

February 6, 1963.  
Safety and Law Enforcement.

**House File 177**  
By REPPERT, CAMP, COFFMAN,  
DENMAN, DIETZ, DUFFY,  
KIBBIE, KNOWLES, MENSING,  
MEYERS, MILLER of Des Moines,  
MURPHY and MURRAY.

Passed House, Date..... Passed Senate, Date.....  
Vote: Ayes..... Nays..... Vote: Ayes..... Nays.....  
Approved.....

## A BILL FOR

An Act providing for the licensing and strict control of the retail sale of products sold by Iowa state liquor stores and designed to eliminate bootlegging from the state of Iowa, and to provide revenue from the sale thereof.

*Be It Enacted by the General Assembly of the State of Iowa:*

1 Section 1. Section one hundred twenty-three point one (123.1),  
2 Code 1962, is hereby amended by striking all of such section  
3 after the word "this" in line thirteen (13) and inserting in lieu  
4 thereof the word "title."

1 Sec. 2. Section one hundred twenty-three point five (123.5),  
2 Code 1962, is hereby amended as follows:

3 1. By inserting in line one (1) of subsection five (5) of  
4 such section after the word "liquor" the words "or 'alcoholic  
5 beverage'".

6 2. By inserting in line one (1) of subsection nine (9) of  
7 such section after the word "license" the words "'or liquor  
8 control license'".

9 3. By adding the following new subsections:

10 a. "'Air common carrier' means a person engaged in transport-  
11 ing passengers for hire in interstate or foreign commerce by  
12 aircraft and operating regularly scheduled flights under a  
13 certificate of public convenience issued by the civil aeronautics  
14 board.

15 b. " 'Club' means a corporation or association of individuals  
16 organized in good faith for social, recreational, benevolent,  
17 charitable, political, patriotic, or athletic purposes, but not  
18 for private gain. The club must be the owner, lessor or occupant  
19 of a permanent building, or part thereof, membership in which en-  
20 tails the prepayment of regular dues, and which has been in con-  
21 tinuous operation as a club for not less than two (2) years before  
22 making application for a license under this Act.

23 c. " 'Commercial establishment' means a place of business  
24 which is at all times equipped with sufficient tables and seats  
25 to accommodate twenty-five (25) persons at one time, is located  
26 in a business district or an area now or hereafter zoned as a  
27 business district, and the licensed premises of which conform to  
28 the standards and specifications of the zoning commission.

29 d. " 'Licensed premises' or 'premises' means all rooms or  
30 enclosures where alcoholic beverages are sold or consumed under  
31 authority of a license.

32 e. " 'Hotel' or 'motel' means a premise or structure regularly  
33 or seasonably kept open in a bona fide manner for the lodging of  
34 transient guests, where there is in the same premises or struc-  
35 ture an establishment where food is regularly prepared and served  
36 and where thirty-five (35) or more sleeping rooms are provided  
37 for such guests."

1 Sec. 3. Section one hundred twenty-three point sixteen  
2 (123.16), Code 1962, is hereby amended as follows:

3 1. By inserting in line one (1) of subsection seven (7) of  
4 such section after the word "permits" the words " , liquor control  
5 licenses".

6 2. By striking all of subsection eight (8) after the word

7 "chapter" in line three (3) of such section.

8 3. By adding the following subsection:

9 "To hear appeals from any order denying an application for  
10 a liquor control license."

1 Sec. 4. Section one hundred twenty-three point seventeen  
2 (123.17), Code 1962, is hereby amended by striking from para-  
3 graph "f" of subsection two (2) of such section all after the  
4 word "chapter" in line four (4) and inserting in lieu thereof  
5 the words "by the commission."

1 Sec. 5. Section one hundred twenty-three point twenty-two  
2 (123.22), Code 1962, is hereby amended as follows:

3 1. By inserting in line four (4) of subsection one (1) of  
4 such section after the word "permit" the words "or liquor con-  
5 trol license".

6 2. By striking from lines five (5) and six (6) of subsection  
7 one (1) of such section the words "under such permit".

8 3. By striking from line two (2) of subsection two (2) of  
9 such section the word "person" and inserting in lieu thereof the  
10 words "permit holder".

1 Sec. 6. Section one hundred twenty-three point twenty-four  
2 (123.24), Code 1962, is hereby amended by inserting in line one  
3 (1) after the word "sold" the words "by the commission".

1 Sec. 7. Section one hundred twenty-three point twenty-six  
2 (123.26), Code 1962, is hereby amended by inserting in line  
3 twenty-five (25) after the word "permit" the words "or liquor  
4 control license".

1 Sec. 8. Section one hundred twenty-three point twenty-seven  
2 (123.27), Code 1962, is hereby amended as follows:

3 1. By adding at the end of paragraph "a" of subsection two  
4 (2) of such section, the words "However, no individual permit  
5 shall be required for the purchase of alcoholic liquor for con-  
6 sumption on premises covered by a liquor control license."

7 2. By adding thereto the following new subsections:

8 "1. Upon posting bond in the penal sum of ten thousand  
9 (10,000) dollars with sureties approved by the commission, con-  
10 ditioned upon the payment of all taxes due the state and upon  
11 compliance with the provisions of law for liquor control, liquor  
12 control licenses for approved premises may be issued to any per-  
13 son who is of good moral character, has not been convicted of a  
14 felony, is a citizen of the United States, is not chargeable  
15 directly or indirectly with the administration or enforcement of  
16 the alcoholic beverages laws of the state of Iowa, and is, in  
17 the judgment of the commission, of such financial standing and  
18 good reputation as will satisfy the commission that the licensee  
19 will comply with the law and the regulations of the commission.  
20 The failure of a licensee to pay liquor taxes dues the state shall  
21 work a forfeiture of the bond.

22 "2. No liquor control license shall be issued for premises  
23 which do not conform to all laws, ordinances and resolutions,  
24 health and fire regulations applicable thereto, or, except in the  
25 case of a hotel or motel have any interior access to residential  
26 or sleeping quarters; nor shall any class "C" liquor control li-  
27 cense be issued for premises which are not wholly within the  
28 corporate limits of a city or town, or in platted villages.

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

31 a. Class "A". A class "A" liquor control license may be  
32 issued to a club and shall authorize the holder thereof to pur-  
33 chase, spirits and wine from the commission only, at prices to  
34 be set by the commission, and to sell alcoholic beverages so  
35 purchased to bona fide members and their guests by the individual  
36 drink for consumption on the premises only.

37 b. Class "B". A class "B" liquor control license may be  
38 issued to a hotel or motel and shall authorize the holder there-  
39 of to purchase spirits and wine from the commission only, at  
40 prices to be set by the commission, and to sell alcoholic bev-  
41 erages so purchased to patrons by the individual drink for con-  
42 sumption on the premises only. Each such license shall be effec-  
43 tive throughout the premises described in the application for  
44 such license, but a duplicate of such license shall be posted in  
45 each room wherein such beverages are dispensed.

46 c. Class "C". A class "C" liquor control license may be  
47 issued to a commercial establishment and shall authorize the  
48 holder thereof to purchase spirits and wine from the commission  
49 only, at prices to be set by the commission, and to sell alco-  
50 holic beverages so purchased to patrons by the individual drink  
51 for consumption on the premises only.

52 d. Class "D". A class "D" liquor control license may be  
53 issued to a railway corporation and to an air common carrier and  
54 shall authorize the holder thereof to sell or furnish alcoholic  
55 beverages to passengers for consumption only on trains or air-  
56 craft, respectively. Only alcoholic beverages purchased from the  
57 commission may be served. Each such license shall be good  
58 throughout the state as a state license. Only one such license  
59 shall be required for all trains or aircraft operated in the

60 state by the licensee, but a duplicate of such license issued  
61 shall be posted in each railroad car or aircraft in which such  
62 beverages are sold. Such licensee shall keep a record of all  
63 alcoholic beverages sold or furnished in the state of Iowa, and  
64 on or before the last day of each month shall render a report to  
65 the commission showing the quantities of the various kinds of  
66 alcoholic beverages so sold or furnished during the preceding  
67 month, which report shall be accompanied by payment of appropri-  
68 ate taxes owing.

69 4. An application for a class "B" or class "C" liquor con-  
70 trol license, accompanied by the required fee and bond, shall be  
71 filed with the appropriate city or town council if the premises  
72 proposed to be licensed are located within the corporate limits  
73 of a city or town, or with the board of supervisors if the prem-  
74 ises proposed to be licensed are located outside the corporate  
75 limits of a city or town. Application for class "A" and class  
76 "D" liquor control licenses, accompanied by the required fee and  
77 bond, shall be filed with the commission, which shall proceed in  
78 the same manner as in the case of an application approved by  
79 local authorities.

80 a. The city or town council, or county board of supervisors,  
81 as the case may be, may approve the issuance of a license and  
82 endorse its approval on the application and forward it along with  
83 the fee and bond to the commission; or if it disapproves issuance  
84 of a license, it shall endorse its disapproval on the application  
85 and forward same along with the fee and bond to the commission.

86 b. Upon receipt of an application which has been disapproved,  
87 the commission shall disapprove the application and so notify the  
88 applicant by registered mail. Upon receipt of an application hav-

89 ing been approved, the commission shall make such investigation  
90 as it deems necessary; and it may require the applicant to appear  
91 before it and be examined under oath regarding any matters per-  
92 tinent to the application, in which case a record shall be made  
93 of all testimony or evidence and the same shall become a part of  
94 the application. If the application is approved, an appropriate  
95 liquor control license shall be issued. If the application is  
96 disapproved, the applicant and the appropriate city or town  
97 council, or county board of supervisors, shall be so notified in  
98 writing, and the fee and bond shall be returned to the applicant.

99 c. Any applicant for a liquor control license may appeal to  
100 the commission from its disapproval of an application for a li-  
101 cense. If, upon appeal the commission shall determine that the  
102 disapproval should be reversed, it may issue a license.

103 d. Any applicant who feels aggrieved by a decision of the  
104 commission disapproving issuance of a license may, if he has  
105 exercised his rights of appeal to the commission, appeal from the  
106 decision within ten (10) days by writ of certiorari to the dis-  
107 trict court of the county wherein the premises covered by the  
108 applications are situated.

109 5. Applications for the original issuance or the renewal of  
110 liquor control licenses shall be filed at such time and in such  
111 number of copies as the commission shall by regulation prescribe,  
112 on forms prescribed by the commission, and shall set forth under  
113 oath the following information:

114 a. The name and address of the applicant, and the names and  
115 addresses of officers and directors if the applicant is a  
116 corporation.

117 b. The precise location of the premises for which a license

118 is sought.

119 c. The names and addresses of all persons having a ten (10)  
120 percent or more financial interest, by way of loan, ownership,  
121 or otherwise, in the business or the profits thereof.

122 d. When required by the commission, sketch or drawing of the  
123 premises proposed to be licensed and in such form and containing  
124 such information as the commission may require.

125 e. A statement whether any person specified in paragraphs  
126 "a" or "c" of this section has ever been convicted of any offense  
127 against the laws of the United States, or any state or territory  
128 thereof, or any political subdivision of any such state or terri-  
129 tory, together with the nature of any offense.

130 f. Such other information as the commission shall require.

131 6. The number of class "B" and class "C" licenses issued  
132 covering premises within any incorporated city or town shall not  
133 exceed four (4) licenses for each city or town with a population  
134 of three thousand (3,000) or less and one additional license for  
135 each one thousand (1,000) population or major fraction thereof  
136 for any city or town with a population over three thousand (3,000),  
137 according to the last decennial federal census.

138 7. The number of class "B" and class "C" licenses issued  
139 covering premises in any county outside of incorporated cities  
140 and towns shall not exceed one (1) license for each two thousand  
141 (2,000) population or major fraction thereof of the entire county,  
142 including cities and towns therein, according to the last decen-  
143 nial federal census.

144 8. All liquor control licenses issued, unless sooner revoked,  
145 shall expire on June 30 of each year."

1 Sec. 11. Section one hundred twenty-three point twenty-eight

2 (123.28), Code 1962, is hereby amended by adding thereto the  
3 following.

4 "For each liquor control license there shall be paid annually  
5 to the commission:

6 1. For a class "A" license, eight hundred (800) dollars.

7 2. For a class "B" license:

8 a. If the hotel or motel has two hundred fifty (250) guest  
9 rooms or more, twelve hundred (1200) dollars.

10 b. If the hotel or motel has less than two hundred fifty  
11 (250) guest rooms, eight hundred (800) dollars.

12 3. For a class "C" license:

13 a. In cities or towns of ten thousand (10,000) or more  
14 population, twelve hundred (1200) dollars.

15 b. In cities or towns of at least two thousand (2,000) but  
16 less than ten thousand (10,000) population, eight hundred (800)  
17 dollars.

18 c. In cities or towns of less than two thousand (2,000) popu-  
19 lation, five hundred (500) dollars.

20 4. For a class "D" license, six hundred (600) dollars.

21 In the case of an original license issued for an unexpired  
22 portion of a license year, the amount of the fee shall be appor-  
23 tioned on the basis of the ratio the number of months or major  
24 fraction thereof bears to twelve (12).

25 The commission shall credit all fees to the liquor control act  
26 fund and shall remit to the respective city or town council, or  
27 county board of supervisors, as the case may be, a sum equal to  
28 fifty (50) percent of the fees collected for each class "A",  
29 class "B", or class "C" license covering premises located within  
30 their respective jurisdiction."

1    Sec. 12. Section one hundred twenty-three point twenty-nine  
2    (123.29), Code 1962, is hereby amended as follows:

3    1. By inserting in line one (1) after the word "permit" the  
4    words "or liquor control license".

5    2. By inserting in line eight (8) after the word "permittee"  
6    the words "or licensee".

7    3. By adding the following:

8    "In the case of a class "A", class "B", or class "C" licensee,  
9    the commission may in its discretion authorize a licensee to re-  
10   move the license from one location to another within the same  
11   incorporated city or town, or within a county outside the corpo-  
12   rate limits of a city or town, provided that the premises to which  
13   the transfer is to be made would have been eligible for a license  
14   in the first instance and such transfer will not result in any  
15   violation of any provision of law."

1    Sec. 13. Section one hundred twenty-three point thirty-two  
2    (123.32), Code 1962, is hereby amended by adding the following:

3    "Any liquor control license issued under this chapter may,  
4    after notice in writing to the license holder and reasonable  
5    opportunity for hearing, be suspended or canceled by the commis-  
6    sion for any of the following causes:

7    1. Misrepresentation of any material fact in the application  
8    for such license.

9    2. Violation of any of the provisions of the Iowa Liquor  
10   Control Act or regulations of the commission.

11   3. Any change in the ownership or interest in the business  
12   operated under a class "A", class "B", or class "C" license,  
13   which change was not previously reported to the commission and  
14   approved by it.

15 4. An event which would have resulted in disqualification  
16 from receiving such license when originally issued.

17 5. Any sale, hypothecation, or transfer of such license.

1 Sec. 14. Section one hundred twenty-three point forty  
2 (123.40), Code 1962, is hereby amended by adding the following:

3 "No person engaged in the business of manufacturing or whole-  
4 saling alcoholic beverages shall have, through ownership, loan,  
5 or otherwise, any interest, directly or indirectly, in the  
6 business premises or furnishing thereof covered by a liquor con-  
7 trol license issued under this chapter."

1 Sec. 15. Section one hundred twenty-three point forty-two  
2 (123.42), Code 1962, is hereby amended by inserting in line four  
3 (4) after the word "place" the words "except premises covered by  
4 a liquor control license,".

1 Sec. 16. Section one hundred twenty-three point forty-six  
2 (123.46), Code 1962, is hereby amended by adding the following:

3 "1. No person holding a liquor control license under this  
4 chapter, his agents or employees, shall:

5 a. Suffer or permit any gaming, solicitation for immoral  
6 purposes, immoral or disorderly conduct on the licensed premises.

7 b. Sell or dispense any alcoholic beverage on the licensed  
8 premises or permit the consumption thereon between the hours of  
9 one (1) a.m. and ten (10) a.m. on any week day, and from twelve  
10 (12) o'clock midnight on Saturday and ten (10) a.m. on the fol-  
11 lowing Monday, or on any general, special, or primary election  
12 day during the hours that polls are open, or during such other  
13 periods or days as may be designated by the commission.

14 c. Sell alcoholic beverages to any person on credit, except

15 that this provision shall not apply to sales by a club to its  
16 members nor to sales by a hotel to bona fide registered guests.

17 d. Keep on the licensed premises any spirits or wine in any  
18 container except the original package purchased from the commis-  
19 sion, except mixed drinks or cocktails mixed on the premises for  
20 immediate consumption, provided that this shall not apply to  
21 common carriers holding a class "D" liquor control license.

22 e. Reuse for the packaging of any spirits or wine any bottle  
23 or other container which has been used for the packaging of al-  
24 coholic beverages or possess any such bottle or container, or  
25 in any manner alter or increase, by the addition thereto of any  
26 substance, any portion of the original contents remaining in such  
27 bottle or container in which any portion of the original contents  
28 has been so altered or increased.

29 f. Employ any person under the age of twenty-one (21) years  
30 in the direct handling or selling of liquor on the premises where  
31 such liquor is sold.

32 g. Allow any person other than the license holder or his  
33 employees to use or keep on the licensed premises any spirits or  
34 wine in any bottle or other container which is designed for the  
35 transporting of alcoholic beverages, except that this shall not  
36 apply to the lodging quarters of a class "B" liquor control  
37 licensee, or to common carriers holding a class "D" liquor control  
38 license.

39 2. No person under the age of twenty-one (21) years shall  
40 misrepresent his or her age for the purpose of purchasing or  
41 attempting to purchase any alcoholic beverage from any licensee.

42 Whoever violates any of the provisions of this section for a

43 first offense shall be subject to a fine of one thousand (1,000)  
44 dollars or to imprisonment in the county jail for thirty (30)  
45 days or to both such fine and imprisonment; for a second offense  
46 to a fine of two thousand (2,000) dollars and thirty (30) days  
47 imprisonment in the county jail or to both such fine and  
48 imprisonment.

49 The conviction of any liquor control license holder for the  
50 violation of any of the provisions of this section shall be  
51 grounds for the suspension or revocation of the license by the  
52 commission."

1 Sec. 17. Section one hundred twenty-three point fifty-three  
2 (123.53), Code 1962, is hereby amended by adding the following  
3 new subsections:

4 "1. The number of liquor control licenses issued, by class,  
5 and the number in effect on the last day included in the report.

6 2. Amount of fees paid to the commission from said liquor  
7 control licenses, in gross, and the amount returned to local  
8 subdivisions of government as provided under this chapter."

1 Sec. 18. Section one hundred twenty-three point fifty-nine  
2 (123.59), Code 1962, is hereby amended as follows:

3 1. By inserting in line eight (8) after the word "otherwise"  
4 the words "in violation of law".

5 2. By striking from lines twelve (12) and thirteen (13) the  
6 words "in violation of this chapter" and inserting in lieu  
7 thereof the words "in violation of law".

1 Sec. 19. Section one hundred twenty-three point sixty  
2 (123.60), Code 1962, is hereby amended by striking from line  
3 eight (8) the words "in violation of this chapter" and inserting

4 in lieu thereof the words "in violation of law".

1 Sec. 20. Section one hundred twenty-four point thirty-one  
2 (124.31), Code 1962, is hereby amended by inserting in line  
3 twenty-seven (27) after the word "purposes" the words ", or to  
4 any club, hotel, motel, or commercial establishment licensed  
5 to sell alcoholic beverages for consumption on the premises".

1 Sec. 21. Section one hundred twenty-five point seven (125.7),  
2 Code 1962, is hereby amended by inserting in line eight (8) after  
3 the word "otherwise" the words "in violation of law".

1 Sec. 22. Section one hundred twenty-five point thirteen  
2 (125.13), Code 1962, is hereby amended by adding thereto the  
3 following:

4 "Provided, however, that this section shall not apply to the  
5 holder of a liquor control license authorizing the sale of alco-  
6 holic liquors for consumption on the premises where sold, his  
7 agents, servants or employees for the performance on the licensed  
8 premises of the acts herein prohibited."

1 Sec. 23. Section one hundred twenty-five point seventeen  
2 (125.17), Code 1962, is hereby amended by inserting in line  
3 eight (8) after the word "car", the words "in violation of law".

1 Sec. 24. There is hereby imposed on every individual, part-  
2 nership, corporation, association or club licensed to sell alco-  
3 holic beverages for consumption on the premises where sold, an  
4 occupational tax to be computed on all alcoholic beverages sold,  
5 as follows:

6 An amount equivalent to ten (10) per centum upon the gross  
7 receipts of any licensee from all sales of alcoholic beverages  
8 in the state of Iowa.

1     Sec. 25. On or before the fifteenth day of each month every  
2 such licensee shall render to the commission a report sworn to  
3 by an officer or agent in the case of corporations, and by the  
4 owner or agent in the case of an individual licensee, showing the  
5 amount of receipts from sales of such alcoholic beverages in the  
6 state of Iowa during the preceding calendar month and such other  
7 information as the commission may require, such reports to be on  
8 forms provided by the commission.

1     Sec. 26. "Gross receipts" as used in this Act means the  
2 amount received in money, credits, or property valued in money  
3 in consideration of the sale of such alcoholic beverages within  
4 this state, without any deduction on account of the cost of the  
5 property sold, the costs of the materials used, the cost or  
6 labor or services, purchases, amounts paid for interest or dis-  
7 count, or any other expenses whatsoever. No deductions shall be  
8 allowed for losses of any nature.

1     Sec. 27. Every licensee shall, within thirty (30) days after  
2 the filing date of reports as provided for in this Act, compute  
3 and pay to the commission an amount equivalent to ten (10) per  
4 centum of his gross receipts during the calendar month covered  
5 by a report and the commission shall forthwith issue a receipt  
6 to the taxpayer for the amount of tax so paid.

1     Sec. 28. All revenues arising under the operation of the  
2 provisions of this Act shall become part of the state general  
3 fund.

1     Sec. 29. The failure or refusal on the part of any licensee  
2 to render any report or remit any taxes due under this Act shall  
3 be reported to the Iowa liquor control commission by the state  
4 tax commission.

## EXPLANATION OF HOUSE FILE 177

This bill would provide for the further regulation, control and distribution of alcoholic beverages within the state. It would also provide much needed state revenue therefrom, and eliminate certain existing illegal traffic in liquor. This proposal would allow the city or town council or the board of supervisors, respectively, to determine the licensing of sale of alcoholic beverages to the general public within their respective jurisdictions.