

FEB 27 2006  
STATE GOVERNMENT

HOUSE FILE 2549  
BY DAVITT

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

**A BILL FOR**

1 An Act relating to the manufacture and sale of native distilled  
2 spirits, and establishing a related permit fee.  
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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HF 2549

1 Section 1. Section 123.32, subsection 1, Code Supplement  
2 2005, is amended to read as follows:

3 1. FILING OF APPLICATION. An application for a class "A",  
4 class "B", class "C", or class "E" liquor control license, for  
5 a class "A" or class "B" native distilled spirits permit, for  
6 a retail beer permit as provided in sections 123.128 and  
7 123.129, or for a class "B", class "B" native, or class "C"  
8 native retail wine permit as provided in section 123.178,  
9 123.178A, or 123.178B, accompanied by the necessary fee and  
10 bond, if required, shall be filed with the appropriate city  
11 council if the premises for which the license or permit is  
12 sought are located within the corporate limits of a city, or  
13 with the board of supervisors if the premises for which the  
14 license or permit is sought are located outside the corporate  
15 limits of a city. An application for a class "D" liquor  
16 control license and for a class "A" beer or class "A" wine  
17 permit, accompanied by the necessary fee and bond, if  
18 required, shall be filed with the division, which shall  
19 proceed in the same manner as in the case of an application  
20 approved by local authorities.

21 Sec. 2. Section 123.41, subsection 1, Code 2005, is  
22 amended to read as follows:

23 1. Upon application in the prescribed form and accompanied  
24 by a fee of three hundred fifty dollars, the administrator may  
25 in accordance with this chapter grant and issue a license,  
26 valid for a one-year period after date of issuance, to a  
27 manufacturer, other than a manufacturer of native distilled  
28 spirits licensed pursuant to section 123.43A, which shall  
29 allow the manufacture, storage, and wholesale disposition and  
30 sale of alcoholic liquors to the division and to customers  
31 outside of the state.

32 Sec. 3. NEW SECTION. 123.43A NATIVE DISTILLED SPIRITS --  
33 PERMITS.

34 1. Subject to rules of the division, a manufacturer of  
35 native distilled spirits holding a class "A" native distilled

1 spirits permit pursuant to this section may sell, keep, or  
2 offer for sale native distilled spirits. As provided in this  
3 section, sales may be made at retail for off-premises  
4 consumption when sold on the premises of the manufacturer of  
5 the native distilled spirits. Any other sale shall only be  
6 made to the division for wholesale disposition and sale by the  
7 division.

8 2. For the purposes of this section, "native distilled  
9 spirits" means distilled spirits manufactured by a distillery  
10 located in this state.

11 3. A manufacturer of native distilled spirits shall not  
12 sell native distilled spirits other than as permitted in this  
13 chapter and shall not allow native distilled spirits sold to  
14 be consumed upon the premises of the manufacturer except as  
15 provided in subsection 5. However, prior to sale, native  
16 distilled spirits may be sampled on the premises where made,  
17 when no charge is made for the sampling. A person may  
18 manufacture native distilled spirits for consumption on the  
19 manufacturer's premises, when the native distilled spirits or  
20 any part of the native distilled spirits are not manufactured  
21 for sale.

22 4. A class "A" native distilled spirits permit for a  
23 native distilled spirits manufacturer shall be issued and  
24 renewed annually upon payment of a fee of twenty-five dollars  
25 which shall be in lieu of any other license fee required by  
26 this chapter. The class "A" permit shall allow the native  
27 distilled spirits manufacturer to sell, keep, or offer for  
28 sale the manufacturer's native distilled spirits as provided  
29 under this section.

30 5. A class "B" native distilled spirits permit for a  
31 native distilled spirits manufacturer shall be issued and  
32 renewed annually upon payment of a fee of twenty-five dollars  
33 which shall be in lieu of any other license fee required by  
34 this chapter. The class "B" permit shall allow the native  
35 distilled spirits manufacturer to sell native distilled

1 spirits at retail for consumption on the premises of the  
2 manufacturing facility, or in a retail establishment operated  
3 by the manufacturer. A manufacturer of native distilled  
4 spirits may be granted not more than one class "B" native  
5 distilled spirits permit.

6 6. For the purposes of this section, "manufacturer"  
7 includes only those persons who process in Iowa raw materials  
8 consumed in the production of distilled spirits by the person.

9 7. For the purposes of this section, section 123.43 shall  
10 not apply to a manufacturer of native distilled spirits.

11 8. The sale of native distilled spirits to the division  
12 for wholesale disposition and sale by the division shall be  
13 subject to the requirements of this chapter regarding such  
14 disposition and sale.

15 EXPLANATION

16 This bill relates to the manufacture and sale of native  
17 distilled spirits, and provides for the obtaining of specified  
18 classes of native distilled spirit permits.

19 The bill provides that a manufacturer of native distilled  
20 spirits may sell, keep, or offer for sale native distilled  
21 spirits for off-premises consumption through sales on the  
22 manufacturer's premises. The bill restricts any other form of  
23 sale to sales made to the alcoholic beverages division for  
24 wholesale disposition and sale by the division. The bill  
25 defines "native distilled spirits" to mean distilled spirits  
26 manufactured by a distillery located in Iowa.

27 The bill specifies that unless a manufacturer has obtained  
28 a class "B" native distilled spirits permit, the manufacturer  
29 shall not allow native distilled spirits sold to be consumed  
30 upon the premises of the manufacturer, but that prior to sale  
31 they may be sampled on the premises where made, when no charge  
32 is made for the sampling.

33 The bill provides for two new permits applicable to native  
34 distilled spirits, both requiring a fee of \$25 for initial  
35 issuance and annual renewal. A class "A" native distilled

1 spirits permit allows a manufacturer to sell, keep, or offer  
2 for sale the manufacturer's native distilled spirits, and a  
3 class "B" native distilled spirits permit allows a  
4 manufacturer to sell native distilled spirits at retail for  
5 consumption on the premises of the manufacturing facility.  
6 The bill provides that a manufacturer may be granted not more  
7 than one class "B" native distilled spirits permit.

8     The bill provides that a "manufacturer" of native distilled  
9 spirits includes only those persons who process in Iowa raw  
10 materials consumed in the production of distilled spirits by  
11 the person. The bill also provides that the sale of native  
12 distilled spirits to the alcoholic beverages division for  
13 wholesale disposition and sale by the division shall be  
14 subject to the requirements of Code chapter 123 relating to  
15 liquor sales and distribution by the division.

16     The bill provides that a manufacturer of native distilled  
17 spirits is not considered a manufacturer pursuant to Code  
18 sections 123.41 and 123.43, which require a license allowing  
19 the manufacture, storage, and wholesale disposition and sale  
20 of alcoholic liquors to the division and to customers outside  
21 of the state.

22     The bill makes conforming changes to provisions in Code  
23 chapter 123.

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