



SF 401 – Cocktails Mixed on Premises, Off-Premise Consumption (LSB1194SV)
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Fiscal Note Version – New

Description

Senate File 401 modifies the definition of a sealed container. The following containers are not considered a sealed container under the Bill.

- A cup made of plastic intended for one-time use.
- A cup made of paper or foam.
- A cup with a hole that includes a tamper-evident seal.
- A vacuum or heat-sealed pouch.

The Bill takes effect upon enactment.

Background

Currently, under Iowa Code section [123.49](#), a mixed drink or cocktail mixed on a licensed premises may be transported in a sealed container and is not deemed an open container as long as the seal has not been compromised. Iowa Code section 123.49 defines what is to be deemed a sealed container.

According to the DOT, new federal regulations make Iowa's open container law noncompliant with federal regulations beginning in FY 2024. If Iowa is no longer compliant, the State will be subject to a penalty of 2.5% of both National Highway Performance Program (NHPP) and Surface Transportation Block Grant (STBG) funding, resulting in a penalty of approximately \$14.2 million annually. The NHPP and STBG are two of many sources of funding allocated to the DOT and local jurisdictions to assist with road and bridge improvements.

Assumptions

- According to the DOT, noncompliance will result in an annual loss of \$14.2 million.
- Iowa will be in compliance with National Highway Traffic Safety Administration (NHTSA) regulations following the passage of this Bill.

Fiscal Impact

Senate File 401 would put Iowa in compliance with federal requirements, and the DOT would retain \$14.2 million in federal road/bridge improvement funding annually.

Source

Department of Transportation

/s/ Jennifer Acton

March 7, 2023

Doc ID 1369899

The fiscal note for this Bill was prepared pursuant to [Joint Rule 17](#) and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.
