

BEFORE THE IOWA DEPARTMENT OF REVENUE  
HOOVER STATE OFFICE BUILDING  
DES MOINES, IOWA

IN THE MATTER OF  PARK STREET DIRECT OF CA, LLC 980 AIRWAY CT SANTA ROSA CA 95403-2000  ALCOHOL	<b>DECLARATORY ORDER</b>  DOCKET NO. 889358
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Pursuant to a Petition for Declaratory Order (“Petition”) filed with the Iowa Department of Revenue (“Department”) by PARK STREET DIRECT OF CA, LLC (hereinafter referred to as “Park Street Direct” or “Petitioner”) on April 17, 2025, and in accordance with Iowa Code section 17A.9 (2025) and Iowa Administrative Code rule 701—4.7, “Declaratory order-in general,” the Director issues the following order.

**I. FACTS**

The findings of fact are based on the Petition submitted to the Department. Petitioner produces wine in California and holds an Iowa direct wine shipper permit (“permit”), which allows it to ship its wine from its California facility to Iowa customers. Pet. at 1-2; *see also* Iowa Code § 123.187 (describing the permit and its requirements). Petitioner has warehouses in the states of Florida and New Jersey that store its wine. Pet. at 1. Petitioner seeks to ship this California-produced wine directly from its New Jersey and Florida warehouses to Iowa customers. Pet. at 1-2.

**II. ISSUES PRESENTED**

The Petition presents the following question: Whether Petitioner may fulfill direct shipment orders to Iowa residents by shipping California-produced wine from its out-of-state warehouses in Florida and New Jersey without obtaining separate Iowa permits for those facilities, where the wine was produced at Petitioner’s licensed California facility but stored and shipped from secondary warehouse locations.

### III. STANDARD OF REVIEW

#### A. Declaratory Orders Under the Iowa Administrative Procedure Act

Iowa's Administrative Procedure Act ("IAPA") was enacted "to provide a minimum procedural code for the operation of all state agencies when they take action affecting the rights and duties of the public." Iowa Code § 17A.1(2). Under the IAPA, "[a]ny person may petition an agency for a declaratory order as to the applicability to specified circumstances of a statute, rule, or order within the primary jurisdiction of the agency." *Id.* § 17A.9(1)(a). The IAPA also describes agency rights and responsibilities with respect to declaratory order proceedings. *See id.* § 17A.9(1)(b)–(8). Pursuant to section 17A.9(2), the Department adopted Iowa Administrative Code rule 701—4.7, which outlines department-specific rules governing declaratory orders.

The purpose of a declaratory order is to provide a "generally available means for persons to obtain reliable information about agency administered law as it applies to their particular circumstances." *Sierra Club Iowa Chapter v. Iowa Dep't of Transp.*, 832 N.W.2d 636, 647 (2013). Declaratory orders are not contested cases that "entitle[] parties affected by the agency action to an adversarial hearing" in order to "adjudicate disputed facts pertaining to particular individuals in specific circumstances." *Greenwood Manor v. Iowa Dep't of Pub. Health, State Health Facilities Council*, 641 N.W.2d 823, 834 (Iowa 2002); Iowa Code § 17A.12. Instead, the IAPA "contemplates declaratory rulings by administrative agencies on purely hypothetical sets of facts." *City of Des Moines v. Pub. Emp't Relations Bd.*, 275 N.W.2d 753, 758 (1979).

As such, "[t]he procedure established by section 17A.9 allows persons to seek formal opinions on the effect of future transactions and arrange their affairs accordingly." *Bennett v. Iowa Dep't of Natural Res.*, 573 N.W.2d 25, 26 (Iowa 1997). Declaratory orders issued by an administrative agency do, however, have "the same status and binding effect as any final order issued in a contested case proceeding." Iowa Code § 17A.9(7). The Department's rules governing declaratory orders are consistent with this understanding of the role of declaratory orders in administrative procedure. *See* Iowa Admin. Code r. 701—4.7.

**B. Iowa Code Chapter 123**

“An agency shall have only that authority or discretion delegated to or conferred upon the agency by law and shall not expand or enlarge its authority or discretion beyond the powers delegated to or conferred upon the agency.” Iowa Code § 17A.23. As noted above, the Legislature delegated to the Department the power to administer and enforce the laws concerning alcoholic beverage control, as well as the power to adopt rules as necessary to carry out the duties delegated to it under chapter 123. See *id.* §§ 123.4, .10.

**IV. DISCUSSION**

Iowa Code chapter 123 establishes a regulatory framework for the direct shipment of wine into Iowa, focusing primarily on the manufacturing entity, the origin of wine production, and the delivery mechanism. See *id.* § 123.187. The chapter is to be “liberally construed” to protect public welfare and to regulate alcoholic beverages “except as provided in [chapter 123].” See *id.* at § 123.1.

Section 123.187(2)(a) authorizes only wine manufacturers holding an Iowa direct wine shipper permit to sell wine at retail for direct shipment to Iowa residents. The statute defines eligibility and compliance based on the permit-holding manufacturer, not on the specific location from which shipments originate. See *id.* at § 123.187(3). The definitions section clarifies that “winery” includes both the premises where wine is fermented and the person or entity in charge of those operations, including blending and bottling. See *id.* at § 123.3(19), (31). Importantly, “licensed premises” refers specifically to locations authorized for manufacture or sale under Iowa permits. See *id.* at § 123.3(29). Out-of-state warehouses that merely store and ship wine, without engaging in manufacturing or retail sales activities, do not fall within this definition and therefore do not independently require Iowa licensure.

Section 123.187(3)(b) requires that wine shipped to Iowa residents be “properly registered with the [Federal Alcohol and Tobacco Tax and Trade Bureau (TTB)], and fermented on the winery premises of the wine direct shipper permittee.” This dual requirement ensures both federal

regulatory compliance and production authenticity. *See id.* The federal registration requirement aligns with the TTB's authority over interstate alcohol commerce under the Federal Alcohol Administration Act (FAA Act), while the fermentation location requirement ensures the wine's legitimacy derives from production at the permitted facility rather than mere storage or distribution points. *See* 27 U.S.C. §§ 201, 203 (codifying the FAA Act and setting basic permit requirements for domestic wine production and shipping); *see also* Iowa Code § 123.187(3) (establishing Iowa's focus on production origin to ensure wine authenticity).

A comprehensive review of chapter 123 reveals no licensing or disclosure requirements for storage, warehousing, or fulfillment facilities used by permitted wine manufacturers. The regulatory focus is on manufacturing permits, retail licenses, and carrier permits for actual transportation. *See, e.g., id.* at §§ 123.30, .176, .188. While wine carriers must obtain permits to deliver shipments into Iowa, the law imposes no restrictions on the geographical origin of shipments by properly licensed manufacturers.

## **V. CONCLUSION**

Based on the foregoing analysis, a wine manufacturer holding an Iowa direct wine shipper permit may lawfully fulfill Iowa direct wine shipments from its unlicensed warehouses under its existing direct wine shipper permit, provided the wine was originally fermented at its permitted California facility and all other statutory requirements are satisfied. Iowa law does not require separate permits for fulfillment locations, focusing instead on the manufacturing entity's qualifications and the origin of wine production. *See id.* at § 123.187. All shipments must comply with Iowa's labeling requirements, age verification procedures, and must be delivered by carriers holding valid Iowa wine carrier permits as required under section 123.188. *See id.* The permittee should monitor for changes in Iowa statutes or administrative rules, as regulatory approaches to direct shipping and fulfillment may evolve, and this analysis presumes that the out-of-state warehouses are not engaging in activities that would independently require Iowa licensure, such as manufacturing or retail sales.

**ORDER**

THEREFORE, based on the facts presented, the applicable provisions of law, and the foregoing reasoning, the issue raised in the Petition for Declaratory Order is as answered above.

Done at Des Moines, Iowa on this 23rd day of July, 2025.

IOWA DEPARTMENT OF REVENUE

BY Mary Mosiman  
Mary Mosiman, Director