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)

[= New Language by the House

* = Language Stricken by the House

A BILL FOR

An Act concerning alcoholic beverage control, relating to limitations on business interests of certain manufacturers, wholesalers, and retailers of alcoholic beverages.

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

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

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

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

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

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

c. Directly or indirectly be interested in the ownership, conduct, or operation of the business of another licensee or permittee authorized under this chapter to sell at retail, unless the licensee or permittee authorized under this chapter to sell at retail does not purchase or sell the alcoholic beverages of the person engaged in the business of manufacturing, bottling, or wholesaling alcoholic beverages. However, the licensee or permittee authorized under this chapter to sell at retail may purchase and sell the wine of the person engaged in the business of manufacturing wine that is not native wine provided the licensed premises is the principal office, as defined in section 490.140, of the[person].

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

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

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

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

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

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

by the division shall be authorized to manufacture and sell, or sell at wholesale, beer for consumption off the premises, such sales within the state to be made only to persons holding subsisting class "A", "B", or "C" beer permits, both a class "C" native wine permit and a class "A" wine permit pursuant to section 123.178B, subsection 4, or liquor control licenses issued in accordance with the provisions of this chapter. However, a person holding a class "A" beer permit issued by the division who also holds a brewer's notice issued by the alcohol and tobacco tax and trade bureau of the United States department of the treasury shall be authorized to sell, at wholesale, no more than thirty thousand barrels of beer on an annual basis for consumption off the premises [to a licensee or permittee authorized under this chapter to sell beer at retail].

b. A class "A" or special class "A" beer permit does not grant authority to manufacture wine as defined in section 123.3, subsection 48.