

Class E Liquor License (LE)

For grocery, liquor and convenience stores, etc. Allows for the sale of alcoholic liquor for off-premises consumption in original unopened containers. No sales by the drink. Sunday sales are included. Also allows wholesale sales to on-premises Class A, B, C and D liquor licensees but must have a TTB Federal Wholesale Basic Permit.

The following pages contain information related to your license. This is not an all-inclusive list of information that pertains to you.

For the complete Iowa Code Chapter 123 use this link:

<https://www.legis.iowa.gov/docs/code/123.pdf>

For the complete 185 Iowa Administrative Rules use this link:

<https://www.legis.iowa.gov/docs/iac/agency/185.pdf>



Quick Links

General

[ABD Website](#)

Licensing

[eLAPS](#)

[Licensing Laws & Requirements](#)

[License Classifications](#)

[License/Permit Fees](#)

Education

[Mobile App](#)

[Bulletins](#)

[Red Book](#)

[I-PACT](#)

[I-PLEDGE](#)

[Legally Speaking](#)

Tobacco

[Tobacco](#)

123.30 Liquor control licenses – classes.

1. a. A liquor control license may be issued to any person who is of good moral character as defined by this chapter.

b. As a condition for issuance of a liquor control license or wine or beer permit, the applicant must give consent to members of the fire, police, and health departments and the building inspector of cities; the county sheriff or deputy sheriff; members of the department of public safety; representatives of the division and of the department of inspections and appeals; certified police officers; and any official county health officer to enter upon areas of the premises where alcoholic beverages are stored, served, or sold, without a warrant during business hours of the licensee or permittee to inspect for violations of this chapter or ordinances and regulations that cities and boards of supervisors may adopt. However, a subpoena issued under section 421.17 or a warrant is required for inspection of private records, a private business office, or attached living quarters. Persons who are not certified peace officers shall limit the scope of their inspections of licensed premises to the regulatory authority under which the inspection is conducted. All persons who enter upon a licensed premises to conduct an inspection shall present appropriate identification to the owner of the establishment or the person who appears to be in charge of the establishment prior to commencing an inspection; however, this provision does not apply to undercover criminal investigations conducted by peace officers.

c. As a further condition for the issuance of a class “E” liquor control license, the applicant shall post a bond in a sum of not less than five thousand nor more than fifteen thousand dollars as determined on a sliding scale established by the division; however, a bond shall not be required if all purchases of alcoholic liquor from the division by the licensee are made by means that ensure that the division will receive full payment in advance of delivery of the alcoholic liquor.

d. A class “E” liquor control license may be issued to a city council for premises located within the limits of the city if there are no class “E” liquor control licensees operating within the limits of the city and no other applications for a class “E” license for premises located within the limits of the city at the time the city council’s application is filed. If a class “E” liquor control license is subsequently issued to a private person for premises located within the limits of the city, the city council shall surrender its license to the division within one year of the date that the class “E” liquor control licensee begins operating, liquidate any remaining assets connected with the liquor store, and cease operating the liquor store.

2. A liquor control license shall not be issued for premises which do not constitute a safe and proper place or building and which do not conform to all applicable laws, ordinances, resolutions, and health and fire regulations. A licensee shall not have or maintain any interior access to residential or sleeping quarters unless permission is granted by the administrator in the form of a living quarters permit.

3. Liquor control licenses issued under this chapter shall be of the following classes:

e. Class "E".

(1) A class "E" liquor control license may be issued and shall authorize the holder to purchase alcoholic liquor in original unopened containers from the division only and high alcoholic content beer from a class "A" beer permittee only and to sell the alcoholic liquor in original unopened containers and high alcoholic content beer at retail to patrons for consumption off the licensed premises and at wholesale to other liquor control licensees, provided the holder has filed with the division a basic permit issued by the alcohol and tobacco tax and trade bureau of the United States department of the treasury. A holder of a class "E" liquor control license may hold other retail liquor control licenses or retail wine or beer permits, but the premises licensed under a class "E" liquor control license shall be separate from other licensed premises, though the separate premises may have a common entrance. However, the holder of a class "E" liquor control license may also hold a class "B" wine or class "C" beer permit or both for the premises licensed under a class "E" liquor control license.

(2) The division may issue a class "E" liquor control license for premises covered by a liquor control license or wine or beer permit for on-premises consumption under any of the following circumstances:

(a) If the premises are in a county having a population under nine thousand five hundred in which no other class "E" liquor control license has been issued by the division, and no other application for a class "E" liquor control license has been made within the previous twelve consecutive months.

(b) If, notwithstanding any provision of this chapter to the contrary, the premises covered by a liquor control license is a grocery store that is at least five thousand square feet.

4. Notwithstanding any provision of this chapter to the contrary, a person holding a liquor control license to sell alcoholic beverages for consumption on the licensed premises may permit a customer to remove one unsealed bottle of wine for consumption off the premises if the customer has purchased and consumed a portion of the bottle of wine on the licensed premises. The licensee or the licensee's agent shall securely reseal such bottle in a bag designed so that it is visibly apparent that the resealed bottle of wine

has not been tampered with and provide a dated receipt for the resealed bottle of wine to the customer. A wine bottle resealed pursuant to the requirements of this subsection is subject to the requirements of sections 321.284 and 321.284A. A person holding a liquor control license to sell alcoholic beverages for consumption on the licensed premises may permit a customer to carry an open container of wine from the person's licensed premises into another immediately adjacent licensed premises that is covered by a license or permit that authorizes the consumption of wine, a temporarily closed public right-of-way, or a private place.

123.24 Alcoholic liquor sales by the division – dishonored payments – liquor prices.

1. The division shall sell alcoholic liquor at wholesale only. The division shall sell alcoholic liquor to class "E" liquor control licensees only. The division shall offer the same price on alcoholic liquor to all class "E" liquor control licensees without regard for the quantity of purchase or the distance for delivery.

2. The price of alcoholic liquor sold by the division shall consist of the following:

a. The manufacturer's price.

b. A markup of up to fifty percent of the wholesale price paid by the division for the alcoholic liquor. The division may increase the markup on selected kinds of alcoholic liquor sold by the division if the average return to the division on all sales of alcoholic liquor does not exceed the wholesale price paid by the division and the fifty percent markup.

c. A split case charge in an amount determined by the division when alcoholic liquor is sold in quantities which require a case to be split.

d. A bottle surcharge in an amount sufficient, when added to the amount not refunded to class "E" liquor control licensees pursuant to section 455C.2, to pay the costs incurred by the division for collecting and properly disposing of the liquor containers. The amount collected pursuant to this paragraph, in addition to any amounts not refunded to class "E" liquor control licensees pursuant to section 455C.2, shall be deposited in the beer and liquor control fund established under section 123.17.

3. a. The division may accept from a class "E" liquor control licensee electronic funds transferred by automated clearing house, wire transfer, or another method deemed acceptable by the administrator, in payment of alcoholic liquor. If a payment is subsequently dishonored, the division shall cause a notice of nonpayment and penalty to be served upon the class "E" liquor control licensee or upon any person in charge of the licensed premises. The notice shall state that if payment or satisfaction for the

dishonored payment is not made within ten days of the service of notice, the licensee's liquor control license may be suspended under section 123.39. The notice of nonpayment and penalty shall be in a form prescribed by the administrator, and shall be sent by certified mail.

b. If upon notice and hearing under section 123.39 and pursuant to the provisions of chapter 17A concerning a contested case hearing, the administrator determines that the class "E" liquor control licensee failed to satisfy the obligation for which the payment was issued within ten days after the notice of nonpayment and penalty was served on the licensee as provided in paragraph "a" of this subsection, the administrator may suspend the licensee's class "E" liquor control license for a period not to exceed ten days.

4. The administrator may refuse to sell alcoholic liquor to a class "E" liquor control licensee who tenders a payment which is subsequently dishonored until the outstanding obligation is satisfied.

123.2 General prohibition.

It is unlawful to manufacture for sale, sell, offer or keep for sale, possess, or transport alcoholic liquor, wine, or beer except upon the terms, conditions, limitations, and restrictions enumerated in this chapter.

123.3 Definitions.

As used in this chapter, unless the context otherwise requires:

1. "Administrator" means the administrator of the division, appointed pursuant to the provisions of this chapter, or the administrator's designee.

2. "Air common carrier" means a person engaged in transporting passengers for hire in interstate or foreign commerce by aircraft and operating regularly scheduled flights under a certificate of public convenience issued by the civil aeronautics board.

3. "Alcohol" means the product of distillation of any fermented liquor rectified one or more times, whatever may be the origin thereof, and includes synthetic ethyl alcohol.

4. "Alcoholic beverage" means any beverage containing more than one-half of one percent of alcohol by volume including alcoholic liquor, wine, and beer.

5. "Alcoholic liquor" means the varieties of liquor defined in subsections 3 and 50 which contain more than six and twenty-five hundredths percent of alcohol by volume, beverages made as described in subsection 7 which beverages contain more than six and twenty-five hundredths percent of alcohol by volume but which are not wine as defined

in subsection 54, high alcoholic content beer as defined in subsection 22, or canned cocktails as defined in subsection 11, and every other liquid or solid, patented or not, containing spirits and every beverage obtained by the process described in subsection 54 containing more than twenty-one and twenty-five hundredths percent of alcohol by volume, and susceptible of being consumed by a human being, for beverage purposes. Alcohol manufactured in this state for use as fuel pursuant to an experimental distilled spirits plant permit or its equivalent issued by the federal bureau of alcohol, tobacco and firearms is not an “alcoholic liquor”.

6. “Application” means a written request for the issuance of a permit, license, or certificate that is supported by a verified statement of facts and submitted electronically, or in a manner prescribed by the administrator.

7. “Beer” means any liquid capable of being used for beverage purposes made by the fermentation of an infusion in potable water of barley, malt, and hops, with or without unmalted grains or decorticated and degerminated grains or made by the fermentation of or by distillation of the fermented products of fruit, fruit extracts, or other agricultural products, containing more than one-half of one percent of alcohol by volume but not more than six and twenty-five hundredths percent of alcohol by volume.

8. “Brewer” means any person who manufactures beer for the purpose of sale, barter, exchange, or transportation.

9. “Brewpub” means a commercial establishment authorized to sell beer at retail for consumption on or off the premises that is operated by a person who holds a class “C” liquor control license or a class “B” beer permit and who also holds a special class “A” beer permit that authorizes the holder to manufacture and sell beer pursuant to this chapter.

10. “Broker” means a person who represents or promotes alcoholic liquor within the state on behalf of the holder of a distiller’s certificate of compliance, a manufacturer’s license, or a class “A” native distilled spirits license. An employee of the holder of a distiller’s certificate of compliance, a manufacturer’s license, or a class “A” native distilled spirits license is not a broker.

11. “Canned cocktail” means a mixed drink or cocktail that is premixed and packaged in a metal can and contains more than six and twenty-five hundredths 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.

12. “City” means a municipal corporation but not including a county, township, school district, or any special purpose district or authority.

13. “Club” means any nonprofit corporation or association of individuals, which is the owner, lessee, or occupant of a permanent building or part thereof, membership in which entails the prepayment of regular dues and is not operated for a profit other than such profits as would accrue to the entire membership.

14. “Commercial establishment” means a place of business which is at all times equipped with sufficient tables and seats to accommodate twenty-five persons at one time, and the licensed premises of which conform to the standards and specifications of the division.

15. “Commission” means the alcoholic beverages commission established by this chapter.

16. “Completed application” means an application where all necessary fees have been paid in full, any required bonds have been submitted, the applicant has provided all information requested by the division, and the application meets the requirements of section 123.92, subsection 2, if applicable.

17. “Designated security employee” means an agent, contract employee, independent contractor, servant, or employee of a licensee or permittee who works in a security position in any capacity at a commercial establishment licensed or permitted under this chapter.

18. “Distillery”, “winery”, and “brewery” mean not only the premises where alcohol or spirits are distilled, wine is fermented, or beer is brewed, but in addition mean a person owning, representing, or in charge of such premises and the operations conducted there, including the blending and bottling or other handling and preparation of alcoholic liquor, wine, or beer in any form.

19. “Division” means the alcoholic beverages division of the department of commerce established by this chapter.

20. “Grape brandy” means brandy produced by the distillation of fermented grapes or grape juice.

21. “Grocery store” means any retail establishment, the business of which consists of the sale of food, food products, or beverages for consumption off the premises.

22. “High alcoholic content beer” means beer which contains more than six and twenty-five hundredths percent of alcohol by volume, but not more than fifteen percent of alcohol by volume, that is made by the fermentation of an infusion in potable water of barley, malt, and hops, with or without unmalted grains or decorticated and degerminated grains. Not more than one and five-tenths percent of the volume of a “high alcoholic content beer” may consist of alcohol derived from added flavors and other nonbeverage ingredients containing alcohol. The added flavors and other

nonbeverage ingredients may not include added caffeine or other added stimulants including but not limited to guarana, ginseng, and taurine.

23. “Hotel” or “motel” means premises licensed by the department of inspections and appeals and regularly or seasonally kept open in a bona fide manner for the lodging of transient guests, and with twenty or more sleeping rooms.

24. “Import” means the transporting or ordering or arranging the transportation of alcoholic liquor, wine, or beer into this state whether by a resident of this state or not.

25. “Importer” means the person who transports or orders, authorizes, or arranges the transportation of alcoholic liquor, wine, or beer into this state whether the person is a resident of this state or not.

26. The terms “in accordance with the provisions of this chapter”, “pursuant to the provisions of this title”, or similar terms shall include all rules and regulations of the division adopted to aid in the administration or enforcement of those provisions.

27. “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.

28. “Legal age” means twenty-one years of age or more.

29. “Licensed premises” or “premises” means all rooms, enclosures, contiguous areas, or places susceptible of precise description satisfactory to the administrator where alcoholic beverages, wine, or beer is sold or consumed under authority of a liquor control license, wine permit, or beer permit. A single licensed premises may consist of multiple rooms, enclosures, areas, or places if they are wholly within the confines of a single building or contiguous grounds.

30. “Local authority” means the city council of any incorporated city in this state, or the county board of supervisors of any county in this state, which is empowered by this chapter to approve or deny applications for retail beer or wine permits and liquor control licenses; empowered to recommend that such permits or licenses be granted and issued by the division; and empowered to take other actions reserved to them by this chapter.

31. “Manufacture” means to distill, rectify, ferment, brew, make, mix, concoct, or process any substance capable of producing a beverage containing more than one-half

of one percent of alcohol by volume and includes blending, bottling, or the preparation for sale.

32. “Mixed drink or cocktail” means an alcoholic beverage, composed in whole or in part of alcoholic liquor, that is combined with other alcoholic beverages or nonalcoholic beverages or ingredients including but not limited to ice, water, soft drinks, or flavorings.

33. “Native brewery” means a business which manufactures beer or high alcoholic content beer and is operated by a person who holds a class “A” beer permit that authorizes the holder to manufacture and sell beer pursuant to this chapter.

34. “Native distilled spirits” means spirits fermented, distilled, or, for a period of two years, barrel matured on the licensed premises of the native distillery where fermented, distilled, or matured. “Native distilled spirits” also includes blended or mixed spirits comprised solely of spirits fermented, distilled, or, for a period of two years, barrel matured at a native distillery.

35. “Native distillery” means a business with an operating still which produces and manufactures native distilled spirits.

36. “Native wine” means wine manufactured pursuant to section 123.176 by a manufacturer of native wine.

37. “Package” means any container or receptacle used for holding alcoholic liquor.

38. “Permit” or “license” means an express written authorization issued by the division for the manufacture or sale, or both, of alcoholic liquor, wine, or beer.

39. “Person” means any individual, association, or partnership, any corporation, limited liability company, or other similar legal entity, any club, hotel or motel, or any municipal corporation owning or operating a bona fide airport, marina, park, coliseum, auditorium, or recreational facility in or at which the sale of alcoholic liquor, wine, or beer is only an incidental part of the ownership or operation.

40. “Person of good moral character” means any person who meets all of the following requirements:

a. The person has such financial standing and good reputation as will satisfy the administrator that the person will comply with this chapter and all laws, ordinances, and regulations applicable to the person’s operations under this chapter. However, the administrator shall not require the person to post a bond to meet the requirements of this paragraph.

b. The person is not prohibited by section 123.40 from obtaining a liquor control license or a wine or beer permit.

c. Notwithstanding paragraph “e”, the applicant is a citizen of the United States and a

resident of this state, or licensed to do business in this state in the case of a corporation. Notwithstanding paragraph “e”, in the case of a partnership, only one general partner need be a resident of this state.

d. The person has not been convicted of a felony. However, if the person’s conviction of a felony occurred more than five years before the date of the application for a license or permit, and if the person’s rights of citizenship have been restored by the governor, the administrator may determine that the person is of good moral character notwithstanding such conviction. e. The requirements of this subsection apply to the following:

- (1) Each of the officers, directors, and partners of such person.
- (2) A person who directly or indirectly owns or controls ten percent or more of any class of stock of such person.
- (3) A person who directly or indirectly has an interest of ten percent or more in the ownership or profits of such person.

41. “Pharmacy” means a drug store in which drugs and medicines are exposed for sale and sold at retail, or in which prescriptions of licensed physicians and surgeons, dentists, prescribing psychologists, or veterinarians are compounded and sold by a registered pharmacist.

42. “Private place” means a location which, at the time alcoholic beverages are kept, dispensed, or consumed, meets all of the following criteria:

- a. The general public does not have access to the location and attendees are limited to bona fide social hosts and invited guests.
- b. The location is not of a commercial nature.
- c. Goods or services are neither sold nor purchased at the location.
- d. The location is not a licensed premises.
- e. Admission fees or other kinds of entrance fees, fare, ticket, donation or charges are not made or are required of the invited guests to enter the location.

43. “Public place” means any place, building, or conveyance to which the public has or is permitted access.

44. “Residence” means the place where a person resides, permanently or temporarily.

45. “Retail beer permit” means a class “B” or class “C” beer permit issued under the provisions of this chapter.

46. “Retail wine permit” means a class “B” wine permit, class “B” native wine permit, or class “C” native wine permit issued under this chapter.

47. “Retailer” means any person who shall sell, barter, exchange, offer for sale, or have in possession with intent to sell any alcoholic liquor, wine, or beer for consumption

either on or off the premises where sold.

48. The prohibited “sale” of alcoholic liquor, wine, or beer under this chapter includes soliciting for sales, taking orders for sales, keeping or exposing for sale, delivery or other trafficking for a valuable consideration promised or obtained, and procuring or allowing procurement for any other person.

49. “School” means a public or private school or that portion of a public or private school which provides facilities for teaching any grade from kindergarten through grade twelve.

50. “Spirits” means any beverage which contains alcohol obtained by distillation mixed with drinkable water and other substances in solution, including, but not limited to, brandy, rum, whisky, and gin.

51. “Unincorporated town” means a compactly populated area recognized as a distinct place with a distinct place-name which is not itself incorporated or within the corporate limits of a city.

52. “Warehouse” means any premises or place primarily constructed or used or provided with facilities for the storage in transit or other temporary storage of perishable goods or for the conduct of normal warehousing business.

53. “Wholesaler” means any person, other than a vintner, brewer or bottler of beer or wine, who shall sell, barter, exchange, offer for sale, have in possession with intent to sell, deal or traffic in alcoholic liquor, wine, or beer. A wholesaler shall not sell for consumption upon the premises.

54. “Wine” means any beverage containing more than six and twenty-five hundredths percent of alcohol by volume but not more than twenty-one and twenty-five hundredths percent of alcohol by volume obtained by the fermentation of the natural sugar contents of fruits or other agricultural products but excluding any product containing alcohol derived from malt or by the distillation process from grain, cereal, molasses, or cactus.

123.33 Records.

Every holder of a license or permit under this chapter shall maintain records, in printed or electronic format, which include income statements, balance sheets, purchase and sales invoices, purchase and sales ledgers, and any other records as the administrator may require. The records required and the premises of the licensee or permittee shall be accessible and open to inspection pursuant to section 123.30, subsection 1, during normal business hours of the licensee or permittee.

123.186 Federal regulations adopted as rules.

1. The division shall adopt as rules the substance of the federal regulations 27 C.F.R. pt. 6, 27 C.F.R. pt. 8, 27 C.F.R. pt. 10, and 27 C.F.R. pt. 11.

2. The division shall adopt as rules the substance of 27 C.F.R. §6.88, to permit a manufacturer of alcoholic beverages, wine, or beer, or an agent of such manufacturer, to provide to a retailer without charge wine and beer coil cleaning services, including carbon dioxide filters and other necessary accessories to properly clean the coil and affix carbon dioxide filters. The rules shall provide that the manufacturer shall be responsible for paying the costs of any filters provided.

3. A licensee or permittee who permits or assents to or is a party in any way to a violation or infringement of a rule adopted pursuant to this section is guilty of a violation of this section. A violation of this section shall subject the licensee or permittee to the general penalties provided in this chapter and shall constitute grounds for imposition of a civil penalty or suspension or revocation of the license or permit pursuant to section 123.39.