

House File 2108 - Introduced

HOUSE FILE 2108

BY JONES

A BILL FOR

1 An Act providing for the direct shipment of alcoholic liquor.

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

1 Section 1. Section 123.28, subsection 5, Code 2022, is
2 amended to read as follows:

3 5. **This section** does not affect the right of a liquor
4 control license holder to purchase, possess, or transport
5 alcoholic liquors subject to **this chapter**. In addition, this
6 section shall not impact the direct shipment of alcoholic
7 liquor as regulated by section 123.42A.

8 Sec. 2. Section 123.32, subsection 1, paragraph b, Code
9 2022, is amended by adding the following new subparagraph:
10 NEW SUBPARAGRAPH. (4A) An alcoholic liquor direct shipper
11 permit as provided in section 123.42A.

12 Sec. 3. Section 123.32, subsection 1, paragraph b,
13 subparagraph (11), Code 2022, is amended to read as follows:

14 (11) ~~A wine~~ An alcoholic beverage carrier permit as provided
15 in **section 123.188**.

16 Sec. 4. Section 123.41, subsection 1, Code 2022, is amended
17 to read as follows:

18 1. Each completed application to obtain or renew a
19 manufacturer's license shall be submitted to the division
20 electronically, or in a manner prescribed by the administrator,
21 and shall be accompanied by a fee of three hundred fifty
22 dollars payable to the division. The administrator may in
23 accordance with **this chapter** grant and issue to a manufacturer
24 a manufacturer's license, valid for a one-year period after
25 date of issuance, which shall allow the manufacture, storage,
26 and wholesale disposition and sale of alcoholic liquors to the
27 division and to customers outside of the state pursuant to the
28 laws of that jurisdiction.

29 Sec. 5. NEW SECTION. **123.42A Direct shipment of alcoholic**
30 **liquor — permit and requirements.**

31 1. An alcoholic liquor manufacturer licensed or permitted
32 pursuant to laws regulating alcoholic beverages in this state
33 or another state may apply for an alcoholic liquor direct
34 shipper permit, as provided in this section. For the purposes
35 of this section, an "*alcoholic liquor manufacturer*" means a

1 person who distills, blends, bottles, handles, or prepares
2 alcoholic liquor.

3 2. a. Only an alcoholic liquor manufacturer that holds
4 an alcoholic liquor direct shipper permit issued pursuant to
5 this section shall sell alcoholic liquor at retail for direct
6 shipment to any person within this state. This section shall
7 not prohibit an authorized retail licensee or permittee from
8 delivering alcoholic liquor pursuant to section 123.46A.

9 b. An alcoholic liquor manufacturer applying for an
10 alcoholic liquor direct shipper permit shall submit an
11 application for the permit electronically, or in a manner
12 prescribed by the administrator, accompanied by a true copy of
13 the manufacturer's current alcoholic beverage license or permit
14 issued by the state where the manufacturer is primarily located
15 and a copy of the manufacturer's basic permit issued by the
16 alcohol and tobacco tax and trade bureau of the United States
17 department of the treasury.

18 c. An application submitted pursuant to paragraph "b" shall
19 be accompanied by a permit fee in the amount of twenty-five
20 dollars.

21 d. An application submitted pursuant to paragraph "b"
22 shall also be accompanied by a bond in the amount of five
23 thousand dollars in the form prescribed and furnished by the
24 division with good and sufficient sureties to be approved by
25 the division conditioned upon compliance with this chapter.

26 e. A permit issued pursuant to this section may be
27 renewed annually by submitting a renewal application with the
28 administrator in a manner prescribed by the administrator,
29 accompanied by the twenty-five dollar permit fee.

30 3. The direct shipment of alcoholic liquor pursuant to this
31 section shall be subject to the following requirements and
32 restrictions:

33 a. Alcoholic liquor shall only be shipped to a resident of
34 this state who is at least twenty-one years of age, for the
35 resident's personal use and consumption and not for resale.

1 *b.* Alcoholic liquor subject to direct shipping shall be
2 properly registered with the federal alcohol and tobacco tax
3 and trade bureau, and manufactured on the licensed premises of
4 the alcoholic liquor direct shipper permittee.

5 *c.* Alcoholic liquor subject to direct shipping shall be
6 properly registered with the division. Products which are not
7 listed for bailment must be registered electronically with the
8 division for direct shipping. This registration will include
9 the name of the manufacturer, the name of the brand, the
10 standard of fill, the wholesale price, and other information
11 as requested by the division.

12 *d.* All containers of alcoholic liquor shipped directly to a
13 resident of this state shall be conspicuously labeled with the
14 words "CONTAINS ALCOHOL: SIGNATURE OF PERSON AGE 21 OR OLDER
15 REQUIRED FOR DELIVERY" or shall be conspicuously labeled with
16 alternative wording preapproved by the administrator.

17 *e.* All containers of alcoholic liquor shipped directly
18 to a resident of this state shall be shipped by a holder of
19 an alcoholic beverage carrier permit as provided in section
20 123.188.

21 *f.* Shipment of alcoholic liquor pursuant to this subsection
22 does not require a refund value for beverage container control
23 purposes under chapter 455C.

24 4. An alcoholic liquor direct shipper permittee shipping
25 alcoholic liquor to this state shall remit the following amount
26 to the division in a manner as directed by the division:

27 *a.* For alcoholic liquor that is listed for sale by the
28 division, an amount equivalent to fifty percent of the
29 wholesale price paid by the division for the alcoholic liquor
30 as provided in section 123.24.

31 *b.* For alcoholic liquor that is not listed for sale
32 by the division, an amount equivalent to fifty percent of
33 the wholesale price as registered with the division under
34 subsection 3.

35 5. Each alcoholic liquor direct shipper permittee shall

1 make a report under oath to the division electronically, or
2 in a manner prescribed by the administrator, on or before
3 the tenth day of each month, which includes the following
4 information:

5 a. The products and quantities shipped directly to residents
6 of this state in the preceding month.

7 b. The name and address of the individuals to whom the
8 alcoholic liquor was sold in each sale.

9 c. The wholesale price of the alcoholic liquor sold.

10 d. The purchase price of the alcoholic liquor sold and
11 the amount of taxes charged to the individual purchasing the
12 alcoholic liquor.

13 e. The alcoholic beverage carrier permittee who delivered
14 the shipment.

15 6. An alcoholic liquor direct shipper permittee shall be
16 deemed to have consented to the jurisdiction of the division or
17 any other agency or court in this state concerning enforcement
18 of this section and any related laws, rules, or regulations. A
19 permit holder shall allow the division to perform an audit of
20 shipping records upon request.

21 7. A violation of this section shall subject the permittee
22 to the general penalties provided in this chapter and shall
23 constitute grounds for imposition of a civil penalty or
24 suspension or revocation of the permit pursuant to section
25 123.39.

26 Sec. 6. Section 123.46A, subsection 5, Code 2022, is amended
27 to read as follows:

28 5. Nothing in this section shall impact the direct shipment
29 of alcoholic liquor as regulated by section 123.42A or the
30 direct shipment of wine as regulated by section 123.187.

31 Sec. 7. Section 123.187, subsection 3, paragraph d, Code
32 2022, is amended to read as follows:

33 d. All containers of wine shipped directly to a resident of
34 this state shall be shipped by a holder of a wine an alcoholic
35 beverage carrier permit as provided in section 123.188.

1 Sec. 8. Section 123.188, subsections 1, 2, and 4, Code 2022,
2 are amended to read as follows:

3 1. A person desiring to deliver alcoholic liquor subject
4 to direct shipment within this state pursuant to section
5 123.42A and wine subject to direct shipment within this state
6 pursuant to section 123.187 shall submit an application for a
7 wine an alcoholic beverage carrier permit electronically, or
8 in a manner prescribed by the administrator, which shall be
9 accompanied by a fee in the amount of one hundred dollars.

10 2. The administrator may in accordance with this chapter
11 issue a wine an alcoholic beverage carrier permit which shall
12 be valid for one year from the date of issuance unless it is
13 sooner suspended or revoked for a violation of this chapter.

14 4. The delivery of alcoholic liquor and wine pursuant to
15 this section shall be subject to the following requirements and
16 restrictions:

17 a. ~~A wine~~ An alcoholic beverage carrier permittee shall not
18 deliver alcoholic liquor or wine to any person under twenty-one
19 years of age, or to any person who either is or appears to be in
20 an intoxicated state or condition.

21 b. ~~A wine~~ An alcoholic beverage carrier permittee shall
22 obtain valid proof of identity and age prior to delivery,
23 and shall obtain the signature of an adult as a condition of
24 delivery.

25 c. ~~A wine~~ An alcoholic beverage carrier permittee shall
26 maintain records of alcoholic liquor and wine shipped which
27 include the permit number and name of the alcoholic liquor
28 or wine manufacturer, quantity of alcoholic liquor and wine
29 shipped, recipient's name and address, and an electronic or
30 paper form of signature from the recipient of the alcoholic
31 liquor and wine. Records shall be submitted to the division
32 on a monthly basis in a form and manner to be determined by the
33 division.

34

EXPLANATION

35 The inclusion of this explanation does not constitute agreement with

1 the explanation's substance by the members of the general assembly.

2 This bill allows for the direct shipment of alcoholic liquor
3 within the state.

4 New Code section 123.42A provides for the direct shipment of
5 alcoholic liquor and provides for an alcoholic liquor direct
6 shipper permit. Provisions governing the direct shipment
7 of wine and the wine direct shipper permit are generally
8 made applicable to the new Code section providing for the
9 direct shipment of alcoholic liquor. In addition to these
10 requirements, the new Code section requires all alcoholic
11 liquor subject to direct shipping to be properly registered
12 with the alcoholic beverages division and that products which
13 are not listed for bailment must be registered to include
14 information on the name of the manufacturer, the name of the
15 brand, the standard of fill, the wholesale price, and other
16 information as requested by the division. The new Code section
17 also requires each alcoholic liquor direct shipper permittee to
18 make a monthly report to the alcoholic beverages division that
19 lists the products and quantities shipped directly to residents
20 of this state in the preceding month, the name and address of
21 the individuals to whom the alcoholic liquor was sold in each
22 sale, the wholesale price of the alcoholic liquor sold, the
23 purchase price and taxes charged of the alcoholic liquor sold,
24 and the alcoholic beverage carrier permittee who delivered
25 each shipment. Finally, the new Code section provides that an
26 alcoholic liquor direct shipper permittee shall remit an amount
27 to the alcoholic beverages division depending on whether the
28 alcoholic liquor shipped is listed for sale by the division.
29 If the alcoholic liquor is listed for sale by the division, the
30 permittee shall remit to the division an amount equivalent to
31 50 percent of the wholesale price paid by the division for the
32 alcoholic liquor. If the alcoholic liquor is not listed for
33 sale by the division, the permittee shall remit to the division
34 an amount equivalent to 50 percent of the wholesale price of
35 the alcoholic liquor as registered with the division.

H.F. 2108

1 Code section 123.188, providing for a wine carrier permit,
2 is amended to provide for the direct shipment of alcoholic
3 liquor as provided by the bill.