

Senate File 2427 - Introduced

SENATE FILE 2427

BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO SSB 3179)

A BILL FOR

1 An Act relating to the duties and responsibilities of the
2 department of revenue including confidentiality of records,
3 sports wagering, the lottery, cigarette and tobacco
4 taxes, alcoholic beverages, and including effective date
5 provisions.

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

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DIVISION I

CONFIDENTIALITY OF RECORDS

Section 1. Section 422.29, Code 2024, is amended by adding the following new subsection:

NEW SUBSECTION. 4. Notwithstanding sections 422.20 and 422.72 or any other provision of law to the contrary, the department may submit to the court the entire record under seal for the purpose of judicial review under section 17A.19. The record in the custody of the department remains open to public inspection to the extent allowed by chapters 17A and 22, and sections 422.20, subsection 5, and 422.72, subsection 8.

Sec. 2. EFFECTIVE DATE. This division of this Act, being deemed of immediate importance, takes effect upon enactment.

DIVISION II

SPORTS WAGERING

Sec. 3. Section 99F.18, Code 2024, is amended to read as follows:

99F.18 Tax on winnings.

1. All winnings derived from slot machines operated pursuant to [this chapter](#) are Iowa earned income and are subject to state and federal income tax laws. An amount deducted from winnings for payment of the state tax, pursuant to section 422.16, subsection 2, shall be remitted to the department of revenue on behalf of the winner.

2. All winnings from sports wagering authorized under this chapter are Iowa earned income and subject to state and federal income tax laws. An amount deducted from winnings for payment of state tax pursuant to section 422.16, subsection 2, shall be remitted to the department of revenue on behalf of the winner.

Sec. 4. Section 422.16, subsection 2, paragraph d, Code 2024, is amended to read as follows:

d. For the purposes of [this subsection](#), state income tax shall be withheld on winnings in excess of six hundred dollars derived from gambling activities authorized under chapter 99B or [99G](#). State income tax shall be withheld on winnings

1 in excess of one thousand dollars from gambling activities
2 authorized under [chapter 99D](#). State income tax shall be
3 withheld on winnings in excess of one thousand two hundred
4 dollars derived from slot machines authorized under chapter
5 99F. State income tax shall be withheld on winnings from
6 sports wagering authorized under chapter 99F whenever federal
7 income tax is required to be withheld from the same winnings in
8 accordance with the Internal Revenue Code.

9 DIVISION III

10 LOTTERY

11 Sec. 5. Section 99G.3, Code 2024, is amended by adding the
12 following new subsections:

13 NEW SUBSECTION. 3A. *“Bona fide social relationship”* means
14 a real, genuine, unfeigned social relationship between two or
15 more persons, where each person has an established knowledge of
16 the other, which has not arisen for the purpose of gambling.

17 NEW SUBSECTION. 9A. *“Lottery courier”* means a person who
18 offers or undertakes to procure tickets or shares in lottery
19 games from a lottery retailer on behalf of another person, and
20 who does not have a bona fide social relationship with that
21 other person.

22 Sec. 6. Section 99G.24, subsection 7, Code 2024, is amended
23 by adding the following new paragraph:

24 NEW PARAGRAPH. *j.* The department determines, based upon
25 available information, that either the structure or activities
26 of the applicant’s business is likely to violate provisions of
27 this chapter, or any regulation, policy, or procedure of the
28 division.

29 Sec. 7. Section 99G.30, Code 2024, is amended by adding the
30 following new subsections:

31 NEW SUBSECTION. 8. A person shall not do any of the
32 following:

- 33 *a.* Act or operate as a lottery courier.
- 34 *b.* Do business with a lottery courier.

35 NEW SUBSECTION. 9. A retailer shall not knowingly sell

1 tickets or shares in a lottery game to any of the following:

2 a. A lottery courier.

3 b. An employee or agent of a lottery courier.

4 Sec. 8. Section 99G.31, subsection 3, paragraph g, Code
5 2024, is amended by striking the paragraph and inserting in
6 lieu thereof the following:

7 g. A ticket or share issued by the division shall not
8 be purchased by and no prize shall be paid to any of the
9 following:

10 (1) A member of the board.

11 (2) An officer or employee of the department.

12 (3) An officer or employee of the state providing services
13 to the department to administer this chapter if such officer
14 or employee has access to confidential information which may
15 compromise the integrity of the lottery.

16 (4) A spouse, child, sibling, or parent residing as a member
17 of the same household in the principal place of residence of
18 any person described in subparagraphs (1) through (3).

19 Sec. 9. Section 99G.34, Code 2024, is amended by adding the
20 following new subsection:

21 NEW SUBSECTION. 9. Ticket order history; ticket inventory;
22 or any records that if disclosed could impair or adversely
23 impact the security, integrity, or fairness of a lottery game
24 or the security of lottery retailers.

25 DIVISION IV

26 CIGARETTE AND TOBACCO TAXES AND REPORTS — ELECTRONIC FILING

27 Sec. 10. Section 453A.1, subsection 27, Code 2024, is
28 amended to read as follows:

29 27. "*State permit*" shall mean and include all permits issued
30 by the department ~~to distributors, wholesalers, and retailers~~
31 under this chapter except the permits issued to retailers
32 approved by cities and counties pursuant to sections 453A.13
33 and 453A.47A.

34 Sec. 11. Section 453A.6, subsection 8, paragraph a, Code
35 2024, is amended to read as follows:

1 *a.* Pay directly to the department, in lieu of the tax
2 under [subsection 1](#), a tax equal to three and six hundredths
3 cents on each cigarette dispensed from such machine. Payments
4 made under this paragraph shall be remitted to the department
5 electronically.

6 Sec. 12. Section 453A.8, subsection 2, Code 2024, is amended
7 to read as follows:

8 2. Orders for cigarette tax stamps, including the payment
9 for such stamps, shall be ~~sent direct~~ made to the department
10 electronically on a form to be prescribed by the director,
11 except as provided in [subsection 6](#).

12 Sec. 13. Section 453A.13, subsection 2, paragraph a, Code
13 2024, is amended to read as follows:

14 *a.* The department shall issue state permits to distributors,
15 wholesalers, and cigarette vendors, and retailers that
16 make delivery sales of alternative nicotine products and
17 vapor products, subject to the conditions provided in this
18 subchapter. If an out-of-state retailer makes delivery
19 sales of alternative nicotine products or vapor products, an
20 application shall be filed with the department electronically
21 and a permit shall be issued for the out-of-state retailer's
22 principal place of business. Cities may ~~issue~~ approve retail
23 ~~permits to retailers~~ permit applications for applicants with
24 a place of business located within their respective limits.
25 County boards of supervisors may ~~issue~~ approve retail ~~permits~~
26 ~~to retailers~~ permit applications for applicants with a place of
27 business in their respective counties, outside of the corporate
28 limits of cities. Upon approval of a retail permit application
29 by a city or county, the department shall issue the permit to
30 the applicant on behalf of the city or county, in the manner
31 determined by the department. A city or county shall use the
32 electronic portal of the department to process retail permit
33 applications. A city or county that is unable to use the
34 electronic portal of the department may request permission from
35 the director to process retail applications by another method.

1 Sec. 14. Section 453A.13, subsection 2, paragraph c, Code
2 2024, is amended to read as follows:

3 ~~c. A city or county shall submit a duplicate of any~~
4 ~~application for a retail permit to the department within thirty~~
5 ~~days of the issuance.~~ The department shall submit the current
6 list of all retail permits issued to the department of health
7 and human services by the last day of each quarter of a state
8 fiscal year.

9 Sec. 15. Section 453A.13, subsection 3, paragraph a, Code
10 2024, is amended to read as follows:

11 a. All permits provided for in [this subchapter](#) shall expire
12 on June 30 of each year. A permit shall not be granted or
13 issued until the applicant has paid the fees to the department
14 required in this subchapter for the next period ending on June
15 30 ~~next, to the department or the city or county granting the~~
16 ~~permit, the fees provided for in [this subchapter](#).~~ The annual
17 state permit fee for a distributor, cigarette vendor, and
18 wholesaler is one hundred dollars when the permit is granted
19 during the months of July, August, or September. However,
20 whenever a state permit holder operates more than one place of
21 business, a duplicate state permit shall be issued for each
22 additional place of business on payment of five dollars for
23 each duplicate state permit, but refunds as provided in this
24 subchapter do not apply to any duplicate permit issued.

25 Sec. 16. Section 453A.13, subsection 5, unnumbered
26 paragraph 1, Code 2024, is amended to read as follows:

27 Permits shall be issued only upon applications accompanied
28 by the fee indicated above, and by an adequate bond as provided
29 in [section 453A.14](#), and upon forms furnished by the department
30 ~~upon written request. The failure to furnish such forms shall~~
31 ~~be no excuse for the failure to file the forms unless absolute~~
32 ~~refusal is shown.~~ Applications, any supporting documentation,
33 and the associated fees required by this section shall be
34 submitted to the department electronically. The forms shall
35 set forth all of the following:

1 Sec. 17. Section 453A.13, subsection 9, unnumbered
2 paragraph 1, Code 2024, is amended to read as follows:

3 Each permit issued shall describe clearly the place of
4 business for which it is issued, shall be nonassignable,
5 consecutively numbered, designating the kind of permit, and
6 shall authorize the sale of cigarettes, alternative nicotine
7 products, or vapor products in this state subject to the
8 limitations and restrictions herein contained. The retail
9 permits shall be upon forms furnished by the department ~~or on~~
10 ~~forms made available or approved by the department.~~

11 Sec. 18. Section 453A.14, subsection 1, unnumbered
12 paragraph 1, Code 2024, is amended to read as follows:

13 ~~No~~ A state or manufacturer's permit shall not be issued until
14 the applicant files a bond, with good and sufficient surety,
15 to be approved by the director, which bond shall be in favor of
16 the state and conditioned upon the payment of taxes, damages,
17 fines, penalties, and costs adjudged against the permit holder
18 for violation of any of the provisions of this subchapter. The
19 bonds shall be on forms prescribed by the director and shall be
20 filed electronically. A bond filed under this section shall be
21 in one of the following amounts:

22 Sec. 19. Section 453A.14, subsection 2, Code 2024, is
23 amended to read as follows:

24 2. A person shall not engage in interstate business unless
25 the person files a bond, with good and sufficient surety in an
26 amount of not less than one thousand dollars. A bond required
27 by this subsection shall be on forms prescribed by the director
28 and shall be filed electronically. The amount of the bond
29 required of the person shall be fixed by the director, subject
30 to the minimum limitation provided in this section. The bond
31 is subject to approval by the director and shall be payable to
32 the state in Des Moines, Polk county, and conditioned upon the
33 payment of taxes, damages, fines, penalties, and costs adjudged
34 against the person for violation of any of the requirements of
35 this subchapter affecting the person, on a form prescribed by

1 the director.

2 Sec. 20. Section 453A.15, subsection 7, Code 2024, is
3 amended to read as follows:

4 7. ~~The director may require by rule that~~ Any reports
5 required to be made under this subchapter shall be filed by
6 ~~electronic transmission~~ electronically.

7 Sec. 21. Section 453A.16, Code 2024, is amended to read as
8 follows:

9 **453A.16 Manufacturer's permit.**

10 The department may, upon application of any manufacturer,
11 issue without charge to the manufacturer a manufacturer's
12 permit. The application shall contain information as
13 the director shall prescribe and the application shall be
14 submitted to the department electronically. The holder of a
15 manufacturer's permit is authorized to purchase stamps from
16 the department, and must affix stamps to individual packages
17 of cigarettes outside of this state, prior to their shipment
18 into the state unless the cigarettes are shipped to an Iowa
19 permitted distributor or an Iowa permitted distributor's agent.

20 Sec. 22. Section 453A.17, subsection 1, Code 2024, is
21 amended to read as follows:

22 1. Every distributing agent in the state, now engaged,
23 or who desires to become engaged, in the business of storing
24 unstamped cigarettes which are received in interstate commerce
25 for distribution or delivery only upon order received from
26 without the state or to be sold outside the state, shall
27 file with the department electronically, an application for
28 a distributing agent's permit, on a form prescribed by the
29 director, ~~to be furnished upon written request. The failure~~
30 ~~to furnish shall be no excuse for the failure to file the same~~
31 ~~unless an absolute refusal is shown.~~ Said form shall set
32 forth the name under which such distributing agent transacts
33 or intends to transact such business as a distributing agent,
34 the principal office and place of business in Iowa to which
35 the permit is to apply, and if other than an individual, the

1 principal officers or members thereof and their addresses. The
2 director may require any other information in said application.
3 No distributing agent shall engage in such business until
4 such application has been filed and fee in the sum of one
5 hundred dollars paid for the permit and until the permit has
6 been obtained. Such permit shall expire on June 30 following
7 the date of issuance. All of the provisions of the last
8 two paragraphs of [section 453A.14](#), relative to bonds, are
9 incorporated herein and by this reference made applicable to
10 distributing agents. Upon failure to furnish adequate bond
11 as required, the permit shall be revoked without hearing. An
12 application shall be filed and a permit obtained for each place
13 of business owned or operated by a distributing agent.

14 Sec. 23. Section 453A.18, Code 2024, is amended to read as
15 follows:

16 **453A.18 Forms for records and reports.**

17 The department shall ~~furnish or~~ make available in electronic
18 form, without charge, to holders of the various permits, forms
19 ~~in sufficient quantities~~ to enable permit holders to make the
20 reports required to be made under [this subchapter](#). The permit
21 holders shall furnish at their own expense the books, records,
22 and invoices, required to be used and kept, but the books,
23 records, and invoices shall be in exact conformity to the forms
24 prescribed for that purpose by the director, and shall be kept
25 and used in the manner prescribed by the director. However,
26 the director may, by express order in certain cases, authorize
27 permit holders to keep their records in a manner and upon forms
28 other than those prescribed. The authorization may be revoked
29 at any time. A report, book, record, invoice, and any other
30 document required to be submitted to the department under this
31 subchapter shall be submitted electronically.

32 Sec. 24. Section 453A.23, subsections 1 and 2, Code 2024,
33 are amended to read as follows:

34 1. Subject to [this subchapter](#), a retailer's permit may be
35 issued by the department to any dining car company, sleeping

1 car company, railroad or railway company. The permit shall
2 authorize the holder to keep for sale, and sell, cigarettes
3 at retail on any dining car, sleeping car, or passenger car
4 operated by the applicant in, through, or across the state of
5 Iowa, subject to all of the restrictions imposed upon retailers
6 under [this subchapter](#). The application for the permit shall
7 be in the form and contain the information required by the
8 director and each application submitted under this section
9 shall be submitted to the department electronically. Each
10 permit is good throughout the state. Only one permit is
11 required for all cars operated in this state by the applicant,
12 but a duplicate of the permit shall be posted in each car
13 in which cigarettes are sold and no further permit shall be
14 required or tax levied for the privilege of selling cigarettes
15 in the cars. ~~No cigarettes~~ Cigarettes shall not be sold in
16 the cars without having affixed thereto stamps evidencing the
17 payment of the tax as provided in [this subchapter](#).

18 2. As a condition precedent to the issuing of a retailer's
19 permit for railway car, the applicant shall file with the
20 department a bond in favor of the state for the benefit of
21 all parties interested in the amount of five hundred dollars
22 conditioned upon the payment of all taxes, fines and penalties
23 and costs in [this subchapter](#). A bond filed under this
24 subsection shall be on forms prescribed by the director and
25 shall be filed electronically.

26 Sec. 25. Section 453A.24, subsection 2, Code 2024, is
27 amended to read as follows:

28 2. The director may require by rule that common carriers
29 or the appropriate persons provide monthly reports to the
30 department detailing all information the department deems
31 necessary on shipments into and out of Iowa of cigarettes
32 and tobacco products as set forth in this [subchapter I](#) and
33 subchapter II of this chapter. ~~The director may require by~~
34 ~~rule that the reports~~ A report required to be submitted by the
35 director pursuant to this section shall be filed by electronic

1 ~~transmission~~ electronically.

2 Sec. 26. Section 453A.35, subsection 1, paragraph a, Code
3 2024, is amended to read as follows:

4 a. With the exception of revenues credited to the health
5 care trust fund pursuant to paragraph "b", the proceeds derived
6 from the sale of stamps and the payment of fees and penalties
7 provided for under this chapter, and the permit fees received
8 from all state permits issued by the department, shall be
9 credited to the general fund of the state.

10 Sec. 27. Section 453A.35, subsection 2, Code 2024, is
11 amended to read as follows:

12 2. All permit fees provided for in this chapter and
13 collected by the department on behalf of cities in the issuance
14 of permits granted by the cities shall be ~~paid~~ remitted by
15 the department to the treasurer of the city where the permit
16 is effective, ~~or to another city officer as designated by the~~
17 ~~council~~, and shall be credited to the general fund of the
18 city. Permit fees so collected by the department on behalf of
19 counties shall be ~~paid~~ remitted to the county treasurer of the
20 county where the permit is effective.

21 Sec. 28. Section 453A.39, subsection 2, paragraph a, Code
22 2024, is amended to read as follows:

23 a. All cigarette samples shall be shipped only to a
24 distributor that has a permit to stamp cigarettes or little
25 cigars with Iowa tax. All cigarette samples must have a
26 cigarette stamp. The manufacturer shipping samples under this
27 section shall send an affidavit to the director stating the
28 shipment information, including the date shipped, quantity, and
29 to whom the samples were shipped. The distributor receiving
30 the shipment shall send an affidavit to the director stating
31 the shipment information, including the date shipped, quantity,
32 and from whom the samples were shipped. These affidavits shall
33 be duly notarized and submitted to the director at the time of
34 shipment and receipt of the samples. The distributor shall
35 pay the tax on samples by separate remittance along with the

1 affidavit. The affidavit and remittance required under this
2 paragraph shall be submitted to the department electronically.

3 Sec. 29. Section 453A.40, subsection 2, Code 2024, is
4 amended to read as follows:

5 2. Persons subject to the inventory tax imposed under this
6 section shall take an inventory as of the close of the business
7 day next preceding the effective date of the increased tax rate
8 of those items subject to the inventory tax for the purpose of
9 determining the tax due. These persons shall report the tax
10 on forms provided by the department of revenue and remit the
11 tax due within thirty days of the prescribed inventory date.
12 The report and remittance required under this subsection shall
13 be submitted to the department electronically. The department
14 of revenue shall adopt rules as are necessary to carry out this
15 section.

16 Sec. 30. NEW SECTION. 453A.41 **Submitting documents —**
17 **alternative method.**

18 A person subject to this subchapter who is required to submit
19 an application, bond, fee, report, return, remittance, or other
20 documentation electronically and who is unable to do so, may
21 request permission from the director to make the submission
22 using an alternative method.

23 Sec. 31. Section 453A.45, subsection 5, paragraphs b and c,
24 Code 2024, are amended to read as follows:

25 *b.* The report shall be made on forms provided by the
26 director. ~~The director may require by rule that the~~ A report
27 required under this subsection shall be filed by electronic
28 transmission electronically.

29 *c.* Common carriers transporting tobacco products into
30 this state shall file with the director reports of all such
31 shipments other than those which are delivered to public
32 warehouses of first destination in this state which are
33 licensed under the provisions of [chapter 554](#). Such reports
34 shall be filed electronically with the department on or before
35 the tenth day of each month and shall show with respect to

1 deliveries made in the preceding month all of the following:

- 2 (1) The date.
- 3 (2) The point of origin.
- 4 (3) The point of delivery.
- 5 (4) The name of the consignee.
- 6 (5) A description and the quantity of tobacco products
- 7 delivered.
- 8 (6) Such other information as the director may require.

9 Sec. 32. Section 453A.46, subsection 1, paragraph a,
10 subparagraph (1), Code 2024, is amended to read as follows:

11 (1) On or before the twentieth day of each calendar month
12 every distributor with a place of business in this state shall
13 file a return with the director showing for the preceding
14 calendar month the quantity and wholesale sales price of each
15 tobacco product brought, or caused to be brought, into this
16 state for sale; made, manufactured, or fabricated in this state
17 for sale in this state; and any other information the director
18 may require. Every licensed distributor outside this state
19 shall in like manner file a return with the director showing
20 for the preceding calendar month the quantity and wholesale
21 sales price of each tobacco product shipped or transported to
22 retailers in this state to be sold by those retailers and any
23 other information the director may require. Returns shall
24 be made upon forms ~~furnished~~ or made available in electronic
25 form and prescribed by the director and shall contain other
26 information as the director may require. Each return shall be
27 accompanied by a remittance for the full tax liability shown
28 on the return, less a discount as fixed by the director not to
29 exceed five percent of the tax. Within three years after the
30 return is filed or within three years after the return became
31 due, whichever is later, the department shall examine it,
32 determine the correct amount of tax, and assess the tax against
33 the taxpayer for any deficiency. The period for examination
34 and determination of the correct amount of tax is unlimited in
35 the case of a false or fraudulent return made with the intent

1 to evade tax, or in the case of a failure to file a return.

2 Sec. 33. Section 453A.46, subsection 7, Code 2024, is
3 amended by striking the subsection and inserting in lieu
4 thereof the following:

5 7. A return and remittance required to be submitted under
6 this subchapter shall be filed electronically.

7 Sec. 34. Section 453A.47A, subsection 6, Code 2024, is
8 amended to read as follows:

9 6. *Issuance.* Cities may ~~issue~~ approve retail ~~permits~~
10 ~~to permit applications of~~ retailers located within their
11 respective limits. County boards of supervisors may ~~issue~~
12 approve retail ~~permits to permit applications of~~ retailers
13 located in their respective counties, outside of the corporate
14 limits of cities. ~~The city or county shall submit a duplicate~~
15 ~~of any application for a retail permit to the department within~~
16 ~~thirty days of issuance of a permit.~~ Upon approval of a retail
17 permit application by a city or county, the department shall
18 issue the permit to the applicant on behalf of the city or
19 county, in the manner determined by the department. A city
20 or county shall use the electronic portal of the department
21 to process retail permit applications. A city or county that
22 is unable to use the electronic portal of the department
23 may request permission from the director to process retail
24 applications by another method. The department shall submit
25 the current list of all retail permits issued to the department
26 of health and human services by the last day of each quarter of
27 a state fiscal year.

28 Sec. 35. Section 453A.47A, subsection 7, paragraph a,
29 unnumbered paragraph 1, Code 2024, is amended to read as
30 follows:

31 All permits provided for in this subchapter shall expire on
32 June 30 of each year. A permit shall not be granted or issued
33 until the applicant has paid the fees ~~provided for to the~~
34 department required in this section for the next period ending
35 on June 30 next, to the city or county granting the permit. The

1 fee for retail permits is as follows when the permit is granted
2 during the month of July, August, or September:

3 Sec. 36. Section 453A.47A, subsection 9, unnumbered
4 paragraph 1, Code 2024, is amended to read as follows:

5 Retail permits shall be issued only upon applications,
6 accompanied by the fee indicated above, made upon forms
7 furnished by the department ~~upon written request. The failure~~
8 ~~to furnish such forms shall be no excuse for the failure to~~
9 ~~file the form unless absolute refusal is shown. Applications,~~
10 any supporting documentation, and the associated fees
11 required by this section shall be submitted to the department
12 electronically. The forms shall specify:

13 Sec. 37. Section 453A.47A, subsection 10, paragraph b, Code
14 2024, is amended to read as follows:

15 b. Every retailer shall, when requested by the department,
16 make additional reports as the department deems necessary and
17 proper and shall at the request of the department furnish full
18 and complete information pertaining to any transaction of the
19 retailer involving the purchase or sale or use of tobacco,
20 tobacco products, alternative nicotine products, or vapor
21 products. A report required to be submitted to the department
22 pursuant to this subsection shall be filed electronically.

23 Sec. 38. NEW SECTION. 453A.52 Submitting documents —
24 alternative method.

25 A person subject to this subchapter who is required to submit
26 an application, bond, fee, report, return, remittance, or other
27 documentation electronically and who is unable to do so, may
28 request permission from the director to make the submission
29 using an alternative method.

30 Sec. 39. Section 453C.1, subsection 10, Code 2024, is
31 amended to read as follows:

32 10. "*Units sold*" means the number of individual cigarettes
33 sold in the state by the applicable tobacco product
34 manufacturer, whether directly or through a distributor,
35 retailer, or similar intermediary or intermediaries, during the

1 year in question, ~~as measured by excise taxes collected by the~~
2 ~~state on~~ in packs bearing required to bear the excise stamp of
3 the state or ~~on~~ in the case of roll-your-own tobacco ~~containers~~
4 on which a tax is due pursuant to chapter 453A. The department
5 of revenue shall adopt rules as are necessary to ascertain
6 the amount of state excise tax paid on the cigarettes of such
7 tobacco product manufacturer for each year.

8 Sec. 40. Section 453D.5, subsection 1, Code 2024, is amended
9 to read as follows:

10 1. No later than twenty calendar days after the end of
11 each calendar quarter, and more frequently if so directed by
12 the director, each stamping agent and distributor shall submit
13 information as the director requires to facilitate compliance
14 with [this chapter](#), including but not limited to a list by brand
15 family of the total number of cigarettes, or, in the case of
16 roll-your-own tobacco, the equivalent stick count, for which
17 the stamping agent or distributor affixed stamps during the
18 previous calendar quarter or otherwise paid the tax due for
19 the cigarettes. The stamping agent and distributor shall
20 maintain, and make available to the director, all invoices and
21 documentation of sales of all nonparticipating manufacturer
22 cigarettes and any other information relied upon in reporting
23 to the director for a period of five years. Violations of this
24 subsection are subject to civil penalties as established in
25 section 453A.31, subsection 1, paragraph "b". Any information
26 submitted pursuant to this subsection shall be submitted to the
27 director electronically.

28 Sec. 41. EFFECTIVE DATE. This division of this Act takes
29 effect January 1, 2025, for returns, payments, remittances,
30 reports, books, records, invoices, and any other document
31 required to be electronically filed with or submitted to the
32 department on or after that date.

33 DIVISION V

34 ALCOHOLIC BEVERAGES

35 Sec. 42. Section 123.3, subsections 10 and 32, Code 2024,

1 are amended to read as follows:

2 10. *"Canned cocktail"* means a mixed drink or cocktail
3 primarily composed of alcoholic liquor that is premixed and
4 packaged in a metal can and contains more than one-half of one
5 percent of alcohol by volume but not more than fifteen percent
6 of alcohol by volume. A mixed drink or cocktail mixed and
7 packaged in a metal can pursuant to section 123.49, subsection
8 2, paragraph "d", subparagraph (3), shall not be considered a
9 canned cocktail.

10 32. *"Mixed drink or cocktail"* means an alcoholic beverage,
11 composed in whole or in part of alcoholic liquor or wine, that
12 is combined with other alcoholic beverages or nonalcoholic
13 beverages or ingredients including but not limited to ice,
14 water, soft drinks, or flavorings.

15 Sec. 43. Section 123.5, subsection 3, Code 2024, is amended
16 to read as follows:

17 3. Members of the commission shall be chosen on the basis
18 of managerial ability and experience as business executives.
19 ~~Not more than two members of the commission may be the holder~~
20 ~~of or have an interest in a permit or license to manufacture~~
21 ~~alcoholic liquor, wine, or beer or to sell alcoholic liquor,~~
22 ~~wine, or beer at wholesale or retail~~ directly or indirectly;
23 individually; as a member of a partnership or an association;
24 as a member, owner, or stockholder, except as an institutional
25 investor, of a corporation or other entity; or as a relative to
26 a person by blood or marriage within the second degree do any
27 of the following:

28 a. Hold a permit or license to manufacture alcoholic
29 beverages or sell alcoholic beverages at wholesale or retail.

30 b. Have an interest in the manufacture of or dealing in
31 alcoholic beverages or in an enterprise or industry in which
32 alcoholic beverages are required.

33 c. Receive a commission or profit on the purchase or sale of
34 alcoholic beverages by any person.

35 d. Have an interest in or mortgage or deed of trust on any

1 land or building where alcoholic beverages are manufactured for
2 sale, offered for sale, or sold or in any personal property
3 used for the manufacturing or sale of alcoholic beverages.

4 Sec. 44. Section 123.5, Code 2024, is amended by adding the
5 following new subsections:

6 NEW SUBSECTION. 3A. In addition to the requirements of
7 chapter 68B, members of the commission shall not do any of the
8 following:

9 a. Hold any other office or position under the laws of this
10 state, or any other state or territory or of the United States.

11 b. Directly or indirectly use the office of the member
12 to influence, persuade, or induce any person to adopt their
13 political views or to favor any particular candidate for an
14 elective or appointive public office.

15 c. Directly or indirectly, solicit or accept, in any manner
16 or way, any money or other thing of value for any person
17 seeking an elective or appointive public office, or to any
18 political party or any group of persons seeking to become a
19 political party.

20 NEW SUBSECTION. 6. This section does not prohibit a
21 commission member from lawfully purchasing and keeping
22 alcoholic beverages in the possession of the commission member.

23 Sec. 45. Section 123.13, Code 2024, is amended by striking
24 the section and inserting in lieu thereof the following:

25 **123.13 Prohibitions — director and employees.**

26 1. For purposes of this section, “*director*” means the
27 director of the department.

28 2. The requirements of this section are in addition to the
29 requirements of chapter 68B.

30 3. The director shall not directly or indirectly;
31 individually; as a member of a partnership or an association;
32 as a member, owner, or stockholder, except as an institutional
33 investor of a corporation or other entity; or as a relative to
34 a person by blood or marriage within the second degree do any
35 of the following:

1 *a.* Have an interest in the manufacture of or dealing in
2 alcoholic beverages, or in an enterprise or industry in which
3 alcoholic beverages are required.

4 *b.* Receive a commission or profit from the purchase or sale
5 of an alcoholic beverage by any person.

6 *c.* Have an interest in, or mortgage or deed of trust on, any
7 land or building where alcoholic beverages are manufactured for
8 sale, offered for sale, or sold, or in any personal property
9 used in the manufacture or sale of alcoholic beverages.

10 4. An employee of the department shall not license, permit,
11 or participate in the licensing or permitting of a person,
12 business, or organization that requires a license or permit
13 under the laws and rules governing alcoholic beverages, if the
14 employee has an ownership interest related to that person,
15 business, or organization.

16 5. An employee of the department shall not enforce any
17 law or rule governing alcoholic beverages against a person,
18 business, or organization that requires a license or permit
19 under the laws and rules governing alcoholic beverages, if the
20 employee has an ownership interest related to that person,
21 business, or organization.

22 6. The director or an employee violating this section or
23 any other provisions of this chapter shall, in addition to any
24 other penalties provided by law, be subject to suspension or
25 discharge from employment.

26 7. This section does not prohibit the director or an
27 employee of the department from lawfully purchasing and keeping
28 alcoholic beverages in the possession of the director or the
29 employee.

30 Sec. 46. Section 123.30, subsection 3, paragraph b,
31 subparagraph (2), subparagraph division (c), Code 2024, is
32 amended to read as follows:

33 (c) The holder of a special class "C" retail alcohol
34 license shall be authorized to sell wine and beer to patrons
35 by the individual drink for consumption on the premises only.

1 However, wine and beer in original unopened containers may also
2 be sold for consumption off the premises. In addition, a mixed
3 drink or cocktail that does not contain alcoholic liquor may be
4 sold for consumption off premises subject to the requirements
5 of section 123.49, subsection 2, paragraph "d".

6 Sec. 47. Section 123.31C, subsection 1, Code 2024, is
7 amended to read as follows:

8 1. A person holding a special class "C" retail native
9 wine license may sell beer and native wine only at retail for
10 consumption on or off the premises. Sales of beer and native
11 wine for consumption off the premises made pursuant to this
12 section shall be made in original containers except as provided
13 in subsection 5. A sale of a mixed drink or cocktail that does
14 not contain alcoholic liquor may be sold for consumption off
15 the premises subject to the requirements of section 123.49,
16 subsection 2, paragraph "d".

17 Sec. 48. Section 123.39, subsection 1, paragraph b,
18 subparagraph (3), Code 2024, is amended to read as follows:

19 (3) Any change in the ownership or interest in the business
20 operated under a ~~retail alcohol~~ license, permit, or certificate
21 of compliance which ~~change was~~ changes were not previously
22 reported in a manner prescribed by the director within ~~thirty~~
23 forty-five days of the change and subsequently approved by the
24 local authority, when applicable, and the department.

25 Sec. 49. Section 123.49, subsection 2, paragraph d,
26 subparagraph (3), Code 2024, is amended to read as follows:

27 (3) Mixed drinks or cocktails mixed on premises covered by
28 a class "C" or special class "C" retail alcohol license, or a
29 special class "C" retail native wine license, for consumption
30 off the licensed premises may be sold if the mixed drink or
31 cocktail is immediately filled in a sealed container and is
32 promptly taken from the licensed premises prior to consumption
33 of the mixed drink or cocktail. A mixed drink or cocktail
34 that is sold in a sealed container in compliance with the
35 requirements of this subparagraph and rules adopted by the

1 department shall not be deemed an open container subject to the
2 requirements of sections 321.284 and 321.284A if the sealed
3 container is unopened and the seal has not been tampered with,
4 and the contents of the container have not been partially
5 removed.

6 Sec. 50. EFFECTIVE DATE. This division of this Act, being
7 deemed of immediate importance, takes effect upon enactment.

8 EXPLANATION

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

11 This bill relates to the duties and responsibilities of the
12 department of revenue (department) including confidentiality of
13 records, sports wagering, the lottery, cigarette and tobacco
14 taxes, and alcoholic beverages.

15 DIVISION I — CONFIDENTIALITY OF RECORDS. The bill provides
16 that the department may submit to the court the entire record
17 under seal for the purpose of judicial review under Code
18 section 17A.19. The bill specifies that the record in the
19 custody of the department remains open to public inspection
20 to the extent allowed in Code chapters 17A and 22, and Code
21 sections 422.20(5) and 422.72(8).

22 The division takes effect upon enactment.

23 DIVISION II — SPORTS WAGERING. The bill specifies all
24 winnings from sports wagering are considered Iowa earned
25 income and subject to Iowa and federal income tax laws. If
26 sports wagering winnings are subject to federal income tax
27 withholding, the bill requires Iowa state income tax be
28 withheld from the winnings.

29 DIVISION III — LOTTERY. The bill defines a "lottery
30 courier" to mean a person who offers or undertakes to procure
31 tickets or shares in lottery games from a lottery retailer on
32 behalf of another person, and who does not have a bona fide
33 social relationship with that other person. The bill also
34 defines "bona fide social relationship". The bill prohibits a
35 person to operate as a lottery courier or to do business with a

1 lottery courier. The bill prohibits a retailer from knowingly
2 selling a lottery ticket to a lottery courier. A person who
3 does business with a lottery courier may have the lottery
4 retail license of the person suspended or revoked under Code
5 section 99G.27.

6 The bill updates and expands the circumstances where a
7 ticket shall not be purchased by or a prize awarded to certain
8 persons. The bill adds a state employee who has access to
9 confidential information which may compromise the integrity of
10 the lottery to the list of persons prohibited from purchasing a
11 lottery ticket or claiming a lottery prize.

12 The bill makes the following lottery information
13 confidential: ticket order history; ticket inventory; or any
14 records that if disclosed could impair or adversely impact
15 the security, integrity, or fairness of a lottery game or the
16 security of lottery retailers.

17 DIVISION IV — CIGARETTE AND TOBACCO TAXES AND REPORTS —
18 ELECTRONIC FILING. The bill updates the definition of "units
19 sold" when measuring individual cigarettes sold in the state
20 to mean packs required to bear the excise stamp of the state,
21 and updates "units sold" for roll-your-own tobacco to mean
22 roll-your-own tobacco on which tax is due pursuant to Code
23 chapter 453A.

24 The bill specifies that cities and counties may approve
25 tobacco-related retail permits but the department shall issue
26 the permit to the applicant on behalf of the city or county.
27 The bill requires the city or county to use the electronic
28 portal of the department to process retail permit applications.
29 If a city or county is unable to use the electronic portal
30 of the department, the city or county may request permission
31 from the director of revenue to process retail applications by
32 another method.

33 The bill provides that all tobacco-related permit fees shall
34 be collected by the department, and the department shall credit
35 the fees to the city or county where the permit is in effect.

1 The bill requires cigarette and tobacco tax returns,
2 reports, invoices, bonds, and payments to be filed with or
3 submitted to the department electronically beginning on or
4 after January 1, 2025. A person required to make a submission
5 electronically by the bill may request permission from the
6 director of revenue to make the submission in another manner.

7 DIVISION V — ALCOHOLIC BEVERAGES. The bill modifies the
8 definition of "canned cocktail" to include a mixed drink or
9 cocktail primarily composed of alcoholic liquor. The bill
10 expands the definition of "mixed drink or cocktail" to include
11 alcoholic beverages composed of wine in whole or in part that
12 are combined with other alcoholic beverages or nonalcoholic
13 beverages or ingredients.

14 The bill specifies that members of the alcoholic beverages
15 commission (members) shall not hold any other office or
16 position under the laws of this state or any other state. The
17 bill prohibits a member of the commission from influencing or
18 persuading others to adopt political views of the member or
19 favor any particular elective or appointive candidate. The
20 bill specifies that not more than two members shall have any
21 interest in alcohol-related enterprises.

22 The bill prohibits the director of the department of revenue
23 from having any interest in alcohol-related enterprises.

24 The bill prohibits an employee of the department of
25 revenue to license, permit, or participate in the licensing
26 or permitting of a person, business, or organization under
27 the laws governing alcoholic beverages, if the employee has
28 an ownership interest related to that person, business, or
29 organization.

30 The bill prohibits an employee of the department of revenue
31 from enforcing any law or rule governing alcoholic beverages
32 against a person, business, or organization, if the employee
33 has an ownership interest related to that person, business, or
34 organization.

35 The bill provides the director or an employee who violates

1 the bill shall, in addition to any other penalties provided by
2 law, be subject to suspension or discharge from employment.

3 The bill does not prohibit a member or the director of
4 revenue or an employee of the department of revenue from
5 lawfully purchasing and keeping an alcoholic beverage for
6 personal use.

7 The bill authorizes the holder of a special class "C" retail
8 alcohol license to sell for consumption off premises a mixed
9 drink or cocktail that does not contain alcoholic liquor
10 subject to the requirements of Code section 123.49(2)(d).

11 The bill authorizes the holder of a special class "C" retail
12 native wine license to sell for consumption off the premises a
13 mixed drink or cocktail that does not contain alcoholic liquor
14 subject to the requirements of Code section 123.49(2)(d).

15 The bill amends Code section 123.39(1)(b)(3) to update the
16 terminology used in the subparagraph to match the terminology
17 used in the lead-in under Code section 123.39(1)(b). For a
18 business operating under a license, permit, or certificate of
19 compliance, the bill extends the time the director of revenue
20 is to be notified of any change in ownership that has not
21 previously been reported from 30 days to 45 days.

22 The bill authorizes a special class "C" retail alcohol
23 license or a special class "C" retail native wine license
24 to mix drinks or cocktails on premises for consumption off
25 the premises if the mixed drink or cocktail is sealed in a
26 container and taken off the premises prior to consumption.

27 The division takes effect upon enactment.