

Senate File 533 - Introduced

SENATE FILE 533
BY COMMITTEE ON COMMERCE

(SUCCESSOR TO SSB 1216)

(COMPANION TO 2490HV BY
COMMITTEE ON COMMERCE)

A BILL FOR

1 An Act concerning alcoholic beverage control, relating to
2 limitations on business interests of certain manufacturers,
3 wholesalers, and retailers of alcoholic beverages.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 123.45, Code 2019, is amended by adding
2 the following new subsection:

3 NEW SUBSECTION. 01. For purposes of this section,
4 "*institutional investor*" means a person who maintains a
5 diversified portfolio of investments through a state or
6 federally chartered bank, a mutual fund, a retirement plan
7 or account created by an employer, the person, or another
8 individual to provide retirement benefits or deferred
9 compensation to the person, a private investment firm, or a
10 holding company publicly traded on the New York stock exchange,
11 the American stock exchange, or NASDAQ stock market and who has
12 a majority of investments in businesses other than businesses
13 that manufacture, bottle, wholesale, or sell at retail
14 alcoholic beverages.

15 Sec. 2. Section 123.45, subsection 1, unnumbered paragraph
16 1, Code 2019, is amended to read as follows:

17 A Subject to such exceptions as otherwise authorized
18 under this chapter, a person engaged in the business of
19 manufacturing, bottling, or wholesaling alcoholic beverages,
20 wine, or beer excluding an institutional investor, or any
21 jobber, representative, broker, employee, or agent of such a
22 person, shall not do any of the following:

23 Sec. 3. Section 123.45, subsection 1, paragraphs c and d,
24 Code 2019, are amended to read as follows:

25 c. Directly or indirectly be interested in the ownership,
26 conduct, or operation of the business of another licensee or
27 permittee authorized under this chapter to sell at retail,
28 unless the licensee or permittee authorized under this
29 chapter to sell at retail does not purchase or sell the
30 alcoholic beverages of the person engaged in the business of
31 manufacturing, bottling, or wholesaling alcoholic beverages.
32 However, the licensee or permittee authorized under this
33 chapter to sell at retail may purchase and sell the wine of the
34 person engaged in the business of manufacturing wine that is
35 not native wine provided the licensed premises is the principal

1 office, as defined in section 490.140, of the manufacturer.

2 d. Hold a retail liquor control license or retail wine or
3 beer permit, unless the licensee or permittee holding a retail
4 liquor control license or retail wine or beer permit does not
5 purchase or sell the alcoholic beverages of the person engaged
6 in the business of manufacturing, bottling, or wholesaling
7 alcoholic beverages. However, a person engaged in the business
8 of manufacturing wine that is not native wine may purchase and
9 sell the person's wine under the authority of a special class
10 "C" liquor control license and a class "B" wine permit provided
11 the licensed premises is the principal office, as defined in
12 section 490.140, of the person.

13 Sec. 4. Section 123.45, Code 2019, is amended by adding the
14 following new subsections:

15 NEW SUBSECTION. 1A. Notwithstanding any provision of law to
16 the contrary, a broker, employee, or agent of a person engaged
17 in the business of manufacturing, bottling, or wholesaling
18 alcoholic beverages may be a broker, employee, or agent of
19 another person engaged in the business of manufacturing,
20 bottling, or wholesaling alcoholic beverages or a broker,
21 employee, or agent of a business authorized under this chapter
22 to sell alcoholic beverages at retail as long as the broker,
23 employee, or agent is not an officer, owner, director, or
24 employee in a position to exercise any control or influence
25 over the types of sales or the purchasing of alcoholic
26 beverages in either position of employment.

27 NEW SUBSECTION. 4. The exceptions established by
28 subsection 1 to the general prohibition against tied interests
29 shall be limited to their express terms so as not to undermine
30 the general prohibition and shall therefore be construed
31 accordingly, and shall not be construed to affect exceptions
32 to the general prohibition against tied interests as otherwise
33 authorized under this chapter.

34 Sec. 5. Section 123.130, subsection 1, Code 2019, is amended
35 to read as follows:

1 1. a. Any person holding a class "A" beer permit issued
2 by the division shall be authorized to manufacture and sell,
3 or sell at wholesale, beer for consumption off the premises,
4 such sales within the state to be made only to persons holding
5 subsisting class "A", "B", or "C" beer permits, both a class
6 "C" native wine permit and a class "A" wine permit pursuant
7 to [section 123.178B, subsection 4](#), or liquor control licenses
8 issued in accordance with the provisions of [this chapter](#).
9 However, a person holding a class "A" beer permit issued by
10 the division who also holds a brewer's notice issued by the
11 alcohol and tobacco tax and trade bureau of the United States
12 department of the treasury shall be authorized to sell, at
13 wholesale, no more than thirty thousand barrels of beer on an
14 annual basis for consumption off the premises.
15 b. A class "A" or special class "A" beer permit does not
16 grant authority to manufacture wine as defined in section
17 123.3, subsection 48.

18 EXPLANATION

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

21 This bill concerns alcoholic beverage control relating
22 to limitations on business interests of manufacturers,
23 wholesalers, and retailers of alcoholic beverages.

24 Code section 123.45, concerning limitations on business
25 interests, is amended. The bill, for purposes of the Code
26 section, defines "institutional investor" to mean a person
27 who maintains a diversified portfolio of investments and
28 who has a majority of investments in businesses other than
29 businesses that manufacture, bottle, wholesale, or sell at
30 retail alcoholic beverages.

31 Code section 123.45(1), providing the general limitation on
32 business interests, is amended. The bill provides that the
33 limitation on business interests applicable to a person engaged
34 in the business of manufacturing, bottling, or wholesaling
35 alcoholic beverages does not apply to a person who is an

1 institutional investor. In addition, the bill provides that a
2 manufacturer, bottler, or wholesaler of alcoholic beverages is
3 not prohibited from being interested in the business of another
4 retail licensee or permittee, or from holding a retail liquor
5 control license or retail wine or beer permit, if the retail
6 business, licensee, or permittee does not purchase or sell the
7 alcoholic beverages of the person engaged in the business of
8 manufacturing, bottling, or wholesaling alcoholic beverages.
9 The bill further provides that a person engaged in the business
10 of manufacturing wine that is not native wine who is interested
11 in the business of another retail licensee or permittee may
12 still purchase and sell the person's wine on the premises of a
13 retail licensee of the person so long as the licensed premises
14 is the principal office of the manufacturer.

15 Code section 123.45, new subsection 1A, provides that a
16 broker, employee, or agent of a person engaged in the business
17 of manufacturing, bottling, or wholesaling alcoholic beverages
18 may be a broker, employee, or agent of another person engaged
19 in the business of manufacturing, bottling, or wholesaling
20 alcoholic beverages or a business authorized to sell alcoholic
21 beverages at retail as long as the broker, employee, or agent
22 is not an officer, owner, director, or employee in a position
23 to exercise any control or influence over the types of sales
24 or the purchasing of alcoholic beverages in either position of
25 employment.

26 Code section 123.45 is further amended to provide that the
27 exceptions established by subsection 1 of this Code section to
28 the general prohibition against tied interests shall be limited
29 and shall not be construed to affect exceptions to the general
30 prohibition against tied interests as otherwise authorized
31 under Code chapter 123.

32 Code section 123.130, concerning authority under a class
33 "A" beer permit, is amended to provide that a person holding a
34 class "A" beer permit who also holds a brewer's notice issued
35 by the alcohol and tobacco tax and trade bureau of the United

S.F. 533

1 States department of the treasury shall be authorized to sell,
2 at wholesale, no more than 30,000 barrels of beer on an annual
3 basis for consumption off the premises.