

Senate File 245 - Introduced

SENATE FILE 245
BY SHIPLEY

A BILL FOR

1 An Act providing for the direct shipment of alcoholic liquor,
2 providing fees, and including effective date provisions.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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1 Section 1. Section 123.28, subsection 5, Code 2025, is
2 amended to read as follows:

3 5. This section does not affect the right of a retail alcohol
4 license holder to purchase, possess, or transport alcoholic
5 liquors subject to this chapter. In addition, this section does
6 not impact the direct shipment of alcoholic liquor as regulated
7 by section 123.42A.

8 Sec. 2. Section 123.32, subsection 1, paragraph b, Code 2025,
9 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 2025, 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 2025, is amended to read as follows:

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

27 Sec. 5. Section 123.41, subsection 1, Code 2025, is amended
28 to read as follows:

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

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

4 Sec. 6. Section 123.41, Code 2025, 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 or
14 another state may apply for an alcoholic liquor direct shipper
15 license, as provided in this section. For the purposes of this
16 section, an "*alcoholic liquor manufacturer*" means a business
17 with an operating still which distills spirits, barrel matures
18 spirits for a period of two years on the licensed premises of the
19 distillery where matured, or blends or mixes spirits comprised
20 solely of spirits distilled or barrel matured for a period of two
21 years on the licensed premises of the distillery.

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

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

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

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

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

13 3. The direct shipment of alcoholic liquor pursuant to this
14 section is subject to all of the following requirements and
15 restrictions:

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

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

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

32 b. Alcoholic liquor subject to direct shipping shall be
33 properly registered with the federal alcohol and tobacco tax and
34 trade bureau, and manufactured on the licensed premises of the
35 alcoholic liquor direct shipper licensee.

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

10 d. All containers of alcoholic liquor shipped directly to a
11 resident of this state shall be conspicuously labeled with the
12 words "CONTAINS ALCOHOL: SIGNATURE OF PERSON AGE 21 OR OLDER
13 REQUIRED FOR DELIVERY" or shall be conspicuously labeled with
14 alternative wording preapproved by the director.

15 e. All containers of alcoholic liquor shipped directly to
16 a resident of this state shall be shipped by a holder of an
17 alcoholic beverage carrier permit as provided in section 123.188.

18 f. Shipment of alcoholic liquor pursuant to this subsection
19 does not require a refund value for beverage container control
20 purposes under chapter 455C.

21 4. An alcoholic liquor direct shipper licensee shipping
22 alcoholic liquor to this state shall remit the following amount
23 to the department in a manner as directed by the department:

24 a. For alcoholic liquor that is listed for sale by the
25 department, an amount equivalent to fifty percent of the listed
26 wholesale price.

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

31 5. Each alcoholic liquor direct shipper licensee shall make
32 a report under oath to the department electronically, or in a
33 manner prescribed by the director, on or before the tenth day of
34 each month, which includes all of the following information:

35 a. The products and quantities shipped directly to residents

1 of this state in the preceding month.

2 b. The name and address of the individuals to whom the
3 alcoholic liquor was sold in each sale.

4 c. The wholesale price of the alcoholic liquor sold.

5 d. The purchase price of the alcoholic liquor sold and
6 the amount of taxes charged to the individual purchasing the
7 alcoholic liquor.

8 e. The alcoholic beverage carrier permittee who delivered the
9 shipment.

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

14 6. The license holder at the time of filing the report as
15 required by subsection 5 shall pay to the department the amount
16 as required pursuant to subsection 4. The department shall
17 assess and collect a civil penalty of ten percent of the amount
18 due if the report required to be filed pursuant to this section
19 and the amount required to be paid as provided by subsection 4
20 is not filed and the amount paid within the time required by this
21 section.

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

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

33 Sec. 8. Section 123.43A, subsection 2, Code 2025, is amended
34 to read as follows:

35 2. A native distillery shall not sell more than nine liters

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

10 Sec. 9. Section 123.43A, subsection 7, Code 2025, is amended
11 to read as follows:

12 7. A native distillery may sell the native distilled spirits
13 it manufactures to customers outside the state, pursuant to the
14 laws of that jurisdiction.

15 Sec. 10. Section 123.46A, subsection 5, Code 2025, is amended
16 to read as follows:

17 5. Nothing in this section shall impact the direct shipment
18 of alcoholic liquor as regulated by section 123.42A or the direct
19 shipment of wine as regulated by section 123.187.

20 Sec. 11. Section 123.173C, subsection 4, paragraphs b and d,
21 Code 2025, are amended to read as follows:

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

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

35 Sec. 12. Section 123.187, subsection 3, paragraph d, Code

1 2025, is amended to read as follows:

2 d. All containers of wine shipped directly to a resident of
3 this state shall be shipped by a holder of a ~~wine~~ an alcoholic
4 beverage carrier permit as provided in section 123.188.

5 Sec. 13. Section 123.188, subsections 1, 2, and 4, Code 2025,
6 are amended to read as follows:

7 1. A person desiring to deliver alcoholic liquor subject to
8 direct shipment within this state pursuant to section 123.42A,
9 wine subject to direct shipment within this state pursuant to
10 section 123.187, or ~~to deliver~~ wine shipped to or by a wine
11 auction permittee pursuant to section 123.173C, shall submit
12 an application for a ~~wine~~ an alcoholic beverage carrier permit
13 electronically, or in a manner prescribed by the director, which
14 shall be accompanied by a fee in the amount of one hundred
15 dollars.

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

20 4. The delivery of alcoholic liquor or wine pursuant to this
21 section shall ~~be~~ is subject to the following requirements and
22 restrictions:

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

27 b. ~~A wine~~ An alcoholic beverage carrier permittee shall
28 obtain valid proof of identity and age prior to delivery,
29 and shall obtain the signature of an adult as a condition of
30 delivery.

31 c. ~~A wine~~ An alcoholic beverage carrier permittee shall
32 maintain records of alcoholic liquor or wine shipped which
33 include the permit number and name of the alcoholic liquor
34 or wine manufacturer or wine auction permittee, quantity of
35 alcoholic liquor or wine shipped, recipient's name and address,

1 and an electronic or paper form of signature from the recipient
2 of the alcoholic liquor or wine. Records shall be submitted to
3 the department on a monthly basis in a form and manner to be
4 determined by the department.

5 Sec. 14. EFFECTIVE DATE. This Act takes effect January 1,
6 2026.

7 EXPLANATION

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

10 This bill allows for the direct shipment of alcoholic liquor
11 within the state.

12 New Code section 123.42A provides for the direct shipment of
13 alcoholic liquor and provides for an alcoholic liquor direct
14 shipper license. An alcoholic liquor direct shipper licensee
15 (licensee) may sell and ship any amount of alcoholic liquor to
16 any person who is at least 21 years of age for personal use and
17 not for resale if the licensee produces in, or imports into, the
18 United States 150,000 proof gallons or fewer of distilled spirits
19 per calendar year. If the licensee produces or imports more than
20 150,000 proof gallons of distilled spirits, a licensee may sell
21 and ship up to nine liters of alcoholic liquor per calendar year
22 to a person 21 years of age or older. The annual fee for the
23 license is \$25.

24 Provisions governing the direct shipment of wine and the wine
25 direct shipper permit are generally made applicable to the direct
26 shipment of alcoholic liquor.

27 The bill requires all alcoholic liquor subject to direct
28 shipping to be properly registered with the department of revenue
29 (department) and that products which are not listed for sale by
30 the department must be registered to include information on the
31 name of the manufacturer, the name of the brand, the standard
32 of fill, the wholesale price, and other information as requested
33 by the department. The bill also requires each licensee to
34 make a monthly report to the department that lists the products
35 and quantities shipped directly to residents of this state in

1 the preceding month, the name and address of the individuals to
2 whom the alcoholic liquor was sold in each sale, the wholesale
3 price of the alcoholic liquor sold, the purchase price and taxes
4 charged of the alcoholic liquor sold, the alcoholic beverage
5 carrier permittee who delivered each shipment, and documents
6 filed by the licensee with the alcohol and tobacco tax and
7 trade bureau of the United States department of treasury for
8 the preceding month, including all production, storage, and
9 processing reports.

10 Finally, the bill requires a licensee to remit an amount to
11 the department depending on whether the alcoholic liquor shipped
12 is listed for sale by the department. If the alcoholic liquor
13 is listed for sale by the department, the permittee shall remit
14 to the department an amount equivalent to 50 percent of the
15 wholesale price paid by the department for the alcoholic liquor.
16 If the alcoholic liquor is not listed for sale by the department,
17 the permittee shall remit to the department an amount equivalent
18 to 50 percent of the wholesale price of the alcoholic liquor as
19 registered with the department. The bill provides that a civil
20 penalty of 10 percent of the amount due shall be assessed and
21 collected if the amount required to be paid to the department
22 as provided by the bill is not paid within the time required.
23 Generally, moneys collected by the department under Code chapter
24 123 for the issuance of permits and licenses, and other moneys
25 and receipts received by the department from any other source
26 under the Code chapter, are deposited in the beer and liquor
27 control fund (Code section 123.17). Civil penalties imposed and
28 collected by the department under the Code chapter are credited
29 to the general fund of the state.

30 The bill allows a manufacturer of alcoholic liquor and a
31 native distillery to ship alcoholic liquor or native distilled
32 spirits, as applicable, to individual purchasers inside this
33 state by obtaining an alcoholic liquor direct shipper license as
34 established in the bill.

35 The bill replaces the wine carrier permit under current law

1 with an alcoholic beverage carrier permit to provide for the
2 direct shipment of alcoholic liquor as provided by the bill.
3 The bill takes effect January 1, 2026.

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