



Terry E. Branstad *Governor of Iowa*
Kim Reynolds *Lieutenant Governor*
Stephen Larson *Administrator*

MEMORANDUM

TO: Iowa General Assembly
FROM: Alcoholic Beverages Division
RE: Alcoholic Beverages Division Technical Bill
DATE: January 2, 2015

The Alcoholic Beverages Division Technical Bill is an act relating to matters under the purview of the alcoholic beverages division of the department of commerce. The bill makes non-substantive changes that will assist the reader by establishing wording that is consistent with the Division's administrative rules and with federal regulations, is more accurately reflective of the Division's practices, or by adding language that was omitted in error by earlier legislation.

SECTION BY SECTION OVERVIEW OF THE BILL:

Section 1:

Amends Iowa Code § 123.43A to correct the wording used to describe alcoholic liquor that is given at no cost to an individual after a tour of a micro-distilled spirits manufacturing premises. A "taste" is free product given to an individual, whereas a "sample" is free product given to a licensed retailer. This wording is consistent with the Division's administrative rules and with federal regulations.

Section 2:

Amends Iowa Code § 123.56(1) to clarify that grape brandy obtained by a native wine manufacturer is *not* subject to the mandatory mark-up that is applied to all alcoholic liquor sold by the Division. Grape brandy is produced by the distillation of grapes or grape juice and is used as an ingredient to make fortified wine. Brandy that is obtained by native wine manufacturers for this purpose is purchased in bond through the Division, and is not for resale.

Amends Iowa Code § 123.56(2) to correct the wording used to describe wine that is being given at no cost to an individual by a wine manufacturer. A "taste" is free product given to an individual, whereas a "sample" is free product given to a licensed retailer. This wording is consistent with the Division's administrative rules and with federal regulations.

Sections 3-14:

Make conforming changes to Iowa Code §§ 123.127(1), 123.128(2)(a), 123.129(2)(a), 123.130, 123.135, 123.136, 123.137(1), 123.138(1), 123.139, 123.142, and 123.143(3). In 2010, two new permits were established to authorize the manufacture, wholesale sale, and retail sale of high alcoholic content beer in Iowa. These amendments add the new permit types to applicable Code sections that were previously missed.

Section 15:

Amends Iowa Code § 123.180(1) to accurately reflect the manner in which wine is brought into Iowa for wholesale distribution by striking language that is obsolete. Since 1985, the wholesale and retail sale of wine in Iowa has been solely conducted by private sector businesses.