

**House Study Bill 581 - Introduced**

SENATE/HOUSE FILE \_\_\_\_\_  
BY (PROPOSED DEPARTMENT OF  
REVENUE BILL)

**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:

unofficial

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 that are properly registered with the alcohol and tobacco tax and  
4 trade bureau of the United States department of the treasury.  
5 Pursuant to section 123.177, such sales shall only be made to  
6 persons holding a class "A" wine permit or to persons holding a  
7 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  
2 sell or sell at wholesale wine the manufacturer has manufactured  
3 on its permitted or licensed premises that are located in  
4 another state and properly registered with the federal alcohol  
5 and tobacco tax and trade bureau. Class "A" wine permits are  
6 governed by Code sections 123.173, 123.175, and 123.177, which  
7 generally allow a resident holder of the permit to manufacture  
8 and sell or sell at wholesale wine for consumption off premises  
9 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.