

House File 2669 - Introduced

HOUSE FILE 2669

BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO HF 2449)

(SUCCESSOR TO HSB 629)

A BILL FOR

1 An Act relating to the sale of wine, including private wine
2 sales and wine auction permits, providing fees, and making
3 penalties applicable.

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

1 Section 1. Section 123.32, subsection 1, paragraph b, Code
2 2024, is amended by adding the following new subparagraph:
3 NEW SUBPARAGRAPH. (11) A wine auction permit as provided in
4 section 123.173C.

5 Sec. 2. Section 123.171, subsection 3, Code 2024, is amended
6 to read as follows:

7 3. Notwithstanding [subsection 1](#), an individual of legal
8 age may import into the state without a certificate, permit,
9 or license an amount of wine not to exceed nine liters per
10 calendar month that the individual personally obtained outside
11 the state or, in the case of wine personally obtained outside
12 the United States, a quantity which does not exceed the amount
13 allowed by federal law governing the importation of alcoholic
14 beverages into the United States for personal consumption.
15 Wine imported pursuant to [this subsection](#) shall be for personal
16 consumption in a private home or other private accommodation
17 and only if the wine is not sold other than as provided in
18 subsection 4, exchanged, bartered, dispensed, or given in
19 consideration of purchase for any property or services or in
20 evasion of the requirements of [this chapter](#).

21 Sec. 3. Section 123.171, Code 2024, is amended by adding the
22 following new subsection:

23 NEW SUBSECTION. 4. Notwithstanding subsection 1, a
24 person of legal age may conduct private wine sales without a
25 certificate, permit, or license, subject to the requirements
26 of this subsection. Except for wine manufactured pursuant
27 to subsection 2, a person may sell wine from the person's
28 private collection in an original, unopened container to either
29 a class "A" wine permittee for purposes of resale or a wine
30 auction permittee under section 123.173C for resale by means
31 of an auction. A class "A" wine permittee or wine auction
32 permittee involved in the sale of wine by a person under this
33 subsection shall ensure that each bottle of wine purchased has
34 a permanently affixed label stating that the wine was acquired
35 from a private collection.

1 Sec. 4. NEW SECTION. 123.173C Wine auction permit.

2 1. Upon application to the department and receipt of a wine
3 auction permit, an authorized person may conduct a wine auction
4 subject to the requirements of this section.

5 2. The department shall not issue a wine auction permit to
6 an applicant unless the applicant complies with the application
7 requirements of subsection 3, and unless all of the following
8 requirements are met:

9 a. The applicant is a person of good moral character.

10 b. The applicant is a citizen of the state of Iowa or, if
11 the applicant is a corporation, the applicant is authorized to
12 do business in the state.

13 c. The applicant does not hold a retail alcohol license.

14 d. The premises where the applicant intends to use the
15 permit constitutes a safe and proper place or building and
16 conforms to all applicable laws, ordinances, resolutions,
17 and health and fire regulations. A permittee shall not have
18 or maintain any interior access to residential or sleeping
19 quarters unless the director grants permission in the form of a
20 living quarters permit.

21 e. The applicant gives consent, as required by section
22 123.30, subsection 1, for a person to enter upon the premises
23 of the wine auction without a warrant during normal business
24 hours to inspect for violations of the provisions of this
25 chapter or ordinances and regulations that local authorities
26 may adopt.

27 3. An application for a wine auction permit must include
28 all of the following information and shall be submitted
29 electronically, or in a manner prescribed by the director:

30 a. The name and address of the applicant or, if the
31 applicant is a corporation, limited liability company, or
32 other legal entity, the names and addresses of all officers,
33 directors, and persons owning or controlling ten percent
34 or more of the capital stock of the entity and who have a
35 financial interest, by way of loan, ownership, or otherwise,

1 in the entity.

2 *b.* The location and name of the owner of the premises
3 where the applicant intends to conduct wine auctions and, if
4 the applicant is not the owner of the premises, whether the
5 applicant is the lessee of the premises.

6 *c.* As required by the director, and in such form and
7 containing such information as the director may require, a
8 description of the premises where the applicant intends to
9 conduct wine auctions, including a depiction of the premises,
10 and, if applicable, the number of square feet of interior floor
11 space of the retail sales area of the premises.

12 *d.* Whether any person specified in paragraph "a" has ever
13 been convicted of any offense against the laws of the United
14 States, or any state, territory, or political subdivision
15 thereof.

16 *e.* Any other information as required by the director.

17 4. A wine auction conducted by a wine auction permittee must
18 comply with the following requirements:

19 *a.* A permittee shall not offer wines owned by the permittee
20 at auction.

21 *b.* A person, within or outside of the state, who desires to
22 ship wine from a private collection to a wine auction permittee
23 to be sold at auction shall do so through a holder of a wine
24 carrier permit. The wine auction permittee shall ensure that
25 each bottle of wine so acquired is permanently affixed with
26 a label stating that the wine was acquired from a private
27 collection.

28 *c.* A permittee shall ensure that each container of wine
29 to be sold at a wine auction is in the original, unopened
30 container.

31 *d.* A permittee is responsible for the storage of all wines
32 that are to be offered at auction at the licensed premises,
33 and for the subsequent shipment and delivery of all wines sold
34 at auction to the purchasers of the wines. Shipment of wine
35 pursuant to this paragraph shall only be done by a holder of a

1 wine carrier permit.

2 e. A permittee is responsible for the payment of all
3 applicable taxes for wines sold at auction pursuant to section
4 123.183.

5 5. Notwithstanding any other provision of this chapter,
6 a class "A" wine permittee or a retail alcohol licensee, not
7 including a native wine manufacturer, may purchase wine offered
8 at an auction pursuant to this section and may resell wine
9 purchased at auction in accordance with the requirements of
10 the licensee's or permittee's license or permit. The licensee
11 or permittee shall ensure that each wine resold is in the
12 original, unopened container, and, if applicable, permanently
13 affixed with a label stating that the wine was acquired from a
14 private collection.

15 6. A wine auction permit is valid for a period of one year
16 pursuant to section 123.35, subsection 1. A wine auction
17 permit shall allow the permittee to conduct no more than
18 twenty-four wine auctions during the one-year period of the
19 wine auction permit.

20 7. Any violation of the requirements of this chapter or
21 rules adopted pursuant to this chapter shall subject the wine
22 auction permit holder to the general penalties provided in this
23 chapter and shall constitute grounds for imposition of a civil
24 penalty, suspension of the permit, or revocation of the permit
25 after notice and opportunity for a hearing pursuant to section
26 123.39 and chapter 17A.

27 Sec. 5. Section 123.179, Code 2024, is amended by adding the
28 following new subsection:

29 NEW SUBSECTION. 4. The fee for a wine auction permit is one
30 hundred dollars.

31 Sec. 6. Section 123.180, subsection 3, Code 2024, is amended
32 to read as follows:

33 3. a. ~~All~~ Except as provided in paragraph "b", all class
34 "A" wine permit holders shall sell only those brands of
35 wine which are manufactured, bottled, fermented, shipped, or

1 imported by a person holding a current vintner's certificate of
2 compliance. An employee or agent working for or representing
3 the holder of a vintner's certificate of compliance within
4 this state shall register the employee's or agent's name and
5 address with the department. These names and addresses shall
6 be filed with the department's copy of the certificate of
7 compliance issued except that this provision does not require
8 the listing of those persons who are employed on the premises
9 of a bottling plant, or winery where wine is manufactured,
10 fermented, or bottled in Iowa or the listing of those persons
11 who are thereafter engaged in the transporting of the wine.

12 b. A class "A" wine permit holder may sell brands of wine
13 which are not manufactured, bottled, fermented, shipped, or
14 imported by a person holding a current vintner's certificate
15 of compliance if the brands of wine were purchased from a
16 private sale pursuant to section 123.171, subsection 4, or if
17 authorized by the laws of another state.

18 Sec. 7. Section 123.183, subsection 1, Code 2024, is amended
19 to read as follows:

20 1. a. In addition to the annual permit fee to be paid by
21 each class "A" wine permittee, a wine gallonage tax shall be
22 levied and collected from each class "A" wine permittee on all
23 of the following:

24 (1) All wine manufactured for sale and sold in this state
25 at wholesale and on all.

26 (2) All wine imported into this state for sale at wholesale
27 and sold in this state at wholesale. A wine gallonage tax
28 shall also be levied and collected on the

29 (3) The direct shipment of wine pursuant to [section 123.187](#).

30 (4) The sale of wine at auction pursuant to [section 123.173C](#)
31 to a retail alcohol license holder.

32 b. The rate of the wine gallonage tax is one dollar and
33 seventy-five cents for each wine gallon. The same rate shall
34 apply for the fractional parts of a wine gallon. The wine
35 gallonage tax shall not be levied or collected on wine sold

1 by one class "A" wine permittee to another class "A" wine
2 permittee or on wine that is sold by a class "A" wine permittee
3 to a distributor outside of the state.

4 Sec. 8. Section 123.183, subsection 2, paragraph a, Code
5 2024, is amended to read as follows:

6 a. Revenue collected ~~from the wine gallonage tax on wine~~
7 ~~manufactured for sale and sold at wholesale in this state,~~
8 ~~and on wine subject to direct shipment as provided in section~~
9 ~~123.187 by a wine manufacturer licensed or permitted pursuant~~
10 ~~to laws regulating alcoholic beverages in this state, pursuant~~
11 to subsection 1 shall be deposited in the wine gallonage tax
12 fund as created in [this section](#).

13 Sec. 9. Section 123.184, Code 2024, is amended by adding the
14 following new subsection:

15 NEW SUBSECTION. 3. Each wine auction permit holder shall
16 make a report under oath to the department electronically,
17 or in a manner prescribed by the director, on or before the
18 tenth day of the calendar months of June and December, showing
19 the exact number of gallons of wine and fractional parts of
20 gallons sold and shipped pursuant to section 123.173C during
21 the preceding six-month calendar period. The report shall also
22 state whatever reasonable additional information the director
23 requires. The permit holder at the time of filing this report
24 shall pay to the department the amount of tax due at the rate
25 fixed in section 123.183. A penalty of ten percent of this
26 amount shall be assessed and collected if the report required
27 to be filed pursuant to this subsection is not filed and the
28 tax paid within the time required by this subsection.

29 Sec. 10. Section 123.188, subsection 1, Code 2024, is
30 amended to read as follows:

31 1. A person desiring to deliver wine subject to direct
32 shipment within this state pursuant to [section 123.187](#), or to
33 deliver wine shipped to or by a wine auction permittee pursuant
34 to section 123.173C, shall submit an application for a wine
35 carrier permit electronically, or in a manner prescribed by the

1 director, which shall be accompanied by a fee in the amount of
2 one hundred dollars.

3 Sec. 11. Section 123.188, subsection 4, paragraph c, Code
4 2024, is amended to read as follows:

5 c. A wine carrier permittee shall maintain records of
6 wine shipped which include the permit number and name of the
7 wine manufacturer or wine auction permittee, quantity of wine
8 shipped, recipient's name and address, and an electronic
9 or paper form of signature from the recipient of the wine.
10 Records shall be submitted to the department on a monthly basis
11 in a form and manner to be determined by the department.

12 EXPLANATION

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

15 This bill relates to private wine sales and wine auction
16 permits.

17 The bill authorizes a person to conduct private wine sales
18 from the person's private collection for wine in an original,
19 unopened container to either a class "A" wine permittee for
20 purposes of resale, or to a wine auction permittee under
21 the bill for resale at a wine auction. A class "A" wine
22 permittee or wine auction permittee who purchases wine from
23 a private collection shall ensure that each bottle of wine
24 has a permanently affixed label stating that fact. The bill
25 authorizes a class "A" wine permit holder to sell brands of
26 wine which are not manufactured, bottled, fermented, shipped,
27 or imported by a person holding a current vintner's certificate
28 if the brands of wine were purchased from a private sale and
29 meet the labeling requirements under the bill.

30 The bill authorizes a person, upon application to the
31 department of revenue and receipt of a wine auction permit, to
32 conduct a wine auction. A wine auction permit is valid for a
33 period of one year and allows the permittee to conduct no more
34 than 24 wine auctions during the one-year period. The fee for
35 a wine auction permit is \$100. A wine auction permit may only

1 be issued to an applicant who is of good moral character; is
2 a citizen of the state of Iowa or authorized to do business
3 in the state; does not hold a retail alcohol license; and
4 gives consent for a person to enter upon the premises of the
5 wine auction without a warrant during normal business hours
6 to inspect for violations of the provisions of Code chapter
7 123 or ordinances and regulations that local authorities may
8 adopt. The premises that the applicant intends to use for wine
9 auctions must constitute a safe and proper place or building
10 and conform to all applicable laws, ordinances, resolutions,
11 and health and fire regulations. The bill prohibits an
12 applicant from having or maintaining any interior access to
13 residential or sleeping quarters unless the director of revenue
14 grants permission in the form of a living quarters permit.

15 The bill sets forth the information required to be included
16 for a wine auction permit application.

17 The bill requires a wine auction conducted by a wine auction
18 permittee to comply with the following requirements: (1) a
19 permittee shall not offer wines owned by the permittee at
20 auction, (2) wine from a private collection is permanently
21 affixed with a label stating that fact, (3) a permittee
22 shall ensure that each container of wine to be sold is in the
23 original, unopened container, (4) a permittee is responsible
24 for the storage of all wines that are to be offered at auction
25 and for their subsequent shipment by a holder of a wine carrier
26 permit and delivery, and (5) a permittee is responsible for the
27 payment of all applicable taxes for wines sold at auction.

28 The bill authorizes a class "A" wine permittee or a retail
29 alcohol licensee, not including a native wine manufacturer,
30 to purchase wine offered at an auction and resell wine
31 purchased at auction in accordance with the requirements of
32 the licensee's or permittee's license or permit, subject to
33 applicable label requirements.

34 A violation of the requirements of the bill subjects the
35 wine auction permit holder to the general penalties provided in

1 Code chapter 123 and constitutes grounds for imposition of a
2 civil penalty, suspension of the permit, or revocation of the
3 permit after notice and opportunity for a hearing. A person
4 who violates any of the provisions of the bill, or who makes a
5 false statement concerning any material fact in submitting an
6 application for a permit, is guilty of a serious misdemeanor.
7 A serious misdemeanor is punishable by confinement for no more
8 than one year and a fine of at least \$430 but not more than
9 \$2,560.

10 The bill levies a wine gallonage tax on the sale of wine at
11 auction to a retail alcohol license holder. The rate of the
12 wine gallonage tax is \$1.75 per gallon. Revenue collected is
13 deposited in the wine gallonage tax fund.

14 The bill requires each wine auction permit holder to make a
15 biannual report under oath to the department of revenue showing
16 the exact number of gallons of wine and fractional parts of
17 gallons sold and shipped during the preceding six-month period,
18 and whatever reasonable additional information the director
19 requires. The permittee at the time of filing the report must
20 pay to the department of revenue the amount of tax due. A
21 penalty of 10 percent is assessed and collected if the report
22 is not filed and the tax paid within the time required.

23 Under the bill, a person desiring to deliver wine shipped
24 to or by a wine auction permittee shall submit an application
25 for a wine carrier permit accompanied by a fee of \$100. A wine
26 auction permittee shall maintain records of wine shipped as
27 prescribed by the bill.