

House File 2670 - Introduced

HOUSE FILE 2670

BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO HF 2629)

(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 2024, 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 2024, is amended by adding the following new subparagraph:
10 NEW SUBPARAGRAPH. (05) 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 2024, 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 123.39, subsection 1, paragraph a,
17 subparagraph (2), Code 2024, is amended to read as follows:

18 (2) The director may suspend a certificate of compliance, a
19 class "D" retail alcohol license, a manufacturer's license, a
20 broker's permit, a class "A" native distilled spirits license,
21 a class "A" or special class "A" beer permit, a class "A" wine
22 permit, a wine direct shipper's permit, or ~~a wine~~ an alcoholic
23 beverage carrier permit for a period not to exceed one year,
24 revoke the license, permit, or certificate, or impose a civil
25 penalty not to exceed one thousand dollars per violation.

26 Sec. 5. Section 123.41, subsection 1, Code 2024, is amended
27 to read as follows:

28 1. Each completed application to obtain or renew a
29 manufacturer's license shall be submitted to the department
30 electronically, or in a manner prescribed by the director, and
31 shall be accompanied by a fee of three hundred dollars payable
32 to the department. The director may in accordance with this
33 chapter grant and issue to a manufacturer a manufacturer's
34 license, valid for a one-year period after date of issuance,
35 which shall allow the manufacture, storage, ~~and wholesale~~

1 ~~disposition~~ and sale of alcoholic liquors to the department and
2 to customers outside of the state pursuant to the laws of that
3 jurisdiction.

4 Sec. 6. Section 123.41, Code 2024, is amended by adding the
5 following new subsection:

6 NEW SUBSECTION. 1A. A manufacturer of alcoholic liquor
7 may ship alcoholic liquor in closed containers to individual
8 purchasers inside this state by obtaining an alcoholic liquor
9 direct shipper license pursuant to section 123.42A.

10 Sec. 7. NEW SECTION. **123.42A Direct shipment of alcoholic**
11 **liquor — license and requirements.**

12 1. An alcoholic liquor manufacturer licensed or permitted
13 pursuant to laws regulating alcoholic beverages in this state
14 or another state may apply for an alcoholic liquor direct
15 shipper license, as provided in this section. For the purposes
16 of this section, an "*alcoholic liquor manufacturer*" means a
17 business with an operating still which distills spirits, barrel
18 matures spirits for a period of two years on the licensed
19 premises of the distillery where matured, or blends or mixes
20 spirits comprised solely of spirits distilled or barrel matured
21 for a period of two years on the licensed premises of the
22 distillery.

23 2. *a.* Only an alcoholic liquor manufacturer that holds
24 an alcoholic liquor direct shipper license issued pursuant to
25 this section shall sell alcoholic liquor at retail for direct
26 shipment to any person within this state. This section shall
27 not prohibit an authorized retail licensee or permittee from
28 delivering alcoholic liquor pursuant to section 123.46A.

29 *b.* An alcoholic liquor manufacturer applying for an
30 alcoholic liquor direct shipper license shall submit an
31 application for the license electronically, or in a manner
32 prescribed by the director, accompanied by a true copy of
33 the manufacturer's current alcoholic beverage license or
34 permit issued by the state where the manufacturer is primarily
35 located, a copy of the manufacturer's basic permit issued by

1 the alcohol and tobacco tax and trade bureau of the United
2 States department of the treasury, and documents filed by the
3 manufacturer with the alcohol and tobacco tax and trade bureau
4 of the United States department of the treasury that show the
5 total number of proof gallons of distilled spirits produced and
6 manufactured by the manufacturer for the preceding calendar
7 year.

8 *c.* An application submitted pursuant to paragraph "b" shall
9 be accompanied by a license fee in the amount of twenty-five
10 dollars.

11 *d.* A license issued pursuant to this section may be renewed
12 annually by submitting a renewal application with the director
13 in a manner prescribed by the director, accompanied by the
14 twenty-five dollar license fee.

15 3. The direct shipment of alcoholic liquor pursuant to this
16 section shall be subject to the following requirements and
17 restrictions:

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

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

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

34 *b.* Alcoholic liquor subject to direct shipping shall be
35 properly registered with the federal alcohol and tobacco tax

1 and trade bureau, and manufactured on the licensed premises of
2 the alcoholic liquor direct shipper licensee.

3 *c.* Alcoholic liquor subject to direct shipping shall be
4 properly registered with the department. Products which are
5 not listed for sale by the department must be registered
6 electronically with the department for direct shipping. This
7 registration will include the name of the manufacturer, the
8 name of the brand, the standard of fill, the wholesale price,
9 and other information as requested by the department. The
10 registration shall be updated as necessary to ensure the
11 department possesses an accurate, current registration.

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 director.

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 licensee shipping
25 alcoholic liquor to this state shall remit the following amount
26 to the department in a manner as directed by the department:

27 *a.* For alcoholic liquor that is listed for sale by the
28 department, an amount equivalent to fifty percent of the listed
29 wholesale price.

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

34 5. Each alcoholic liquor direct shipper licensee shall make
35 a report under oath to the department electronically, or in a

1 manner prescribed by the director, on or before the tenth day
2 of each month, which includes the following information:

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

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

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

8 *d.* The purchase price of the alcoholic liquor sold and
9 the amount of taxes charged to the individual purchasing the
10 alcoholic liquor.

11 *e.* The alcoholic beverage carrier permittee who delivered
12 the shipment.

13 *f.* All documents filed by the alcoholic liquor direct
14 shipper licensee with the alcohol and tobacco tax and trade
15 bureau of the United States department of treasury for the
16 preceding month, including all production, storage, and
17 processing reports.

18 6. The license holder at the time of filing the report as
19 required by subsection 5 shall pay to the department the amount
20 as required pursuant to subsection 4. A penalty of ten percent
21 of the amount due shall be assessed and collected if the report
22 required to be filed pursuant to this section and the amount
23 required to be paid as provided by subsection 4 is not filed
24 and the amount paid within the time required by this section.

25 7. An alcoholic liquor direct shipper licensee shall be
26 deemed to have consented to the jurisdiction of the department
27 or any other agency or court in this state concerning
28 enforcement of this section and any related laws, rules, or
29 regulations. A license holder shall allow the department to
30 perform an audit of shipping records upon request.

31 8. A violation of this section shall subject the licensee
32 to the general penalties provided in this chapter and shall
33 constitute grounds for imposition of a civil penalty or
34 suspension or revocation of the license pursuant to section
35 123.39.

1 Sec. 8. Section 123.43A, subsection 2, Code 2024, is amended
2 to read as follows:

3 2. A native distillery shall not sell more than nine
4 liters per person per day, of native distilled spirits on
5 the premises of the native distillery. However, a native
6 distillery ~~shall not directly~~ may ship native distilled spirits
7 ~~for sale at retail~~ manufactured by the native distillery in
8 closed containers to individual purchasers inside the state by
9 obtaining an alcoholic liquor direct shipper license pursuant
10 to section 123.42A. The native distillery shall maintain
11 records of individual purchases of native distilled spirits at
12 the native distillery for three years.

13 Sec. 9. Section 123.43A, subsection 7, Code 2024, is amended
14 to read as follows:

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

18 Sec. 10. Section 123.46A, subsection 5, Code 2024, is
19 amended to read as follows:

20 5. Nothing in [this section](#) shall impact the direct shipment
21 of alcoholic liquor as regulated by section 123.42A or the
22 direct shipment of wine as regulated by [section 123.187](#).

23 Sec. 11. Section 123.187, subsection 3, paragraph d, Code
24 2024, is amended to read as follows:

25 d. All containers of wine shipped directly to a resident of
26 this state shall be shipped by a holder of ~~a wine~~ an alcoholic
27 beverage carrier permit as provided in [section 123.188](#).

28 Sec. 12. Section 123.188, subsections 1, 2, and 4, Code
29 2024, are amended to read as follows:

30 1. A person desiring to deliver alcoholic liquor subject to
31 direct shipment within this state pursuant to section 123.42A
32 and wine subject to direct shipment within this state pursuant
33 to [section 123.187](#) shall submit an application for a ~~wine~~ an
34 alcoholic beverage carrier permit electronically, or in a
35 manner prescribed by the director, which shall be accompanied

1 by a fee in the amount of one hundred dollars.

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

6 4. The delivery of alcoholic liquor and wine pursuant to
7 this section shall be subject to the following requirements and
8 restrictions:

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

13 b. ~~A wine~~ An alcoholic beverage carrier permittee shall
14 obtain valid proof of identity and age prior to delivery,
15 and shall obtain the signature of an adult as a condition of
16 delivery.

17 c. ~~A wine~~ An alcoholic beverage carrier permittee shall
18 maintain records of alcoholic liquor and wine shipped which
19 include the permit number and name of the alcoholic liquor
20 and wine manufacturer, quantity of alcoholic liquor and wine
21 shipped, recipient's name and address, and an electronic or
22 paper form of signature from the recipient of the alcoholic
23 liquor and wine. Records shall be submitted to the department
24 on a monthly basis in a form and manner to be determined by the
25 department.

26 Sec. 13. EFFECTIVE DATE. This Act takes effect January 1,
27 2025.

28 EXPLANATION

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

31 This bill allows for the direct shipment of alcoholic liquor
32 within the state.

33 New Code section 123.42A provides for the direct shipment of
34 alcoholic liquor and provides for an alcoholic liquor direct
35 shipper license. An alcoholic liquor direct shipper licensee

1 may sell and ship any amount of alcoholic liquor to any person
2 who is at least 21 years of age for personal use and not for
3 resale if the licensee produces in, or imports into, the United
4 States 150,000 proof gallons or fewer of distilled spirits per
5 calendar year. If the licensee produces or imports more than
6 150,000 proof gallons of distilled spirits, a licensee may sell
7 and ship up to nine liters of alcoholic liquor per calendar
8 year to a person 21 years of age or older.

9 Provisions governing the direct shipment of wine and the
10 wine direct shipper permit are generally made applicable to the
11 new Code section providing for the direct shipment of alcoholic
12 liquor.

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

32 Finally, the new Code section provides that an alcoholic
33 liquor direct shipper licensee shall remit an amount to the
34 department depending on whether the alcoholic liquor shipped
35 is listed for sale by the department. If the alcoholic liquor

1 is listed for sale by the department, the permittee shall
2 remit to the department an amount equivalent to 50 percent of
3 the wholesale price paid by the department for the alcoholic
4 liquor. If the alcoholic liquor is not listed for sale by the
5 department, the permittee shall remit to the department an
6 amount equivalent to 50 percent of the wholesale price of the
7 alcoholic liquor as registered with the department. The bill
8 provides that a penalty of 10 percent of the amount due shall
9 be assessed and collected if the amount required to be paid to
10 the department as provided by the bill is not paid within the
11 time required.

12 The bill allows a manufacturer of alcoholic liquor and a
13 native distillery to ship alcoholic liquor or native distilled
14 spirits, as applicable, to individual purchasers inside this
15 state by obtaining an alcoholic liquor direct shipper license
16 as established in the bill.

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

20 The bill takes effect January 1, 2025.