SENATE FILE 2427
BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO SSB 3179)

(As Amended and Passed by the Senate April 15, 2024)

* = Language Stricken by the Senate

A BILL FOR

An Act relating to the duties and responsibilities of the department of revenue including sports wagering, the lottery, cigarette and tobacco taxes, alcoholic beverages, and including effective date provisions.

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

DIVISION I

SPORTS WAGERING

Section 1. Section 99F.18, Code 2024, is amended to read as follows:

99F.18 Tax on winnings.

1. All winnings derived from slot machines operated pursuant to this chapter are Iowa earned income and are subject to state and federal income tax laws. An amount deducted from winnings for payment of the state tax, pursuant to section 422.16, subsection 2, shall be remitted to the department of revenue on behalf of the winner.

2. All winnings from sports wagering authorized under this chapter are Iowa earned income and subject to state and federal income tax laws. An amount deducted from winnings for payment of state tax pursuant to section 422.16, subsection 2, shall be remitted to the department of revenue on behalf of the winner.

Sec. 2. Section 422.16, subsection 2, paragraph d, Code 2024, is amended to read as follows:

d. For the purposes of this subsection, state income tax shall be withheld on winnings in excess of six hundred dollars derived from gambling activities authorized under chapter 99B or 99G. State income tax shall be withheld on winnings in excess of one thousand dollars from gambling activities authorized under chapter 99D. State income tax shall be withheld on winnings in excess of one thousand two hundred dollars derived from slot machines authorized under chapter 99F. State income tax shall be withheld on winnings from sports wagering authorized under chapter 99F whenever federal income tax is required to be withheld from the same winnings in accordance with the Internal Revenue Code.

DIVISION II

LOTTERY

Sec. 3. Section 99G.3, Code 2024, is amended by adding the following new subsections:

NEW SUBSECTION. 3A. *"Bona fide social relationship"* means

a real, genuine, unfeigned social relationship between two or more persons, where each person has an established knowledge of the other, which has not arisen for the purpose of gambling.

NEW SUBSECTION. 9A. *"Lottery courier"* means a person who offers or undertakes to procure tickets or shares in lottery games from a lottery retailer on behalf of another person, and who does not have a bona fide social relationship with that other person.

Sec. 4. Section 99G.24, subsection 7, Code 2024, is amended by adding the following new paragraph:

NEW PARAGRAPH. *j.* The department determines, based upon available information, that either the structure or activities of the applicant's business is likely to violate provisions of this chapter, or any regulation, policy, or procedure of the division.

Sec. 5. Section 99G.30, Code 2024, is amended by adding the following new subsections:

NEW SUBSECTION. 8. A person shall not do any of the following:

a. Act or operate as a lottery courier.

b. Do business with a lottery courier.

NEW SUBSECTION. 9. A retailer shall not knowingly sell tickets or shares in a lottery game to any of the following:

a. A lottery courier.

b. An employee or agent of a lottery courier.

Sec. 6. Section 99G.31, subsection 3, paragraph g, Code 2024, is amended by striking the paragraph and inserting in lieu thereof the following:

g. A ticket or share issued by the division shall not be purchased by and no prize shall be paid to any of the following:

(1) A member of the board.

(2) An officer or employee of the department.

(3) An officer or employee of the state providing services to the department to administer this chapter if such officer

or employee has access to confidential information which may compromise the integrity of the lottery.

(4) A spouse, child, sibling, or parent residing as a member of the same household in the principal place of residence of any person described in subparagraphs (1) through (3).

Sec. 7. Section 99G.34, Code 2024, is amended by adding the following new subsection:

NEW SUBSECTION. 9. Ticket order history; ticket inventory; or any records that if disclosed could impair or adversely impact the security, integrity, or fairness of a lottery game or the security of lottery retailers.

DIVISION III

CIGARETTE AND TOBACCO TAXES AND REPORTS — ELECTRONIC FILING

Sec. 8. Section 453A.1, subsection 27, Code 2024, is amended to read as follows:

27. *"State permit"* shall mean and include all permits issued by the department ~~to distributors, wholesalers, and retailers~~ under this chapter except the permits issued to retailers approved by cities and counties pursuant to sections 453A.13 and 453A.47A.

Sec. 9. Section 453A.6, subsection 8, paragraph a, Code 2024, is amended to read as follows:

a. Pay directly to the department, in lieu of the tax under subsection 1, a tax equal to three and six hundredths cents on each cigarette dispensed from such machine. Payments made under this paragraph shall be remitted to the department electronically.

Sec. 10. Section 453A.8, subsection 2, Code 2024, is amended to read as follows:

2. Orders for cigarette tax stamps, including the payment for such stamps, shall be ~~sent direct~~ made to the department electronically on a form to be prescribed by the director, except as provided in subsection 6.

Sec. 11. Section 453A.13, subsection 2, paragraph a, Code 2024, is amended to read as follows:

a. The department shall issue state permits to distributors, wholesalers, and cigarette vendors, and retailers that make delivery sales of alternative nicotine products and vapor products, subject to the conditions provided in this subchapter. If an out-of-state retailer makes delivery sales of alternative nicotine products or vapor products, an application shall be filed with the department electronically and a permit shall be issued for the out-of-state retailer's principal place of business. Cities may ~~issue~~ approve retail ~~permits to retailers~~ permit applications for applicants with a place of business located within their respective limits. County boards of supervisors may ~~issue~~ approve retail ~~permits to retailers~~ permit applications for applicants with a place of business in their respective counties, outside of the corporate limits of cities. Upon approval of a retail permit application by a city or county, the department shall issue the permit to the applicant on behalf of the city or county, in the manner determined by the department. A city or county shall use the electronic portal of the department to process retail permit applications. A city or county that is unable to use the electronic portal of the department may request permission from the director to process retail applications by another method.

Sec. 12. Section 453A.13, subsection 2, paragraph c, Code 2024, is amended to read as follows:

c. ~~A city or county shall submit a duplicate of any application for a retail permit to the department within thirty days of the issuance.~~ The department shall submit the current list of all retail permits issued to the department of health and human services by the last day of each quarter of a state fiscal year.

Sec. 13. Section 453A.13, subsection 3, paragraph a, Code 2024, is amended to read as follows:

a. All permits provided for in this subchapter shall expire on June 30 of each year. A permit shall not be granted or issued until the applicant has paid the fees to the department

required in this subchapter for the next period ending on June 30 ~~next, to the department or the city or county granting the permit, the fees provided for in this subchapter~~. The annual state permit fee for a distributor, cigarette vendor, and wholesaler is one hundred dollars when the permit is granted during the months of July, August, or September. However, whenever a state permit holder operates more than one place of business, a duplicate state permit shall be issued for each additional place of business on payment of five dollars for each duplicate state permit, but refunds as provided in this subchapter do not apply to any duplicate permit issued.

Sec. 14. Section 453A.13, subsection 5, unnumbered paragraph 1, Code 2024, is amended to read as follows:

Permits shall be issued only upon applications accompanied by the fee indicated above, and by an adequate bond as provided in section 453A.14, and upon forms furnished by the department ~~upon written request~~. ~~The failure to furnish such forms shall be no excuse for the failure to file the forms unless absolute refusal is shown.~~ Applications, any supporting documentation, and the associated fees required by this section shall be submitted to the department electronically. The forms shall set forth all of the following:

Sec. 15. Section 453A.13, subsection 9, unnumbered paragraph 1, Code 2024, is amended to read as follows:

Each permit issued shall describe clearly the place of business for which it is issued, shall be nonassignable, consecutively numbered, designating the kind of permit, and shall authorize the sale of cigarettes, alternative nicotine products, or vapor products in this state subject to the limitations and restrictions herein contained. The retail permits shall be upon forms furnished by the department ~~or on forms made available or approved by the department~~.

Sec. 16. Section 453A.14, subsection 1, unnumbered paragraph 1, Code 2024, is amended to read as follows:

~~No~~ A state or manufacturer's permit shall not be issued until

the applicant files a bond, with good and sufficient surety, to be approved by the director, which bond shall be in favor of the state and conditioned upon the payment of taxes, damages, fines, penalties, and costs adjudged against the permit holder for violation of any of the provisions of this subchapter. The bonds shall be on forms prescribed by the director and shall be filed electronically. A bond filed under this section shall be in one of the following amounts:

Sec. 17. Section 453A.14, subsection 2, Code 2024, is amended to read as follows:

2. A person shall not engage in interstate business unless the person files a bond, with good and sufficient surety in an amount of not less than one thousand dollars. A bond required by this subsection shall be on forms prescribed by the director and shall be filed electronically. The amount of the bond required of the person shall be fixed by the director, subject to the minimum limitation provided in this section. The bond is subject to approval by the director and shall be payable to the state in Des Moines, Polk county, and conditioned upon the payment of taxes, damages, fines, penalties, and costs adjudged against the person for violation of any of the requirements of this subchapter affecting the person, on a form prescribed by the director.

Sec. 18. Section 453A.15, subsection 7, Code 2024, is amended to read as follows:

7. ~~The director may require by rule that~~ Any reports required to be made under this subchapter shall be filed ~~by electronic transmission~~ electronically.

Sec. 19. Section 453A.16, Code 2024, is amended to read as follows:

453A.16 Manufacturer's permit.

The department may, upon application of any manufacturer, issue without charge to the manufacturer a manufacturer's permit. The application shall contain information as the director shall prescribe and the application shall be

submitted to the department electronically. The holder of a manufacturer's permit is authorized to purchase stamps from the department, and must affix stamps to individual packages of cigarettes outside of this state, prior to their shipment into the state unless the cigarettes are shipped to an Iowa permitted distributor or an Iowa permitted distributor's agent.

Sec. 20. Section 453A.17, subsection 1, Code 2024, is amended to read as follows:

1. Every distributing agent in the state, now engaged, or who desires to become engaged, in the business of storing unstamped cigarettes which are received in interstate commerce for distribution or delivery only upon order received from without the state or to be sold outside the state, shall file with the department electronically, an application for a distributing agent's permit, on a form prescribed by the director~~, to be furnished upon written request~~. ~~The failure to furnish shall be no excuse for the failure to file the same unless an absolute refusal is shown.~~ Said form shall set forth the name under which such distributing agent transacts or intends to transact such business as a distributing agent, the principal office and place of business in Iowa to which the permit is to apply, and if other than an individual, the principal officers or members thereof and their addresses. The director may require any other information in said application. No distributing agent shall engage in such business until such application has been filed and fee in the sum of one hundred dollars paid for the permit and until the permit has been obtained. Such permit shall expire on June 30 following the date of issuance. All of the provisions of the last two paragraphs of section 453A.14, relative to bonds, are incorporated herein and by this reference made applicable to distributing agents. Upon failure to furnish adequate bond as required, the permit shall be revoked without hearing. An application shall be filed and a permit obtained for each place of business owned or operated by a distributing agent.

Sec. 21. Section 453A.18, Code 2024, is amended to read as follows:

453A.18 Forms for records and reports.

The department shall ~~furnish or~~ make available in electronic form, without charge, to holders of the various permits, forms ~~in sufficient quantities~~ to enable permit holders to make the reports required to be made under this subchapter. The permit holders shall furnish at their own expense the books, records, and invoices, required to be used and kept, but the books, records, and invoices shall be in exact conformity to the forms prescribed for that purpose by the director, and shall be kept and used in the manner prescribed by the director. However, the director may, by express order in certain cases, authorize permit holders to keep their records in a manner and upon forms other than those prescribed. The authorization may be revoked at any time. A report, book, record, invoice, and any other document required to be submitted to the department under this subchapter shall be submitted electronically.

Sec. 22. Section 453A.23, subsections 1 and 2, Code 2024, are amended to read as follows:

1. Subject to this subchapter, a retailer's permit may be issued by the department to any dining car company, sleeping car company, railroad or railway company. The permit shall authorize the holder to keep for sale, and sell, cigarettes at retail on any dining car, sleeping car, or passenger car operated by the applicant in, through, or across the state of Iowa, subject to all of the restrictions imposed upon retailers under this subchapter. The application for the permit shall be in the form and contain the information required by the director and each application submitted under this section shall be submitted to the department electronically. Each permit is good throughout the state. Only one permit is required for all cars operated in this state by the applicant, but a duplicate of the permit shall be posted in each car in which cigarettes are sold and no further permit shall be

required or tax levied for the privilege of selling cigarettes in the cars. ~~No cigarettes~~ Cigarettes shall not be sold in the cars without having affixed thereto stamps evidencing the payment of the tax as provided in this subchapter.

2. As a condition precedent to the issuing of a retailer's permit for railway car, the applicant shall file with the department a bond in favor of the state for the benefit of all parties interested in the amount of five hundred dollars conditioned upon the payment of all taxes, fines and penalties and costs in this subchapter. A bond filed under this subsection shall be on forms prescribed by the director and shall be filed electronically.

Sec. 23. Section 453A.24, subsection 2, Code 2024, is amended to read as follows:

2. The director may require by rule that common carriers or the appropriate persons provide monthly reports to the department detailing all information the department deems necessary on shipments into and out of Iowa of cigarettes and tobacco products as set forth in this subchapter I and subchapter II of this chapter. ~~The director may require by rule that the reports~~ A report required to be submitted by the director pursuant to this section shall be filed ~~by electronic transmission~~ electronically.

Sec. 24. Section 453A.35, subsection 1, paragraph a, Code 2024, is amended to read as follows:

a. With the exception of revenues credited to the health care trust fund pursuant to paragraph "*b*", the proceeds derived from the sale of stamps and the payment of fees and penalties provided for under this chapter, and the permit fees received from all state permits issued by the department, shall be credited to the general fund of the state.

Sec. 25. Section 453A.35, subsection 2, Code 2024, is amended to read as follows:

2. All permit fees provided for in this chapter and collected by the department on behalf of cities in the issuance

of permits granted by the cities shall be ~~paid~~ remitted by the department to the treasurer of the city where the permit is effective, ~~or to another city officer as designated by the council,~~ and shall be credited to the general fund of the city. Permit fees so collected by the department on behalf of counties shall be ~~paid~~ remitted to the county treasurer of the county where the permit is effective.

Sec. 26. Section 453A.39, subsection 2, paragraph a, Code 2024, is amended to read as follows:

a. All cigarette samples shall be shipped only to a distributor that has a permit to stamp cigarettes or little cigars with Iowa tax. All cigarette samples must have a cigarette stamp. The manufacturer shipping samples under this section shall send an affidavit to the director stating the shipment information, including the date shipped, quantity, and to whom the samples were shipped. The distributor receiving the shipment shall send an affidavit to the director stating the shipment information, including the date shipped, quantity, and from whom the samples were shipped. These affidavits shall be duly notarized and submitted to the director at the time of shipment and receipt of the samples. The distributor shall pay the tax on samples by separate remittance along with the affidavit. The affidavit and remittance required under this paragraph shall be submitted to the department electronically.

Sec. 27. Section 453A.40, subsection 2, Code 2024, is amended to read as follows:

2. Persons subject to the inventory tax imposed under this section shall take an inventory as of the close of the business day next preceding the effective date of the increased tax rate of those items subject to the inventory tax for the purpose of determining the tax due. These persons shall report the tax on forms provided by the department of revenue and remit the tax due within thirty days of the prescribed inventory date. The report and remittance required under this subsection shall be submitted to the department electronically. The department

of revenue shall adopt rules as are necessary to carry out this section.

Sec. 28. NEW SECTION. **453A.41 Submitting documents — alternative method.**

A person subject to this subchapter who is required to submit an application, bond, fee, report, return, remittance, or other documentation electronically and who is unable to do so, may request permission from the director to make the submission using an alternative method.

Sec. 29. Section 453A.45, subsection 5, paragraphs b and c, Code 2024, are amended to read as follows:

b. The report shall be made on forms provided by the director. ~~The director may require by rule that the~~ A report required under this subsection shall be filed ~~by electronic transmission~~ electronically.

c. Common carriers transporting tobacco products into this state shall file with the director reports of all such shipments other than those which are delivered to public warehouses of first destination in this state which are licensed under the provisions of chapter 554. Such reports shall be filed electronically with the department on or before the tenth day of each month and shall show with respect to deliveries made in the preceding month all of the following:

(1) The date.

(2) The point of origin.

(3) The point of delivery.

(4) The name of the consignee.

(5) A description and the quantity of tobacco products delivered.

(6) Such other information as the director may require.

Sec. 30. Section 453A.46, subsection 1, paragraph a, subparagraph (1), Code 2024, is amended to read as follows:

(1) On or before the twentieth day of each calendar month every distributor with a place of business in this state shall file a return with the director showing for the preceding

calendar month the quantity and wholesale sales price of each tobacco product brought, or caused to be brought, into this state for sale; made, manufactured, or fabricated in this state for sale in this state; and any other information the director may require. Every licensed distributor outside this state shall in like manner file a return with the director showing for the preceding calendar month the quantity and wholesale sales price of each tobacco product shipped or transported to retailers in this state to be sold by those retailers and any other information the director may require. Returns shall be made upon forms ~~furnished or~~ made available in electronic form and prescribed by the director and shall contain other information as the director may require. Each return shall be accompanied by a remittance for the full tax liability shown on the return, less a discount as fixed by the director not to exceed five percent of the tax. Within three years after the return is filed or within three years after the return became due, whichever is later, the department shall examine it, determine the correct amount of tax, and assess the tax against the taxpayer for any deficiency. The period for examination and determination of the correct amount of tax is unlimited in the case of a false or fraudulent return made with the intent to evade tax, or in the case of a failure to file a return.

Sec. 31. Section 453A.46, subsection 7, Code 2024, is amended by striking the subsection and inserting in lieu thereof the following:

7. A return and remittance required to be submitted under this subchapter shall be filed electronically.

Sec. 32. Section 453A.47A, subsection 6, Code 2024, is amended to read as follows:

6. *Issuance.* Cities may ~~issue~~ approve retail ~~permits to~~ permit applications of retailers located within their respective limits. County boards of supervisors may ~~issue~~ approve retail ~~permits to~~ permit applications of retailers located in their respective counties, outside of the corporate

limits of cities. ~~The city or county shall submit a duplicate of any application for a retail permit to the department within thirty days of issuance of a permit.~~ Upon approval of a retail permit application by a city or county, the department shall issue the permit to the applicant on behalf of the city or county, in the manner determined by the department. A city or county shall use the electronic portal of the department to process retail permit applications. A city or county that is unable to use the electronic portal of the department may request permission from the director to process retail applications by another method. The department shall submit the current list of all retail permits issued to the department of health and human services by the last day of each quarter of a state fiscal year.

Sec. 33. Section 453A.47A, subsection 7, paragraph a, unnumbered paragraph 1, Code 2024, is amended to read as follows:

All permits provided for in this subchapter shall expire on June 30 of each year. A permit shall not be granted or issued until the applicant has paid the fees ~~provided for~~ to the department required in this section for the next period ending on June 30 ~~next, to the city or county granting the permit~~. The fee for retail permits is as follows when the permit is granted during the month of July, August, or September:

Sec. 34. Section 453A.47A, subsection 9, unnumbered paragraph 1, Code 2024, is amended to read as follows:

Retail permits shall be issued only upon applications, accompanied by the fee indicated above, made upon forms furnished by the department ~~upon written request~~. ~~The failure to furnish such forms shall be no excuse for the failure to file the form unless absolute refusal is shown.~~ Applications, any supporting documentation, and the associated fees required by this section shall be submitted to the department electronically. The forms shall specify:

Sec. 35. Section 453A.47A, subsection 10, paragraph b, Code

2024, is amended to read as follows:

b. Every retailer shall, when requested by the department, make additional reports as the department deems necessary and proper and shall at the request of the department furnish full and complete information pertaining to any transaction of the retailer involving the purchase or sale or use of tobacco, tobacco products, alternative nicotine products, or vapor products. A report required to be submitted to the department pursuant to this subsection shall be filed electronically.

Sec. 36. NEW SECTION. **453A.52 Submitting documents — alternative method.**

A person subject to this subchapter who is required to submit an application, bond, fee, report, return, remittance, or other documentation electronically and who is unable to do so, may request permission from the director to make the submission using an alternative method.

Sec. 37. Section 453C.1, subsection 10, Code 2024, is amended to read as follows:

10. *"Units sold"* means the number of individual cigarettes sold in the state by the applicable tobacco product manufacturer, whether directly or through a distributor, retailer, or similar intermediary or intermediaries, during the year in question, ~~as measured by excise taxes collected by the state on~~ in packs ~~bearing~~ required to bear the excise stamp of the state or ~~on~~ in the case of roll-your-own tobacco ~~containers~~ on which a tax is due pursuant to chapter 453A. The department of revenue shall adopt rules as are necessary to ascertain the amount of state excise tax paid on the cigarettes of such tobacco product manufacturer for each year.

Sec. 38. Section 453D.5, subsection 1, Code 2024, is amended to read as follows:

1. No later than twenty calendar days after the end of each calendar quarter, and more frequently if so directed by the director, each stamping agent and distributor shall submit information as the director requires to facilitate compliance

with this chapter, including but not limited to a list by brand family of the total number of cigarettes, or, in the case of roll-your-own tobacco, the equivalent stick count, for which the stamping agent or distributor affixed stamps during the previous calendar quarter or otherwise paid the tax due for the cigarettes. The stamping agent and distributor shall maintain, and make available to the director, all invoices and documentation of sales of all nonparticipating manufacturer cigarettes and any other information relied upon in reporting to the director for a period of five years. Violations of this subsection are subject to civil penalties as established in section 453A.31, subsection 1, paragraph *"b"*. Any information submitted pursuant to this subsection shall be submitted to the director electronically.

Sec. 39. EFFECTIVE DATE. This division of this Act takes effect January 1, 2025, for returns, payments, remittances, reports, books, records, invoices, and any other document required to be electronically filed with or submitted to the department on or after that date.

DIVISION IV

ALCOHOLIC BEVERAGES

Sec. 40. Section 123.3, subsections 10 and 32, Code 2024, are amended to read as follows:

10. *"Canned cocktail"* means a mixed drink or cocktail primarily composed of alcoholic liquor that is premixed and packaged in a metal can and contains more than one-half of one percent of alcohol by volume but not more than fifteen percent of alcohol by volume. A mixed drink or cocktail mixed and packaged in a metal can pursuant to section 123.49, subsection 2, paragraph *"d"*, subparagraph (3), shall not be considered a canned cocktail.

32. *"Mixed drink or cocktail"* means an alcoholic beverage, composed in whole or in part of alcoholic liquor or wine, that is combined with other alcoholic beverages or nonalcoholic beverages or ingredients including but not limited to ice,

water, soft drinks, or flavorings.

Sec. 41. Section 123.5, subsection 3, Code 2024, is amended to read as follows:

3. Members of the commission shall be chosen on the basis of managerial ability and experience as business executives. Not more than two members of the commission may ~~be the holder of or have an interest in a permit or license to manufacture alcoholic liquor, wine, or beer or to sell alcoholic liquor, wine, or beer at wholesale or retail~~ directly or indirectly; individually; as a member of a partnership or an association; as a member, owner, or stockholder, except as an institutional investor, of a corporation or other entity; or as a relative to a person by blood or marriage within the second degree do any of the following:

a. Hold a permit or license to manufacture alcoholic beverages or sell alcoholic beverages at wholesale or retail.

b. Have an interest in the manufacture of or dealing in alcoholic beverages or in an enterprise or industry in which alcoholic beverages are required.

c. Receive a commission or profit on the purchase or sale of alcoholic beverages by any person.

d. Have an interest in or mortgage or deed of trust on any land or building where alcoholic beverages are manufactured for sale, offered for sale, or sold or in any personal property used for the manufacturing or sale of alcoholic beverages.

Sec. 42. Section 123.5, Code 2024, is amended by adding the following new subsections:

NEW SUBSECTION. 3A. In addition to the requirements of chapter 68B, members of the commission shall not do any of the following:

a. Hold any other office or position under the laws of this state, or any other state or territory or of the United States.

b. Directly or indirectly use the office of the member to influence, persuade, or induce any person to adopt their political views or to favor any particular candidate for an

elective or appointive public office.

c. Directly or indirectly, solicit or accept, in any manner or way, any money or other thing of value for any person seeking an elective or appointive public office, or to any political party or any group of persons seeking to become a political party.

NEW SUBSECTION. 6. This section does not prohibit a commission member from lawfully purchasing and keeping alcoholic beverages in the possession of the commission member.

Sec. 43. Section 123.13, Code 2024, is amended by striking the section and inserting in lieu thereof the following:

123.13 Prohibitions — director and employees.

1. For purposes of this section, *"director"* means the director of the department.

2. The requirements of this section are in addition to the requirements of chapter 68B.

3. The director shall not directly or indirectly; individually; as a member of a partnership or an association; as a member, owner, or stockholder, except as an institutional investor of a corporation or other entity; or as a relative to a person by blood or marriage within the second degree do any of the following:

a. Have an interest in the manufacture of or dealing in alcoholic beverages, or in an enterprise or industry in which alcoholic beverages are required.

b. Receive a commission or profit from the purchase or sale of an alcoholic beverage by any person.

c. Have an interest in, or mortgage or deed of trust on, any land or building where alcoholic beverages are manufactured for sale, offered for sale, or sold, or in any personal property used in the manufacture or sale of alcoholic beverages.

4. An employee of the department shall not license, permit, or participate in the licensing or permitting of a person, business, or organization that requires a license or permit under the laws and rules governing alcoholic beverages, if the

employee has an ownership interest related to that person, business, or organization.

5. An employee of the department shall not enforce any law or rule governing alcoholic beverages against a person, business, or organization that requires a license or permit under the laws and rules governing alcoholic beverages, if the employee has an ownership interest related to that person, business, or organization.

6. The director or an employee violating this section or any other provisions of this chapter shall, in addition to any other penalties provided by law, be subject to suspension or discharge from employment.

7. This section does not prohibit the director or an employee of the department from lawfully purchasing and keeping alcoholic beverages in the possession of the director or the employee.

Sec. 44. Section 123.30, subsection 3, paragraph b, subparagraph (2), subparagraph division (c), Code 2024, is amended to read as follows:

(c) The holder of a special class "C" retail alcohol license shall be authorized to sell wine and beer to patrons by the individual drink for consumption on the premises only. However, wine and beer in original unopened containers may also be sold for consumption off the premises. In addition, a mixed drink or cocktail that does not contain alcoholic liquor may be sold for consumption off premises subject to the requirements of section 123.49, subsection 2, paragraph "d".

Sec. 45. Section 123.31C, subsection 1, Code 2024, is amended to read as follows:

1. A person holding a special class "C" retail native wine license may sell beer and native wine only at retail for consumption on or off the premises. Sales of beer and native wine for consumption off the premises made pursuant to this section shall be made in original containers except as provided in subsection 5. A sale of a mixed drink or cocktail that does

not contain alcoholic liquor may be sold for consumption off the premises subject to the requirements of section 123.49, subsection 2, paragraph "d".

Sec. 46. Section 123.39, subsection 1, paragraph b, subparagraph (3), Code 2024, is amended to read as follows:

(3) Any change in the ownership or interest in the business operated under a ~~retail alcohol~~ license, permit, or certificate of compliance which ~~change was~~ changes were not previously reported in a manner prescribed by the director within ~~thirty~~ forty-five days of the change and subsequently approved by the local authority, when applicable, and the department.

Sec. 47. Section 123.49, subsection 2, paragraph d, subparagraph (3), Code 2024, is amended to read as follows:

(3) Mixed drinks or cocktails mixed on premises covered by a class "C" or special class "C" retail alcohol license, or a special class "C" retail native wine license, for consumption off the licensed premises may be sold if the mixed drink or cocktail is immediately filled in a sealed container and is promptly taken from the licensed premises prior to consumption of the mixed drink or cocktail. A mixed drink or cocktail that is sold in a sealed container in compliance with the requirements of this subparagraph and rules adopted by the department shall not be deemed an open container subject to the requirements of sections 321.284 and 321.284A if the sealed container is unopened and the seal has not been tampered with, and the contents of the container have not been partially removed.

Sec. 48. EFFECTIVE DATE. This division of this Act, being deemed of immediate importance, takes effect upon enactment.