

House File 668 - Reprinted

HOUSE FILE 668
BY COMMITTEE ON COMMERCE

(SUCCESSOR TO HSB 210)

(COMPANION TO LSB 2490SV BY
COMMITTEE ON COMMERCE)

(As Amended and Passed by the House March 13, 2019)

A BILL FOR

1 An Act concerning alcoholic beverage control, relating to
2 limitations on business interests of certain manufacturers,
3 wholesalers, and retailers of alcoholic beverages.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 123.3, Code 2019, is amended by adding
2 the following new subsection:

3 NEW SUBSECTION. 24A. *“Institutional investor”* means a
4 person who maintains a diversified portfolio of investments
5 through a state or federally chartered bank, a mutual fund,
6 a retirement plan or account created by an employer, the
7 person, or another individual to provide retirement benefits or
8 deferred compensation to the person, a private investment firm,
9 or a holding company publicly traded on the New York stock
10 exchange, the American stock exchange, or NASDAQ stock market
11 and who has a majority of investments in businesses other than
12 businesses that manufacture, bottle, wholesale, or sell at
13 retail alcoholic beverages.

14 Sec. 2. Section 123.45, subsection 1, unnumbered paragraph
15 1, Code 2019, is amended to read as follows:

16 A Subject to such exceptions as otherwise authorized
17 under this chapter, a person engaged in the business of
18 manufacturing, bottling, or wholesaling alcoholic beverages,
19 wine, or beer excluding an institutional investor, or any
20 jobber, representative, broker, employee, or agent of such a
21 person, shall not do any of the following:

22 Sec. 3. Section 123.45, subsection 1, paragraphs c and d,
23 Code 2019, are amended to read as follows:

24 c. Directly or indirectly be interested in the ownership,
25 conduct, or operation of the business of another licensee or
26 permittee authorized under this chapter to sell at retail,
27 unless the licensee or permittee authorized under this
28 chapter to sell at retail does not purchase or sell the
29 alcoholic beverages of the person engaged in the business of
30 manufacturing, bottling, or wholesaling alcoholic beverages.
31 However, the licensee or permittee authorized under this
32 chapter to sell at retail may purchase and sell the wine of the
33 person engaged in the business of manufacturing wine that is
34 not native wine provided the licensed premises is the principal
35 office, as defined in section 490.140, of the person.

1 d. Hold a retail liquor control license or retail wine or
2 beer permit, unless the licensee or permittee holding a retail
3 liquor control license or retail wine or beer permit does not
4 purchase or sell the alcoholic beverages of the person engaged
5 in the business of manufacturing, bottling, or wholesaling
6 alcoholic beverages. However, a person engaged in the business
7 of manufacturing wine that is not native wine may purchase and
8 sell the person's wine under the authority of a special class
9 "C" liquor control license and a class "B" wine permit provided
10 the licensed premises is the principal office, as defined in
11 section 490.140, of the person.

12 Sec. 4. Section 123.45, Code 2019, is amended by adding the
13 following new subsections:

14 NEW SUBSECTION. 1A. Notwithstanding any provision of law to
15 the contrary, a broker, employee, or agent of a person engaged
16 in the business of manufacturing, bottling, or wholesaling
17 alcoholic beverages may be a broker, employee, or agent of
18 another person engaged in the business of manufacturing,
19 bottling, or wholesaling alcoholic beverages or a broker,
20 employee, or agent of a business authorized under this chapter
21 to sell alcoholic beverages at retail as long as the broker,
22 employee, or agent is not an officer, owner, director, or
23 employee in a position to exercise any control or influence
24 over the types of sales or the purchasing of alcoholic
25 beverages in either position of employment.

26 NEW SUBSECTION. 4. The exceptions established by
27 subsection 1 to the general prohibition against tied interests
28 shall be limited to their express terms so as not to undermine
29 the general prohibition and shall therefore be construed
30 accordingly, and shall not be construed to affect exceptions
31 to the general prohibition against tied interests as otherwise
32 authorized under this chapter.

33 Sec. 5. Section 123.130, subsection 1, Code 2019, is amended
34 to read as follows:

35 1. a. Any person holding a class "A" beer permit issued

1 by the division shall be authorized to manufacture and sell,
2 or sell at wholesale, beer for consumption off the premises,
3 such sales within the state to be made only to persons holding
4 subsisting class "A", "B", or "C" beer permits, both a class
5 "C" native wine permit and a class "A" wine permit pursuant
6 to [section 123.178B, subsection 4](#), or liquor control licenses
7 issued in accordance with the provisions of [this chapter](#).
8 However, a person holding a class "A" beer permit issued by
9 the division who also holds a brewer's notice issued by the
10 alcohol and tobacco tax and trade bureau of the United States
11 department of the treasury shall be authorized to sell, at
12 wholesale, no more than thirty thousand barrels of beer on an
13 annual basis for consumption off the premises to a licensee or
14 permittee authorized under this chapter to sell beer at retail.
15 b. A class "A" or special class "A" beer permit does not
16 grant authority to manufacture wine as defined in section
17 123.3, subsection 48.