

IOWA ALCOHOLIC BEVERAGES COMMISSION

MINUTES

Doll Distributing
3501 23rd Ave
Council Bluffs, IA 51501
November 12, 2014 - 1:00 PM
Dial In Number: 1.866.685.1580
Conference Code Number: 0009991572

Commission Members Present:

Rick Hunsaker: Chairperson
Tami Doll: Vice-Chair
Jay Wilson: Secretary
Gary Nystrom: Member
Claire Celsi: Member

ABD Staff Present:

Stephen Larson: Administrator
John Lundquist: Assistant Attorney General
Karen Freund: Regulation and Licensing Bureau Chief
Stephanie Strauss: Executive Officer
Heather Schaffer: Compliance Officer
Bobby Bailey: Field Auditor

Guests Present:

Jessica Dunker: Iowa Restaurant Association
Tim Lanphier: L & L Distributing
Matt Johnson: Iowa Restaurant Association
Charles McGrigg: Wine Institute
Tim Secory: Southern Wine and Spirits
Sheila Douglas: IWBD

Guests Present on Conference Call:

Marty Reynolds
Ryan Burchette: Mississippi River Distilling Company
Tom Walters:
Julie Simon: Iowa Senate Democratic Caucus
Jason Bassett: Kum & Go

CALL TO ORDER

Chairperson Rick Hunsaker called the meeting to order at 1 p.m. and roll was taken. There was a quorum.

APPROVAL OF AGENDA

MOTION: A motion was made by Commissioner Celsi and a second by Commissioner Wilson to approve the agenda for the November 12, 2014 Commission meeting.

Motion approved unanimously.

MOTION: A motion was made by Commissioner Nystrom and a second by Commissioner Doll to approve the minutes for September 23, 2014 and October 17, 2014 Commission meetings.

Motion approved unanimously.

Chairperson Rick Hunsaker recognized Administrator Larson for the 2015 Legislative session overview.

2015 Legislative Session and Overview

Administrator Larson shared a roster update for the upcoming session of the Iowa Legislature, with new members highlighted. While no specific agenda on the behalf of ABD was detailed, the Administrator indicated that it would be a busy first half of the General Assembly. He added that there will be a Legislative Open House held at ABD in Ankeny on January 14, 2015 from 5:30 to 7:30 and hoped that all would be able to attend.

The Administrator then introduced ABD staff person Stephanie Strauss to summarize a meeting of the Urbandale Chamber of Commerce held that morning that included three legislators in attendance: John Forsythe (Representative from Urbandale); Jake Highfill (Representative from Johnston and Urbandale); and Brad Zaun (Senator from Urbandale). The essence of this meeting was a follow-up to a special event held in Urbandale in 2014 that featured tastings of Iowa-brewed beers. The Urbandale C of C had asked Iowa ABD to attend in order to field questions and concerns. Three local brewers, Rock Bottom, Confluence and Exile, were in attendance and all expressed interest in wanting to self-distribute their products throughout Iowa and outside of the state. There was also discussion at this meeting from Iowa winemakers saying they hoped to broaden their 'footprints' with such events so that they can offer tastings and sell their products within the actual events rather than having to set up their displays outside of the events.

Commissioner Wilson said that he would like to review regulations pertaining to craft breweries, distilleries and wineries to better understand how these regulations are 'holding them down.' He added that these businesses deserve to grow and prosper. Commissioner Doll agreed as long as any future growth or expansion remains in the 3-tier system. Commissioner Wilson concurred regarding staying true to the 3-tier system but commented on how other states seem to be successful in allowing these emerging industries to thrive while remaining within the 3-tier system. He asked if Iowa is 'behind.'

Commissioner Doll then asked staff person Karen Freund if craft brewers believe that they're being 'wronged' by the 3-tier system. Freund responded that, essentially, they are frustrated because they can't self-distribute. Staff person Strauss added that ABD is hearing that class "A" brewers are also wanting to sell wine in their tap rooms. Administrator Larson summarized that ABD staff will prepare a list of questions from the Urbandale Chamber of Commerce meeting to educate and inform everyone. The Administrator then transitioned into a report with a meeting he and Chairperson Hunsaker had with Iowa Economic Development Authority Director Debi Durham concerning the native beer, wine and distilling industries and how her agency wants to ensure these industries are allowed to grow and not be stagnated by regulations. Also, the Economic Development Authority has put out an RFP for a consultant to study native breweries, wineries and distilleries in Iowa.

Chairperson Hunsaker then then asked if ABD has an adequate handout listing the various licenses and what these licenses mean. Staff responded that there is such a handout and that efforts to distribute and make public will continue.

Trade Practices

Staff persons Stephanie Strauss and Heather Schaffer then presented the work completed by ABD staff on 185 Iowa Administrative Code Chapter 16 - trade practices (attached). Chairperson Hunsaker commented that he appreciated the effort and hopes that it will result a better transition between federal and state rules. He then asked if there was a timeline set. Staff person Schaffer responded that the rule on tastings, samplings and trade spending will be ready for the next Commission meeting.

Commissioner Celsi then requested that staff highlight substantive changes when presented. Commissioner Doll commented that the new materials appeared to better qualify existing rules. Commissioner Wilson added that he liked the way the presentation had been laid out for providing feedback and comments.

Staff persons Schaffer and Strauss then emphasized how rule 17 (Promotions and Special Events) was misleading in title (it should be Promotions of Special Events) and that the first two sentences present a direct conflict. They then transitioned to staff person Karen Freund to discuss the one page presentation on special events that was part of the informational handout. Ms Freund mentioned that she had shared the document with a downtown group in Iowa City and it was well received.

Commissioner Wilson commented that he would like to see some sort of timeline integrated into the special events document so that applicants could have a better understanding of how long it takes to obtain a license. Commissioner Doll agreed and both she and Commissioner Wilson encouraged the inclusion of more detail being added to the document to make it easier to understand. Staff person Freund agreed and committed to revising the document.

Administrator Larson recapped the work by discussing the importance of following Executive Order 80 by creating a stake holders group for the purpose of working on the expanded list of definitions in Chapter 16. He and Assistant Attorney General Lundquist emphasized that the rule making process is dependent on legislative calendars and, while not necessarily slow, must be deliberate.

Commissioner Wilson then requested that, regarding the Special Events document, the types of license available be added and provide more clarity for new license applicants. AG Lundquist added that there are certain restraints on types of special licenses and that the shortest is the 5-day. He said that possibly a change in code is required.

Commissioner Doll commented that a mention of required Dram shop insurance should be added to the Special Events document.

Public Comment

Jessica Dunker of the Iowa Restaurant Association commented on the Special Events handout and the requirement that all money for an event that features a tasting must be paid to the holder of the license who, in turn, pays the non-profit sponsor of the event. She believes this is cumbersome and can lead to non-profit organizations being cheated by licensees. AG Lundquist clarified that, because participants are essentially paying for drinks, the money must process through the licensee. Staff person Freund added that most non-profits she deals with understand the rule and have no problem with it. Ms Dunker was insistent that the rule made for

an unnecessary hurdle for non-profits, many of which operate with very little money and often need the proceeds right away in order to conduct their specific events.

Chairperson Hunsaker asked if having a new category of special license would allay such confusion and concern and staff person Freund said that it might but added that she has worked with many non-profit organizations on this challenge and that they have ended positively.

Administrator Larson then discussed the next meeting of the Commission in Muscatine and that Economic Development Authority Director Durham will be in attendance. He also pointed out that a tour of the Grain Processing Corporation plant has been arranged and that other tours in the Muscatine area may be a possibility.

Next Meeting Date: December 18, 2014 @ in Muscatine, IA. Time and location TBD.

ADJOURNMENT

MOTION: A motion was made by Commissioner Nystrom and a seconded by Commissioner Celsi to adjourn the meeting. Motion approved unanimously.

The meeting adjourned at 2:51 pm.