

IOWA ALCOHOLIC BEVERAGES COMMISSION

MINUTES

Iowa Alcoholic Beverages Division
1918 SE Hulsizer Road, Ankeny, IA
April 26, 2017 – 1:00 p.m.
Dial In Number: 1.866.685.1580
Conference Code Number: 0009991572

Commission Members Present

Jay Wilson: Chair
Gary Nystrom: Vice Chair
Rachel Eubank: Secretary
Tami Doll: Member
John Pauli: Member

Division Staff Present

Stephen Larson: Administrator
Tyler Ackerson: Assistant to the Administrator
Pam Koehn-Miller: Secretary
Robert Bailey: Public Information Officer
Leisa Bertram: Accountant 2
Lolani Lekkas: Compliance Officer
Josh Happe: Bureau Chief, Regulatory Compliance Bureau
Heather Schaffer: Compliance Officer
Herb Sutton: Manager, Business Operations
Anthony Robben: Analyst
Jodi Christensen: Safety and Security Coordinator
Stephanie Strauss: Executive Officer
Bruce Flemming: Project Manager (OCIO)

Guests Present

Troy Hargrove: Beam Suntory
Sam Crowder: Southern Glazer's
Kevin Dempsey: Accenture
Jay Doll: Doll Distributing
Tim Byrne: Diageo
John Cacciatore: Distilled Spirits Council
Brian Guillaume: House Democrats
Christin Mechler: Legislative Services Agency
Scott Oeltjenbruns: Johnson Brothers

Nicole Eilers: Iowa Wine Growers Association
E. John Broadbent: Broadbent Distillery
Nathan Cooper: Iowa Wholesale Beer Distributors Association
Jessica Dunker: Iowa Restaurant Association

Guests Present via Phone

Julie Simon: Iowa Senate Democrats

CALL TO ORDER

Chairperson Jay Wilson called the meeting to order at 1:00 p.m. and roll was taken. There was a quorum.

APPROVAL OF AGENDA

MOTION: A motion was made by Commissioner Nystrom and seconded by Commissioner Doll to approve the agenda for the April 26, 2017, Commission meeting.

Motion approved.

APPROVAL OF MINUTES

MOTION: A motion was made by Commissioner Eubank and seconded by Commissioner Doll to approve the minutes for the January 25, 2017, Commission meeting.

Motion approved.

Chairperson Wilson recognized Administrator Stephen Larson for the Administrator's Report.

ADMINISTRATOR'S REPORT

Administrator Larson began his report by providing an overview of the next steps the Division would be taking in regards to reforming Iowa's alcohol laws. He said that there will be four separate pathways for reform efforts. The first will be a review of the overall licensing and administrative appeals processes to identify reform opportunities. This effort will encompass a broad group of stakeholders and involve large, public meetings for discussion.

The second pathway will involve a further review of manufacturing and retailing privileges. Administrator Larson said the working group involved in this review will be a much smaller working group than the group involved in the licensing reform effort and will incorporate policymakers such as the chairs of the legislature's State Government, Local Government, and Commerce committees.

The third pathway will focus on tied house. The effort will be educational in nature, with the goal of defining tied house so that the issue can be better understood and discussing the associated concepts. Administrator Larson said the working group for this effort would also be small, consisting of certain policymakers, members of associations, and a member of the Commission.

The fourth pathway will be to fulfill the obligation set forth in House File 516 by the legislature that the Division perform a study on issues related to Iowa Code section 123.45. He said the Division will need to meet with legislators, industry members, and other stakeholders to determine who should be involved in the study.

Commissioner Wilson asked Administrator Larson for clarification on the Commission's role in each of the four pathways. Administrator Larson said he would recommend one or two Commissioners participate in each of the efforts.

Administrator Larson recognized Assistant to the Administrator Tyler Ackerson for an overview of House File 607. Mr. Ackerson provided a brief overview of each division of the bill. He said that he will be working with Regulatory Compliance Bureau Chief Josh Happe to develop an education and outreach plan with an emphasis on making individual contact with certain beer permittees and native distillers impacted by the licensing changes within the bill.

Administrator Larson provided a brief overview of the Division's budget for fiscal years 2018 and 2019. He said that for fiscal year 2018 the Division would see a decrease of approximately \$200,000 in General Fund appropriations. He said that he anticipated the same amount appropriated for fiscal year 2018 to also be appropriated for fiscal year 2019.

Administrator Larson recognized Regulatory Compliance Bureau Chief Josh Happe for an update on licensing and regulation. Mr. Happe provided an overview of the six units within the Regulatory Compliance Bureau – Education and Outreach, Tobacco, Licensing, Compliance, Administrative Actions, and Administrative Support – including the personnel within, and functions associated with, each unit. He also provided an overview of the compliance process, from complaints received or inspections conducted to administrative actions and potentially appeal.

Administrator Larson provided an update on the RFP for the fulfillment of spirits. He said that the RFP would be formally released on May 8, 2017. He said that proposals would be solicited from May 9, 2017, until August 18, 2017. He said the evaluation of proposals would take place from August 19, 2017, until December 15, 2017.

Administrator Larson announced that Herb Sutton had accepted and began working in a new position as a Public Service Manager 2 overseeing the Division's business operations.

Administrator Larson recognized Comptroller Todd Halbur for a financial update. Mr. Halbur reported that fiscal year 2017 year-to-date total liquor sales through March 31, 2017, were \$221,255,206, a 5.7 percent increase over the same time period in fiscal year 2016. He noted that if the trend continues through the end of fiscal year 2017, the Division could surpass \$300 million in total liquor sales in a fiscal year for the first time. He also reported that the Division's total General Fund reversion for fiscal year 2017 through March 31, 2017, was \$84,266,861, an increase of 2.85 percent over the same period in fiscal year 2016.

Administrator Larson provided an Attorney General's Report on behalf of Assistant Attorney General John Lundquist, who was unable to attend the meeting due to a prior commitment. Administrator Larson said that Mr. Lundquist had filed his brief in the case of *New Midwest Rentals, LLC v. Iowa Department of Commerce, Alcoholic Beverages Division* before the Iowa Supreme Court.

PUBLIC COMMENT

Nathan Cooper, Iowa Wholesale Beer Distributors Association, asked how SF516 would impact the Division's ability to enforce Iowa Code section 123.45 given that the bill authorized the Division to exercise discretion in granting a license or permit to an applicant potentially in violation of the Code section. Mr. Happe responded that the Regulatory Compliance Bureau would make a determination on a case-by-case basis after a review of the facts specific to each individual case, which he noted was no different than current practices.

Jessica Dunker, Iowa Restaurant Association, requested 30 minutes at the next Commission meeting to present to the Commission on the topic of dramshop insurance. The Commission granted the request.

OLD BUSINESS

None

NEW BUSINESS

None

RECOGNITION OF COMMISSIONER DOLL

Commissioner Doll was commended for her years of service on the Commission from May 1, 2012, to April 30, 2017. A certificate from the Governor and Lieutenant Governor was presented to Commissioner Doll by Chairperson Wilson.

NEXT MEETING DATE

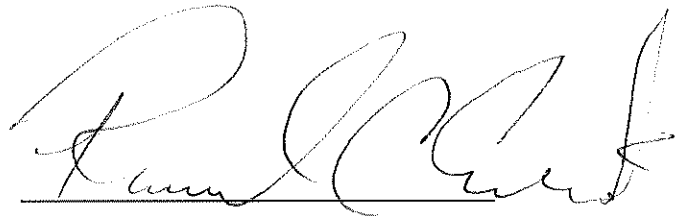
Thursday, June 22, 2017, at 1:00 p.m.

ADJOURNMENT

MOTION: A motion was made by Commissioner Pauli and seconded by Commissioner Doll to adjourn the meeting.

Motion approved.

The meeting adjourned at 2:50 p.m.

A handwritten signature in black ink, appearing to read "Pauli", written over a horizontal line.

Commissioner Eubank, Secretary