

House File 2629 - Introduced

HOUSE FILE 2629
BY COMMITTEE ON STATE
GOVERNMENT

(SUCCESSOR TO HF 83)

A BILL FOR

1 An Act providing for the direct shipment of alcoholic liquor
2 and including effective date provisions.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 123.28, subsection 5, Code 2023, is
2 amended to read as follows:

3 5. **This section** does not affect the right of a retail
4 alcohol 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 2023, is amended by adding the following new subparagraph:
10 NEW SUBPARAGRAPH. (4A) An alcoholic liquor direct shipper
11 license as provided in section 123.42A.

12 Sec. 3. Section 123.32, subsection 1, paragraph b,
13 subparagraph (10), Code 2023, is amended to read as follows:

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

16 Sec. 4. Section 123.41, subsection 1, Code 2023, 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 dollars
22 payable to the division. The administrator may in accordance
23 with **this chapter** grant and issue to a manufacturer a
24 manufacturer's license, valid for a one-year period after date
25 of issuance, which shall allow the manufacture, storage, and
26 ~~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. Section 123.41, Code 2023, is amended by adding the
30 following new subsection:

31 NEW SUBSECTION. 1A. A manufacturer of alcoholic liquor
32 may ship alcoholic liquor in closed containers to individual
33 purchasers inside this state by obtaining an alcoholic liquor
34 direct shipper license pursuant to section 123.42A.

35 Sec. 6. NEW SECTION. **123.42A Direct shipment of alcoholic**

1 liquor — license and requirements.

2 1. An alcoholic liquor manufacturer licensed or permitted
3 pursuant to laws regulating alcoholic beverages in this state
4 or another state may apply for an alcoholic liquor direct
5 shipper license, as provided in this section. For the purposes
6 of this section, an "*alcoholic liquor manufacturer*" means a
7 business with an operating still which distills spirits, barrel
8 matures spirits for a period of two years on the licensed
9 premises of the distillery where matured, or blends or mixes
10 spirits comprised solely of spirits distilled or barrel matured
11 for a period of two years on the licensed premises of the
12 distillery.

13 2. a. Only an alcoholic liquor manufacturer that holds
14 an alcoholic liquor direct shipper license issued pursuant to
15 this section shall sell alcoholic liquor at retail for direct
16 shipment to any person within this state. This section shall
17 not prohibit an authorized retail licensee or permittee from
18 delivering alcoholic liquor pursuant to section 123.46A.

19 b. An alcoholic liquor manufacturer applying for an
20 alcoholic liquor direct shipper license shall submit an
21 application for the license electronically, or in a manner
22 prescribed by the administrator, accompanied by a true copy
23 of the manufacturer's current alcoholic beverage license or
24 permit issued by the state where the manufacturer is primarily
25 located, a copy of the manufacturer's basic permit issued by
26 the alcohol and tobacco tax and trade bureau of the United
27 States department of the treasury, and documents filed by the
28 manufacturer with the alcohol and tobacco tax and trade bureau
29 of the United States department of the treasury that show the
30 total number of proof gallons of distilled spirits produced and
31 manufactured by the manufacturer for the preceding calendar
32 year.

33 c. An application submitted pursuant to paragraph "b" shall
34 be accompanied by a license fee in the amount of twenty-five
35 dollars.

1 *d.* A license issued pursuant to this section may be
2 renewed annually by submitting a renewal application with the
3 administrator in a manner prescribed by the administrator,
4 accompanied by the twenty-five dollar license fee.

5 3. The direct shipment of alcoholic liquor pursuant to this
6 section shall be subject to the following requirements and
7 restrictions:

8 *a.* Alcoholic liquor shall only be shipped to a resident of
9 this state who is at least twenty-one years of age, for the
10 resident's personal use and consumption and not for resale as
11 follows:

12 (1) An alcoholic liquor direct shipper licensee may sell
13 and ship alcoholic liquor to any person who is at least
14 twenty-one years of age for personal use and not for resale if
15 the licensee produces in, or imports into, the United States
16 one hundred fifty thousand proof gallons or fewer of distilled
17 spirits per calendar year.

18 (2) An alcoholic liquor direct shipper licensee may sell and
19 ship up to nine liters of alcoholic liquor per calendar year to
20 any person who is at least twenty-one years of age for personal
21 use and not for resale if the licensee produces in, or imports
22 into, the United States more than one hundred fifty thousand
23 proof gallons of distilled spirits per calendar year.

24 *b.* Alcoholic liquor subject to direct shipping shall be
25 properly registered with the federal alcohol and tobacco tax
26 and trade bureau, and manufactured on the licensed premises of
27 the alcoholic liquor direct shipper licensee.

28 *c.* Alcoholic liquor subject to direct shipping shall
29 be properly registered with the division. Products which
30 are not listed for sale by the division must be registered
31 electronically with the division for direct shipping. This
32 registration will include the name of the manufacturer, the
33 name of the brand, the standard of fill, the wholesale price,
34 and other information as requested by the division. The
35 registration shall be updated as necessary to ensure the

1 division possesses an accurate, current registration.

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

7 *e.* All containers of alcoholic liquor shipped directly
8 to a resident of this state shall be shipped by a holder of
9 an alcoholic beverage carrier permit as provided in section
10 123.188.

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

14 4. An alcoholic liquor direct shipper licensee shipping
15 alcoholic liquor to this state shall remit the following amount
16 to the division in a manner as directed by the division:

17 *a.* For alcoholic liquor that is listed for sale by the
18 division, an amount equivalent to fifty percent of the listed
19 wholesale price.

20 *b.* For alcoholic liquor that is not listed for sale
21 by the division, an amount equivalent to fifty percent of
22 the wholesale price as registered with the division under
23 subsection 3.

24 5. Each alcoholic liquor direct shipper licensee shall make
25 a report under oath to the division electronically, or in a
26 manner prescribed by the administrator, on or before the tenth
27 day of each month, which includes the following information:

28 *a.* The products and quantities shipped directly to residents
29 of this state in the preceding month.

30 *b.* The name and address of the individuals to whom the
31 alcoholic liquor was sold in each sale.

32 *c.* The wholesale price of the alcoholic liquor sold.

33 *d.* The purchase price of the alcoholic liquor sold and
34 the amount of taxes charged to the individual purchasing the
35 alcoholic liquor.

1 e. The alcoholic beverage carrier permittee who delivered
2 the shipment.

3 f. All documents filed by the alcoholic liquor direct
4 shipper licensee with the alcohol and tobacco tax and trade
5 bureau of the United States department of treasury for the
6 preceding month, including all production, storage, and
7 processing reports.

8 6. The license holder at the time of filing the report as
9 required by subsection 5 shall pay to the division the amount
10 as required pursuant to subsection 4. A penalty of ten percent
11 of the amount due shall be assessed and collected if the report
12 required to be filed pursuant to this section and the amount
13 required to be paid as provided by subsection 4 is not filed
14 and the amount paid within the time required by this section.

15 7. An alcoholic liquor direct shipper licensee 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 license holder shall allow the division to perform an audit of
20 shipping records upon request.

21 8. A violation of this section shall subject the licensee
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 license pursuant to section
25 123.39.

26 Sec. 7. Section 123.43A, subsection 2, Code 2023, is amended
27 to read as follows:

28 2. A native distillery shall not sell more than nine
29 liters per person per day, of native distilled spirits on
30 the premises of the native distillery. However, a native
31 distillery ~~shall not directly~~ may ship native distilled spirits
32 for sale at retail manufactured by the native distillery in
33 closed containers to individual purchasers inside the state by
34 obtaining an alcoholic liquor direct shipper license pursuant
35 to section 123.42A. The native distillery shall maintain

1 records of individual purchases of native distilled spirits at
2 the native distillery for three years.

3 Sec. 8. Section 123.43A, subsection 7, Code 2023, is amended
4 to read as follows:

5 7. A native distillery may sell the native distilled spirits
6 it manufactures to customers outside the state, pursuant to the
7 laws of that jurisdiction.

8 Sec. 9. Section 123.46A, subsection 5, Code 2023, is amended
9 to read as follows:

10 5. Nothing in this section shall impact the direct shipment
11 of alcoholic liquor as regulated by section 123.42A or the
12 direct shipment of wine as regulated by section 123.187.

13 Sec. 10. Section 123.187, subsection 3, paragraph d, Code
14 2023, is amended to read as follows:

15 d. All containers of wine shipped directly to a resident of
16 this state shall be shipped by a holder of ~~a wine~~ an alcoholic
17 beverage carrier permit as provided in section 123.188.

18 Sec. 11. Section 123.188, subsections 1, 2, and 4, Code
19 2023, are amended to read as follows:

20 1. A person desiring to deliver alcoholic liquor subject
21 to direct shipment within this state pursuant to section
22 123.42A and wine subject to direct shipment within this state
23 pursuant to section 123.187 shall submit an application for a
24 ~~wine~~ an alcoholic beverage carrier permit electronically, or
25 in a manner prescribed by the administrator, which shall be
26 accompanied by a fee in the amount of one hundred dollars.

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

31 4. The delivery of alcoholic liquor and wine pursuant to
32 this section shall be subject to the following requirements and
33 restrictions:

34 a. ~~A wine~~ An alcoholic beverage carrier permittee shall not
35 deliver alcoholic liquor or wine to any person under twenty-one

1 years of age, or to any person who either is or appears to be in
2 an intoxicated state or condition.

3 ~~b. A wine~~ An alcoholic beverage carrier permittee shall
4 obtain valid proof of identity and age prior to delivery,
5 and shall obtain the signature of an adult as a condition of
6 delivery.

7 ~~c. A wine~~ An alcoholic beverage carrier permittee shall
8 maintain records of alcoholic liquor and wine shipped which
9 include the permit number and name of the alcoholic liquor
10 and wine manufacturer, quantity of alcoholic liquor and wine
11 shipped, recipient's name and address, and an electronic or
12 paper form of signature from the recipient of the alcoholic
13 liquor and wine. Records shall be submitted to the division
14 on a monthly basis in a form and manner to be determined by the
15 division.

16 Sec. 12. EFFECTIVE DATE. This Act takes effect January 1,
17 2024.

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 allows for the direct shipment of alcoholic liquor
22 within the state.

23 New Code section 123.42A provides for the direct shipment of
24 alcoholic liquor and provides for an alcoholic liquor direct
25 shipper license. An alcoholic liquor direct shipper licensee
26 may sell and ship any amount of alcoholic liquor to any person
27 who is at least 21 years of age for personal use and not for
28 resale if the licensee produces in, or imports into, the United
29 States 150,000 proof gallons or fewer of distilled spirits per
30 calendar year. If the licensee produces or imports more than
31 150,000 proof gallons of distilled spirits, a licensee may sell
32 and ship up to nine liters of alcoholic liquor per calendar
33 year to a person 21 years of age or older.

34 Provisions governing the direct shipment of wine and the
35 wine direct shipper permit are generally made applicable to the

1 new Code section providing for the direct shipment of alcoholic
2 liquor.

3 The new Code section requires all alcoholic liquor subject
4 to direct shipping to be properly registered with the alcoholic
5 beverages division and that products which are not listed for
6 sale by the division must be registered to include information
7 on the name of the manufacturer, the name of the brand, the
8 standard of fill, the wholesale price, and other information
9 as requested by the division. The new Code section also
10 requires each alcoholic liquor direct shipper licensee to make
11 a monthly report to the alcoholic beverages division that lists
12 the products and quantities shipped directly to residents
13 of this state in the preceding month, the name and address
14 of the individuals to whom the alcoholic liquor was sold in
15 each sale, the wholesale price of the alcoholic liquor sold,
16 the purchase price and taxes charged of the alcoholic liquor
17 sold, the alcoholic beverage carrier permittee who delivered
18 each shipment, and documents filed by the licensee with the
19 alcohol and tobacco tax and trade bureau of the United States
20 department of treasury for the preceding month, including all
21 production, storage, and processing reports.

22 Finally, the new Code section provides that an alcoholic
23 liquor direct shipper licensee shall remit an amount to the
24 alcoholic beverages division depending on whether the alcoholic
25 liquor shipped is listed for sale by the division. If the
26 alcoholic liquor is listed for sale by the division, the
27 permittee shall remit to the division an amount equivalent to
28 50 percent of the wholesale price paid by the division for the
29 alcoholic liquor. If the alcoholic liquor is not listed for
30 sale by the division, the permittee shall remit to the division
31 an amount equivalent to 50 percent of the wholesale price of
32 the alcoholic liquor as registered with the division. The bill
33 provides that a penalty of 10 percent of the amount due shall
34 be assessed and collected if the amount required to be paid to
35 the division as provided by the bill is not paid within the

1 time required.

2 The bill allows a manufacturer of alcoholic liquor and a
3 native distillery to ship alcoholic liquor or native distilled
4 spirits, as applicable, to individual purchasers inside this
5 state by obtaining an alcoholic liquor direct shipper license
6 as established in the bill.

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

10 The bill takes effect January 1, 2024.

11 The bill does not reflect current law, including the
12 transfer of administration of alcoholic beverages provisions to
13 the department of revenue as passed by the general assembly in
14 2023 and other 2023 changes made to the Code. The bill does not
15 update all references to the wine carrier permit nor does the
16 bill note that the effective date of the bill is retroactive.