

HOUSE FILE 820  
BY COMMITTEE ON APPROPRIATIONS

MAR 22 2005

APPROPRIATIONS CALENDAR

(SUCCESSOR TO HF 731)  
(SUCCESSOR TO HSB 187)

Passed House, Date \_\_\_\_\_ Passed Senate, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

**A BILL FOR**

1 An Act concerning state liquor activities, including liquor  
2 prices set by the alcoholic beverages division, moneys  
3 appropriated from liquor sale revenues for substance abuse  
4 treatment, and state liquor warehouse and trucking operations  
5 and providing an effective date.

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

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HF 820

**HOUSE FILE 820**

**H-1273**

1 Amend House File 820 as follows:

2 1. Page 1, line 18, by striking the word "two"  
3 and inserting the following: "nine".

<b>By</b> FORD of Polk	WESSEL-KROESCHELL of Story
SMITH of Marshall	LENSING of Johnson
WHITAKER of Van Buren	MASCHER of Johnson
JOCHUM of Dubuque	DAVITT of Warren
WINCKLER of Scott	SCHUELLER of Jackson
KRESSIG of Black Hawk	MURPHY of Dubuque

**H-1273** FILED MARCH 31, 2005

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1 Section 1. Section 123.24, subsection 1, Code 2005, is  
2 amended to read as follows:

3 1. The division shall sell alcoholic liquor at wholesale  
4 only. The division shall sell alcoholic liquor to class "E"  
5 liquor control licensees only. ~~The division shall offer the~~  
6 ~~same price on alcoholic liquor to all class "E" liquor control~~  
7 ~~licensees without regard for the quantity of purchase or the~~  
8 ~~distance for delivery. However, the division may assess a~~  
9 ~~split case charge when liquor is sold in quantities which~~  
10 ~~require a case to be split.~~

11 Sec. 2. Section 123.53, subsection 3, Code 2005, is  
12 amended to read as follows:

13 3. The treasurer of state shall transfer into a special  
14 revenue account in the general fund of the state, a sum of  
15 money at least equal to seven percent of the gross amount of  
16 sales made by the division from the beer and liquor control  
17 fund on a monthly basis but not less than nine million dollars  
18 annually, ~~and any amounts so.~~ Of the amounts transferred, two  
19 million dollars, plus an additional amount determined by the  
20 general assembly, shall be used by appropriated to the  
21 substance abuse division of the Iowa department of public  
22 health to be used for substance abuse treatment and prevention  
23 programs ~~in an amount determined by the general assembly and~~  
24 ~~any.~~ Any amounts received in excess of the amounts  
25 appropriated to the substance abuse division of the Iowa  
26 department of public health shall be considered part of the  
27 general fund balance.

28 Sec. 3. ALCOHOLIC BEVERAGES DIVISION -- STATE LIQUOR  
29 WAREHOUSE AND TRUCKING FUNCTIONS. Notwithstanding sections  
30 7J.1 and 123.20, subsection 4, and any other applicable  
31 provision of law, the alcoholic beverages division of the  
32 department of commerce shall not employ or add full-time  
33 equivalent positions for purposes of the state assuming the  
34 state liquor warehouse and trucking functions performed by a  
35 private contractor as of April 1, 2004. The division shall

1 issue a request for proposals or otherwise utilize a  
2 competitive process to select a successor private contractor  
3 to perform the state liquor warehouse and trucking functions.  
4 Sec. 4. EFFECTIVE DATE. The section of this Act amending  
5 section 123.53 takes effect July 1, 2006.

6 EXPLANATION

7 This bill relates to the sale of liquor by the alcoholic  
8 beverages division of the department of commerce.

9 Code section 123.24 is amended to eliminate the requirement  
10 that the alcoholic beverages division offer the same price on  
11 alcoholic liquors sold by the division to class "E" liquor  
12 control licensees without regard to the quantity of purchase  
13 or distance for delivery.

14 Code section 123.53 is amended to provide for an  
15 appropriation of \$2 million annually, plus any additional  
16 amount appropriated by the general assembly, to the department  
17 of public health for substance abuse prevention programs from  
18 moneys transferred to a special revenue account from sales of  
19 liquor by the division. This provision of the bill takes  
20 effect July 1, 2006. Current law provides only that the  
21 general assembly establish the amount to be appropriated for  
22 this purpose out of these revenues.

23 The bill also provides that the alcoholic beverages  
24 division shall not employ or add positions for the purpose of  
25 the state assuming the state liquor warehouse and trucking  
26 functions previously performed by a private contractor. The  
27 bill requires the division to issue a request for proposals to  
28 select a private contractor to perform state liquor warehouse  
29 and trucking functions.

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**HOUSE FILE 820**

**H-1379**

1 Amend the amendment, H-1326, to House File 820, as  
2 follows:

3 1. Page 1, line 50, by inserting after the word  
4 "functions." the following: "The request for  
5 proposals or competitive process shall be issued or  
6 commenced as soon as is reasonably possible and a  
7 replacement for the private contractor which was in  
8 place April 1, 2004, shall be selected no later than  
9 December 31, 2005."

**By** STRUYK of Pottawattamie

**H-1379** FILED APRIL 14, 2005

ADOPTED

**HOUSE FILE 820**

**H-1380**

1 Amend the amendment, H-1326, to House File 820 as  
2 follows:

3 1. Page 1, by striking lines 39 through 45, and  
4 inserting the following: "The".

**By** STRUYK of Pottawattamie

**H-1380** FILED APRIL 14, 2005

WITHDRAWN

HOUSE FILE 820

H-1326

1 Amend House File 820 as follows:

2 1. By striking everything after the enacting  
3 clause and inserting the following:

4 "Section 1. Section 123.24, subsection 1, Code  
5 2005, is amended to read as follows:

6 1. The division shall sell alcoholic liquor at  
7 wholesale only. The division shall sell alcoholic  
8 liquor to class "E" liquor control licensees only.  
9 ~~The division shall offer the same price on alcoholic~~  
10 ~~liquor to all class "E" liquor control licensees~~  
11 ~~without regard for the quantity of purchase or the~~  
12 ~~distance for delivery. However, the division may~~  
13 ~~assess a split case charge when liquor is sold in~~  
14 ~~quantities which require a case to be split. A class~~  
15 "E" liquor control licensee may purchase alcoholic  
16 liquor from the division and pickup or contract for  
17 the pickup of the liquor purchased.

18 Sec. 2. Section 123.53, subsection 3, Code 2005,  
19 is amended to read as follows:

20 3. The treasurer of state shall transfer into a  
21 special revenue account in the general fund of the  
22 state, a sum of money at least equal to seven percent  
23 of the gross amount of sales made by the division from  
24 the beer and liquor control fund on a monthly basis  
25 but not less than nine million dollars annually, ~~and~~  
26 ~~any amounts so.~~ Of the amounts transferred, two  
27 million dollars, plus an additional amount determined  
28 by the general assembly, shall be used by appropriated  
29 to the substance abuse division of the Iowa department  
30 of public health to be used for substance abuse  
31 treatment and prevention programs in an amount  
32 determined by the general assembly and any. Any  
33 amounts received in excess of the amounts appropriated  
34 to the substance abuse division of the Iowa department  
35 of public health shall be considered part of the  
36 general fund balance.

37 Sec. 3. ALCOHOLIC BEVERAGES DIVISION -- STATE  
38 LIQUOR WAREHOUSE AND TRUCKING FUNCTIONS.  
39 Notwithstanding sections 7J.1 and 123.20, subsection  
40 4, and any other applicable provision of law, the  
41 alcoholic beverages division of the department of  
42 commerce shall not employ or add full-time equivalent  
43 positions for purposes of the state assuming the state  
44 liquor warehouse and trucking functions performed by a  
45 private contractor as of April 1, 2004. The  
46 department of administrative services shall issue a  
47 request for proposals or otherwise utilize a  
48 competitive process to select a successor contractor  
49 to perform the state liquor warehouse and trucking  
50 functions. The request for proposals to perform state

H-1326

**H-1326**

Page 2

1 liquor warehouse functions shall require bidders to  
2 include in their bid the manner in which the bidder  
3 will maximize the utilization of current state liquor  
4 warehouse infrastructure. The division may submit a  
5 bid in response to a request for proposals issued  
6 pursuant to this section. If the division submits a  
7 bid, the division shall include in the bid the cost of  
8 labor to perform the contract which shall be  
9 calculated by using the cost of hiring full-time  
10 equivalent positions to perform the contract pursuant  
11 to state pay grade classifications and benefits as  
12 outlined in the most recent collective bargaining  
13 agreement applicable to other employees of the  
14 division.

15 Sec. 4. EFFECTIVE DATE. The section of this Act  
16 amending section 123.53 takes effect July 1, 2006."

By STRUYK of Pottawattamie

**H-1326 FILED APRIL 5, 2005**

**HOUSE FILE 820**

**H-1360**

1 Amend the amendment, H-1326, to House File 820 as  
2 follows:

3 1. Page 1, line 26, by striking the word "two"  
4 and inserting the following: "nine".

By FORD of Polk

WESSEL-KROESCHELL of Story

SMITH of Marshall

LENSING of Johnson

WHITAKER of Van Buren

MASCHER of Johnson

JOCHUM of Dubuque

DAVITT of Warren

WINCKLER of Scott

SCHUELLER of Jackson

KRESSIG of Black Hawk

MURPHY of Dubuque

**H-1360 FILED APRIL 13, 2005**

**HOUSE FILE 820**

**H-1366**

1 Amend the amendment, H-1326, to House File 820 as  
2 follows:

3 1. Page 1, by striking lines 9 through 14 and  
4 inserting the following: "The division shall offer  
5 the same price on alcoholic liquor to all class "E"  
6 liquor control licensees without regard for the  
7 quantity of purchase ~~or the distance for delivery.~~  
8 However, the division may assess a split-case charge  
9 when liquor is sold in quantities which require a case  
10 to be split. A class".

By STRUYK of Pottawattamie

**H-1366 FILED APRIL 13, 2005**

HOUSE FILE 820  
BY COMMITTEE ON APPROPRIATIONS

(SUCCESSOR TO HF 731)  
(SUCCESSOR TO HSB 187)

(As Amended and Passed by the House April 14, 2005)

Passed House, Date \_\_\_\_\_ Passed Senate, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

**A BILL FOR**

1 An Act concerning state liquor activities, including liquor  
2 prices set by the alcoholic beverages division, moneys  
3 appropriated from liquor sale revenues for substance abuse  
4 treatment, and state liquor warehouse and trucking operations  
5 and providing an effective date.

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

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All New Language

1 Section 1. Section 123.24, subsection 1, Code 2005, is  
2 amended to read as follows:

3 1. The division shall sell alcoholic liquor at wholesale  
4 only. The division shall sell alcoholic liquor to class "E"  
5 liquor control licensees only. The division shall offer the  
6 same price on alcoholic liquor to all class "E" liquor control  
7 licensees without regard for the quantity of purchase ~~or the~~  
8 ~~distance-for-delivery~~. However, the division may assess a  
9 split-case charge when liquor is sold in quantities which  
10 require a case to be split. A class "E" liquor control  
11 licensee may purchase alcoholic liquor from the division and  
12 pickup or contract for the pickup of the liquor purchased.

13 Sec. 2. Section 123.53, subsection 3, Code 2005, is  
14 amended to read as follows:

15 3. The treasurer of state shall transfer into a special  
16 revenue account in the general fund of the state, a sum of  
17 money at least equal to seven percent of the gross amount of  
18 sales made by the division from the beer and liquor control  
19 fund on a monthly basis but not less than nine million dollars  
20 annually, ~~and any amounts so~~. Of the amounts transferred, two  
21 million dollars, plus an additional amount determined by the  
22 general assembly, shall be used-by appropriated to the  
23 substance abuse division of the Iowa department of public  
24 health to be used for substance abuse treatment and prevention  
25 programs ~~in an amount determined by the general assembly and~~  
26 ~~any~~. Any amounts received in excess of the amounts  
27 appropriated to the substance abuse division of the Iowa  
28 department of public health shall be considered part of the  
29 general fund balance.

30 Sec. 3. ALCOHOLIC BEVERAGES DIVISION -- STATE LIQUOR  
31 WAREHOUSE AND TRUCKING FUNCTIONS. Notwithstanding sections  
32 7J.1 and 123.20, subsection 4, and any other applicable  
33 provision of law, the alcoholic beverages division of the  
34 department of commerce shall not employ or add full-time  
35 equivalent positions for purposes of the state assuming the

1 state liquor warehouse and trucking functions performed by a  
2 private contractor as of April 1, 2004. The department of  
3 administrative services shall issue a request for proposals or  
4 otherwise utilize a competitive process to select a successor  
5 contractor to perform the state liquor warehouse and trucking  
6 functions. The request for proposals or competitive process  
7 shall be issued or commenced as soon as is reasonably possible  
8 and a replacement for the private contractor which was in  
9 place April 1, 2004, shall be selected no later than December  
10 31, 2005. The request for proposals to perform state liquor  
11 warehouse functions shall require bidders to include in their  
12 bid the manner in which the bidder will maximize the  
13 utilization of current state liquor warehouse infrastructure.  
14 The division may submit a bid in response to a request for  
15 proposals issued pursuant to this section. If the division  
16 submits a bid, the division shall include in the bid the cost  
17 of labor to perform the contract which shall be calculated by  
18 using the cost of hiring full-time equivalent positions to  
19 perform the contract pursuant to state pay grade  
20 classifications and benefits as outlined in the most recent  
21 collective bargaining agreement applicable to other employees  
22 of the division.

23 Sec. 4. EFFECTIVE DATE. The section of this Act amending  
24 section 123.53 takes effect July 1, 2006.

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SF 820

HSB 187

COMMERCE, REGULATION & LABOR

STRUNK, CH  
NOIBACH  
T. TAYLOR

HOUSE FILE SF 731  
BY (PROPOSED COMMITTEE ON COMMERCE,  
REGULATION AND LABOR BILL BY  
CHAIRPERSON JENKINS)

Passed House, Date \_\_\_\_\_ Passed Senate, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

A BILL FOR

1 An Act providing for the privatization of the state liquor  
2 warehouse, and providing penalties.  
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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1 Section 1. Section 123.3, subsection 36, Code 2005, is  
2 amended to read as follows:

3 36. "Wholesaler" means any person, other than a distiller  
4 or rectifier of alcoholic liquor, vintner, brewer, or bottler  
5 of beer or wine, who shall sell, barter, exchange, offer for  
6 sale, have in possession with intent to sell, deal, or traffic  
7 in alcoholic liquor, wine, or beer. A wholesaler shall not  
8 sell for consumption upon the premises.

9 Sec. 2. Section 123.19, subsections 1 and 4, Code 2005,  
10 are amended to read as follows:

11 1. Any manufacturer, distiller, or importer of alcoholic  
12 beverages shipping, selling, or having alcoholic beverages  
13 brought into this state for resale by the state or for  
14 wholesale as provided in section 123.42A shall, as a condition  
15 precedent to the privilege of so trafficking in alcoholic  
16 liquors in this state, annually make application for and hold  
17 a distiller's certificate of compliance which shall be issued  
18 by the administrator for that purpose. No brand of alcoholic  
19 liquor shall be sold by the division in this state unless the  
20 manufacturer, distiller, importer, and all other persons  
21 participating in the distribution of that brand in this state  
22 have obtained a certificate. The certificate of compliance  
23 shall expire at the end of one year from the date of issuance  
24 and shall be renewed for a like period upon application to the  
25 administrator unless otherwise suspended or revoked for cause.  
26 Each application for a certificate of compliance or renewal  
27 shall be made in a manner and upon forms prescribed by the  
28 administrator and shall be accompanied by a fee of fifty  
29 dollars payable to the division. However, the fee requirement  
30 as provided in this subsection need not apply to a  
31 manufacturer, distiller, or importer who ships or sells in  
32 this state no more than eleven gallons or its case equivalent  
33 during any fiscal year as a result of "special orders" which  
34 might be placed, as defined and allowed by divisional rules  
35 adopted under this chapter.

1 4. Any violation of the requirements of this section,  
 2 except subsection 3, shall subject the violator to the general  
 3 penalties provided in this chapter and in addition to the  
 4 general penalties, is grounds for suspension or revocation of  
 5 the certificate of compliance or wholesale license, after  
 6 notice and hearing before the administrator. Willful failure  
 7 to comply with requirements which may be imposed under  
 8 subsection 3 is grounds for suspension or revocation of the  
 9 certificate of compliance only.

10 Sec. 3. Section 123.19, Code 2005, is amended by adding  
 11 the following new subsection:

12 NEW SUBSECTION. 7. Each holder of a certificate of  
 13 compliance shall report monthly to the division on forms  
 14 provided for that purpose, a list of all alcoholic liquors by  
 15 package size, kind, and quantity sold to licensed wholesalers  
 16 in this state and a list of the wholesalers who received the  
 17 size, kind, and quantity of alcoholic liquors purchased.  
 18 Prior to shipment, the certificate holder shall post with the  
 19 division the F.O.B. or dock price of the alcoholic liquor  
 20 which shall be the same as the price would be if sold to the  
 21 division. The division shall establish the markup that shall  
 22 be remitted to the division upon sale of the alcoholic liquor  
 23 to licensed retailers for both on-premises and off-premises  
 24 consumption. The division may also sell liquor to wholesalers  
 25 for resale to licensed retailers. The division shall bill the  
 26 alcoholic liquor cost but shall not collect the established  
 27 markup on alcoholic liquor to wholesalers until the alcoholic  
 28 liquor is sold at wholesale to retailers. All liquor  
 29 wholesalers shall sell only those brands of alcoholic liquor  
 30 which are manufactured, bottled, distilled, rectified,  
 31 shipped, or imported by a person holding a current distiller's  
 32 certificate of compliance. All alcoholic liquor shipped into  
 33 this state or acquired from the division shall come to rest in  
 34 a warehouse located in this state prior to its resale at  
 35 wholesale. The warehouse of the wholesaler shall be the

1 licensed premises. A holder of a certificate of compliance or  
2 the holder's agent, or a liquor wholesaler or the wholesaler's  
3 agent, shall not discriminate between retail licensees  
4 authorized to sell alcoholic liquor for consumption either on  
5 premises or off premises. A holder of a distiller's  
6 certificate of compliance or the distiller's agent shall not  
7 engage in the business of selling alcoholic liquor to licensed  
8 wholesalers by discriminating as to the price at which goods  
9 are offered between the wholesalers.

10 Sec. 4. Section 123.30, subsection 3, paragraphs a, b, c,  
11 and e, Code 2005, are amended to read as follows:

12 a. CLASS "A". A class "A" liquor control license may be  
13 issued to a club and shall authorize the holder to purchase  
14 alcoholic liquors from class "E" liquor control licensees or  
15 licensed wholesalers only, wine from class "A" wine permittees  
16 or class "B" wine permittees who also hold class "E" liquor  
17 control licenses 530 wines from native wine manufacturers,  
18 and to sell liquors, wine, and beer to bona fide members and  
19 their guests by the individual drink for consumption on the  
20 premises only.

21 b. CLASS "B". A class "B" liquor control license may be  
22 issued to a hotel or motel and shall authorize the holder to  
23 purchase alcoholic liquors from class "E" liquor control  
24 licensees or licensed wholesalers only, and native only, wine  
25 from class "A" wine permittees or class "B" wine permittees  
26 who also hold class "E" liquor control licenses only, and  
27 native wines from native wine manufacturers, and to sell  
28 liquors, wine, and beer to patrons by the individual drink for  
29 consumption on the premises only. However, beer may also be  
30 sold for consumption off the premises. Each license shall be  
31 effective throughout the premises described in the  
32 application.

33 c. CLASS "C". A class "C" liquor control license may be  
34 issued to a commercial establishment but must be issued in the  
35 name of the individuals who actually own the entire business

1 and shall authorize the holder to purchase alcoholic liquors  
 2 from class "E" liquor control licensees or licensed  
 3 wholesalers only, wine from class "A" wine permittees or class  
 4 "B" wine permittees who also hold class "E" liquor control  
 5 licenses only, and native wines from native wine  
 6 manufacturers, and to sell liquors, wine, and beer to patrons  
 7 by the individual drink for consumption on the premises only.  
 8 However, beer may also be sold for consumption off the  
 9 premises.

10 A special class "C" liquor control license may be issued  
 11 and shall authorize the holder to purchase wine from class "A"  
 12 wine permittees or class "B" wine permittees who also hold  
 13 class "E" liquor control licenses only, and to sell wine and  
 14 beer to patrons by the individual drink for consumption on the  
 15 premises only. However, beer may also be sold for consumption  
 16 off the premises. The license issued to holders of a special  
 17 class "C" license shall clearly state on its face that the  
 18 license is limited.

19 e. CLASS "E". A class "E" liquor control license may be  
 20 issued and shall authorize the holder to purchase alcoholic  
 21 liquor from the division or licensed wholesalers only and to  
 22 sell the alcoholic liquor to patrons for consumption off the  
 23 licensed premises and to other liquor control licensees. A  
 24 class "E" license shall not be issued to premises at which  
 25 gasoline is sold. A holder of a class "E" liquor control  
 26 license may hold other retail liquor control licenses or  
 27 retail wine or beer permits, but the premises licensed under a  
 28 class "E" liquor control license shall be separate from other  
 29 licensed premises, though the separate premises may have a  
 30 common entrance. However, the holder of a class "E" liquor  
 31 control license may also hold a class "B" wine or class "C"  
 32 beer permit or both for the premises licensed under a class  
 33 "E" liquor control license.

34 The division may issue a class "E" liquor control license  
 35 for premises covered by a liquor control license or wine or

1 beer permit for on-premises consumption, if the premises are  
2 in a county having a population under nine thousand five  
3 hundred in which no other class "E" liquor control license has  
4 been issued by the division, and no other application for a  
5 class "E" license has been made within the previous twelve  
6 consecutive months.

7 Sec. 5. NEW SECTION. 123.42A WHOLESALER'S LICENSE.

8 1. Upon application in the prescribed form and accompanied  
9 by a fee of two thousand dollars and subject to the provisions  
10 of this chapter, the administrator shall grant a license,  
11 valid for a one-year period after date of issuance, to a  
12 qualifying wholesaler of good moral character, which shall  
13 allow the wholesaler to purchase alcoholic liquor from  
14 manufacturers either within or without the state for the  
15 purpose of selling to the division and customers of the  
16 wholesaler engaged in the sale of alcoholic liquor at retail  
17 outside the state, and to other licensed wholesalers and  
18 retail liquor licensees licensed to sell liquor for  
19 consumption either on the premises or off the premises.  
20 Alcoholic liquor shall not be sold for consumption on the  
21 licensed premises of the wholesaler.

22 2. A wholesaler may purchase alcoholic liquor from the  
23 division for retail sale to class "A", "B", "C", "D", and "E"  
24 liquor control licensees. The division shall charge a  
25 wholesaler the same price for alcoholic liquor sold to class  
26 "E" liquor control licensees, including the markup required in  
27 section 123.24, subsection 4, less a cost computed by the  
28 division which the division would have had to assume if  
29 alcoholic liquor had been stored and delivered to class "E"  
30 licensees by the division. Wholesalers shall sell only that  
31 alcoholic liquor upon which the appropriate markup has been  
32 paid to the division.

33 3. A licensed wholesaler shall keep proper books of  
34 account and records showing the amount of alcoholic liquor  
35 sold by the wholesaler which shall be open to inspection by

1 the administrator at all times. Liquor control licensees  
 2 purchasing alcoholic liquor from licensed wholesalers shall  
 3 keep proper books of account and records showing each purchase  
 4 of alcoholic liquor made by the licensee, and the date and the  
 5 amount of each purchase and the name of the person from whom  
 6 each purchase was made. The books of account and records  
 7 shall be open to inspection by the administrator and agents of  
 8 the division of beer, wine, and liquor law enforcement of the  
 9 department of public safety during the normal business hours  
 10 of the licensee.

11 4. A licensed wholesaler who has more than one place of  
 12 business shall have a separate license for each separate place  
 13 of business maintained by the licensee where liquor is stored,  
 14 warehoused, or sold. A licensed wholesaler shall not store  
 15 alcoholic liquor overnight in premises which are not licensed  
 16 by the division. A licensed wholesaler shall deliver liquor  
 17 to all classes of retail liquor licensees licensed for both  
 18 on-premises and off-premises consumption as provided in this  
 19 chapter. Retail liquor licensees shall accept delivery of  
 20 liquor at their licensed premises only from licensed  
 21 wholesalers. Delivery of alcoholic liquor from an unlicensed  
 22 premise to a licensed premise at retail or from one retail  
 23 licensed premise to another is prohibited, except that a class  
 24 "E" liquor control licensee may sell and deliver liquor to a  
 25 liquor control licensee licensed to sell alcoholic liquor for  
 26 consumption on the premises where licensed only. A class "E"  
 27 liquor licensee shall not sell or deliver alcoholic liquor to  
 28 another class "E" liquor control licensee even when there is a  
 29 common ownership of all the premises by one class of retail  
 30 liquor licensee. A retail liquor control licensee shall not  
 31 hold an interest in a licensed wholesaler's business either  
 32 directly or indirectly. Except as otherwise provided in this  
 33 chapter, a wholesale liquor license shall be issued to a  
 34 person who complies with the following:

35 a. Submits a written application for the license and

1 states on the application under oath all of the following:

2 (1) The name and place of residence of the applicant and  
3 the length of time the applicant has lived at the place of  
4 residence.

5 (2) That the applicant is a citizen of the state of Iowa,  
6 or if a corporation, that the applicant is authorized to do  
7 business in Iowa.

8 (3) The place of birth of the applicant, and if the  
9 applicant is a naturalized citizen, the time and place of  
10 naturalization, or if a corporation, the state of  
11 incorporation.

12 (4) The location of the premises in Iowa where the  
13 applicant intends to use the license.

14 (5) The name of the owner of the premises, and if that  
15 owner is not the applicant, that the applicant is the actual  
16 lessee of the premises.

17 b. Establishes all of the following:

18 (1) That the applicant meets the test of good moral  
19 character.

20 (2) That the premises where the applicant intends to use  
21 the license conform to all applicable laws, health  
22 regulations, and fire regulations, and constitute a safe and  
23 proper place or building.

24 Sec. 6. NEW SECTION. 123.42B LIQUOR MARKUP TAX.

25 In addition to the annual license fee to be paid by all  
26 wholesale liquor licensees under this chapter, there shall be  
27 levied and collected from the licensees on all liquor  
28 manufactured for sale or sold in this state to wholesalers and  
29 all liquor imported into this state for sale at wholesale, to  
30 the division and sold in this state at wholesale, a markup as  
31 established by the alcoholic beverages division as provided  
32 for in this chapter. However, no markup shall be levied or  
33 collected on liquor shipped outside this state by a liquor  
34 wholesaler or sold by one liquor wholesaler to another liquor  
35 wholesaler. The markup shall not exceed the markup policy as

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1 established by the division on sales by the division to  
2 wholesalers. Licensed wholesalers shall pick up from the  
3 division warehouse or other licensed warehouse as designated  
4 by the division, alcoholic liquor for resale to licensed  
5 retailers during hours as established by the division and all  
6 liquor purchased for resale by wholesalers or retailers shall  
7 be paid by certified check prior to or at the time of  
8 delivery.

9 Sec. 7. TRANSITION. On and after January 1, 2006, the  
10 alcoholic beverages division of the department of commerce  
11 shall no longer warehouse, sell, or deliver alcoholic liquor.  
12 The division shall continue to establish and collect the  
13 markup on alcoholic liquor as provided in section 123.42B.

14 EXPLANATION

15 This bill provides for the sale of alcoholic liquor at the  
16 wholesale level by licensed wholesalers. The annual license  
17 fee would be \$2,000. The bill allows liquor retailers  
18 licensed for on-premises consumption to purchase alcoholic  
19 liquor directly from wholesalers or from class "E" licensed  
20 retailers as at present. The retailers are not now allowed to  
21 purchase or receive delivery from the state.

22 After January 1, 2006, the state of Iowa will no longer be  
23 permitted to warehouse or deliver alcoholic beverages. The  
24 state will continue to establish the markup on alcoholic  
25 liquor and collect the markup as a tax on the sales when sold  
26 by the wholesaler to retailers on a monthly basis similar to  
27 the way in which beer and wine excise taxes are collected.

28 Class "E" liquor licensees will be able to purchase liquor  
29 from licensed wholesalers or the state as they presently do  
30 until January 1, 2006, when all liquor sales will revert to  
31 private wholesalers.

32 A violator of the provisions of Code chapter 123, if  
33 another penalty is not provided, is guilty of a serious  
34 misdemeanor under Code section 123.90.

35