

AGENDA
IOWA ALCOHOLIC BEVERAGES COMMISSION MEETING

Iowa Alcoholic Beverages Division
December 11, 2018 – 1:00 PM – 4:00 PM
Dial in Number: 1.866.685.1580
Conference Code Number: 0009991572

Call to Order.....Chairperson Eubank

- I. Introductions/Opening Remarks
- II. Approval of Agenda - **ACTION ITEM**
- III. Approval of Minutes September 26, 2018 and November 27, 2018 - **ACTION ITEM**

Administrator’s Report.....Administrator Larson

- IV. Financial Management Report
- V. Business Operations Report
- VI. Category Management Report
- VII. Licensing and Regulatory Report
- VIII. ABD 2019 Legislative Request

Public Comment.....Chairperson Eubank

Old Business.....Chairperson Eubank

New Business.....Chairperson Eubank

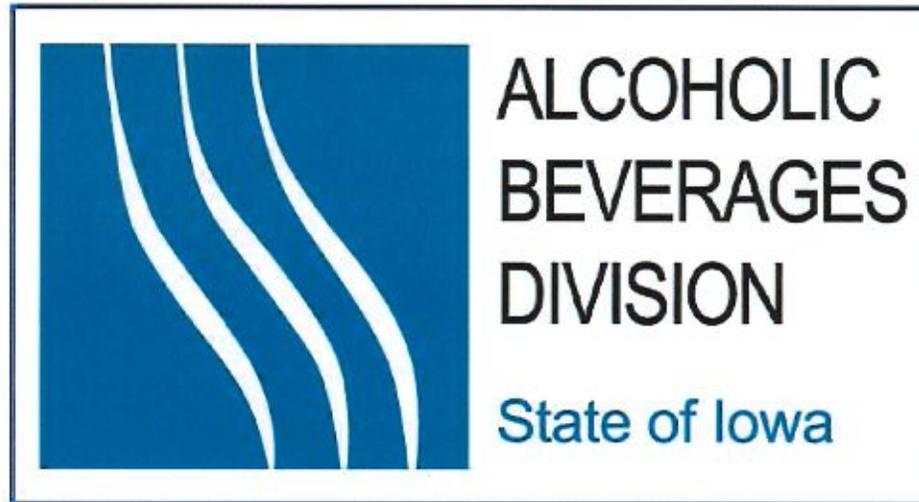
- Approval of the Division’s Fiscal Year 2018 Annual Report - **ACTION ITEM**

Next Meeting Date.....Chairperson Eubank

- January 22, 2019 at ABD 1:00 – 4:00 PM
- Set other tentative 2019 meeting dates

Adjournment.....Chairperson Eubank

NOTE: Committee and Board agendas may be amended any time up to 24 hours before the meetings. Agenda items may be considered out of order at the discretion of the chair. Meetings will not convene earlier than stated above. If you require accommodations to participate in this public meeting, call 515.281.7407 or TTY at (toll-free) 866.IowaABD to make your request. Please notify ABD at least 48 hours in advance.



Financial Overview

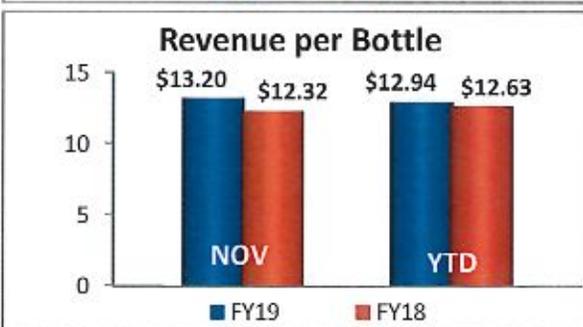
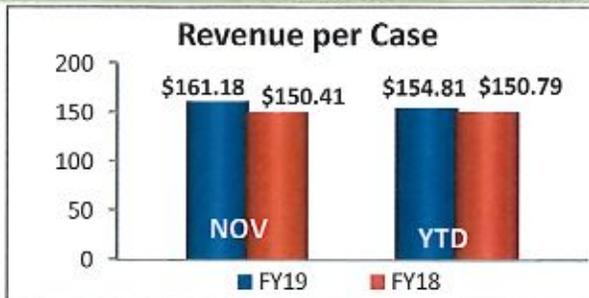
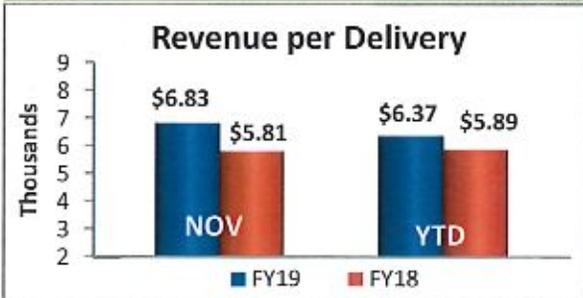
**Fiscal Year 2019 YTD
July 1, 2018 – November 30, 2018**

Iowa Alcoholic Beverages Division

Financial Analysis

FY19 November Sales Comparison Year Over Year Cash Basis

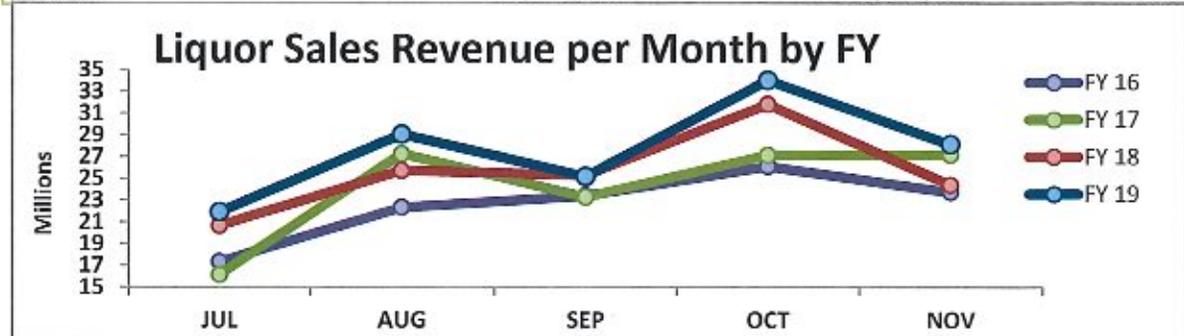
Category	FY 2019	FY 2018	% Change
Liquor Sales	28,138,662	24,401,342	15.32%
Split Case Fee	125,948	121,120	3.99%
Bottle Dep and Sur	271,169	232,799	16.48%
Total Revenue	28,535,779	24,755,261	15.27%
Deliveries	4,181	4,264	-1.95%
Orders	4,630	4,904	-5.59%
Cases	177,046	164,586	7.57%
Bottles	2,161,440	2,009,515	7.56%



JUL- DEC Average Sale Days Comparison	
Month	YOY
JULY - SEP	0
OCT	1
NOV	0
DEC	0
Total Through DEC	1

FY19 July -November Sales Comparison Year to Date

Category	FY 2019	FY 2018	% Change
Liquor Sales	138,388,576	127,961,383	8.15%
Split Case Fee	623,492	618,702	0.77%
Bottle Dep and Sur	1,327,712	1,209,019	9.82%
Total Revenue	140,339,780	129,789,104	8.13%
Deliveries	22,022	22,026	-0.02%
Orders	24,694	27,221	-9.28%
Cases	906,509	860,711	5.32%
Bottles	10,843,493	10,278,653	5.50%



ABD Metrics July 1, 2018 - November 30, 2018

FY19 Current Financial Analysis

Metric	FY2018	FY2019	Trend	5 Year Average	4 Year Average
Total Liquor Sales YTD	127,961,382.77	138,388,575.59	8.15%	5.24%	5.79%
12 Month Moving Average	24,034,609.55	25,421,308.07	5.77%	4.70%	4.99%
Split Case Fee	121,120.00	125,948.00	3.99%		
Bottle Deposit Revenue	232,798.59	271,168.83	16.48%		
Monthly Sale of Licenses	1,007,902.12	1,577,759.92	56.54%		
Sale of Licenses YTD	6,690,080.60	7,069,392.58	5.67%		
Substance Abuse Reversion	1,716,572.35	1,978,522.71	15.26%		
Liquor Profits Reversion	7,000,000.00	9,000,000.00	28.57%		
Total General Fund Reversion	8,716,572.35	10,978,522.71	25.95%		
Total General Fund Reversion YTD	47,300,605.95	51,230,844.70	8.31%		
Monthly Order Volume	4,904	4,630	-5.59%		
Monthly Case Volume	164,586	177,046	7.57%		
Monthly Bottle Volume	2,009,515	2,161,440	7.56%		
Monthly Delivery Volume	4,264	4,181	-1.95%		
Monthly Pick Volume	435,448	443,031	1.74%		

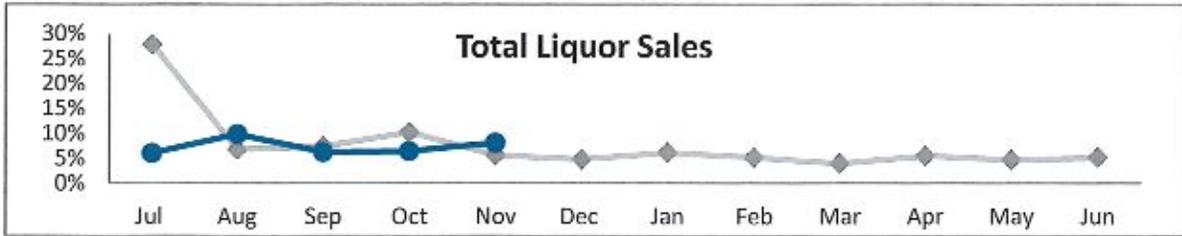
ABD Metrics July 1 - November 30, 2018

Metric	FY2018	FY2019	Pct Change	Amt Change
Freight Cost per Case	\$1.85	\$2.10	13.11%	\$0.24
Total Freight Cost Per Case YTD	\$1.24	\$1.36	9.48%	\$0.12
Warehouse Cost Per Case	\$1.20	\$1.03	-14.31%	-\$0.17
Total WHSE Cost per Case YTD	\$1.00	\$0.94	-5.38%	-\$0.05
Freight Cost per Bottle	\$0.15	\$0.17	13.12%	\$0.02
Total Freight Cost Per Bottle YTD	\$0.10	\$0.11	9.30%	\$0.01
Warehouse Cost Per Bottle	\$0.10	\$0.08	-14.30%	-\$0.01
Total WHSE Cost per Bottle YTD	\$0.08	\$0.08	-5.53%	\$0.00
Total Freight Cost per Delivery	\$71.50	\$88.72	24.09%	\$17.22
Total Fleet Dist Cost Per Delivery YTD	\$48.52	\$55.96	15.33%	\$7.44
Warehouse Cost Per Delivery	\$46.19	\$43.42	-5.99%	-\$2.77
Total WHSE Cost per Delivery YTD	\$39.02	\$38.90	-0.32%	-\$0.13
Freight Cost per Pick	\$0.70	\$0.84	19.59%	\$0.14
Total Fleet Dist Cost Per Pick YTD	\$0.56	\$0.56	-1.67%	-\$0.01
WHSE Operation Cost Per Pick	\$0.45	\$0.41	-9.40%	-\$0.04
Total WHSE Cost per Pick YTD	\$0.39	\$0.39	-2.00%	-\$0.01

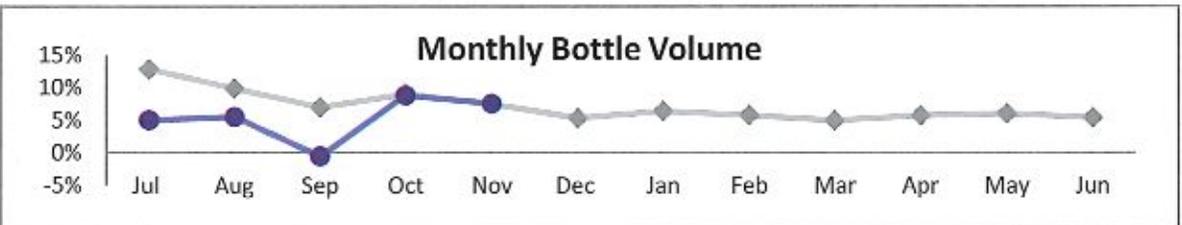
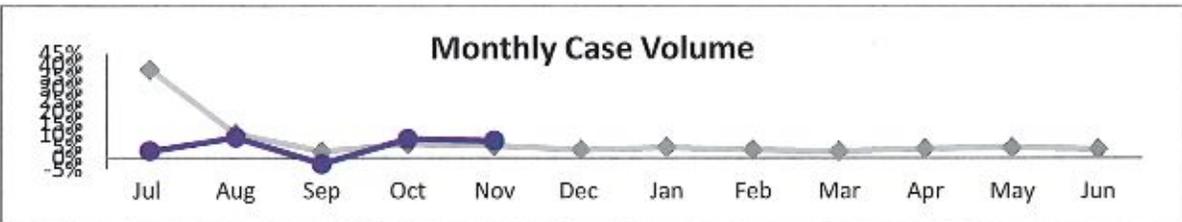
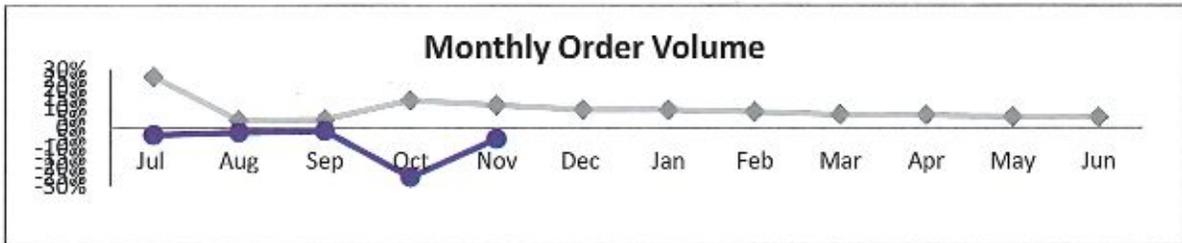
Key Performance Indicators (KPIs) Benchmarks

Metric	ABD FY2018 Actual	ABD FY2019 Actual	Best in Class Benchmark	Median Benchmark
Distribution Cost as a % of Sales	2.06%	1.96%	2.04%	5.00%
Distribution Cost as a % of Cost of Goods Sold	2.89%	2.93%	<1.6%	6.05%
Total Distribution Cost Per Unit Picked	\$0.70	\$1.25	\$0.30	\$1.04

ABD Metric Trend Line Data FY19 July 1, 2018 - November 30, 2018



ABD Metric Trend Line Data FY19 Continued



ABD Metric Trend Line Data FY19 Continued



**Reversion Analysis
FY2018 / FY2017**

	Liquor Sales			Split Case Revenues			Total Revenue			FY 19 vs. FY 18
	FY17	FY18	FY19	FY17	FY18	FY19	FY17	FY18	FY19	% Change
July	\$ 16,182,779.47	\$ 20,683,446.87	\$ 21,941,950.21	\$ 85,098.50	\$ 104,422.50	\$ 106,697.00	\$ 16,267,877.97	\$ 20,787,869.37	\$ 22,048,647.21	6.06%
August	\$ 27,281,631.01	\$ 25,737,769.80	\$ 29,079,661.16	\$ 147,015.18	\$ 130,670.00	\$ 130,138.50	\$ 27,428,646.19	\$ 25,868,439.80	\$ 29,209,799.66	12.92%
September	\$ 23,307,167.10	\$ 25,306,777.12	\$ 25,187,655.38	\$ 119,399.50	\$ 120,085.00	\$ 119,355.50	\$ 23,426,566.60	\$ 25,426,862.12	\$ 25,307,010.88	-0.47%
October	\$ 27,172,377.07	\$ 31,832,046.93	\$ 34,040,646.72	\$ 127,098.54	\$ 142,404.50	\$ 141,352.50	\$ 27,299,475.61	\$ 31,974,451.43	\$ 34,181,999.22	6.90%
November	\$ 27,186,630.66	\$ 24,401,342.17	\$ 28,138,662.10	\$ 135,059.96	\$ 121,120.00	\$ 125,948.00	\$ 27,321,690.62	\$ 24,522,462.17	\$ 28,264,610.10	15.26%
December										
January										
February										
March										
April										
May										
June										
July										
Total	\$ 121,130,585.31	\$ 127,961,382.89	\$ 138,388,575.57	\$ 613,671.68	\$ 618,702.00	\$ 623,491.50	\$ 121,744,256.99	\$ 128,580,084.89	\$ 139,012,067.07	8.11%
	% of Budget									
	43.93%									

	Substance Abuse			Liquor Sales			Total Reversion			FY 19 vs. FY 18
	FY17	FY18	FY19	FY17	FY18	FY19	FY17	FY18	FY19	% Change
July	\$ 1,138,751.46	\$ 1,455,150.86	\$ 1,543,405.30	\$ 6,000,000	\$ 7,300,000	\$ 8,000,000	\$ 7,138,751.46	\$ 8,755,150.86	\$ 9,543,405.30	9.00%
August	\$ 1,920,005.23	\$ 1,810,790.79	\$ 2,044,685.98	\$ 7,000,000	\$ 6,500,000	\$ 7,500,000	\$ 8,920,005.23	\$ 8,310,790.79	\$ 9,544,685.98	14.85%
September	\$ 1,639,859.66	\$ 1,779,880.35	\$ 1,771,490.76	\$ 7,500,000	\$ 8,500,000	\$ 7,500,000	\$ 9,139,859.66	\$ 10,279,880.35	\$ 9,271,490.76	-9.81%
October	\$ 1,910,963.29	\$ 2,238,211.60	\$ 2,392,739.95	\$ 8,700,000	\$ 9,000,000	\$ 9,500,000	\$ 10,610,963.29	\$ 11,238,211.60	\$ 11,892,739.95	5.82%
November	\$ 1,912,518.34	\$ 1,716,572.35	\$ 1,978,522.71	\$ 9,000,000	\$ 7,000,000	\$ 9,000,000	\$ 10,912,518.34	\$ 8,716,572.35	\$ 10,978,522.71	25.95%
December										
January										
February										
March										
April										
May										
June										
July										
Total	\$ 8,522,097.98	\$ 9,000,605.95	\$ 9,730,844.69	38,200,000	38,300,000	41,500,000	\$ 46,722,097.98	\$ 47,300,605.95	\$ 51,230,844.69	8.31%

Obligation							114,000,000	116,100,000	119,100,000	
Over/Under Reversion							(67,277,902)	(68,799,394)	(67,869,155)	
							40.98%	40.74%	43.01%	

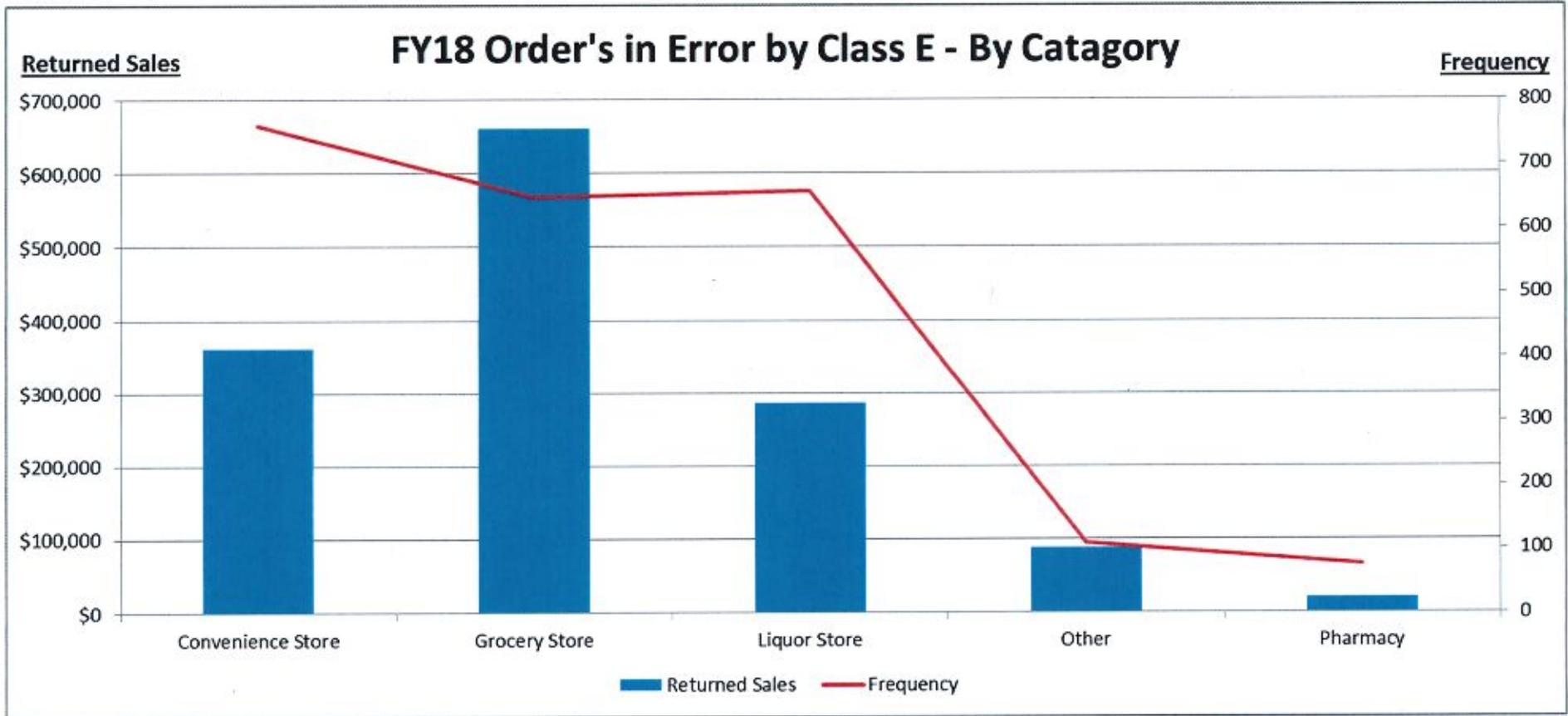
**Reversion Analysis
FY2018 / FY2017**

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	FY17	FY18	FY19	FY17	FY18	FY19	FY17	FY18	FY19	Change
July	\$ 16,182,779.47	\$ 20,683,446.87	\$ 21,941,950.21	\$ 85,098.50	\$ 104,422.50	\$ 106,697.00	\$ 16,267,877.97	\$ 20,787,869.37	\$ 22,048,647.21	6.06%
August	\$ 27,281,631.01	\$ 25,737,769.80	\$ 29,079,661.16	\$ 147,015.18	\$ 130,670.00	\$ 130,138.50	\$ 27,428,646.19	\$ 25,868,439.80	\$ 29,209,799.66	12.92%
September	\$ 23,307,167.10	\$ 25,306,777.12	\$ 25,187,655.38	\$ 119,399.50	\$ 120,085.00	\$ 119,355.50	\$ 23,426,566.60	\$ 25,426,862.12	\$ 25,307,010.88	-0.47%
October	\$ 27,172,377.07	\$ 31,832,046.93	\$ 34,040,646.72	\$ 127,098.54	\$ 142,404.50	\$ 141,352.50	\$ 27,299,475.61	\$ 31,974,451.43	\$ 34,181,999.22	6.90%
November	\$ 27,186,630.66	\$ 24,401,342.17	\$ 28,138,662.10	\$ 135,059.95	\$ 121,120.00	\$ 125,948.00	\$ 27,321,690.62	\$ 24,522,462.17	\$ 28,264,610.10	15.26%
December	\$ 30,297,589.74	\$ 30,720,456.69		\$ 145,982.00	\$ 142,254.50		\$ 30,443,571.74	\$ 30,862,711.19		-100.00%
January	\$ 22,434,323.13	\$ 25,828,473.91		\$ 135,460.00	\$ 151,250.50		\$ 22,569,783.13	\$ 25,979,724.41		-100.00%
February	\$ 22,804,158.85	\$ 22,403,643.21		\$ 107,044.50	\$ 111,386.18		\$ 22,911,203.35	\$ 22,515,029.39		-100.00%
March	\$ 24,588,550.59	\$ 23,260,972.87		\$ 126,367.50	\$ 115,962.00		\$ 24,714,918.09	\$ 23,376,934.87		-100.00%
April	\$ 22,551,186.27	\$ 27,087,805.47		\$ 116,775.00	\$ 133,942.00		\$ 22,667,962.27	\$ 27,221,748.47		-100.00%
May	\$ 29,483,763.34	\$ 28,885,361.58		\$ 150,219.50	\$ 140,727.50		\$ 29,633,982.84	\$ 29,026,089.08		-100.00%
June	\$ 25,636,821.18	\$ 28,316,439.65		\$ 121,086.50	\$ 130,611.50		\$ 25,757,907.68	\$ 28,447,051.15		-100.00%
July-Aug (H/O)	\$ 6,692,148.36	\$ 5,585,275.12		\$ 36,701.50	\$ 30,355.50		\$ 6,728,849.86	\$ 5,615,630.62		-100.00%
Total	\$ 305,619,126.77	\$ 320,049,812.39	\$ 138,388,575.57	\$ 1,553,309.18	\$ 1,575,191.68	\$ 623,491.50	\$ 307,172,435.95	\$ 321,625,004.07	\$ 139,012,067.07	-759.33%
	% of Budget									
	0.00%									

	Substance Abuse			Liquor Sales			Total Reversion			FY 19 vs. FY 18 %
	FY17	FY18	FY19	FY17	FY18	FY19	FY17	FY18	FY19	Change
July	\$ 1,138,751.46	\$ 1,455,150.86	\$ 1,543,405.30	\$ 6,000,000	\$ 7,300,000	\$ 8,000,000	\$ 7,138,751.46	\$ 8,755,150.86	\$ 9,543,405.30	9.00%
August	\$ 1,920,005.23	\$ 1,810,790.79	\$ 2,044,685.98	\$ 7,000,000	\$ 6,500,000	\$ 7,500,000	\$ 8,920,005.23	\$ 8,310,790.79	\$ 9,544,685.98	14.85%
September	\$ 1,639,859.66	\$ 1,779,880.35	\$ 1,771,490.76	\$ 7,500,000	\$ 8,500,000	\$ 7,500,000	\$ 9,139,859.66	\$ 10,279,880.35	\$ 9,271,490.76	-9.81%
October	\$ 1,910,963.29	\$ 2,238,211.60	\$ 2,392,739.95	\$ 8,700,000	\$ 9,000,000	\$ 9,500,000	\$ 10,610,963.29	\$ 11,238,211.60	\$ 11,892,739.95	5.82%
November	\$ 1,912,518.34	\$ 1,716,572.35	\$ 1,978,522.71	\$ 9,000,000	\$ 7,000,000	\$ 9,000,000	\$ 10,912,518.34	\$ 8,716,572.35	\$ 10,978,522.71	25.95%
December	\$ 2,131,050.02	\$ 2,160,389.78		\$ 9,000,000	\$ 9,000,000		\$ 11,131,050.02	\$ 11,160,389.78		-100.00%
January	\$ 1,579,884.82	\$ 1,818,580.71		\$ 6,500,000	\$ 7,500,000		\$ 8,079,884.82	\$ 9,318,580.71		-100.00%
February	\$ 1,603,784.23	\$ 1,576,052.06		\$ 7,000,000	\$ 7,500,000		\$ 8,603,784.23	\$ 9,076,052.06		-100.00%
March	\$ 1,730,044.27	\$ 1,636,385.44		\$ 8,000,000	\$ 8,000,000		\$ 9,730,044.27	\$ 9,636,385.44		-100.00%
April	\$ 1,586,757.36	\$ 1,905,522.39		\$ 7,500,000	\$ 8,500,000		\$ 9,086,757.36	\$ 10,405,522.39		-100.00%
May	\$ 2,074,378.80	\$ 2,031,826.24		\$ 9,500,000	\$ 9,500,000		\$ 11,574,378.80	\$ 11,531,826.24		-100.00%
June	\$ 1,803,053.54	\$ 1,991,293.58		\$ 7,300,000	\$ 7,600,000		\$ 9,103,053.54	\$ 9,591,293.58		-100.00%
July-Aug (H/O)	\$ 471,019.49	\$ 393,094.14		\$ 67,415	\$ 1,634,820		\$ 538,434.49	\$ 2,027,914.14		-100.00%
Total	\$ 21,502,070.51	\$ 22,513,750.29	\$ 9,730,844.69	93,067,415	97,534,820	41,500,000	\$ 114,569,485.51	\$ 120,048,570.29	\$ 51,230,844.69	-57.32%

Obligation							114,000,000	116,100,000	119,100,000	
Over/Under Reversion							569,486	3,948,570	(67,869,155)	
							100.50%	103.40%	43.01%	

FY18 Returns by Category



FY 18 Returns by Month



FY18 Returns Summary	
Returned Sales	\$1,417,165
Return Frequency	2,251

FY18 Returns Summary	
Cases	9,076
Bottles	10,029

When a customer selects the **Place Order for Delivery** or **Place Order for Pickup** buttons

- This box is an example of the prompt that will appear after the user selects one of the checkout options.

I have reviewed my order for accuracy and agree/disagree that it is correct by checking one of the below confirmation boxes.

<input checked="" type="checkbox"/>	Agree and Continue	<input checked="" type="checkbox"/>	Disagree and Return to Order
-------------------------------------	--------------------	-------------------------------------	------------------------------

Cases: ### | Bottles ### Total Sale: \$#,###.##

Disabled Willcall prompt for when an account has their Willcall privilege revoked by ABD

The Willcall (Place Order for Pickup) option for your account has been disabled by the Alcoholic Beverages Division.

You may only place orders for Delivery.



ALCOHOLIC
BEVERAGES
DIVISION
State of Iowa

LISTING MANUAL

January 1, 2019

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DRAFT



88th Iowa General Assembly 2019 IOWA LEGISLATIVE SESSION TIMETABLE*



Note: This Session Timetable is subject to change

***See SCR 5, SR 3, SR 6, and HR 5 (2017)**

JANUARY 14	First day of session (Iowa Code Sec. 2.1)
FEBRUARY 15 (Friday of the 5 th week)	Final day for individual Senator and Representative requests for bill and joint resolution drafts to the Legislative Services Agency (Senate Rule 27 and House Rule 29)
MARCH 8 (Friday of the 8 th week)**	Final date for Senate bills and joint resolutions to be reported out of Senate Committees and House bills and joint resolutions out of House committees (Joint Rule 20)
MARCH 18 - 22 (10 th week)	Senate considers only Senate bills, joint resolutions, and unfinished business House considers only House bills, joint resolutions, and unfinished business (Joint Rule 20)
MARCH 25 - APRIL 5 (11 th and 12 th weeks)	Debate not limited by rule
APRIL 5 (Friday of the 12 th week)**	Final date for Senate bills and joint resolutions to be reported out of House committees and House bills and joint resolutions out of Senate committees (Joint Rule 20)
APRIL 8 - 12 (13 th week)	Senate considers only House bills, joint resolutions, and unfinished business House considers only Senate bills, joint resolutions, and unfinished business (Joint Rule 20)
APRIL 15 (Beginning of the 14 th week)	Only the following bills and resolutions are eligible for consideration: (Joint Rule 20) <ul style="list-style-type: none"> ▪ Bills passed by both Houses ▪ Appropriations Bills ▪ Ways and Means Bills ▪ Government Oversight Bills ▪ Legalizing Acts ▪ Administrative Rules Review Committee Bills ▪ Committee Bills related to delayed or suspended Administrative Rules [Iowa Code Sec. 17A.8(9)] ▪ Bills co-sponsored by Majority and Minority Leaders of one House ▪ Conference Committee Reports ▪ Companion Bills sponsored by Senate and House Majority Leaders ▪ Concurrent or Simple Resolutions ▪ Joint Resolutions nullifying Administrative Rules ▪ Bills on the Veto Calendar (Joint Rule 23) ▪ Unfinished Business
APRIL 15 (Beginning of the 14 th week)	Amendments need not be filed on the day preceding floor debate (House Rule 31.8)
MAY 3	110 th calendar day of the session [Per diem expenses end - Iowa Code Sec. 2.10(1)]

**The March 8 and April 5 committee deadlines do not apply to Appropriations Bills, Ways and Means Bills, Government Oversight Bills, Legalizing Acts, Administrative Rules Review Committee Bills, Committee Bills related to delayed or suspended Administrative Rules [Iowa Code Sec. 17A.8(9)], Bills co-sponsored by Majority and Minority Leaders of one House, Conference Committee Reports, Companion Bills sponsored by the Majority Leaders of both Houses after consultation with the respective Minority Leaders, Concurrent or Simple Resolutions, and Joint Resolutions nullifying Administrative Rules.
Legislative Information Office: 08/29/2018



Kim Reynolds *Governor of Iowa*
Adam Gregg *Lieutenant Governor*
Stephen Larson *Administrator*

DATE: November 27, 2018

TO: LSA

FR: Stephen Larson, Administrator, Alcoholic Beverages Division

RE: 2019 Legislative Session - Technical Bill

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 technical changes to Iowa Code chapter 123 that will create clarity and improve readability, making the law easier for the reader to understand and for the regulator to apply and enforce with consistency.

This bill clarifies the Division's role as an alcoholic beverage control law enforcement authority for the state. Section 3 of the bill grants select personnel within the regulatory compliance bureau with the powers and authority of peace officer status when enforcing the laws of this state concerning alcoholic beverage control. Additionally, Section 9 of the bill designates 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. Both of these changes are intended to assist the regulator while protecting the rights of businesses it regulates.

Sections 10, 14, and 18 of the bill require beer, wine, and liquor 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. This ensures that the Division has the information it needs to validate taxes owed to the state.

OVERVIEW: KEY CHANGES IN THE BILL

- Codifies the definitions for "mixed drink or cocktail" and "private place" which are currently found in the Divisions rules.
- Establishes a definition for "native brewery."
- Authorizes the Division to promulgate administrative rules for the recovery of operational costs arising from the failure of licensees or permittees to remain in compliance with the law.
- Confers the Division's investigators and compliance officers with the powers and authority of peace officer status when acting within the scope of their responsibilities under Iowa Code chapter 123.
- Protects investigative information in the possession of the Division before administrative or criminal charges are filed.
- Requires manufacturers of wine, beer, and distilled spirits to file with the Division the records that are filed monthly with the Alcohol and Tobacco Tax and Trade Bureau of the United States Department of the Treasury. Equal treatment: Holders of class "A" native distilled spirits licenses have the same requirement.
- Clarifies when beer and wine gallonage tax is not owed.
- Moves the wine carrier permit from 123.187 to new section 123.188.

SECTION BY SECTION: TECHNICAL BILL

SECTION 1: Amends existing definitions in §123.3 and adds new definitions. The terms “mixed drink or cocktail” and “private place” appear throughout Code chapter 123, but are defined only in the Division’s administrative rules. The term “native brewery” is defined to more clearly differentiate between beer manufacturing business models in the state of Iowa.

123.3 Definitions.

5. “*Alcoholic liquor*” or “*intoxicating liquor*” means the varieties of liquor defined in subsections 3 and 43 which contain more than ~~five percent of alcohol by weight~~ six and twenty-five hundredths percent of alcohol by volume, beverages made as described in subsection 7 which beverages contain more than ~~five percent of alcohol by weight~~ or six and twenty-five hundredths percent of alcohol by volume but which are not wine as defined in subsection 47 or high alcoholic content beer as defined in subsection 19, and every other liquid or solid, patented or not, containing spirits and every beverage obtained by the process described in subsection 47 containing more than ~~seventeen percent alcohol by weight~~ or 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*”.

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 ~~five percent of alcohol by weight~~ or six and twenty-five hundredths percent of alcohol by volume ~~but not including mixed drinks or cocktails mixed on the premises.~~

19. “*High alcoholic content beer*” means beer which contains more than ~~five percent of alcohol by weight~~ or six and twenty-five hundredths percent of alcohol by volume, but not more than ~~twelve percent of alcohol by weight~~ or 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.

25. “*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, ~~or areas or places susceptible of precise description satisfactory to the administrator.~~

33. “*Person*” means any individual, association, partnership, corporation, limited liability company, or any other legal entity, club, hotel or motel, or 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.

47. “*Wine*” means any beverage containing more than ~~five percent of alcohol by weight~~ six and twenty-five hundredths percent of alcohol by volume but not more than ~~seventeen percent of alcohol by weight~~ or 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.

"Mixed drink or cocktail" means a beverage composed in whole or in part of alcoholic liquors, combined with other alcoholic beverages or nonalcoholic beverages or ingredients including but not limited to ice, water, soft drinks, or flavorings.

"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.

"Private place" means a location which meets all of the following criteria:

a. One to which the general public does not have access at the time the liquor is kept, dispensed or consumed; one at which the attendees are limited to the bona fide social hosts and invited guests.

b. One which is not of a commercial nature at the time the liquor is consumed or dispensed at the location.

c. One where goods or services are neither sold nor purchased at the time the liquor is consumed or dispensed at the location.

d. One which is not a licensed premises.

e. One where no admission fees or other kinds of entrance fees, fare, ticket, donation or charges are made or are required of the invited guests to enter the location.

SECTION 2: Amends §123.10 to authorize the Division to promulgate administrative rules for the recovery of operational costs arising from the failure of licensees or permittees to remain in compliance with the law.

123.10 Rules.

13. Providing for the issuance of a waiver for an individual of legal age desiring to import alcoholic liquor, wine, or beer in excess of the amount provided in section 123.22, ~~123.146~~ 123.122, or 123.171, as applicable. The waiver shall be limited to those individuals who were domiciled outside the state within one year of the request for a waiver and shall provide that any alcoholic liquor, wine, or beer imported pursuant to the waiver shall be for personal consumption only in a private home or other private accommodation.

14. Prescribing the uniform fee to be assessed against a class "B" beer permittee, class "C" native wine permittee, or liquor control licensee, except a class "E" liquor control licensee, to cover the administrative costs incurred by the division resulting from the failure of the licensee or permittee to maintain dramshop liability insurance coverage pursuant to section 123.92, subsection 2, paragraph "a".

15. Prescribing the uniform fee, not to exceed one hundred dollars, to be assessed against a licensee or permittee for a contested case hearing conducted by the division or by an administrative law judge from the department of inspections and appeals which results in administrative action taken against the licensee or permittee by the division.

SECTION 3: Prior to 2005, the division of beer and liquor law enforcement of the department of public safety was the primary alcoholic beverage control law enforcement authority in Iowa. In 2005, Senate File 283 repealed §80.25 in its entirety, eliminating the division of beer and liquor law enforcement. A conforming change to §123.14 was made by the same bill. (2005 Acts, ch35, §32.) This section of the bill amends §123.14 to clarify the role of the alcoholic beverages division of the department of commerce, county attorney, county sheriff and the sheriff's deputies, the police department of every

city, and the department of public safety in the enforcement of Iowa's alcoholic beverage control laws. This update reflects current practice and will not change the authority of the department of public safety but, rather, will clearly define the role of the entities charged with enforcing the provisions of Iowa Code chapter 123.

Prior to 2005, alcoholic beverage control law enforcement investigations were conducted by peace officers within the division of beer and liquor law enforcement of the department of public safety. This section confers the Division's investigators and compliance officers with the powers and authority of peace officer status when acting within the scope of their responsibilities under Iowa Code chapter 123.

123.14 Beer, wine, and liquor Alcoholic beverage control law enforcement authority.

1. The alcoholic beverages division of the department of commerce, county attorney, county sheriff and the sheriff's deputies, the police department of every city, and the department of public safety is the primary shall be the alcoholic beverage control law enforcement authority for this state.

2. ~~The county attorney, the county sheriff and the sheriff's deputies, and the police department of every city, and the alcoholic beverages division of the department of commerce, shall be supplementary aids to the department of public safety. Any neglect, misfeasance, or malfeasance shown by any peace officer included in this section shall be sufficient cause for the peace officer's removal as provided by law. This section shall not be construed to affect the duties and responsibilities of any county attorney or peace officer with respect to law enforcement.~~ Investigators and compliance officers of the alcoholic beverages division of the department of commerce shall have the powers and authority of peace officers when acting within the scope of their responsibilities as specified in section 123.4 and section 123.9, subsection 6. Investigators and compliance officers shall not carry a weapon to perform responsibilities as described in this section.

3. ~~The department of public safety shall have full access to all records, reports, audits, tax reports and all other documents and papers in the alcoholic beverages division pertaining to liquor licensees and wine and beer permittees and their business.~~ Any neglect, misfeasance, or malfeasance shown by any peace officer included in this section shall be sufficient cause for the peace officer's removal as provided by law.

SECTION 4: Amends §123.24 to clarify the components that determine the price at which alcoholic liquor is sold to class "E" licensees. No substantive changes made to how price is determined.

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

1. a. 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. ~~However, the division may assess a split case charge when liquor is sold in quantities which require a case to be split.~~

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

(1) The manufacturer's price.

(2) 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.

(3) 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.

(4) 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 subparagraph, 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.

2. *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.

3. 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.

~~4. The price of alcoholic liquor sold by the division shall include a markup of up to fifty percent of the wholesale price paid by the division for the alcoholic liquor. The markup shall apply to all alcoholic liquor sold by the division; however, 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.~~

~~5. Notwithstanding subsection 4, the division shall assess a bottle surcharge to be included in the price of alcoholic liquor 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 subsection, 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.~~

SECTION 5: Amends §123.27 by striking subsection 3, which will allow the Division to utilize the state warehouse on Sunday.

123.27 Sales and deliveries prohibited.

It is unlawful to transact the sale or delivery of alcoholic liquor in, on, or from the premises of a state warehouse:

1. After the closing hour as established by the administrator.
2. On any legal holiday except those designated by the administrator.
- ~~3. On any Sunday.~~
4. 3. During other periods or days as designated by the administrator.

SECTION 6: Amends §123.30, subsection 2 to clarify that a liquor control license shall not be issued to a place or to a building that is unsafe.

- Subsection 4 is amended to make grammatical changes to language that was passed in 2018 Iowa Acts, Senate File 2502, §59 and to reflect changes made in section 1 of the bill.
- Subsection 5 is amended by striking language that was passed in 2018 Iowa Acts, Senate File 2502, §60 because it inadvertently allows a licensee to let a patron carry a glass of alcoholic liquor to a place where it cannot be lawfully consumed.

123.30 Liquor control licenses — classes.

2. A liquor control license shall not be issued for premises which do not conform to all applicable laws, ordinances, resolutions, and health and fire regulations, and do not constitute a safe and proper place or building. 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.

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 their licensed premises into another immediately adjacent licensed premises covered by a license or permit that authorizes the consumption of wine, ~~temporary~~ a temporarily closed public right-of-way, or a private property place.

~~5. 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 carry an open container of alcoholic liquor from their licensed premises to another immediately adjacent licensed premises, temporary closed public right of way, or private property.~~

SECTION 7: Amends §123.31, subsection 1, to conform to the change made to the definition of "person" in section 1 of the bill.

123.31 Liquor control licenses – application contents.

3. The names and addresses of all persons or, in the case of a corporation, limited liability company, or any other legal entity, the officers, directors, and persons owning or controlling ten percent or more of the capital stock thereof, having a financial interest, by way of loan, ownership, or otherwise, in the business.

SECTION 8: Amends §123.34 to clarify the classifications of wine permits that may be issued on a seasonal or temporary basis. Non-controversial.

123.34 Expiration of licenses and permits — seasonal, five-day, and fourteen-day licenses and permits — fees.

1. Liquor control licenses, wine permits, and beer permits, unless sooner suspended or revoked, expire one year from date of issuance. The administrator shall notify a license or permit holder electronically, or in a manner prescribed by the administrator, sixty days prior to the expiration of each license or permit. ~~However, the~~

2. The administrator may issue six-month or eight-month seasonal licenses, class "B", class "B" native, or class "C" native wine permits, or class "B" beer permits for a proportionate part of the license or permit fee, except that the fee for a seasonal class "B" native wine permit shall be the permit fee provided in section 123.179, subsection 3, and the fee for a seasonal class "C" native wine permit shall be the permit fee provided in section 123.179, subsection 4. ~~or may issue fourteen-day liquor control licenses, native wine permits, or beer permits as provided in subsection 2. No refund shall be made for seasonal licenses or permits or for fourteen-day liquor control licenses, native wine permits, or beer permits. No seasonal license or permit shall be renewed. However, after a period of two months the applicant may apply for a new seasonal license or permit for the same location.~~

~~2.~~ 3. a. The administrator may issue fourteen-day class "A", class "B", class "C", special class "C", and class "D" liquor control licenses and fourteen-day class "B" beer permits, and class "B" native and class "C" native wine permits.

b. A fourteen-day license or permit, if granted, is valid for fourteen consecutive days, but the holder shall not sell on the two Sundays in the fourteen-day period unless the holder qualifies for and obtains the privilege to sell on Sundays contained in section 123.36, subsection 5, and section 123.134, subsection 4.

~~3.~~ c. The fee for a fourteen-day liquor control license or beer permit is one quarter of the annual fee for that class of liquor control license or beer permit. The fee for the privilege to sell on the two Sundays in the fourteen-day period is twenty percent of the price of the fourteen-day liquor control license or beer permit. The fee for a fourteen-day class "B" native wine permit is the permit fee provided in section 123.179, subsection 3. The fee for a fourteen-day class "C" native wine permit is the permit fee provided in section 123.179, subsection 4.

4. a. The administrator may issue five-day class "A", class "B", class "C", special class "C", and class "D" liquor control licenses and five-day class "B" beer permits, and class "B" native and class "C" native wine permits.

b. A five-day license or permit is valid for five consecutive days, but the holder shall not sell alcoholic beverages on Sunday in the five-day period unless the holder qualifies for and obtains the privilege to sell on Sunday pursuant to ~~sections~~ section 123.36, subsection 6 and section 123.134, subsection 4.

~~5.~~ c. The fee for the five-day liquor control license or beer permit is one-eighth of the annual fee for that class of license or permit. The fee for the privilege to sell on a Sunday in the five-day period is ten percent of the price of the five-day liquor control license or beer permit. The fee for a five-day class "B" native wine permit is the permit fee provided in section 123.179, subsection 3. The fee for a five-day class "C" native wine permit is the permit fee provided in section 123.179, subsection 4.

5. No refund shall be made for seasonal licenses or permits or for five-day or fourteen-day liquor control licenses, native wine permits, or beer permits.

6. No seasonal, five-day, or fourteen-day license or permit shall be renewed.

SECTION 9: Amends §123.36, subsection 10, to clarify the liquor control license classifications the surcharge is imposed upon.

10. There is imposed a surcharge on the fee for each class "A", class "B", or class "C", special class "C", or class "C" native distilled spirits liquor control license equal to thirty percent of the scheduled license fee. The surcharges collected under this subsection shall be deposited in the beer and liquor control fund, and notwithstanding subsection 8, no portion of the surcharges collected under this subsection shall be remitted to the local authority.

SECTION 10: Adds a new section to chapter 123 to address the confidential treatment of investigative information in the possession of the Division before administrative or criminal charges are filed.

123.38A Confidential investigative records. In order to assure a free flow of information for accomplishing the purposes of section 123.4 and section 123.9, subsection 6, all complaint information, investigation files, audit files, and inspection files, other investigation reports, and other investigative information in the possession of the division or employees acting under the authority of the administrator are privileged and confidential, and are not subject to discovery, subpoena, or other means of legal compulsion for their release before administrative or criminal charges are filed. However, investigative information in the possession of division employees may be disclosed to the licensing authorities of a city or county within this state, in another state, the District of Columbia, or territory or county in which the licensee or permittee is licensed or permitted or has applied for a license or permit. In addition, the investigative information can be shared with any law enforcement agency or other state agency that also has regulatory or enforcement jurisdiction authorized by law. Records received by the division from other agencies which would be confidential if created by the division are considered confidential.

SECTION 11: Amends §123.41 by adding a new subsection that requires a person who holds a manufacturer's license to file with the Division the records that are filed monthly with the Alcohol and Tobacco Tax and Trade Bureau of the United States Department of the Treasury. Equal treatment: Holders of class "A" native distilled spirits licenses have the same requirement.

123.41 Manufacturer's license — alcoholic liquor.

5. A person who holds manufacturer's license shall file with the division, on or before the fifteenth day of each calendar month, all documents filed by the manufacturer with the alcohol and tobacco tax and trade bureau of the United States department of the treasury, including all production, storage, and processing reports.

SECTION 12: Amends §123.43, subsection 1, paragraph "b", to conform to the change made to the definition of "person" in section 1 of the bill.

123.43 Class "A" native distilled spirits license — application and issuance — fees.

b. The names and addresses of all persons or, in the case of a corporation, limited liability company, or any other legal entity, the officers, directors, and persons owning or controlling ten percent or more of the capital stock thereof, having a financial interest, by way of loan, ownership, or otherwise, in the business.

SECTION 13: Amends §123.43A, subsection 5, by striking language that restricts the number of class "A" native distilled spirits licenses that may be issued to a person. Equal treatment: In-state manufacturers of other alcoholic beverages may apply for and obtain an unlimited number of manufacturing licenses or permits.

123.43A Native distilleries.

~~5. The division shall issue no more than three class "A" native distilled spirits licenses to a person. In addition,~~ a ~~A~~ native distillery issued a class "A" native distilled spirits license shall file with the division,

on or before the fifteenth day of each calendar month, all documents filed by the native distillery with the alcohol and tobacco tax and trade bureau of the United States department of the treasury, including all production, storage, and processing reports.

SECTION 14: Amends §123.46(A), subsection 2, paragraph “a”, to clarify when payment is made for alcoholic beverages that are sold for delivery by a retailer.

123.46A Delivery of alcoholic beverages by retailers.

a. Payment for the alcoholic liquor, wine, or beer shall be received ~~on the licensed premises~~ by the licensee or permittee at the time of order.

SECTION 15: Amends §123.56 by adding a new subsection that requires a person who manufactures native wine to file with the Division the records that are filed monthly with the Alcohol and Tobacco Tax and Trade Bureau of the United States Department of the Treasury. Equal treatment: Holders of class “A” native distilled spirits licenses have the same requirement.

123.56 Native wines.

9. A manufacturer of native wines shall file with the division, on or before the fifteenth day of each calendar month, all documents filed with the alcohol and tobacco tax and trade bureau of the United States department of the treasury, including all wine premises operations and excise tax return reports.

SECTION 16: Amends §123.95 to clarify the authority granted under a catering privilege.

123.95 Premises must be licensed — exception as to conventions and social gatherings.

1. A person shall not allow the dispensing or consumption of alcoholic liquor, except wines and beer, in any establishment unless the establishment is licensed under this chapter or except as otherwise provided in this section.

2. a. The holder of an annual class “B” liquor control license or an annual class “C” liquor control license may act as the agent of a private social host for the purpose of providing and serving alcoholic liquor, wine, and beer beverages as part of a food catering service for a private social gathering in a private place, provided the licensee has applied for and been granted a catering privilege by the division. The holder of an annual special class “C” liquor control license shall not act as the agent of a private social host for the purpose of providing and serving wine and beer as part of a food catering service for a private social gathering in a private place. An applicant for a class “B” or class “C” liquor control license shall state on the application for the license that the licensee intends to engage in catering food and alcoholic beverages for private social gatherings and the catering privilege shall be noted on the license or permit.

b. The private social host or the licensee shall not solicit ~~donations in~~ payment of any kind, including donations, for the food or alcoholic beverages from the guests, and the alcoholic beverages and food shall be served without cost to the guests.

c. Section 123.92 does not apply to a liquor control licensee who acts in accordance with this section when the liquor control licensee is providing and serving food and alcoholic beverages as an agent of a private social host at a private social gathering in a private place which is not on the licensed premises.

d. A licensee who engages in catering food and alcoholic beverages for private social gatherings shall maintain a record on the licensed premises which includes the name and address of the host of the private social gathering, and the date for which catering was provided. The record maintained pursuant

to this section shall be open to inspection pursuant to section 123.30, subsection 1, during normal business hours of the licensee.

~~2. An applicant for a class "B" liquor control license or class "C" liquor control license shall state on the application for the license that the licensee intends to engage in catering food and alcoholic beverages for private social gatherings and the catering privilege shall be noted on the license or permit. A licensee who engages in catering food and alcoholic beverages for private social gatherings shall maintain a record on the licensed premises which includes the name and address of the host of the private social gathering, and the date for which catering was provided. The record maintained pursuant to this section shall be open to inspection pursuant to section 123.30, subsection 1, during normal business hours of the licensee.~~

3. However, bona fide conventions or meetings may bring their own legal liquor onto the licensed premises if the liquor is served to delegates or guests without cost. All other provisions of this chapter shall be applicable to such premises. The provisions of this section shall have no application to private social gatherings of friends or relatives in a private home or private place which is not of a commercial nature nor where goods or services may be purchased or sold nor any charge or rent or other thing of value is exchanged for the use of such premises for any purpose other than for sleeping quarters.

SECTION 17: Amends §123.122 to create consistent word usage describing the manufacture and sale of beer. Unnumbered paragraph 1 is stricken and replaced with new language that is consistent with what is used in §123.171 to describe the manufacture and sale of wine.

- New subsection 2 relocates language that currently appears in §123.144, subsection 2, that pertains to homemade beer.
- New subsection 3 relocates language that currently appears in §123.146 that pertains to personal importation of beer. These changes create clarity for the reader.

123.122 Beer certificate, permit, or license required - exception for personal use.

~~A person shall not manufacture for sale or sell beer at wholesale or retail unless a permit is first obtained as provided in this subchapter or a liquor control license authorizing the retail sale of beer is first obtained as provided in subchapter 1 of this chapter. A liquor control license holder is not required to hold a separate class "B" beer permit.~~

1. A person shall not cause the manufacture, importation, or sale of beer in this state unless a certificate or permit as provided in this subchapter, or a liquor control license as provided in subchapter 1 of this chapter, is first obtained which authorizes that manufacture, importation, or sale.

2. Any person of legal age may manufacture beer for personal use without a class "A" beer permit, subject to the requirements of this subsection. Such beer may be consumed on the premises or removed from the premises where it was manufactured only if the beer is not sold, exchanged, bartered, dispensed, or given in consideration of purchase for any property or services or in evasion of the requirements of this chapter.

3. Except as otherwise provided in this chapter, a person shall not import beer. However, an individual of legal age may import beer into the state without a certificate, permit, or license an amount of beer not to exceed four and one-half gallons per calendar month that the individual personally obtained outside the state or, in the case of beer personally obtained outside the United States, a quantity which does not exceed the amount allowed by federal law governing the importation of alcoholic beverages into the United States for personal consumption. Beer imported pursuant to this section shall be for personal consumption in a private home or other private accommodation and only if the beer is not sold, exchanged, bartered, dispensed, or given in consideration of purchase for any property or services or in evasion of the requirements of this chapter.

SECTION 18: Amends §123.127, subsection 1, paragraph “b”, to conform to the change made to the definition of “person” in section 1 of the bill.

123.127 Class “A” and special class “A” beer permit application and issuance.

1. A person applying for a class “A” or special class “A” beer permit shall submit an application electronically, or in a manner prescribed by the administrator, which shall set forth under oath the following:

- a. The name and place of residence of the applicant.
- b. The names and addresses of all persons or, in the case of a corporation, limited liability company, or any other legal entity, the officers, directors, and persons owning or controlling ten percent or more of the capital stock thereof, having a financial interest, by way of loan, ownership, or otherwise, in the business.
- c. The location of the premises where the applicant intends to operate.
- d. The name of the owner of the premises and if the owner of the premises is not the applicant, whether the applicant is the actual lessee of the premises.
- e. When required by the administrator, and in such form and containing such information as the administrator may require, a description of the premises where the applicant intends to use the permit, to include a sketch or drawing of the premises and, if applicable, the number of square feet of interior floor space which comprises the retail sales area of the premises.
- f. Whether any person specified in paragraph “b” has ever been convicted of any offense against the laws of the United States, or any state or territory thereof, or any political subdivision of any such state or territory.
- g. Any other information as required by the administrator.

SECTION 19: Amends §123.130, subsection 1, to clarify that the holder of a class “A” beer permit may sell beer to distributors outside Iowa, pursuant to the laws of that jurisdiction. Reciprocal language for special class “A” beer permit holders was passed in 2016.

- New subsection 2 that provides clarity to the reader regarding an authority under a class “A” beer permit that is described in a separate Code section when the holder operates as a native brewery.
- New subsection 5 requires a person who manufactures beer to file with the Division the records it files monthly with the Alcohol and Tobacco Tax and Trade Bureau of the United States Department of the Treasury. Equal treatment: Holders of class “A” native distilled spirits licenses have the same requirement. Non-controversial.

123.130 Authority under class “A” and special class “A” beer permits.

1. Any person holding a class “A” beer permit issued by the division shall be authorized to manufacture and sell, or sell at wholesale, beer for consumption off the premises, such sales within the state to be made only to persons holding subsisting class “A”, “B”, or “C” beer permits, both a class “C” native wine permit and a class “A” wine permit pursuant to section 123.178B, subsection 4, or liquor control licenses issued in accordance with the provisions of this chapter. A person holding a class “A” beer permit may sell beer to distributors outside of the state that are authorized by the laws of that jurisdiction to sell beer at wholesale. A class “A” or special class “A” beer permit does not grant authority to manufacture wine as defined in section 123.3, subsection 47.

2. Pursuant to section 123.45, subsection 2, a native brewery may be granted not more than one class "B" beer permit as defined in section 123.124 for the purpose of selling beer at retail for consumption on or off the premises of the manufacturing facility.

~~2.~~ 3. All class "A" premises shall be located within the state. All beer received by the holder of a class "A" beer permit from the holder of a certificate of compliance before being resold must first come to rest on the licensed premises of the permit holder, must be inventoried, and is subject to the barrel tax when resold as provided in section 123.136. A class "A" beer permittee shall not store beer overnight except on premises licensed under a class "A" beer permit.

~~3.~~ 4. All special class "A" premises shall be located within the state. A person who holds a special class "A" beer permit for the same location at which the person holds a class "C" liquor control license or class "B" beer permit may manufacture and sell beer to be consumed on the premises, may sell at retail at the manufacturing premises for consumption off the premises beer that is transferred at the time of sale to another container subject to the requirements of section 123.131, subsection 2, may sell beer to a class "A" beer permittee for resale purposes, and may sell beer to distributors outside of the state that are authorized by the laws of that jurisdiction to sell beer at wholesale.

5. A manufacturer of beer issued a class "A" or special class "A" beer permit shall file with the division, on or before the fifteenth day of each calendar month, all documents filed with the alcohol and tobacco tax and trade bureau of the United States department of the treasury, including all brewer's operation and excise tax return reports.

SECTION 20: Amends §123.131 to make grammatical changes to language that was passed in 2018 Iowa Acts, Senate File 2502, §61, and to conform with the change made in section 1.

123.131 Authority under class "B" beer permit.

1. Subject to the provisions of this chapter, any person holding a class "B" beer permit shall be authorized to sell beer for consumption on or off the premises. Sales of beer for consumption off the premises made pursuant to this section shall be made in original containers except as provided in subsection 2. However, unless otherwise provided in this chapter, no sale of beer shall be made for consumption on the premises unless the place where such service is made is equipped with tables and seats sufficient to accommodate not less than twenty-five persons at one time.

2. Subject to the rules of the division, sales of beer for consumption off the premises made pursuant to this section may be made in a container other than the original container only if the container is carried into an immediately adjacent ~~licensed or permitted~~ premises covered by a license or permit that authorizes the consumption of beer, ~~temporary~~ a temporarily closed public right-of-way, or a private property place, or if all of the following requirements are met:

a. The beer is transferred from the original container to the container to be sold on the licensed premises at the time of sale.

b. The person transferring the beer from the original container to the container to be sold shall be eighteen years of age or more.

c. The container to be sold shall be no larger than seventy-two ounces.

d. The container to be sold shall be securely sealed by a method authorized by the division that is designed so that if the sealed container is reopened or the seal tampered with, it is visibly apparent that the seal on the container of beer has been tampered with or the sealed container has otherwise been reopened.

SECTION 21: Amends §123.136 to clarify the circumstances under which the barrel tax on beer is not levied or collected.

123.136 Barrel tax.

1. In addition to the annual permit fee to be paid by all class "A" beer permittees under this chapter there shall be levied and collected from the permittees on all beer manufactured for sale or sold in this state at wholesale and on all beer imported into this state for sale at wholesale and sold in this state at wholesale, and from special class "A" beer permittees on all beer manufactured for consumption on the premises and on all beer sold at retail at the manufacturing premises for consumption off the premises pursuant to section 123.130, subsection ~~3~~ **4**, a tax of five and eighty-nine hundredths dollars for every barrel containing thirty-one gallons, and at a like rate for any other quantity or for the fractional part of a barrel. However, no tax shall be levied or collected on beer shipped outside this state by a class "A" or special class "A" beer permittee or on beer sold to a class "A" beer permittee by ~~one~~ a special class "A" beer permittee ~~to~~ or another class "A" beer permittee.

SECTION 22: Amends §123.143 to conform to the change made in section 1 of the bill.

123.143 Distribution of funds.

3. Barrel tax revenues collected on beer manufactured in this state from a class "A" beer permittee which owns and operates a native brewery ~~located in Iowa~~ shall be credited to the barrel tax fund hereby created in the office of the treasurer of state. Moneys deposited in the barrel tax fund shall not revert to the general fund of the state without a specific appropriation by the general assembly. Moneys in the barrel tax fund are appropriated to the economic development authority for purposes of section 15E.117.

SECTION 23: Amends §123.144 by striking the section. Subsection 1 is stricken due to a conflict with another state department's law (Iowa Code §137F.3(1)). Subsection 2 is stricken so that the language can be relocated in section 15 of the bill. The section is reserved.

123.144 Bottling beer. Reserved

~~1. No person shall bottle beer within the state of Iowa, except class "A" and special class "A" beer permittees who have complete equipment for bottling beer and who have received the approval of the local board of health as to sanitation. It shall be the duty of local boards of health to inspect the premises and equipment of class "A" and special class "A" beer permittees who desire to bottle beer.~~

~~2. However, any person of legal age may bottle beer for personal use and if it is not sold or offered in exchange for any type of consideration. In addition, such beer may be removed from the premises where it was bottled for personal use if the beer is not sold or offered in exchange for any type of consideration.~~

SECTION 24: Amends §123.146 striking the section so that the language can be relocated in section 15 of the bill. The section is reserved.

123.146 Importation of beer for personal use. Reserved

~~Except as otherwise provided in this chapter, a person shall not import beer. However, an individual of legal age may import beer into the state without a certificate, permit, or license an amount of beer not~~

~~to exceed four and one-half gallons per calendar month that the individual personally obtained outside the state or, in the case of beer personally obtained outside the United States, a quantity which does not exceed the amount allowed by federal law governing the importation of alcoholic beverages into the United States for personal consumption. Beer imported pursuant to this section shall be for personal consumption in a private home or other private accommodation and only if the beer is not sold, exchanged, bartered, dispensed, or given in consideration of purchase for any property or services or in evasion of the requirements of this chapter.~~

SECTION 25: Amends §123.43, subsection 1, paragraph “b”, to conform to the change made to the definition of “person” in section 1 of the bill.

123.175 Class “A” or retail wine permit application and issuance.

b. The names and addresses of all persons or, in the case of a corporation, limited liability company, or any other legal entity, the officers, directors, and persons owning or controlling ten percent or more of the capital stock thereof, having a financial interest, by way of loan, ownership, or otherwise, in the business.

SECTION 26: Amends §123.177 to clarify that the holder of a class “A” wine permit may sell wine to distributors outside Iowa, pursuant to the laws of that jurisdiction. Reciprocal language for special class “A” beer permit holders was passed in 2016. Non-controversial.

123.177 Authority under class “A” wine permit.

1. A person holding a class “A” wine permit may manufacture and sell, or sell at wholesale, wine for consumption off the premises. Sales within the state may be made only to persons holding a class “A” or “B” wine permit and to persons holding a retail liquor control license. However, if the person holding the class “A” permit is a manufacturer of native wine, the person may sell only native wine to a person holding a retail wine permit or a retail liquor control license. A person holding a class “A” wine permit may sell wine to distributors outside of the state that are authorized by the laws of that jurisdiction to sell wine at wholesale. A class “A” wine permittee having more than one place of business shall obtain a separate permit for each place of business where wine is to be manufactured, stored, warehoused, or sold.

SECTION 27: Amends §123.179 to include the annual permit fee for a class “A” wine permit when it is issued to a native winery.

123.179 Permit fees.

1. The annual permit fee for a class “A” wine permit is seven hundred fifty dollars.
2. The annual permit fee for a class “A” wine permit issued to a native wine manufacturer is twenty-five dollars.
- ~~3.~~ 3. The annual permit fee for a class “B” wine permit is five hundred dollars.
- ~~3.~~ 4. The annual permit fee for a class “B” native wine permit is twenty-five dollars.
- ~~4.~~ 5. The annual permit fee for a class “C” native wine permit is twenty-five dollars.
- ~~5.~~ 6. The fee for a charity beer, spirits, and wine auction permit is one hundred dollars.

SECTION 28: Amends §123.183 to clarify the circumstances under which the wine gallonage tax is not levied or collected.

123.183 Wine gallonage tax and related funds.

1. In addition to the annual permit fee to be paid by each class "A" wine permittee, a wine gallonage tax shall be levied and collected from each class "A" wine permittee on all wine manufactured for sale and sold in this state at wholesale and on all wine imported into this state for sale at wholesale and sold in this state at wholesale. A wine gallonage tax shall also be levied and collected on the direct shipment of wine pursuant to section 123.187. The rate of the wine gallonage tax is one dollar and seventy-five cents for each wine gallon. The same rate shall apply for the fractional parts of a wine gallon. The wine gallonage tax shall not be levied or collected on wine sold by one class "A" wine permittee to another class "A" wine permittee or on wine that is sold by a class "A" wine permittee to a distributor outside of the state.

SECTION 29: Amends §123.186, subsection 1, to clarify that 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. 11.1.

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 ~~as they relate to transactions between wholesalers and retailers.~~

SECTION 30: Amends §123.187 by striking the wine carrier permit from the section so that it can be moved into a new subsection created in section 30 of the bill.

123.187 Direct shipment of wine —~~permits~~ permit and requirements.

1. A wine manufacturer licensed or permitted pursuant to laws regulating alcoholic beverages in this state or another state may apply for a wine direct shipper permit, as provided in this section. For the purposes of this section, a "wine manufacturer" means a person who processes the fruit, vegetables, dandelions, clover, honey, or any combination of these ingredients, by fermentation into wines.

2. *a.* Only a wine manufacturer that holds a wine direct shipper permit issued pursuant to this section shall sell wine at retail for direct shipment to any person within this state. This section shall not prohibit an authorized retail licensee or permittee from delivering wine pursuant to section 123.46A.

b. A wine manufacturer applying for a wine direct shipper permit shall submit an application for the permit electronically, or in a manner prescribed by the administrator, accompanied by a true copy of the manufacturer's current alcoholic beverage license or permit issued by the state where the manufacturer is primarily located and a copy of the manufacturer's basic permit issued by the alcohol and tobacco tax and trade bureau of the United States department of the treasury.

c. An application submitted pursuant to paragraph "b" shall be accompanied by a permit fee in the amount of twenty-five dollars.

d. An application submitted pursuant to paragraph "a" shall also be accompanied by a bond in the amount of five thousand dollars in the form prescribed and furnished by the division with good and sufficient sureties to be approved by the division conditioned upon compliance with this chapter. However, a wine manufacturer that has submitted a bond pursuant to section 123.175, subsection 2, paragraph "f", shall not be required to provide a bond as provided in this paragraph.

e. A permit issued pursuant to this section may be renewed annually by submitting a renewal application with the administrator in a manner prescribed by the administrator, accompanied by the twenty-five dollar permit fee.

3. The direct shipment of wine pursuant to this section shall be subject to the following requirements and restrictions:

a. Wine shall only be shipped to a resident of this state who is at least twenty-one years of age, for the resident's personal use and consumption and not for resale.

b. Wine subject to direct shipping shall be properly registered with the federal alcohol and tobacco tax and trade bureau, and fermented on the winery premises of the wine direct shipper permittee.

c. All containers of wine shipped directly to a resident of this state shall be conspicuously labeled with the words "CONTAINS ALCOHOL: SIGNATURE OF PERSON AGE 21 OR OLDER REQUIRED FOR DELIVERY" or shall be conspicuously labeled with alternative wording preapproved by the administrator.

d. All containers of wine shipped directly to a resident of this state shall be shipped by a holder of a wine carrier permit as provided in ~~subsection 6~~ **section 123.188**.

e. Shipment of wine pursuant to this subsection does not require a refund value for beverage container control purposes under chapter 455C.

4. A wine direct shipper permittee shall remit to the division an amount equivalent to the wine gallonage tax on wine subject to direct shipment at the rate specified in section 123.183 for deposit as provided in section 123.183, subsections 2 and 3. The amount shall be remitted at the time and in the manner provided in section 123.184, subsection 2, and the ten percent penalty specified therein shall be applicable.

5. A wine direct shipper permittee shall be deemed to have consented to the jurisdiction of the division or any other agency or court in this state concerning enforcement of this section and any related laws, rules, or regulations. A permit holder shall allow the division to perform an audit of shipping records upon request.

~~6. a. Wine subject to direct shipment within this state pursuant to this section shall be delivered only by a holder of a wine carrier permit as provided in this subsection.~~

~~b. A person applying for a wine carrier permit shall submit an application for the permit electronically, or in a manner prescribed by the administrator.~~

~~c. An application for a wine carrier permit shall be accompanied by a one hundred dollar permit fee, and shall be subject to requirements, and issued pursuant to application forms, to be determined by the administrator by rule.~~

~~d. A wine carrier permittee shall not deliver wine to any person under twenty one years of age, or to any person who either is or appears to be in an intoxicated state or condition. A permittee shall obtain valid proof of identity and age prior to delivery, and shall obtain the signature of an adult as a condition of delivery.~~

~~e. A wine carrier permittee shall maintain records of wine shipped which include the permit number and name of the wine manufacturer, quantity of wine shipped, recipient's name and address, and an electronic or paper form of signature from the recipient of the wine. Records shall be submitted to the division on a monthly basis in a form and manner to be determined by the division.~~

~~7. 6.~~ A violation of this section shall subject the 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 permit pursuant to section 123.39.

SECTION 31: Relocates the wine carrier permit that was stricken in section 29 of the bill. New subsection 3 establishes the procedure for annual renewal of a wine carrier permit.

123.188 Wine carrier— permit and requirements.

1. A person desiring to deliver wine subject to direct shipment within this state pursuant to section 123.187 shall submit an application for a wine carrier permit electronically, or in a manner prescribed by the administrator, and shall be accompanied by a fee in the amount of one hundred dollars.

2. The administrator may in accordance with this chapter issue a wine carrier permit which shall be valid for one year from the date of issuance unless it is sooner suspended or revoked for a violation of this chapter.

3. A permit issued pursuant to this section may be renewed annually by submitting a renewal application with the administrator in a manner prescribed by the administrator, accompanied by the one hundred dollar permit fee.

4. The delivery of wine pursuant to this section shall be subject to the following requirements and restrictions:

a. A wine carrier permittee shall not deliver wine to any person under twenty-one years of age, or to any person who either is or appears to be in an intoxicated state or condition.

b. A wine carrier permittee shall obtain valid proof of identity and age prior to delivery, and shall obtain the signature of an adult as a condition of delivery.

c. A wine carrier permittee shall maintain records of wine shipped which include the permit number and name of the wine manufacturer, quantity of wine shipped, recipient's name and address, and an electronic or paper form of signature from the recipient of the wine. Records shall be submitted to the division on a monthly basis in a form and manner to be determined by the division.

5. A violation of this section shall subject the 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 permit pursuant to section 123.39.

SECTION 32: CODE EDITOR DIRECTIVE

1. The Code editor is directed to make the following transfers:

a. Section 123.56 to section 123.176

2. The Code editor shall correct internal references in the Code and in any enacted legislation as necessary due to the enactment of this section.

Schedule for Rule Making 2019

NOTICE SUBMISSION DEADLINE	NOTICE PUB. DATE	HEARING OR COMMENTS 20 DAYS	FIRST POSSIBLE ADOPTION DATE 35 DAYS	ADOPTED FILING DEADLINE	ADOPTED PUB. DATE	FIRST POSSIBLE EFFECTIVE DATE	POSSIBLE EXPIRATION OF NOTICE 180 DAYS
Dec. 26 '18	Jan. 16 '19	Feb. 5 '19	Feb. 20 '19	Feb. 22 '19	Mar. 13 '19	Apr. 17 '19	July 15 '19
Jan. 11	Jan. 30	Feb. 19	Mar. 6	Mar. 8	Mar. 27	May 1	July 29
Jan. 25	Feb. 13	Mar. 5	Mar. 20	Mar. 22	Apr. 10	May 15	Aug. 12
Feb. 8	Feb. 27	Mar. 19	Apr. 3	Apr. 5	Apr. 24	May 29	Aug. 26
Feb. 22	Mar. 13	Apr. 2	Apr. 17	Apr. 19	May 8	June 12	Sep. 9
Mar. 8	Mar. 27	Apr. 16	May 1	May 3	May 22	June 26	Sep. 23
Mar. 22	Apr. 10	Apr. 30	May 15	***May 15***	June 5	July 10	Oct. 7
Apr. 5	Apr. 24	May 14	May 29	May 31	June 19	July 24	Oct. 21
Apr. 19	May 8	May 28	June 12	June 14	July 3	Aug. 7	Nov. 4
May 3	May 22	June 11	June 26	***June 26***	July 17	Aug. 21	Nov. 18
May 15	June 5	June 25	July 10	July 12	July 31	Sep. 4	Dec. 2
May 31	June 19	July 9	July 24	July 26	Aug. 14	Sep. 18	Dec. 16
June 14	July 3	July 23	Aug. 7	Aug. 9	Aug. 28	Oct. 2	Dec. 30
June 26	July 17	Aug. 6	Aug. 21	***Aug. 21***	Sep. 11	Oct. 16	Jan. 13 '20
July 12	July 31	Aug. 20	Sep. 4	Sep. 6	Sep. 25	Oct. 30	Jan. 27 '20
July 26	Aug. 14	Sep. 3	Sep. 18	Sep. 20	Oct. 9	Nov. 13	Feb. 10 '20
Aug. 9	Aug. 28	Sep. 17	Oct. 2	Oct. 4	Oct. 23	Nov. 27	Feb. 24 '20
Aug. 21	Sep. 11	Oct. 1	Oct. 16	Oct. 18	Nov. 6	Dec. 11	Mar. 9 '20
Sep. 6	Sep. 25	Oct. 15	Oct. 30	***Oct. 30***	Nov. 20	Dec. 25	Mar. 23 '20
Sep. 20	Oct. 9	Oct. 29	Nov. 13	***Nov. 13***	Dec. 4	Jan. 8 '20	Apr. 6 '20
Oct. 4	Oct. 23	Nov. 12	Nov. 27	Nov. 29	Dec. 18	Jan. 22 '20	Apr. 20 '20
Oct. 18	Nov. 6	Nov. 26	Dec. 11	***Dec. 11***	Jan. 1 '20	Feb. 5 '20	May 4 '20
Oct. 30	Nov. 20	Dec. 10	Dec. 25	***Dec. 26***	Jan. 15 '20	Feb. 19 '20	May 18 '20
Nov. 13	Dec. 4	Dec. 24	Jan. 8 '20	*Jan. 8 '20*	Jan. 29 '20	Mar. 4 '20	June 1 '20
Nov. 29	Dec. 18	Jan. 7 '20	Jan. 22 '20	Jan. 24 '20	Feb. 12 '20	Mar. 18 '20	June 15 '20
Dec. 11	Jan. 1 '20	Jan. 21 '20	Feb. 5 '20	Feb. 7 '20	Feb. 26 '20	Apr. 1 '20	June 29 '20
Dec. 26	Jan. 15 '20	Feb. 4 '20	Feb. 19 '20	Feb. 21 '20	Mar. 11 '20	Apr. 15 '20	July 13 '20

PLEASE NOTE:

Rules will not be accepted after **12 o'clock noon** on the filing deadline unless prior approval has been received from the Administrative Rules Coordinator's office and the Administrative Code Editor.

*****Note change of filing deadline*****

CHAPTER 4
LIQUOR CONTROL LICENSES—BEER PERMITS—WINE PERMITS

[Ch 4, IAC 7/1/75 rescinded 3/7/79; see Chs 4,5]
[Prior to 10/8/86, Beer and Liquor Control Department[150]]

No change. 185—4.1(123) Definitions.

“Act” means the alcoholic beverage control Act.

“Administrator” means the chief administrative officer of the alcoholic beverages division or a designee.

“Beverages” as used in Iowa Code section 123.3(18) does not include alcoholic liquor, wine, or beer as defined in Iowa Code sections 123.3(4), 123.3(5), 123.3(7), 123.3(19), 123.3(28), 123.3(30), 123.3(43) and 123.3(47).

“Division” means the alcoholic beverages division of the department of commerce.

This rule is intended to implement Iowa Code sections 123.3 and 123.4.

[ARC 2382C, IAB 2/3/16, effective 3/9/16; ARC 3928C, IAB 8/1/18, effective 9/5/18]

185—4.2(123) General requirements. All applicants for liquor control licenses, wine permits, or beer permits shall comply with the following requirements, where applicable, prior to receiving a liquor control license, wine permit, or beer permit.

4.2(1) Cleanliness of premises. The interior and exterior of all licensed premises shall be kept clean, free of litter or rubbish, painted and in good repair. Licensees and permittees shall at all times keep and maintain their respective premises in compliance with the laws, orders, ordinances and rules of the state, county and city health and fire departments and the Iowa department of inspections and appeals.

4.2(2) Toilet facilities. All licensees and permittees who mix, serve, or sell alcoholic liquor, wine, or beer alcoholic beverages for consumption on the licensed premises shall provide for their patrons adequate, conveniently located separate indoor or outdoor toilet facilities for

~~men and women, which shall conform to:~~ Compliance with county, city, and department of inspections and appeals' rules and regulations regarding toilet facilities, including any variances granted by those authorities, shall constitute compliance with this rule. In the case of outdoor facilities, they shall be approved by the department of inspections and appeals and the local approving authority where the licensed premises is located.

4.2(3) *Water.* All licensed establishments shall be equipped with hot and cold running water from a source approved by an authorized health department.

4.2(4) *Financial standing and reputation.* A local authority or the administrator may consider an applicant's financial standing and good reputation in addition to the other requirements and conditions for obtaining a liquor control license, wine or beer permit, or certificate of compliance, and the local authority or the administrator shall disapprove or deny an application for a liquor control license, wine or beer permit, or certificate of compliance if the applicant fails to demonstrate that the applicant complies with the lawful requirements and conditions for holding the license, permit or certificate of compliance.

a. In evaluating an applicant's "financial standing," the local authority or the administrator may consider the following: An applicant's "financial standing" may include, but is not limited to, verified source(s) of financial support and adequate operating capital for the applicant's proposed establishment, a record of prompt payment of local or state taxes due, a record of prompt payment to the local authority of fees or charges made by a local authority for municipal utilities or other municipal services incurred in conjunction with the proposed establishment, and a record of prompt payment or satisfaction of administrative penalties imposed pursuant to Iowa Code chapter 123.

b. In evaluating an applicant's "good reputation," the local authority or the administrator may consider such factors as, but not limited to, the following: pattern or practice of sales of alcoholic beverages to ~~19-and-20-year-old~~ persons under legal age for which the licensee or permittee, the licensee's or permittee's agents or employees, have pled or have been found guilty, pattern and practice by the licensee or permittee, or the licensee's or permittee's agents or employees, of violating alcoholic beverages laws and regulations for which corrective action has been taken since the previous license or permit was issued, sales to intoxicated persons, licensee or permittee convictions for violations of laws relating to operating a motor vehicle while under the influence of drugs or alcohol, the recency of convictions under laws relating to operating a motor vehicle while under the influence of drugs or alcohol, licensee or permittee misdemeanor convictions, the recency of the misdemeanor convictions.

This rule is intended to implement Iowa Code sections ~~123.3(11), 123.21(11)~~ 123.3(12), 123.10(11), and 123.30.

No change. ~~185-4.3(123)~~ **Local ordinances permitted.** The foregoing rules shall in no way be construed as to prevent any county, city or town from adopting ordinances or regulations, which are more restrictive, governing licensed establishments within their jurisdiction.

This rule is intended to implement Iowa Code section 123.39.

No change. ~~185-4.4(123)~~ **Licensed premises.** The following criteria must be met before a "place" (as used in Iowa Code section 123.3(25)) may be licensed as a "place susceptible of precise description satisfactory to the administrator."

4.4(1) The "place" must be owned by or under the control of the prospective licensee.

4.4(2) The "place" must be solely within the jurisdiction of one local approving authority.

4.4(3) The “place” must be described by a sketch of the “premises” as defined in Iowa Code section 123.3(25) and showing the boundaries of the proposed “place”; showing the locations of selling/serving areas within the confines of the “place”; showing all entrances and exits; and indicating the measurements of the “place” and distances between selling/serving areas.

4.4(4) The “place” must satisfy the health, safety, fire and seating requirements of the division, local authorities and the Iowa department of inspections and appeals.

4.4(5) Any other criteria as required by the administrator.

This rule is intended to implement Iowa Code sections 123.3(25) and 123.4.

[ARC 3928C, IAB 8/1/18, effective 9/5/18]

~~185—4.5(123) Mixed drinks or cocktails not for immediate consumption.~~ An on-premises liquor control licensee may mix, store, and allow the consumption of mixed drinks or cocktails which are not for immediate consumption for up to 72 hours, subject to the requirements and restrictions provided in ~~2012 Iowa Acts, House File 2465, section 22~~ Iowa Code section 123.49(2) “d”, and this rule.

4.5(1) Definitions.

“Immediate consumption.” For purposes of Iowa Code section 123.49(2) “d” ~~as amended by 2012 Iowa Acts, House File 2465, section 22,~~ and this rule, “immediate consumption” is defined as the compounding and fulfillment of a mixed drink or cocktail order upon receipt of the order for the mixed drink or cocktail.

“Mixed drink or cocktail.” A mixed drink or cocktail is a beverage composed in whole or in part of alcoholic liquors, combined with other alcoholic beverages or nonalcoholic beverages or ingredients including but not limited to ice, water, soft drinks, or flavorings.

4.5(2) Location. Mixed drinks or cocktails which are not for immediate consumption shall be mixed, stored, and consumed on the liquor control licensed premises. Mixed drinks or cocktails shall not be removed from the licensed premises.

4.5(3) Quantity. A mixed drink or cocktail which is not for immediate consumption shall be mixed and stored in, and dispensed from, a labeled container in a quantity not to exceed three gallons.

4.5(4) Container. A mixed drink or cocktail which is not for immediate consumption shall at all times be in a container compliant with applicable state and federal food safety statutes and regulations.

a. The mixed drink or cocktail shall be mixed and remain stored in the same container.

b. The mixed drink or cocktail shall be removed from the stored container for one of the following dispensing purposes:

(1) To compound and fulfill a mixed drink or cocktail order upon receipt of the order for the mixed drink or cocktail.

(2) For transfer into a pourable container. The pourable container shall have affixed a label compliant with subrule 4.5(5) displaying label information identical to that on the container from which the contents were poured. The expiration date and time shall not be extended by the transfer of product to a pourable container.

c. The mixed drink or cocktail may be strained into another container when each of the following conditions is met:

(1) The mixed drink or cocktail is returned without delay to the labeled container from which it was strained.

(2) The container and process are compliant with applicable state and federal food safety statutes and regulations.

d. An original package of alcoholic liquor as purchased from the division or an original package of wine shall not be used to mix, store, or dispense a mixed drink or cocktail, pursuant to Iowa Code section 123.49(2) "*d*" ~~as amended by 2012 Iowa Acts, House File 2465, section 22,~~ and section 123.49(2) "*e*."

e. The mixed drink or cocktail shall not be mixed, stored, or dispensed from a container bearing an alcoholic beverage name brand.

4.5(5) Label. A label shall be placed on a container when the contents of the mixed drink or cocktail are placed into the empty container.

a. Contents are defined in subrule 4.5(6).

b. The label shall be subject to the following requirements and restrictions:

(1) The label shall be affixed to the container in a conspicuous place.

(2) The label shall legibly identify the month, day, and year the contents are placed into the empty container.

(3) The label shall legibly identify the time the contents were placed into the empty container. The time shall be reported to the minute utilizing the 12-hour clock, and include either the ante meridian (AM) or post meridian (PM) part of time.

(4) The label shall legibly identify the month, day, and year the contents expire.

(5) The label shall legibly identify the time the contents expire. The time shall be reported in the same manner as reported in subparagraph 4.5(5) "*b*"(4).

(6) The label shall legibly specify the title of the recipe used for the contents of the container.

(7) The label shall legibly identify the person who prepared the contents of the container.

(8) The label shall legibly identify the size of the batch within the container and be conspicuously marked with the words "CONTAINS ALCOHOL."

(9) The label shall be removed from the container once the entire contents have been consumed, transferred to a pourable container pursuant to subparagraph 4.5(4)"b"(2), or destroyed and disposed of in accordance with applicable law.

(10) A label shall not be reused, nor shall a removed label be reapplied to a container.

(11) A new label, subject to the requirements and restrictions of paragraph 4.5(5)"b," shall be placed on the container for each prepared batch of mixed drinks or cocktails which is not for immediate consumption.

c. A licensee may access a label template on the website of the division located at www.IowaABD.com <https://abd.iowa.gov>.

4.5(6) Contents. Contents include alcoholic beverages, nonalcoholic ingredients, or combination thereof, which are not for immediate consumption.

a. A licensee is limited to utilizing alcoholic beverages in the mixed drink or cocktail which are authorized by the license.

b. A licensee shall utilize alcoholic beverages in the mixed drink or cocktail which are obtained as prescribed by Iowa Code chapter 123.

c. The added flavors and other nonbeverage ingredients of the mixed drink or cocktail shall not include hallucinogenic substances, added caffeine or added stimulants including but not limited to guarana, ginseng, and taurine, or a controlled substance as defined in Iowa Code section 124.401.

4.5(7) Disposal.

a. Any mixed drink or cocktail, or portion thereof, not consumed within 72 hours of the contents' being placed into the empty container is expired and shall be destroyed and disposed of in accordance with applicable law.

b. An expired mixed drink or cocktail which is not for immediate consumption shall not be:

- (1) Added to an empty container and relabeled; or
- (2) Added to another mixed drink or cocktail which is not for immediate consumption.

4.5(8) Records. A licensee shall maintain accurate and legible records for each prepared batch of mixed drinks or cocktails which is not for immediate consumption.

a. Records shall contain:

- (1) The month, day, and year the contents are placed into the empty container.
- (2) The time the contents are placed into the empty container. The time shall be reported in the same manner as reported in subparagraph 4.5(5) "b"(4).
- (3) Each alcoholic beverage, including the brand and the amount, placed in the container. The amount of each alcoholic beverage shall be reported utilizing the metric system.
- (4) Each nonalcoholic ingredient placed in the container.
- (5) The recipe title and directions for preparing the contents of the container.
- (6) The size of the batch.
- (7) The identity of the person who prepared the contents of the container.
- (8) The month, day, and year the contents of the container are destroyed and disposed of or entirely consumed.

(9) The time the contents of the container are destroyed and disposed of or entirely consumed. The time shall be reported in the same manner as reported in subparagraph 4.5(5)“b”(4).

(10) The method of destruction and disposal or shall specify that the entire contents were consumed.

(11) The identity of the person who destroyed and disposed of the contents, if the contents were not consumed.

b. A licensee may access record-keeping forms on the website of the division located at ~~www.IowaABD.com, by sending a request by fax to (515)281-7375, or by sending a request by mail to Alcoholic Beverages Division, 1918 SE Hulsizer Road, Ankeny, Iowa 50021~~ <https://abd.iowa.gov>.

c. Records shall be maintained on the licensed premises for a period of three years and shall be open to inspection pursuant to Iowa Code section 123.30(1).

4.5(9) *Dispensing machines.* A dispensing machine which contains a mixed drink or cocktail with alcoholic beverages is subject to the requirements and restrictions of this rule.

4.5(10) *Food safety compliance.* A licensee who mixes, stores, and allows the consumption of mixed drinks or cocktails which are not for immediate consumption shall comply with all applicable state and federal food safety statutes and regulations.

4.5(11) *Federal alcohol compliance.* A licensee who mixes, stores, and allows the consumption of mixed drinks or cocktails which are not for immediate consumption shall comply with all applicable federal statutes and regulations. Prohibitions include but are not limited to processing with non-tax-paid alcoholic liquor, aging alcoholic liquor in barrels, heating alcoholic liquor, bottling alcoholic liquor, and refilling alcoholic liquor or wine bottles.

4.5(12) Violations. Failure to comply with the requirements and restrictions of this rule shall subject the licensee to the penalty provisions of Iowa Code section 123.39.

This rule is intended to implement Iowa Code subsection 123.49(2) ~~as amended by 2012 Iowa Acts, House File 2465, section 22.~~

[ARC 0204C, IAB 7/11/12, effective 7/1/12; ARC 0406C, IAB 10/17/12, effective 11/21/12]

No change. 185—4.6(123) Filling and selling of beer in a container other than the original container. Liquor control license holders, class “B” and class “C” beer permit holders, and their employees may fill, refill and sell beer in a container other than the original container, otherwise known as a growler, subject to the requirements and restrictions provided in Iowa Code sections 123.131 and 123.132 and in this rule.

4.6(1) Definitions.

“*Beer*,” for the purpose of this rule, means “beer” as defined in Iowa Code section 123.3(7) and “high alcoholic content beer” as defined in Iowa Code section 123.3(19).

“*Growler*,” for the purpose of this rule, means any fillable and sealable glass, ceramic, plastic, aluminum, or stainless steel container designed to hold only beer or high alcoholic content beer.

“*Original container*,” for the purpose of this rule, means a vessel containing beer that has been lawfully obtained and has been securely capped, sealed, or corked at the location of manufacture. For special class “A” beer permit holders, an “original container” includes a tank used for storing and serving beer.

4.6(2) Sales criteria and restrictions. All sales made pursuant to this rule shall be made in person. Beer packaged and sold pursuant to this rule shall not be delivered or direct-shipped to consumers.

4.6(3) Filling and refilling requirements.

- a.* A growler shall have the capacity to hold no more than 72 ounces.
- b.* A growler shall be filled or refilled only by the licensee or permittee or the licensee's or permittee's employees who are 18 years of age or older.
- c.* A growler shall be filled or refilled only on demand by a consumer at the time of the in-person sale.
- d.* A growler shall be filled or refilled only with beer from the original container procured from a duly licensed wholesaler unless the beer being used to fill or refill a growler on the premises of a special class "A" beer permit holder was manufactured by that special class "A" beer permit holder on the permitted premises.
- e.* A retailer may exchange a growler to be filled or refilled, provided the exchange occurs at the time of the in-person sale.
- f.* The filling or refilling of a growler shall at all times be conducted in compliance with applicable state and federal food safety statutes and regulations.

4.6(4) Sealing requirements. A filled or refilled growler shall be securely sealed at the time of the sale by the licensee or permittee or the licensee's or permittee's employees in the following manner:

- a.* A growler shall bear a cap, lid, stopper, or plug.
- b.* A plastic heat shrink wrap band, strip, or sleeve shall extend around the cap or lid or over the stopper or plug to form a seal that must be broken upon the opening of the growler. A lid permanently affixed with a can scamer shall not require a plastic heat shrink wrap band, strip, or sleeve.

c. The heat shrink wrap seal shall be so secure that it is visibly apparent when the seal on a growler has been tampered with or a sealed growler has otherwise been reopened.

d. A growler shall not be deemed an open container, subject to the requirements of Iowa Code sections 321.284 and 321.284A, provided the sealed growler is unopened and the seal has not been tampered with and the contents of the growler have not been partially removed.

4.6(5) Restrictions.

a. Beer shall only be consumed on the premises of a class "C" beer permit holder for a tasting in accordance with rule 185—16.7(123).

b. A growler shall not be filled in advance of a sale.

c. A growler filled pursuant to this rule shall not be delivered or direct-shipped to a consumer.

d. A growler filled pursuant to this rule shall not be sold or otherwise distributed to a retailer.

e. A licensee or permittee or a licensee's or permittee's employees shall not allow a consumer to fill or refill a growler.

f. The filling, refilling and selling of a growler shall be limited to the hours in which beer may be legally sold.

g. A filled or refilled growler shall not be sold to any consumer who is under legal age, intoxicated, or simulating intoxication.

h. An original container shall only be opened on the premises of a class "C" beer permit holder for the limited purposes of filling or refilling a growler as provided in this rule, or for a tasting in accordance with rule 185—16.7(123).

4.6(6) Violations. Failure to comply with the requirements and restrictions of this rule shall subject the licensee or permittee to the penalty provisions provided in Iowa Code chapter 123.

This rule is intended to implement Iowa Code sections 123.123, 123.131, and 123.132.

[ARC 2382C, IAB 2/3/16, effective 3/9/16; ARC 2777C, IAB 10/12/16, effective 11/16/16; ARC 3928C, IAB 8/1/18, effective 9/5/18]

185—4.7(123) Improper conduct.

4.7(1) Illegality on premises. No liquor control licensee, wine permittee, beer permittee, ~~their agent or employee~~ its agents or employees, shall engage in any illegal occupation or illegal act on the licensed premise.

4.7(2) Cooperation with law enforcement officers. No liquor control licensee, wine permittee, beer permittee, ~~their agent or employee~~ its agents or employees, shall refuse, fail or neglect to cooperate with any law enforcement officer in the performance of such officer's duties to enforce the provisions of the Act.

4.7(3) Illegal activities. No liquor control licensee, wine permittee, beer permittee, ~~their agent or employee~~ its agents or employees, shall knowingly allow in or upon the licensed premises any conduct as defined in Iowa Code sections 725.1, 725.2, 725.3, 728.2, 728.3 and 728.5.

4.7(4) Frequenting premises. No liquor control licensee, wine permittee, beer permittee, ~~their agent or employee~~ its agents or employees, shall knowingly permit the licensed premises to be frequented by, or become the meeting place, hangout or rendezvous for known pimps, panhandlers or prostitutes, or those who are known to engage in the use, sale or distribution of narcotics, or in any other illegal occupation or business.

4.7(5) Prohibited interest in business of licensee. Rescinded IAB 5/15/91, effective 6/19/91.

4.7(6) No liquor control licensee, wine permittee, beer permittee, its agents or employees, shall allow any filled, partially filled, or empty liquor glasses or liquor bottles, including miniature liquor bottles during the holiday season, to be taken off the licensed premises. However, unopened and opened containers and glasses of beer may be allowed to be taken off the licensed premises. A class "E" liquor control licensee, its agents or employees, shall not permit other liquor control licensees or consumers to remove partially filled, empty, open or unsealed containers of alcoholic liquor from the class "E" licensed premises.

4.7(7) Identifying markers. A liquor control licensee shall not keep on the licensed premises nor use for resale alcoholic liquor which does not bear identifying markers as prescribed by the administrator of this division. Identifying markers shall demonstrate that the alcoholic liquor was lawfully purchased from this division.

~~4.7(8) A licensee or permittee, or an agent or employee of a licensee or permittee, who sells, gives or otherwise supplies alcoholic liquor, wine or beer to a person does not subject the license or permit to suspension or revocation. The division or the local authority shall not impose any administrative sanction, including license suspension or revocation, upon a licensee or permittee who is convicted of a violation of Iowa Code section 123.47A, nor shall administrative proceedings pursuant to Iowa Code chapter 17A and Iowa Code section 123.39 be commenced against a licensee or permittee for a violation of Iowa Code section 123.47A. **Reserved.**~~

4.7(9) The holder of a class "E" liquor control license shall sell alcoholic liquor in original, sealed and unopened containers only for off-premises consumption.

This rule is intended to implement Iowa Code subsection 123.49(2).

No change. 185—4.8(123) Violation by agent, ~~servant~~ or employee. Any violation of the Act or the rules of the division by any agent or employee, ~~agent or servant~~ of a licensee or permittee shall be deemed to be the act of the licensee or permittee and shall subject the license or permit of said licensee or permittee to suspension or revocation.

This rule is intended to implement Iowa Code sections 123.4 and 123.49(2).

No change. 185—4.9(123) Gambling evidence. The intentional possession or willful keeping of any gambling device, machine or apparatus as defined in Iowa Code section 99A.1 upon the premises of any establishment licensed by the division shall be prima facie evidence of a violation of Iowa Code section 123.49(2) "a" and subject the license of said licensee or permittee to suspension or revocation.

This rule is intended to implement Iowa Code sections 123.4 and 123.49.

No change. 185—4.10(123) Suppliers interest. Rescinded IAB 5/15/91, effective 6/19/91.

No change. 185—4.11 Reserved.

No change. 185—4.12(123) Display of license, permit, or signs. All licenses, permits or signs issued by the division shall be prominently displayed in full view on the licensed premises.

This rule is intended to implement Iowa Code sections 123.4 and 123.30.

185—4.13(123) Outdoor service. Any licensee or permittee having an outdoor, contiguous, discernible area on the same property on which their licensed establishment is located may serve the type of alcoholic liquor or beer permitted by the license or permit in the outdoor area. After a licensee or permittee satisfies the requirements of this rule, they may serve and sell beer or liquor in both their indoor licensed establishment and in their outdoor area at the same time because an outdoor area is merely an extension of their licensed premise and is not a transfer of their license.

A licensee or permittee, prior to serving in the outdoor area, must file with this division:

1. A new diagram showing the discernible outdoor area.
2. A letter from licensee or permittee telling what dates the outdoor area will be used.
3. A letter from local authority approving the outdoor area.
4. A letter from the insurance and bonding companies acknowledging that the outdoor area is covered by the dramshop insurance policy and the bond.

This rule is intended to implement Iowa Code sections 123.3(20), 123.4 and 123.38.

185—4.14(123) Revocation or suspension by local authority. When the local authority revokes or suspends a beer permit, wine permit, or liquor control license, they shall notify the division in written form stating the reasons for the revocation or suspension and in the case of a suspension, the length of time of the suspension.

This rule is intended to implement Iowa Code sections 123.4 and 123.39.

No change. 185—4.15(123) Suspension of liquor control license, wine permit, or beer permit. At the time of the suspension of any license, wine permit, or beer permit by the division, there shall be placed, in a conspicuous place in the front door or window of the licensed establishment, a placard furnished by the division showing that the license or permit of that establishment has been suspended by the division and such placard shall also show the number of days and reason for the suspension. No licensee or permittee shall remove, alter, obscure or destroy said placard without the express written approval of the division.

This rule is intended to implement Iowa Code sections 123.4 and 123.39.

185—4.16(123) Cancellation of beer permits—refunds. A beer permittee, or the executor or

administrator, may voluntarily surrender such permit to the division or to the local authority. When so surrendered to the division, the division will notify the local authority; state whether there is a complaint on file in the division office; and inquire if there are any complaints filed locally charging such permittee with violation of the laws that would make the permittee ineligible for a refund. When the permit is surrendered to the local authority, the local authority shall notify the division and inquire if there is a complaint on file with the division that would make the permittee ineligible for a refund. The local authority by itself, in the case of retail beer permits, shall make the refund on a quarterly use basis starting from the effective date of the permit. The local authority will complete, and send to the division, a cancellation certificate. The certificate is to be furnished by the division. The permit is to be attached to the cancellation certificate, if at all possible. The division must have all cancellations reported to them.

This rule is intended to implement Iowa Code sections 123.4 and 123.38.

185—4.17(123) Prohibited storage of alcoholic beverages ~~and wine~~. No licensee liquor control license holder, wine permit holder, or beer permit holder shall permit alcoholic beverages ~~and wine~~, purchased under authority of a retail liquor control license or retail wine or beer permit, to be kept or stored upon any premises other than those licensed. However, under special circumstances, the administrator may authorize the storage of alcoholic beverages ~~and wine~~ on premises other than those covered by the license or permit. The administrator may allow class “D” liquor control licensees to store alcoholic liquor and wine in a bonded warehouse to be used for consumption in Iowa, under the authority of a class “D” liquor control license.

This rule is intended to implement Iowa Code sections 123.4 and ~~123.21(11)~~ 123.10(11).

185—4.18(123) Transfer of license or permit to another location. A liquor control licensee, wine permittee, or beer permittee cannot transfer to anyone else the right to use the liquor control

license, wine permit, or beer permit of the licensee or permittee; the right of transfer is merely an opportunity for a licensee or permittee to use the licensee's or permittee's liquor control license, wine permit, or beer permit at a different location. A liquor control license, wine permit, or a beer permit may only be transferred within the boundaries of the local authority which approved the license or permit.

4.18(1) *Permanent transfers.* A person may obtain an application for a permanent transfer from the local authority or the division. The application must be approved by the local authority and sent to the division prior to the transfer. An endorsement from the insurance company holding the dramshop policy listing the new address must be sent to the division prior to the transfer. When the above requirements are met, the division shall issue an amended license or permit showing the new permanent address.

4.18(2) *Temporary transfers.* If the transfer of a liquor control license, wine permit, or beer permit is for the purpose of accommodating a special event or circumstance temporary in nature, the minimum time of transfer is hereby set at 24 hours and transfer time shall not exceed seven days. A letter from the local authority granting the temporary transfer must be sent to the division. The insurance company holding the dramshop policy must be notified of any change of address.

This rule is intended to implement Iowa Code sections 123.4 and 123.38.

185—4.19(123) Execution and levy on alcoholic liquor, wine, and beer. Judgments or orders requiring the payment of money or the delivery of the possession of property may be enforced against liquor control licensees and beer and wine permittees by execution pursuant to the provisions of Iowa Code chapter 626, entitled "Executions."

4.19(1) A secured party as defined in Iowa Code section 554.9105(1)“m” may take possession of and dispose of a liquor control licensee’s or permittee’s alcoholic liquor, wine, and beer in which the secured party has a security interest in such collateral pursuant to the provisions of Iowa Code chapter 554. The secured party may operate under the liquor control license or permit of its debtor as defined in Iowa Code section 554.9105(1)“d” for the purpose of disposing of the alcoholic liquor, wine, and beer. However, if the debtor is a class “E” liquor control licensee, the secured party may not purchase alcoholic liquor from the division to continue to operate its debtor’s business. A secured party operating under the liquor control license or permit of its debtor shall dispose of the alcoholic liquor, wine, and beer by sale only to persons authorized under Iowa Code chapter 123 to purchase alcoholic liquor, wine, and beer from the debtor. When a secured party takes possession of a liquor control licensee’s or permittee’s alcoholic liquor, wine, and beer, the secured party shall notify the division in writing of such action. A secured party shall further inform the division of the manner in which it intends to dispose of the alcoholic liquor, wine, and beer and shall state the reasonable length of time in which it intends to operate under the liquor control license or permit of its debtor. The secured party shall notify the division in writing when the disposition of its collateral has been completed, and the secured party shall cease operating under the liquor control license or permit of its debtor.

4.19(2) A sheriff or other officer acting pursuant to Iowa Code chapter 626 may take possession of a liquor control licensee’s or permittee’s alcoholic liquor, wine, and beer and may dispose of such inventory according to the provisions of Iowa Code chapter 626; however, the sheriff or other officer must sell the alcoholic liquor, wine and beer only to those persons authorized by Iowa Code chapter 123 to purchase alcoholic liquor, wine, and beer from the

liquor control licensee whose inventory is subject to the execution and levy. The sheriff or other officer shall notify the division in writing at the time the sheriff or officer takes possession of a liquor control licensee's or permittee's alcoholic liquor, wine, and beer and shall further notify the division of the time and place of the sale of such property.

This rule is intended to implement Iowa Code sections 123.4, 123.21(3), and 123.38.

185—4.20(123) Liquor store checks accepted. The Iowa state liquor stores and the division may accept checks from holders of a retail liquor control license, including a class "E" licensee, under the following conditions:

1. The check must be either the personal check of the licensee or the business check of the licensee. The business check must be the named establishment on the license and cannot be a check on another business owned or operated by the licensee.

2. The check must be signed by the licensee. (For all holders of liquor control licenses this is interpreted as those persons whose authorized signatures are on file with the bank for the licensee's account). However, this does not preclude an agent of the licensee from presenting a check signed by the licensee in the normal transaction of buying liquor.

3. Traveler's checks and bank drafts, signed by the licensee, will be accepted.

4. Personal checks or traveler's checks may be accepted as payment for purchases in state liquor stores. Second party checks shall not be accepted as payment for purchases in state liquor stores. Vendors shall follow the policy established by the administrator of the division for accepting personal checks and traveler's checks for the purchase of alcoholic beverages.

4.20(1) If a licensee presents this division with a check payment which is subsequently dishonored by the licensee's bank, the administrator of this division shall cause a written notice of nonpayment and penalty to be served upon the licensee. If the licensee fails to satisfy the

obligation within ten days after service of the notice, the administrator or designee shall hold a hearing as in other contested cases pursuant to Iowa Code chapter 17A to determine whether or not the licensee failed to satisfy the obligation within ten days after service of the notice of nonpayment and penalty. If the administrator determines that the licensee has failed to satisfy the obligation, after notice and an opportunity to be heard, the administrator shall suspend the licensee's liquor control license for a period of not less than 3 and not more than 30 days.

4.20(2) A retail liquor establishment which tenders the division one insufficient funds check for the purchase of alcoholic liquor will lose its check-writing privilege for 90 days from the date the establishment pays the division even though the division does not suspend the liquor license because the establishment paid the division within the 10-day demand period. A retail liquor establishment which tenders the division more than one insufficient funds check for the purchase of alcoholic liquor will lose its check-writing privilege for 180 days from the date the establishment pays the division even though the division does not suspend the liquor license because the establishment paid the division within the 10-day demand period.

During the period that a licensee may not tender checks to the state liquor stores or this division in payment for alcoholic liquor, state liquor stores and this division may accept from the licensee: cash, money order payable to the division for the amount of the purchase, bank cashier's check signed by a bank official and made payable to the division for the amount of the purchase, or the licensee's personal or business check made payable to the division for the amount of the purchase which has been certified by the bank on which the check is drawn.

4.20(3) The division may collect from the licensee a \$10 fee for each dishonored check tendered to the division by a licensee for the purchase of alcoholic beverages.

4.20(4) The division may accept from the general public for alcoholic beverages traveler's checks issued in a foreign country if payment is in U.S. dollars.

4.20(5) The division may require, at the discretion of the administrator, that a licensee submit a letter of credit in a reasonable amount to be determined by the administrator for future purchases of alcoholic liquor from the division, when a licensee tenders to the division a check which is subsequently dishonored by the bank on which the check is drawn if the licensee fails to satisfy the obligation within ten days after service of notice of nonpayment and penalty.

This rule is intended to implement Iowa Code sections 123.4 and 123.24.

185—4.21(123) **Where retailers must purchase wine.** ~~Retail licensees and retail permittees~~ Liquor control license holders, wine permit holders, and beer permit holders who are authorized so sell wine at retail must purchase their wine from ~~either~~ a wine wholesaler holding a class "A" wine permit or a wine and beer wholesaler. ~~Retail licensees and retail permittees cannot buy wine from other retailers.~~

4.22(1) Exception to the above requirement. Class "A", "B", "C", special class "C", and class "D" liquor control license holders may purchase wine from a class "B" or class "B" native wine permittee who also holds a class "E" liquor control license under the following conditions:

a. Purchase quantities shall be limited to less than one case of any wine brand in a 24-hour period.

b. Wine purchased in this manner shall be for resale for consumption on the premises.

4.22(2) Recordkeeping requirement. A class "B" or class "B" native wine permittee who also holds a class "E" liquor control license shall keep and maintain records of each sale of wine to liquor control licensees showing the name of the business to which wine was sold, the date of

sale, and the brands and number of bottles sold.

This rule is intended to implement Iowa Code subsections ~~123.30(3)~~, 123.173, and ~~123.178(3)~~ 123.177.

185—4.22(123) Liquor on licensed premises. Holders of class “A”, “B”, and “C” liquor control licenses and holders of class “D” liquor control licenses who operate a train or watercraft pursuant to Iowa Code section 123.30(2), paragraph “d” must purchase their liquor supplies from state liquor stores class “E” liquor control license holders.

4.22(1) Exception to the above requirement. “Bona fide conventions or meetings” may bring their own legal liquor onto licensed premises under the following conditions:

a. “Bona fide conventions or meetings” shall be construed to mean an identifiable body of persons gathered together in furtherance of a specific common purpose or cause, whether political, fraternal, or business, including but not limited to structured club meetings and conventions, professional association functions, employer-employee gatherings and political dinners. Neither the mere purchase nor consumption of liquor nor the purchase of an admission ticket shall be deemed to create a specific common purpose or cause.

b. Liquor may be brought onto the licensed premises at a bona fide convention or meeting by either the sponsoring entity or the individuals comprising that entity.

c. Consumption or dispensation of liquor brought onto the licensed premises by a bona fide convention or meeting must be confined to the meeting place or convention rooms within the licensed premises.

d. The liquor must be served to the delegates or guests without cost.

e. At the completion of the convention or meeting, all liquor brought onto the licensed premises by the members of the convention or meeting must be removed from the licensed premises by those members.

f. All other laws and rules governing the license shall apply to dispensing and consumption of liquor at bona fide conventions or meetings, including hours for consumption and Sunday sales.

4.22(2) Reserved.

This rule is intended to implement Iowa Code sections 123.30, 123.46, and 123.95.

185—4.23(123) Liquor on unlicensed places. Liquor may be kept and consumed but not sold on unlicensed places under the following conditions:

4.23(1) Liquor may be kept and consumed in a private home at any time.

4.23(2) Liquor may be kept and consumed, by the guests or residents, in the residential or sleeping quarters of a hotel or motel at any time. This is considered as an extension of the private home.

4.23(3) Liquor may be consumed at a private social gathering in a private place at any time.

4.23(4) A private place is a location which meets all of the following criteria:

a. One to which the general public does not have access at the time the liquor is kept, dispensed or consumed; one at which the attendees are limited to the bona fide social hosts and invited guests.

b. One which is not of a commercial nature at the time the liquor is consumed or dispensed at the location.

c. One where goods or services are neither sold nor purchased at the time the liquor is consumed or dispensed at the location.

~~d. One where the use of the location was obtained without charges or rent or any other thing of value was exchanged for its use.~~

e. One which is not a licensed premises.

f. One where no admission fees or other kinds of entrance fees, fare, ticket, donation or charges are made or are required of the invited guests to enter the location.

This rule is intended to implement Iowa Code section 123.95.

185—4.24(123) Alcoholic liquor and wine on beer permit premises. Rescinded ARC 3928C, IAB 8/1/18, effective 9/5/18.

185—4.25(123) Age requirements. Persons 21 years of age or older may hold a liquor control license, wine permit, or beer permit; ~~however, persons who are between the ages of 18 and 21 and hold a liquor license, wine permit, or beer permit before September 1, 1986, are not affected by or subject to this rule, and may hold such license or permit even though the licensee or permittee has not attained the age of 21.~~ Persons 21 years of age and older may deliver alcoholic beverages pursuant to Iowa Code section 123.46(A). Persons 18 years of age and older may be bartenders, waiters, waitresses, and may handle alcoholic beverages, wine, and beer during the course of the person's employment for a licensee or permittee in establishments in which alcoholic beverages, wine, and beer are consumed. Persons 16 years of age and older may sell beer and wine in off-premises beer and wine establishments. ~~Persons must be 18 years of age or older to work in a state liquor store.~~

This rule is intended to implement Iowa Code sections 123.30, ~~123.47A~~ 123.46(A), and 123.49.

185—4.26(123) Timely filed status.

4.26(1) In addition to the requirements which may be imposed by a local authority upon the holder of ~~an alcoholic beverages~~ liquor control license, wine permit, or beer permit to obtain timely filed status of a renewal application, the division may grant timely filed status if the applicant complies with the following conditions:

a. The applicant files a completed application with the local authority or the division as required by applicable law.

b. The applicant files a current dram shop liability certificate with the local authority or the division if proof of dram shop liability is required as a condition precedent to the issuance of the license or permit.

c. The applicant pays the appropriate license or permit fee in full to the local authority or the division as required by applicable law.

d. The applicant files a bond with the local authority or the division if a bond is required as a condition precedent to the issuance of the license or permit under applicable law.

4.26(2) Timely filed status allows the holder of the license or permit to continue to operate under a license or permit after its expiration and until the local authority and the division have finally determined whether the license or permit should be issued. If the application for the license or permit is denied, timely filed status continues until the last day for seeking judicial review of the division's action.

4.26(3) An applicant for a new alcoholic beverages license or permit may not sell alcoholic liquor, wine or beer in the proposed establishment until a license or permit has been granted by the division. Is this language even germane to a rule on timely filed status?

This rule is intended to implement Iowa Code sections 123.32, 123.35 and 17A.18.

185—4.27(123) Effect of suspension. Subject to the right to convey a suspended establishment under Iowa Code section 123.39, no beer, wine, or liquor can be sold or consumed in an establishment during a suspension period. An establishment may be open during a suspension period to conduct lawful business other than the sale of liquor, wine, and beer as long as no liquor, wine, or beer is sold or consumed during the suspension period.

This rule is intended to implement Iowa Code section 123.39.

185—4.28(123) Use of establishment during hours alcoholic liquor, wine, and beer cannot be consumed. No one, including licensee, permittee, and employees can consume beer, wine, or alcoholic beverages in their licensed establishment during hours which beer, wine, and alcoholic beverages cannot be sold. An establishment covered by a liquor **control** license, wine permit, or beer permit can be used as a restaurant or any other lawful purpose during hours which **beer, wine, or** alcoholic liquor, **wine, or beer** cannot be sold as long as **beer, wine, or** alcoholic beverages are not **sold or** consumed during these hours.

This rule is intended to implement Iowa Code section 123.49.

185—4.29 Rescinded, effective 7/1/85.

No change. **185—4.30(123) Persons producing fuel alcohol.** Persons producing fuel alcohol for their own use or to be sold commercially do not have to obtain a license or permit from the division.

This rule is intended to implement Iowa Code sections 123.4 and 123.41.

185—4.31(123) Storage of beer. No **retail** liquor control licensee or retail beer permittee shall store beer except on premises licensed for retail sale and then only to the extent that the beer is intended for sale to consumers from the individually licensed premises where stored. The

adoption of this rule shall not preclude a **retail liquor control** licensee or a retail beer permittee from picking up beer from **a** class “A” ~~and “F”~~ beer ~~permittees~~ **permittee** and directly transporting the beer to the retail establishment where the beer is intended to be sold at retail.

This rule is intended to implement Iowa Code section ~~123.21~~ **123.10** .

185—4.32(123) Delivery of alcoholic liquor. Individuals who do not work for this division may operate a delivery service in which they will charge licensees a fee for picking up their alcoholic liquor orders at this division’s **liquor-stores warehouse** and delivering it to their establishments.

This rule is intended to implement Iowa Code sections 123.4 and ~~123.21(10)~~ **12310(10)**.

185—4.33(123) Delivery of beer and wine. ~~Licensees and permittees who hold a license or permit which allows them to sell bottled wine and bottled beer may deliver beer and wine to residences if the customers telephoned and requested that the beer and wine be delivered.~~

~~This rule is intended to implement Iowa Code subsection 123.21(10).~~ **Reserved.**

185—4.34(123) Determination of population. Decennial Censuses and Special Censuses done by the U.S. Census Bureau are recognized as being the official population of a town for the purpose of deciding the price of licenses and permits in that town, but estimates done by the U.S. Census Bureau cannot be viewed as being the official population when deciding the price of licenses and permits.

This rule is intended to implement Iowa Code subsection ~~123.21(11)~~ **123.10(11)**.

185—4.35(123) Minors in licensed establishments. Because Iowa law does not prohibit minors from being in licensed establishments, a minor can be in a licensed establishment if local authority does not have a local ordinance prohibiting minors from being in licensed establishments in its jurisdiction.

This rule is intended to implement Iowa Code subsection ~~123.21(5)~~ 123.10(5).

185—4.36(123) Sale of alcoholic liquor and wine stock when licensee or permittee sells business. When a licensee or permittee goes out of business, the licensee or permittee may sell the licensee's or permittee's stock of alcoholic liquor and wine in original unopened containers to the person who is going to operate a licensed establishment in the same location.

This rule is intended to implement Iowa Code subsection ~~123.21(5)~~ 123.10(?). (Not really sure what the legal basis is for this rule.)

~~**185—4.37(123) Business as usual on election days.** Licensees and permittees may sell alcoholic liquor, wine, or beer during regular hours on days local and national elections are held because present Iowa law does not restrict the sale of liquor, wine, and beer on election days.~~

~~This rule is intended to implement Iowa Code subsection 123.21(3). **Reserved.**~~

~~**185—4.38(123) Sunday sale of wine.** A holder of a class "B" wine permit or combination retail wine license, excluding any liquor control licensee or beer permittee which does not qualify for Sunday sales under Iowa Code sections 123.36(6) and 123.134(5), respectively, may sell wine for consumption off the premises between the hours of 10 a.m. and 12 midnight on Sundays. No fee shall be imposed for that privilege.~~

~~This rule is intended to implement Iowa Code subsection 123.49(2). **Reserved.**~~

185—4.39(123) Intoxication notice. Rescinded IAB 8/18/93, effective 7/29/93.

185—4.40(123) Warehousing of beer and wine. A person holding a class "A" wine permit or a class "A" ~~or "F"~~ beer permit shall warehouse their ~~wine or beer~~ inventory within the state of Iowa. ~~Persons issued a class "A" wine permit or class "A" or "F" beer permit prior to June 10, 1987, shall comply upon renewal or November 1, 1987, whichever date occurs first.~~ A

warehouse of a person holding a class "A" wine permit or a class "A" ~~or "F"~~ beer permit shall be considered a licensed premises.

This rule is intended to implement Iowa Code section ~~123.127~~ 123.130 and 123.177.

185—4.41(123) Vending machines to dispense alcoholic beverages prohibited. A liquor control licensee or beer or wine permittee shall not install or permit the installation of vending machines on the licensed premises for the purpose of selling, dispensing or serving alcoholic beverages. A vending machine is defined as a slug, coin, currency or credit card operated mechanical device used for dispensing merchandise, including single cans of beer or other alcoholic beverages, and includes a mechanical device operated by remote control and used for dispensing single cans of beer or other alcoholic beverages. A vending machine is not a unit installed in individual hotel or motel rooms used for the storage of alcoholic beverages and intended for the personal use of hotel or motel guests within the privacy of the guests' rooms.

This rule is intended to implement Iowa Code sections ~~123.47, 123.47A,~~ 123.49(1), 123.49(2) "b," 123.49(2) "h," and 123.49(2) "k."

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[Filed ARC 3928C (Notice ARC 3817C, IAB 6/6/18), IAB 8/1/18, effective 9/5/18]

¹ Effective date of 4.32 delayed seventy days by the Administrative Rules Review Committee on 8/2/83.

² Two ARCs. See Alcoholic Beverages Division in IAB.

DRAFT

**Contractual Partnership
Alcoholic Beverages Division
&
Ruan Transport Company
December 11, 2018**

- I. Purpose / Strategic Objective - Partnership
 - a. The current and future model for the delivery/distribution of spirits attempts to achieve sustainable outcomes, within the Iowa marketplace that will maximize revenues for the state and stakeholders, minimize risk, be efficient and effective in meeting the service needs of retailers and provide Iowa consumers at the point of purchase brand selection.
- II. Contract Completion
 - i. December 5, 2018
- III. Transition
 - a. December 6, 2018 to April 15, 2019
- IV. What's Ruan roles and responsibilities
 - a. The functionality of performing a dedicated fulfillment services to 1,550 LE
- V. What will ABD Control but not limited to:
 - a. Building and Grounds
 - b. Safety and Security
 - c. Contract Administration of Agreement
 - d. Transition to Ruan's implementation
 - e. Category Management
 - f. Listing and De-listing
 - g. Inventory Levels
 - h. Special Orders
 - i. Highly Allocated Programs
 - j. Orders into the state's fulfillment system
 - k. Invoicing and Collection of Funds

- I. Setting terms and conditions regarding return of product rules associated with Ordinary and Usual Commercial Reason.
 - i. Defective Products
 - ii. Error in Delivery
 - iii. Products which can no longer be lawfully sold
 - iv. Termination of business
 - v. Change in product
 - vi. Discontinued products
- VI. Cost Analysis Projections
 - a. FY 20-24
 - i. Joint effort between Ruan and ABD

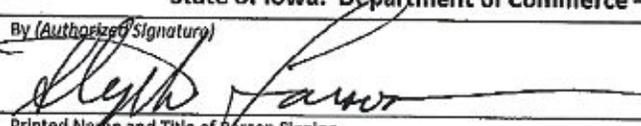
Iowa Department of Commerce – Alcoholic Beverages Division

Contracts Declaration & Execution Page

Title of Contract: Fulfillment of Spirits Operations		Bid Proposal Number RFP0717212003	Contract Number 19152
This Contract is entered into between the State of Iowa (by and through its agency, the Department of Commerce – Alcoholic Beverages Division) and the Contractor named below:			
State Agency's Name: Department of Commerce - Alcoholic Beverages Division			
Contractor's Name: Ruan Transport Corporation			
Contract to Begin: 15 April 2019	Date of Expiration: 14 April 2025	Bi-Annual Extensions: 2	
The parties agree to comply with the terms and conditions and attachments which are by this reference made a part of the Contract:			
Section 1 - Scope of Work			Page 2
Section 2 - Contacts			Page 15
Section 3 - Terms & Conditions			Page 17
Section 4 - Special Terms			Page 41
Section 5 - IT Terms			Page 47
Schedule A			Page 52
Schedule B			Page 53
Schedule C			Page 54
Exhibit A.....			Page 56

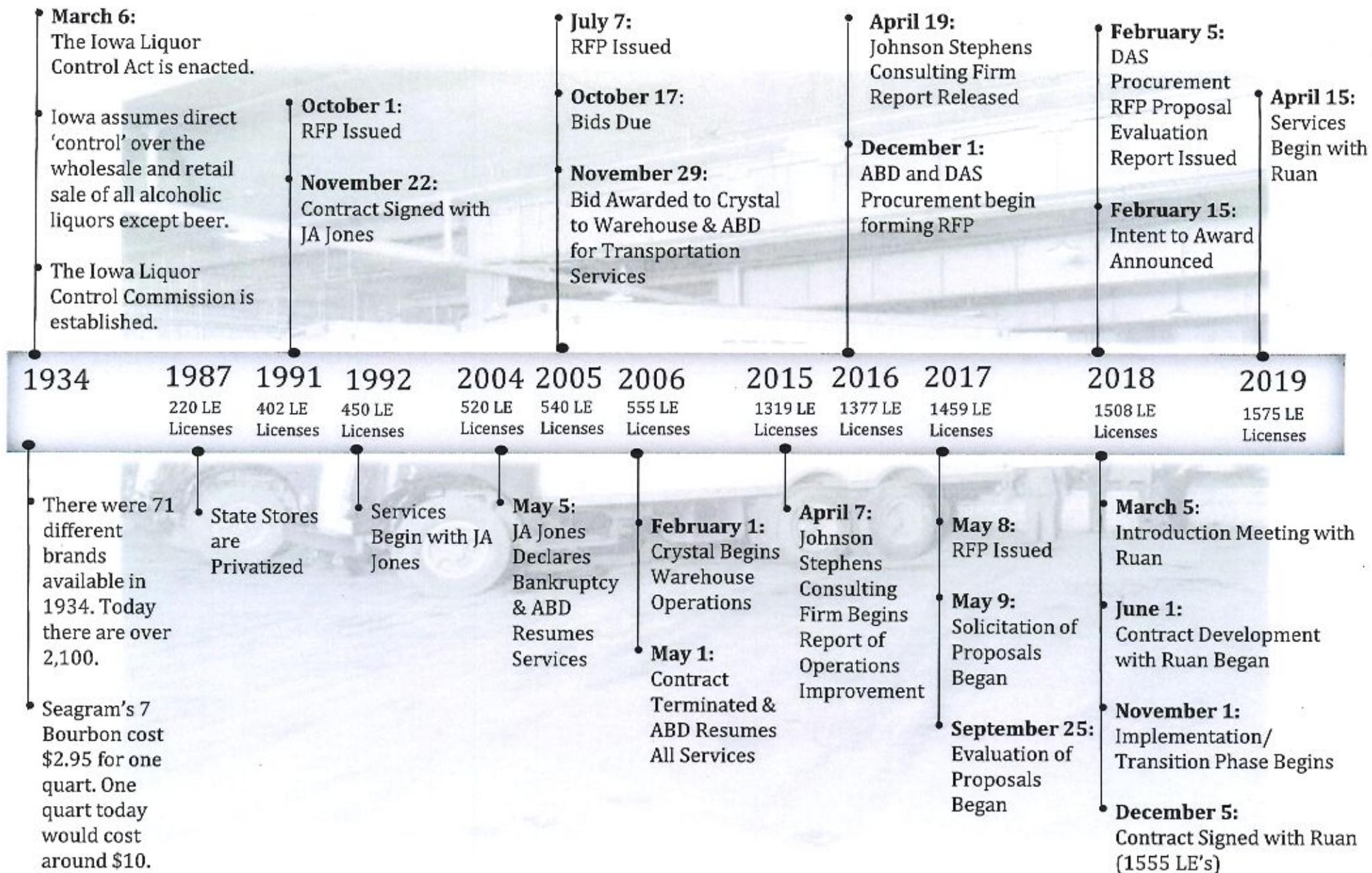
IN WITNESS WHEREOF, this Contract has been executed by the parties hereto

Contractor: Ruan Transport Corporation	
By (Authorized Signature) 	Date Signed 12/5/18
Printed Name and Title of Person Signing Marty Wadle, Senior Vice President Ruan Transport Corporation – Supply Chain Solutions	
Address 3200 Ruan Center 666 Grand Avenue Des Moines, IA 50309	

State of Iowa: Department of Commerce – Alcoholic Beverages Division	
By (Authorized Signature) 	Date Signed 12/5/18
Printed Name and Title of Person Signing Stephen Larson, Administrator Department of Commerce – Alcoholic Beverages Division	
Address 1918 SE Hulsizer Road Ankeny, IA 50021	

RFP Time Table

Task	Dates	
	Start	End
Forming the RFP - (Completed)	12/01/2016	04/30/2017
Finalizing the RFP - (Completed)	05/01/2017	05/04/2017
Release Date - (Completed)	05/08/2017	05/08/2017
Solicitation of Proposals - (Completed)	05/09/2017	09/22/2017
Respondent Mandatory Site Visit - (Completed)	06/21/2017	06/21/2017
Final Due Date for RFP Questions - (Completed)	08/21/2017	08/21/2017
Evaluation of Proposals - (Completed)	09/25/2017	02/05/2018
Intent to Award - (Completed)	02/13/2018	06/01/2018
Contract Development- (Completed)	06/01/2018	12/05/2018
Contract Signed	12/05/2018	12/05/2018
Transition to Operational	12/06/2018	04/15/2019



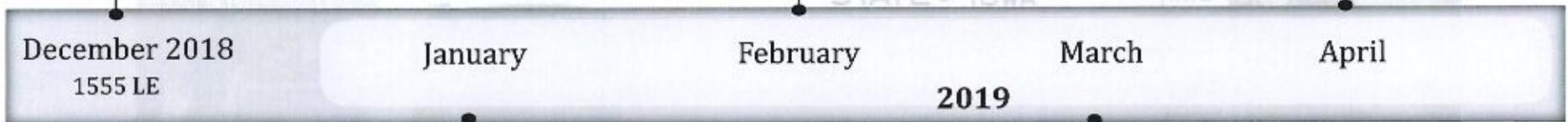
Fulfillment of Spirits Operations 1934- 2019

• **December 5:**
Contract Signed with Ruan

• **December 6:**
Informed ABD Staff of
Contract Signing

• **December 11:**
ABD Commission Meeting

• **April 15, 2019:**
Services Begin
with Ruan



December 2018
1555 LE

January

February

March

April

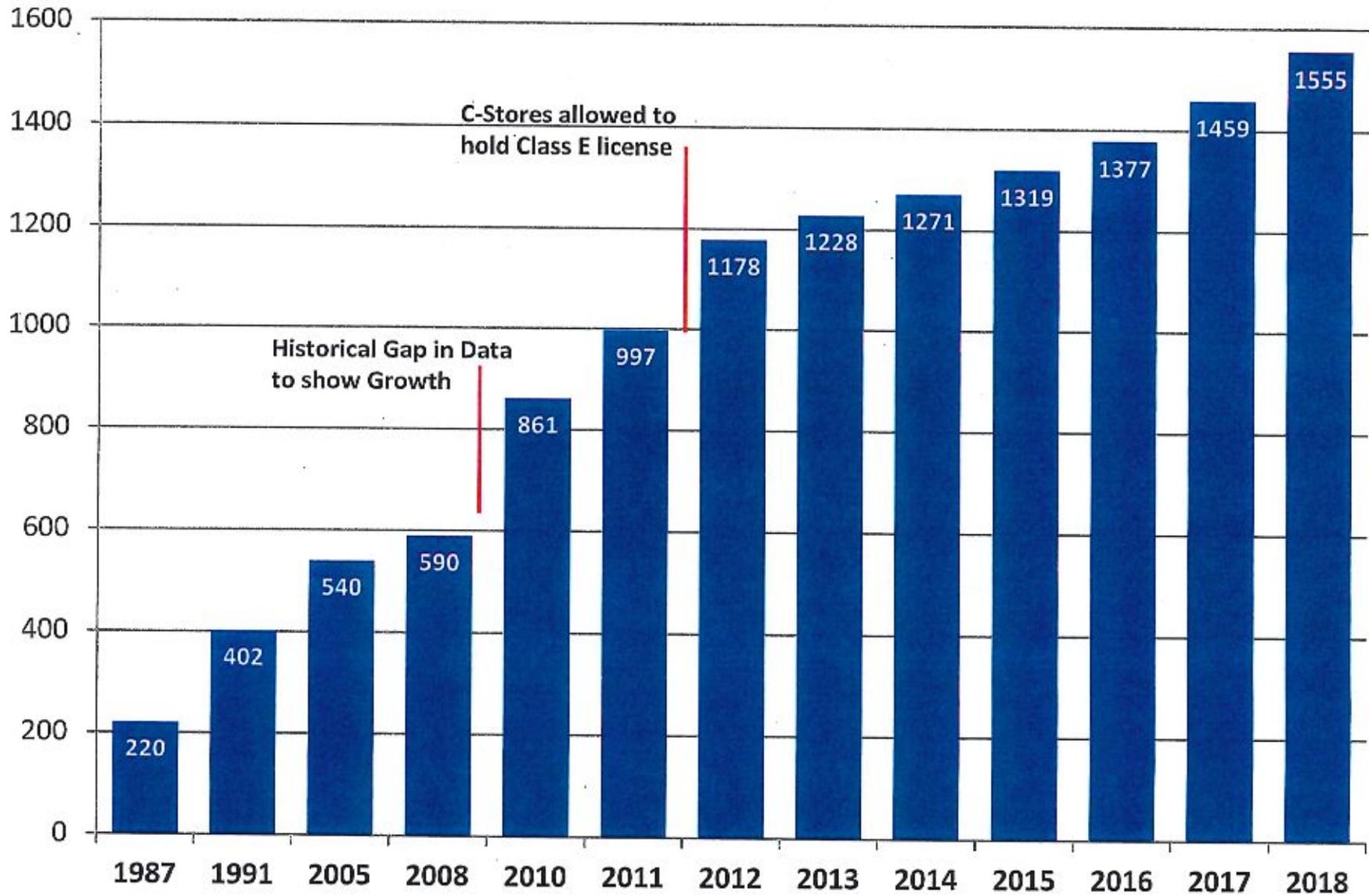
2019

Fulfillment of Spirits Operations 2018- 2019 Transition to Implementation

Edited: December 10, 2018

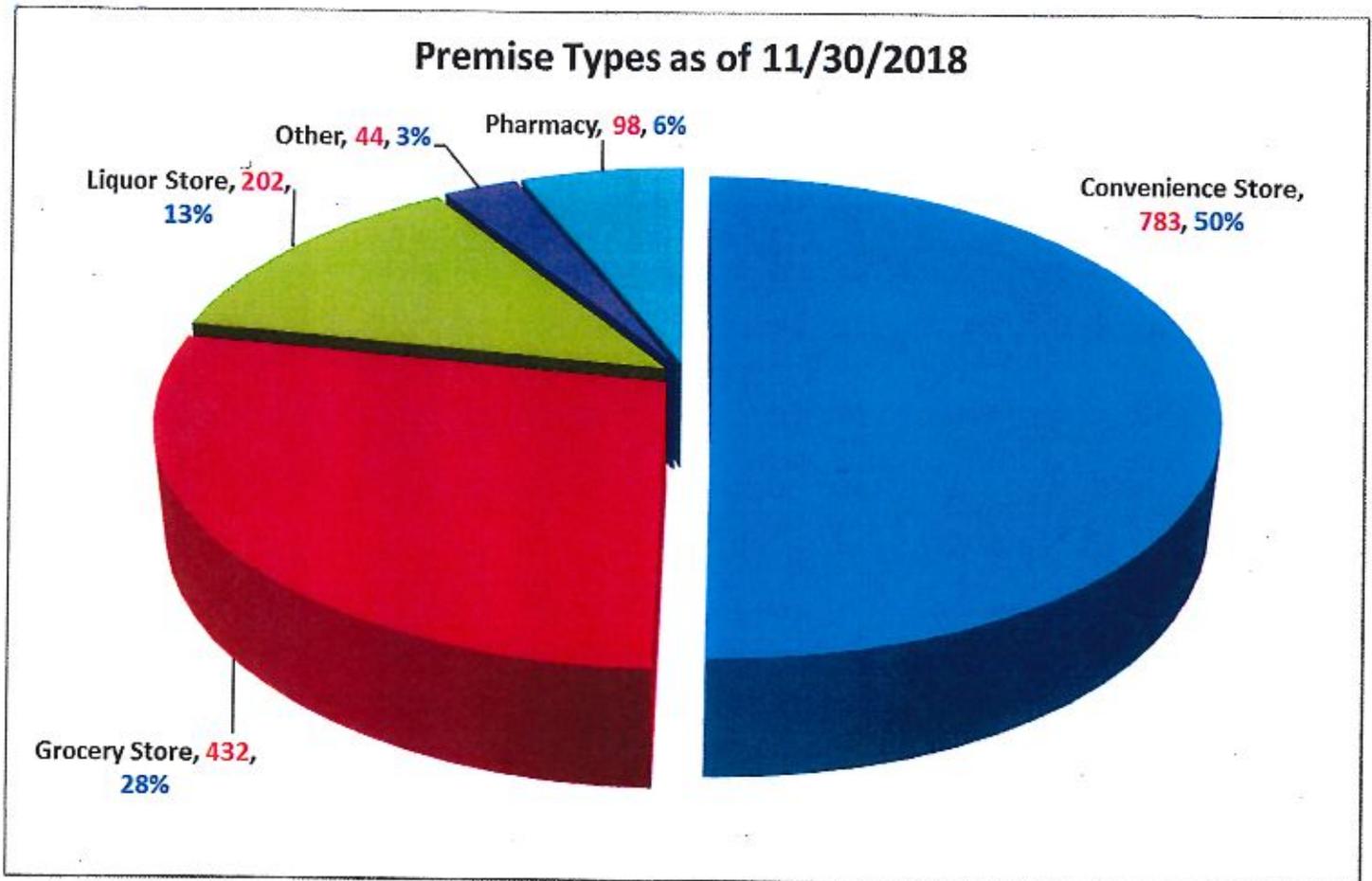


LE License Growth Through October 2018



Class E Licensees as of November 30, 2018

➤ 1559 active class E licensees



Other	
Bar/Tavern	Hotel/Motel
Casino	Redemption Center
Discount Store	Specialty Shop
Excursion Gambling Boat	

- **Grocery Stores** (e.g. Hy-Vee, Walmart, Fareway, Costco)
- **Liquor Store** (e.g. Brothers Market, Smokin' Joe's Tobacco & Liquor Outlet, Central City)
- **Pharmacy** (e.g. CVS & Walgreens)
- **Discount Store** (e.g. Sam's Club)
- **Convenience Store** (e.g. Quik Trip, Casey's, Kum & Go)