

# House Study Bill 59 - Introduced

HOUSE FILE \_\_\_\_\_

BY (PROPOSED COMMITTEE ON  
STATE GOVERNMENT BILL BY  
CHAIRPERSON KAUFMANN)

## A BILL FOR

1 An Act relating to low-proof spirit beverages.

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

1 Section 1. Section 123.3, Code 2019, is amended by adding  
2 the following new subsections:

3 NEW SUBSECTION. 27A. "*Low-proof spirit beverage*" means a  
4 mixed drink or cocktail that is premixed and packaged in an  
5 original container and contains more than six and twenty-five  
6 hundredths percent of alcohol by volume but not more than  
7 seventeen and one-half percent of alcohol by volume.

8 NEW SUBSECTION. 28A. "*Mixed drink or cocktail*" means an  
9 alcoholic beverage, composed in whole or in part of alcoholic  
10 liquor, that is combined with other alcoholic beverages or  
11 nonalcoholic beverages or ingredients including but not limited  
12 to ice, water, soft drinks, or flavorings.

13 Sec. 2. Section 123.130, subsections 1 and 2, Code 2019, are  
14 amended to read as follows:

15 1. Any person holding a class "A" beer permit issued by  
16 the division shall be authorized to manufacture and sell, or  
17 sell at wholesale, beer and low-proof spirit beverages for  
18 consumption off the premises, such sales within the state to  
19 be made only to persons holding subsisting class "A", "B", or  
20 "C" beer permits, both a class "C" native wine permit and a  
21 class "A" wine permit pursuant to section 123.178B, subsection  
22 4, or liquor control licenses issued in accordance with the  
23 provisions of [this chapter](#). A class "A" or special class "A"  
24 beer permit does not grant authority to manufacture wine as  
25 defined in [section 123.3, subsection 48](#).

26 2. All class "A" premises shall be located within the  
27 state. All beer and low-proof spirit beverages received by  
28 the holder of a class "A" beer permit from the holder of a  
29 certificate of compliance before being resold must first come  
30 to rest on the licensed premises of the permit holder, must be  
31 inventoried, and is subject to the barrel tax when resold as  
32 provided in [section 123.136](#). A class "A" beer permittee shall  
33 not store beer or a low-proof spirit beverage overnight except  
34 on premises licensed under a class "A" beer permit.

35 Sec. 3. Section 123.131, subsection 1, Code 2019, is amended

1 to read as follows:

2 1. Subject to the provisions of [this chapter](#), any person  
3 holding a class "B" beer permit shall be authorized to sell  
4 beer and a low-proof spirit beverage for consumption on or off  
5 the premises. Sales of beer and a low-proof spirit beverage  
6 for consumption off the premises made pursuant to [this section](#)  
7 shall be made in original containers except as provided in  
8 subsection 2. However, unless otherwise provided in this  
9 chapter, no sale of beer and a low-proof spirit beverage shall  
10 be made for consumption on the premises unless the place  
11 where such service is made is equipped with tables and seats  
12 sufficient to accommodate not less than twenty-five persons at  
13 one time.

14 Sec. 4. Section 123.132, subsection 1, Code 2019, is amended  
15 to read as follows:

16 1. The holder of a class "C" beer permit shall be allowed  
17 to sell beer and a low-proof spirit beverage to consumers  
18 at retail for consumption off the premises. The sales made  
19 pursuant to [this section](#) shall be made in original containers  
20 except as provided in [subsection 2](#).

21 Sec. 5. Section 123.132, subsection 2, unnumbered paragraph  
22 1, Code 2019, is amended to read as follows:

23 Subject to the rules of the division, sales of beer made  
24 pursuant to [this section](#) may be made in a container other  
25 than the original container only if all of the following  
26 requirements are met:

27 Sec. 6. Section 123.136, subsection 1, Code 2019, is amended  
28 to read as follows:

29 1. In addition to the annual permit fee to be paid by  
30 all class "A" beer permittees under [this chapter](#) there shall  
31 be levied and collected from the permittees on all beer and  
32 low-proof spirit beverages manufactured for sale or sold in  
33 this state at wholesale and on all beer and low-proof spirit  
34 beverages imported into this state for sale at wholesale and  
35 sold in this state at wholesale, and from special class "A"

1 beer permittees on all beer manufactured for consumption on the  
2 premises and on all beer and low-proof spirit beverages sold  
3 at retail at the manufacturing premises for consumption off  
4 the premises pursuant to section 123.130, subsection 3, a tax  
5 of five and eighty-nine hundredths dollars for every barrel  
6 containing thirty-one gallons, and at a like rate for any other  
7 quantity or for the fractional part of a barrel. However,  
8 no tax shall be levied or collected on beer and low-proof  
9 spirit beverages shipped outside this state by a class "A" beer  
10 permittee or sold by one class "A" beer permittee to another  
11 class "A" beer permittee.

12 Sec. 7. Section 123.178B, subsection 4, Code 2019, is  
13 amended to read as follows:

14 4. A person holding a class "C" native wine permit and a  
15 class "A" wine permit whose primary purpose is manufacturing  
16 native wine may purchase beer and a low-proof spirit beverage  
17 from a wholesaler holding a class "A" beer permit for sale at  
18 retail for consumption on or off the premises covered by the  
19 class "C" native wine permit.

20 Sec. 8. Section 123A.2, Code 2019, is amended by adding the  
21 following new subsection:

22 NEW SUBSECTION. 9A. "*Low-proof spirit beverage*" means as  
23 defined in section 123.3.

24 Sec. 9. NEW SECTION. 123A.13 **Low-proof spirit beverage —**  
25 **applicability of chapter.**

26 The provisions of this chapter that apply to a brewer and  
27 wholesaler of beer shall apply to a manufacturer and wholesaler  
28 of low-proof spirit beverages.

29 EXPLANATION

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

32 This bill concerns low-proof spirit beverages.

33 Code section 123.3 is amended by adding definitions for  
34 "low-proof spirit beverage" and "mixed drink or cocktail".  
35 "Low-proof spirit beverage" is defined as a mixed drink or

1 cocktail that is premixed, packaged in an original container,  
2 and contains more than 6.25 percent, but not more than 17.5  
3 percent, of alcohol by volume. "Mixed drink or cocktail"  
4 is defined as an alcoholic beverage, consisting in whole or  
5 in part of alcoholic liquors, that is combined with other  
6 alcoholic or nonalcoholic beverages.

7 The bill authorizes a class "A" beer permittee to  
8 manufacture and sell, or sell at wholesale, low-proof spirit  
9 beverages to persons holding class "A", "B", or "C" beer  
10 permits, both a class "C" native wine permit and a class "A"  
11 wine permit, or liquor control licenses. In addition, the  
12 bill provides that a holder of a class "B" beer permit may  
13 sell a low-proof spirit beverage for consumption on or off the  
14 premises and allows a holder of a class "C" beer permit to sell  
15 a low-proof spirit beverage for consumption off the premises.  
16 The bill also allows a holder of a class "C" native wine permit  
17 and a class "A" wine permit to purchase and sell a low-proof  
18 spirit beverage for consumption on or off the premises covered  
19 by the class "C" native wine permit.

20 Code section 123.136 is amended to provide that the barrel  
21 tax on beer also applies to low-proof spirit beverages.

22 New Code section 123A.13 provides that the provisions of  
23 Code chapter 123A that apply to brewers and wholesalers of beer  
24 also apply to manufacturers and wholesalers of low-proof spirit  
25 beverages.