

New laws, effective Monday, July 1, 2019 (unless otherwise noted) related to the Iowa Alcoholic Beverages Division (ABD) and Iowa Code Chapter 123.

SENATE FILE 618 – ALCOHOLIC BEVERAGES DIVISION BILL

[Senate File 618](#) concerns alcoholic beverage control and matters under the purview of the Alcoholic Beverages Division of the Department of Commerce.

Division I – Alcoholic Beverage Control

Makes technical changes to Iowa Code Chapter 123 to eliminate language that is unclear, inaccurate, or redundant; establish wording that accurately reflects the Division's practices; create uniform use of defined terms; and establish a process for obtaining a Wine Direct Shipper Permit/Alcohol Carrier Permit that is consistent with other licenses and permits.

- Amends Iowa Code §123.3 Definitions.
- Authorizes the Division to adopt rules for the recovery of operational costs arising from the failure of licensees or permittees to remain in compliance with the law.
- Establishes uniform language in Iowa Code §123.23(4) to describe the types of action that may be taken against a certificate of compliance holder when a violation of Iowa Code chapter 123 or the rules of the Division has occurred. Violations constitute grounds for the imposition of a civil penalty, suspension, or revocation. Conforming changes are made throughout the chapter.
- Clarifies in Iowa Code §123.32 when the local authorities and the Division take action to approve or deny a new or renewal application, based on the type of license, permit, or certificate of compliance.
- Designates that records collected by the Division from licensees or permittees in conjunction with investigations, inspections, and audits are confidential before administrative or criminal charges are filed. The proposed change will assist the regulator and protect the rights of businesses it regulates.
- Clarifies in Iowa Code §123.39 the times when the local authorities and the Division may suspend, revoke, or impose a civil penalty, based on the type of license, permit, or certificate of compliance.
- Requires liquor, wine, and beer manufacturers to share with the Division the records they are required to submit to the Alcohol and Tobacco Tax and Trade Bureau of the United States Department of the Treasury (TTB).
- Clarifies when beer and wine gallonage tax is not owed.
- Moves the wine carrier permit from Iowa Code §123.187 to new Iowa Code §123.188.
- Makes the wine carrier permit renewable.

Division II – Alcoholic Beverage Deliveries

Makes policy changes to Iowa Code § 123.46A, which pertains to the delivery of alcoholic beverages by retailers, to allow a retailer to deliver alcoholic beverages that have been purchased by a customer to another licensed premises owned by the retailer for the customer to pick up at a later time. The bill also allows orders for deliveries to be accepted online outside the hours of sale.

- Allows a retailer to deliver alcoholic beverages to another licensed premises with identical ownership at a customer's request so that it can be picked up at a later time by the same customer.
- Clarifies that payment is to be received by the licensee or permittee at the time a customer places an order for alcoholic beverages.

- Authorizes a retailer licensee or permittee to accept orders for delivery online between the hours of 2:00 a.m. – 6:00 a.m. Monday through Saturday and on Sunday between the hours of 2:00 a.m. – 8:00 a.m.
- Clarifies that alcoholic beverages that are not picked up by a customer must be returned to the store where the order was placed and fulfilled.

Signed by the Governor on May 10, 2019. Division I effective date is July 1, 2019; Division II is effective upon enactment.

SENATE FILE 230 – NATIVE BREWERIES & NATIVE DISTILLERIES

[Senate File 230](#) allows native brewers and native distilled spirits manufacturers to produce both types of alcoholic beverages and obtain the associated retail licenses/permits. The bill also allows native brewers and native wine manufacturers to produce both types of alcoholic beverages and obtain the associated retail licenses/permits.

SENATE FILE 323 – CANNED COCKTAILS

[Senate File 323](#) creates a new category of lower proof alcoholic beverages – canned cocktails – and establishes a new distribution channel for products in this category.

A canned cocktail is defined as a mixed drink or cocktail that is premixed and packaged in a metal can that contains more than 6.25% alcohol by volume but not more than 15% ABV.

Products that fall into the canned cocktail category are treated in the same manner as beer products, meaning they are imported into the state of Iowa by the holders of a brewer's certificate of compliance, distributed by holders of a class "A" beer permit (beer wholesalers), and taxed as beer when sold at wholesale. These products may be manufactured in the state of Iowa by native breweries and brewpubs.

Canned cocktails can be sold by retailers authorized to sell and/or serve beer. Likewise, products in this category may be consumed on licensed premises authorizing the on-premises consumption of beer, unlicensed premises, public places (except a public street or highway), or in a person's home or other private accommodation.

Signed by the Governor on May 10, 2019. Effective upon enactment.

HOUSE FILE 668 – TIED HOUSE REFORM

[House File 668](#) makes substantive changes to Iowa Code § 123.45 related to tied house and the three-tier system.

- Allows a manufacturer or wholesaler to have an interest in a retailer provided the retailer does not sell the manufacturer's or wholesaler's product.
- Creates an exception to allow a person engaged in the business of manufacturing wine that is not native wine to sell that person's wine products at their principal office by obtaining a special class "C" liquor control license and a class "B" wine permit. Another retail licensee or permittee operating at the principal office of a person engaged in the business of manufacturing wine that is not native wine would also be able to sell that person's wine.
- Allows cross-tier ownership through investments provided the majority of investments in a person's portfolio are not in businesses that manufacture, bottle, wholesale, or sell at retail alcoholic beverages.
- Allows for cross-tier employment provided the employee is not an officer, owner, director, or 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.
- Limits the ability for a native brewery to sell at wholesale no more than 30,000 barrels of beer on an annual basis to retailers authorized to sell beer in Iowa.