



BILL SUMMARY

Micro-Distilleries HF 2402

Status of Bill: Ways and Means Calendar
Committee: State Government (22-0) Ways and Means (19-4)
Lead Democrats: Rep Lensing
Floor Manager: Rep Sexton
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Background

Currently micro-distillers feel they are at a disadvantage compared to Iowa breweries and wineries, this bill in their view levels the playing field. This bill comes from the Iowa distilling industry and not from the Alcohol Beverages Division (ABD). As of June 30, 2015 there have been 11 micro-distilled spirits permits issued in the state of Iowa, with revenue reaching \$6.5 million between FY 13 and FY 15. Current law allows for micro-distilleries are allowed to produce 50,000 gallons of product. Iowa law also allows for micro-distillers to sell two bottles of product at a production facility and does not allow patrons to purchase by the glass.

Summary

Major Changes

This following are the major policy changes for micro-distilleries in the bill:

1. Creates a class "C" micro-distillery spirits permit.
2. Increases the production for micro-distilleries to 100,000 gallons. This is a total production cap, not per facility. This would make Iowa the highest production limit of bordering states with a micro-distillery designation.
3. Increases the limit of micro-distilled spirits allowed to be sold on the premise to two cases.
4. Allows for the consumption by the glass of micro-distilled spirits on location to patrons.
 - a. If a license holder has more than one facility they can only sale on premise consumption at one location. This matches what breweries are able to do.
5. Allows for the sale of micro-distilled products outside the state of Iowa.
6. Directs the ABD to conduct a comprehensive study of alcoholic beverage control in the state of Iowa.

Miscellaneous Changes

- Sections 2 through 4 and 12 are technical changes adding class "C" micro-distilled spirits to existing code languages.
- Micro-distiller is limited to 3 class "A" micro-distilled permits.
 - This allows for manufacturers to sell to ABD with the option of selling bottles at manufacturing locations.
- Section 9 established authority of micro-distillery with a class "C" permit.
- Section 10 establishes elements of permit application.
- Allows a native wine manufacturer to be granted a class "C" native wine permit, even if, the manufacturer already is a manufacturer of distilled-spirits.