



Department of Revenue

ABC Commission Meeting

Alcohol Operations

03/26/2025

Operations

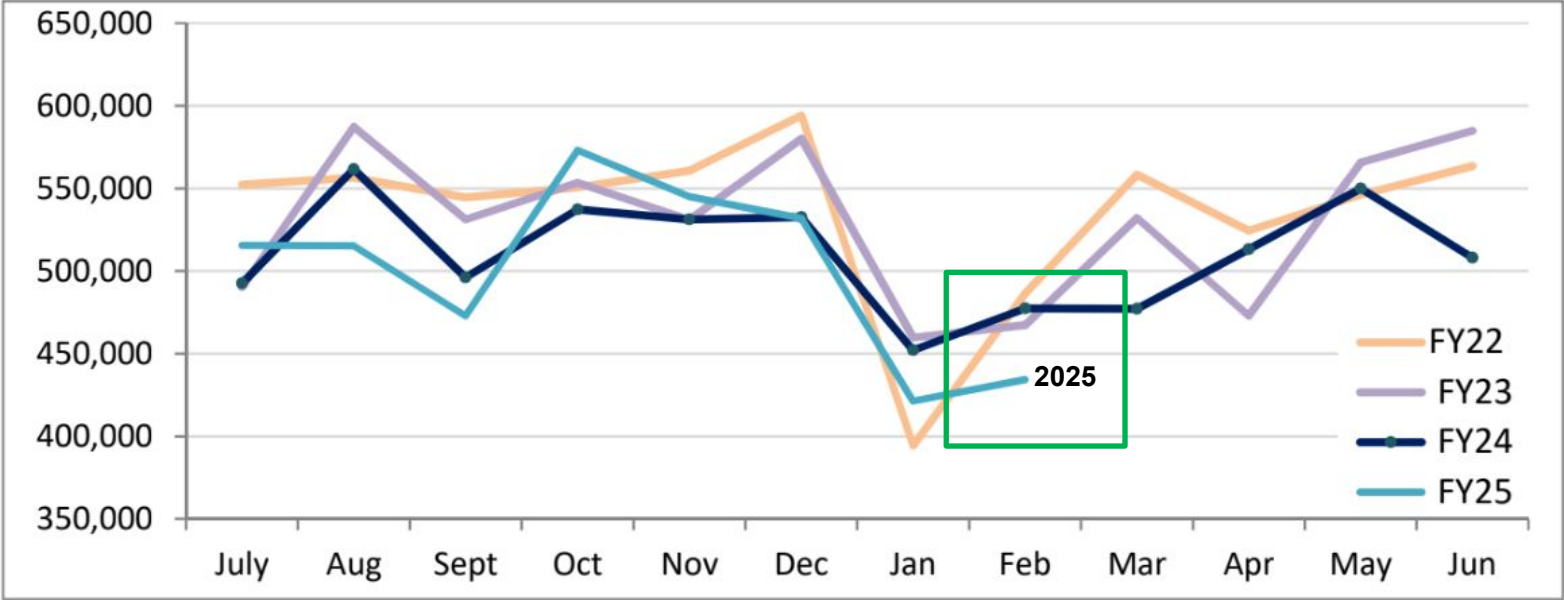
Gallons Sold- Through February

- Monthly total decreased 9% or 43,000 less gallons
- Year to date – 4.01 million gallons sold FY25, 1.75% decrease, 71,000 less than FY24
- Monthly sales and yearly sales per gallon trend - flat

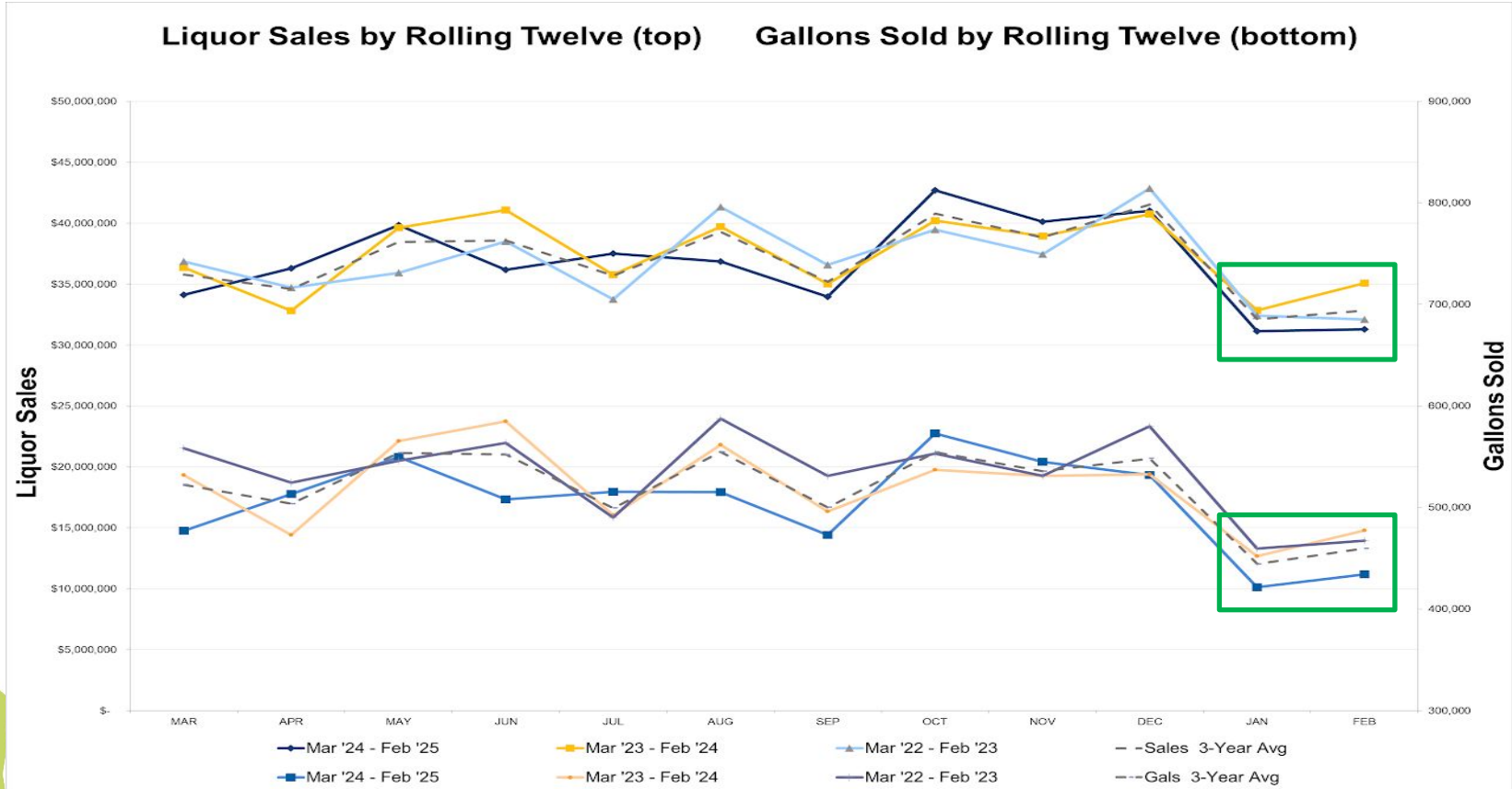
Product Volume- Fiscal year to date

- Deliveries- 49,895, 4.2% increase, 2,000 more deliveries
- Cases- 1.7 million, 0.8% increase, 13,600 more cases sold
- Bottles- 20.4 million, 0.4% increase, 70,600 more bottles sold
- Picks- 3.4 million, (4.3%) decrease, 155,000 less picks by RUAN

Operations- Gallons Sold by Month by FY



Operations- Sales “Rolling Twelve”



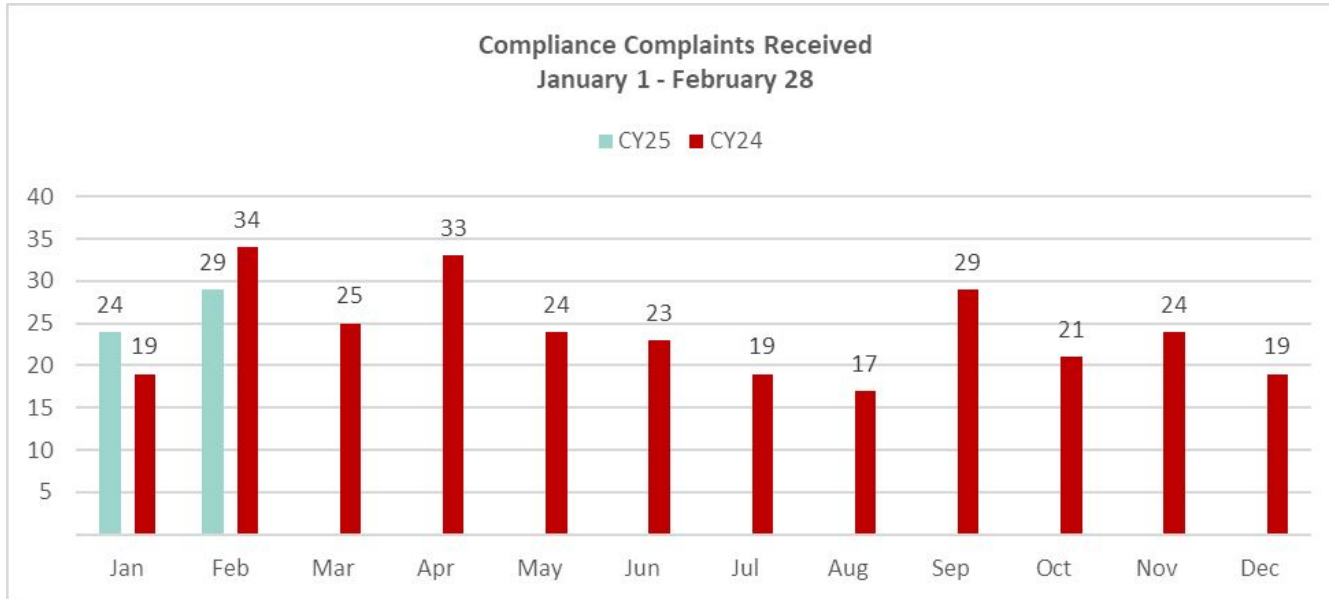


Department of Revenue

ABD Commission Meeting

Regulation Update

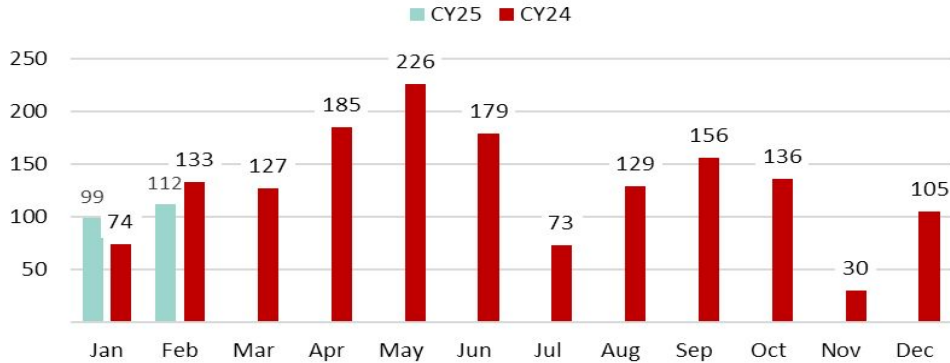
3/26/2025



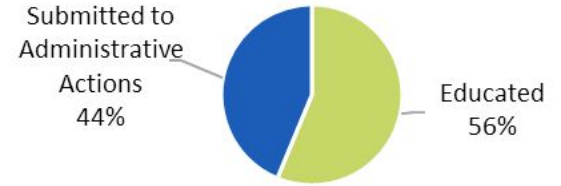
Top 5 Complaint Categories Resulting in Investigations January 1 – February 28, 2025

- Criminal Activity
- Bootlegging
- Selling / Serving Underage Person (Alcohol)
- Overservice
- Good Moral Character

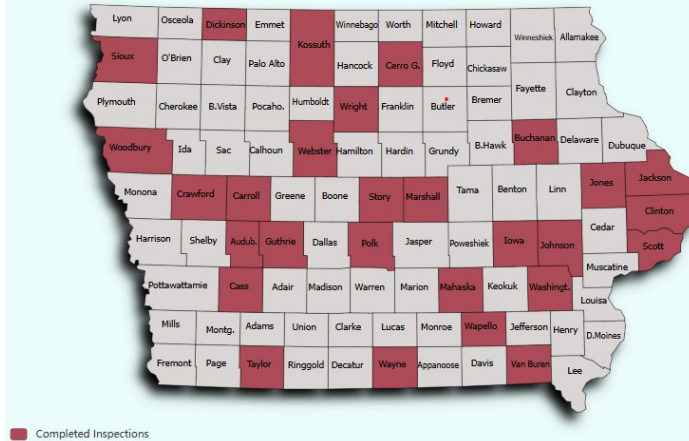
Alcohol Inspections Completed January 1 -February 28



Alcohol Inspection Violation Outcomes January 1 - February 28, 2025



Inspections 2025 (January-February)



Top 5 Violations Identified by Inspection January 1 – February 28, 2025

- Illegal Gambling
- Failure to Display License
- Illegal Storage
- Infusing
- Bootlegging

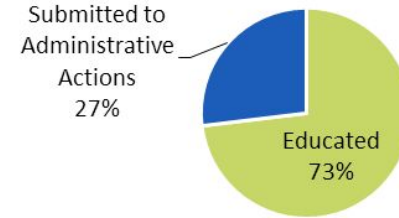
Investigations and Audits Closed
January 1 - February 28, 2025



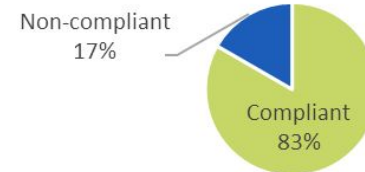
Alcohol Investigations & Audits

- CY25: 63% increase in completed investigations
- YoY: 16% decrease in days to complete investigations
- CY25: \$246,324 in assessed sales tax liability
- Modernization Rollout 5 resources; significant impact on Alcohol Tax Audit Program

Alcohol Investigations Outcomes
January 1 - February 28, 2025



Audits Compliance Rate
January 1 - February 28, 2025



Iowa Underage Alcohol Enforcement Program



Participating Cities and Counties As of 3/20/25

Altoona	Denison	Le Mars	Ottumwa
Carroll	Des Moines	Louisa County	Pella
Cedar Falls	Dubuque	Lyon County	Polk City
Cedar Rapids	Forest City	Manchester	Sioux City
Cerro Gordo County	Guttenberg	Marengo	Storm Lake
Chariton	Hampton	Marshalltown	Strawberry Point
Clear Lake	Hardin County	Mason City	Tipton
Coralville	Iowa City	Muscatine	Vinton
Creston	Iowa Falls	Nevada	Waukee
Davenport	Johnston	Newton	West Des Moines
Decorah	Keokuk	Oskaloosa	Windsor Heights

- Program launched January 1, 2025
- \$75,000 annual funding from GTSB, \$150,000 from ODCP
- 44 executed agreements with local law enforcement agencies
- 95% compliance rate
- Current enforcement period ends June 30, 2025



Department of Revenue

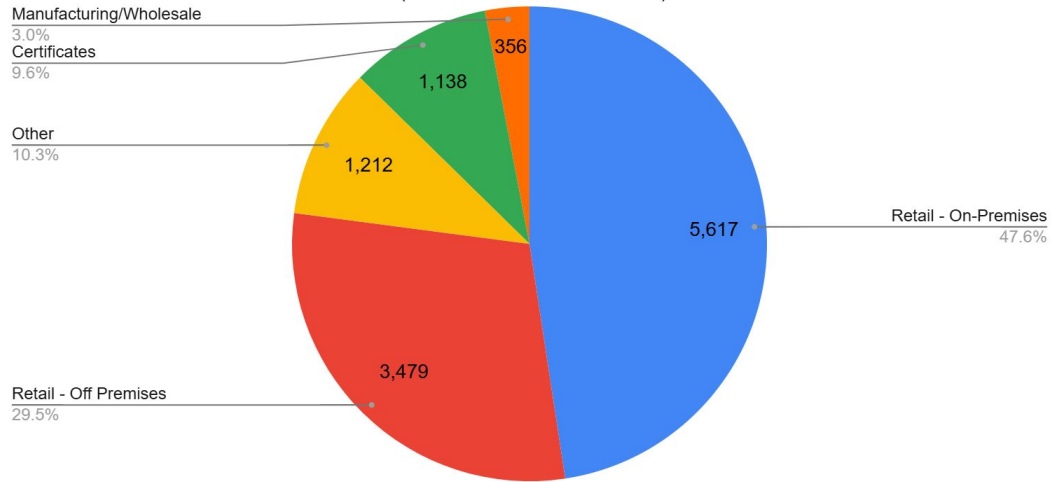
ABD Commission Meeting

Licensing Update

3/26/2025

All Licenses, Permits, Certificates

(Active Licenses as of 3/13/25)

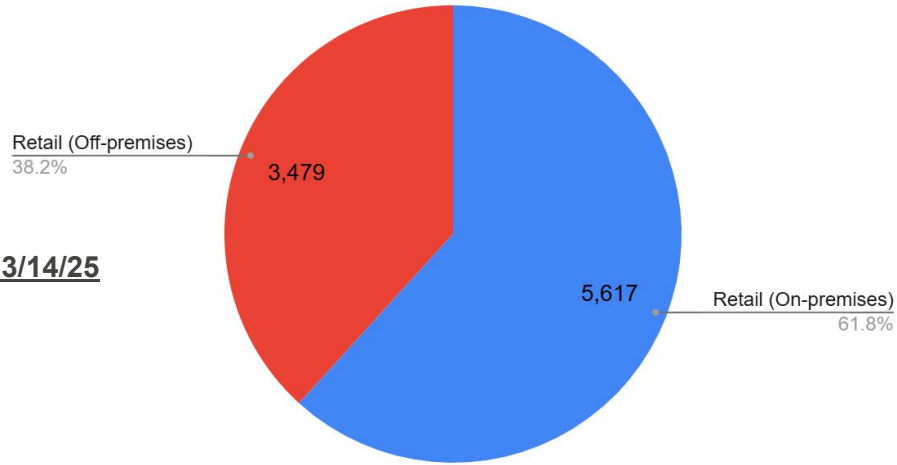


Total Licenses Active as of 3/13/25

	March, 2025
Retail - On-Premises	5,617
Retail - Off Premises	3,479
Other	1,212
Certificates	1,138
Manufacturing/Wholesale	356
Total	11,802

On-premise vs. Off-premises Retail Alcohol Licenses

(Active Licenses as of 3/13/25)



Net Change in LEs from 12/3/24 - 3/14/25

New	38
Canceled	44
Net Change	-6

On-premise vs. Off-premises Retail Alcohol Licenses

(Active as of 3/13/25)

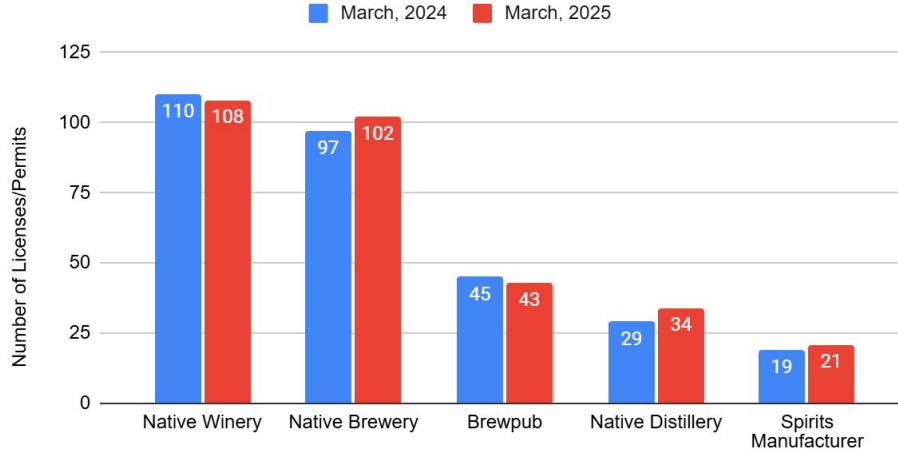
	March, 2025
Retail (On-premises)	5,617
Retail (Off-premises)	3,479
Total	9,096

Retail (On-Premises): allows sales of alcohol to be consumed on the premises, example bars/restaurants

Retail (Off-Premises): allows the sales of alcohol to be consumed off the premises, example grocery/convenience stores

Alcoholic Beverage Manufacturing in Iowa

(Active Licenses/Permits as of 3/13/25)



Alcoholic Beverage Manufacturing in Iowa (Active Licenses/permits)
(As of 3/13/25)

	March, 2024	March, 2025	% Change
Native Winery	110	108	-1.8%
Native Brewery	97	102	5.2%
Brewpub	45	43	-4.4%
Native Distillery	29	34	17.2%
Spirits Manufacturer	19	21	10.5%
Totals	300	308	

Special Events (36-hr, 5-day, and 14-day licenses issued in 2025 as of 3/14/25):			
	March, 2024	March, 2025	% Change
36-hr	23	22	-4.3%
5-day	130	140	7.7%
14-day	5	7	40.0%
Totals	158	169	

Native Manufacturer 5-day retail licenses (HF2648) (Issued as of 3/13/25 for CY 2025)	
Native Brewery	1
Native Distillery	0
Native Winery	2
Totals	3



Department of Revenue

ABC Commission Meeting

Financials Update

03/26/2025

Accounting

- State Fiscal Year (SFY) 2025 – Reversion Estimation - \$140M
 - Still on pace for SFY2025
 - Headwinds continue - national trends with consumers drinking less alcohol

Jared Longfield

Bureau Chief of Alcohol Operations

Jared joins the Iowa Department of Revenue's Alcohol Operations from RUAN, where he served as the Warehouse Operations Manager. He brings over 20 years of experience in Supply Chain Management across both military and civilian sectors. Jared holds a Master's Degree in Supply Chain Management from the University of Kansas School of Business.

Jared's military career spanned 23 years, during which he held various leadership positions, including commanding two battalions within the 3rd Infantry Division at Fort Stewart, Georgia. His military education includes the Support Operations Course, Command and General Staff Service School, Command and General Staff College, and the Battalion Command Course. He retired in 2016 at the rank of Lieutenant Colonel and has completed seven deployments in support of operations worldwide.



Jared has developed a robust career over the past nine years, primarily within manufacturing and supply chain management. In his previous role at Amcor in Des Moines, he oversaw logistics and operations for a plastics manufacturing facility. Most recently, he served as the Senior Supply Chain Manager for CJ America's North American Division in Downers Grove, Illinois. In this capacity, Jared was responsible for coordinating manufacturing schedules across two distinct business operations, managing a supply chain that encompassed Canada, the United States, and Mexico.

Jared is a native of Iowa, with his birthplace in Iowa City. After completing his military service, he returned to Iowa and currently resides in Clive. He is married and is the father of six children.

DATE: March 19, 2025

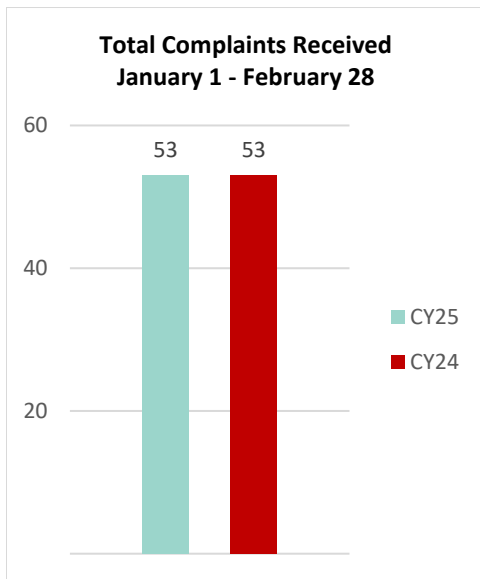
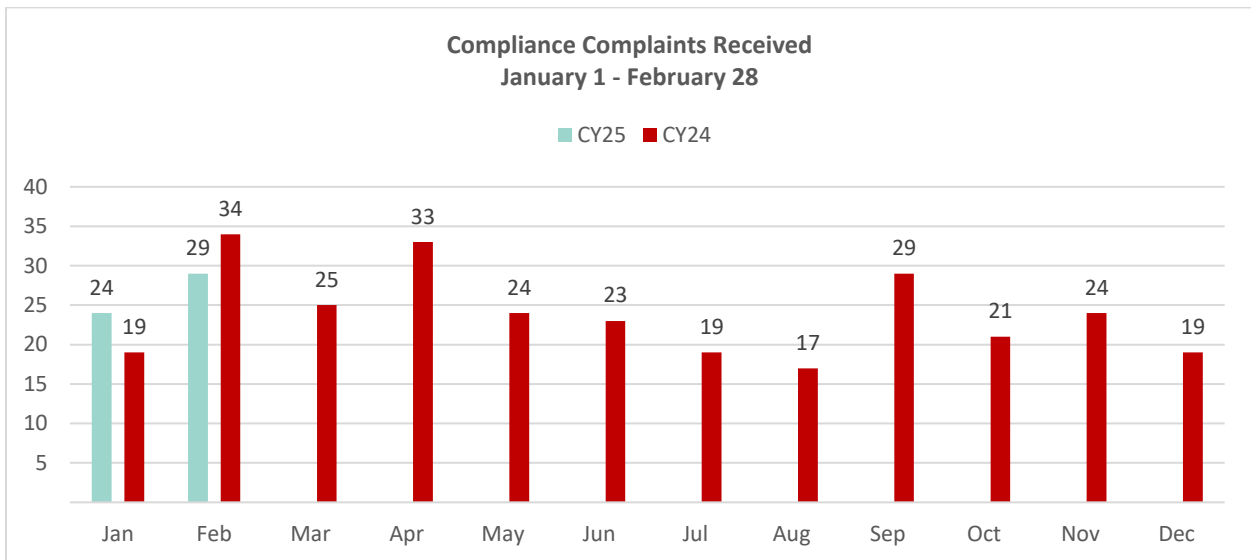
FR: Alcohol Regulation Unit – DeMario A. Luttrell, Bureau Chief

RE: State of Alcohol Regulation – For the Calendar Year February 1 through February 28

The March 2025 Regulatory Compliance Report reflects Calendar Year summarized data.

Compliance Complaints

A comparison of compliance complaints received in CY25 to CY24 is shown in the chart below.



Top 5 Complaint Categories Resulting in Investigations January 1 – February 28, 2025

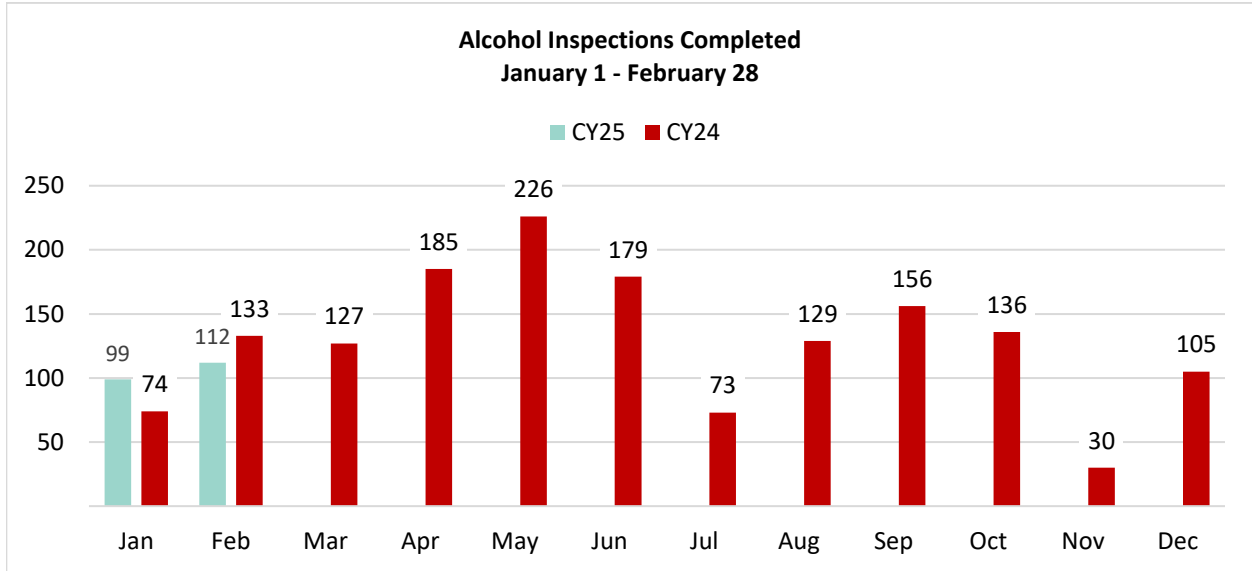
- Criminal Activity
- Bootlegging
- Selling / Serving Underage Person (Alcohol)
- Overserving
- Good Moral Character

Alcohol Compliance Program

The Alcohol Compliance Program consists of inspections, investigations, and audits.

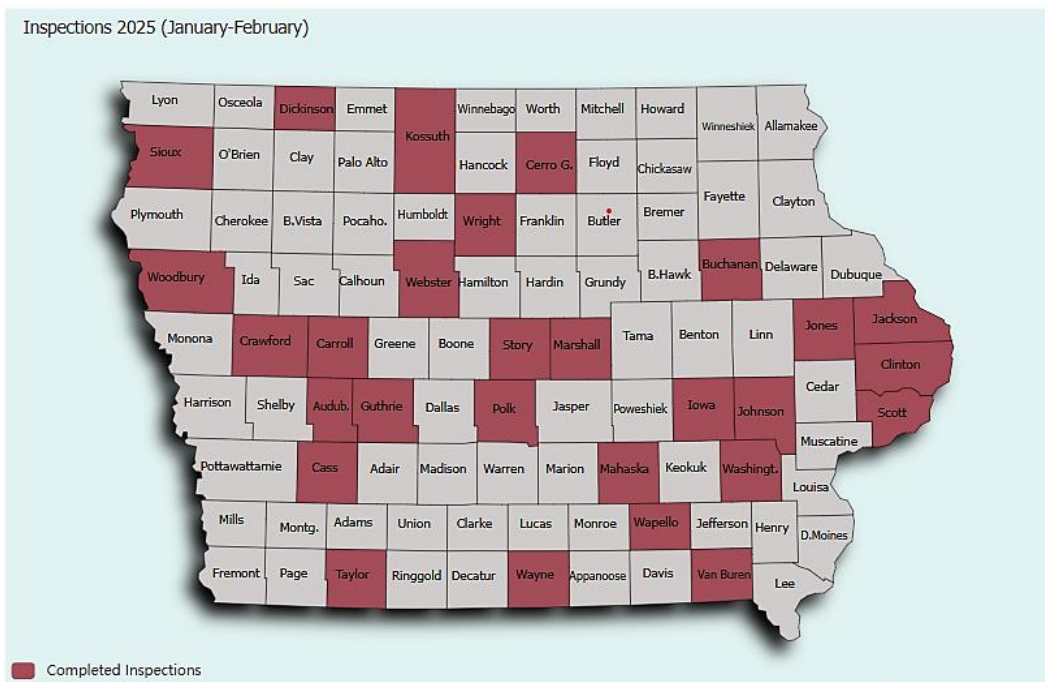
Alcohol Inspections

A comparison of alcohol compliance inspections completed in CY25 to CY24 is shown in the charts below.

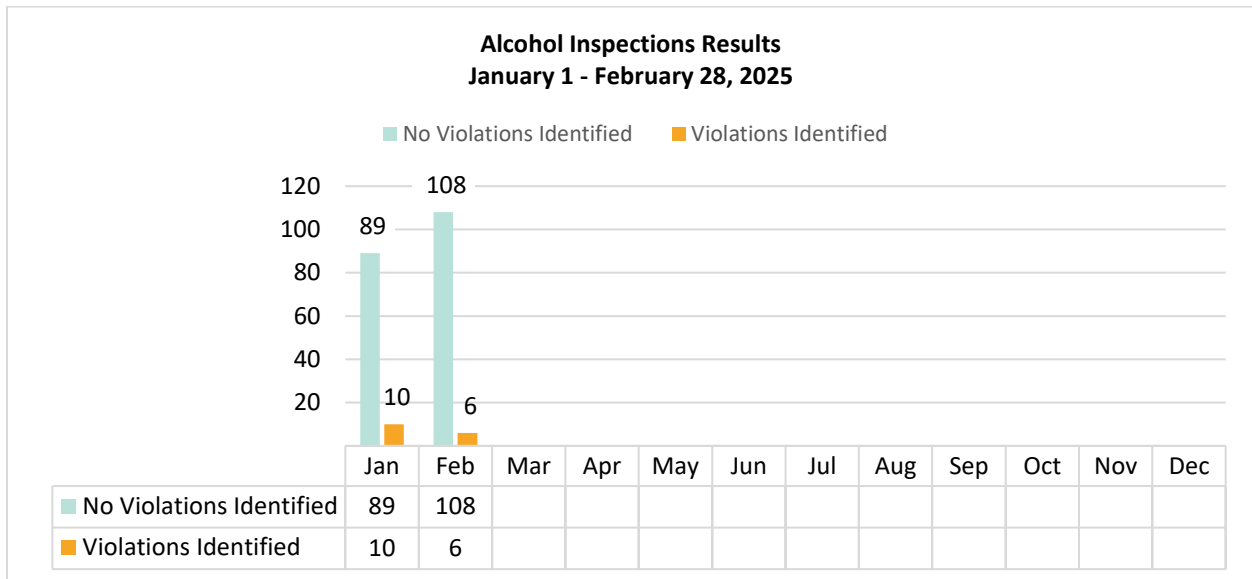


In Calendar Year 2025, 211 alcohol compliance inspections were conducted in 28 Iowa counties detailed in the map below.

**Iowa State Map of Alcohol Inspections by County
January 1 – February 28, 2025**



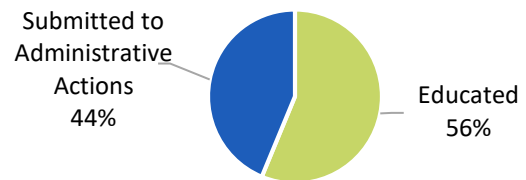
Alcohol compliance inspection results for Calendar Year 2025 are shown in the chart below.



Top 5 Violations Identified by Inspection January 1 – February 28, 2025

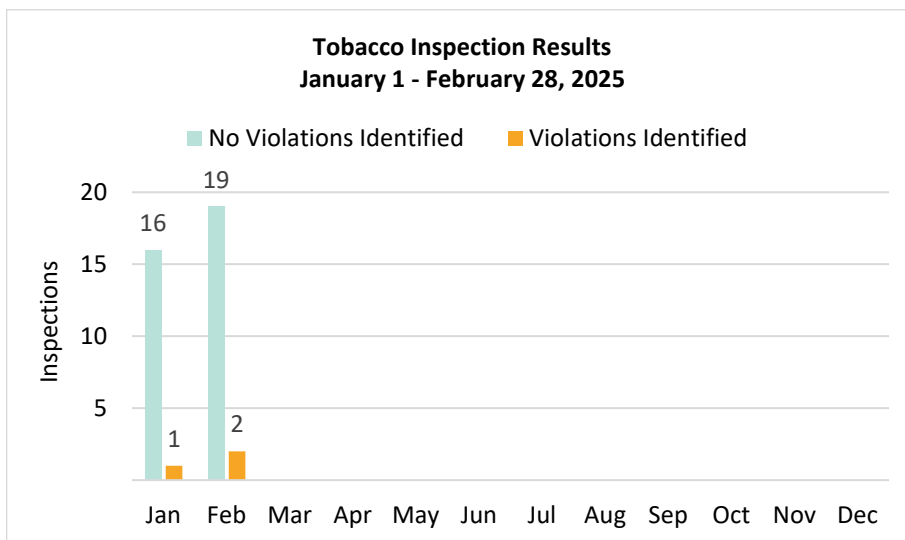
- Illegal Gambling
- Failure to Display License
- Illegal Storage
- Infusing
- Bootlegging

Alcohol Inspection Violation Outcomes January 1 - February 28, 2025



Retail Tobacco Inspections

Retail tobacco compliance inspection results for Calendar Year 2025 are shown in the chart below.



Top Tobacco Violations Identified by Inspection January 1 – February 28

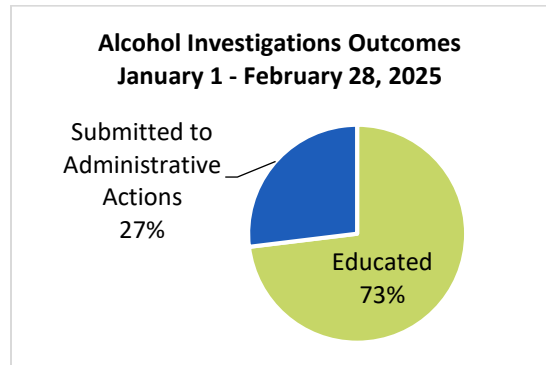
2025

- Failure to sell cigarettes at minimum price

Alcohol Investigations

Investigations Completed

In January through February, 2025, 52 investigations were completed as compared to 32 investigations completed in January through February, 2024. Investigation outcomes for Calendar Year 2025 are detailed in the chart to the right.



Tax Compliance Partnership

Alcohol compliance investigations conducted by the Alcohol Regulation Unit resulted in Iowa Department of Revenue sales tax liability assessments in Calendar Year 2025 totaling \$246,324. (Data provided by the Sales/Excise Tax Unit.)

Alcohol Tax Audits

Alcohol Tax Audit Program

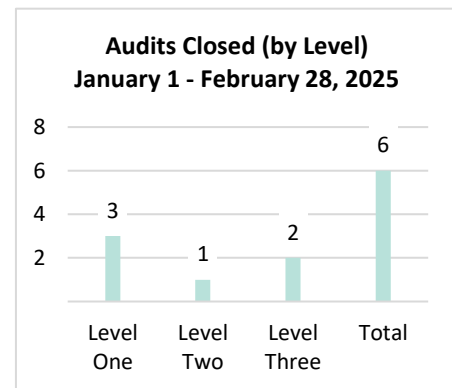
The Tax Audit Program is a three-level system:

Level 1 – Three month’s records review

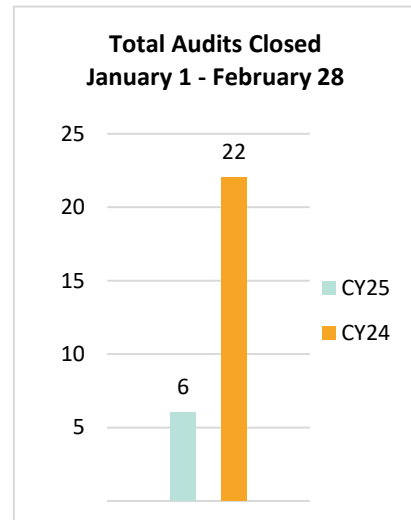
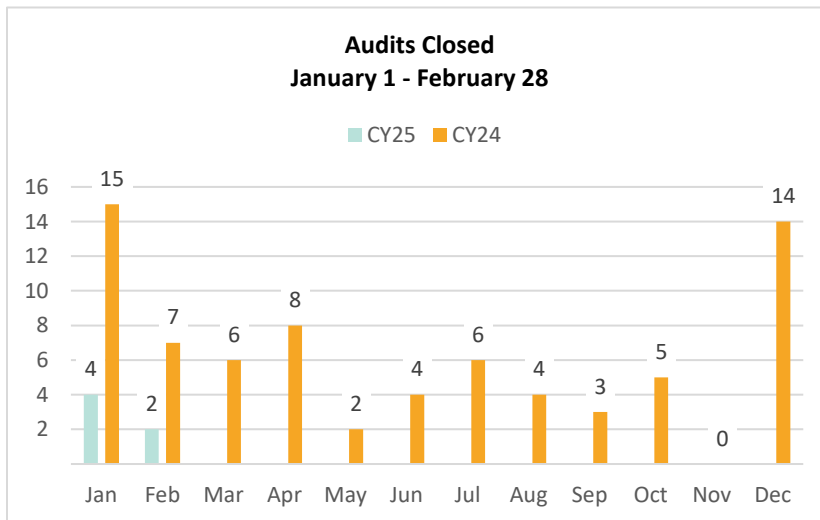
Level 2 – One year’s records review

Level 3 – More than 1 year’s records review

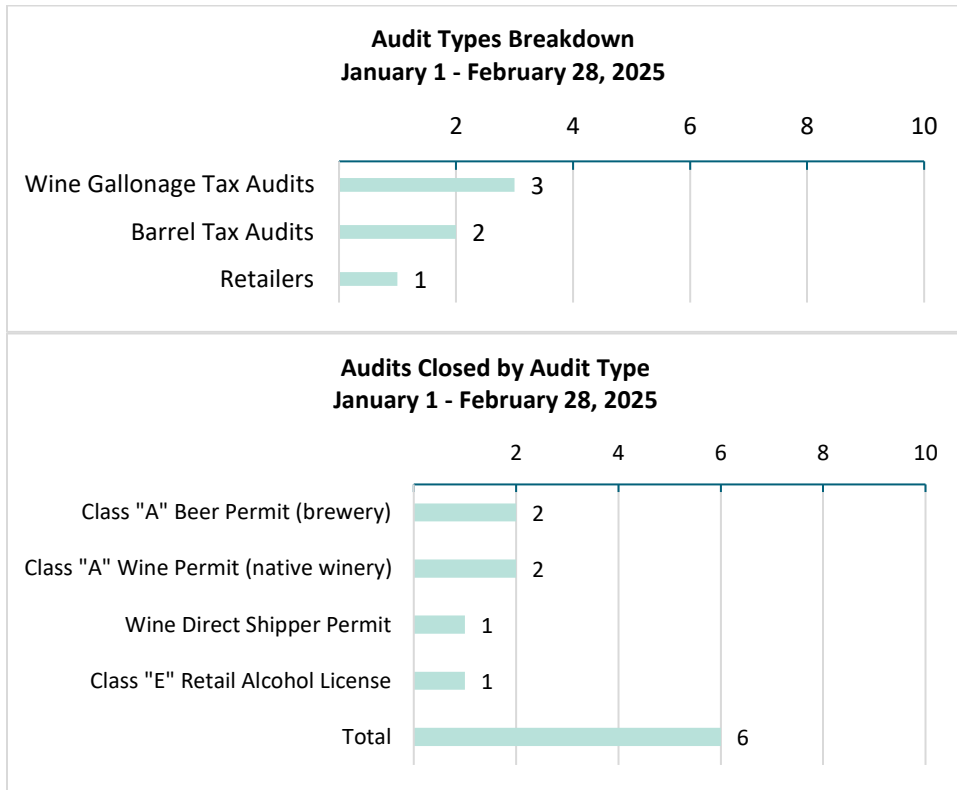
The three-level system allows focusing efforts on the more complex Level 2 and Level 3 audits. The Level 1 audits allow the Division to reach more licensees and permittees in the state. Audits Closed by Level in CY25 is shown in the chart to the right.



A comparison of audits closed for CY25 to CY24 is shown in the two charts below.



Audits Closed by Audit Type for Calendar Year 2025 are shown in the two charts below.

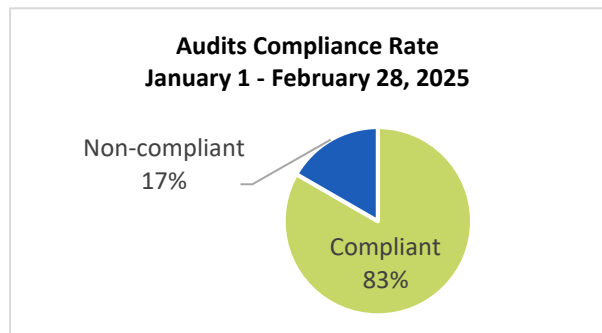


Alcohol Tax Audits Compliance

Non-compliant is defined as audits where additional barrel, wine gallonage, and Iowa sales tax liabilities are identified and assessed.

All audits conducted incorporate education in laws, rules, and the reporting of gallons.

The compliance rate for Calendar Year 2025 is shown in chart to the right.

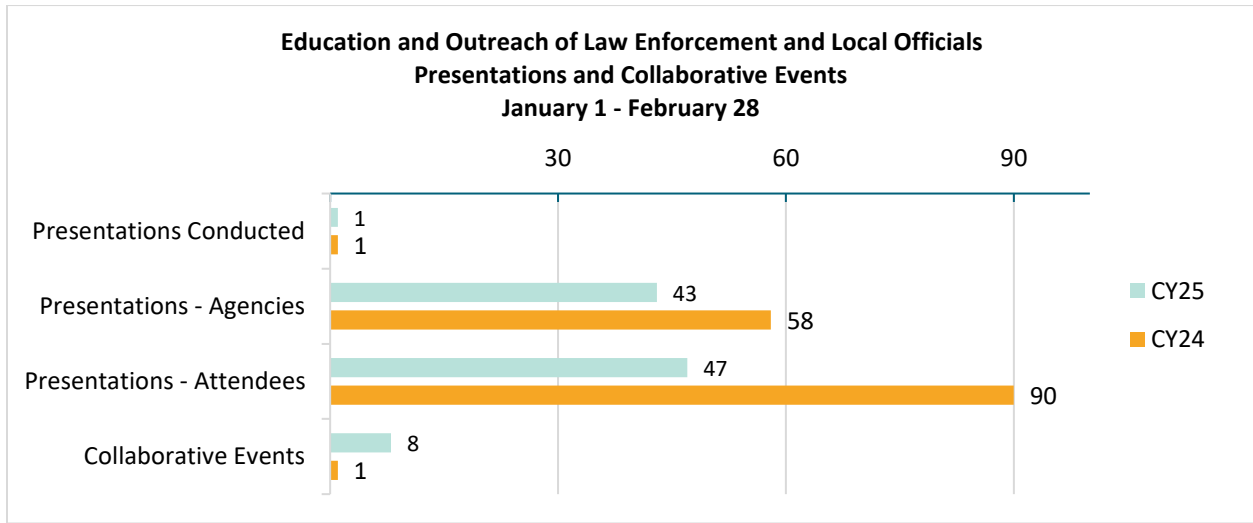


Education and Outreach of Law Enforcement and Local Officials

Presentations and Collaborative Enforcement/Education

The Education and Outreach Program is designed to address the educational needs of non-licensee stakeholders to include law enforcement, prosecutors, city and county clerks, and other local authorities. The program provides educational content to strengthen collaboration and best practices on topics specific to local authorities.

A comparison of Education and Outreach of Law Enforcement and Local Officials program results for CY25 to CY24 is shown in the chart below.

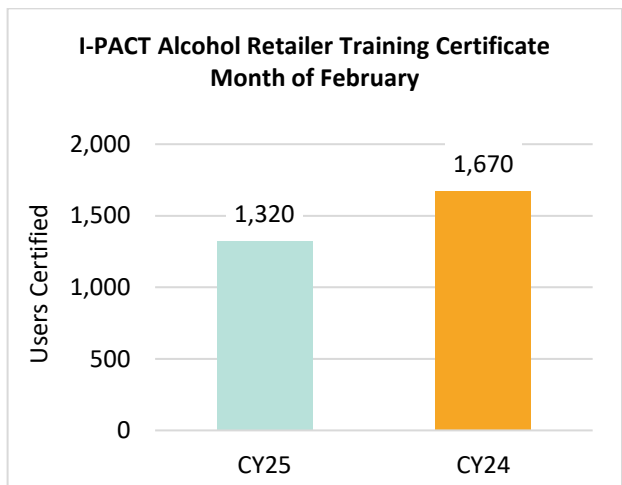


Education and Outreach of Retailers

I-PACT Alcohol Retailer Training Certification

A comparison of I-PACT Alcohol Retailer Training Certification results for the calendar year is contained in the chart to the right.

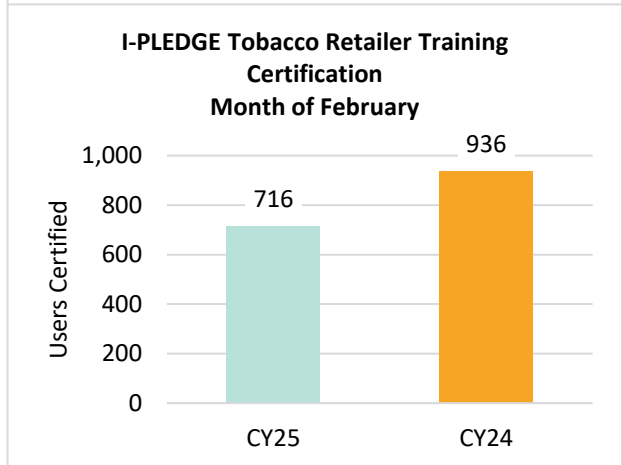
A decrease of 350 users were certified in CY25 as compared to CY24.



I-pledge Tobacco Retailer Training Certification

A comparison of I-pledge Tobacco Retailer Training Certification results for the calendar year is contained in the chart to the right.

A decrease of 220 users were certified in CY25 as compared to CY24.



Iowa ABD Age-To-Purchase App

Iowa Mobile ID can be accepted as a valid form of ID at businesses throughout the state by using the Iowa ABD Age-to-Purchase App from the Alcoholic Beverages Division of the Iowa Department of Revenue.

- Iowa Mobile ID is available in the Apple Store and Google Play.
- The app allows residents to keep a digital version of their Iowa-issued driver’s license or ID on their smartphone.
- The app is free and optional for all Iowans to download.
- The Iowa Mobile ID is a companion to the physical card and does not replace it.
- Iowans should still carry their physical ID card.

Security

Through the use of a QR code, Iowa’s Mobile ID creates a contactless and more secure way to verify identity. In addition, it allows Iowans to be in greater control of their information as users approve requests for each transaction before any information is shared.

Age-to-Purchase App Usage Month of February		
Validations	CY25	CY24
Physical ID	9,764	12,931
Mobile ID	6	10

Age-to-Purchase App Usage January 1 – February 28		
Validations	CY25	CY24
Physical ID	19,518	24,245
Mobile ID *	15	23

Bill Number	Title	Description	Senate Status	House Status
Department's Legislation				
SF610	An Act relating to alcoholic beverages, including license authorizations and fee determinations, and including effective date and applicability provisions. (Formerly SF 387, SSB 1089.)	Department's bill - Expands infusion and cocktails to-go regulations to include wine- and beer-based mixed drinks - Clarifies that the State of Iowa and its instrumentalities can hold alcohol licenses/permits - Requires all applicants to use a USPS-verified address for licensing purposes	Eligible for debate	
HF470	An Act relating to alcoholic beverages, including license authorizations and fee determinations, and including effective date and applicability provisions. (Formerly HSB 79.)	Department's bill Amended to: - Codify the Department's administrative rules for pre-made batch drinks not for immediate consumption (infusion). Changes the length of time batch drinks may be kept from 72 hours to the shortest amount of time allowed in DIAL's Food Code rules. - Allow a native distillery to have noncontiguous storage locations, provided such locations are approved by the TTB. - Allow an open container of beer or alcoholic liquor to be taken from a licensed premises to an immediately-adjacent licensed premises, temporarily-closed public right-of-way, or private place. - Remove the requirement that the holder of a class "A" beer permit, special class "A" beer permit, or class "A" wine permit post a bond as a condition of licensure.		Passed 88-0

Bill Number	Title	Description	Senate Status	House Status
Stakeholder Omnibus				
<p>SF584</p>	<p>An Act concerning alcoholic beverage control.(Formerly SSB 1193.)</p>	<ul style="list-style-type: none"> - Allows a customer to carry an open container of beer or alcoholic liquor to an immediately-adjacent licensed premises, temporarily-closed public right-of-way, or private place - Allows a native distillery to have noncontiguous locations approved by TTB as a part of their licensed premises (see HF93) - Increases the number of retail alcohol licenses native distilleries, native breweries, and native wineries may be issued connected to a manufacturing facility from 2 to 3 - Removes the requirement that applicants for a class "A" beer permit, special class "A" beer permit, or class "A" wine permit post a bond as a condition of licensure - Increases the annual self-distribution cap for native breweries from 30,000 barrels to 38,000 barrels <p>Amended to:</p> <ul style="list-style-type: none"> - Establish an annual production cap of 150,000 gallons for a wine manufacturer issued a class "A" wine permit - Strike Iowa Code section 123.92 (Dramshop Act) entirely. Makes conforming changes in chapter 123. Strikes Iowa Code section 505.33 (dramshop liability insurance evaluation conducted by DIFS every 2 years) - Require an applicant for a retail alcohol license (except class "B", special class "B", or class "E") to provide proof of financial liability through the existence of a commercial general liability insurance policy 	<p>Eligible for debate</p>	

Bill Number	Title	Description	Senate Status	House Status
Direct Shipping				
<p>SF245</p>	<p>An Act providing for the direct shipment of alcoholic liquor, providing fees, and including effective date provisions.</p>	<ul style="list-style-type: none"> - Creates a new alcoholic liquor direct shipper license, allowing in- or out-of-state liquor manufacturers who meet certain manufacturing requirements to ship alcoholic liquor directly to Iowans 21 or older. - Amount of product that can be shipped in a calendar year is tied to a production cap. <ul style="list-style-type: none"> * < 150,000 proof gallons annually = unlimited amount * > 150,000 proof gallons annually = 9 liters per person per year - All products to be directly shipped must be registered with the Department. Tax imposed on directly-shipped liquor products is 50% of the wholesale price indicated when the product was registered with the Department. - Modifies the wine carrier permit to an alcoholic beverage carrier permit. All liquor products directly shipped must be shipped using an alcoholic beverage carrier permittee. - Also allows manufacturer's license and class "A" native distilled spirits license holders to ship their products to other states pursuant to the laws of those other states. - The bill has a delayed effective date of January 1, 2026. 	<p>Referred to Ways and Means</p>	

Bill Number	Title	Description	Senate Status	House Status
<p>HF761</p>	<p>An Act providing for the direct shipment of alcoholic liquor, providing fees, and including effective date provisions. (Formerly HF 140.)</p>	<ul style="list-style-type: none"> - Creates a new alcoholic liquor direct shipper license, allowing in- or out-of-state liquor manufacturers who meet certain manufacturing requirements to ship alcoholic liquor directly to Iowans 21 or older. - Amount of product that can be shipped in a calendar year is tied to a production cap. <ul style="list-style-type: none"> * < 150,000 proof gallons annually = unlimited amount * > 150,000 proof gallons annually = 9 liters per person per year - All products to be directly shipped must be registered with the Department. Tax imposed on directly-shipped liquor products is 50% of the wholesale price indicated when the product was registered with the Department. - Modifies the wine carrier permit to an alcoholic beverage carrier permit. All liquor products directly shipped must be shipped using an alcoholic beverage carrier permittee. - Also allows manufacturer's license and class "A" native distilled spirits license holders to ship their products to other states pursuant to the laws of those other states. - The bill has a delayed effective date of January 1, 2026. 		<p>Subcommittee Meeting: 03/26/2025 12:00PM</p>

Bill Number	Title	Description	Senate Status	House Status
HF526	An Act providing for the direct shipment of beer, levying a barrel tax, providing fees, making penalties applicable, and including effective date provisions. (Formerly HF 57.)	<ul style="list-style-type: none"> - Creates a new beer direct shipper permit, allowing only a class "A" beer permit holder manufacturing beer to directly ship beer to lowans 21 or older. Requirements are modeled after the wine direct shipper permit. - Barrel tax reporting and remittance are due biannually, like wine that is directly shipped. - Changes the wine carrier permit to an alcoholic beverage carrier permit. All beer directly shipped must be shipped using an alcoholic beverage carrier permittee. - The bill has a delayed effective date of January 1, 2026. 		Passed subcommittee; in full committee
Beer Barrel/Wine Gallonage Tax				
SSB1213	An Act concerning quarterly reports on and payments of beer barrel and wine gallonage taxes, and including effective date provisions.	<ul style="list-style-type: none"> - Allows the holder of a class "A" beer permit, a special class "A" beer permit, or a class "A" wine permit to pay beer barrel tax or wine gallonage tax on a quarterly basis, provided the permit holder reasonably expects to not be liable for more than \$2,500 in tax between July 1 and June 30, and did not owe more than \$2,500 in tax in the preceding July 1-June 30 timeframe - Sets the quarterly reporting/remittance schedule - Effective January 1, 2026 	Passed subcommittee; in full committee	

Bill Number	Title	Description	Senate Status	House Status
HSB273	An Act concerning quarterly reports on and payments of beer barrel and wine gallonage taxes, and including effective date provisions.	<ul style="list-style-type: none"> - Allows the holder of a class "A" beer permit, a special class "A" beer permit, or a class "A" wine permit to pay beer barrel tax or wine gallonage tax on a quarterly basis, provided the permit holder reasonably expects to not be liable for more than \$2,500 in tax between July 1 and June 30, and did not owe more than \$2,500 in tax in the preceding July 1-June 30 timeframe - Sets the quarterly reporting/remittance schedule - Effective January 1, 2026 		Passed subcommittee; in full committee
HSB309	An Act concerning the beer barrel tax	<ul style="list-style-type: none"> - Lowers the tax rate on beer manufactured in a "domestic brewery", as defined, to \$0.06 /gallon - Maintains the tax rate of \$0.19/gallon on "foreign import beer", as defined 		Passed subcommittee; in full committee
Alcohol Licensing				
HF769	An Act relating to the sale, possession, and consumption of alcoholic liquor, wine, or beer on public school property under certain circumstances, and including effective date provisions. (Formerly HF 69.)	<ul style="list-style-type: none"> - Would allow the sale, possession, and consumption of alcoholic liquor, wine, or beer on public school property in conjunction with a nonschool-related function if authorized by a school board - The public school property would have to be licensed under a 5-day retail alcohol license. Prohibits a school board from being issued a retail alcohol license for these purposes. 		Eligible for debate

MEMORANDUM

DATE: March 26, 2025

SUBJECT: 2024 Executive Order 10 Final Rulemaking Update

TO: Alcoholic Beverages Commission

FROM: Madelyn Cutler, Department Administrative Rules Coordinator

This memorandum provides a final update and timeline for rulemaking activity to amend the agency procedure rule chapters and alcohol-specific rule chapters moving under 701 Iowa Administrative Code (IAC).

BACKGROUND

Pursuant to [Executive Order 10](#), the Department of Revenue (Department) is required to review from a zero-base approach and re-adopt administrative rule chapters under a designated timeline. The goal of Executive Order 10 is to remove obsolete, redundant, and unnecessary language, in addition to removing language that is duplicative of statute. The reduction of restrictive language, as well as page and word count of the administrative code are also identified benefits to the review.

Beginning in the Fall 2023, Department staff, assisted by the Iowa Attorney General’s Office, performed a comprehensive review of the Department's administrative rule chapters dedicated to topics on agency procedures, lottery, and alcohol. The agency procedure rules impacted by alignment were topics on department organization, declaratory orders, contested cases, public information and open records, and rulemaking and rule waivers.

Because the Alcoholic Beverages Commission (Commission) is charged by statute to “serve in an advisory capacity to the director and department,” and “make recommendations regarding the actions of the director under this chapter,” the Department has continued to provide updates throughout the rulemaking process. Within this memorandum, the Commission will find a final rulemaking update, timeline, and the Department’s vision to implement the changes.

FINAL UPDATE AND TIMELINE

Upon publication of the Regulatory Analyses, the Department did not receive oral public comment at the scheduled hearings, however two public comments were received in writing in response to proposed rule 701-1000.14(123). Based on the substance in the public comments, the Department did not make any changes. Unrelated to public comment, subrule 1001.4(3) was added to proposed IAC 701– chapter 1001. This subrule addresses the Director’s discretion on approved methods for product shipment deliveries to the Department and the possible result of noncompliance. No other changes were made to the rulemakings prior to filing them as Notices of Intended Action.

Notices of Intended Action ARC [8730C](#) and [8731C](#) contain the proposed rescission of IAC 185 due to the government reorganization. Notices ARC [8723C](#), [8724C](#), [8725C](#) and [8726C](#) are all alcohol-specific content that previously existed under IAC 185 proposed to be readopted under IAC 701.

The Department did not receive any oral public comment at the scheduled hearings, however one written comment was received on a Notice of Intended Action to alter the timeframe for an insurance company to cancel a dramshop liability insurance policy. This suggestion was not incorporated into the adopted chapter.

Finally, one change was made to the adopted rulemakings. Rule paragraphs 1003.6(2)“a”(4) and (5) were revised to clarify where industry members may obtain alcoholic beverages for tastings that occur on a licensed premises. This revision aligns with current Department practices and will provide clarity to industry members.

A final updated timeline related to these rulemakings can be found in the following table:

AGENCY PROCEDURE RULES DATES	ALCOHOL RULES DATES	ACTION
August 23, 2024	August 30, 2024	Retrospective Analysis submitted to the Governor’s Office (IGOV) and published on the Department website.
August 29, 2024	October 8, 2024	Regulatory Analysis filed with IGOV for pre-clearance.
September 18, 2024	November 13, 2024	Regulatory Analysis published in the Iowa Administrative Bulletin (IAB). Public comment period begins.
October 8, 2024	December 3, 2024	Regulatory Analysis public hearing for oral comment. Regulatory Analysis comment period ends.
October 16, 2024	December 10, 2024	Notice of Intended Action filed with IGOV for pre-clearance.
November 13, 2024	February 5, 2024	Notice of Intended Action published in the IAB. Public comment period begins.
December 4, 2024	February 25, 2025	Public hearing for oral comment. Public comment period closes.
December 18, 2024	March 14, 2025	Adoption
February 19, 2025	April 2, 2025	Adopted rules published in the IAB.
March 26, 2025	May 7, 2025	Earliest possible effective date.

IMPLEMENTATION

Once the rulemakings are effective, the Department will educate internal and external stakeholders on the adopted changes. References on the Department website and related materials that contain IAC 185 will require updates with new references to IAC 701. The Department maintains an [Administrative Rule Renumbering Conversion Table](#) webpage to identify where old rule chapters now exist. Also, Department website guidance will be updated on the Cocktails-To-Go page to include “a lid permanently affixed with a can seamer” as an approved sealing method, and a new webpage will be created dedicated to the content found in the trade practices rule chapter. Additionally, an updated Product Management Listing Manual will be published. Email communications will be sent to any license, permit, or certificate of compliance holder type affected by rule changes.

Many alcohol-related forms will be reviewed and re-published as a part of the Department’s Annual Forms Review. One of those forms will be the Department’s statutory waiver form for personal importation of alcoholic beverages containing the updated rule references. The Department will also create a self-service machine registration form that will replace the vending machine rule waiver process.

There are two final rule-specific updates to implement. First, the Department will develop an electronic attestation agreement into the Department’s licensing system. This will require licensees to agree they will abide by all of the dramshop liability insurance requirements set forth in Iowa Code chapter 123 and Administrative Code rule 701–1000.14(123). Next, the Department will prepare a Receiving Point Designation for Alcoholic Liquor letter to be sent to affected alcoholic liquor manufacturer licensees. This letter provides authorization by the Director for the importation of product into the state for manufacturing purposes, in order to comply with Iowa Code section 123.22.

These outlined items provide the initial education measures the Department has planned for stakeholders. This implementation plan is dynamic and more educational efforts may be identified and executed once this stage has begun.

REVENUE DEPARTMENT[701]

Notice of Intended Action

**Proposing rulemaking related to general requirements
and providing an opportunity for public comment**

The Revenue Department hereby proposes to adopt Chapter 1000, “General Requirements,” Iowa Administrative Code.

Legal Authority for Rulemaking

This rulemaking is proposed under the authority provided in Iowa Code sections 123.10 and 123.49.

State or Federal Law Implemented

This rulemaking implements, in whole or in part, Iowa Code sections 17A.18, 123.3, 123.4, 123.10, 123.24, 123.30 through 123.31B, 123.33, 123.35, 123.38, 123.39, 123.49 and 123.49A.

Purpose and Summary

This proposed chapter describes guidelines surrounding requirements that licensees and permittees must follow pertaining to their license or permit type, in addition to processes and procedures involved for certain license privileges. Because this content is currently under the Alcoholic Beverage Division’s rules as 185—Chapters 4 and 5, those existing chapters are outdated upon implementation of the government realignment in 2023 Iowa Acts, Senate File 514. The proposed changes to the rules update the rule on vending machines to reflect changes in the industry since the time the original rule was written. In a separate rulemaking, 185—Chapters 4 and 5 are proposed to be rescinded. This rulemaking proposes to readopt the content of those chapters under the Department as 701—Chapter 1000. Additionally, this rulemaking is intended to make the changes required by Executive Order 10 to remove portions of the rules that the Department determined are unnecessary, outdated, or duplicative of statutory language.

Regulatory Analysis

A Regulatory Analysis for this rulemaking was published in the Iowa Administrative Bulletin on November 13, 2024. A public hearing was held on the following date(s):

- December 3, 2024

Two public comments on the Regulatory Analysis were received in writing; however, no changes have been made to the text based on the comments. The American Property Casualty Insurance Association requested the statutory authority to set the time frame for cancellation and also clarification on language found under paragraph 1000.14(1)“c” regarding proof of coverage. Additionally, a retail alcohol license holder provided feedback unrelated to the rulemaking itself. The only change made from the Regulatory Analysis publication is found under subrule 1000.28(2), lowering the fee from \$25 to \$20 for dishonored payments of alcoholic liquor. The Administrative Rules Coordinator provided preclearance for publication of this Notice of Intended Action on December 10, 2024.

Fiscal Impact

This rulemaking has no fiscal impact to the State of Iowa.

Jobs Impact

After analysis and review of this rulemaking, no impact on jobs has been found.

Waivers

Any person who believes that the application of the discretionary provisions of this rulemaking would result in hardship or injustice to that person may petition the Department for a waiver of the discretionary provisions, if any, pursuant to rule 701—7.28(17A).

Public Comment

Any interested person may submit written or oral comments concerning this proposed rulemaking, which must be received by the Department no later than 4:30 p.m. on February 25, 2025. Comments should be directed to:

Madelyn Cutler
Department of Revenue
Hoover State Office Building
P.O. Box 10457
Des Moines, Iowa 50306-3457
Phone: 515.724.2924
Email: madelyn.cutler@iowa.gov

Public Hearing

Public hearings at which persons may present their views orally or in writing will be held as follows:

February 25, 2025 10 to 11 a.m.	Via videoconference call meet.google.com/cec-wnfw-kxv
February 25, 2025 2 to 3 p.m.	Via videoconference call meet.google.com/rxw-nuwh-sdj

Persons who wish to make oral comments at a public hearing may be asked to state their names for the record and to confine their remarks to the subject of this proposed rulemaking.

Any persons who intend to attend a public hearing and have special requirements, such as those related to hearing or mobility impairments, should contact the Department and advise of specific needs.

Review by Administrative Rules Review Committee

The Administrative Rules Review Committee, a bipartisan legislative committee which oversees rulemaking by executive branch agencies, may, on its own motion or on written request by any individual or group, review this rulemaking at its [regular monthly meeting](#) or at a special meeting. The Committee’s meetings are open to the public, and interested persons may be heard as provided in Iowa Code section 17A.8(6).

The following rulemaking action is proposed:

ITEM 1. Adopt the following **new** 701—Chapter 1000:

CHAPTER 1000
GENERAL REQUIREMENTS

701—1000.1(123) Definitions.

“*Department*” means the department of revenue.

“*Director*” means the director of the department of revenue or the director’s designee.

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

701—1000.2(123) Requirements. All applicants for licenses, permits, or certificates of compliance are subject to the following requirements, where applicable, prior to receiving a new or renewed license, permit, or certificate of compliance.

1000.2(1) Cleanliness of premises. The interior and exterior of the 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 all laws, orders, rules, and ordinances of the state, county, and local authority, including but not limited to the applicable health and fire regulations.

1000.2(2) Toilet facilities. All licensees who mix, serve, or sell alcoholic beverages for consumption on the licensed premises shall provide for their patrons adequate, conveniently located indoor or outdoor toilet facilities. Compliance with county; city; and department of inspections, appeals, and licensing rules and regulations regarding toilet facilities, including any waivers granted by those authorities, shall constitute compliance with this rule. Outdoor toilet facilities shall be approved by the department of inspections, appeals, and licensing and the local authority where the licensed premises is located.

1000.2(3) Water: All licensed premises shall be equipped with hot and cold running water from a source approved by an authorized health department.

1000.2(4) Financial standing and reputation. A local authority or the director may consider an applicant's financial standing and good reputation in addition to the other requirements and conditions for obtaining a license, permit, or certificate of compliance. An application for a license, permit, or certificate of compliance is subject to denial by the director or local authority 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 director may consider such factors as but not limited to the following:

- (1) Verified source(s) of financial support and adequate operating capital for the applicant's proposed establishment.
- (2) A record of timely submission of all required federal, state, or local tax returns or forms and prompt payment of all taxes due.
- (3) 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.
- (4) A record of prompt payment or satisfaction of administrative penalties imposed pursuant to Iowa Code chapter 123.
- (5) A record of maintaining, and providing prompt payment for, dramshop liability insurance coverage as required pursuant to Iowa Code chapter 123.
- (6) A record of prompt payment for license, permit, or certificate fees.
- (7) A record of prompt payment for alcoholic liquor orders placed with the department.

b. In evaluating an applicant's "good reputation," the local authority or the director may consider such factors as but not limited to the following:

- (1) A pattern or practice of sales of alcoholic beverages to persons under the legal age for which the licensee, or the licensee's agents or employees, have pled or have been found guilty.
- (2) A pattern or 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.
- (3) Sales to intoxicated persons.
- (4) Licensee or permittee convictions for violations of laws relating to operating a motor vehicle while under the influence of drugs or alcohol and the recency of such convictions.
- (5) Licensee or permittee misdemeanor convictions and the recency of such convictions.
- (6) A pattern or practice by the licensee or permittee, or the licensee's or permittee's agents or employees, of failing to cooperate with the department of public safety, the department, the county attorney, the county sheriff and sheriff's deputies, the city police department, or the city attorney.
- (7) A pattern or practice by the licensee of violating local ordinances established by the local authority pursuant to Iowa Code section 123.39(2).

(8) A pattern or practice by the licensee of failing to report any change in the ownership or interest of the business pursuant to Iowa Code section 123.39(1)“b”(3).

c. In addition to other reasons specified by statute or rule, the department may refuse to issue a license or permit or may revoke, suspend, or not renew any license or permit for which it has jurisdiction if the centralized collection unit of the department has issued a certificate of noncompliance pursuant to the procedures set forth in Iowa Code chapter 272D.

This rule is intended to implement Iowa Code sections 123.3(40), 123.10(11), and 272D.8(2).

701—1000.3(123) Display of license, permit, or placards. All licenses, permits, or placards issued by the department must be prominently displayed in full view on the licensed premises.

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

701—1000.4(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 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.

This rule is intended to implement Iowa Code section 123.10(11).

701—1000.5(123) Local ordinances permitted. The foregoing rules shall in no way be construed as to prevent any county, city or town from adopting more restrictive ordinances or regulations governing licensed establishments within their jurisdiction.

This rule is intended to implement Iowa Code section 123.39.

701—1000.6(123) Licensed premises.

1000.6(1) Criteria. The following criteria must be met before a “place” (as used in Iowa Code section 123.3(29)) may be licensed as a “place susceptible of precise description satisfactory to the director.”

a. The place must be owned by or under the control of the prospective licensee or permittee for the entire duration of the applied-for license or permit.

b. The place must be solely within the jurisdiction of one local approving authority.

c. The place must be described by a sketch of the “premises” as defined in Iowa Code section 123.3(29) 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.

d. The place must satisfy the health, safety, fire and seating requirements of the department, local authorities, and the department of inspections, appeals, and licensing.

e. Any other criteria as required by the director.

1000.6(2) Definitions.

“*Separate premises*” means:

1. A clearly defined area bounded on all sides and connecting angles by permanent, solid walls or windows extending from the floor to the ceiling, with entrances and exits that can be closed.

2. The entrances and exits shall not adjoin or provide direct access to an establishment licensed under this chapter for the sale of alcoholic beverages for consumption on the premises.

3. This term describes how holders of other retail alcohol licenses may establish a class “E” retail alcohol licensed establishment at the same physical address as their other licensed establishment.

4. The separate premises must operate independently from other licensed premises, including but not limited to:

- Maintaining a separate inventory;
- Using a separate cash register; and
- Keeping separate books and records.

“*Square footage of the licensed premises*” means the total interior floor area of the establishment, measured in square feet. This includes all spaces within the establishment used or to be used for:

1. Storage of alcoholic beverages;

2. Distribution of alcoholic beverages;
3. Warehousing of alcoholic beverages;
4. Display of alcoholic beverage products;
5. Wholesale operations;
6. Retail sales area; and
7. Any other spaces used in the operation of the licensed business.

This rule is intended to implement Iowa Code sections 123.3(29), 123.4, and 123.30.

701—1000.7(123) Outdoor service. Any on-premises retail alcohol licensee with a discernible, contiguous, outdoor area on the same property may apply for an outdoor service privilege. An outdoor service privilege allows an on-premises licensee to sell or serve the type of alcoholic beverage permitted by the license in an outdoor area. The privilege is an extension of a licensed premises outlined under rule 701—1000.6(123). The department may grant an outdoor service privilege once the licensee provides:

1. A new sketch showing the discernible outdoor area, including a contiguous entrance.
2. Local authority approval of the outdoor area.
3. Insurance company acknowledgment that the outdoor area is covered by the dramshop insurance policy.
4. Any other information deemed necessary by the director.

This rule is intended to implement Iowa Code sections 123.3(29), 123.4, and 123.38.

701—1000.8(123) Transfer of license or permit to another location.

1000.8(1) Transfer conditions. A retail alcohol license, wine permit, or beer permit may be transferred within the jurisdiction of the local authority that approved the license or permit. A licensee or permittee is only allowed to sell or serve alcoholic beverages at the transferred license or permit location once approved by the department. Sales and service at the original location must stop during the time of the license/permit transfer. Seasonal, 14-day, and 5-day retail alcohol licenses cannot be transferred.

1000.8(2) Transfer applications.

- a. A licensee or permittee may apply for a permanent or temporary transfer by providing:
 - (1) A new sketch showing the premises to be licensed.
 - (2) Proof of control by the licensee of the premises to be licensed.
 - (3) Any other information deemed necessary by the director.
- b. The application must be approved by the local authority and the department prior to the transfer.
- c. The insurance company holding the dramshop policy listing the new address must endorse the application prior to the transfer, if applicable.
- d. If a permanent transfer is approved, the department will issue an amended license or permit showing the new permanent address. If a temporary transfer is approved, the department will issue a letter of authorization to the local authority and licensee or permittee showing the new temporary address.

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

701—1000.9(123) Age requirements. Persons 21 years of age or older may hold a retail alcohol license, wine permit, or beer permit. Persons 16 years of age and older may sell alcoholic beverages in off-premises establishments.

This rule is intended to implement Iowa Code sections 123.30 and 123.49.

701—1000.10(123) Persons under the legal age in licensed establishments. A person under 21 years of age may be in a licensed establishment if the local authority does not have a local ordinance prohibiting said persons from being in licensed establishments in its jurisdiction.

This rule is intended to implement Iowa Code sections 123.3(28) and 123.10(5).

701—1000.11(123) Use of establishment during hours alcoholic beverages cannot be consumed. A retail alcohol licensed establishment may be used as a restaurant or for any other lawful purpose during the hours in which alcoholic beverages are not allowed to be sold, dispensed, or consumed.

This rule is intended to implement Iowa Code section 123.49.

701—1000.12(123) Improper conduct.

1000.12(1) *Illegality on premises.* A retail alcohol licensee, or the licensee’s agent or employee, must not engage in or knowingly allow any illegal occupation or illegal act on the licensed premises.

1000.12(2) *Cooperation with law enforcement officers.* A retail alcohol licensee, or the licensee’s agent or employee, must not 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 alcoholic beverage control Act.

1000.12(3) *Open containers of alcoholic liquor.* A class “C,” class “D,” class “E,” or class “F” retail alcohol licensee, or the licensee’s agent or employee, must not allow any open or unsealed containers of alcoholic liquor to be taken off the licensed premises, excluding mixed drinks or cocktails pursuant to Iowa Code section 123.49(2)“d”(3).

1000.12(4) *Identifying markers.* A licensee shall not keep on the licensed premises nor use for resale alcoholic liquor that does not bear identifying markers as prescribed by the director.

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

701—1000.13(123) Change of ownership of a licensed premises—new license or permit required.

1000.13(1) A new license or permit, a new bond, and a new dramshop policy, as applicable, need to be obtained whenever one of the following occurs:

- a. When a business is sold or leased to another person.
- b. When a licensee or permittee changes to another form of business, such as a sole proprietorship to a corporation, a corporation to a sole proprietorship, a sole proprietorship to a partnership, a partnership to a sole proprietorship, a partnership to a corporation, or a corporation to a partnership.
- c. When a partner leaves a partnership or when a new partner is added to a partnership.
- d. When a corporation name is changed due to a merger or is voluntarily changed by its owners.
- e. Each time an entity obtains a seasonal or 5- or 14-day license.
- f. When a receiver takes over the operation of an establishment.

1000.13(2) A new license or permit is not necessary:

- a. When only the trade name of the business is changed.
- b. When the stock of a corporation holding a license or permit is sold. The new owner or owners and the amount of stock held by each need to be submitted to the department electronically or in a manner prescribed by the director.
- c. When a name of a licensee or permittee is changed by marriage, divorce, or other legal proceeding. Proof of the legal name change needs to be submitted to the department electronically or in a manner prescribed by the director.

This rule is intended to implement Iowa Code sections 123.4, 123.10, 123.31, and 123.49.

701—1000.14(123) Dramshop liability insurance requirements. For the purpose of providing proof of financial responsibility, as required under the provisions of Iowa Code section 123.92, a dramshop liability insurance policy must meet the following requirements:

1000.14(1) *Requirements.*

a. *Proof of coverage—current certificate required.* The dramshop liability certificate of insurance must be issued by a company holding a current certificate of authority from the Iowa insurance commissioner authorizing the company to issue dramshop liability insurance in Iowa. A new dramshop liability certificate of insurance must be provided in the manner designated by the director each time the department issues a license. The dramshop liability certificate of insurance must contain the following information:

- (1) The name of the insurance provider.
- (2) The policy number.
- (3) The name and address of the insured.
- (4) The policy effective dates.
- (5) The license number of the insured, if applicable.

b. *Dates of coverage.*

(1) If dramshop liability insurance coverage is required as a condition of the license under Iowa Code section 123.92, the applicant or licensee must have and maintain dramshop liability insurance that covers the entire license term.

(2) If an applicant or licensee has proof of a dramshop liability insurance policy that does not cover the entire license term, the applicant or licensee will be required to provide, prior to the policy's expiration date, proof that the policy has been renewed and coverage will continue or proof that a new policy meeting the necessary requirements has been obtained.

c. Electronic attestation. The applicant or licensee must agree as a condition of license issuance that the applicant has read and will abide by all of the dramshop liability insurance requirements set forth in Iowa Code chapter 123 and this rule. The applicant or licensee understands that failure to adhere to these rules means the applicant no longer possesses the statutory requirement for licensure and the applicant's license may be suspended or canceled. The burden is upon the applicant or licensee to ensure that the department has on file valid proof of dramshop liability insurance.

d. Electronic verification/endorsement by an authorized insurance representative. An authorized representative of the insurance carrier providing dramshop liability insurance for the applicant or licensee must electronically register with the department. The insurer must electronically provide verification of coverage and notice of cancellation or expiration in accordance with the Iowa Code and this rule. Upon request, an insurance company or an insured applicant or licensee must provide a duplicate original of the policy and all pertinent endorsements.

1000.14(2) Minimum coverage required. The dramshop liability insurance policy must provide the following minimum liability coverage, exclusive in interests and cost of action, per occurrence:

a. Fifty thousand dollars for bodily injury to or death of one person in each claim or occurrence.
b. One hundred thousand dollars for bodily injury to or death of two or more persons in each occurrence.

c. Twenty-five thousand dollars for loss of means of support of any one person in each occurrence.

d. Fifty thousand dollars for loss of means of support of two or more persons in each occurrence.

1000.14(3) Permitted policies. All dramshop liability insurance policies issued under this rule must be occurrence-based policies, not claims-made-based policies.

a. Claims-made-based policies. Claims-made-based policies provide liability coverage only if a written claim is made during the policy period, or any applicable extended reporting period.

b. Occurrence-based policies. Occurrence-based policies provide liability coverage only for injuries or damages that occur during the policy period regardless of the number of written claims made.

1000.14(4) Civil tort liability. Subject to the ordinary or customary exclusions usually found in a policy of dramshop liability insurance, the policy must contain coverage to insure against civil tort liability of the insured, created under Iowa Code sections 123.92, 123.93, and 123.94.

1000.14(5) Assault and battery policy requirement. Any dramshop liability insurance policy issued under this rule must not contain an exclusionary clause for assault and battery or intentional force with regard to:

a. Employees, agents, or any person acting as an agent of the establishment.

b. All patrons or visitors to the establishment.

1000.14(6) Single insurance policies for multiple establishments. Any licensee that holds multiple licenses throughout the state may purchase a single dramshop liability insurance policy for all locations provided that:

a. The single dramshop liability insurance policy provides at least the minimum level of coverage required under this rule for each and every location covered by the policy.

b. All other provisions of this rule are met by the single dramshop liability insurance policy.

1000.14(7) Change of coverage by licensee. A licensee may change its dramshop liability insurer at any time, but the duty is upon the licensee to provide proof of its new insurer as set out in this rule. Additionally, the licensee must maintain dramshop liability insurance coverage with no gaps in its coverage.

1000.14(8) Cancellation of coverage by insurer.

a. An insurance company may cancel a dramshop liability insurance policy by giving a minimum of 30 days' prior notice in writing or electronically to the department of the party's intent to cancel the policy. The 30-day period will begin on the date that the notice of cancellation is received by the department. The dramshop insurance company must also mail a copy of the notice of cancellation to its insured licensee.

b. The insurance company's notice of cancellation must contain the following information:

(1) The name of the party to whom the copy of the notice of cancellation was mailed and, if different, the name of the affected licensee;

(2) The address to which the copy of the notice of cancellation was sent and, if different, the address of the affected licensee;

(3) The date on which the notice of cancellation was mailed;

(4) The date the dramshop liability insurance policy is being canceled;

(5) The dramshop liability insurance policy number;

(6) The affected licensee's retail alcohol license number; and

(7) The reason for canceling the dramshop liability insurance policy.

1000.14(9) Violations. Failure to comply with this rule may subject the applicant or licensee to the penalty provisions provided in Iowa Code chapter 123, including but not limited to denial, suspension, or revocation.

This rule is intended to implement Iowa Code sections 123.92 through 123.94.

701—1000.15(123) Timely filed status.

1000.15(1) In addition to the requirements that may be imposed by a local authority upon the holder of a retail alcohol license to obtain timely filed status of a renewal application, the department may grant timely filed status if the applicant complies with the following conditions:

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

b. The applicant submits a current dramshop liability certificate by the license expiration date if proof of dramshop liability is required as a condition precedent to the issuance of the license.

c. The applicant pays the appropriate license fee in full as required by applicable law.

d. A bond has been certified by the carrier if a bond is required as a condition precedent to the issuance of the license under applicable law.

1000.15(2) Timely filed status allows the holder of the license or permit to continue to operate under a license after its expiration and until the local authority and the department have finally determined whether the license should be issued. If the application for the license is denied, timely filed status continues until the last day for seeking judicial review of the department's action.

This rule is intended to implement Iowa Code sections 123.3, 123.32, 123.35, and 17A.18.

701—1000.16(123) Surety bond requirements. Each surety bond must meet the following conditions:

1000.16(1) Certificate of authority. The surety bond is issued by a company holding a current certificate of authority from the commissioner of insurance authorizing the company to issue bonds in Iowa.

1000.16(2) Forfeiture of bond. The surety bond contains a provision for the principal and surety to consent to the forfeiture of the principal sum of the bond in the event of revocation of the license or permit by the violation of any Iowa Code provision that requires forfeiture of the bond.

1000.16(3) Cancellation. A surety company or a principal may cancel a bond by giving the department a 30-day written notice of intent to cancel the bond. The 30-day period begins on the date that the department receives the notice of cancellation.

a. The party seeking to cancel a bond must submit written notice of such cancellation to the department and submit a copy of the notice of cancellation to the other party.

b. The notice of cancellation must contain the following:

(1) The name of the party to whom the copy of the notice of cancellation was submitted.

(2) The date on which the notice of cancellation was submitted.

(3) The date the bond is being canceled.

- (4) The surety bond number.
- (5) The affected licensee's or permittee's license or permit number.

1000.16(4) Proof of bond. A licensee or permittee is considered to have furnished a surety bond when the licensee or permittee has:

a. Filed with the department a form prescribed by the department containing the following:

- (1) The name of the bond provider,
- (2) The city and state where the bond provider is located,
- (3) The bond number, the names of the principal, and the city and state where the principal is located,
- (4) The amount of the bond,
- (5) The type of license or permit guaranteed by the bond,
- (6) The effective date of the bond,
- (7) Signatures of the principal and the bond provider, and
- (8) Any other information the director of the department may require; or

b. Met this requirement by any other method deemed acceptable by the director of the department.

This rule is intended to implement Iowa Code sections 123.30, 123.50, 123.127, and 123.175.

701—1000.17(123) Production definitions.

“Operating still” means a still that is registered with the Alcohol and Tobacco Tax and Trade Bureau pursuant to 27 CFR 19.75(b) in effect as of April 1, 2023, and is actively used to manufacture spirits.

“Proof gallon” means a United States gallon of proof spirits, or the alcoholic equivalent thereof, as defined by the Alcohol and Tobacco Tax and Trade Bureau pursuant to 27 CFR 30.11 in effect as of April 1, 2023.

This rule is intended to implement Iowa Code section 123.3(35).

701—1000.18(123) Manufacture and sale of native wine. Manufacturers of native wine as defined in Iowa Code section 123.3(36) may sell, keep, offer for sale, or deliver their native wine subject to the following conditions:

1000.18(1) Class “A” native wine permit. A manufacturer of native wine must display the original or a copy of its class “A” native wine permit in each of its native wineries and in each of its retail establishments. A manufacturer of native wine must register its retail establishment on forms or systems provided by the department.

1000.18(2) Monthly combined wine production and wine gallonage tax report. A monthly report showing the amount of wine on hand at the beginning of the month, the amount produced, the amount sold, the amount of wine gallonage tax due, and any other information requested is to be filed with the department. Report forms will be furnished by the department. A manufacturer of native wine must submit a report along with any wine gallonage tax payment to the department's licensing system by the tenth of each month for the preceding month's business. Reports and wine gallonage tax payments submitted by the tenth of each month for the preceding month will be considered timely. This report must be submitted for each month even if no wine sales were made during the month.

This rule is intended to implement Iowa Code sections 123.4, 123.176, and 123.183.

701—1000.19(123) Mixed drinks or cocktails not for immediate consumption. A class “C,” class “D,” or class “F” retail alcohol licensee may mix, store, and allow the consumption of mixed drinks or cocktails that are not for immediate consumption for up to 72 hours, subject to Iowa Code section 123.49(2) “d” and this rule.

1000.19(1) Definitions.

“Immediate consumption,” for the purposes of this rule, means the compounding and fulfillment of a mixed drink or cocktail order at the time of sale of the mixed drink or cocktail.

“Mixed drink or cocktail,” for the purposes of this rule, means an alcoholic beverage as defined in Iowa Code section 123.3(32).

1000.19(2) *Mixing and storing conditions.* A mixed drink or cocktail that is not for immediate consumption is to be in a container compliant with applicable state and federal food safety statutes and regulations at all times.

- a. The mixed drink or cocktail must be mixed and stored in the same container.
- b. The mixed drink or cocktail may only be removed from the stored container for one of the following dispensing purposes:
 - (1) To compound and fulfill a mixed drink or cocktail order at the time of sale.
 - (2) For transfer into a pourable container. The pourable container needs to have an affixed label displaying information identical to that on the container from which the contents were poured. The transfer of product to a pourable container will not extend the expiration date and time.
- c. The mixed drink or cocktail may be strained into another container when it is returned without delay to the labeled container from which it was strained.
- d. The container and process need to be conducted in compliance with applicable state and federal food safety statutes and regulations.
- e. The mixed drink or cocktail shall not be mixed, stored, or dispensed from a container bearing an alcoholic beverage name brand.
- f. A dispensing machine that contains a mixed drink or cocktail is subject to the conditions of this rule.

1000.19(3) *Labeling conditions.*

- a. When a mixed drink or cocktail is placed into a container, a label must be affixed in a conspicuous place and legibly state the following information:
 - (1) The month, day, year, and time the contents are placed into the container.
 - (2) The month, day, year, and time the contents expire.
 - (3) The title of the recipe used.
 - (4) The identity of the person who prepared the contents of the container.
 - (5) The size of the batch within the container.
 - (6) The words "CONTAINS ALCOHOL."
- b. The label is subject to the following conditions:
 - (1) The label must be removed from the container once the entire contents have been consumed, transferred to a pourable container pursuant to subparagraph 1000.19(2) "b"(2), or destroyed and disposed of in accordance with applicable law.
 - (2) A label must not be reused or reapplied to a container.
 - (3) A new label must be placed on the container for each prepared batch of mixed drinks or cocktails that is not for immediate consumption.
- c. A licensee may access a label template on the website of the department located at revenue.iowa.gov.

1000.19(4) *Content conditions.*

- a. Contents of a mixed drink or cocktail may include alcoholic beverages, nonalcoholic ingredients, or a combination of both that are not for immediate consumption.
- b. A licensee may use in the mixed drink or cocktail only alcoholic beverages allowed by the license type and obtained as specified 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 124.101, including tetrahydrocannabinol.

1000.19(5) *Disposal conditions.*

- 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 must be destroyed and disposed of in accordance with applicable law.
- b. An expired mixed drink or cocktail that 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 that is not for immediate consumption.

1000.19(6) Recordkeeping. A licensee must maintain accurate and legible records for each prepared batch of mixed drinks or cocktails that is not for immediate consumption.

a. Records must contain:

- (1) The month, day, year, and time the contents were placed into the empty container.
- (2) The contents placed in the container, including alcoholic beverages and nonalcoholic ingredients.
- (3) The recipe title and directions for preparing the contents of the container.
- (4) The size of the batch.
- (5) The identity of the person who prepared the contents of the container.
- (6) The month, day, year, and time the contents of the container were destroyed and disposed of or entirely consumed.
- (7) The method of destruction and disposal or the record that the entire contents were consumed.
- (8) The identity of the person who destroyed and disposed of the contents, if the contents were not consumed.

b. A licensee may access recordkeeping forms on the website of the department located at revenue.iowa.gov.

c. Records must be maintained on the licensed premises for a period of three years and shall be open to inspection pursuant to Iowa Code sections 123.30(1) and 123.33.

1000.19(7) Federal alcohol compliance. A licensee who mixes, stores, and allows the consumption of mixed drinks or cocktails that are not for immediate consumption is subject to 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.

1000.19(8) Violations. Failure to follow this rule subjects the licensee to the penalty provisions of Iowa Code section 123.39.

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

701—1000.20(123) Filling and selling of beer in a container other than the original container. Class “B,” class “C,” special class “C,” and class “E” retail alcohol licensees, and the licensee’s employees may fill, refill, and sell beer in a container other than the original container, otherwise known as a growler, subject to Iowa Code section 123.31A and this rule.

1000.20(1) Definitions.

“*Beer*,” for the purposes 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(22).

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

“*Original container*,” for the purposes 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.

1000.20(2) Filling and refilling conditions.

a. A growler may be filled or refilled only with beer from the original container purchased from a class “A” beer permittee. However, a special class “A” beer permittee may fill or refill a growler with beer manufactured by the special class “A” beer permittee on the permittee’s licensed premises.

b. A retailer may exchange a growler to be filled or refilled.

c. The filling or refilling of a growler must be conducted in compliance with applicable state and federal food safety statutes and regulations.

1000.20(3) Sealing conditions. A filled or refilled growler must 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 must bear a cap, lid, stopper, or plug.

b. A plastic heat shrink wrap band, strip, or sleeve must 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 seamer does not need a plastic heat shrink wrap band, strip, or sleeve.

c. The heat shrink wrap seal must 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.

1000.20(4) Additional conditions.

- a. A growler filled pursuant to this rule cannot be delivered or direct-shipped to a consumer.
- b. A growler filled pursuant to this rule cannot be sold or otherwise distributed to a retailer.
- c. A licensee or permittee or a licensee's or permittee's employees are not to allow a consumer to fill or refill a growler.
- d. The filling, refilling, and selling of a growler is limited to the hours in which alcoholic beverages may be legally sold.
- e. A filled or refilled growler is not to be sold to any consumer who is under legal age, intoxicated, or simulating intoxication.
- f. An original container may only be opened on the premises of a class "B" or class "E" retail alcohol licensee for the limited purposes of filling or refilling a growler as provided in this rule or for a tasting in accordance with rule 701—1003.6(123).

1000.20(5) Violations. Failure to follow this rule subjects the licensee or permittee to the penalty provisions provided in Iowa Code chapter 123.

This rule is intended to implement Iowa Code section 123.31A.

701—1000.21(123) Filling and selling of wine and native wine in a container other than the original container. Class "B," class "C," special class "C," and class "E" retail alcohol licensees; special class "B" and special class "C" retail native wine licensees; and a licensee's employees may fill, refill, and sell wine or native wine in a container other than the original container, otherwise known as a growler, subject to Iowa Code sections 123.30, 123.31A, and 123.31B and this rule.

1000.21(1) Definitions.

"Growler," for the purposes of this rule, means any fillable and sealable glass, ceramic, plastic, aluminum, or stainless steel container designed to hold wine or native wine.

"Native wine," for the purposes of this rule, means the same as defined in Iowa Code section 123.3(36).

"Original container," for the purposes of this rule, means a vessel containing wine or native wine that has been lawfully obtained and has been securely capped, sealed, or corked at the location of manufacture.

"Wine," for the purposes of this rule, means the same as defined in Iowa Code section 123.3(53).

1000.21(2) Filling and refilling conditions.

- a. A growler may be filled or refilled only with wine or native wine from the original container purchased from a class "A" wine permittee.
- b. Special class "B" and special class "C" retail native wine licensees may fill a growler only with native wine.
- c. A retailer may exchange a growler to be filled or refilled.
- d. The filling or refilling of a growler must be conducted in compliance with applicable state and federal food safety statutes and regulations at all times.

1000.21(3) Sealing conditions. A filled or refilled growler must be securely sealed at the time of the sale by the licensee or the licensee's employees in the following manner:

- a. A growler must bear a cap, lid, stopper, or plug.
- b. A plastic heat shrink wrap band, strip, or sleeve must 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 seamer does not need a plastic heat shrink wrap band, strip, or sleeve.
- c. The heat shrink wrap seal must 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.

1000.21(4) Additional conditions.

- a. A growler filled pursuant to this rule is not allowed to be delivered or direct-shipped to a consumer.
- b. A growler filled pursuant to this rule is not allowed to be sold or otherwise distributed to a retailer.

- c. A licensee or a licensee's employees must not allow a consumer to fill or refill a growler.
- d. The filling, refilling, and selling of a growler is limited to the hours in which alcoholic beverages may be legally sold.
- e. A filled or refilled growler must not be sold to any consumer who is under legal age, intoxicated, or simulating intoxication.
- f. An original container may only be opened on the premises of a class "B" or class "E" retail alcohol licensee for the limited purposes of filling or refilling a growler as provided in this rule, or for a tasting in accordance with rule 701—1003.6(123).

1000.21(5) Violations. Failure to follow this rule subjects the licensee to the penalty provisions provided in Iowa Code chapter 123.

This rule is intended to implement Iowa Code sections 123.30, 123.31A, and 123.31B.

701—1000.22(123) Filling and selling of mixed drinks or cocktails in a container other than the original container. Class "C" retail alcohol licensees and the licensee's employees may fill and sell mixed drinks or cocktails in a container other than the original container subject to Iowa Code section 123.49(2)"d"(3) and this rule.

1000.22(1) Definitions.

"*Alcoholic liquor*," for the purposes of this rule, means the same as defined in Iowa Code section 123.3(5) and includes "native distilled spirits" as defined in Iowa Code section 123.3(34).

"*Mixed drink or cocktail*," for the purposes of this rule, means the same as defined in Iowa Code section 123.3(32).

"*Original container*," for the purposes of this rule, means a vessel containing alcoholic liquor that has been lawfully obtained and has been securely capped, sealed, or corked at the location of manufacture.

"*Sealed container*," for the purposes of this rule, means the same as defined in Iowa Code section 123.49(2)"d"(4)"a."

"*Tamper-evident*," for the purposes of this rule, means the same as defined in Iowa Code section 123.49(2)"d"(4)(b).

1000.22(2) Filling conditions.

- a. A sealed container may be filled and sold only by the licensee or the licensee's employees who are 18 years of age or older.
- b. A sealed container may be filled only upon receipt of an order by a consumer of legal age.
- c. A sealed container may be filled only with mixed drinks or cocktails composed in whole or in part with alcoholic liquor from an original container purchased from a class "E" retail alcohol licensee.
- d. The filling of a sealed container needs to be conducted in compliance with applicable state and federal food safety statutes and regulations at all times.

1000.22(3) Sealing conditions. A sealed container must bear one of the following tamper-evident sealing methods:

- a. A plastic heat shrink wrap band, strip, or sleeve extending around the cap or lid to form a seal that must be broken when the sealed container is opened.
- b. A screw top cap or lid that breaks apart when the sealed container is opened.
- c. A vacuum- or heat-sealed pouch containing the mixed drink or cocktail.
- d. A lid permanently affixed to the sealed container with a can seamer.

1000.22(4) Labeling conditions. A sealed container must bear a label affixed to the sealed container in a conspicuous place and legibly state the following information:

- a. The business name of the licensee that sold the mixed drink or cocktail.
- b. The words "CONTAINS ALCOHOL."

1000.22(5) Additional conditions.

- a. A sealed container is not allowed to be filled in advance of a sale.
- b. A licensee or a licensee's employees must not allow a consumer to fill a sealed container.
- c. The filling and selling of a sealed container is limited to the hours in which alcoholic beverages may be legally sold.

d. A sealed container must not be sold to any consumer who is under legal age, intoxicated, or simulating intoxication.

1000.22(6) Recordkeeping.

a. A licensee must maintain records, in printed or electronic format, of all sales of sealed containers. The records shall state the following:

- (1) The business name of the licensee that sold the mixed drink or cocktail.
- (2) The date and time of the sale.
- (3) A description of the product sold.

b. A licensee must keep the necessary records for a three-year period from the date the record was created.

c. Records must be open to inspection pursuant to Iowa Code section 123.30(1) and may be subject to an administrative subpoena issued by the director.

1000.22(7) Violations. Failure to follow this rule shall subject the licensee to the penalty provisions provided in Iowa Code chapter 123.

This rule is intended to implement Iowa Code sections 123.30, 123.33, and 123.49.

701—1000.23(123) Vending and self-service machines to dispense alcoholic beverages.

1000.23(1) Vending machines. A retail alcohol licensee is not allowed to 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 but is not limited to 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 or a self-service machine registered and used consistent with this rule.

1000.23(2) Self-service machines. Retail alcohol licensees may utilize a self-service machine to dispense beer or wine as authorized under the licensee's retail alcohol license. Self-service machines are only authorized to operate on an approved retail alcohol licensed premises and shall not be operated under a catering privilege. For the purposes of this rule, "self-service machine" means any mechanical device capable of dispensing a preprogrammed amount of wine or beer, or both, directly to a consumer in exchange for a service card, wristband, or other token activated by the licensee and provided to the consumer.

a. A retail alcohol licensee seeking to use a self-service machine must register the machine with the department in a manner determined by the director at least 30 days prior to the date the licensee intends to begin use of the machine. The director will review the registration for compliance with the conditions of this rule and approve or disapprove the use of the self-service machine. A licensee must submit a new registration prior to implementing any change to the operational plan or capacity of the device. No self-service machine may be used without approval by the director.

b. The conditions for a retail alcohol licensee to use self-service machines to dispense beer or wine are as follows:

(1) At the time of sale, the retail alcohol licensee, or licensee's employees, must determine the consumer is of legal age and is not intoxicated or simulating intoxication.

(2) During operation, the retail alcohol licensee must adequately monitor the self-service machine so as to prevent the sale or service of beer or wine to persons who are under legal drinking age or are intoxicated or simulating intoxication.

(3) The sale of beer or wine, or both, and the corresponding activation of the service card, wristband, or other token to operate a self-service machine must be conducted in-person by the licensee directly with the consumer and cannot be automated at the machine. This condition includes reactivation of an already-issued service card, wristband, or other token for further use by a consumer.

(4) A self-service machine must not dispense a serving of more than 64 ounces of beer or 24 ounces of wine before reactivation of a service card, wristband, or other token is acquired by the licensee.

(5) A self-service machine must be programmed to automatically deactivate the service card, wristband, or other token after the programmed amount of beer or wine purchased by the consumer has been dispensed.

(6) Service cards, wristbands, or other tokens must be deactivated at the end of each business day. For purposes of this rule, a “business day” means 6 a.m. until 2 a.m. the following calendar day.

(7) A licensee, or the licensee’s employees, must have the ability to deactivate a self-service machine and all associated service cards, wristbands, or other tokens remotely at all times.

This rule is intended to implement Iowa Code section 123.49.

701—1000.24(123) Delivery of alcoholic liquor. A person who does not work for the department may operate a delivery service in which the person charges class “E” retail alcohol licensees a fee for picking up the licensee’s alcoholic liquor orders at the department’s warehouse and delivering the orders to the licensee’s licensed premises.

This rule is intended to implement Iowa Code sections 123.4 and 123.10(10).

701—1000.25(123) Prohibited storage of alcoholic beverages. Retail alcohol licensees may keep or store alcoholic beverages only on the licensed premises. However, the director may authorize the storage of alcoholic beverages on premises other than those covered by the license or permit. The director may allow class “D” retail alcohol licensees to store alcoholic beverages in a bonded warehouse to be consumed in Iowa.

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

701—1000.26(123) Sale of alcoholic beverages stock when licensee sells business. When a retail alcohol licensee goes out of business, the licensee may sell the licensee’s stock of alcoholic beverages to the person who is going to operate a licensed establishment in the same location.

This rule is intended to implement Iowa Code section 123.10.

701—1000.27(123) Execution and levy on alcoholic beverages. Judgments or orders requiring the payment of money or the delivery of the possession of property may be enforced against retail alcohol licensees, beer permittees, and wine permittees by execution pursuant to the provisions of Iowa Code chapter 626.

1000.27(1) Definitions.

“*Debtor*,” for the purposes of this rule, means the same as defined in Iowa Code section 554.9102(1).

“*Secured party*,” for the purposes of this rule, means the same as defined in Iowa Code section 554.9102(1).

1000.27(2) A secured party may take possession of and dispose of a retail alcohol licensee’s or permittee’s alcoholic beverages inventory 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 retail alcohol license or permit of its debtor for the purpose of disposing of the alcoholic beverages inventory. However, if the debtor is a class “E” retail alcohol licensee, the secured party cannot purchase alcoholic liquor from the department to continue to operate its debtor’s business. A secured party operating under the retail alcohol license or permit of its debtor shall dispose of the alcoholic beverages inventory by sale only to persons authorized under Iowa Code chapter 123 to purchase alcoholic beverages inventory from the debtor. When a secured party takes possession of a retail alcohol licensee’s or permittee’s alcoholic beverages inventory, the secured party must notify the department in writing of such action. A secured party must further inform the department of the manner in which it intends to dispose of the alcoholic beverages inventory and shall state the reasonable length of time in which it intends to operate under the retail alcohol license or permit of its debtor. The secured party must notify the department in writing when the disposition of its collateral has been completed, and the secured party must cease operating under the retail alcohol license or permit of its debtor.

1000.27(3) A sheriff or other officer acting pursuant to Iowa Code chapter 626 may take possession of a retail alcohol licensee’s or permittee’s alcoholic beverages inventory 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 beverages inventory only to those persons authorized by Iowa Code chapter 123 to purchase alcoholic beverages inventory from the retail alcohol licensee or permittee whose inventory is subject to the execution and levy. The sheriff or other officer must notify the department in writing at the time the sheriff or officer takes possession of a retail alcohol licensee's or permittee's alcoholic beverages inventory and must further notify the department of the time and place of the sale of such property.

This rule is intended to implement Iowa Code sections 123.4, 123.10, and 123.38.

701—1000.28(123) Dishonored payment for alcoholic liquor.

1000.28(1) If a class "E" retail alcohol licensee tenders payment for alcoholic liquor that is subsequently dishonored, the licensee will enter a certified funds status for a duration determined by the director. During the certified funds status period, the licensee will tender a bank draft in exact payment in advance of the licensee's alcoholic liquor delivery.

1000.28(2) The department may collect from the licensee a \$20 fee for each dishonored payment for the purchase of alcoholic liquor.

1000.28(3) Any class "E" retail alcohol licensee that is enrolled in automatic license renewal and tenders payment for alcoholic liquor that is subsequently dishonored will be unenrolled from automatic license renewal.

This rule is intended to implement Iowa Code sections 123.4, 123.24, and 123.35.

701—1000.29(123) Violation by agent or employee. Any violation of the alcoholic beverage control Act or the rules of the department by any employee or agent of a licensee is considered to be the act of the licensee and subjects the licensee to civil penalty, suspension, or revocation.

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

701—1000.30(123) Suspension of license or permit.

1000.30(1) *Suspensions by a local authority or the department.* At the time of a license or permit suspension, a placard furnished by the department must be placed in a conspicuous place in the front door or window of the licensed or permitted establishment. The placard must state that the license or permit is suspended, the suspension duration, and the reason for the suspension. No licensee or permittee may remove, alter, obscure, or destroy a suspension placard prior to an ordered suspension's expiration without the express written approval of the department.

1000.30(2) *Effect of suspension.* Alcoholic beverages must not be sold, served, or consumed on a licensed premises during a suspension period. A licensed premises may be open during a suspension period to conduct other lawful business during the suspension period. A retail alcohol licensee must not purchase alcoholic beverages from a wholesaler or the department during the suspension period.

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

701—1000.31(123) Revocation or suspension. When the local authority revokes or suspends a retail alcohol license, the local authority must notify the department in writing 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, 123.32, and 123.39.

REVENUE DEPARTMENT[701]

Notice of Intended Action

**Proposing rulemaking related to alcohol product management and warehousing
and providing an opportunity for public comment**

The Revenue Department hereby proposes to adopt Chapter 1001, “Alcohol Product Management and Warehousing,” Iowa Administrative Code.

Legal Authority for Rulemaking

This rulemaking is proposed under the authority provided in Iowa Code section 123.10.

State or Federal Law Implemented

This rulemaking implements, in whole or in part, Iowa Code sections 123.9, 123.10, 123.22 and 123.24.

Purpose and Summary

This proposed chapter is designed for alcoholic liquor suppliers to better understand the requirements surrounding listing, delisting, and maintaining alcoholic liquor product inventory in the state of Iowa. This content is currently under the Alcoholic Beverage Division’s rules as 185—Chapter 8, and that chapter became outdated upon implementation of the government realignment in 2023 Iowa Acts, Senate File 514. In a separate rulemaking, 185—Chapter 8 is proposed to be rescinded. This rulemaking proposes to readopt the content of that chapter under the Department as 701—Chapter 1001. Additionally, this rulemaking is intended to make the changes required by Executive Order 10 to remove portions of the rules that the Department determined are unnecessary, outdated, or duplicative of statutory language. The Department’s bailment fee is also proposed to be adopted in this chapter to comply with Iowa Code section 17A.6C.

Regulatory Analysis

A Regulatory Analysis for this rulemaking was published in the Iowa Administrative Bulletin on November 13, 2024. A public hearing was held on the following date(s):

- December 3, 2024

No public comments on the Regulatory Analysis were received at the hearing or in writing. Subrule 1001.4(3) has been added since publication of the Regulatory Analysis. This subrule addresses the Director’s discretion on approved methods for product shipment deliveries to the Department and the possible result of noncompliance. As a result, the subsequent subrules were renumbered appropriately. The Administrative Rules Coordinator provided preclearance for publication of this Notice of Intended Action on December 4, 2024.

Fiscal Impact

This rulemaking has no fiscal impact to the State of Iowa.

Jobs Impact

After analysis and review of this rulemaking, no impact on jobs has been found.

Waivers

Any person who believes that the application of the discretionary provisions of this rulemaking would result in hardship or injustice to that person may petition the Department for a waiver of the discretionary provisions, if any, pursuant to rule 701—7.28(17A).

Public Comment

Any interested person may submit written or oral comments concerning this proposed rulemaking, which must be received by the Department no later than 4:30 p.m. on February 25, 2025. Comments should be directed to:

Madelyn Cutler
Department of Revenue
Hoover State Office Building
P.O. Box 10457
Des Moines, Iowa 50306-3457
Phone: 515.724.2924
Email: madelyn.cutler@iowa.gov

Public Hearing

Public hearings at which persons may present their views orally or in writing will be held as follows:

February 25, 2025 10 to 11 a.m.	Via videoconference call meet.google.com/cec-wnfw-kxv
February 25, 2025 2 to 3 p.m.	Via videoconference call meet.google.com/rxw-nuwH-sdj

Persons who wish to make oral comments at a public hearing may be asked to state their names for the record and to confine their remarks to the subject of this proposed rulemaking.

Any persons who intend to attend a public hearing and have special requirements, such as those related to hearing or mobility impairments, should contact the Department and advise of specific needs.

Review by Administrative Rules Review Committee

The Administrative Rules Review Committee, a bipartisan legislative committee which oversees rulemaking by executive branch agencies, may, on its own motion or on written request by any individual or group, review this rulemaking at its [regular monthly meeting](#) or at a special meeting. The Committee's meetings are open to the public, and interested persons may be heard as provided in Iowa Code section 17A.8(6).

The following rulemaking action is proposed:

ITEM 1. Adopt the following **new** 701—Chapter 1001:

CHAPTER 1001
ALCOHOL PRODUCT MANAGEMENT AND WAREHOUSING

701—1001.1(123) Definitions.

“*Category*” means the classification of an alcoholic liquor product, such as rum, vodka, or whiskey.

“*Delist*” means the removal of products from the department’s product inventory.

“*Department*” means the department of revenue.

“*Director*” means the director of the department of revenue or the director’s designee.

“*Product*” means stock keeping units of alcoholic liquor or native distilled spirits as defined in Iowa Code chapter 123.

“*Supplier*” means a manufacturer, distiller, or importer of alcoholic liquors or native distilled spirits shipping, selling, or having such alcoholic beverages brought into this state for resale by the department.

701—1001.2(123) Listing classifications. Each product available for sale by the department will be assigned to one of the following listing classifications. Suppliers may indicate their preferred listing classification; however, final determination will be made by the director.

1001.2(1) *Permanent.* Products with a permanent listing will be available for sale by the department on an ongoing basis, unless otherwise delisted or temporarily out of stock.

1001.2(2) *Temporary.* Temporary listings will have a duration determined by the director and may be extended at the discretion of the director.

1001.2(3) *Size extension.* A supplier must submit a product quote for each additional size of a product that is currently listed for sale. All listed sizes of the product should meet sales criteria established by the director in order for a size extension product quote to be approved as a permanent listing.

1001.2(4) *Special order.* Products that are not currently listed for sale by the department may be purchased through a special order placed with the supplier of the product.

a. A request for a special order will be placed with the department by a class “E” retail alcohol licensee. Special order requests may be submitted electronically or in a manner prescribed by the director. The director may reject a special order request if it is determined that the requested product is in violation of the requirements set out in paragraph 1001.3(3)“*a.*”

b. If the department accepts a special order request, the request will be forwarded on to the supplier of the product. The supplier may approve or deny the special order request.

c. Special order products may only be sold and distributed by the department to class “E” retail alcohol licensees by the case.

d. Special order products are not eligible for return to the department by a class “E” retail alcohol licensee without approval from the director.

1001.2(5) *Special order on hand.* Products that are frequently sold as special orders may be listed as special order on hand.

a. To be eligible for classification as a special order on-hand listing, a product must have been previously sold as a special order and meet sales criteria established by the director.

b. Products that have been delisted are not eligible to be moved from permanent listing to special order on-hand listing.

1001.2(6) *Highly allocated.* Highly allocated products are products of a limited supply as determined by the supplier.

a. Highly allocated products may be sold via a lottery system as deemed necessary by the director.

b. Highly allocated products are not available for sale as special orders.

1001.2(7) *Quantity limitations.* Quantities of listed products available for purchase by class “E” retail alcohol licensees may be limited at the director’s discretion.

701—1001.3(123) Product quote listing requests. The supplier of a product to be sold by the department must submit a product quote for consideration by the director.

1001.3(1) *Submitting a product quote.* Product quotes must be submitted electronically or in a manner prescribed by the director.

1001.3(2) *Product quote requirements.*

a. A complete product quote contains the following information:

(1) A control state code number for the product issued by the National Alcohol Beverage Control Association.

(2) The supplier’s freight on board (FOB) cost per case. The case price needs to be evenly divisible by the number of bottles in the case. The supplier determines the number of bottles that form a case for the product.

(3) The product’s case quantity size and standard of fill.

(4) An image of the product.

(5) A brief description of the product.

(6) The weights and dimensions of the product container, case, and pallet.

(7) The product’s 14-digit shipping container code.

(8) The product’s universal product code.

(9) Any other information deemed necessary by the director.

b. The director may require a supplier to conduct a listing presentation for products to become listed.

1001.3(3) Decisions.

a. The criteria used to determine whether a product quote may be approved or denied will include but not be limited to the following:

(1) Whether the product violates the code of responsible practices established by the Distilled Spirits Council of the United States.

(2) The reasonable potential of the product to unduly jeopardize the welfare, health, peace, morals, or safety of the people of the state.

b. The director shall approve or deny a product quote not more than 20 business days from the date the product quote was submitted or the listing presentation was held, as applicable. Suppliers will be notified of the decision in writing delivered electronically or in a manner prescribed by the director.

1001.3(4) Appeal to the director.

a. A supplier may appeal the denial of a product quote to the director. A notice of appeal needs to be filed within 30 calendar days of the date of denial.

b. A notice of appeal must be in writing and must specify the findings or conclusions to which exception is taken, the relief sought, and the grounds for relief.

c. A notice of appeal will be considered filed at the time it is received by the director.

d. The director shall affirm, reverse, or modify the denial of the product quote and shall notify the supplier of the decision in writing.

e. The director's decision constitutes final agency action for the purposes of Iowa Code chapter 17A.

1001.3(5) Resubmission of a product quote. If a product quote is denied, the supplier may submit a new request three months after the original request denial date.

1001.3(6) Moratorium. The director may implement a moratorium on new permanent listing product quotes and determine the duration period. The director may allow a supplier to trade out a permanently listed product for a new product during a moratorium period.

701—1001.4(123) Shipment of product to the department. Shipments of product intended for sale by the department may only be made in accordance with this rule.

1001.4(1) Product shipments into the state. Product shipments may only be made into the state of Iowa by suppliers.

1001.4(2) Product shipment locations. Product shipments may only be made to a state warehouse or to receiving points designated by the director.

1001.4(3) Product shipment deliveries. Product shipments may only be delivered by methods as determined by the director. Shipments that do not adequately meet the delivery requirements may be refused upon arrival.

1001.4(4) Pallet requirements.

a. The department will only accept products shipped on securely stretch-wrapped pallets that are in good repair.

b. The department will not accept any products shipped on slip sheets. Suppliers will be notified by the department to make arrangements to pick up product shipped on slip sheets.

c. The department will not accept pallets that contain multiple product stock keeping units not separated by a pallet layer.

d. The director may establish additional requirements as deemed necessary.

1001.4(5) Case labeling requirements.

a. Each case of product shipped to the department must include a case code label placed on an end panel of the case.

b. The case code label needs to contain the following information:

(1) The control state code number issued by the National Alcohol Beverage Control Association for the product.

(2) The product's universal product code and corresponding barcode.

(3) The 14-digit shipping container code and corresponding barcode. The shipping container code and barcode needs to meet the minimum requirements established by the American National Standards Institute and the International Organization for Standardization.

(4) Any other information deemed necessary by the director.

1001.4(6) Bottle deposit requirements.

a. All products intended for resale by the department must meet the requirements of Iowa Code section 455C.5 and rule 567—107.3(455C). Products that do not meet the requirements will not be made available for sale until the requirements are met.

b. Suppliers may purchase bottle deposit refund stickers from the department. The cost of the stickers to suppliers cannot exceed the department's cost of producing and distributing the stickers.

1001.4(7) Product shipment special handling charges. Product shipments that do not meet the requirements of subrule 1001.4(4), 1001.4(5), or 1001.4(6) will result in the assessment of special handling charges against the supplier. The amount of charges will not exceed the department's actual cost to bring the shipments into compliance. The department's actual cost is determined using the negotiated hourly rate of the third party the department has contracted with for warehousing services.

701—1001.5(123) Importation of product into the state for manufacturing purposes. Shipments of product intended for manufacturing purposes may only be made in accordance with this rule.

1001.5(1) Product shipments into the state. Product shipments may only be made into the state of Iowa by suppliers with an appropriate certificate of compliance to manufacturers who have obtained prior approval from the director.

1001.5(2) Product shipment locations. Product shipments may only be made to a state warehouse or to receiving points designated by the director.

1001.5(3) Recordkeeping. All records related to the importation of product into the state will be maintained on the licensed premises for a period of three years and must be open to inspection pursuant to Iowa Code section 123.33. In accordance with Iowa Code sections 123.98 and 123.101, records will include all product received for each supplier, date received, and an accounting of disposition of all product received.

701—1001.6(123) Inventory levels. The director will establish maximum and minimum inventory levels for each listed product. The director may adjust the maximum and minimum inventory levels.

1001.6(1) Purchase orders. Suppliers shall submit purchase orders to the department to maintain proper inventory levels. Purchase orders will be submitted electronically or in a manner prescribed by the director.

1001.6(2) Maximum inventory levels. The department will contact suppliers with product exceeding maximum inventory levels to have the supplier pick up the excess inventory.

1001.6(3) Maximum inventory level exception. A supplier may request from the department an exception to the established maximum inventory level for a product. Requests for a maximum inventory level exception will be submitted to the department electronically or in a manner prescribed by the director. The director will approve or deny the request and notify the supplier of the decision electronically or in a manner prescribed by the director.

701—1001.7(123) Pricing.

1001.7(1) Permanent price changes. Suppliers may make permanent price changes to the case cost of products in any listing classification.

a. The frequency at which permanent price changes may be made will be determined by the director.

b. Permanent price changes shall be submitted electronically, or in a manner prescribed by the director, at least 20 business days prior to the effective date.

1001.7(2) Temporary price reductions. Suppliers may make temporary price reductions to the case cost of products with a permanent or temporary listing classification.

a. Products with a listing classification of special order, special order on hand, or highly allocated are not eligible for temporary price reductions.

b. Temporary price reductions will become effective as determined by the director.

c. Temporary price reductions will be submitted electronically, or in a manner prescribed by the director, at least 20 business days prior to the effective date.

1001.7(3) Price lists. The department shall publish a price list electronically on a monthly basis showing the price to be paid by class “E” retail alcohol licensees for each brand, variety, and category of product available for sale by the department. The price list will be published on the department’s website at shop.iowaabd.com and may be distributed to class “E” retail alcohol licensees as deemed necessary by the director.

701—1001.8(123) Delisting. Listed products that do not meet sales guidelines established by the director may be delisted. The frequency of delisting is determined by the director.

1001.8(1) Notification. The director must notify suppliers of the decision to delist a product. The suppliers will be notified of the decision in writing electronically or in a manner prescribed by the director.

1001.8(2) Appeal to the director.

a. A supplier may appeal the delisting of a product to the director. A notice of appeal needs to be filed within 30 calendar days of the date of delisting notification.

b. A notice of appeal shall specify the findings or conclusions to which exception is taken, the relief sought, and the grounds for relief.

c. A notice of appeal shall be considered filed at the time it is received by the director.

d. The director shall affirm, reverse, or modify the delisting and shall notify the supplier of the decision in writing.

e. The director’s decision constitutes final agency action for the purposes of Iowa Code chapter 17A.

1001.8(3) Removal of delisted products.

a. Delisted products shall be removed from the department’s warehouse by the supplier or by the supplier’s agent within a time frame established by the director.

b. A supplier may authorize the department to destroy a delisted product in lieu of removal of the product by the supplier from the department’s warehouse.

c. New product quotes submitted by a supplier will not be considered by the department until all of the supplier’s delisted product has been removed from the department’s warehouse.

1001.8(4) Resubmission of a delisted product for listing. If a product in a permanent listing classification is delisted, a new product quote for the product may be submitted not less than six months after the date the product was removed from the warehouse.

701—1001.9(123) Barrel programs. A supplier may offer a barrel program, allowing a class “E” retail alcohol licensee to purchase the bottled contents of a barrel-aged product along with the aging barrel.

1001.9(1) Barrel programs must be uniformly offered to all class “E” retail alcohol licensees.

1001.9(2) Suppliers may sample barrel-aged products pursuant to rule 701—1003.7(123).

1001.9(3) Barrel program products shall be classified as special orders.

1001.9(4) Products purchased as part of a barrel program must be sold and delivered to the class “E” retail alcohol licensee that placed the special order. Barrel program products must not be split between two or more class “E” retail alcohol licensees.

1001.9(5) Aging barrels sold in conjunction with a barrel program must bear conspicuous and substantial advertising matter.

1001.9(6) Bottles from a barrel program may bear customized labels.

701—1001.10(123) Bailment system. Suppliers are paid for their product once it is sold by the department to class “E” retail alcohol licensees.

1001.10(1) Bailment agreement. A supplier shall consent to the department’s bailment system by signing a bailment agreement prior to listing a product for sale in Iowa.

1001.10(2) Bailment fee. The department shall charge suppliers a bailment fee in the amount of \$1 per case of product sold or in a corresponding rate for the portion of a case sold.

These rules are intended to implement Iowa Code sections 123.10(2), 123.10(3), 123.10(6), 123.10(10), and 123.22.

REVENUE DEPARTMENT[701]

Notice of Intended Action

**Proposing rulemaking related to personal importation of alcoholic beverages
and providing an opportunity for public comment**

The Revenue Department hereby proposes to adopt Chapter 1002, “Personal Importation of Alcoholic Beverages,” Iowa Administrative Code.

Legal Authority for Rulemaking

This rulemaking is proposed under the authority provided in Iowa Code section 123.10.

State or Federal Law Implemented

This rulemaking implements, in whole or in part, Iowa Code sections 123.10, 123.22, 123.59, 123.122 and 123.171.

Purpose and Summary

This proposed chapter describes the requirements surrounding the procedures for the issuance of a waiver for an individual of legal age desiring to import alcoholic beverages in excess of the amount provided in Iowa Code sections 123.22, 123.122, and 123.171. This content is currently under the Alcoholic Beverage Division’s rules as 185—Chapter 9, and that chapter became outdated upon implementation of the government realignment in 2023 Iowa Acts, Senate File 514. In a separate rulemaking, 185—Chapter 9 is proposed to be rescinded. This rulemaking proposes to readopt the content of that chapter under the Department as 701—Chapter 1002. Additionally, this rulemaking is intended to make the changes required by Executive Order 10 to remove portions of the rules that the Department determined are unnecessary, outdated, or duplicative of statutory language.

Regulatory Analysis

A Regulatory Analysis for this rulemaking was published in the Iowa Administrative Bulletin on November 13, 2024. A public hearing was held on the following date(s):

- December 3, 2024

No public comments on the Regulatory Analysis were received at the hearing or in writing. No changes have been made to the text after publication of the Regulatory Analysis. The Administrative Rules Coordinator provided preclearance for publication of this Notice of Intended Action on December 10, 2024.

Fiscal Impact

This rulemaking has no fiscal impact to the State of Iowa.

Jobs Impact

After analysis and review of this rulemaking, no impact on jobs has been found.

Waivers

Any person who believes that the application of the discretionary provisions of this rulemaking would result in hardship or injustice to that person may petition the Department for a waiver of the discretionary provisions, if any, pursuant to rule 701—7.28(17A).

Public Comment

Any interested person may submit written or oral comments concerning this proposed rulemaking, which must be received by the Department no later than 4:30 p.m. on February 25, 2025. Comments should be directed to:

Madelyn Cutler
Department of Revenue
Hoover State Office Building
P.O. Box 10457
Des Moines, Iowa 50306-3457
Phone: 515.724.2924
Email: madelyn.cutler@iowa.gov

Public Hearing

Public hearings at which persons may present their views orally or in writing will be held as follows:

February 25, 2025 10 to 11 a.m.	Via videoconference call meet.google.com/cec-wnfw-kxv
February 25, 2025 2 to 3 p.m.	Via videoconference call meet.google.com/rxw-nuwh-sdj

Persons who wish to make oral comments at a public hearing may be asked to state their names for the record and to confine their remarks to the subject of this proposed rulemaking.

Any persons who intend to attend a public hearing and have special requirements, such as those related to hearing or mobility impairments, should contact the Department and advise of specific needs.

Review by Administrative Rules Review Committee

The Administrative Rules Review Committee, a bipartisan legislative committee which oversees rulemaking by executive branch agencies, may, on its own motion or on written request by any individual or group, review this rulemaking at its [regular monthly meeting](#) or at a special meeting. The Committee's meetings are open to the public, and interested persons may be heard as provided in Iowa Code section 17A.8(6).

The following rulemaking action is proposed:

ITEM 1. Adopt the following **new** 701—Chapter 1002:

CHAPTER 1002
PERSONAL IMPORTATION OF ALCOHOLIC BEVERAGES

701—1002.1(123) Tax liability. The requester has the sole responsibility to ensure that all tax obligations to the department are met. Tax worksheet 32-007 found at revenue.iowa.gov/forms must be accurately completed and sent to the department as instructed.

701—1002.2(123) Personal importation in excess of the amounts provided—waiver. Persons seeking a waiver to import alcohol pursuant to Iowa Code section 123.10(13) must submit a completed and accurate personal importation form provided at revenue.iowa.gov/forms.

1002.2(1) Domicile. Domicile, for the purposes of establishing when an individual is “domiciled outside the state,” shall be determined in accordance with rule 701—300.17(422).

1002.2(2) Additional information. Prior to granting or denying a request for a waiver, the department may request additional information from the requester relative to the request and surrounding circumstances and may conduct an investigation as the director deems necessary to verify the accuracy of the information.

1002.2(3) Ruling. A letter granting or denying a request for a waiver to import alcoholic beverages in excess of the amount provided in Iowa Code section 123.22, 123.122, or 123.171 shall be in writing and contain a description of the precise scope and duration of the waiver if one is issued.

1002.2(4) Duration of waiver. A waiver issued pursuant to this rule shall allow only for the importation of the inventory of alcoholic beverages detailed on the request for import authorization form. If a waiver is granted, there is no automatic right to renewal.

1002.2(5) Public availability. The department shall maintain a record of all waivers granted or denied under this rule. Waiver forms and rulings shall be open to the public; information that the department is authorized or required to keep confidential shall be edited prior to public inspection.

1002.2(6) Cancellation. A waiver issued by the department pursuant to this rule may be withdrawn, canceled, or modified if, after appropriate notice, the department finds any of the following:

a. The requester withheld or misrepresented material facts relevant to the propriety or desirability of the waiver; or

b. The recipient of the waiver failed to comply with any of the conditions contained in the waiver.

1002.2(7) Violations. Violation of a condition in a waiver is equivalent to a violation of Iowa Code section 123.10, 123.22, 123.122, or 123.171, as applicable. The recipient of a waiver under this rule who violates a condition of the waiver may be subject to the same remedies or penalties as a person who violates the applicable Iowa Code section.

1002.2(8) Defense. After the department grants a waiver under this rule, the waiver is a defense within its terms and the specific facts indicated therein for the recipient of the waiver in any proceedings in which the waiver in question is sought to be invoked.

1002.2(9) Appeals. Granting or denying a request for a waiver is final agency action under Iowa Code chapter 17A.

These rules are intended to implement Iowa Code sections 123.10, 123.22, 123.59, 123.122, and 123.171.

REVENUE DEPARTMENT[701]

Notice of Intended Action

**Proposing rulemaking related to trade practices
and providing an opportunity for public comment**

The Revenue Department hereby proposes to adopt Chapter 1003, “Trade Practices,” Iowa Administrative Code.

Legal Authority for Rulemaking

This rulemaking is proposed under the authority provided in Iowa Code sections 123.10 and 123.186.

State or Federal Law Implemented

This rulemaking implements, in whole or in part, Iowa Code sections 123.10, 123.45, and 123.186.

Purpose and Summary

This proposed chapter describes the regulations that govern allowable and prohibited trade practice activity among alcohol manufacturers, wholesalers, and retailers in the areas of tied house, exclusive outlets, commercial bribery, and consignment sales. This chapter was recently amended in **ARC 7028C**, IAB 5/31/23; therefore, very few changes have been made in this proposed rulemaking. However, this content is currently under the Alcoholic Beverages Division’s rules as 185—Chapter 16, and that existing chapter became outdated upon implementation of the government realignment in 2023 Iowa Acts, Senate File 514. In a separate rulemaking, 185—Chapter 16 is proposed to be rescinded. This rulemaking proposes to readopt the content of that chapter under the Department as 701—Chapter 1003.

Regulatory Analysis

A Regulatory Analysis for this rulemaking was published in the Iowa Administrative Bulletin on November 13, 2024. A public hearing was held on the following date(s):

- December 3, 2024

No public comments on the Regulatory Analysis were received at the hearing or in writing. No changes have been made after publication of the Regulatory Analysis. The Administrative Rules Coordinator provided preclearance for publication of this Notice of Intended Action on December 10, 2024.

Fiscal Impact

This rulemaking has no fiscal impact to the State of Iowa.

Jobs Impact

After analysis and review of this rulemaking, no impact on jobs has been found.

Waivers

Any person who believes that the application of the discretionary provisions of this rulemaking would result in hardship or injustice to that person may petition the Department for a waiver of the discretionary provisions, if any, pursuant to rule 701—7.28(17A).

Public Comment

Any interested person may submit written or oral comments concerning this proposed rulemaking, which must be received by the Department no later than 4:30 p.m. on February 25, 2025. Comments should be directed to:

Madelyn Cutler
Department of Revenue
Hoover State Office Building
P.O. Box 10457
Des Moines, Iowa 50306-3457
Phone: 515.724.2924
Email: madelyn.cutler@iowa.gov

Public Hearing

Public hearings at which persons may present their views orally or in writing will be held as follows:

February 25, 2025 10 to 11 a.m.	Via videoconference call meet.google.com/cec-wnfw-kxv
February 25, 2025 2 to 3 p.m.	Via videoconference call meet.google.com/rxw-nuwh-sdj

Persons who wish to make oral comments at a public hearing may be asked to state their names for the record and to confine their remarks to the subject of this proposed rulemaking.

Any persons who intend to attend a public hearing and have special requirements, such as those related to hearing or mobility impairments, should contact the Department and advise of specific needs.

Review by Administrative Rules Review Committee

The Administrative Rules Review Committee, a bipartisan legislative committee which oversees rulemaking by executive branch agencies, may, on its own motion or on written request by any individual or group, review this rulemaking at its [regular monthly meeting](#) or at a special meeting. The Committee's meetings are open to the public, and interested persons may be heard as provided in Iowa Code section 17A.8(6).

The following rulemaking action is proposed:

ITEM 1. Adopt the following **new** 701—Chapter 1003:

CHAPTER 1003 TRADE PRACTICES

The rules in this chapter, adopted pursuant to Iowa Code section 123.186, apply to transactions between industry members, trade buyers and retailers. The rules specify practices considered to be fair and allowable as well as practices deemed to be unfair or inducements. This chapter does not exempt any industry member, trade buyer or retailer from the requirements of any federal law or regulation.

PART I

As used in this chapter, the words, terms and phrases defined in this part shall apply, unless a different meaning is clearly indicated by the context.

701—1003.1(123) Definitions.

“*Alcoholic liquor*” means the same as defined in Iowa Code section 123.3(4). For the purposes of this chapter, “alcoholic liquor” includes “native distilled spirits” as defined in Iowa Code section 123.3(34).

“*Beer*” means the same as defined in Iowa Code section 123.3(6). For the purposes of this chapter, “beer” includes “canned cocktail” as defined in Iowa Code section 123.3(10) and “high alcoholic content beer” as defined in Iowa Code section 123.3(22).

“*Brand*” means each alcoholic liquor, wine, or beer packaged and sold under a separate name, class, type, or kind designation (wine appellation of origin, wine vintage date, alcoholic liquor age, percentage of alcohol, etc.).

“*Department*” means the department of revenue.

“Equipment” includes but is not limited to mechanized and nonmechanized refrigeration units and devices used in the storage, dispensing, and cooling of alcoholic liquor, wine and beer, tap boxes, party wagons, dispensing systems, and shelving. Equipment does not include tapping accessories (including faucets, rods, vents, taps, hoses, washers, couplings, gas gauges, vent tongues, shanks, check valves, and picnic pumps) that are used in dispensing wine or beer from kegs or bulk packaging.

“Exclusion,” in whole or in part, means a practice by an industry member, whether direct, indirect, or through an affiliate, that places (or has the potential to place) retailer independence at risk by means of a tie or link between the industry member and retailer or by any other means of industry member control over the retailer, and such practice results in the retailer’s purchasing less than it would have of a competing industry member’s product. The following criteria are indications that a particular practice places retailer independence at risk. A practice need not meet all of the criteria specified below in order to place retailer independence at risk.

1. The practice restricts or hampers the free economic choice of a retailer to decide which products to purchase or the quantity in which to purchase them for sale to consumers.
2. The industry member obligates the retailer to participate in a promotion to obtain the industry member’s product.
3. The retailer has a continuing obligation to purchase or otherwise promote the industry member’s product.
4. The retailer has a commitment not to terminate its relationship with the industry member with respect to purchase of the industry member’s products.
5. The practice involves the industry member in the day-to-day operations of the retailer. For example, the industry member controls the retailer’s decisions on which brand of products to purchase, the pricing of products, or the manner in which the products will be displayed on the retailer’s premises.
6. The practice is discriminatory in that it is not offered to all retailers in the local market on the same terms without business reasons present to justify the difference in treatment.

“Fixtures” includes but is not limited to bar sinks, bars, light fixtures, and indoor or outdoor signs used to identify the retail establishment.

“Furnishings” includes but is not limited to money, services, chairs, tables, lamps, pictures, remodeling costs, bar sinks, carpeting, bar stools, display cabinets and curios, linens, linen services, china and silver or stainless steel eating and other utensils, decorations, and sound systems used by a retailer. (Durable and disposable glassware is addressed in rule 701—1003.4(123).)

“Furnishings, fixtures and equipment” does not include the items identified in rule 701—1003.2(123), subrules 1003.3(1) and 1003.3(2), rule 701—1003.4(123), rule 701—1003.5(123), rule 701—1003.6(123), or paragraph 1003.12(2) “a.”

“Industry member” means an alcoholic beverages manufacturer, including a distiller, vintner or brewer, bottler, importer, wholesaler, representative, broker, agent, officer, director, shareholder not considered an institutional investor as defined in Iowa Code section 123.3(27), partner or employee of each of the above.

“Product” means alcoholic liquor, wine, or beer as defined in Iowa Code chapter 123.

“Retailer” means the holder of an alcoholic beverages license, agents, officers, directors, shareholders not considered institutional investors as defined in Iowa Code section 123.3(27), partners, and employees who sell alcoholic liquor, wine or beer to consumers for consumption on or off the premises of the licensee.

“Sampling” means the practice of industry members giving product to a retailer for the purpose of market research, education, promotion of the product, or determination of the flavor of the product.

“Tasting” means the presentation and serving of a product by industry members or retailers to consumers for the purpose of market research, education, promotion of the product, or determination of the flavor of the product.

“Trade buyer” means a person who is a wholesaler or retailer of alcoholic liquor, wine, or beer.

“Trade spending” means the practice of industry members promoting their brand by purchasing alcoholic beverages for consumers where alcoholic beverages are sold and served for on-premises consumption.

“Wine” means the same as defined in Iowa Code section 123.3(53). For the purposes of this chapter, “wine” includes “native wine” as defined in Iowa Code section 123.3(36).

This rule is intended to implement Iowa Code sections 123.45 and 123.186.

PART II

The rules in this part specify industry member practices that are allowed under the conditions and within the limitations prescribed. The rules apply to transactions between industry members and retailers.

701—1003.2(123) Product displays.

1003.2(1) Except as otherwise provided in this rule, an industry member is prohibited, directly or indirectly, from inducing a retailer to purchase any products from the industry member to the exclusion, in whole or in part, of products sold or offered for sale by other industry members by any of the following means:

- a. Renting, leasing, or buying display space from a retailer.
- b. Paying a retailer to set up a display.
- c. Giving a special price on the products featured in the display or other products sold by the industry member.
- d. Providing free merchandise to a retailer in return for a display.

1003.2(2) An industry member may give, furnish, sell, rent or loan product displays, such as wine racks, bins, barrels, casks and portable, disposable shelving from which alcoholic beverages are displayed and sold, provided that the product display bears conspicuous and substantial advertising matter on the product or the industry member that is permanently inscribed or securely affixed. The name and address of the retailer may appear on the product display. A product display is prohibited if it has secondary value to the retailer, for other than advertising purposes. An industry member is prohibited from requiring a retailer to purchase a specific quantity of alcoholic liquor, wine or beer in order to receive a product display.

1003.2(3) The total value of all product displays may not exceed \$300 per brand at any one time in any one retail establishment. The value of the product display is the industry member’s original cost of the item.

1003.2(4) Industry members may not pool or combine their dollar limitations in order to provide a retailer with a product display that exceeds \$300. Industry members are prohibited from pooling or combining several brands to provide a retailer with a product display that exceeds \$300.

1003.2(5) An industry member shall keep and maintain records in accordance with rule 701—1003.16(123).

This rule is intended to implement Iowa Code section 123.186.

701—1003.3(123) Retailer advertising utensils, consumer advertising specialties, and retailer wearing apparel.

1003.3(1) *Retailer advertising utensils.*

a. An industry member may supply, give, or sell retailer advertising utensils that are primarily valuable as point-of-sale advertising intended for use on the premises of the retail establishment. Such materials include but are not limited to posters, placards, designs, inside signs (electric, mechanical or otherwise), billboards, window decorations, trays, coasters, mats, menu cards, meal checks, paper napkins, foam scrapers, back bar mats, thermometers, clocks, calendars, and alcoholic beverage lists or menus.

b. All retailer advertising utensils must bear conspicuous and substantial advertising matter about the product or the industry member that is permanently inscribed or securely affixed. The name and address of the retailer may appear on the point-of-sale advertising materials.

c. An industry member shall not pay or credit a retailer, directly or indirectly, for using retailer advertising utensils or for any expense incidental to their use.

1003.3(2) *Consumer advertising specialties.*

a. An industry member may furnish, give, or sell consumer advertising specialties to a retailer for unconditional distribution by the retailer to consumers. Consumer advertising specialties may include such items as nonalcoholic mixers, bottle or can openers, corkscrews, shopping bags, matches, printed recipes, pamphlets, cards, leaflets, blotters, postcards, pens or pencils, shirts, caps, and visors.

b. Consumer advertising specialties must bear conspicuous and substantial advertising matter about the product or the industry member that is permanently inscribed or securely affixed.

c. An industry member shall not pay or credit a retailer, directly or indirectly, for distributing consumer advertising specialties or for any expense incidental to their use. There is no dollar limitation on consumer souvenirs.

d. In the event a consumer advertising specialty also advertises a local event not sponsored by the retailer, the consumer advertising specialty need only be offered by the industry member to the retailers within the local community where the event is held.

1003.3(3) *Retailer wearing apparel.* An industry member may sell wearing apparel, including sweatshirts, T-shirts, pants, shorts, hats, caps, polo-type shirts, jackets, jerseys and other similar clothing, that bears substantial permanently affixed advertising identifying the industry member's name or products to a retailer for use by the retailer and the retailer's employees at not less than the industry member's laid-in cost of the items. There is no dollar limitation on wearing apparel that may be sold by an industry member to a retailer.

1003.3(4) *Recordkeeping.* An industry member shall keep and maintain records in accordance with rule 701—1003.16(123).

This rule is intended to implement Iowa Code sections 123.45 and 123.186.

701—1003.4(123) Glassware.

1003.4(1) *Disposable beer or wine glassware.*

a. An industry member engaged in the manufacturing or wholesaling of beer or wine may sell disposable glassware (including foam, paper and one-use plastic cups) to a retailer.

b. An industry member engaged in the manufacturing or wholesaling of beer or wine is prohibited from selling disposable glassware to a retailer at less than the industry member's laid-in cost of the disposable glassware.

1003.4(2) *Commemorative beer or wine glassware.*

a. An industry member engaged in the manufacturing or wholesaling of beer or wine may sell commemorative glassware that bears substantial advertising matter identifying the industry member or the industry member's product to off-premises retailers for resale to consumers.

b. An industry member engaged in the manufacturing or wholesaling of beer or wine is prohibited from selling commemorative glassware to off-premises retailers at less than the industry member's laid-in cost.

1003.4(3) *Durable or disposable alcoholic liquor glassware.*

a. An industry member engaged in the manufacturing or wholesaling of alcoholic liquor may sell durable or disposable (including foam, paper or one-use plastic cups) glassware to a retailer. The glassware must bear advertising matter that identifies the industry member or the industry member's product.

b. An industry member engaged in manufacturing or wholesaling alcoholic liquor is prohibited from selling durable or disposable glassware to a retailer at less than the industry member's laid-in cost of the disposable or durable glassware.

1003.4(4) *Recordkeeping.* An industry member shall keep and maintain records in accordance with rule 701—1003.16(123).

This rule is intended to implement Iowa Code sections 123.45 and 123.186.

701—1003.5(123) Tapping accessories and coil cleaning service.

1003.5(1) *Tapping accessories.*

a. An industry member may sell tapping accessories, identified in rule 701—1003.1(123), and carbon dioxide to a retailer at not less than the industry member's laid-in cost.

b. An industry member may install tapping accessories at a retail establishment provided the retailer bears the cost of initial installation.

1003.5(2) *Coil cleaning service.* An industry member may sell, furnish or give wine and beer coil cleaning services, including carbon dioxide filters and other necessary accessories to properly clean the coil and affix carbon dioxide filters, to a retailer. The manufacturer shall be responsible for paying for the costs if carbon dioxide filters are provided.

This rule is intended to implement Iowa Code sections 123.45 and 123.186.

701—1003.6(123) Tasting.

1003.6(1) *Restrictions.*

a. The amount of product served per person during a tasting shall be limited to the following:

- (1) No more than two one-half-of-one-fluid-ounce tastes of any brand of alcoholic liquor.
- (2) No more than two one-fluid-ounce tastes of any brand of wine.
- (3) No more than two two-fluid-ounce tastes of any brand of beer.
- (4) No more than two two-fluid-ounce tastes of a mixed drink or cocktail as defined in Iowa Code section 123.3.

b. Product shall not be served to, or allowed to be consumed by, any consumer who is under legal age, intoxicated, or simulating intoxication.

c. Product served during a tasting shall not be served by persons under 18 years of age.

d. Product served by an industry member shall be limited to the brands the industry member represents.

1003.6(2) *Tastings conducted by an industry member.* An industry member may conduct a tasting on licensed and unlicensed premises, subject to the requirements and restrictions provided in this rule.

a. *Licensed premises.*

- (1) A tasting may be conducted on licensed premises where alcoholic beverages are sold or served.
- (2) A tasting shall be limited to the types of alcoholic beverages available for purchase as authorized by the license or permit.
- (3) A tasting shall be held during the hours in which alcoholic beverages may be legally sold or served.
- (4) An industry member may provide snack foods or hors d'oeuvres for the participants at the tasting.
- (5) Product or food served during a tasting shall either be provided by the industry member or purchased at no more than the ordinary retail price from the license or permit holder on whose premises the tasting is being held.
- (6) Any product or food remaining at the end of a tasting shall be removed from the licensed premises by the industry member.

b. *Unlicensed premises.*

- (1) A tasting of wine or beer may be conducted in an unlicensed public place unless prohibited by Iowa Code section 123.46(2) or an applicable ordinance or regulation of the local authority.
- (2) A tasting of alcoholic liquor, wine, or beer may be conducted in an unlicensed private place as defined in Iowa Code section 123.3.
- (3) A tasting of alcoholic liquor is prohibited in an unlicensed public place.
- (4) Wine and beer served during a tasting shall be obtained from the respective wholesaler.
- (5) An industry member may provide snack foods or hors d'oeuvres for the participants at the tasting.
- (6) Any product or food remaining at the end of a tasting shall be removed from the premises by the industry member.

1003.6(3) *Tastings conducted by a retailer.* A retailer licensed or permitted for on- or off-premises consumption may conduct a tasting, subject to the requirements and restrictions provided in this rule.

a. Product served during a tasting shall be served by a retailer, the retailer's employees or agents, or an industry member who has the explicit consent of the retailer.

b. A tasting shall be limited to the types of alcoholic beverages available for purchase as authorized by the license or permit.

c. A tasting shall be held during the hours in which alcoholic beverages may be legally sold or served.

d. Product served during a tasting shall be legally obtained by the retailer as prescribed by Iowa Code chapter 123.

e. An off-premises license holder may conduct a tasting when there is no charge for product or access.

f. Food may be provided by the retailer for the participants of a tasting.

1003.6(4) Recordkeeping. An industry member shall keep and maintain records in accordance with rule 701—1003.16(123).

This rule is intended to implement Iowa Code section 123.186.

701—1003.7(123) Sampling.

1003.7(1) Conditions. An industry member may give product to a retailer who has not purchased the brand from that industry member within the preceding 12 months.

1003.7(2) Quantity. Product given to a retailer shall not exceed the following amounts within a calendar year.

a. Three liters of any brand of alcoholic liquor.

b. Three liters of any brand of wine.

c. Three gallons of any brand of beer.

1003.7(3) Procurement. An industry member shall obtain alcoholic liquor, wine, or beer used for sampling from the respective wholesaler. If a particular product is not available in a size within the quantity limitations of this section, an industry member may provide to a retailer the next larger size.

1003.7(4) Identification. Each container of product used for sampling shall be clearly marked with the word “SAMPLE”. The marking shall not obscure the label of the container.

1003.7(5) Recordkeeping. An industry member shall keep and maintain records in accordance with rule 701—1003.16(123).

This rule is intended to implement Iowa Code section 123.186.

701—1003.8(123) Trade spending. An industry member may engage in the practice of trade spending.

1003.8(1) Advertising. Trade spending shall be unannounced and unpublicized.

1003.8(2) Quantity. The industry member shall be limited to purchasing one round of alcoholic beverages or nonalcoholic beverages for patrons of an on-premises retailer.

1003.8(3) Payment. The industry member shall pay the retailer no more than the ordinary retail price for the alcoholic beverage or nonalcoholic beverage.

1003.8(4) Recordkeeping. An industry member shall keep and maintain records in accordance with rule 701—1003.16(123).

This rule is intended to implement Iowa Code section 123.186.

701—1003.9(123) Discounts. An industry member is prohibited from refusing to give a retailer a discount that is offered to other retailers in the market area, even though the retailer declines to reduce the price to the consumer during the discount period, or to advertise the industry member’s product during the promotion period.

This rule is intended to implement Iowa Code sections 123.135(4) and 123.180(4).

701—1003.10(123) Combination packaging. An industry member may package and distribute alcoholic liquor, wine, or beer in combination with other nonalcoholic items or products.

1003.10(1) Combination packages shall not have secondary value to the retailer other than having the potential of attracting purchasers and promoting sales.

1003.10(2) Combination packages shall be designed to be delivered intact to the consumer.

1003.10(3) Industry members who sell alcoholic liquor to the department must comply with the department’s policies regarding combination packaging.

This rule is intended to implement Iowa Code section 123.186.

701—1003.11(123) Consumer promotions.

1003.11(1) Coupons. The act by an industry member of furnishing to consumers coupons that are redeemable at a retail establishment does not constitute a means to induce provided the following conditions are met:

- a. All retailers within the market where the coupon offer is made may redeem such coupons.
- b. An industry member may not reimburse a retailer for more than the face value of all coupons redeemed, plus a usual and customary handling fee for the redemption of coupons.

1003.11(2) Direct offerings. Contest prizes, premium offers, refunds, and like items may be offered by industry members directly to consumers. Officers, employees, and representatives of wholesalers or retailers are excluded from participation.

This rule is intended to implement Iowa Code section 123.186.

701—1003.12(123) Advertising, display or distribution service.

1003.12(1) Prohibition. The act of an industry member paying or crediting a retailer, directly or indirectly, for any advertising, display, or distribution service is prohibited if the act results in exclusion. Such acts include but are not limited to the following:

- a. Making payments or credits to retailers that are merely reimbursements, in full or in part, for such services purchased by a retailer from a third party.
- b. Directly or indirectly sharing the cost of an advertisement with a retailer.
- c. Purchasing advertising from a retailer on such things as but not limited to signs, scoreboards, programs, scorecards, and tote boards in ballparks, stadiums, auditoriums, racetracks, arenas, bowling alleys and all other retail establishments.
- d. Purchasing advertising in a retailer publication for distribution to consumers or the general public.
- e. Providing reimbursements to retailers for setting up product or other displays.
- f. Paying the retailer via a promotion where the industry member rents display space at a retail establishment.

1003.12(2) Exceptions.

- a. Newspaper cuts, mats, or engraved blocks for use in retailers' advertisements may be given or sold by an industry member to a retailer selling the industry member's products.
- b. An industry member may list the names and addresses of two or more unaffiliated retailers selling the products of an industry member in an advertisement of that industry member provided all of the following conditions are met:
 - (1) The advertisement does not also contain the retail price of the product.
 - (2) The listing is the only reference to the retailers in the advertisement and is relatively inconspicuous in relation to the advertisement as a whole.
 - (3) The advertisement does not refer only to one retailer or only to retail establishments controlled directly or indirectly by the same retailer.

This rule is intended to implement Iowa Code sections 123.45 and 123.186.

701—1003.13(123) Stocking and product rotation.

1003.13(1) Allowable activities.

- a. An industry member may stock, rotate, and reset alcoholic liquor, wine or beer sold by the industry member.
- b. An industry member may affix prices to alcoholic liquor, wine or beer sold by the industry member at the time of delivery, provided that the retailer independently determines the price of the alcoholic liquor, wine and beer.
- c. An industry member may build product displays either at the time of delivery or at other times.
- d. An industry member may provide a retailer with a recommended shelf plan or shelf schematic for alcoholic liquor, wine, and beer.

1003.13(2) Prohibited activities.

- a. An industry member may not reset or rearrange another industry member's products without the explicit consent of the retailer.

b. An industry member is prohibited from removing another industry member's point-of-sale advertising matter.

This rule is intended to implement Iowa Code section 123.186.

701—1003.14(123) Sponsorships and special events.

1003.14(1) An industry member may contribute to charitable, civic, religious, fraternal, educational and community entities.

1003.14(2) If such entity is conducting a special event as a retailer or in conjunction with a retailer, an industry member's contribution shall not induce the retailer, directly or indirectly, to purchase any products from the industry member to the exclusion, in whole or in part, of products sold or offered for sale by other industry members at the special event.

1003.14(3) An industry member shall keep and maintain records in accordance with rule 701—1003.16(123).

This rule is intended to implement Iowa Code sections 123.45 and 123.186.

701—1003.15(123) Participation in educational seminars and retail association activities.

1003.15(1) *Educational seminars.* An industry member may give or sponsor educational seminars for employees of retailers either at the industry member's premises or at the retail establishment regarding such topics as use of a retailer's equipment, training seminars for employees of retailers, and tours of alcoholic beverages manufacturing facilities; however, an industry member is prohibited from paying a retailer's expenses or compensating a retailer for attending such seminars and tours.

1003.15(2) *Retail association activities.* An industry member may participate in retail association activities in the following manner:

- a. Display its products at a trade show or convention.
- b. Rent display booth space provided that the rental fee is not excessive and is the same paid by all exhibitors.
- c. Provide hospitality for the persons attending the trade show or convention. The hospitality provided by the industry member shall be independent from association-sponsored activities.
- d. Purchase tickets, attend functions, and pay registration fees, provided that such payments are not excessive and are the same paid by all exhibitors.
- e. Pay for advertising in programs or brochures issued by retail associations at a convention or trade show, provided that the total payments made by an industry member do not exceed \$300 per calendar year to any one retail association.

This rule is intended to implement Iowa Code section 123.186.

701—1003.16(123) Recordkeeping.

1003.16(1) Industry members are required to keep and maintain accurate records for a three-year period regarding each of the items that may be provided to retailers in the following rules:

- a. 701—1003.2(123) (product displays).
- b. 701—1003.3(123) (retailer advertising utensils, consumer advertising specialties, and retailer wearing apparel).
- c. 701—1003.4(123) (glassware).
- d. 701—1003.6(123) (tasting).
- e. 701—1003.7(123) (sampling).
- f. 701—1003.8(123) (trade spending).
- g. 701—1003.14(123) (sponsorships and special events).
- h. 701—1003.15(123) (participation in educational seminars and retail association activities).

1003.16(2) Records shall state the following:

- a. The name and address of the retailer receiving the item.
- b. The date the item was furnished, sold, given, loaned, leased, or rented.
- c. The item furnished.
- d. The industry member's laid-in cost of the item furnished.
- e. The charges to the retailer for the item.

1003.16(3) Commercial records or invoices may be used to satisfy the requirements of this rule provided all of the required information appears on the record or invoice.

1003.16(4) Records shall be open to representatives of the department during normal business hours of the industry member and may be subject to administrative subpoena issued by the department.

This rule is intended to implement Iowa Code sections 123.33 and 123.186.

PART III

The rules in this part specify industry member practices that are a means to induce a retailer and that are prohibited. The rules apply to transactions between industry members and retailers.

701—1003.17(123) Equipment, furnishings, fixtures.

1003.17(1) An industry member is prohibited from directly or indirectly giving, selling, renting, or lending equipment, furnishings or fixtures to a retailer for use by the retailer or in the retail establishment.

1003.17(2) A prohibited indirect inducement includes but is not limited to obtaining equipment, furnishings, or fixtures for a retailer through a third-party arrangement where the resulting benefits flow to an individual retailer.

This rule is intended to implement Iowa Code sections 123.45 and 123.186.

701—1003.18(123) Free warehousing prohibited. An industry member is prohibited, directly or indirectly, from providing free warehousing of products for a retailer by delaying delivery of alcoholic liquor, wine, or beer beyond the time that payment for the product is received or, if a retailer is purchasing on credit, delaying final delivery of products beyond the close of the period of time for which credit is lawfully extended.

This rule is intended to implement Iowa Code sections 123.45 and 123.186.

701—1003.19(123) Extension of credit and prepaid accounts.

1003.19(1) *Extension of credit.* An industry member is prohibited from extending credit on the sale of alcoholic liquor or beer to a retailer. An industry member may extend credit to a retailer on the sale of wine for not more than 30 days from the date of the sale.

1003.19(2) *Prepaid accounts.*

a. An industry member may establish prepaid accounts in which retailers deposit a sum of money to pay for future purchases of alcoholic beverages products.

b. An industry member may not hold the money deposited in a prepaid account for future payment of a debt.

c. An industry member shall transfer the amount of the invoice from the retailer's prepaid account each time that the industry member makes a sale and a delivery to the retail establishment.

d. An industry member is not required to establish separate escrow accounts for prepaid accounts.

e. An industry member is responsible for accurately and honestly accounting for the funds held in a prepaid account.

f. A retailer may withdraw the money placed in a prepaid account at any time.

g. An industry member is prohibited from utilizing prepaid accounts to require a retailer to purchase any quota of alcoholic liquor, wine, or beer.

This rule is intended to implement Iowa Code sections 123.45 and 123.181(2).

701—1003.20(123) Quota sales. An industry member is prohibited from requiring a retailer to purchase and sell any quota of alcoholic liquor, wine or beer.

This rule is intended to implement Iowa Code sections 123.45 and 123.186.

701—1003.21(123) Tie-in sales. An industry member is prohibited from requiring a retailer to purchase one product in order to purchase another. This prohibition includes combination sales if one or more products may be purchased only in combination with other products and not individually. However, an industry member is not prohibited from selling at a special combination price, two or more kinds or

brands of products to a retailer, provided that the retailer has the option of purchasing either product at the usual price, and the retailer is not required to purchase any product not wanted by the retailer.

This rule is intended to implement Iowa Code sections 123.45 and 123.186.

PART IV

The rule in this part specifies that exclusive outlet arrangements with retailers are prohibited. The rule applies to transactions between industry members and retailers.

701—1003.22(123) Contracts to purchase alcoholic liquor, wine, or beer.

1003.22(1) *Implied or express contracts.*

a. Any contract or agreement, written or unwritten, that has the effect of requiring the retailer to purchase alcoholic liquor, wine, or beer from the industry member beyond a single sales transaction is prohibited, except as provided in paragraph 1003.22(1) “*b.*” Examples of such contracts are:

(1) An advertising contract between an industry member and a retailer with the express or implied requirement of the purchase of the advertiser’s products.

(2) A sales contract awarded on a competitive bid basis that has the effect of prohibiting the retailer from purchasing from other industry members by requiring that, for the period of the agreement, the retailer purchase a product or line of products exclusively from the industry member or requiring that the retailer purchase a specific or minimum quantity during the period of the agreement.

b. An industry member and a retailer may enter into a supply contract for one year or less under which the industry member agrees to sell alcoholic liquor, wine, or beer to the retailer on an “as needed” basis provided that the retailer is not required to purchase any minimum quantity of such product.

1003.22(2) *Third-party arrangements.*

a. Industry member requirements, by agreement or otherwise, with nonretailers that result in a retailer’s being required to purchase the industry member’s products are prohibited, regardless of whether the agreement or other arrangement originates with the industry member or the third party.

EXAMPLE: A supplier enters into a contractual agreement or other arrangement with a third party. This agreement or arrangement contains an industry member requirement as described above. The third party—a ballclub or municipal or private corporation not acting as retailer—leases the concession rights and is able to control the purchasing decisions of the retailer. The third party, as a result of the requirement, by agreement or otherwise, with the industry member, requires the retailer to purchase the industry member’s products to the exclusion, in whole or in part, of products sold or offered for sale by other industry members.

b. Prohibited business arrangements between an industry member and a third party may consist of such things as sponsoring radio or television broadcasting, paying for advertising, or providing other services or things of value.

This rule is intended to implement Iowa Code sections 123.45 and 123.186.

PART V

The rule in this part specifies industry member practices that are a means to induce a retailer and that are prohibited. The rule applies to transactions between industry members and employees, officers, or representatives of retailers.

701—1003.23(123) Commercial bribery. An industry member is prohibited from offering or giving a retailer free trips, bonuses or prizes based on sales of the industry member’s alcoholic beverages products.

This rule is intended to implement Iowa Code section 123.186.

PART VI

The rules in this part specify sales arrangements that are prohibited. The rules apply to transactions between industry members and trade buyers.

701—1003.24(123) Consignment sales. An industry member is prohibited from selling alcoholic liquor, wine, or beer to a retailer on consignment. Consignment means a sale under which the retailer is not obligated to pay for the alcoholic liquor, wine, or beer, until the product is sold by the retailer.

This rule is intended to implement Iowa Code section 123.186.

701—1003.25(123) Return of alcoholic liquor, wine, and beer. An industry member may accept the return of alcoholic liquor, wine, and beer for ordinary and usual commercial reasons but is not obligated to do so.

1003.25(1) Ordinary and usual commercial reasons for exchanges and returns.

a. Defective products.

(1) Products that are unmarketable because of product deterioration, leaking containers, damaged labels, or missing or mutilated tamper-evident closures may be exchanged for an equal quantity of identical products or may be returned for cash or credit against outstanding indebtedness.

(2) Freshness dating. An industry member may accept a return of beer for cash or credit against outstanding indebtedness or exchange the beer for freshness reasons provided all of the following conditions are met:

1. The manufacturer of the beer has policies and procedures in place that specify the date the retailer must pull the product.

2. The industry member's freshness return/exchange policies and procedures are readily verifiable and consistently followed by the industry member.

3. The beer container has identifying markings that correspond with the pull date.

4. The beer product pulled by the trade buyer may not reenter the retail marketplace.

b. Error in products delivered. Any discrepancy between products ordered and products delivered may be corrected, within a reasonable period after delivery, by exchange of the products delivered for those that were ordered, or by a return for cash or credit against outstanding indebtedness.

c. Products that may no longer be lawfully sold. Products that may no longer be lawfully sold may be returned for cash or credit against outstanding indebtedness. This would include situations where, due to a change in regulation or administrative procedure over which the trade buyer or an affiliate of the trade buyer has no control, a particular size or brand is no longer permitted to be sold.

d. Termination of business. Products on hand at the time a trade buyer terminates operations via cancellation of the trade buyer's license or permit may be returned for cash or credit against outstanding indebtedness. This does not include the temporary seasonal shutdown of a trade buyer holding a 12-month license or permit.

e. Termination of franchise. When an industry member has sold products for cash or credit to one of its wholesalers and the distributorship arrangement is subsequently terminated, stocks of the product on hand may be returned for cash or credit against outstanding indebtedness.

f. Change in product. Except as provided in paragraph 1003.25(2) "b," a trade buyer's inventory of a product that has been changed in formula, proof, label, or container may be exchanged for equal quantities of the new version of that product.

g. Discontinued products. When a producer or importer discontinues the production or importation of a product, a trade buyer's inventory of that product may be returned for cash or credit against outstanding indebtedness.

h. Seasonal dealers. Industry members may accept the return of products from retailers holding an eight-month seasonal license or permit upon cancellation of the license or permit. These returns shall be for cash or for credit against outstanding indebtedness.

1003.25(2) Reasons not considered ordinary and usual. The following are not considered ordinary and usual commercial reasons for exchanges and returns. Exchanges and returns for these reasons are prohibited.

a. Overstocked or slow-moving products.

b. Products for which there is only a limited or seasonal demand.

This rule is intended to implement Iowa Code section 123.186.

PART VII

The rule in this part governs violations of rules within this chapter.

701—1003.26(123) Contested case—burden. In any contested case alleging a violation of this chapter, the burden of demonstrating compliance with the lawful requirements for retention of the license or permit or certificate of compliance shall be placed on the licensee, permittee, or certificate of compliance holder.

This rule is intended to implement Iowa Code sections 17A.18(3) and 123.39.

ALCOHOLIC BEVERAGES DIVISION[185]

Notice of Intended Action

**Proposing rulemaking related to rescision of chapters
and providing an opportunity for public comment**

The Department of Revenue hereby proposes to rescind Chapter 4, “Retail Alcohol Licenses—Beer Permits—Wine Permits,” Chapter 5, “License and Permit Division,” Chapter 8, “Transportation and Warehouse,” Chapter 9, “Personal Importation of Alcoholic Liquor, Wine, and Beer,” and Chapter 16, “Trade Practices,” Iowa Administrative Code.

Legal Authority for Rulemaking

This rulemaking is proposed under the authority provided in Iowa Code sections 123.10, 123.49, and 123.186.

State or Federal Law Implemented

This rulemaking implements, in whole or in part, Iowa Code sections 17A.18, 123.3, 123.4, 123.10, 123.22, 123.24, 123.30 through 123.31B, 123.33, 123.35, 123.38, 123.39, 123.45, 123.49, 123.50, 123.59, 123.92 through 123.94, 123.122, 123.127, 123.171, 123.175, 123.176, 123.183, and 123.186.

Purpose and Summary

Chapters 4, 5, 8, 9, and 16 are all designed for alcohol license, permit, and certificate of compliance holders to better understand requirements they must follow pertaining to their license or permit type. As part of the government reorganization pursuant to 2023 Iowa Acts, Senate File 514, the Department proposes to rescind the existing chapters under agency [185] and adopt them as new 701—Chapters 1000 through 1003 in separate proposed rulemakings herein (IAB 2/5/25).

Regulatory Analysis

A Regulatory Analysis for this rulemaking was published in the Iowa Administrative Bulletin on November 13, 2024. A public hearing was held on the following date(s):

- December 3, 2024

No public comments on the Regulatory Analysis were received at the hearing or in writing. No changes to the proposed text have been made after publication of the Regulatory Analysis. The Administrative Rules Coordinator provided preclearance for publication of this Notice of Intended Action on December 10, 2024.

Fiscal Impact

This rulemaking has no fiscal impact to the State of Iowa.

Jobs Impact

After analysis and review of this rulemaking, no impact on jobs has been found.

Waivers

Any person who believes that the application of the discretionary provisions of this rulemaking would result in hardship or injustice to that person may petition the Alcoholic Beverages Division for a waiver of the discretionary provisions, if any, pursuant to 185—Chapter 19.

Public Comment

Any interested person may submit written comments concerning this proposed rulemaking, which must be received by the Department no later than 4:30 p.m. on February 25, 2025. Comments should be directed to:

Madelyn Cutler
Iowa Alcoholic Beverages Division
1918 SE Hulsizer Road
Ankeny, Iowa 50021
Email: madelyn.cutler@iowa.gov

Public Hearing

Public hearings at which persons may present their views orally or in writing will be held as follows:

February 25, 2025 10 to 11 a.m.	Via video/conference call meet.google.com/cec-wnfw-kxv
February 25, 2025 2 to 3 p.m.	Via video/conference call meet.google.com/rxw-nuwH-sdj

Persons who wish to make oral comments at a public hearing may be asked to state their names for the record and to confine their remarks to the subject of this proposed rulemaking.

Any persons who intend to attend a public hearing and have special requirements, such as those related to hearing or mobility impairments, should contact the Department and advise of specific needs.

Review by Administrative Rules Review Committee

The Administrative Rules Review Committee, a bipartisan legislative committee which oversees rulemaking by executive branch agencies, may, on its own motion or on written request by any individual or group, review this rulemaking at its [regular monthly meeting](#) or at a special meeting. The Committee's meetings are open to the public, and interested persons may be heard as provided in Iowa Code section 17A.8(6).

The following rulemaking action is proposed:

- ITEM 1. Rescind and reserve **185—Chapter 4.**
- ITEM 2. Rescind and reserve **185—Chapter 5.**
- ITEM 3. Rescind and reserve **185—Chapter 8.**
- ITEM 4. Rescind and reserve **185—Chapter 9.**
- ITEM 5. Rescind and reserve **185—Chapter 16.**

ALCOHOLIC BEVERAGES DIVISION[185]

Notice of Intended Action

**Proposing rulemaking related to private wine sales
and providing an opportunity for public comment**

The Department of Revenue hereby proposes to rescind Chapter 14, “Private Wine Sales,” Iowa Administrative Code.

Legal Authority for Rulemaking

This rulemaking is proposed under the authority provided in Iowa Code section 123.10.

State or Federal Law Implemented

This rulemaking implements, in whole or in part, Iowa Code sections 123.10 and 123.180.

Purpose and Summary

This chapter describes the requirements needed for Class “A” wine permittees to engage in private wine sales with other licensees within the state. The purpose of this proposed rulemaking is to rescind Chapter 14 because it is outdated and obsolete.

Regulatory Analysis

A Regulatory Analysis for this rulemaking was published in the Iowa Administrative Bulletin on October 30, 2024. A public hearing was held on the following date(s):

- November 19, 2024

No public comments on the Regulatory Analysis were received at the hearing or in writing. No changes to the proposed text have been made after publication of the Regulatory Analysis. The Administrative Rules Coordinator provided preclearance for publication of this Notice of Intended Action on December 10, 2024.

Fiscal Impact

This rulemaking has no fiscal impact to the State of Iowa.

Jobs Impact

After analysis and review of this rulemaking, no impact on jobs has been found.

Waivers

Any person who believes that the application of the discretionary provisions of this rulemaking would result in hardship or injustice to that person may petition the Alcoholic Beverages Division for a waiver of the discretionary provisions, if any, pursuant to 185—Chapter 19.

Public Comment

Any interested person may submit written comments concerning this proposed rulemaking, which must be received by the Department no later than 4:30 p.m. on February 25, 2025. Comments should be directed to:

Madelyn Cutler
Iowa Alcoholic Beverages Division
1918 SE Hulsizer Road
Ankeny, Iowa 50021
Email: madelyn.cutler@iowa.gov

Public Hearing

Public hearings at which persons may present their views orally or in writing will be held as follows:

February 25, 2025 10 to 11 a.m.	Via video/conference call meet.google.com/cec-wnfw-kxv
February 25, 2025 2 to 3 p.m.	Via video/conference call meet.google.com/rxw-nuwh-sdj

Persons who wish to make oral comments at a public hearing may be asked to state their names for the record and to confine their remarks to the subject of this proposed rulemaking.

Any persons who intend to attend a public hearing and have special requirements, such as those related to hearing or mobility impairments, should contact the Department and advise of specific needs.

Review by Administrative Rules Review Committee

The Administrative Rules Review Committee, a bipartisan legislative committee which oversees rulemaking by executive branch agencies, may, on its own motion or on written request by any individual or group, review this rulemaking at its [regular monthly meeting](#) or at a special meeting. The Committee's meetings are open to the public, and interested persons may be heard as provided in Iowa Code section 17A.8(6).

The following rulemaking action is proposed:

ITEM 1. Rescind and reserve **185—Chapter 14**.