 license shall be separate from other licensed premises, though
32 the separate premises may have a common entrance. However,
33 the holder of a class "E" liquor control license may also hold
34 a class "B" wine or class "C" beer permit or both for the
35 premises licensed under a class "E" liquor control license.

1 Sec. 20. Section 123.124, Code 2017, is amended by striking
2 the section and inserting in lieu thereof the following:

3 **123.124 Beer permits — classes.**

4 Permits for the manufacture and sale, or sale, of beer shall
5 be divided into four classes, known as class "A", special
6 class "A", class "B", or class "C" beer permits. A holder of
7 a class "A" or special class "A" beer permit shall have the
8 authority as provided in section 123.130. A holder of a class
9 "B" beer permit shall have the authority as provided in section
10 123.131, and a holder of a class "C" beer permit shall have the
11 authority as provided in section 123.132.

12 Sec. 21. Section 123.125, Code 2017, is amended to read as
13 follows:

14 **123.125 Issuance of beer permits.**

15 The administrator shall issue class "A", special class "A",
16 ~~class "AA", special class "AA",~~ class "B", and class "C" beer
17 permits and may suspend or revoke permits for cause as provided
18 in [this chapter](#).

19 Sec. 22. Section 123.127, Code 2017, is amended by striking
20 the section and inserting in lieu thereof the following:

21 **123.127 Class "A" and special class "A" beer permit
22 application and issuance.**

23 1. A person applying for a class "A" or special class "A"
24 beer permit shall submit an application electronically, or in a
25 manner prescribed by the administrator, which shall set forth
26 under oath the following:

27 *a.* The name and place of residence of the applicant.

28 *b.* The names and addresses of all persons or, in the case of
29 a corporation, the officers, directors, and persons owning or
30 controlling ten percent or more of the capital stock thereof,
31 having a financial interest, by way of loan, ownership, or
32 otherwise, in the business.

33 *c.* The location of the premises where the applicant intends
34 to operate.

35 *d.* The name of the owner of the premises and if the owner of

1 the premises is not the applicant, whether the applicant is the
2 actual lessee of the premises.

3 e. When required by the administrator, and in such form and
4 containing such information as the administrator may require,
5 a description of the premises where the applicant intends to
6 use the permit, to include a sketch or drawing of the premises
7 and, if applicable, the number of square feet of interior floor
8 space which comprises the retail sales area of the premises.

9 f. Whether any person specified in paragraph "b" has ever
10 been convicted of any offense against the laws of the United
11 States, or any state or territory thereof, or any political
12 subdivision of any such state or territory.

13 g. Any other information as required by the administrator.

14 2. The administrator shall issue a class "A" or special
15 class "A" beer permit to any applicant who establishes all of
16 the following:

17 a. That the applicant has submitted a completed application
18 as required by subsection 1.

19 b. That the applicant is a person of good moral character as
20 provided in section 123.3, subsection 34.

21 c. That the applicant is a citizen of the state of Iowa
22 or, if a corporation, that the applicant is authorized to do
23 business in the state.

24 d. That the premises where the applicant intends to use the
25 permit conforms to all applicable laws, health regulations, and
26 fire regulations, and constitutes a safe and proper place or
27 building.

28 e. That the applicant gives consent to a person, pursuant
29 to section 123.30, subsection 1, to enter upon the premises
30 without a warrant during the business hours of the applicant
31 to inspect for violations of the provisions of this chapter or
32 ordinances and regulations that local authorities may adopt.

33 f. That the applicant has submitted a bond in the amount
34 of ten thousand dollars in a manner prescribed by the
35 administrator with good and sufficient sureties to be approved

1 by the division conditioned upon compliance with this chapter.

2 *g.* If the person is applying for a special class "A" beer
3 permit, that the applicant holds or has applied for a class "C"
4 liquor control license or class "B" beer permit.

5 Sec. 23. Section 123.128, subsection 1, paragraph a, Code
6 2017, is amended to read as follows:

7 *a.* All the information required of an applicant by section
8 123.127, subsection 1, ~~paragraph "a"~~.

9 Sec. 24. Section 123.128, subsection 2, Code 2017, is
10 amended to read as follows:

11 2. Fulfills the requirements of section 123.127, subsection
12 ~~± 2, paragraph paragraphs~~ "b", "c", and "d".

13 Sec. 25. Section 123.129, subsection 2, paragraphs a and b,
14 Code 2017, are amended to read as follows:

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

19 *b.* ~~Establishes that the person is of good moral character as~~
20 ~~defined by this chapter~~ Fulfills the requirements of section
21 123.127, subsection 2, paragraphs "b", "c", and "d".

22 Sec. 26. Section 123.129, subsection 2, paragraph d, Code
23 2017, is amended by striking the paragraph.

24 Sec. 27. Section 123.130, Code 2017, is amended to read as
25 follows:

26 **123.130 Authority under class "A", ~~class "AA", and special~~**
27 **~~class "A", and special class "AA" beer permits.~~**

28 1. Any person holding a class "A" ~~or class "AA"~~ beer permit
29 issued by the division shall be authorized to manufacture
30 and sell, or sell at wholesale, beer for consumption off the
31 premises, such sales within the state to be made only to
32 persons holding subsisting class "A", "B", or "C" beer permits,
33 both a class "C" native wine permit and a class "A" wine
34 permit pursuant to section 123.178B, subsection 4, or liquor
35 control licenses issued in accordance with the provisions of

1 this chapter. A class "A", ~~class "AA"~~, or special class "A",
2 ~~or special class "AA"~~ beer permit does not grant authority to
3 manufacture wine as defined in [section 123.3, subsection 47](#).

4 2. All class "A" ~~and class "AA"~~ premises shall be located
5 within the state. All beer received by the holder of a
6 class "A" ~~or class "AA"~~ beer permit from the holder of a
7 certificate of compliance before being resold must first come
8 to rest on the licensed premises of the permit holder, must be
9 inventoried, and is subject to the barrel tax when resold as
10 provided in [section 123.136](#). A class "A" ~~or class "AA"~~ beer
11 permittee shall not store beer overnight except on premises
12 licensed under a class "A" ~~or class "AA"~~ beer permit.

13 3. All special class "A" ~~and special class "AA"~~ premises
14 shall be located within the state. A person who holds a
15 special class "A" ~~or special class "AA"~~ beer permit for the
16 same location at which the person holds a class "C" liquor
17 control license or class "B" beer permit may manufacture
18 and sell beer to be consumed on the premises, may sell at
19 retail at the manufacturing premises for consumption off
20 the premises beer that is transferred at the time of sale
21 to another container subject to the requirements of section
22 123.131, subsection 2, may sell beer to a class "A" ~~or class~~
23 ~~"AA"~~ beer permittee for resale purposes, and may sell beer to
24 distributors outside of the state that are authorized by the
25 laws of that jurisdiction to sell beer at wholesale.

26 Sec. 28. Section 123.131, Code 2017, is amended to read as
27 follows:

28 **123.131 Authority under class "B" beer permit.**

29 1. Subject to the provisions of [this chapter](#), any person
30 holding a class "B" beer permit shall be authorized to sell
31 beer for consumption on or off the premises. Sales of beer
32 for consumption off the premises made pursuant to this section
33 shall be made in original containers except as provided in
34 subsection 2. However, unless otherwise provided in this
35 chapter, no sale of beer shall be made for consumption on

1 the premises unless the place where such service is made is
2 equipped with tables and seats sufficient to accommodate not
3 less than twenty-five persons at one time.

4 2. Subject to the rules of the division, sales of beer for
5 consumption off the premises made pursuant to this section may
6 be made in a container other than the original container only
7 if all of the following requirements are met:

8 a. The beer is transferred from the original container to
9 the container to be sold on the licensed premises at the time
10 of sale.

11 b. The person transferring the beer from the original
12 container to the container to be sold shall be eighteen years
13 of age or more.

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

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

22 3. A container of beer other than the original container
23 that is sold and sealed in compliance with the requirements of
24 subsection 2 and the rules of the division shall not be deemed
25 an open container subject to the requirements of sections
26 321.284 and 321.284A if the sealed container is unopened and
27 the seal has not been tampered with, and the contents of the
28 container have not been partially removed.

29 4. A person holding a class "B" beer permit and a class "A"
30 beer permit whose primary purpose is manufacturing beer may
31 purchase wine from a wholesaler holding a class "A" wine permit
32 for sale at retail for consumption on the premises covered by
33 the class "B" beer permit.

34 Sec. 29. Section 123.134, subsection 1, Code 2017, is
35 amended to read as follows:

1 1. The annual permit fee for a class "A" or special class
2 "A" beer permit is ~~two~~ seven hundred fifty dollars.

3 Sec. 30. Section 123.134, subsection 2, Code 2017, is
4 amended by striking the subsection.

5 Sec. 31. Section 123.135, Code 2017, is amended to read as
6 follows:

7 **123.135 Certificate of compliance — civil penalty.**

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

23 2. At the time of applying for a certificate of compliance,
24 each applicant shall file with the division a list of all class
25 "A" ~~and class "AA"~~ beer permittees with whom it intends to do
26 business and shall designate the geographic area in which its
27 products are to be distributed by such permittee. The listing
28 of class "A" ~~and class "AA"~~ beer permittees and geographic area
29 as filed with the division ~~may shall~~ be amended ~~from time to~~
30 ~~time~~ by the holder of a certificate of compliance as necessary
31 to keep the listing current with the division.

32 3. All class "A" ~~and class "AA"~~ beer permit holders shall
33 sell only those brands of beer which are manufactured, brewed,
34 bottled, shipped, or imported by a person holding a current
35 certificate of compliance. Any employee or agent working for

1 or representing the holder of a certificate of compliance
2 within this state shall submit electronically, or in a manner
3 prescribed by the administrator, the employee's or agent's name
4 and address with the division.

5 4. It shall be unlawful for any holder of a certificate of
6 compliance or the holder's agent, or any class "A" ~~or class~~
7 ~~"AA"~~ beer permit holder or the beer permit holder's agent, to
8 grant to any retail beer permit holder, directly or indirectly,
9 any rebates, free goods, or quantity discounts on beer which
10 are not uniformly offered to all retail permittees.

11 5. Notwithstanding any other penalties provided by this
12 chapter, any holder of a certificate of compliance or any class
13 "A" ~~or class "AA"~~ beer permit holder who violates [this chapter](#)
14 or the rules adopted pursuant to [this chapter](#) is subject to a
15 civil penalty not to exceed one thousand dollars or suspension
16 of the holder's certificate or permit for a period not to
17 exceed one year, or both such civil penalty and suspension.
18 Civil penalties imposed under [this section](#) shall be collected
19 and retained by the division.

20 Sec. 32. Section 123.136, subsection 1, Code 2017, is
21 amended to read as follows:

22 1. In addition to the annual permit fee to be paid by all
23 class "A" ~~and class "AA"~~ beer permittees under [this chapter](#)
24 there shall be levied and collected from the permittees on all
25 beer manufactured for sale or sold in this state at wholesale
26 and on all beer imported into this state for sale at wholesale
27 and sold in this state at wholesale, and from special class "A"
28 ~~and special class "AA"~~ beer permittees on all beer manufactured
29 for consumption on the premises and on all beer sold at retail
30 at the manufacturing premises for consumption off the premises
31 pursuant to section 123.130, subsection 3, a tax of five and
32 eighty-nine hundredths dollars for every barrel containing
33 thirty-one gallons, and at a like rate for any other quantity
34 or for the fractional part of a barrel. However, no tax shall
35 be levied or collected on beer shipped outside this state by a

1 class "A" ~~or class "AA"~~ beer permittee or sold by one class "A"
2 ~~or class "AA"~~ beer permittee to another class "A" ~~or class "AA"~~
3 beer permittee.

4 Sec. 33. Section 123.137, subsection 1, Code 2017, is
5 amended to read as follows:

6 1. A person holding a class "A", ~~class "AA"~~, or special
7 class "A", ~~or special class "AA"~~ beer permit shall, on or
8 before the tenth day of each calendar month commencing on the
9 tenth day of the calendar month following the month in which
10 the person is issued a beer permit, make a report under oath
11 to the division electronically, or in a manner prescribed by
12 the administrator, showing the exact number of barrels of
13 beer, or fractional parts of barrels, sold by the beer permit
14 holder during the preceding calendar month. The report shall
15 also state information the administrator requires, and beer
16 permit holders shall at the time of filing a report pay to the
17 division the amount of tax due at the rate fixed in section
18 123.136.

19 Sec. 34. Section 123.138, subsection 1, Code 2017, is
20 amended to read as follows:

21 1. Each class "A", ~~class "AA"~~, or special class "A", ~~or~~
22 ~~special class "AA"~~ beer permittee shall keep proper records
23 showing the amount of beer sold by the permittee, and these
24 records shall be at all times open to inspection by the
25 administrator and to other persons pursuant to section 123.30,
26 subsection 1. Each class "B" beer permittee, class "C" beer
27 permittee, or retail liquor control licensee shall keep proper
28 records showing each purchase of beer made by the permittee
29 or licensee, and the date and the amount of each purchase and
30 the name of the person from whom each purchase was made, which
31 records shall be open to inspection pursuant to section 123.30,
32 subsection 1, during normal business hours of the permittee or
33 licensee.

34 Sec. 35. Section 123.139, Code 2017, is amended to read as
35 follows:

1 **123.139 Separate locations — class “A”, ~~class “AA”, or~~**
2 **special class “A”, ~~or special class “AA”~~ beer permit.**

3 A class “A”, ~~class “AA”, or~~ special class “A”, ~~or special~~
4 ~~class “AA”~~ beer permittee having more than one place of
5 business is required to have a separate beer permit for each
6 separate place of business maintained by the permittee where
7 beer is stored, warehoused, or sold.

8 Sec. 36. Section 123.142, Code 2017, is amended to read as
9 follows:

10 **123.142 Unlawful sale and importation.**

11 1. It is unlawful for the holder of a class “B” or class
12 “C” beer permit issued under [this chapter](#) to sell beer, except
13 beer brewed on the premises covered by a special class “A”
14 ~~or special class “AA”~~ beer permit or beer purchased from a
15 person holding a class “A” ~~or class “AA”~~ beer permit issued in
16 accordance with [this chapter](#), and on which the tax provided in
17 section 123.136 has been paid. However, [this section](#) does not
18 apply to class “D” liquor control licensees as provided in this
19 chapter.

20 2. It shall be unlawful for any person not holding a class
21 “A” ~~or class “AA”~~ beer permit to import beer into this state
22 for the purpose of sale or resale.

23 Sec. 37. Section 123.143, subsection 3, Code 2017, is
24 amended to read as follows:

25 3. Barrel tax revenues collected on beer manufactured in
26 this state from a class “A” ~~or class “AA”~~ beer permittee which
27 owns and operates a brewery located in Iowa shall be credited
28 to the barrel tax fund hereby created in the office of the
29 treasurer of state. Moneys deposited in the barrel tax fund
30 shall not revert to the general fund of the state without a
31 specific appropriation by the general assembly. Moneys in the
32 barrel tax fund are appropriated to the economic development
33 authority for purposes of [section 15E.117](#).

34 Sec. 38. Section 123.144, subsection 1, Code 2017, is
35 amended to read as follows:

1 1. No person shall bottle beer within the state of Iowa,
2 except class "A", and special class "A", ~~class "AA", and~~
3 ~~special class "AA"~~ beer permittees who have complete equipment
4 for bottling beer and who have received the approval of the
5 local board of health as to sanitation. It shall be the duty of
6 local boards of health to inspect the premises and equipment of
7 class "A", and special class "A", ~~class "AA", and special class~~
8 ~~"AA"~~ beer permittees who desire to bottle beer.

9

DIVISION III

10

NATIVE DISTILLED SPIRITS

11 Sec. 39. Section 123.3, subsections 28 and 29, Code 2017,
12 are amended to read as follows:

13 28. ~~"Micro-distilled"~~ "Native distilled spirits" means
14 ~~distilled~~ spirits fermented, distilled, or, for a period of
15 two years, barrel matured on the licensed premises of the
16 ~~micro-distillery~~ native distillery where fermented, distilled,
17 or matured. ~~"Micro-distilled spirits"~~ "Native distilled spirits"
18 also includes blended or mixed spirits comprised solely of
19 spirits fermented, distilled, or, for a period of two years,
20 barrel matured at a ~~micro-distillery~~ native distillery.

21 29. ~~"Micro-distillery"~~ "Native distillery" means a
22 business with an ~~operational~~ operating still which, ~~combining~~
23 ~~all production facilities of the business,~~ produces and
24 manufactures ~~less than fifty thousand proof gallons of~~ native
25 distilled spirits ~~on an annual basis.~~

26 Sec. 40. Section 123.30, subsection 3, paragraph c, Code
27 2017, is amended by adding the following new subparagraph:

28 NEW SUBPARAGRAPH. (3) A class "C" native distilled spirits
29 liquor control license may be issued to a native distillery but
30 shall be issued in the name of the individuals who actually own
31 the business and shall only be issued to a native distillery
32 which, combining all production facilities of the business,
33 produces and manufactures not more than one hundred thousand
34 proof gallons of distilled spirits on an annual basis. The
35 license shall authorize the holder to sell native distilled

1 spirits manufactured on the premises of the native distillery
2 to patrons by the individual drink for consumption on the
3 premises. All native distilled spirits sold by a native
4 distillery for on-premises consumption shall be purchased from
5 a class "E" liquor control licensee.

6 Sec. 41. Section 123.32, subsection 1, Code 2017, is amended
7 to read as follows:

8 1. *Filing of application.* An application for a class "A",
9 class "B", class "C", or class "E" liquor control license, for
10 a class "A" ~~micro-distilled~~ native distilled spirits ~~permit~~
11 license, for a retail beer permit as provided in sections
12 123.128 and 123.129, or for a class "B", class "B" native, or
13 class "C" native retail wine permit as provided in section
14 123.178, 123.178A, or 123.178B, accompanied by the necessary
15 fee and bond, if required, shall be filed with the appropriate
16 city council if the premises for which the license or permit
17 is sought are located within the corporate limits of a city,
18 or with the board of supervisors if the premises for which the
19 license or permit is sought are located outside the corporate
20 limits of a city. An application for a class "D" liquor
21 control license and for a class "A" beer or class "A" wine
22 permit, accompanied by the necessary fee and bond, if required,
23 shall be submitted to the division electronically, or in a
24 manner prescribed by the administrator, which shall proceed in
25 the same manner as in the case of an application approved by
26 local authorities.

27 Sec. 42. Section 123.36, Code 2017, is amended by adding the
28 following new subsection:

29 NEW SUBSECTION. 3A. Class "C" native distilled spirits
30 liquor control license, the sum of two hundred fifty dollars.

31 Sec. 43. Section 123.36, subsection 5, Code 2017, is amended
32 to read as follows:

33 5. Any club, hotel, motel, native distillery, or commercial
34 establishment holding a liquor control license, subject to
35 section 123.49, subsection 2, paragraph "b", may apply for and

1 receive permission to sell and dispense alcoholic liquor and
2 wine to patrons on Sunday for consumption on the premises only,
3 and beer for consumption on or off the premises between the
4 hours of 8:00 a.m. on Sunday and 2:00 a.m. on the following
5 Monday. A class "D" liquor control licensee may apply for and
6 receive permission to sell and dispense alcoholic beverages to
7 patrons for consumption on the premises only between the hours
8 of 8:00 a.m. on Sunday and 2:00 a.m. on the following Monday.
9 For the privilege of selling beer, wine, and alcoholic liquor
10 on the premises on Sunday the liquor control license fee of the
11 applicant shall be increased by twenty percent of the regular
12 fee prescribed for the license pursuant to [this section](#), and
13 the privilege shall be noted on the liquor control license.

14 Sec. 44. NEW SECTION. 123.43 Class "A" native distilled
15 spirits license — application and issuance — fees.

16 1. A person applying for a class "A" native distilled
17 spirits license shall submit an application electronically, or
18 in a manner prescribed by the administrator, which shall set
19 forth under oath the following:

20 a. The name and place of residence of the applicant.

21 b. The names and addresses of all persons or, in the case of
22 a corporation, the officers, directors, and persons owning or
23 controlling ten percent or more of the capital stock thereof,
24 having a financial interest, by way of loan, ownership, or
25 otherwise, in the business.

26 c. The location of the premises where the applicant intends
27 to operate.

28 d. The name of the owner of the premises and if the owner of
29 the premises is not the applicant, whether the applicant is the
30 actual lessee of the premises.

31 e. When required by the administrator, and in such form and
32 containing such information as the administrator may require,
33 a description of the premises where the applicant intends to
34 use the license, to include a sketch or drawing of the premises
35 and, if applicable, the number of square feet of interior floor

1 space which comprises the retail sales area of the premises.

2 *f.* Whether any person specified in paragraph "b" has ever
3 been convicted of any offense against the laws of the United
4 States, or any state or territory thereof, or any political
5 subdivision of any such state or territory.

6 *g.* Any other information as required by the administrator.

7 2. Except as otherwise provided in this chapter, the
8 administrator shall issue a class "A" native distilled spirits
9 license to any applicant who establishes all of the following:

10 *a.* That the applicant has submitted a completed application
11 as required by subsection 1.

12 *b.* That the applicant is a person of good moral character as
13 provided in section 123.3, subsection 34.

14 *c.* That the applicant is a citizen of the state of Iowa
15 or, if a corporation, that the applicant is authorized to do
16 business in the state.

17 *d.* That the applicant is a bona fide manufacturer of
18 alcoholic liquors, and that the applicant will faithfully
19 observe and comply with all laws, rules, and regulations
20 governing the manufacture and sale of alcoholic liquor.

21 *e.* That the premises where the applicant intends to use the
22 license conforms to all applicable laws, health regulations,
23 and fire regulations, and constitutes a safe and proper place
24 or building.

25 *f.* That the applicant gives consent to a person, pursuant
26 to section 123.30, subsection 1, to enter upon the premises
27 without a warrant during the business hours of the applicant
28 to inspect for violations of the provisions of this chapter or
29 ordinances and regulations that local authorities may adopt.

30 3. A class "A" native distilled spirits license for a native
31 distillery shall be issued and renewed annually upon payment of
32 a fee of five hundred dollars.

33 4. A violation of the requirements of this chapter shall
34 subject the licensee to the general penalties provided in this
35 chapter and shall constitute grounds for imposition of a civil

1 penalty or suspension or revocation of the license after notice
2 and opportunity for a hearing pursuant to section 123.39 and
3 chapter 17A.

4 Sec. 45. Section 123.43A, Code 2017, is amended to read as
5 follows:

6 **123.43A ~~Micro-distilled spirits~~ — permit Native**
7 **distilleries.**

8 1. Subject to rules of the division, a ~~micro-distillery~~
9 native distillery holding a class "A" ~~micro-distilled native~~
10 distilled spirits ~~permit pursuant to this section~~ license
11 issued pursuant to section 123.43 may sell or offer for sale
12 ~~micro-distilled native distilled~~ spirits. As provided in this
13 section, sales of native distilled spirits manufactured on the
14 premises may be made at retail for off-premises consumption
15 when sold on the premises of the ~~micro-distillery~~ native
16 distillery that manufactures ~~micro-distilled native distilled~~
17 spirits. All sales intended for resale in this state shall be
18 made through the state's wholesale distribution system.

19 2. A ~~micro-distillery~~ native distillery shall not sell
20 more than one and one-half liters per person per day, of
21 ~~micro-distilled native distilled~~ spirits on the premises of
22 the ~~micro-distillery~~ native distillery. However, a native
23 distillery which, combining all production facilities of
24 the business, produces and manufactures not more than one
25 hundred thousand proof gallons of native distilled spirits
26 on an annual basis, may sell not more than nine liters per
27 person per day, of native distilled spirits. In addition, a
28 ~~micro-distillery~~ native distillery shall not directly ship
29 ~~micro-distilled native distilled~~ spirits for sale at retail.
30 The ~~micro-distillery~~ native distillery shall maintain records
31 of individual purchases of ~~micro-distilled native distilled~~
32 spirits at the ~~micro-distillery~~ native distillery for three
33 years.

34 3. A ~~micro-distillery~~ native distillery shall not sell
35 ~~micro-distilled native distilled~~ spirits other than as

1 permitted in this chapter and shall not allow ~~micro-distilled~~
2 native distilled spirits sold for consumption off the premises
3 to be consumed upon the premises of the ~~micro-distillery~~ native
4 distillery. However, ~~as a part of a micro-distillery tour,~~
5 ~~micro-distilled~~ native distilled spirits may be tasted pursuant
6 to the rules of the division on the premises where fermented,
7 distilled, or matured, when no charge is made for the tasting.

8 4. ~~A class "A" micro-distilled spirits permit for a~~
9 ~~micro-distillery shall be issued and renewed annually upon~~
10 ~~payment of a fee of five hundred dollars.~~

11 5. The sale of ~~micro-distilled~~ native distilled spirits to
12 the division for wholesale disposition and sale by the division
13 shall be subject to the requirements of this chapter regarding
14 such disposition and sale.

15 6. 5. The division shall issue no more than three permits
16 ~~under this section~~ class "A" native distilled spirits licenses
17 to a person. In addition, a ~~micro-distillery~~ native distillery
18 issued a ~~permit under this section~~ class "A" native distilled
19 spirits license shall file with the division, on or before the
20 fifteenth day of each calendar month, all documents filed by
21 the ~~micro-distillery~~ native distillery with the alcohol and
22 tobacco tax and trade bureau of the United States department of
23 the treasury, including all production, storage, and processing
24 reports.

25 7. ~~Micro-distilled spirits purchased at a micro-distillery~~
26 ~~shall not be consumed on any property owned, operated, or~~
27 ~~controlled by a micro-distillery.~~

28 6. Notwithstanding any provision of this chapter to the
29 contrary or the fact that a person is the holder of a class
30 "A" native distilled spirits license, a native distillery
31 which, combining all production facilities of the business,
32 produces and manufactures not more than one hundred thousand
33 proof gallons of native distilled spirits on an annual basis
34 may sell those native distilled spirits manufactured on the
35 premises of the native distillery for consumption on the

1 premises by applying for a class "C" native distilled spirits
2 liquor control license as provided in section 123.30. A native
3 distillery may be granted not more than one class "C" native
4 distilled spirits liquor control license. All native distilled
5 spirits sold by a native distillery for on-premises consumption
6 shall be purchased from a class "E" liquor control licensee. A
7 manufacturer of native distilled spirits may be issued a class
8 "C" native distilled spirits liquor control license regardless
9 of whether the manufacturer is also a manufacturer of native
10 wine pursuant to a class "A" wine permit. A native distillery
11 engaged in the business of manufacturing beer shall not be
12 issued a class "C" native distilled spirits liquor control
13 license.

14 7. A native distillery may sell the native distilled spirits
15 it manufactures to customers outside the state.

16 Sec. 46. Section 123.56, subsection 5, Code 2017, is amended
17 to read as follows:

18 5. Notwithstanding any other provision of [this chapter](#), a
19 person engaged in the business of manufacturing native wine may
20 sell native wine at retail for consumption on the premises of
21 the manufacturing facility by applying for a class "C" native
22 wine permit as provided in [section 123.178B](#). A manufacturer
23 of native wine may be granted not more than one class "C"
24 native wine permit. A manufacturer of native wine may be
25 issued a class "C" native wine permit regardless of whether the
26 manufacturer is also a manufacturer of native distilled spirits
27 pursuant to a class "A" native distilled spirits license.

28 Sec. 47. Section 123.173A, subsections 4 and 7, Code 2017,
29 are amended to read as follows:

30 4. The authorized nonprofit entity conducting the charity
31 beer, spirits, and wine auction shall obtain the beer, spirits,
32 and wine to be auctioned at the charity beer, spirits, and wine
33 auction from an Iowa retail beer permittee, an Iowa retail
34 liquor control licensee, or an Iowa retail wine permittee, or
35 may receive donations of beer, spirits, or wine to be auctioned

1 at the charity beer, spirits, and wine auction from persons
 2 who purchased the donated beer, spirits, or wine from an Iowa
 3 retail beer permittee, an Iowa retail liquor control licensee,
 4 an Iowa ~~micro-distilled~~ class "A" native distilled spirits
 5 permittee licensee, or an Iowa retail wine permittee and who
 6 present a receipt documenting the purchase at the time the
 7 beer, spirits, or wine is donated. The authorized nonprofit
 8 entity conducting the charity beer, spirits, and wine auction
 9 shall retain a copy of the receipt for a period of one year from
 10 the date of the charity beer, spirits, and wine auction.

11 7. A liquor control licensee, beer permittee,
 12 ~~micro-distilled~~ class "A" native distilled spirits permittee
 13 licensee, or wine permittee shall not purchase beer, spirits,
 14 or wine at a charity beer, spirits, and wine auction. The
 15 charity beer, spirits, and wine auction may be conducted on a
 16 premises for which a class "B" liquor control license or class
 17 "C" liquor control license has been issued, provided that the
 18 liquor control licensee does not participate in the charity
 19 beer, spirits, and wine auction, supply beer, spirits, or wine
 20 to be auctioned at the charity beer, spirits, and wine auction,
 21 or receive any of the proceeds of the charity beer, spirits,
 22 and wine auction.

23

EXPLANATION

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

26 This bill concerns alcoholic beverage control and matters
 27 under the purview of the alcoholic beverages division of the
 28 department of commerce.

29 DIVISION I — ALCOHOLIC BEVERAGE CONTROL. Code section
 30 123.3, providing definitions, is amended. The bill amends the
 31 definition of "licensed premises" to include noncontiguous
 32 areas or places susceptible of a precise description.

33 Code section 123.22 is amended to allow individuals to
 34 manufacture, sell, or transport ingredients and devices used to
 35 make homemade beer. Current law allows this for homemade wine.

1 Code section 123.23, concerning a distiller's certificate of
2 compliance, is amended to delete a reference that a listing of
3 authorized agents of the certificate holder be amended "from
4 time to time". The bill does not eliminate the requirement
5 that the listing be amended as necessary.

6 Code section 123.28, concerning restrictions on
7 transportation, is amended by dividing the section into
8 numbered subsections.

9 Code section 123.30, concerning liquor control licenses,
10 is amended by removing cash payment as a type of payment
11 for purchasing alcoholic liquor from the alcoholic beverages
12 division. The bill retains language in current law that
13 requires payment by other means that ensure the division
14 receives full payment in advance of delivery of alcoholic
15 liquor.

16 Code section 123.31, concerning application contents for
17 a liquor control license, is amended by striking provisions
18 requiring the applicant to set forth whether the applicant
19 possesses a federal gambling stamp and whether, if required,
20 all designated security employees have received security
21 employee training and certification as required by Code section
22 123.32.

23 Code section 123.32 is amended to provide that if an
24 application for a liquor control license or other permit is
25 disapproved by the administrator of the alcoholic beverages
26 division, the appropriate local authority shall be notified
27 electronically, or in a manner prescribed by the administrator,
28 instead of by certified mail. The applicant is still required
29 to be notified of the disapproval by certified mail.

30 Code section 123.33, concerning records required to be
31 maintained by a licensee or permittee, is amended to describe
32 the types of records to be maintained, which shall include
33 income statements, balance sheets, and purchase and sale
34 invoices and ledgers.

35 Code section 123.34, concerning seasonal licenses, is

1 amended to provide that an applicant may apply for a new
2 seasonal permit or license at the same location after two
3 months.

4 Code section 123.49 is amended to consolidate the rules
5 governing Sunday sales of alcoholic liquor, wine, or beer
6 within subsection 2, paragraph "b", of that section.

7 Code section 123.51, concerning allowable signs and branded
8 advertising of a licensee authorized to sell liquor, wine,
9 or beer at retail, is amended to provide that signs or other
10 advertising matter may be erected inside the premises and
11 inside a window facing outward from the premises.

12 Code section 123.175, concerning class "A" or retail
13 wine permit applications, is stricken and rewritten by the
14 bill. The bill provides specifically for the contents of
15 the application to be submitted to the administrator of the
16 alcoholic beverages division and what the applicant must
17 establish before the administrator issues a permit. In
18 addition to requirements currently provided in Code section
19 123.175, the bill provides that an applicant that is a
20 corporation shall list all officers and persons with a certain
21 financial interest in the corporation in the application. The
22 bill also requires an applicant to state in the application
23 whether certain persons required to be listed in the
24 application have been convicted of any offense and, if required
25 by the administrator of the division, to include in the
26 application a sketch or drawing of the premises. Code section
27 123.187 is amended to reflect the rewritten Code section.

28 The bill also amends Code section 123.177 to allow a class
29 "A" wine permit holder to sell wine to a person holding both a
30 class "B" beer permit and a class "A" beer permit.

31 Code section 123.178B, concerning class "C" native wine
32 permits, is amended to specify that a permittee authorized to
33 purchase beer for sale at retail may sell it for consumption
34 on or off the premises covered by the class "C" native wine
35 permit.

1 Code section 123.180, concerning a vintner's certificate of
2 compliance, is amended to provide that the listing of class "A"
3 wine permittees the applicant intends to do business with that
4 is filed with the alcoholic beverages division shall be amended
5 as necessary to keep the listing current.

6 Code section 123.183 is amended to provide that the
7 gallonage tax on wine is collected when the wine is sold at
8 wholesale.

9 DIVISION II — BEER PERMITS. This division eliminates
10 class "AA" and special class "AA" beer permits and makes other
11 changes relative to beer permits.

12 Code section 123.124, concerning beer permit classes, is
13 rewritten to reflect the elimination of class "AA" and special
14 class "AA" beer permits. The Code section is also amended to
15 refer to the Code sections that describe the authority for each
16 beer permit class.

17 Code section 123.127, concerning class "A" or class "AA"
18 and special class "A" or special class "AA" beer permits, is
19 stricken and rewritten by the bill. The bill eliminates the
20 class "AA" and special class "AA" beer permits and provides
21 specifically for the contents of the application to be
22 submitted to the administrator of the alcoholic beverages
23 division and what the applicant must establish before the
24 administrator issues a permit. The bill also increases from
25 \$5,000 to \$10,000 the amount of the bond an applicant must
26 submit to the administrator.

27 In addition to requirements currently provided in Code
28 section 123.127, the bill provides that an applicant that is a
29 corporation shall list all officers and persons with a certain
30 financial interest in the corporation in the application. The
31 bill also requires an applicant to state in the application
32 whether certain persons required to be listed in the
33 application have been convicted of any offense and, if required
34 by the administrator of the division, to include in the
35 application a sketch or drawing of the premises. Code sections

1 123.128 and 123.129, concerning class "B" and class "C" beer
2 permits, are amended to reflect the rewritten Code section.

3 Code section 123.130, is amended to eliminate class "AA" and
4 special class "AA" beer permits, allow a class "A" beer permit
5 holder to sell beer to persons holding both a class "C" native
6 wine permit and a class "A" wine permit, and provides that
7 certain special class "A" beer permittees may sell at retail
8 at the manufacturing premises for consumption off the premises
9 beer that is transferred at the time of sale to another
10 container subject to the requirements of Code section 123.131
11 as provided in the bill.

12 Code section 123.131, concerning authority under a class "B"
13 beer permit, is amended to allow a class "B" beer permittee
14 whose primary purpose is manufacturing beer that also holds
15 a class "A" beer permit to purchase wine from a wholesaler
16 for sale at retail or consumption on the premises covered by
17 the class "B" beer permit. In addition, the Code section is
18 amended to provide that sales of beer for consumption off the
19 premises may be made in a container other than the original
20 container that is no larger than 72 ounces under certain
21 circumstances and shall not be deemed an open container for
22 purposes of Code sections 321.284 and 321.284A.

23 Code section 123.134, concerning beer permit fees, is
24 amended to increase the annual fee for a class "A" or special
25 class "A" beer permit from \$250 to \$750.

26 Code section 123.135, concerning a certificate of compliance
27 concerning beer, is amended to provide that the listing of
28 class "A" permittees and geographic area as filed with the
29 alcoholic beverages division shall be amended as necessary to
30 keep the listing current.

31 Code section 123.136, concerning the barrel tax on beer,
32 is amended to provide that the tax applies to all beer
33 sold at retail by a special class "A" beer permittee at the
34 manufacturing premises for consumption off the premises.

35 DIVISION III — NATIVE DISTILLED SPIRITS. Code section

1 123.3, providing definitions, is amended to change the terms
2 "micro-distilled spirits" and "micro-distillery" to "native
3 distilled spirits" and "native distillery". In addition, the
4 bill eliminates the requirement that a native distillery has to
5 produce and manufacture less than 50 proof gallons of distilled
6 spirits annually. Corresponding changes in Code chapter 123
7 are made to reflect the changed definitions.

8 Code section 123.30, concerning liquor control licenses,
9 is amended to provide for the issuance of a class "C" native
10 distilled spirits license to a native distillery that produces
11 not more than 100,000 proof gallons of native distilled spirits
12 on an annual basis which authorizes the holder to sell native
13 distilled spirits manufactured on the premises for consumption
14 on the premises.

15 Code section 123.32, concerning applications for certain
16 licenses, is amended to change a reference to a class "A"
17 micro-distilled spirits permit to a class "A" native distilled
18 spirits license.

19 Code section 123.36 is amended to allow a native distillery
20 the ability to make certain sales of alcoholic liquor, wine,
21 and beer on Sundays in the same manner as a club, hotel, motel,
22 or other commercial establishment.

23 New Code section 123.43 provides for the information
24 necessary for a person to apply for and be issued a class
25 "A" native distilled spirits license. The bill requires the
26 applicant to submit information regarding the applicant and the
27 location of the native distillery. The application shall also
28 provide that the applicant is of good moral character, that the
29 applicant is a bona fide manufacturer of alcoholic liquors and
30 will comply with laws relating to alcoholic liquors, and that
31 the premises for which the license is sought complies with all
32 applicable zoning ordinances. The annual fee for the license
33 shall be \$500. The bill also provides that a violation of the
34 requirements of Code chapter 123 shall subject the licensee to
35 the penalties provided by the Code chapter and shall constitute

1 grounds for imposition of a civil penalty or suspension or
2 revocation of the license.

3 Code section 123.43A, providing for a class "A"
4 micro-distilled spirits permit, is amended to reflect the
5 change of the term to native distilled spirits. The bill
6 changes the permit to a license and provides an exception to
7 the current one and one-half liters per day limit on sales
8 of such spirits on the premises and instead allows sales of
9 nine liters per person per day for those native distilleries
10 that produce not more than 100,000 proof gallons of native
11 distilled spirits on an annual basis. The bill also allows
12 a native distillery to sell the spirits it manufactures to
13 customers outside the state. The bill also allows a native
14 distillery that produces not more than 100,000 proof gallons
15 of native distilled spirits on an annual basis to sell the
16 spirits it manufactures for consumption on the premises of the
17 manufacturing facility by applying for a new class "C" native
18 distilled spirits liquor control license. The bill limits a
19 native distillery to no more than one of the new class "C"
20 licenses. The bill also provides that a native distillery
21 may be issued a class "C" license regardless of whether the
22 manufacturer is also a manufacturer of native wine but shall
23 not be issued a class "C" license if the native distillery is
24 engaged in the business of manufacturing beer.

25 Code section 123.56, concerning native wines, is amended to
26 allow a manufacturer of native wine to be issued a class "C"
27 native wine permit regardless of whether the manufacturer also
28 manufactures native distilled spirits.