

# IOWA ALCOHOLIC BEVERAGES COMMISSION

## MINUTES

Iowa Alcoholic Beverages Division  
Old Supreme Court Chamber (Room 103)  
Iowa State Capitol  
Des Moines, IA  
December 19, 2017  
1:00-4:00 PM

### Commission Members Present

Gary Nystrom: Chair  
John Pauli: Secretary  
Christine Riesenbeck-Spratt: Member  
Jay Wilson: Member (via phone)

### Division Staff Present

Stephen Larson: Administrator  
Tyler Ackerson: Program Planner – Education and Outreach  
Erin Carpenter: Assistant to the Administrator  
Jodi Christensen: Safety and Security Coordinator  
Josh Happe: Bureau Chief, Regulatory Compliance Bureau  
Lolani Lekkas: Compliance Officer 1  
John Lundquist: Assistant Attorney General  
Heather Schaffer: Compliance Officer 2  
Nicole Scebold: Management Analyst 3  
Herb Sutton: Manager, Business Operations

### Guests Present

Tom Duax: Central City Liquor  
Rex Schulte: Splash  
Jane Knutson: Templeton Rye  
Julie T. Simon: Senate Democrats  
Tom Cope: Iowa Distillers Alliance  
Cory Meiners: Fareway Stores  
Dana Sump: Casey's General Stores  
Kevin Fina: Casey's General Stores  
Doug Beech: Casey's General Stores  
E John Broadbent: Broadbent Distillery

Referenced page 15 of the Annual Report – Annual Growth of Liquor Sales, Distribution Outlets, & SKU's

Referenced page 16 of the Annual Report – LE Retailers by Premise Type – (FY17 vs. FY14)

Referenced page 17 of the Annual Report – Top 20 LE Retailers.

### **PUBLIC COMMENT**

Rex Schulte – (Splash) Would like to see more products offered in Iowa

Tom Cope – (Iowa Distillers Alliance) Spoke about the importance of maintaining a level playing field

Jessica Dunker – (IA Restaurant Association) Spoke about coming up with a better way for specialty business models to get highly allocated brands easier.

Brad Epperly – (IA Grocery Industry Association) Thanked ABD for holding these public forums to discuss the Iowa Liquor Wholesale Model.

Brandon Juon – (I-80) Spoke about issues with ABD being out of product often & issues with the ABD holiday schedules.

Sarah Pritchard – (Table 128 Bistro + Bar) Spoke on issues with getting highly allocated products & brands getting discontinued.

Doug Beech – (Casey's General Stores) Spoke on simplifying the licensing renewal process with city's/local authorities.

Tom Duax – (Central City Liquor) Spoke about the special order process & highly allocated products.

### **OLD BUSINESS**

None

### **NEW BUSINESS**

None

### **NEXT MEETING DATES**

**Tuesday, January 16, 2018, at 1:00 p.m. at ABD headquarters in Ankeny, Iowa. This will not be a public forum, but a standard Commission Meeting.**

**Wednesday, February 7, 2018, this will be the next Public Forum on the Iowa Liquor Wholesale Model and will be held in Mount Pleasant, Iowa.**

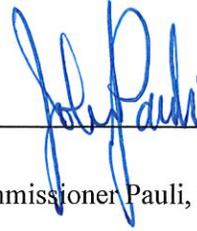
**Location & time TBD.**

### **ADJOURNMENT**

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

**Motion approved.**

**The meeting adjourned at 2:30 p.m.**



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Commissioner Pauli, Secretary

*Prepared remarks by*

**Administrator Stephen Larson, Iowa Alcoholic Beverages Division**

*delivered at*

**Iowa Alcoholic Beverages Commission Public Forum on the Iowa Liquor Wholesale Model**

**December 19, 2017**

Thank you, Chairman Nystrom, members of the Commission, and attendees.

Today I am going to provide an overview of the Iowa liquor wholesale model and refer to some information as to the flow and distribution of spirits to over 1,400 class "E" license holders. During this overview I will be referring to various materials in your handout. All of this material will be placed on Basecamp in the coming weeks.

Our agency, the Iowa Alcoholic Beverages Division, is responsible for the importation and transportation of spirits to all class "E" licensees, who are retailers licensed to sell spirits to consumers for off-premises consumption.

The control state model has been in place since 1934, and the current distribution model for liquor has been in place since 1987. Since 1987 various distribution partners, both in the private sector and the public sector, have been used by the state to deliver spirits.

Historically, public officials, past commissioners, and Division administrators have strategically worked to find ways to improve upon the Iowa wholesale liquor model.

A pair of comprehensive studies conducted in 2002 and 2008 asked the following question: "Should the State of Iowa be directly involved in the sale and distribution of spirits?" Both studies concluded that the state model is a good model and should remain.

What the Commission and I are embarking upon now is a different approach.

There is no takeaway that the model does not work and that it is not a great fit for the state and the customers we serve. The model has been, and will continue to be, profitable, efficient, and effective. There is also no consideration by the Commission or myself that the model should be repealed or replaced.

However, because of rapid changes in the marketplace, coupled with increased consumer expectations, the state needs to determine, in the most transparent way possible, if our processes have to be refreshed, clarified, or modified.

No model can remain constant forever. As stated in the Division's FY2017 Annual Report: "The Division's strategic plan continues to work toward refreshing processes and policies to find ways to create better ways to do business."

As the Administrator, I will continue to look for alternative methods of delivery that meet the needs of our customers, reduce risk, and maximize profit.

Input from our industry partners is a part of that effort. I want them to understand that any changes to methods of delivery will not impact the three-tier system or those wholesalers who are engaged in beer and wine distribution.

We will work together with wholesalers and retailers to gain a better understanding of how our partners view the model and the processes and policies that have existed for years, and we will determine whether or not they need to be refreshed.

In closing, the Commission and I will be working together over the next 12 months to gain a better understanding of how the model is viewed, receive input on areas where the model can be improved, and work to create a model for the future that meets the needs of our customers, maximizes profits to the State of Iowa, and reduces risk.

*Prepared remarks by*  
**Stephen Larson, Administrator, Iowa Alcoholic Beverages Division**

*delivered at*

**Alcohol Licensing Reform Public Forum, December 28, 2017**

Good afternoon, everyone.

Commissioner Ryan and I appreciate your efforts to be here today as we continue to move forward with our fourth meeting of the alcohol licensing reform initiative.

It's always relevant and important to revisit the purpose of why we are doing this. As outlined in the charter for the initiative – a copy of which is in your packet – our primary objective of this review is to streamline the licensing process without impacting public safety, public health, and the general welfare of Iowans.

In partnership with all stakeholders, we want to determine whether Iowa's alcohol licensing laws meet the needs of today's marketplace and meet regulatory goals and objectives. We want industry to bring forward information and ideas on how our licensing laws can be adjusted or refreshed to eliminate redundancy and red tape without impacting the roles and responsibilities of public safety, local authorities, or the licensing entity.

There are no simple ways to get to the final outcomes of either changing or not changing our laws without first digging into the details, receiving stakeholder input, and always asking a multitude of questions to ensure we are going to make correct decisions when submitting our final report of recommendations in 2019.

I want to reiterate that Commissioner Ryan and I will not be recommending any changes to the legislature for the 2018 legislative session. Any conversations about, or suggestions for, substantive modifications to our alcohol laws that are put out in the arena this coming legislative session will not be from ABD or the Department of Public Safety. In fact, we will be recommending to legislators that no changes take place until we have issued our report in 2019.

ABD does have a technical bill that we have put forward to make clarifying changes to the alcohol laws based on recommendations from our Regulatory Compliance Bureau. These changes would be nonsubstantive and would simply make the laws easier to understand and/or enforce. If you would like to see the bill, please contact our Government Relations Officer, Stephanie Strauss.

In closing, "the gist of getting it right" means: A process that involves conscious and deliberative analysis in the most transparent way possible, with slower reasoning, using our intelligence, not a bias toward the familiar way of doing licensing as it has always been done for the last 25 to 30 years.

"Getting it right" will require all of us to work together in a culture of collaboration and to find ways to bridge any divides we may have. Commissioner Ryan and I look forward to working with all of you to "get it right" in the year to come.