

House File 2355 - Introduced

HOUSE FILE 2355
BY COMMITTEE ON STATE GOVERNMENT

(SUCCESSOR TO HSB 581)

(COMPANION TO SF 2140 BY
COMMITTEE ON STATE GOVERNMENT)

A BILL FOR

1 An Act relating to alcoholic beverage control, including
2 certificates of compliance and the issuance of class "A" wine
3 permits to nonnative wine manufacturers, and providing fees.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 123.3, subsection 40, paragraph c, Code
2 2026, is amended to read as follows:

3 c. Notwithstanding paragraph "e", the applicant is a citizen
4 of the United States and a resident of this state, or licensed
5 to do business in this state in the case of a corporation.
6 Notwithstanding paragraph "e", in the case of a partnership,
7 only one general partner need be a resident of this state.
8 The residency requirements of this paragraph do not apply to an
9 applicant for a class "A" wine permit issued to a nonnative wine
10 manufacturer pursuant to section 123.176A.

11 Sec. 2. Section 123.23, subsection 1, Code 2026, is amended
12 to read as follows:

13 1. Any manufacturer, distiller, or importer of alcoholic
14 liquors ~~shipping, selling, or~~ having alcoholic liquors brought
15 into this state for resale by the state department shall, as
16 a condition precedent to the privilege of so trafficking in
17 alcoholic liquors in this state, annually make application for
18 and hold a distiller's certificate of compliance which shall
19 be issued by the director for that purpose. ~~No~~ A brand of
20 alcoholic liquor brought into this state shall not be sold by the
21 department ~~in this state~~ unless the manufacturer, distiller, or
22 importer, ~~and all other persons participating in the distribution~~
23 of that brand ~~in this state~~ has obtained a certificate. The
24 certificate of compliance shall expire at the end of one year
25 from the date of issuance and shall be renewed for a like period
26 upon application to the director unless otherwise suspended or
27 revoked for cause. Each completed application for a certificate
28 of compliance or renewal shall be submitted electronically, or in
29 a manner prescribed by the director, and shall be accompanied by
30 a fee of two hundred dollars payable to the department. However,
31 this subsection need not apply to a manufacturer, distiller, or
32 importer who ~~ships or~~ sells in this state no more than eleven
33 gallons or its case equivalent during any fiscal year as a result
34 of "special orders" which might be placed, as defined and allowed
35 by departmental rules adopted under this chapter.

1 Sec. 3. Section 123.23, subsection 5, Code 2026, is amended
2 by striking the subsection.

3 Sec. 4. Section 123.135, subsections 1, 2, and 3, Code 2026,
4 are amended to read as follows:

5 1. A manufacturer, brewer, bottler, importer, or vendor of
6 beer, or any agent thereof, desiring to ~~ship or sell beer, or~~
7 have beer brought into this state for resale by a class "A"
8 beer permittee, shall first make application for and be issued
9 a brewer's certificate of compliance by the director for that
10 purpose. The certificate of compliance expires at the end of
11 one year from the date of issuance and shall be renewed for a
12 like period upon application to the director unless otherwise
13 revoked for cause. Each completed application for a certificate
14 of compliance or renewal of a certificate shall be submitted
15 electronically, or in a manner prescribed by the director, and
16 shall be accompanied by a fee of two hundred dollars payable to
17 the department. Each holder of a certificate of compliance shall
18 furnish the information in a manner the director requires. The
19 holder of a brewer's certificate of compliance may also hold a
20 class "A" beer permit.

21 2. At the time of applying for a certificate of compliance,
22 each applicant shall file with the department electronically,
23 or in a manner prescribed by the director, a list of all class
24 "A" beer permittees with whom it intends to do business and
25 ~~shall designate a designation of~~ the geographic area in which its
26 products are to be distributed by such permittee. The listing
27 of class "A" beer permittees and geographic area as filed with
28 the department shall be amended by the holder of a certificate
29 of compliance as necessary to keep the listing current with the
30 department.

31 3. All class "A" beer permit holders shall sell only those
32 brands of beer brought into the state which are manufactured,
33 brewed, bottled, shipped, or imported by a person holding a
34 current certificate of compliance. Any employee or agent working
35 for or representing the holder of a certificate of compliance

1 within this state shall submit electronically, or in a manner
2 prescribed by the director, the employee's or agent's name and
3 address with the department.

4 Sec. 5. Section 123.173, subsection 2, Code 2026, is amended
5 to read as follows:

6 2. A class "A" wine permit allows the holder to manufacture
7 and sell, or sell at wholesale, in this state, wine. The
8 holder of a class "A" wine permit may manufacture in this state
9 wine having an alcoholic content greater than seventeen percent
10 by weight or twenty-one and twenty-five hundredths percent of
11 alcohol by volume for shipment outside this state. All Except
12 as provided in section 123.176A, all class "A" premises shall be
13 located within the state.

14 Sec. 6. Section 123.175, subsection 2, paragraph c, Code
15 2026, is amended to read as follows:

16 c. That the applicant is a citizen resident of the state of
17 Iowa or, if a corporation, that the applicant is authorized to
18 do business in the state. This paragraph does not apply if
19 the applicant is the state of Iowa or a state agency as defined
20 in section 669.2. The residency requirement of this paragraph
21 does not apply to a nonnative wine manufacturer under section
22 123.176A.

23 Sec. 7. NEW SECTION. 123.176A Nonnative wine
24 manufacturers.

25 1. As used in this section, "*nonnative wine manufacturer*"
26 means a person who processes the fruit, vegetables, dandelions,
27 clover, honey, or any combination of these ingredients, by
28 fermentation into wines on a premises located outside of this
29 state.

30 2. A nonnative wine manufacturer licensed or permitted
31 pursuant to laws regulating alcoholic beverages in another state
32 may apply for and be issued a class "A" wine permit, as provided
33 in section 123.175, without being a resident of this state.

34 3. A nonnative wine manufacturer holding a class "A" wine
35 permit may sell, or sell at wholesale, in this state, wine

1 that the nonnative wine manufacturer has itself manufactured by
2 fermentation on its out-of-state licensed or permitted premises,
3 provided the wine is properly registered with the alcohol and
4 tobacco tax and trade bureau of the United States department of
5 the treasury. Pursuant to section 123.177, such sales shall only
6 be made to persons holding a class "A" wine permit or to persons
7 holding a retail alcohol license.

8 4. A nonnative wine manufacturer shall not sell in this state
9 wine fermented by another manufacturer.

10 5. A nonnative wine manufacturer may ship wine in closed
11 containers to individual purchasers within this state by
12 obtaining a wine direct shipper permit pursuant to section
13 123.187.

14 6. A nonnative wine manufacturer that holds a class "A" wine
15 permit shall be deemed to have consented to the jurisdiction
16 of the department or any other agency or court in this
17 state concerning enforcement of this chapter and any related
18 laws, rules, or regulations. A permit holder shall allow the
19 department to perform an audit of manufacturing and sales records
20 upon request.

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

26 Sec. 8. Section 123.177, subsection 2, Code 2026, is amended
27 to read as follows:

28 2. A class "A" wine permit holder may purchase and resell
29 only those brands of wine brought into the state which are
30 manufactured, fermented, bottled, shipped, or imported by a
31 person holding a certificate of compliance issued pursuant to
32 section 123.180.

33 Sec. 9. Section 123.179, Code 2026, is amended to read as
34 follows:

35 **123.179 Wine permit and license fees.**

1 1. The annual permit fee for a class "A" wine permit ~~that~~
2 ~~is not issued to a native wine manufacturer~~ is seven hundred
3 fifty dollars, except the annual permit fee for a class "A"
4 wine permit issued to a native wine manufacturer as provided in
5 section 123.176 or a nonnative wine manufacturer as provided in
6 section 123.176A is one hundred dollars.

7 ~~2. The annual permit fee for a class "A" wine permit issued~~
8 ~~to a native wine manufacturer is one hundred dollars.~~

9 ~~3.~~ 2. The fee for a charity beer, spirits, and wine special
10 event license is one hundred dollars.

11 ~~4.~~ 3. The fee for a wine auction permit is one hundred
12 dollars.

13 Sec. 10. Section 123.180, subsections 1, 2, and 3, Code 2026,
14 are amended to read as follows:

15 1. A manufacturer, vintner, bottler, importer, or vendor of
16 wine, or an agent thereof, desiring to ~~ship, sell, or~~ have wine
17 brought into this state for sale at ~~wholesale~~ resale by a class
18 "A" wine permittee shall first make application for and shall
19 be issued a vintner's certificate of compliance by the director
20 for that purpose. The vintner's certificate of compliance shall
21 expire at the end of one year from the date of issuance and
22 shall be renewed for a like period upon application to the
23 director unless otherwise revoked for cause. Each completed
24 application for a vintner's certificate of compliance or renewal
25 of a certificate shall be submitted electronically, or in a
26 manner prescribed by the director, and shall be accompanied by
27 a fee of two hundred dollars payable to the department. Each
28 holder of a vintner's certificate of compliance shall furnish the
29 information required by the director in the form the director
30 requires. ~~A vintner or wine bottler whose plant is located in~~
31 ~~Iowa and who otherwise holds a class "A" wine permit to sell wine~~
32 ~~at wholesale is exempt from the fee, but not the other terms and~~
33 ~~conditions.~~ The holder of a vintner's certificate of compliance
34 may also hold a class "A" wine permit.

35 2. At the time of applying for a vintner's certificate

1 of compliance, each applicant shall file with the department
 2 electronically, or in a manner prescribed by the director, a
 3 list of all class "A" wine permittees with whom it intends to do
 4 business. The listing of class "A" wine permittees as filed with
 5 the department shall be amended by the holder of the certificate
 6 of compliance as necessary to keep the listing current with the
 7 department.

8 3. a. Except as provided in paragraph "b", all class "A"
 9 wine permit holders shall sell only those brands of wine brought
 10 into the state which are manufactured, bottled, fermented,
 11 shipped, or imported by a person holding a current vintner's
 12 certificate of compliance. An employee or agent working for or
 13 representing the holder of a vintner's certificate of compliance
 14 within this state shall register the employee's or agent's name
 15 and address with the department electronically, or register in
 16 a manner prescribed by the director. ~~These names and addresses~~
 17 ~~shall be filed with the department's copy of the certificate of~~
 18 ~~compliance issued except that this provision does not require the~~
 19 ~~listing of those persons who are employed on the premises of a~~
 20 ~~bottling plant, or winery where wine is manufactured, fermented,~~
 21 ~~or bottled in Iowa or the listing of those persons who are~~
 22 ~~thereafter engaged in the transporting of the wine.~~

23 b. A class "A" wine permit holder may sell brands of wine
 24 brought into the state which are not manufactured, bottled,
 25 fermented, shipped, or imported by a person holding a current
 26 vintner's certificate of compliance if the brands of wine were
 27 purchased from a private sale pursuant to section 123.171,
 28 subsection 4, or if authorized by the laws of another state.

29 EXPLANATION

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

32 This bill relates to alcoholic beverage control by making
 33 changes to distiller's, vintner's, and brewer's certificates of
 34 compliance (certificates) and by allowing for the issuance of
 35 class "A" wine permits to nonnative wine manufacturers.

1 The bill strikes a provision requiring persons participating
2 in the distribution of an alcoholic liquor brand, other than
3 manufacturers, distillers, and importers, to obtain a distiller's
4 certificate prior to the resale of that brand in this state.
5 The bill also strikes a provision specifying the certificate is
6 not required to be accompanied by a list of persons employed on
7 the premises where alcoholic liquors are manufactured, processed,
8 bottled, or packaged or who are employed in transporting such
9 liquors.

10 Currently, an application for a distiller's, brewer's, or
11 vintner's certificate requires the application to be submitted to
12 the department of revenue (department) electronically, or in a
13 manner prescribed by the director of revenue (director). For a
14 brewer's certificate, the bill specifies that the required list
15 of all class "A" beer permittees with whom the applicant intends
16 to do business and the designated distribution area must also
17 be submitted to the department electronically or in a manner
18 prescribed by the director. The bill also specifies the holder
19 of a brewer's certificate of compliance may also hold a class "A"
20 beer permit.

21 The bill strikes a provision exempting a vintner or wine
22 bottler with a plant in Iowa and holding a class "A" wine
23 permit from paying the \$200 fee accompanying an application
24 for a vintner's certificate. The bill requires (1) each
25 applicant for a vintner's certificate to file with the department
26 electronically, or in a manner prescribed by the director, a
27 list of all class "A" wine permittees the applicant intends
28 to do business with in the state, and (2) each employee or
29 agent working for or representing the certificate holder to
30 similarly submit electronically with the department the person's
31 name and address. The bill also strikes a provision specifying
32 a certificate is not required to be accompanied by a list of
33 persons employed on the premises of a bottling plant or winery
34 or persons who are employed in transporting the wine.

35 New Code section 123.176A allows a nonnative wine manufacturer

1 (manufacturer) to apply for a class "A" wine permit and to sell
2 or sell at wholesale wine the manufacturer has manufactured on
3 its permitted or licensed premises that are located in another
4 state, provided the wine is properly registered with the federal
5 alcohol and tobacco tax and trade bureau. Class "A" wine
6 permits are governed by Code sections 123.173, 123.175, and
7 123.177, which generally allow a resident holder of the permit
8 to manufacture and sell or sell at wholesale wine for consumption
9 off premises in this state.

10 A sale by the manufacturer within this state is restricted to
11 sales made to a person holding a class "A" wine permit or to a
12 person holding a retail alcohol license, pursuant to current law.
13 The bill prohibits a manufacturer from selling in this state wine
14 fermented by any other manufacturer. The bill also specifies the
15 manufacturer may ship wine in closed containers to purchasers in
16 this state by obtaining a wine direct shipper permit.

17 By holding a class "A" wine permit, the manufacturer is deemed
18 to have consented to the jurisdiction of the department and the
19 courts for enforcement, and must allow audits of manufacturing
20 and sales records upon request. Violations of the bill subject
21 the manufacturer to general penalties provided in Code chapter
22 123 and constitute grounds for imposition of a civil penalty
23 or suspension or revocation of the permit as provided in Code
24 section 123.39.

25 The bill establishes the annual fee for a class "A" wine
26 permit issued to a manufacturer at \$100, which is equal to the
27 annual class "A" wine permit fee issued to a native manufacturer.