

# IOWA ALCOHOLIC BEVERAGES DIVISION ANNUAL REPORT FY2023



ALCOHOLIC  
BEVERAGES  
DIVISION  
State of Iowa

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ALCOHOLIC  
BEVERAGES  
DIVISION  
State of Iowa

## OUR MISSION

TO SERVE IOWANS THROUGH  
RESPONSIBLE AND EFFICIENT  
LICENSING, REGULATION, AND  
DISTRIBUTION OF ALCOHOL.

## OUR VISION

THE IOWA ALCOHOLIC BEVERAGES  
DIVISION PROVIDES CLARITY,  
CONSISTENCY, AND EQUITY TO  
ALL STAKEHOLDERS WITHIN THE  
ALCOHOL BEVERAGE INDUSTRY.

## CORE VALUES AND FOCUS

### INTEGRITY

OUR EMPLOYEES, PARTNERS, AND LICENSEES CAN  
COUNT ON ABD TO BE HONEST AND TRUSTWORTHY.

### MISSION ORIENTED

WE WILL KEEP A CONSTANT FOCUS ON THE IOWANS  
OUR PROGRAMS BENEFIT.

### PURPOSEFUL WORK ETHIC

WE NURTURE A CULTURE OF OUTSTANDING WORK ETHIC,  
TEAMWORK, AND DILIGENCE.

### ACCOUNTABILITY

WE ACCEPT RESPONSIBILITY FOR OUR WORK  
AND HONOR OUR COMMITMENTS.

### CUSTOMER SERVICE FOCUS

WE ARE COURTEOUS, RESPONSIVE, AND RESPECTFUL.

### TRUSTED RESOURCE

WE ARE A RELIABLE RESOURCE FOR IOWANS.

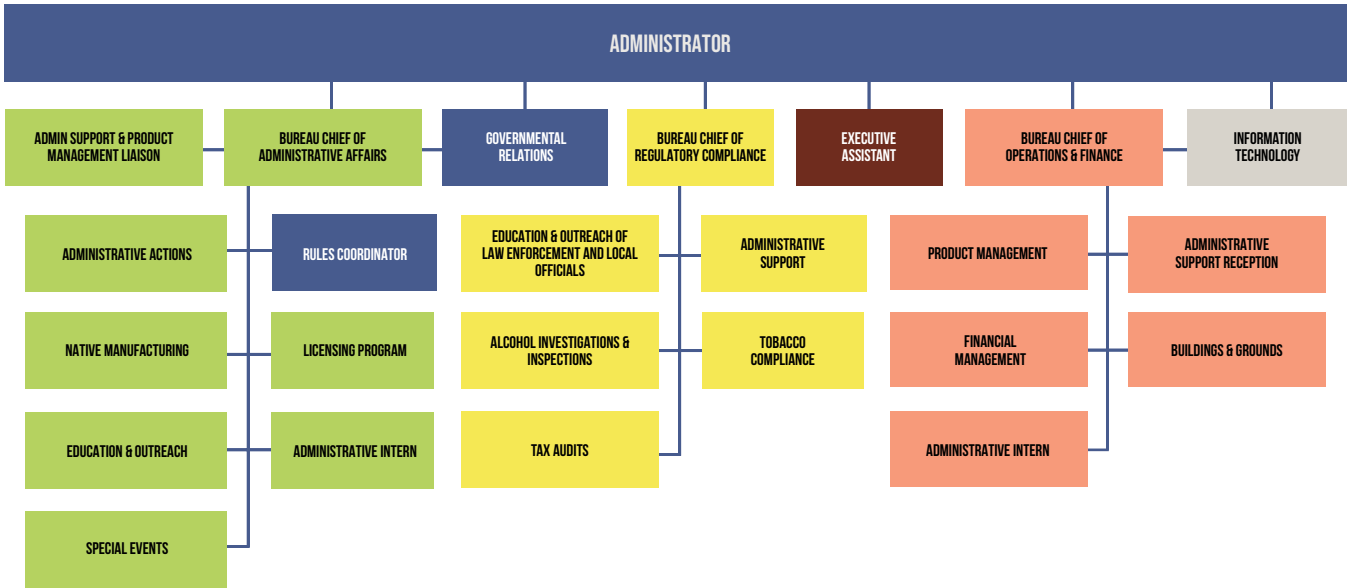
# EXECUTIVE INFORMATION

KIM REYNOLDS ..... GOVERNOR OF IOWA  
ADAM GREGG ..... LIEUTENANT GOVERNOR

# DIVISION ADMINISTRATION

STEPHEN LARSON ..... ADMINISTRATOR  
HERBERT H. SUTTON, JR. .... BUREAU CHIEF OF OPERATIONS  
LEISA BERTRAM ..... BUREAU CHIEF OF OPERATIONS  
LEISA BERTRAM ..... CHIEF FINANCIAL OFFICER  
DEMARIO A. LUTTRELL ..... BUREAU CHIEF OF REGULATORY COMPLIANCE  
LOLANI LEKKAS ..... BUREAU CHIEF OF ADMINISTRATIVE AFFAIRS

# IOWA ALCOHOLIC BEVERAGES DIVISION ORGANIZATIONAL CHART





# KEY STRATEGIC INITIATIVES

## BUILDING A FUTURE-READY IOWA



- PARTNER WITH OTHER AGENCIES AND OUTSIDE STAKEHOLDERS TO SHARE RESOURCES AND INFORMATION AS A WAY TO BETTER PROVIDE SERVICES TO ALL IOWANS.
- PROVIDE INTERNSHIP OPPORTUNITIES FOR IOWA COLLEGE STUDENTS TO HELP ADVANCE THEIR KNOWLEDGE AND/OR SKILLS.

## CREATING A COMPETITIVE BUSINESS ENVIRONMENT



- IDENTIFY WAYS TO STREAMLINE THE ALCOHOL LICENSING PROCESS BY COLLABORATING WITH OTHER STATE AND LOCAL LICENSING AUTHORITIES.
- REVISE TRADE PRACTICE RULES TO CREATE REGULATORY CLARITY AND BETTER SYNCHRONIZE WITH AN EVOLVING INDUSTRY AND MARKETPLACE.
- IDENTIFY WAYS TO INCREASE SERVICE TO IOWA BUSINESSES BY DEMONSTRATING ONGOING IMPROVEMENT IN THE DISTRIBUTION OF SPIRITS.
- CREATE E-COMMERCE PLATFORMS THAT ALLOW BUSINESSES AND CONSUMERS TO PLACE AND TRACK PRODUCTS ORDERED THROUGH DELIVERY.
- MODERNIZE RULES AND REGULATIONS THAT AFFECT THE ALCOHOLIC BEVERAGES INDUSTRY BY REFRESHING ABD'S REGULATORY PROGRAM AND INCREASING LICENSEE COMPLIANCE.

## EMPOWERING RURAL IOWA



PROVIDE EDUCATIONAL OPPORTUNITIES FOR RURAL STAKEHOLDERS REGARDING ALCOHOL LICENSING IN MANUFACTURING, RETAILING, AND REGULATORY GOVERNANCE.

## OFFERING REDEMPTION THROUGH SECOND CHANCES



ENSURE ADMINISTRATIVE ACTIONS TAKEN FOR FIRST-TIME VIOLATIONS PROPERLY FIT THE SEVERITY OF THE OFFENSE. WHEN APPROPRIATE, PROVIDE EDUCATION TO LICENSEES, ALLOWING FOR A SECOND CHANCE TO COMPLY.



**IT'S NOT ABOUT WHAT WE'VE ACCOMPLISHED, BUT HOW THOSE ACCOMPLISHMENTS IMPROVE OUR INTERACTIONS WITH BUSINESSES AND IOWANS IN OUR GREAT STATE. THAT SENTIMENT IS REFLECTED IN THIS YEAR'S ANNUAL REPORT AS WE HIGHLIGHT NOT WHAT EACH AREA HAS ACCOMPLISHED, BUT WHAT EACH ACCOMPLISHMENT MEANS FOR OUR STATE'S RESIDENTS AND BUSINESSES."**

— STEPHEN LARSON, ADMINISTRATOR



## MESSAGE FROM ADMINISTRATOR STEPHEN LARSON

We at the Alcoholic Beverages Division (ABD), like many other state alcoholic beverage control agencies, are defining our new normal by taking the lessons learned from the past two years and using them to strengthen our business model and workforce. Approaching our 35th anniversary as ABD, we continue to innovate, improve our business processes, and enhance the customer experience for our stakeholders. However, we are cognizant that the businesses we license, regulate, and distribute to, many of which are small businesses located in local communities across Iowa, have been impacted by inflation and rising labor, shipping, and other costs. These dynamics will present challenges for their business models. ABD will continue to do what we can to recognize the challenges they are facing in today's economy. Delays and not finding solutions can create consequences for the viability of those businesses. Therefore, we have to ease regulatory burdens and bureaucratic red tape in obtaining licenses and permits and continue to enhance our distribution services.

In the year ahead, we begin a new chapter as a division within the Iowa Department of Revenue (IDR), led by Director Mary Mosiman. It's been nearly 40 years since the State of Iowa has conducted a comprehensive, enterprise-wide assessment of government operations and structure. Since then, the needs and expectations of Iowans have changed. As Governor Reynolds said, "State government can't realize its full potential while it's set up to conduct business as it did 40 years ago. We can do better for Iowans." Therefore, during this year's legislative session with the governor's leadership, a redesign of Iowa's state government was passed and signed into law. Among the changes within the government alignment bill is the addition of Lottery and Alcoholic Beverages as new divisions within the Iowa Department of Revenue.

Consumers, licensees, and organizations that rely on ABD can expect uninterrupted service during this transition. The alignment gives us an opportunity to harness energies and explore efficiencies, particularly in areas where our work may already overlap with IDR. Ultimately, as a unified agency we want to continue building on our successes and provide the very best service we can to those we serve.

This annual report reflects a return on investment to the citizens of Iowa in Fiscal Year 2023. The amount of sales and revenue generated to the State General Fund was an all-time record of \$152.6 million, an increase of \$2.5 million over the previous fiscal year. The sales growth generated a net profit of \$117.1 million, which will be used to support essential state programs and services. Another successful year was completed in the public-private partnership with Ruan Transportation Corporation, which continued to optimize the delivery of liquor and provide increased efficiency and delivery consistency for our 2,032 retail customers.

This report covers operational results from July 1, 2022 through June 30, 2023. It discloses all income from funds generated by beer and wine taxes, the issuance of licenses, and civil penalties. Also contained within this report is data on the number of licenses issued, administrative actions taken to correct non-compliance, and information on our regulatory compliance efforts.

The business unit of Financial Management, led by Chief Financial Officer Leisa Bertram, prepared this report. The responsibility for both the accuracy of the financial data along with the completeness and fairness of the presentation, including all disclosures, rests with the management of ABD. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial positions, results of operations and programs, and cash flows of ABD. 📌

Sincerely,

Stephen Larson, Administrator

# IOWA ALCOHOLIC BEVERAGES COMMISSION

The Iowa Alcoholic Beverages Commission is created under Iowa Code section 123.5 and is comprised of five members appointed by the Governor and subject to confirmation by the Iowa Senate. The commission acts as a public policy-making body and serves in an advisory capacity to the Administrator of the Iowa Alcoholic Beverages Division.



**GARY NYSTROM**  
**CHAIRPERSON**

Gary Nystrom began his first term on the Iowa Alcoholic Beverages Commission on May 1, 2014. He was reappointed to a second term by Governor Kim Reynolds that began May 1, 2019. Commissioner Nystrom was a partner in Pritchard Bros. Inc. Plumbing and Heating in Boone for over 45 years before retiring in December 2017. He also served on the Boone City Council for eight years. Commissioner Nystrom continues to be active in the community through volunteering, as well as serving on other committees and boards locally and statewide. He is a lifelong resident of Boone where he is joined by his wife, two grown children, and five grandchildren. Commissioner Nystrom's current term will expire on April 30, 2024.



**RACHEL EUBANK**  
**VICE CHAIRPERSON**

Rachel Eubank began her first term on the Iowa Alcoholic Beverages Commission on May 1, 2015. She was reappointed to a second term by Governor Kim Reynolds that began June 1, 2020. Currently the President/Owner of Sticks, Inc., she has served as a volunteer with many organizations, including Chrysalis, the I Have a Dream Foundation, the Des Moines Art Center, Puppy Jake, PTA, and Central Presbyterian Church. She is a graduate of the University of Iowa. She is a native of Des Moines and currently resides there with her husband and three children. Commissioner Eubank's current term will expire on April 30, 2025.



**JOHN PAULI**  
**SECRETARY**

John Pauli began his first term on the Iowa Alcoholic Beverages Commission on May 1, 2016. He was reappointed to a second term by Governor Kim Reynolds that began May 1, 2021. Commissioner Pauli is an engineer with Pella Windows Corporation in Carroll. He

is a graduate of the University of Wisconsin, Platteville (Industrial Engineering) and Drake University (MBA). He is a past member and Chairman of the Carroll County Conservation Board and has served in a number of volunteer positions in the community, including serving as the coach for the local trap shooting team. Commissioner Pauli's current term will expire on April 30, 2026.



**SARA WINKLEMAN**  
**COMMISSIONER**

Sara Winkelman was appointed by Governor Kim Reynolds to the Iowa Alcoholic Beverages Commission and began her first term on May 1, 2022. Commissioner Winkelman is the founder and owner of S & B Farms Distillery in Bancroft. She was named 2019 Woman Entrepreneur of the Year by America's Small Business Development Center - Iowa. She is also involved with veteran causes and her own nonprofit, Beyond the Still. She resides in Bancroft with her husband, Brian, and two children. Commissioner Winkelman's current term will expire on April 30, 2027.



**JAY WILSON**  
**COMMISSIONER**

Jay Wilson began his first term on the Iowa Alcoholic Beverages Commission on May 1, 2013. He was reappointed to a second term by Governor Kim Reynolds that began May 1, 2018. Commissioner Wilson is the Vice President of Hy-Vee Wine & Spirits and Chief Operating Officer of Wall to Wall Wine and Spirits. He was selected as one of six Market Watch Leaders in 2009 by Market Watch magazine. He also started an online wine study program in 2006, intended for employees to increase their wine knowledge and improve performance. Once completing the online program, the employee is a Certified Hy-Vee Wine Specialist. Commissioner Wilson's current term will expire on April 30, 2023\*.

*\*Andrea Chase, Vice President of Category Management, Fareway Stores, Inc., was appointed by Governor Kim Reynolds to the Iowa Alcoholic Beverages Commission with a term beginning May 1, 2023.*

# REGULATORY COMPLIANCE BUREAU



**CONSISTENT PRESENCE THROUGHOUT THE STATE IS AN ESSENTIAL COMPONENT OF A SUCCESSFUL ENFORCEMENT PROGRAM, ESPECIALLY ONE TASKED WITH PROTECTING THE HEALTH, SAFETY, AND WELFARE OF IOWANS. WE WANT OUR LOCAL PARTNERS STATEWIDE TO BE CONFIDENT THAT WHEN THEY CONTACT ABD WE CAN BE THERE IN PERSON TO WORK WITH THEM AS A TRUSTED RESOURCE. THAT WAS OUR FOCUS THIS YEAR AND WILL CONTINUE TO BE OUR FOCUS MOVING FORWARD.”**

— DEMARIO A. LUTTRELL, BUREAU CHIEF

## BUREAU PERFORMANCE SUMMARY

Each of the Regulatory Compliance Bureau Units worked together to fulfill our mission of effective and efficient education and regulation of alcohol and tobacco laws in Iowa. The Bureau staff implemented a multi-faceted regulatory program that focused on results. This year the Bureau achieved increases in nearly all areas of performance results when compared to previous years. Our increased presence statewide was most notably demonstrated through the 211% increase in inspections conducted in FY23 compared to the previous year.

Education continued to be our primary emphasis in bringing licensees into compliance. Our proactive approach to the education and outreach of state and local officials yielded increased partnerships in governance. We worked together with local entities to address ongoing issues pertaining to alcohol-licensed establishments in their communities. 📌

**The Regulatory Compliance Bureau is comprised of four units:**

• **Alcohol Compliance**

- Inspections
- Investigations
- Audits

• **Education and Outreach of Law Enforcement and Local Officials**

- Educational Presentations
- External Stakeholder Training
- Strategic Planning

• **Tobacco Compliance**

- I-PLEDGE Enforcement and Training
- Smokefree Air Act
- U.S. Food and Drug Administration

• **Administrative Support**



## ALCOHOL COMPLIANCE UNIT

216 

### INVESTIGATIONS CONDUCTED

FROM ALCOHOL OR SMOKEFREE  
AIR ACT COMPLAINTS

507 

### INSPECTIONS CONDUCTED

AT ALCOHOL ESTABLISHMENTS

\$18,068 

### RECOVERED TAX OBLIGATIONS

THROUGH THE GALLONAGE TAX AUDIT PROGRAM

## TOBACCO COMPLIANCE UNIT

11,017 

### PERSONS TRAINED

THROUGH THE I-PLEDGE RETAILER TRAINING PROGRAM

3,161 

### INSPECTION DECISIONS MADE

BY THE U.S. FOOD AND DRUG ADMINISTRATION REGARDING TOBACCO  
COMPLIANCE CHECK INSPECTIONS OF BRICK AND MORTAR TOBACCO  
PRODUCT RETAILERS IN IOWA

3,554

### TOBACCO COMPLIANCE CHECKS PERFORMED

IN PARTNERSHIP WITH LAW ENFORCEMENT  
ACROSS THE STATE OF IOWA

## EDUCATION AND OUTREACH OF LAW ENFORCEMENT AND LOCAL OFFICIALS UNIT

36 

LAW ENFORCEMENT  
TRAININGS CONDUCTED  
THROUGHOUT THE STATE

813 

LAW ENFORCEMENT  
OFFICERS RECEIVED  
TRAINING FROM ABD

320 

LAW ENFORCEMENT  
AGENCIES RECEIVED  
PRESENTATIONS FROM ABD

# REGULATORY COMPLIANCE BUREAU

## ALCOHOL COMPLIANCE UNIT

The Alcohol Compliance Unit is responsible for the enforcement of Iowa's alcohol laws in a fair and consistent manner.

These unit goals were established:

- **To prevent the sale and delivery of alcoholic beverages to underage individuals.**
- **To prevent the sale and delivery of alcoholic beverages to intoxicated individuals.**
- **To prevent the sale of alcoholic beverages that are illegally imported or purchased from an illegal source.**
- **To prevent undisclosed ownership of licensed establishments by unauthorized individuals or entities.**
- **To provide manufacturers, wholesalers, and retailers of the alcoholic beverage industry with a fair and level playing field.**
- **To ensure proper payment of tax on alcoholic beverages.**

Pursuant to the Iowa Alcoholic Beverage Control Act (Iowa Code chapter 123), the Alcoholic Beverages Division (ABD) is responsible for the administration and enforcement of alcoholic beverage laws in the state of Iowa.

Furthermore, the law provides the legal authority for ABD to inspect and control the manufacture of beer, wine, and alcoholic liquor and regulate the entire alcoholic beverage industry in the state.

ABD serves as a supplementary aid to the Iowa Department of Public Safety in enforcement of alcoholic beverage laws.

### THE ALCOHOL COMPLIANCE PROGRAM CONSISTS OF THE FOLLOWING THREE AREAS:

Inspections  
Investigations  
Audits

### ALCOHOL COMPLIANCE COMPLAINTS RECEIVED

In FY23, the Bureau received 261 complaints through ABD's online public complaint form, emails, and phone calls.

### TOP 5 COMPLAINT CATEGORIES

1. Criminal activity on a licensed premises
2. Bootlegging
3. Sale or service of alcohol to an underage person
4. Sale or service of alcohol to an intoxicated person
5. Good moral character

Criminal activity on a licensed premises was identified as the number one complaint submitted to the Regulatory Compliance Bureau during FY23. This is a generalized complaint category that captures a variety of potential violations. During the year, one trend that stood out within that category was a rising number of complaints relating to illegal tetrahydrocannabinol (THC) products being sold at alcohol-licensed retailers.

Complaints are addressed with an initial evaluation of jurisdictional authority, then either referred to an external agency or investigated by ABD. Investigations of complaints frequently involve collaboration with local law enforcement agencies.

**261**   
COMPLAINTS RECEIVED THROUGH  
ABD'S ONLINE PUBLIC COMPLAINT FORM,  
EMAILS, AND PHONE CALLS

**507**   
INSPECTIONS CONDUCTED

**216**   
INVESTIGATIONS CONDUCTED

**67**   
TAX AUDITS CONDUCTED

**211%**   
INCREASE IN INSPECTIONS



## ALCOHOL COMPLIANCE INSPECTIONS

Inspection strategies were developed based on complaint trends and feedback from local law enforcement agencies. Major special events at which alcohol service was a prominent feature was also a core focus area.

Our routine compliance inspection program is geared toward maintaining a presence in all 99 Iowa counties every two years. Routine compliance inspections are the best opportunity for ABD to provide in-person education to licensees and assist with any potential compliance issues. Staff Investigators and Compliance Officers meet with local law enforcement agencies prior to conducting routine inspections in their jurisdictions.

## INSPECTION INITIATIVES

- RAGBRAI
- Iowa State Fair
- Bootlegging
- Compliance checks with law enforcement

## INSPECTIONS OUTCOMES

The Alcohol Compliance Unit completed 507 inspections during FY23, which is a 211% from the previous year. Program

outcomes reflect our priority to educate first rather than penalize our licensees. During compliance inspections, staff answered questions from licensees and were often able to bring them into compliance in real time.

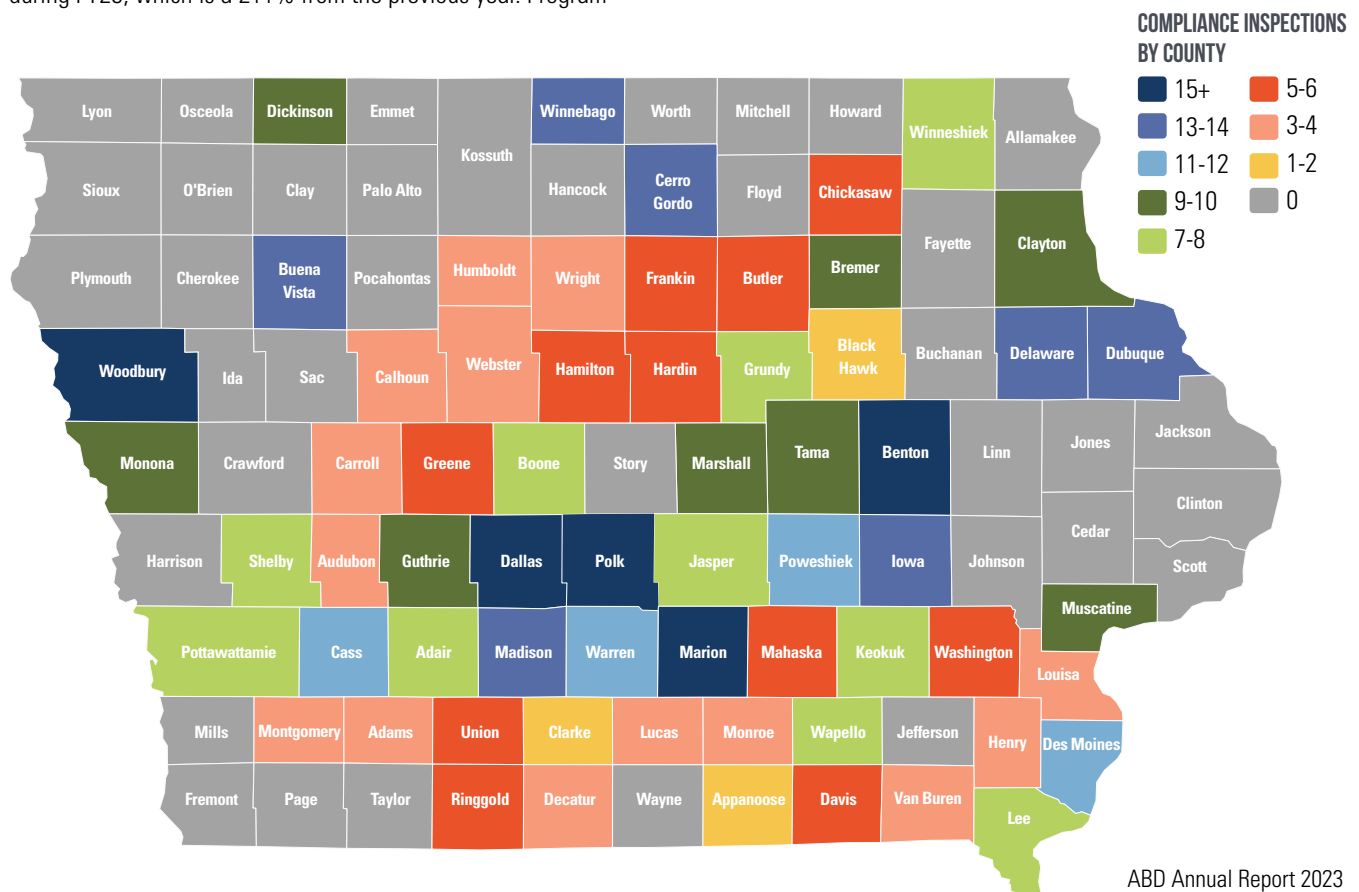
## TOP 5 VIOLATIONS IDENTIFIED BY INSPECTION

1. Infusing
2. Illegal gambling
3. Failure to display license
4. SmokeFree Air Act
5. Bootlegging

Infused alcoholic beverages was the most commonly identified violation during FY23 inspections. Bootlegging stood out as not only one of the top complaints we received, but also one of the top violations identified during inspections.

## INSPECTIONS CONDUCTED

In FY23, the Bureau conducted compliance inspections in 62 of Iowa's 99 counties detailed in the map below.



## ALCOHOL COMPLIANCE INVESTIGATIONS

Our investigative focus was centered on responding to complaints that fell under the purview of our regulatory jurisdiction. We continued to prioritize complaints that suggested a threat to the public health, safety, and welfare of Iowans.

### TOP 5 INVESTIGATION CATEGORIES

- Sale or service of alcohol to an underage person
- Criminal activity on a licensed premises
- Good moral character
- Bootlegging
- Sale or service of alcohol to an intoxicated person

## ABD-IDR PARTNERSHIP

Through an information-sharing agreement with the Iowa Department of Revenue, we assisted in identifying IDR sales tax liability assessments in FY23 totaling \$441,508 (data provided by the IDR Compliance Bureau).

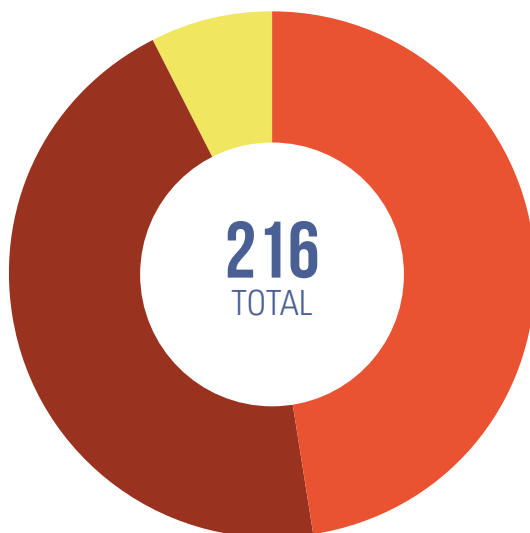
## JOINT INVESTIGATIONS




There were 49 joint investigations completed in FY23. ABD has become a resource having significantly strengthened partnerships with multiple different law enforcement agencies and other state departments, as well as with federal agencies, such as the Alcohol and Tobacco Tax and Trade Bureau (TTB).

## INVESTIGATIONS OUTCOMES

The Alcohol Compliance Unit completed 216 investigations during FY23. Of the 216 investigations conducted, 103 were closed with no violations identified upon completion. Additionally, 97 were submitted to the ABD Administrative Actions Unit for further review of potential violations and 16 were referred to another agency.

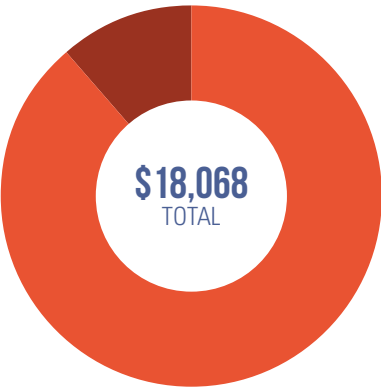
**216**   
TOTAL INVESTIGATIONS



		FY23
ALCOHOL INVESTIGATIONS OUTCOMES		
	Closed/No Violation	103
	Submitted to Administrative Actions	97
	Referred to Another Agency	16
<b>Total</b>		<b>216</b>

BARREL AND WINE GALLONAGE TAX COLLECTED

In FY23, compliance officers identified and collected additional barrel and wine gallonage tax liabilities totaling \$18,068.



		FY23
BARREL AND WINE GALLONAGE TAXES COLLECTED		
	Wine Gallonage Tax	\$16,035
	Barrel Tax	\$2,033
	Total	\$18,068

AUDIT COMPLIANCE FINDINGS

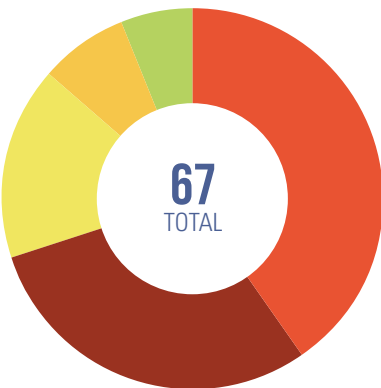
Audits conducted during FY23 identified the following:

- Failure to file barrel and wine gallonage tax monthly reports
- Failure to maintain records
- Incorrect reporting of gallons produced and sold

The compliance rate for audits conducted was 94%. All audits conducted incorporated education on laws, rules, and the reporting of gallons.

AUDITS CONDUCTED

In FY23, 67 total audits were conducted. The total audits conducted are detailed by license and permit types in the chart below.



		FY23
AUDITS CLOSED BY LICENSE OR PERMIT TYPES		
	Class "A" Beer Permits (Native Manufacturers)	27
	Class "A" Wine Permits (Native Manufacturers)	20
	Special Class "A" Beer Permits (Brewpubs)	11
	Class "A" Wine Permits (Wholesalers only)	5
	Class "A" Beer Permits (Wholesalers only)	4
	Total	67

AUDIT PROGRAM ACCOMPLISHMENTS

The Audit Program is a three-level system:

- Level 1 – Three month’s records review
- Level 2 – One year’s records review
- Level 3 – More than one year’s records review

The purpose of the three-level system is to conduct audits more efficiently by focusing efforts on the more complex Level 2 and Level 3 audits. The Level 1 audits allow ABD to reach more licensees and permittees in the state.

In FY23, Audit Program accomplishments also included:

- Increased voluntary compliance
- Enhanced external education
- Improved processes



## REGULATORY COMPLIANCE BUREAU

# EDUCATION AND OUTREACH OF LAW ENFORCEMENT & LOCAL OFFICIALS UNIT

The Education and Outreach of Law Enforcement and Local Officials Unit is responsible for ensuring law enforcement and local officials are updated on the laws and regulations of Iowa's alcoholic beverage industry.

These unit goals were established:

- **To educate and engage local government leadership and law enforcement in addressing issues related to the Bureau's mission.**
- **To build collaborative relationships.**
- **To assess the needs of local law enforcement and determine how to provide efficient and effective assistance.**

### EDUCATIONAL PRESENTATIONS AND TRAINING

Comprehensive, detailed presentations covered regulatory rules and laws, and best practices, on a range of topics specific to local authorities. Presentations were updated as laws changed to ensure the most current information was provided.

In FY23, educational presentations were provided to five Iowa law enforcement academies. The Regulatory Compliance Bureau fields questions and complaints from law enforcement officials weekly as a direct result of the educational footprint that the Education and Outreach team has across the state. The team continues to add new presentations and trainings with a goal of reaching every law enforcement agency in the state.

### DRUG ABUSE RESISTANCE EDUCATION D.A.R.E. IOWA

In FY23, the Regulatory Compliance Bureau continued to partner with D.A.R.E. Iowa. The Bureau provided direct assistance with certifying 15 law enforcement officers as new D.A.R.E. Instructors at the Midwest Counterdrug Training Center at Camp Dodge in Johnston, Iowa.

D.A.R.E. is one of the leading prevention programs taught around the world. The core D.A.R.E. elementary curriculum consists of 10 lessons that teach students to make responsible choices when confronted with alcohol and tobacco.

More than 15,000 Iowa students receive the D.A.R.E. curriculum each year from their local certified D.A.R.E. Instructor.

**36** 

LAW ENFORCEMENT  
TRAININGS CONDUCTED  
THROUGHOUT THE STATE

**813**

LAW ENFORCEMENT OFFICERS  
RECEIVED TRAINING FROM ABD

**320** 

LAW ENFORCEMENT AGENCIES  
RECEIVED EDUCATIONAL  
PRESENTATIONS

# REGULATORY COMPLIANCE BUREAU

## TOBACCO COMPLIANCE UNIT

The Tobacco Compliance Unit is responsible for the education and enforcement of Iowa's tobacco, alternative nicotine, and vapor product laws.

### I-PLEDGE ENFORCEMENT AND TRAINING PROGRAMS

#### ENFORCEMENT PROGRAM

ABD is required by the Health and Human Services Appropriations bill to collaborate with the Iowa Department of Health and Human Services for tobacco enforcement. Each fiscal year a memorandum of understanding is executed between the two departments to fund tobacco enforcement. ABD contracts with approximately 200 local law enforcement agencies across the state and the Iowa State Patrol to perform underage buy compliance checks at each tobacco retailer in the state.



#### RETAILER TRAINING PROGRAM

While enforcement of Iowa's tobacco, alternative nicotine, and vapor product laws is an important goal of I-PLEDGE, educating retailers and increasing awareness of changes in Iowa's tobacco, alternative nicotine, and vapor product laws is the primary focus of the program. This program allows employees and prospective employees to go through tobacco compliance training and receive a certificate upon successful completion. The program is offered online at no cost and the certification lasts for two years. However, if an individual is cited for a sale-to-minor, the certification is revoked. The training may be taken again for recertification.



### U.S. FOOD AND DRUG ADMINISTRATION (FDA) COMPLIANCE PROGRAM

FDA conducts inspections of tobacco product retailers to determine a retailer's compliance with federal laws and regulations, including the Federal Food, Drug, and Cosmetic Act, as amended by the Tobacco Control Act, and FDA's rules and regulations. ABD has a contract with FDA to conduct FDA-sponsored retail tobacco compliance inspections.

**INSPECTION DECISIONS MADE BY THE U.S. FOOD AND DRUG ADMINISTRATION REGARDING TOBACCO COMPLIANCE CHECK INSPECTIONS OF BRICK AND MORTAR TOBACCO PRODUCT RETAILERS IN IOWA.**



This unit goal was established:

- To increase voluntary compliance with Iowa's tobacco, alternative nicotine, and vapor product laws through education and enforcement.

**3,554**  
TOTAL I-PLEDGE  
ENFORCEMENT PROGRAM  
COMPLIANCE CHECKS

**91%**  
STATEWIDE I-PLEDGE  
ENFORCEMENT PROGRAM  
COMPLIANCE RATE

**11,017**  
TOTAL PERSONS TRAINED  
THROUGH THE I-PLEDGE  
RETAILER TRAINING PROGRAM

**95%**  
I-PLEDGE RETAILER TRAINING  
PROGRAM PASSING RATE

**3,161**  
FDA INSPECTION DECISIONS

This information is available to the public at: <https://timp-ccid.fda.gov>

# ADMINISTRATIVE AFFAIRS BUREAU

— LOLANI LEKKAS, BUREAU CHIEF

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## BUREAU PERFORMANCE SUMMARY

The purpose of the Administrative Affairs Bureau is to assist those engaged in the alcoholic beverage marketplace to achieve compliance with all laws and regulations related to a variety of business types. Our purpose includes proactive measures through analysis of existing laws and education to the alcoholic beverage retail, wholesale, and manufacturing industries and stakeholders. This Bureau also provides legal background and analysis when ABD governance is challenged.

Compliance and communication by the Bureau is accomplished through education and outreach initiatives focusing on the native manufacturing industry in this state, as well as special events occurring at the local level. ABD offers a variety of programs, information, and publications available to alcoholic beverage licensees and permittees, local authorities, law enforcement agencies, media, the general public, and other stakeholders.

Governance by the Bureau is accomplished through the administrative actions process which holds licensees, permittees, and certificate holders accountable when they are found in violation of Iowa's alcohol and tobacco laws.

## SENATE FILE 2374 UPDATES

Senate File 2374 (SF2374) is a bill related to alcoholic beverage control and licensing and transformed Iowa's current alcohol retail licensing structure from 14 license types down to eight. This bill was signed into law in FY23, and was fully implemented by January 1, 2023. License privileges that were previously granted were incorporated into new or existing classifications of retail alcohol licenses, thus repealing some license types and updating total fees. Additionally, SF2374 modified the fees for a majority of the licenses, permits, and certificates issued by ABD. This bill also eliminated the sale of gasoline as criteria for determining the class "E" Retail Alcohol License fee and repealed the additional fee that some retailers previously paid for the privilege to sell on Sundays. References to SF2374 are found throughout this report. 📌

**The Administrative Affairs Bureau is responsible for assisting in the governance of the alcoholic beverage marketplace in Iowa through legal background, analysis and education, which incorporates:**

- **Licensing**
- **Education and Outreach**
- **Administrative Actions**

## ADMINISTRATIVE ACTIONS UNIT

36 

HEARING COMPLAINTS AND  
SETTLEMENT AGREEMENTS  
FROM ABD INVESTIGATIONS AND INSPECTIONS

24 

HEARINGS HELD  
ADMINISTRATIVE APPEALS HEARINGS HELD  
BY ADMINISTRATIVE LAW JUDGE

\$60,850 

CIVIL PENALTY FUNDS  
CIVIL PENALTY FUNDS FROM VIOLATIONS COLLECTED


## EDUCATION AND OUTREACH UNIT

506 

NEW AND RENEWAL APPLICATIONS ISSUED  
TO NATIVE MANUFACTURERS  
(NUMBER INCLUDED IN TOTAL LICENSES BELOW)

1,659 

SPECIAL EVENT LICENSES  
(NUMBER INCLUDED IN TOTAL LICENSES BELOW)

21,211 

PERSONS TRAINED  
THROUGH THE I-PACT RETAILER TRAINING PROGRAM

## LICENSING UNIT

14,741 

TOTAL ALCOHOL LICENSES, PERMITS,  
AND CERTIFICATES ISSUED

\$17,332,588 

LICENSE REVENUE COLLECTED

# ADMINISTRATIVE AFFAIRS BUREAU

## ALCOHOL LICENSING UNIT

The Alcohol Licensing Unit is responsible for licensing the three tiers of the alcoholic beverage industry doing business in the state of Iowa.

The unit established the following goals:

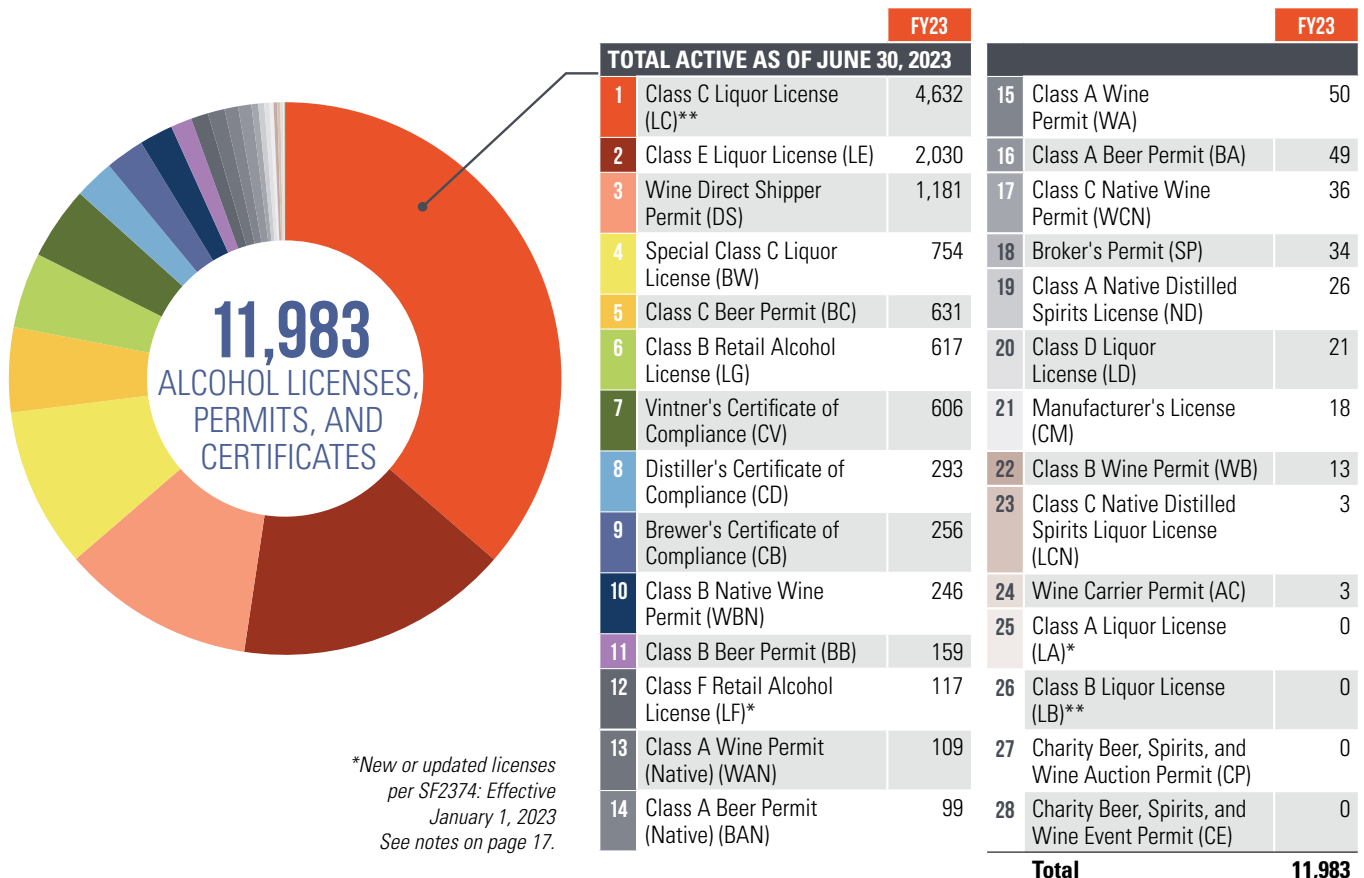
- **Effectively and efficiently license all eligible alcohol establishments in partnership with local authorities.**
- **Provide outstanding customer service to those applicants engaged in the alcoholic beverages industry through the licensing process.**

The Alcohol Licensing Unit in coordination with the Education and Outreach Unit and the Native Manufacturing Unit issued 14,741 alcohol licenses, permits, and certificates in FY23. As of June 30, 2023 there were 11,983 active alcohol licenses, permits, and certificates.

Outstanding license fees related to the Governor's COVID-19 pandemic proclamations, which allowed for deferral of certain on-premises licenses and permit fees, in the amount of \$160,592 remain to be collected by ABD. There was a total of \$17,332,588 in license fees collected during FY23.

The Iowa Department of Revenue and ABD are working to create a "one stop shop" for licensing and taxation through IDR's GovConnectIowa system. The total number of licenses, permits, and certificates issued encompasses all licensed entities that do business involving alcoholic beverages in the state of Iowa. 📌

### TOTAL ALCOHOL LICENSES, PERMITS, AND CERTIFICATES ACTIVE AS OF JUNE 30, 2023





## LICENSES, PERMITS, & CERTIFICATES ISSUED BY THE LICENSING UNIT

These numbers reflect new and renewal applications that were Issued or Approved by ABD from 7/1/22 to 6/30/23. These numbers also reflect the sub-permits that were Issued or Approved with the primary license.

	12-MONTH		8-MONTH		6-MONTH		SUB-PERMITS		TOTAL	
	FY23	FY22	FY23	FY22	FY23	FY22	FY23	FY22	FY23	FY22
<b>License/Permit Types processed by the licensing unit</b>										
Class A Liquor License (LA)*	1	141	N/A	1	N/A	0	N/A	N/A	1	142
Class F Retail Alcohol License (LF)*	127	N/A	0	N/A	N/A	N/A	N/A	N/A	127	0
Class B Liquor License (LB)**	N/A	176	N/A	0	N/A	0	N/A	N/A	0	176
Class B Retail Alcohol License (LG)	647	N/A	N/A	N/A	0	N/A	N/A	N/A	647	N/A
Class B Beer Permit (BB)	166	494	1	23	6	66	N/A	N/A	173	583
Class B Native Wine Permit (WBN)	260	302	N/A	0	N/A	3	103	420	363	725
Class C Liquor License (LC)**	4,687	4,912	98	43	12	54	N/A	N/A	4,797	5,009
Class C Native Distilled Spirits Liquor License (LCN)	6	12	N/A	N/A	N/A	N/A	N/A	N/A	6	12
Class C Native Wine Permit (WCN)	51	115	N/A	0	N/A	1	42	94	93	210
Class D Liquor License (LD)	24	21	0	0	N/A	0	N/A	N/A	24	21
Class E Liquor License (LE)	2,102	2,005	N/A	N/A	N/A	N/A	N/A	N/A	2,102	2,005
Special Class C Liquor License (BW)	675	592	87	4	5	25	N/A	N/A	767	621
Class C Beer Permit (BC)	611	1,420	N/A	N/A	N/A	N/A	3	1,915	614	3,335
Class B Wine Permit (WB)	16	24	N/A	0	N/A	2	325	2,667	341	2,693
Brewer's Certificate of Compliance (CB)	265	255	N/A	N/A	N/A	N/A	N/A	N/A	265	255
Wine Direct Shipper Permit (DS)	1,271	1,283	N/A	N/A	N/A	N/A	N/A	N/A	1,271	1,283
Vintner's Certificate of Compliance (CV)	643	648	N/A	N/A	N/A	N/A	N/A	N/A	643	648
Distiller's Certificate of Compliance (CD)	305	306	N/A	N/A	N/A	N/A	N/A	N/A	305	306
Broker's Permit (SP)	34	43	N/A	N/A	N/A	N/A	N/A	N/A	34	43
Wine Carrier Permit (AC)	3	10	N/A	N/A	N/A	N/A	N/A	N/A	3	10
<b>Total</b>	<b>11,894</b>	<b>12,759</b>	<b>186</b>	<b>71</b>	<b>23</b>	<b>151</b>	<b>473</b>	<b>5,096</b>	<b>12,576***</b>	<b>18,077</b>

Per SF2374: Effective January 1, 2023

\*The class A Liquor License (LA) was converted to the class F Retail Alcohol License (LF)

\*\*The class B Liquor License (LB) was converted to the class C Retail Alcohol License (LC)

\*\*\*Overall decrease in total issued or approved due to SF2374 updates to the class E Retail Alcohol License (LE), class B Retail Alcohol License (LG), and the elimination of the class B Beer Permit (BB), and the associated sub-permits.

ADMINISTRATIVE AFFAIRS BUREAU

EDUCATION AND OUTREACH UNIT

The Education and Outreach Unit uses the ABD website, a variety of social media platforms, presentations, and informative documents to implement the education and communication objectives of ABD.

The purpose of this unit is to provide assistance to native manufacturers and special event organizers to ensure efficient and effective licensing and education to these two important groups of licensees and permittees. In addition, educational programs and information are provided to alcoholic beverage licensees and permittees, local authorities, law enforcement agencies, and other stakeholders regarding the laws and rules which govern the alcoholic beverage industry.

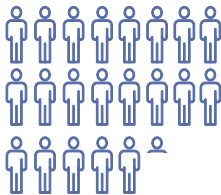


IOWA PROGRAM FOR ALCOHOL COMPLIANCE TRAINING (I-PACT)

One of the most widely used programs is the Iowa Program for Alcohol Compliance Training (I-PACT). I-PACT is a free online training program designed to prevent illegal sales of alcohol by educating alcohol sellers and increasing awareness of changes in Iowa’s liquor laws. The goal of I-PACT is increased voluntary compliance with Iowa’s alcohol laws through

education and enforcement. After successfully passing the final test, participants receive a printable certificate of completion. The certification is valid for a period of two years. However, if an individual is cited for a sale-to-minor, the certification is revoked. The training may be taken again for recertification.

In FY23, 21,211 people were trained in the responsible selling and serving of alcoholic beverages through the I-PACT program. Of those trained, 20,316 were certified, 895 failed the certification resulting in a 95% passage rate. In FY23, 3 people were decertified due to selling alcohol to a minor.

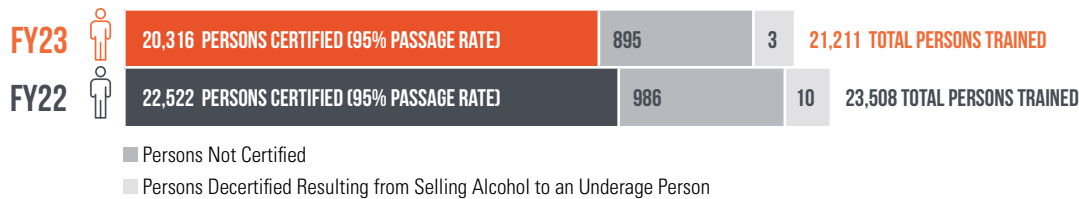


21,211

TOTAL PERSONS TRAINED  
THROUGH THE I-PACT  
RETAILER TRAINING PROGRAM

95%

I-PACT RETAILER  
TRAINING PROGRAM  
PASSING RATE



## SPECIAL EVENTS UNIT

ABD developed a Special Events Unit to address the needs of short term licensees and permittees engaged in the selling and serving of alcoholic beverages at community events, fairs, and festivals.

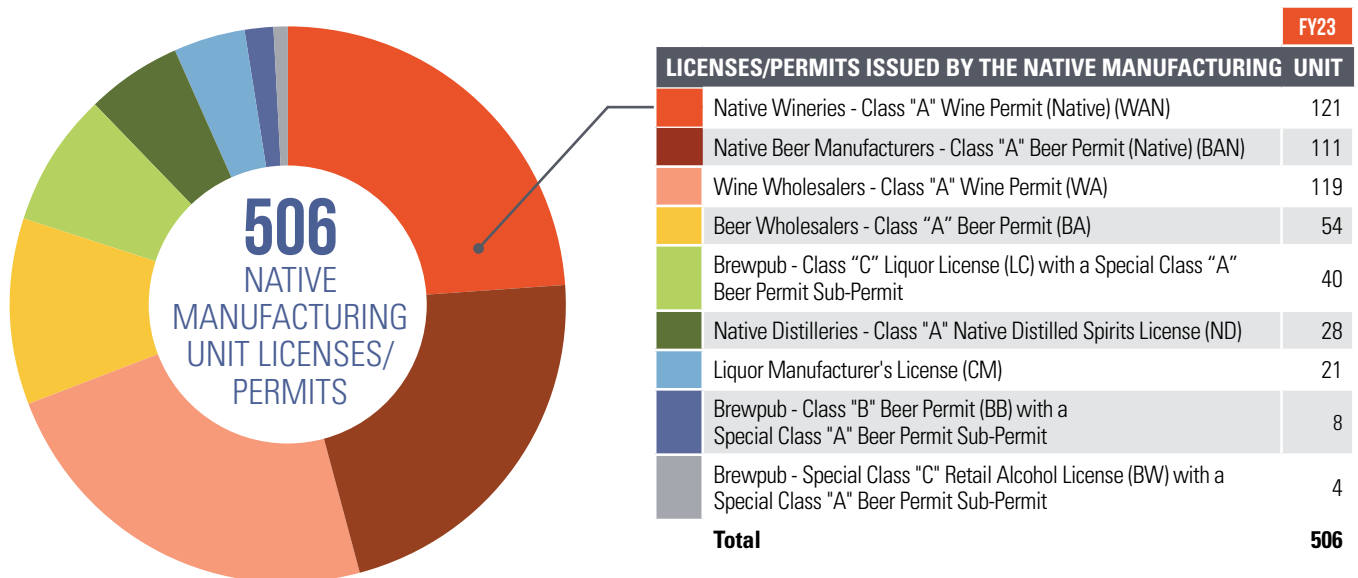
## SHORT-TERM LICENSES/PERMITS ISSUED BY THE SPECIAL EVENTS UNIT

License/Permit Type	14-DAY		5-DAY		36 HOURS		TOTAL	
	FY23	FY22	FY23	FY22	FY23	FY22	FY23	FY22
Class A Liquor License (LA)	0	0	1	4	0	0	1	4
Class F Retail Alcohol License (LF)	0	N/A	5	N/A	N/A	N/A	5	N/A
Class B Liquor License (LB)	0	0	0	1	N/A	0	0	1
Class B Beer Permit (BB)	26	35	278	429	0	0	304	464
Class B Native Wine Permit (WBN)	1	1	2	1	N/A	N/A	3	2
Class C Liquor License (LC)	29	18	645	499	N/A	N/A	674	517
Class C Native Wine Permit (WCN)	1	1	3	6	N/A	N/A	4	7
Charity Beer, Spirits, and Wine Auction Permit (CP)*	0	0	0	0	24	59	24	59
Charity Beer, Spirits, and Wine Event Permit (CE)*	0	0	0	0	52	6	52	6
Special Class C Liquor License (BW)	34	7	558	179	N/A	N/A	592	186
<b>Total FY23</b>	<b>91</b>	<b>62</b>	<b>1,492</b>	<b>1,119</b>	<b>76</b>	<b>65</b>	<b>1,659</b>	<b>1,246</b>

\*The Charity Beer, Spirits, and Wine Auction Permit (CP) and the Charity Beer, Spirits, and Wine Event Permit (CE) were combined into one license type per SF2374; now Charity Beer, Spirits, and Wine Special Event License (CE)

## NATIVE MANUFACTURING UNIT

ABD developed a Native Manufacturing Unit to address additional education, licensing, and regulatory questions and concerns applicable to this group of stakeholders. Iowa native breweries, wineries, and distilleries are an extremely important part of the Iowa business landscape and ABD wants to do what we can to ensure their success and compliance with complicated state and federal regulation, as well as disjointed beer and wine taxation.

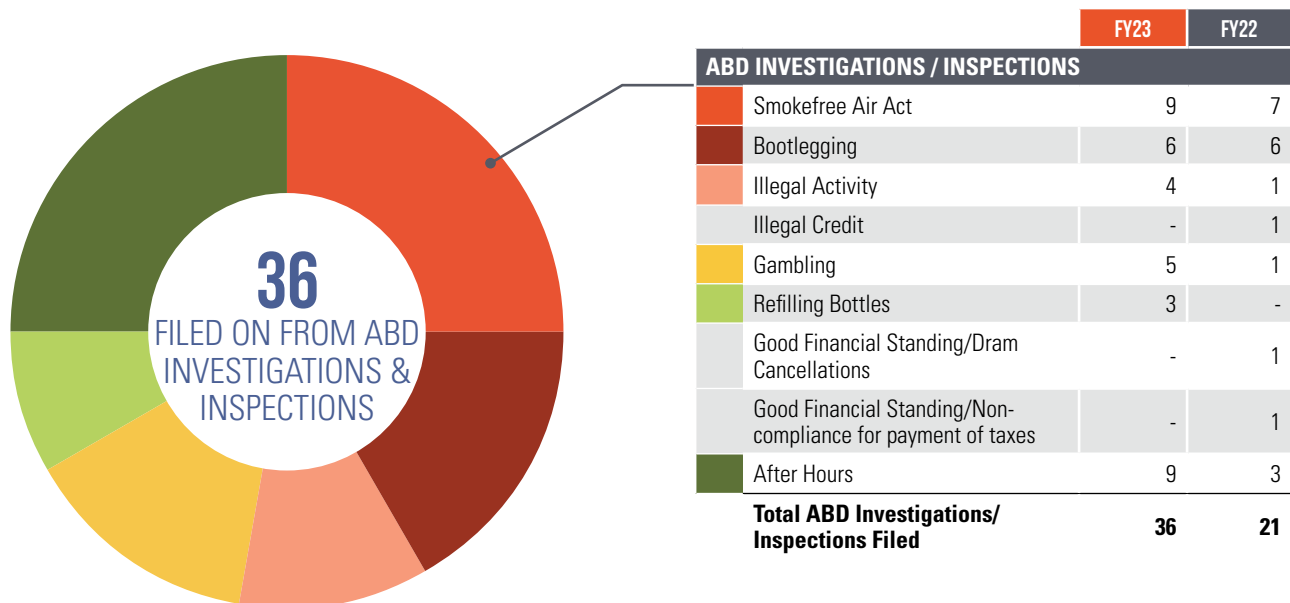


## ADMINISTRATIVE AFFAIRS BUREAU

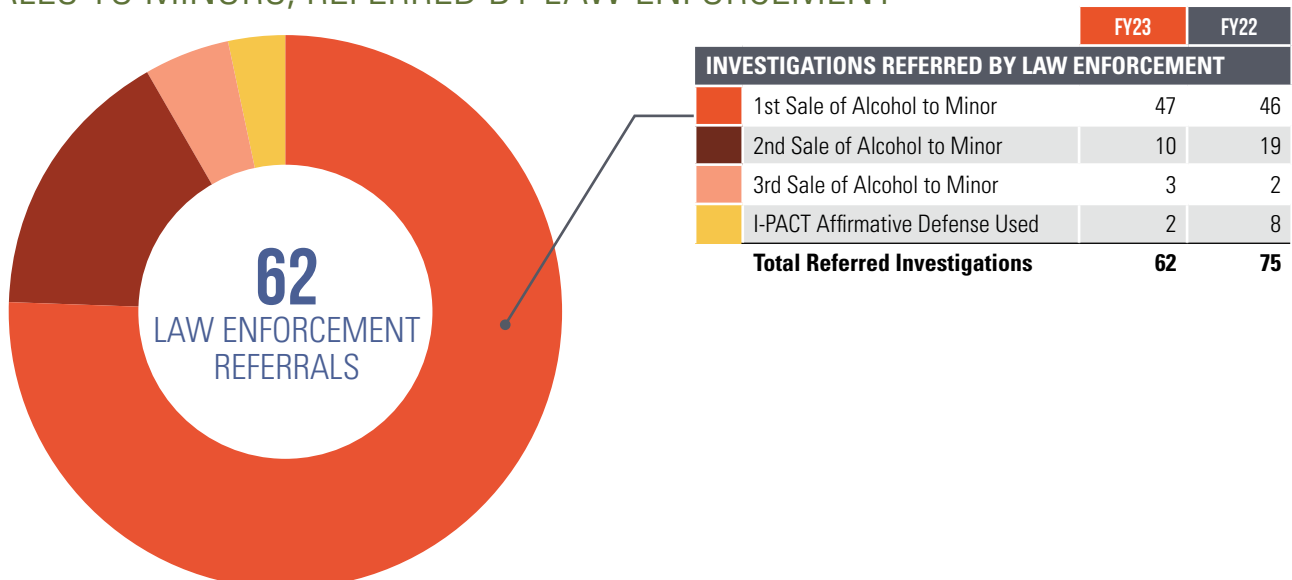
# ADMINISTRATIVE ACTIONS UNIT

The Administrative Actions Unit is responsible for ABD's prosecution of administrative violations of Iowa's alcohol and tobacco laws. Administrative Actions has transitioned from adversarial hearing complaints to cooperative settlement agreements and education based corrective actions while working to ensure safe communities and a fair and level business environment across the state.

## HEARING COMPLAINTS, SETTLEMENT AGREEMENTS AND CONSENT ORDERS



## SALES TO MINORS, REFERRED BY LAW ENFORCEMENT



## SUSPENSIONS

	FY23	FY22
Dram Summary Suspensions	26	6
Iowa Department of Revenue Suspensions	0	1
Iowa Department of Revenue Intent to Suspend Notice	0	5
<b>Total</b>	<b>26</b>	<b>12</b>

## VIOLATIONS/CRIMINAL HISTORY - NEW APPLICATION

	FY23	FY22
Misrepresentation	5	-
<b>Total</b>	<b>5</b>	<b>-</b>

## RENEWAL APPLICATIONS DENIED BY ABD

	FY23	FY22
Inactive with the Secretary of State	145	223
Personal Taxes Owed	3	5
Good Moral Character	1	1
Failure to Pay Deferred Renewal Fees	203	229
<b>Total</b>	<b>352</b>	<b>458</b>

## ADMINISTRATIVE APPEALS HEARINGS HELD BY ADMINISTRATIVE LAW JUDGE

	FY23	FY22
Local Authority Cases	9	5
ABD Cases	15	2
<b>Total</b>	<b>24</b>	<b>7</b>

## CIVIL PENALTY FUNDS COLLECTED

	FY23	FY22
Civil Penalties from Violations	\$60,850	\$57,500
<b>Total</b>	<b>\$60,850</b>	<b>\$57,500</b>



# BUSINESS OPERATIONS BUREAU



**THE BEVERAGE ALCOHOL INDUSTRY CONTINUES TO EVOLVE AND BRING FRESH CHALLENGES TO THE ABD OPERATION. IN PARTNERSHIP WITH OUR DISTRIBUTION PARTNER, RUAN TRANSPORT, OTHER STATE AGENCIES, AND OUR CONTROL STATE COLLEAGUES, ABD WILL CONTINUE TO GROW AND INNOVATE IN THIS ENVIRONMENT. ABD IS A TRUSTED PUBLIC RESOURCE AND WILL CONTINUE TO STRIVE FOR EFFICIENT, CONSISTENT, AND RELIABLE SERVICE FOR ALL OF OUR CUSTOMERS AND STAKEHOLDERS.”**

—LEISA BERTRAM, BUREAU CHIEF OF OPERATIONS AND FINANCIAL MANAGEMENT

## BUREAU PERFORMANCE SUMMARY

The goal of the Business Operations Bureau is to optimize the delivery of distilled spirits, and provide increased efficiency and consistency for our class “E” retail customers. As the class “E” retail community continues to expand, it will be imperative for ABD to bring efficiency and adaptability to our business model.

At the end of FY23, there were 2,032 active class “E” retail licensees operating in Iowa. This is a 5.4% increase over FY22. There has been a steady increase in this number over the years, and we see that trend continuing. With the increase in retail outlets, several other key metrics increased including total deliveries, up 7.8%, total cases, up 2.0%, and total bottles sold, up 0.7%.

Additionally, ABD’s product portfolio expanded to a total of 2,835 products. This growth resulted in the largest product portfolio offered by ABD in its history, surpassing FY22 by 2.6%. Updates to the ABD racking system and overall storage solutions provided additional opportunities for new products to enter the Iowa marketplace.

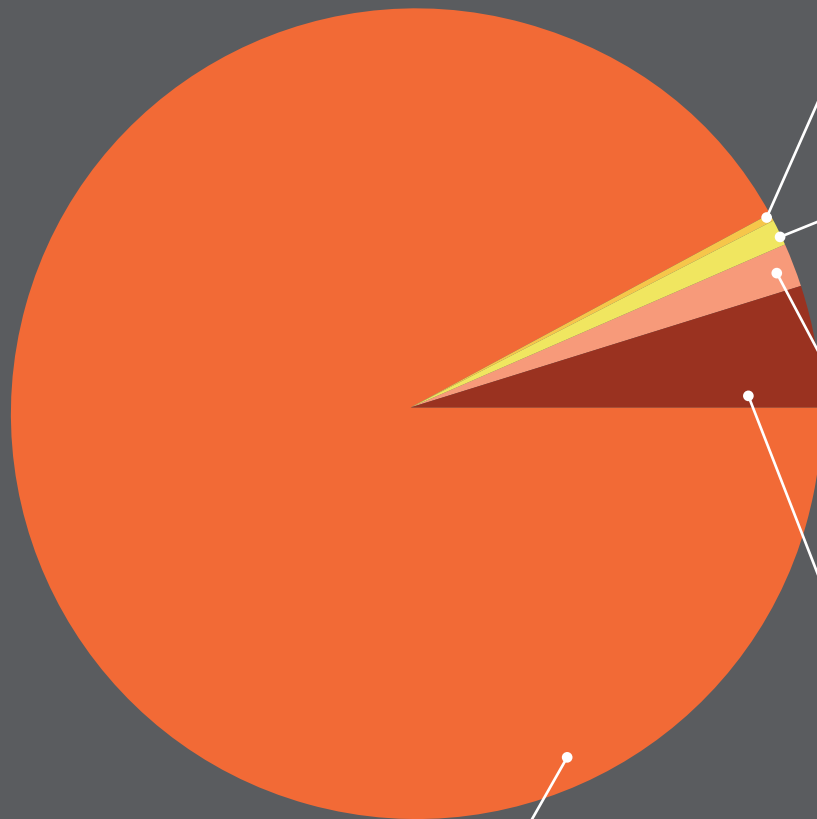
The Business Operations Bureau continues to look for ways to improve the distribution of spirits by updating metrics and data analytics, collaborating with Ruan Transport, and integrating industry best practices. This bureau strives to provide Iowa businesses with customer service, diverse selection, and operational expertise they can rely on.

The Business Operations Bureau is responsible for all day-to-day functions, which incorporate:

- Financial Management and Accounting
- Data Analytics and Division-Wide Metrics
- Product Management
- Inventory Management
- Capital Improvements
- Asset Safety and Security
- Contract Management and Oversight

# \$478,259,852

TOTAL REVENUE EARNED



## \$445,830,313

LIQUOR SALES

ABD is the sole wholesaler of alcoholic liquor sold in Iowa and delivers product to over 2,032 off-premise retail locations across the state. Iowa Code 123.24 requires ABD to mark up the price of products sold at wholesale by up to 50%.

## \$2,259,613

SPLIT CASE REVENUE

The Split Case fee is applied when alcoholic liquor is sold to a retailer as a single bottle. The split case fee is \$0.75 per bottle. This fee is applied to offset the cost of splitting, picking, and shipping single bottles.

## \$5,193,773

BOTTLE DEPOSIT / SURCHARGE

Pursuant to Iowa Code section 455C.2 and Iowa Code section 123.24, ABD charges a bottle deposit and surcharge included in the wholesale purchase price. The charge assessed by ABD is \$0.09 per unit sold and includes the \$0.05 bottle deposit.

## \$7,643,565

WINE TAX

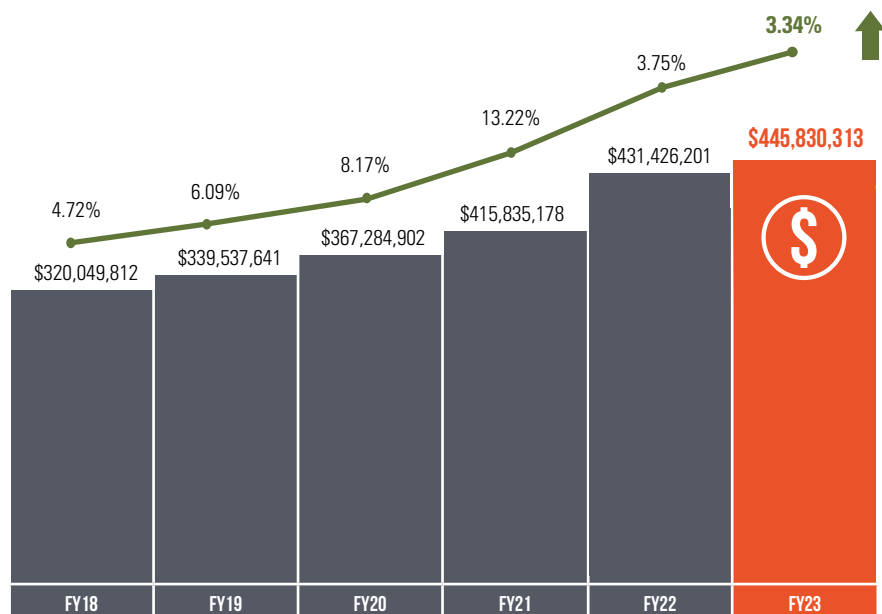
All wine sold at wholesale in the state, as well as wine directly shipped to consumers within Iowa, is assessed a tax at the rate of \$1.75 per gallon.

## \$17,332,588

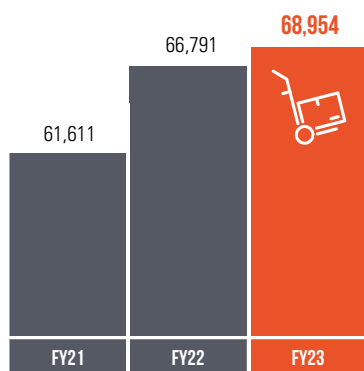
LICENSE FEES

Fees collected are for the licenses, permits, and certificates required for the manufacture, importation, and sale of liquor, beer, and wine in and to the state of Iowa. During FY23, Senate File 2374 was passed that made changes to the license classifications and fee structures. This update led to a decrease in the license revenues collected.

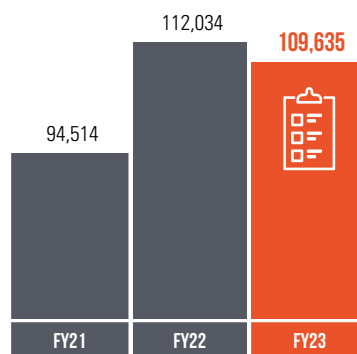
## ANNUAL LIQUOR SALES COMPARISON



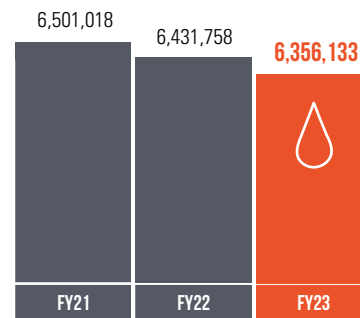
## ANNUAL DELIVERY COMPARISON



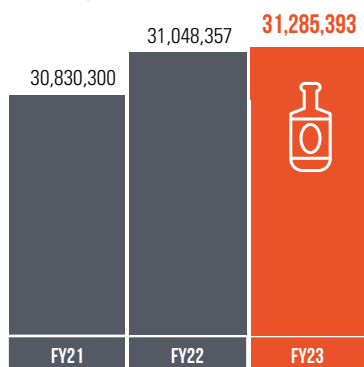
DELIVERIES



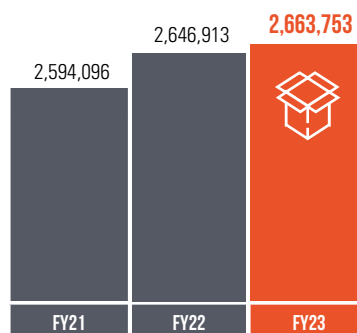
ORDERS



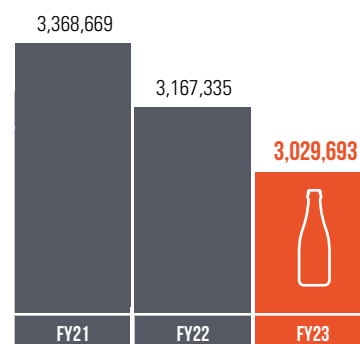
GALLONS



BOTTLES



CASES



SPLITS

# WHERE THE PROFITS GO

## REVENUES TRANSFERRED

**\$119,250,000**

**STATE OF IOWA GENERAL FUND REVERSION**

Payments made to the State General Fund come from several sources within ABD, with the main resources being liquor sales and license fees. The funds are appropriated by the legislature to different departments and programs throughout the state.

**\$4,699,216**

**STATE AID TO CITIES AND COUNTIES**

The amount of revenue collected from license/permit fees remitted back to the local authorities (cities and counties) who are directly involved in the approvals of license/permits within their jurisdictions.

**\$31,367,687**

**IOWA DEPARTMENT OF HEALTH AND HUMAN SERVICES SUBSTANCE ABUSE**

ABD transfers 7% of gross sales of alcoholic liquor to the State General Fund for specific appropriation to the Iowa Department of Health and Human Services for the administration of substance abuse and prevention education programs.

**\$1,000,000**

**IOWA DEPARTMENT OF HEALTH AND HUMAN SERVICES SUNDAY SALES**

Iowa Department of Health and Human Services receives Sunday Sales license fees, of which 50% are to be earmarked for grants to counties for operating substance abuse programs involving education, prevention, referral, or post-treatment services.

## REVENUES PROCESSED

**\$13,197,081**

**STATE OF IOWA GENERAL FUND BEER TAX**

All beer sold at wholesale in the state of Iowa is assessed a tax at the rate of \$0.19 per gallon. Beer tax is processed and deposited into the State General Fund to be appropriated by the legislature to different departments and programs throughout the state.

**\$2,000,000**

**NATIVE MANUFACTURER PROMOTION**

ABD transfers quarterly \$500,000 of gross sales of alcoholic liquor to the Iowa Economic Development Authority for the purpose of supplementing the funding of the Wine and Beer Promotion Board.

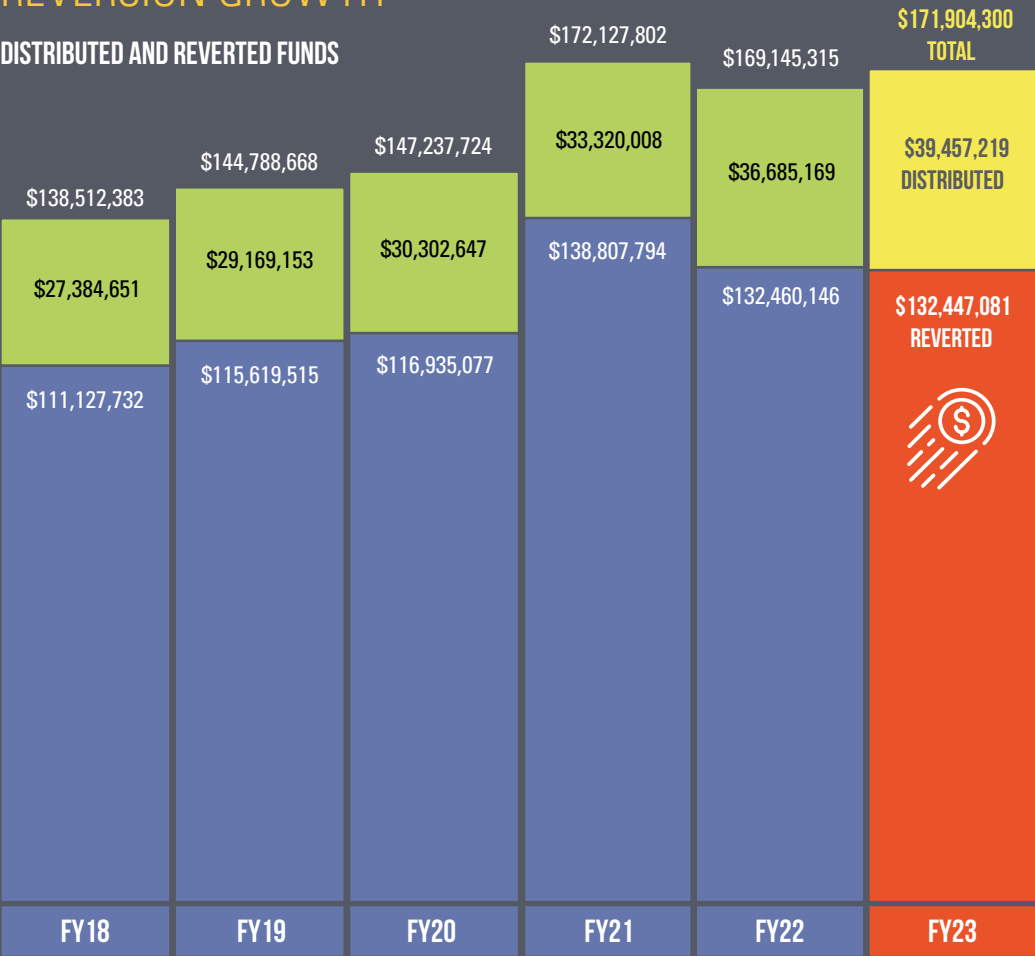
**\$208,880 NATIVE BEER TAX**

**\$181,436 NATIVE WINE TAX**

Tax revenues collected from Iowa native wine producers and native breweries are directed to the Iowa Economic Development Authority's Wine and Beer Promotion Board. Funds collected are used for research and development within the native wine and beer industries.

**\$390,316 TOTAL NATIVE TAX COLLECTED**

# REVERSION GROWTH



**TOTAL FUNDS DISTRIBUTED**  
This total refers to the total amounts of all funds sent to all recipients, including the Iowa Economic Development Authority, Iowa Department of Health and Human Services, and the local authorities.

**TOTAL FUNDS REVERTED**  
This is the total amount of revenues transferred to the State General Fund for appropriation by the legislature. This total is the combination of the liquor sales profits and the beer tax revenues.



# BEER AND WINE

## GALLONS SOLD

	FY23	FY22	INCREASE/ DECREASE
Beer	69,458,321	71,895,505	-3.39%
Native Beer	1,099,368	1,044,874	5.22%
<b>Total Beer Gallons</b>	<b>70,557,689</b>	<b>72,940,379</b>	<b>-3.27%</b>
Wine	4,367,751	4,635,536	-5.78%
Native Wine	103,678	127,687	-18.80%
<b>Total Wine Gallons</b>	<b>4,471,429</b>	<b>4,763,223</b>	<b>-6.13%</b>

## TAXES PROCESSED

	FY23	FY22	INCREASE/ DECREASE
<b>Taxes Processed</b>			
Beer Tax	\$13,197,081	\$13,660,146	-3.39%
Native Beer Tax	\$208,880	\$198,526	5.22%
Wine Tax	\$7,643,565	\$8,112,188	-5.78%
Native Wine Tax*	\$181,436	\$223,452	-18.80%
<b>Total Taxes Processed</b>	<b>\$21,230,962</b>	<b>\$22,194,312</b>	<b>-4.34%</b>

## LICENSING REVENUE

	FY23	FY22	INCREASE/ DECREASE
<b>Licensing Revenue**</b>			
Liquor Permits	\$16,134,415	\$20,785,806	-22.38%
Wine Permits	\$104,600	\$63,982	63.48%
Beer Permits	\$870,630	\$1,462,169	-40.46%
Special Licenses***	\$9,850	\$11,225	-12.25%
Certificates of Compliance	\$118,500	\$144,225	-17.84%
<b>Total License Revenue****</b>	<b>\$17,237,995</b>	<b>\$22,467,407</b>	<b>-23.28%</b>

\* Native Wine tax decreased due to the fee structure updates from Senate File 2374. See page 38 for additional information.

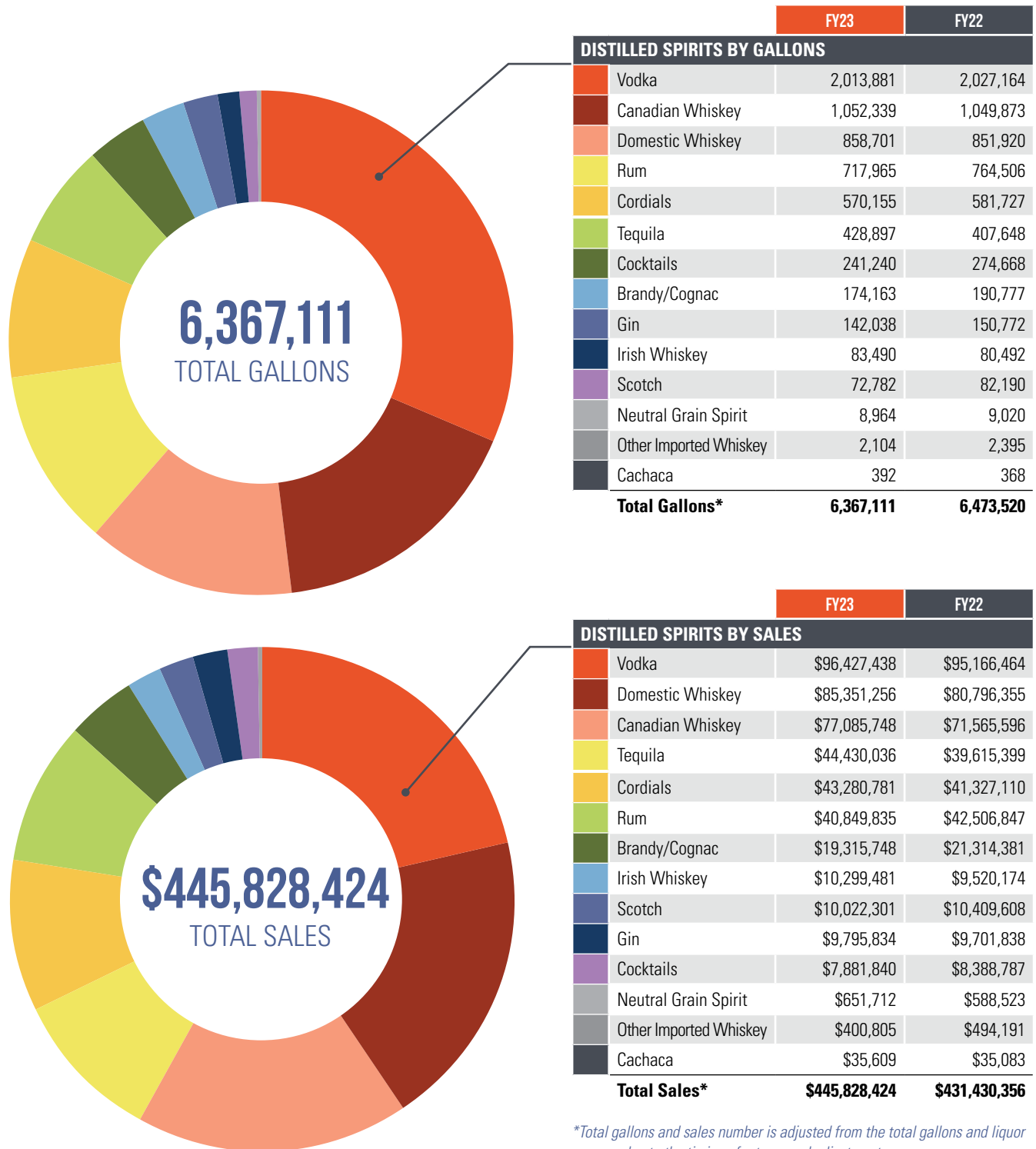
\*\* License revenue decreased due to less deferred fee collections from previous fiscal years, and the impact of fee changes due to Senate File 2374 updates. Several licenses decreased fees or removed the requirement for an additional permit.

\*\*\* Charity Auction Permits, Broker's Permits, and Alcohol Carrier Licenses.

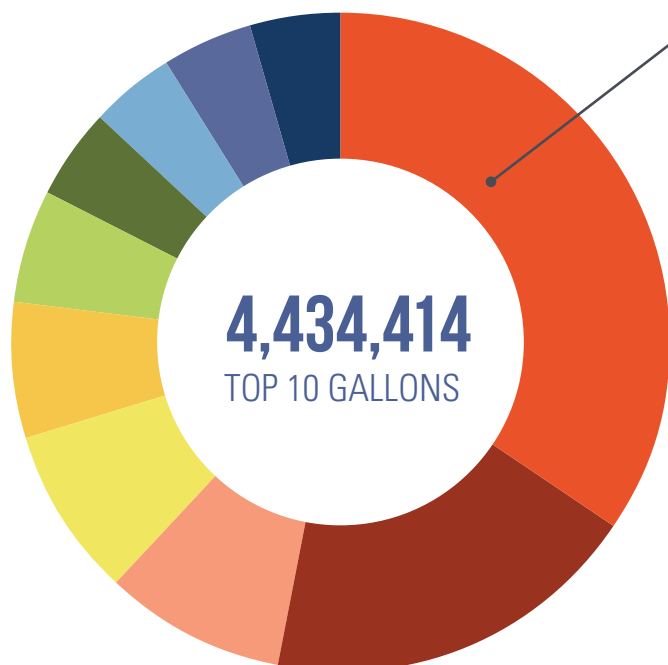
\*\*\*\* Total license revenue does not include the additional fees of \$94,593 associated.

# LIQUOR

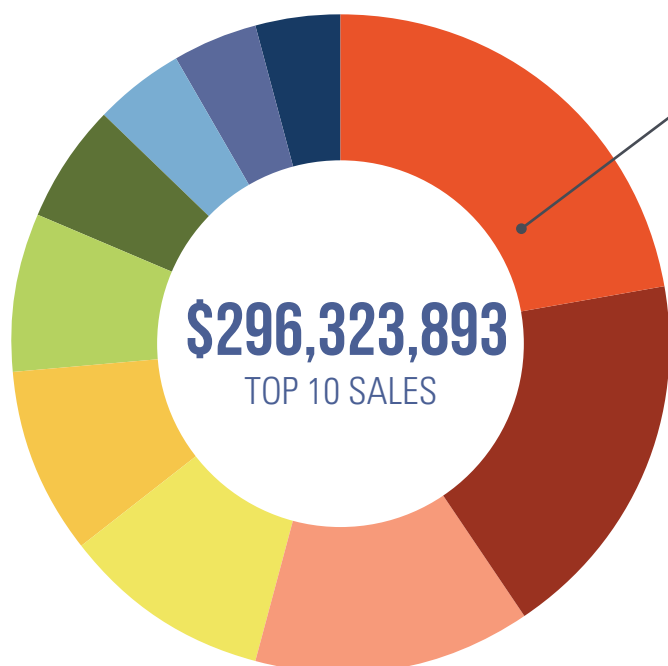
## COMPARATIVE STATEMENT OF GALLONS SOLD



## TOP 10 PRODUCT CATEGORIES

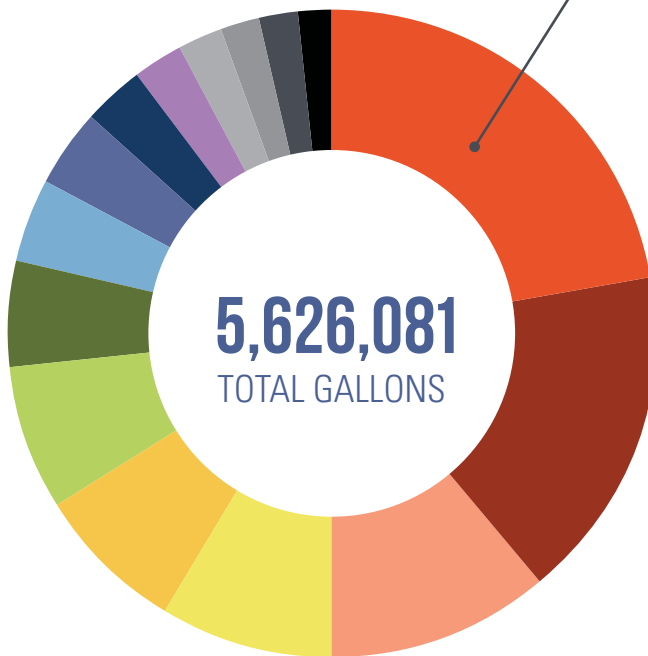


		FY23	FY22
TOP CATEGORIES BY GALLONS			
1	American Vodka	1,535,911	1,529,333
2	Canadian Whiskies	822,583	795,693
3	Spiced Rum	395,732	410,049
4	Straight Bourbon Whiskies	374,002	362,894
5	Whiskey Liqueur	294,734	310,303
6	Cocktails/RTD	238,020	272,453
7	American Flavored Vodka	194,538	194,298
8	100% Agave Tequila	194,137	175,879
9	Imported Vodka	192,565	196,293
10	Blended Whiskies	192,192	214,973
Total		4,434,414	4,462,168

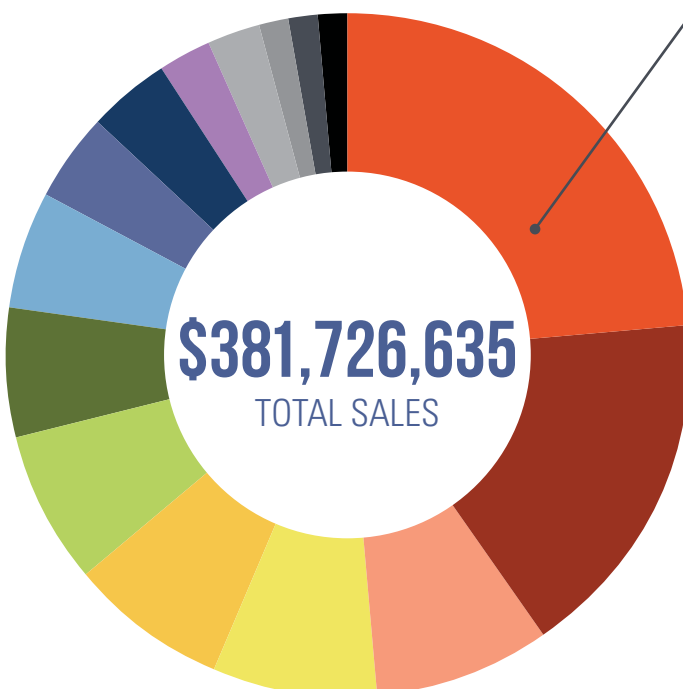


		FY23	FY22
TOP CATEGORIES BY SALES			
1	American Vodka	\$66,385,047	\$63,757,489
2	Canadian Whiskies	\$53,863,182	\$49,251,890
3	Straight Bourbon Whiskies	\$40,373,835	\$37,507,876
4	100% Agave Tequila	\$30,654,758	\$26,454,942
5	Whiskey Liqueur	\$27,011,347	\$25,590,469
6	Spiced Rum	\$23,446,521	\$24,291,834
7	Tennessee Whiskies	\$16,878,016	\$16,695,206
8	Imported Brandy	\$13,073,037	\$14,325,561
9	Imported Vodka	\$12,371,797	\$13,312,466
10	Imported Cordials & Liqueur	\$12,266,353	\$12,006,659
Total		\$296,323,893	\$283,194,392

## TOP 15 SUPPLIERS



FY23		
TOP SUPPLIERS BY GALLONS		
1	Sazerac Company Inc.	1,251,289
2	Diageo Americas	948,082
3	Heaven Hill Brands	621,015
4	Luxco Inc.	483,275
5	Fifth Generation Inc.	419,572
6	Jim Beam Brands	412,994
7	Pernod Ricard USA	301,976
8	Proximo Spirits	228,756
9	Bacardi USA Inc.	221,537
10	Brown Forman Corp.	160,025
11	E & J Gallo Winery	140,168
12	McCormick Distilling Co.	127,959
13	Laird & Company	118,591
14	Phillips Beverage	110,741
15	Blue Ox Spirits, Inc.	80,101
Total		5,626,081



FY23		
TOP SUPPLIERS BY SALES		
1	Diageo Americas	\$90,376,005
2	Sazerac Company Inc.	\$64,327,146
3	Jim Beam Brands	\$31,066,775
4	Fifth Generation Inc.	\$30,032,827
5	Pernod Ricard USA	\$29,129,297
6	Heaven Hill Brands	\$27,436,968
7	Bacardi USA Inc.	\$23,132,558
8	Brown Forman Corp.	\$20,596,755
9	Luxco Inc.	\$15,977,751
10	Proximo Spirits	\$15,400,387
11	E & J Gallo Winery	\$9,775,161
12	Moet Hennessy USA	\$9,461,009
13	Mast-Jagermeister US, Inc.	\$5,203,626
14	Campari America	\$4,965,786
15	Ole Smoky Distillery	\$4,844,584
Total		\$381,726,635

## TOP 15 IOWA NATIVE DISTILLERS AND MANUFACTURERS



FY23

### TOP SUPPLIERS BY GALLONS

1	Blue Ox Spirits, Inc.	80,101
2	Dehner Distillery	29,730
3	Cedar Ridge Vineyards	22,746
4	Mississippi River Distilling Company	11,317
5	Revelton Distilling Company	10,175
6	Iowa Distilling, Dunkel Corporation	9,636
7	Swell Liquor, LLC	7,128
8	Midwest Liquor Company	7,052
9	Foundry Distilling Company, LLC	5,853
10	S&B Farms Distillery	3,959
11	American Heritage Distillers, LLC/ Century Farms Distillery	2,242
12	Lonely Oak Distillery	1,814
13	John Ernest Distillery, Inc.	1,762
14	Bad Bear Enterprises LLC/Legendary Rye	886
15	Cats Eye Distillery	626

**Total**

**195,027**

**195,027**  
TOTAL GALLONS

FY23

### TOP SUPPLIERS BY SALES

1	Cedar Ridge Vineyards	\$3,446,790
2	Blue Ox Spirits, Inc.	\$2,198,115
3	Revelton Distilling Company	\$1,270,845
4	Mississippi River Distilling Company	\$1,194,854
5	Iowa Distilling, Dunkel Corporation	\$710,306
6	Dehner Distillery	\$650,930
7	Foundry Distilling Company, LLC	\$530,770
8	S&B Farms Distillery	\$400,254
9	Swell Liquor, LLC	\$307,548
10	Lonely Oak Distillery	\$258,471
11	American Heritage Distillers, LLC/ Century Farms Distillery	\$216,178
12	Midwest Liquor Company	\$169,344
13	Cats Eye Distillery	\$130,921
14	Bad Bear Enterprises LLC/Legendary Rye	\$124,442
15	Templeton Distilling LLC	\$105,028

**Total**

**\$11,714,796**

**\$11,714,796**  
TOTAL SALES

## TOP 50 BRANDS

BRAND RANKED BY GALLONS SOLD	FY23
1 Titos Handmade Vodka	419,572
2 Black Velvet Canadian Whiskey	355,016
3 Captain Morgan Original Spiced Rum	273,955
4 Fireball Cinnamon Whiskey	254,057
5 Hawkeye Vodka	196,869
6 McCormick Vodka	114,200
7 Smirnoff Vodka	99,385
8 Jack Daniels Old #7 Black Label Whiskey	96,287
9 Crown Royal Canadian Whiskey	96,088
10 Crown Royal Regal Apple Canadian Whiskey	79,380
11 Blue Ox Vodka	76,312
12 Malibu Coconut Rum	73,893
13 Jim Beam Bourbon Whiskey	73,096
14 Five O'Clock Vodka	70,762
15 Bacardi Superior Rum	70,151
16 Fris Danish Vodka	68,271
17 Admiral Nelson Spiced Rum	64,529
18 Platinum 7x Vodka	59,934
19 Barton Vodka	59,765
20 Jameson Irish Whiskey	59,431
21 Seagrams 7 Crown Whiskey	54,528
22 Barton Naturals Vodka	51,379
23 Jose Cuervo Especial Reposado Tequila	50,546
24 Absolut Swedish Vodka	48,386
25 Crown Royal Peach Canadian Whiskey	46,889

BRAND RANKED BY GALLONS SOLD	FY23
26 Kirkland Signature American Vodka	46,433
27 Five Star American Whiskey	42,917
28 Hennessy VS Imported Brandy	41,602
29 Black Velvet Toasted Caramel Canadian Whiskey	40,651
30 Dr McGillicuddys Cherry Schnapps	40,293
31 Tortilla Gold DSS	38,220
32 Svedka Vodka	37,947
33 Nikolai Vodka	37,870
34 New Amsterdam Vodka	34,426
35 Jägermeister Liqueur	32,955
36 Patron Silver Tequila	32,172
37 Makers Mark Bourbon Whiskey	31,905
38 Paramount White Rum	31,736
39 Jose Cuervo Authentic Lime Margarita	31,231
40 Jose Cuervo Especial Silver Tequila	29,955
41 Phillips Vodka	28,835
42 Southern Comfort Liqueur	28,424
43 Grey Goose Vodka	28,212
44 Windsor Canadian	28,117
45 Members Mark Vodka	27,675
46 Juarez Gold DSS	27,055
47 Fleischmanns Vodka	26,860
48 Kessler Blend Whiskey	26,637
49 Ten High Straight Bourbon Whiskey	26,431
50 Juarez Gold Tequila	24,815

**Top 50 Gallons Sold 3,736,055**

**All Gallons Sold 6,356,133**



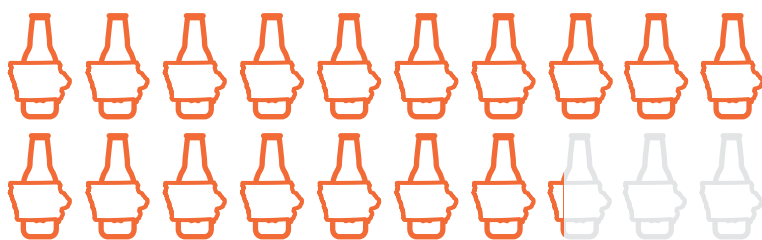
## TOP 50 NATIVE IOWA BRANDS, NATIVE DISTILLERS, AND MANUFACTURERS

BRAND RANKED BY GALLONS SOLD		FY23
1	Blue Ox Vodka	76,312
2	Gotcha Vodka	21,772
3	Cedar Ridge Bourbon	14,001
4	Swell Vodka	7,128
5	State Vodka	7,052
6	Prairie Fire	4,179
7	Gotcha Silver Rum	4,061
8	Revelton Mulberry Gin	3,972
9	Saints N Sinners Apple Pie	3,156
10	Revelton Whiskey and Cream Liqueur	2,391
11	Iowish Cream Salted Caramel	2,349
12	Sir Winston Peach	2,349
13	Iowish Cream Liqueur	2,042
14	Revelton Honey Whiskey	1,831
15	Blue Ox Silver Rum	1,756
16	Foundry Whiskey Custom	1,730
17	Blue Ox Gin	1,411
18	Cody Road Barrel Old Fashioned	1,390
19	Gotcha Blended Whiskey	1,379
20	Don Agave Gold	1,274
21	Butchers Block Vodka	1,226
22	Foundry Vodka	1,210
23	Gotcha Gin	1,159
24	River Pilot Vodka	1,007
25	Cody Road Bourbon	930

BRAND RANKED BY GALLONS SOLD		FY23
26	Rocket Fuel	927
27	Bagger Vodka	840
28	Slipknot Iowa Whiskey No. 9	834
29	Cedar Ridge Quintessential American Single Malt	834
30	Private First Class	773
31	Cedar Ridge Malted Rye	724
32	Swell Zone Vodka	697
33	Century Farms American Classic	688
34	Cedar Ridge Barrel Proof Bourbon Whiskey	674
35	Mullets Vodka	648
36	Revelton American Gin	569
37	Cedar Ridge Double Barrel Bourbon Whiskey	517
38	Iowish Cream Egg Nog	512
39	Revelton Honey Vodka	493
40	Don Agave Silver	478
41	Blue Ox American Spirit Whiskey	470
42	Cedar Ridge Bottled in Bond Bourbon	461
43	The Real Stuff	446
44	Iowa Distilling Company Straight Bourbon Whiskey	441
45	Dehner Distillery Triple Sec	429
46	Revelton Vodka	429
47	Cody Road Rye	424
48	Steeple Ridge Bourbon	415
49	Templeton Rye 6YR Special Reserve	392
50	Sir Winston Apple	390

**Top 50 Iowa Gallons Sold 181,572**

**All Iowa Gallons Sold 199,461**



 = 10,000

**91%** 

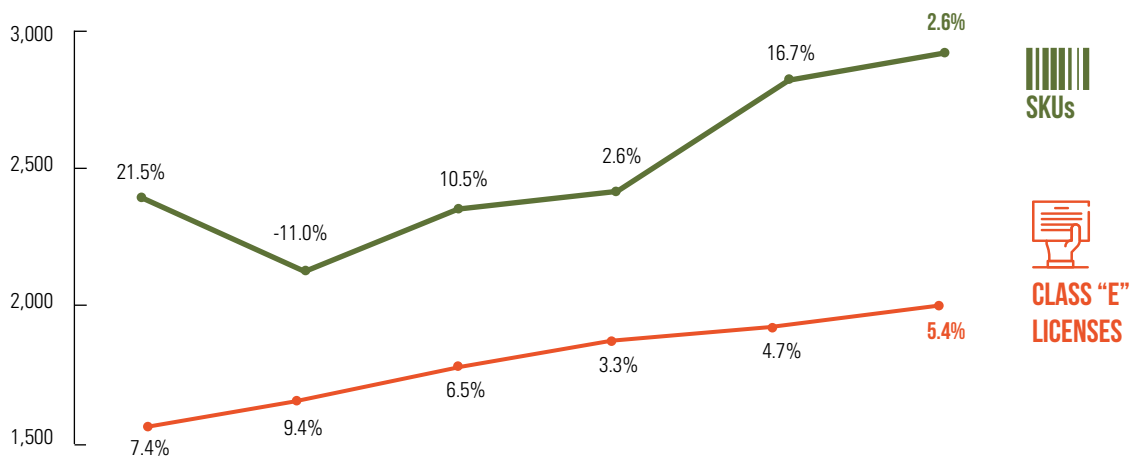
OF ALL NATIVE IOWA GALLONS  
SOLD WERE TOP 50 BRANDS



# CLASS “E” LICENSE AND SKU GROWTH

ABD continues to experience growth in many aspects of the business model including class “E” licenses and SKUs. The increase in class “E” licenses increases the number of distribution points available to be delivered to throughout the state. The number of SKUs refers to the diverse catalog of products offered for distribution. The following graph depicts the history of spirit sales as well as the distribution and SKU increases over the last six fiscal years.

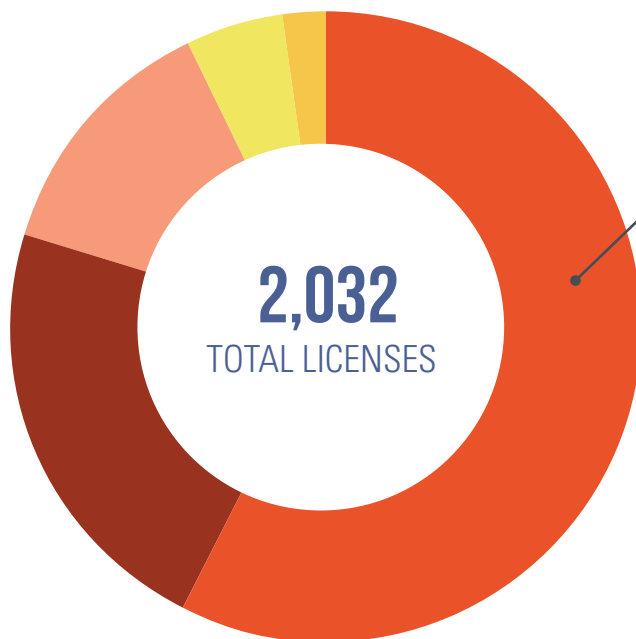
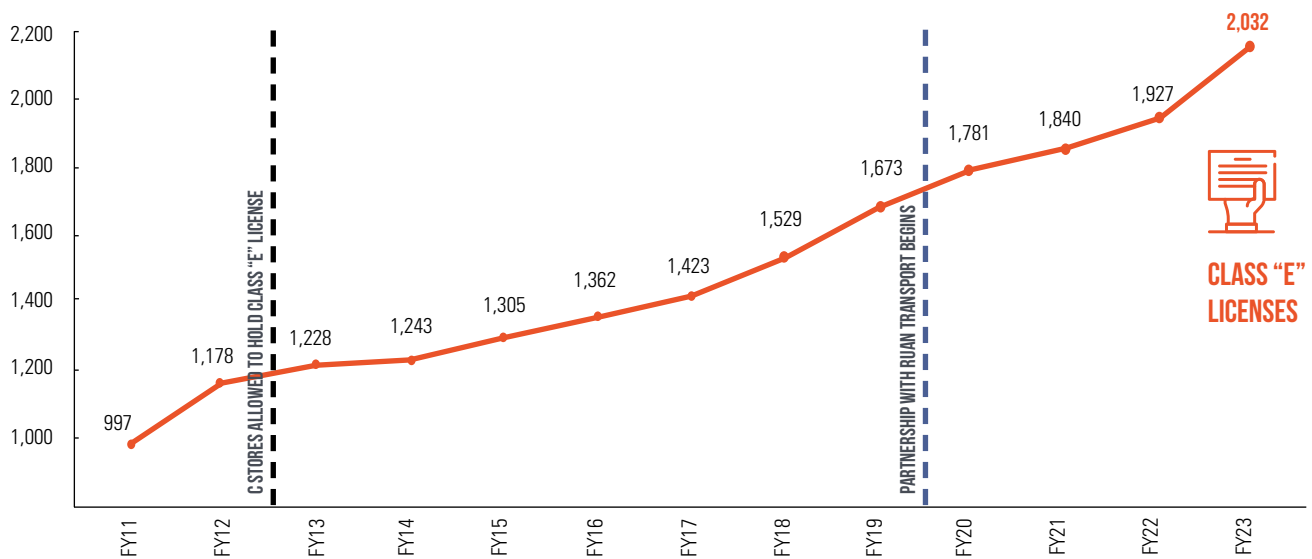
## ANNUAL GROWTH OF SPIRIT SALES, DISTRIBUTION OUTLETS, & SKUs



	FY18	FY19	FY20	FY21	FY22	FY23
LIQUOR SALES	\$320,049,812	\$339,537,641	\$367,284,902	\$415,835,178	\$431,426,201	\$445,830,313
CLASS “E” LICENSES	1,529	1,673	1,781	1,840	1,927	2,032
SKUs	2,344	2,087	2,306	2,367	2,762	2,835

## CLASS "E" LICENSE GROWTH

In 2012 there was an increase in the number of class "E" licenses due to a legislative change that allowed convenience stores to be licensed to sell liquor. Since that time, the number of class "E" licenses continues to grow and increases the number of distribution points across the state of Iowa. As we pursue our mission, ABD is committed to serving class "E" licensed businesses through the responsible and efficient distribution of alcohol.



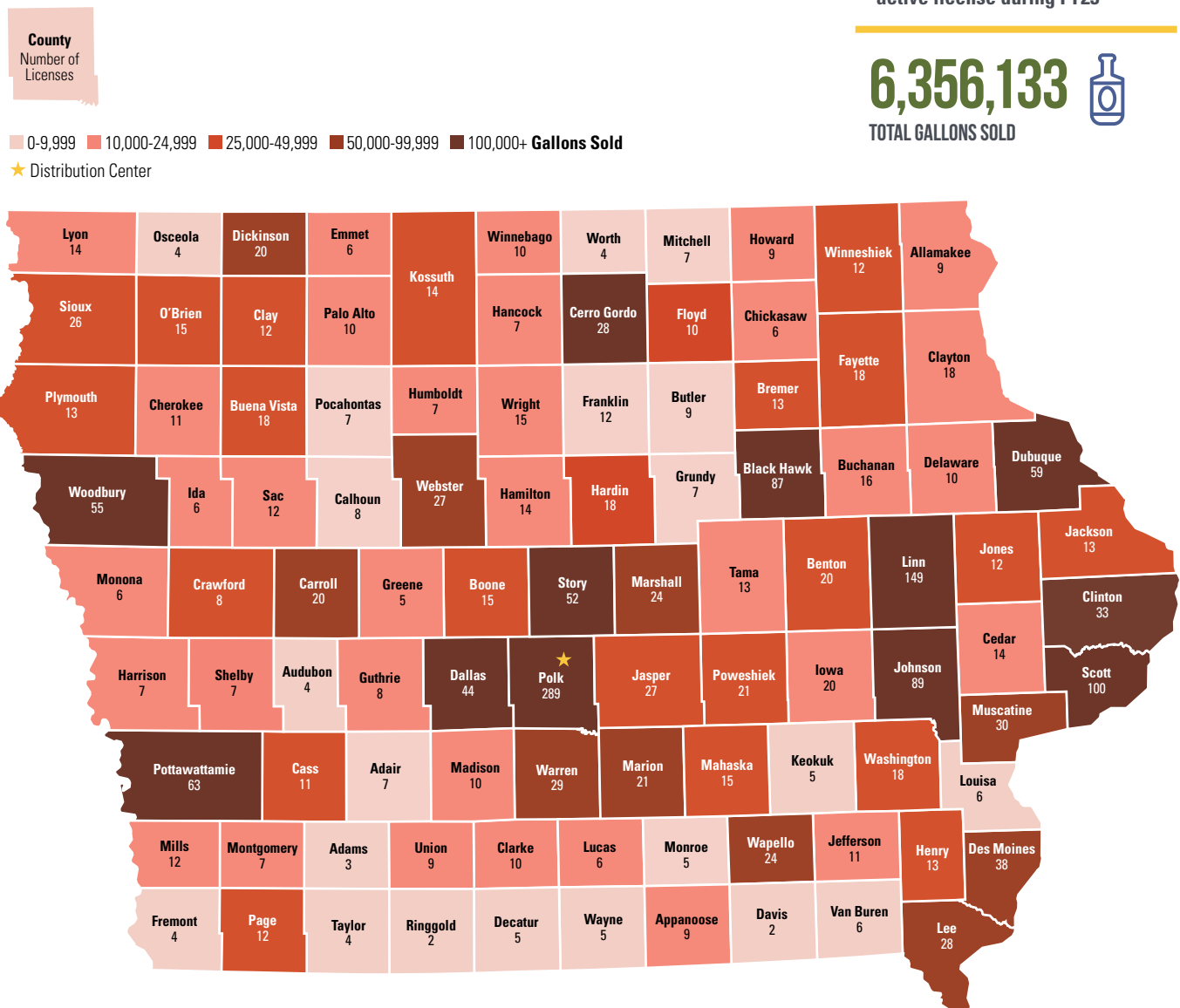
		FY23	FY22	FY21
CLASS "E" PREMISES TYPES				
1	Convenience Store	1,171	1,113	1,075
2	Grocery Store	453	442	425
3	Liquor Store	265	232	200
4	Pharmacy	100	100	98
5	Other*	43	40	42
Total**		2,032	1,927	1,840

\* Other Category represents Discount Store, Casino, Hotel, Redemption Center, and Specialty Shop.

\*\* Total licenses is the total number of active class "E" licensees at the end of the fiscal year.

## CLASS "E" LICENSES AND SALES BY COUNTY

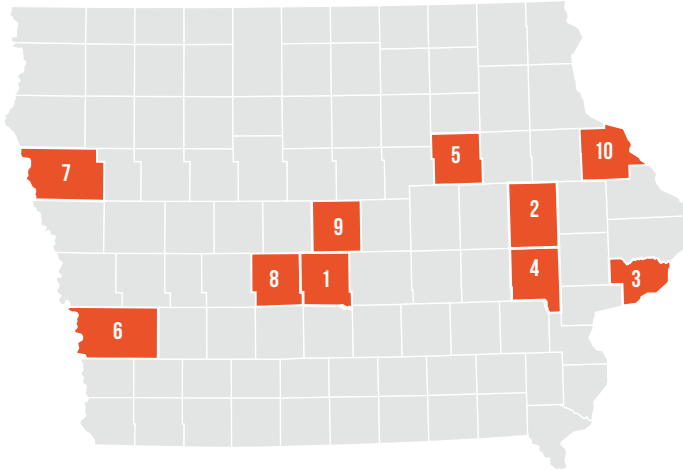
The heat map below shows the total number of class "E" licenses per county. The color of the county corresponds to the total amount of liquor gallons sold from ABD to the class "E" licenses within that county. The darker the color, the greater the amount of liquor gallons sold. Class "E" licenses sell directly to the public via retail sales or to on-premises liquor licenses. To sell to the on-premises licenses, the class "E" must hold a federal wholesale permit.



## TOP 10 COUNTIES BY SALES

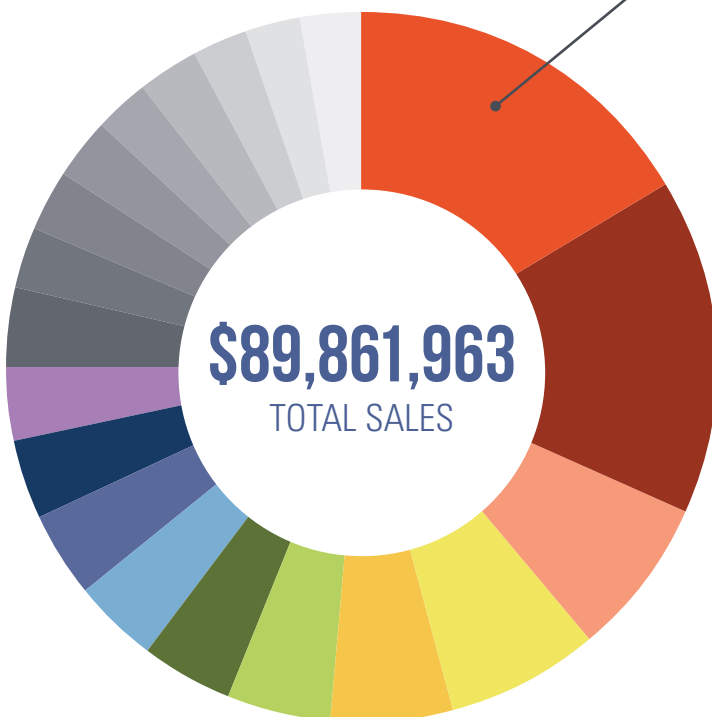
**\$289,667,167**

TOTAL CLASS "E" LIQUOR SALES



FY23		
TOP COUNTIES BY CLASS "E" LIQUOR SALES		
1	Polk	\$105,204,681
2	Linn	\$37,799,400
3	Scott	\$27,543,466
4	Johnson	\$25,843,188
5	Black Hawk	\$22,939,749
6	Pottawattamie	\$16,314,992
7	Woodbury	\$14,988,569
8	Dallas	\$13,896,270
9	Story	\$12,665,026
10	Dubuque	\$12,471,826
Total		<b>\$289,667,167</b>

## TOP 20 CUSTOMERS BY SALES



FY23		
TOP CUSTOMERS BY CLASS "E" LIQUOR SALES		
1	Hy-Vee #3, BDI, Des Moines	\$14,845,821
2	Central City 2, Des Moines	\$13,737,268
3	Another Round, DeWitt	\$6,489,704
4	Hy-Vee Wine and Spirits #1, Iowa City	\$6,212,370
5	Benz Distributing, Cedar Rapids	\$5,135,718
6	Costco Wholesale #788, West Des Moines	\$4,036,471
7	Wilkie Liquors, Mount Vernon	\$3,751,234
8	I-80 Liquor, Council Bluffs	\$3,533,671
9	Wall to Wall Wine and Spirits, West Des Moines	\$3,473,393
10	Sam's Club 8162, Cedar Rapids	\$3,216,587
11	Sam's Club 6344, Windsor Heights	\$3,176,177
12	Hy-Vee Food Store, Urbandale	\$3,127,014
13	Hy-Vee Food Store, Coralville	\$2,589,642
14	Costco Wholesale #1111, Coralville	\$2,466,976
15	Hy-Vee, Waukee	\$2,423,032
16	Hy-Vee #2, Ames	\$2,362,712
17	Hy-Vee #7, Cedar Rapids	\$2,362,646
18	Sam's Club 6514, Waterloo	\$2,319,366
19	Sam's Club 6432, Sioux City	\$2,303,818
20	Hy-Vee Wine and Spirits, Ankeny	\$2,298,343
Total		<b>\$89,861,963</b>

# FINANCIAL MANAGEMENT

— LEISA BERTRAM, BUREAU CHIEF OF OPERATIONS AND FINANCIAL MANAGEMENT

## BUREAU PERFORMANCE SUMMARY

The goal of the Financial Management area is to provide accountable and accurate financial reporting through responsible and transparent budget and asset management practices. The ABD accounting team interacts with all areas of the business as well as with external customers, suppliers, local authorities, and other stakeholders. Monthly financial reporting and key performance indicators are created and managed in this area. These reports and metrics are used throughout the fiscal year to monitor and track all expenses and revenues and provide informed results to a variety of audiences.

As the ABD operation continues to grow and evolve, revenue and volume totals are impacted by a variety of factors. There is a current leveling of the liquor sales revenue increase year over year. FY23 experienced growth in some areas and metrics, but also experienced decreases in revenues collected and in various areas of the distilled spirit operation as are referenced throughout this report.

## SENATE FILE 2374 REVENUE UPDATES

SF2374 is a bill relating to alcoholic beverage control and licensing. The bill made technical changes to Iowa's alcohol laws and policy. SF2374 modified the fees for a majority of the licenses, permits, and certificates issued by ABD. These modifications were made through a direct change to the fee amount or by an update to the criteria that determines the fee. The sale of gasoline as a criteria for determining the class "E" licensing fee was removed and the additional fee that some retailers paid to sell distilled spirits on Sunday was repealed. The privileges granted by previous retail beer and wine permits were incorporated into new or existing retail alcohol licenses. As a result, some existing retail beer permits, wine permits and some specialized liquor control license types were eliminated. Additionally, the bill created new economic opportunities for native breweries, wineries, and distilleries by allowing them to obtain a class "C" Retail Alcohol License for the purpose of selling liquor, wine, and beer for consumption at the manufacturing location. The bill removed the 100,000-proof gallon production cap at native distilleries. Eliminating this cap allows all native distilleries to sell up to 9-liters of native distilled spirits from their manufacturing location to customers. Finally, SF2374 granted the option of automatic renewal for class "E" Retail Alcohol Licenses, Certificates of Compliance, and Wine Direct Shipper Permits. This update is available, provided the holder has remained in compliance with all applicable laws, rules, and regulations during the previous year and is approved for automatic renewal by their local authority. 📌

**The Financial Management area is responsible for all day-to-day functions, which incorporate:**

- Accounting
  - Inventory Management
  - Liquor Sales Invoicing
  - Procurement
  - Budgeting
  - Financial Reporting
  - Data Analytics and Division
- Wide Metrics**

The Financial Management Bureau will continue to look for ways to improve financial reporting and the visualization of operational metrics. This bureau strives to provide customers and stakeholders with quality customer service, integrity and accuracy in reporting, and accountability in asset and budget management.

# FY23 HIGHLIGHTS



**\$445M**

RECORD-HIGH LIQUOR SALES



**2.1%**

INCREASE IN TOTAL REVENUE OVER FY22



**\$21.2M**

TAX REVENUE PROCESSED



**\$119M**

REVERTED LIQUOR SALES TO  
THE STATE OF IOWA GENERAL FUND



**\$31M**

REVERTED SUBSTANCE ABUSE TRANSFER TO  
THE STATE OF IOWA GENERAL FUND



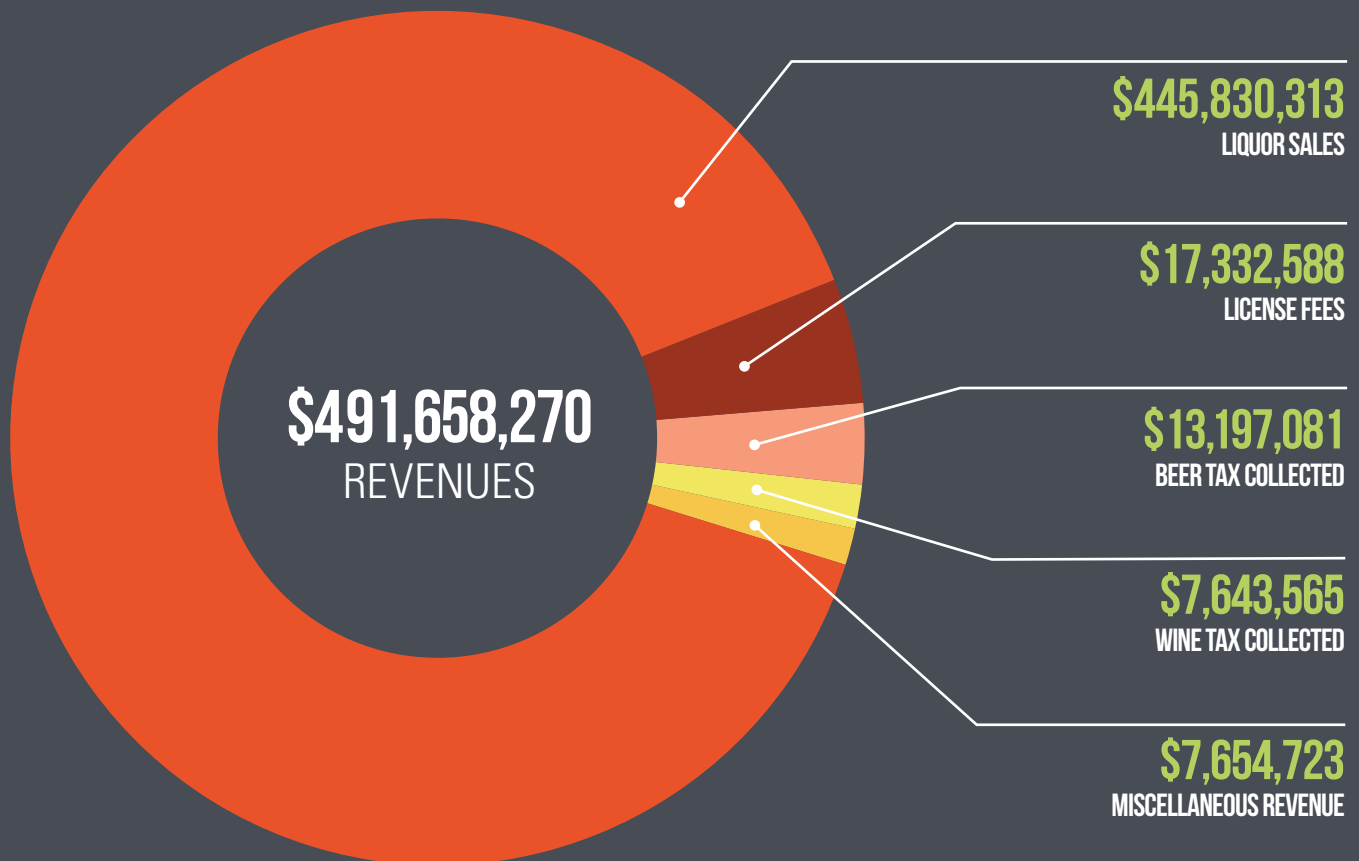
**\$2M**

TRANSFER TO IOWA ECONOMIC  
DEVELOPMENT AUTHORITY



**\$150M**

TOTAL TRANSFER TO THE STATE OF  
IOWA GENERAL FUND



# FINANCIAL STATEMENTS

## INTRODUCTION

The following summary of ABD's financial performance provides an overview of the financial and operational activities for FY23. This data is extracted from the state of Iowa accounting system and the ABD operating system and is in compliance with annual report requirements from Iowa Code chapter 123.16. Except as noted, all financial information reflects transactions for the reported fiscal period of July 1, 2022 through June 30, 2023. The state of Iowa hold-open period was July 1, 2023 through September 15, 2023.

### OVERVIEW OF FINANCIAL STATEMENTS

The Profit and Loss Statement reflects ABD's performance with respect to the wholesale operations of revenues and expenses directly related to the Liquor Control Trust Fund. The Net Income Statement encompasses the Liquor Control Trust Fund as well as the General Fund within ABD. Both the Profit and Loss and the Net Income Statement provide a year-over-year analysis, comparing FY23 to FY22. The statements represent the financial operation and performance of ABD relating to Iowa Code chapter 123, including administrative revenues and expenses, distribution, and personnel.

The Statement of Cash Flow represents the deposit and disposition of cash for FY23 compared with FY22 within the Liquor Control Trust Fund for the operating period of the fiscal year July 1 through June 30. The Balance Sheet reflects resources and obligations in the fiscal year hold-open period, July 1 through September 15. Also presented are Notes to Financial Statements which are intended to provide more information for a better understanding of results provided in this report.

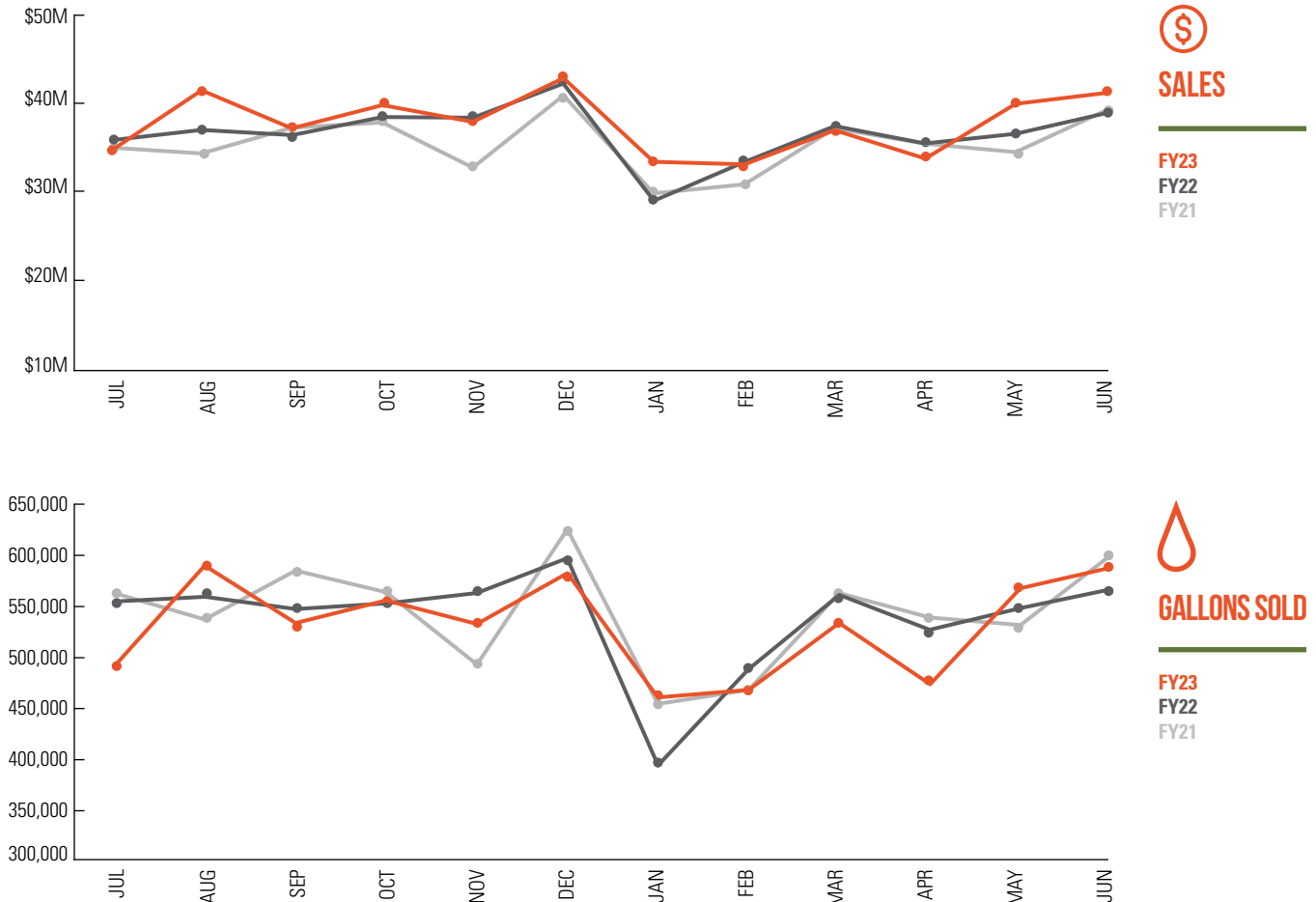
Throughout the report are various references to SF2374. Introductory information can be found in the Administrative Affairs section, page 14, as well as a detailed description on page 38. ABD was prepared for these revenue changes and provided several fiscal notes to assist with forecasting the overall impact in licensing revenue. As SF2374 was implemented mid-fiscal year, overall revenue decreases will continue to be visible into FY24. 📌





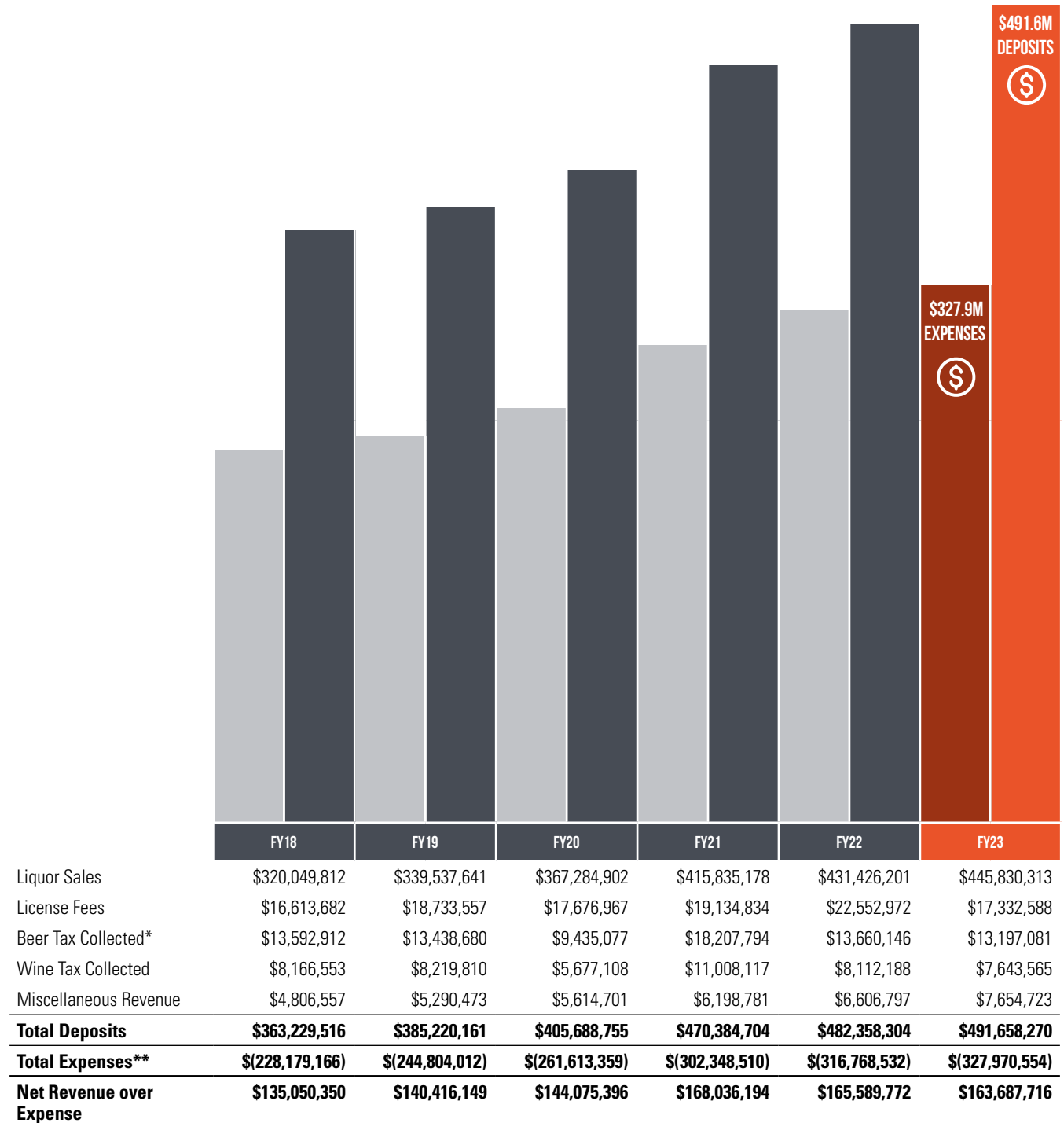
## LIQUOR SALES BY MONTH

For the period ending June 30, 2023



	SALES			GALLONS		
	FY23	FY22	FY21	FY23	FY22	FY21
JUL	\$33,755,913	\$35,118,976	\$34,185,439	490,312	552,172	560,545
AUG	\$41,342,943	\$36,427,989	\$33,497,816	587,359	556,446	535,184
SEP	\$36,594,838	\$35,753,034	\$36,694,030	531,272	544,499	582,684
OCT	\$39,463,079	\$37,994,045	\$37,316,758	553,344	550,610	561,849
NOV	\$37,440,466	\$37,945,211	\$31,719,813	531,042	560,660	491,454
DEC	\$42,863,859	\$42,189,802	\$40,727,558	580,173	594,111	622,749
JAN	\$32,417,312	\$27,553,608	\$28,455,925	459,666	394,350	453,430
FEB	\$32,092,716	\$32,405,072	\$29,576,583	467,343	486,512	467,532
MAR	\$36,368,816	\$36,870,031	\$36,586,219	532,106	558,296	560,816
APR	\$32,821,143	\$34,725,514	\$34,650,682	473,013	524,499	536,815
MAY	\$39,616,694	\$35,923,683	\$33,595,847	565,583	546,144	530,090
JUN	\$41,052,534	\$38,519,236	\$38,828,509	584,920	563,459	597,870
<b>Total</b>	<b>\$445,830,313</b>	<b>\$431,426,201</b>	<b>\$415,835,179</b>	<b>6,356,133</b>	<b>6,431,758</b>	<b>6,501,018</b>

## LIQUOR CONTROL TRUST FUND SUMMARY

\$163.6 MILLION  
NET REVENUES\$491.6M  
DEPOSITS\$327.9M  
EXPENSES

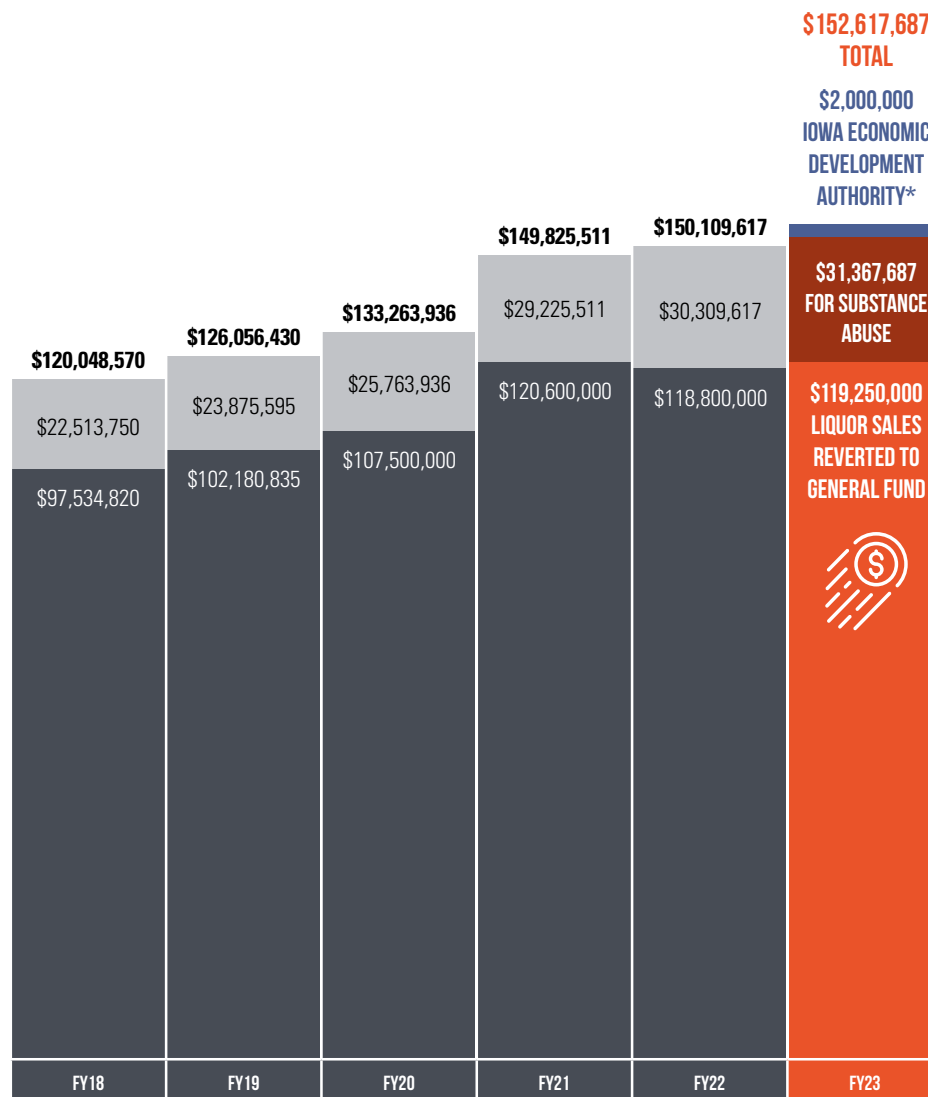
Expenses  
 Deposits  
 FY23 Expenses  
 FY23 Deposits

\* Beer tax collected is deposited into the State General Fund. This revenue is processed by ABD, but is not included in the total revenue numbers for ABD on other financial reports as this is not deposited in an ABD fund.

\*\* Total expenses exclude General Fund, Substance Abuse, and IEDA reversion amounts. It also excludes the net impact of remaining authority carry forward from the previous fiscal years.

## REVERSION ANALYSIS

Each year ABD transfers a monthly reversion amount of a portion of the revenues from liquor sales, license fees, and other sources back to the State General Fund. This reversion is then appropriated by the legislature to other departments and agencies throughout the state. ABD provides an estimate of this total number to be used in budgeting and is required to fulfill this estimated amount. The estimate is derived using past and current sales and reflects the overall growth of ABD as it continues to serve Iowans through the responsible regulation, sale, and distribution of spirits.



- Substance Abuse
- Liquor Sales
- FY23 Liquor Sales Reverted to State General Fund
- FY23 for Substance Abuse
- IEDA\*

\*New transfer started in FY22 for the Iowa Economic Development Authority for the purpose of supplementing the funding of the Wine and Beer Promotion Board. The total transfer from ABD was updated to \$2 million starting in FY23.

### \$119.2M

REVERTED TO STATE OF IOWA  
GENERAL FUND

### \$31.3M

REVERTED FOR SUBSTANCE ABUSE

### \$2M

IOWA ECONOMIC  
DEVELOPMENT AUTHORITY

### \$152.6M

TOTAL FUNDS REVERTED

# PROFIT AND LOSS STATEMENT

For the period ending June 30, 2023 including the hold open period through September 2023

	FY 2023	FY 2022	CHANGE \$	CHANGE %
<b>LIQUOR SALES REVENUE</b>	<b>445,830,313</b>	<b>431,426,201</b>	<b>14,404,112</b>	<b>3.34%</b>
<b>COST OF SALES</b>				
Bailment <sup>1</sup>	297,444,110	287,720,047	9,724,063	3.38%
Less: Bailment Fees	(2,936,127)	(2,910,472)	(25,655)	0.88%
Less: Special Handling Fees	(11,177)	(2,044)	(9,133)	446.82%
Less: Defective Products	(45,414)	(26,917)	(18,497)	68.72%
<b>Total Cost of Sales</b>	<b>294,451,392</b>	<b>284,780,614</b>	<b>9,670,778</b>	<b>3.40%</b>
<b>Gross Profit</b>	<b>151,378,921</b>	<b>146,645,587</b>	<b>4,733,334</b>	<b>3.23%</b>
<b>Gross Profit %</b>	<b>33.95%</b>	<b>33.99%</b>	<b>-0.04%</b>	<b>-0.12%</b>
<b>OPERATING EXPENSES</b>				
ABD Operating Expenses	788,756	764,845	23,911	3.13%
Ruan Fleet Expenses <sup>2</sup>	5,120,858	4,448,278	672,580	15.12%
Ruan Warehouse Expenses <sup>2</sup>	3,773,711	3,578,531	195,180	5.45%
Other Expenses Related To Distribution <sup>3</sup>	2,655,905	300,143	2,355,762	784.88%
<b>Total Operating Expenses</b>	<b>12,339,230</b>	<b>9,091,797</b>	<b>3,247,433</b>	<b>35.72%</b>
<b>GENERAL AND ADMINISTRATIVE EXPENSES</b>				
Warehouse Administration	509,589	1,182,453	(672,864)	-56.90%
Product Administration	425,513	519,117	(93,604)	-18.03%
Education and Outreach <sup>4</sup>	377,049	-	377,049	100.00%
Administrative Actions <sup>4</sup>	474,112	-	474,112	100.00%
License Administration	500,764	502,640	(1,876)	-0.37%
Accounting	1,117,735	1,067,647	50,088	4.69%
Information Technology <sup>5</sup>	7,062,844	10,005,993	(2,943,149)	-29.41%
Buildings and Grounds	521,689	461,318	60,371	13.09%
<b>General and Administrative Expenses Total</b>	<b>10,989,295</b>	<b>13,739,168</b>	<b>(2,749,873)</b>	<b>-20.01%</b>
<b>INCOME FROM OPERATIONS</b>	<b>128,050,396</b>	<b>123,814,622</b>	<b>4,235,774</b>	<b>3.42%</b>
<b>OTHER REVENUES</b>				
Split Case Fee <sup>6</sup>	2,259,613	1,568,152	691,461	44.09%
Bottle Deposit/Surcharge	5,193,773	4,744,833	448,940	9.46%
Recycling	54,681	57,942	(3,261)	-5.63%
Lease Reimbursement	3,266	3,266	-	0.00%
Other Revenue & Reimbursements <sup>7</sup>	143,390	232,604	(89,214)	-38.35%
Wine Tax and License Fees <sup>8</sup>	24,976,153	30,665,160	(5,689,007)	-18.55%
<b>Total Other Revenues</b>	<b>32,630,876</b>	<b>37,271,957</b>	<b>(4,641,081)</b>	<b>-12.45%</b>
<b>OTHER EXPENSES</b>				
Bottle Deposit Fees	724,869	684,327	40,542	5.92%
Recycle Surcharge Fees	2,178,140	1,792,929	385,211	21.49%
Bank Charges and Credit Card Fees	117,597	108,807	8,790	8.08%
License & Liquor Refunds <sup>9</sup>	275,789	549,772	(273,983)	-49.84%
Intra-Agency Transfer	1,195,024	1,067,545	127,479	11.94%
Substance Abuse Transfer	31,367,687	30,309,617	1,058,070	3.49%
Iowa Economic Development	2,000,000	1,000,000	1,000,000	100.00%
Sunday Sales Transfer	1,000,000	914,666	85,334	9.33%
City and County Payments <sup>10</sup>	4,699,216	4,038,908	660,308	16.35%
<b>Total Other Expenses</b>	<b>43,558,322</b>	<b>40,466,571</b>	<b>3,091,751</b>	<b>7.64%</b>
<b>Net Profit*</b>	<b>117,122,950</b>	<b>120,620,008</b>	<b>(3,497,058)</b>	<b>-2.90%</b>
<b>Return on Sales</b>	<b>26.27%</b>	<b>27.96%</b>	<b>-1.69%</b>	<b>-6.04%</b>

\*Net profit total includes the impact of remaining authority carry forward funds year over year

# NET INCOME STATEMENT

For the period ending June 30, 2023 including the hold open period through September 2023

	FY 2023	FY 2022	CHANGE \$	CHANGE %
<b>REVENUES</b>				
<b>OPERATING REVENUES</b>				
Liquor Sales	445,830,313	431,426,201	14,404,112	3.34%
Split Case Revenue <sup>1</sup>	2,259,613	1,568,152	691,461	44.09%
Bottle Deposit/Surcharge	5,193,773	4,744,833	448,940	9.46%
<b>Total Operating Revenues</b>	<b>453,283,699</b>	<b>437,739,186</b>	<b>15,544,513</b>	<b>3.55%</b>
<b>NON-OPERATING REVENUES</b>				
Lease Revenue	3,266	3,266	-	0.00%
License Fees <sup>2</sup>	17,332,588	22,552,972	(5,220,384)	-23.15%
Wine Tax <sup>2</sup>	7,643,565	8,112,188	(468,623)	-5.78%
Misc. Funding Sources <sup>3</sup>	272,003	310,724	(38,721)	-12.46%
State Appropriations	1,075,454	1,075,454	-	0.00%
Intra-Department Transfers <sup>4</sup>	1,195,024	1,067,545	127,479	11.94%
<b>Total Non-Operating Revenues</b>	<b>27,521,900</b>	<b>33,122,149</b>	<b>(5,600,249)</b>	<b>-16.91%</b>
<b>Total Revenues</b>	<b>480,805,599</b>	<b>470,861,335</b>	<b>9,944,264</b>	<b>2.11%</b>
<b>EXPENSES</b>				
<b>OPERATING EXPENSES</b>				
Purchase of Liquor <sup>5</sup>	294,451,392	284,780,614	9,670,778	3.40%
ABD Operations Expense	788,757	764,846	23,911	3.13%
Ruan Fleet Expenses	5,120,858	4,448,278	672,580	15.12%
Ruan Warehouse Expenses	3,773,711	3,578,531	195,180	5.45%
Other Expenses Related to Distribution <sup>6</sup>	2,655,905	300,143	2,355,762	784.88%
Warehouse Administration <sup>7</sup>	365,546	982,059	(616,513)	-62.78%
Product Administration <sup>7</sup>	425,513	519,117	(93,604)	-18.03%
Licensing Administration <sup>7</sup>	500,764	502,640	(1,876)	-0.37%
Education and Outreach <sup>7</sup>	446,393	-	446,393	100.00%
Administrative Actions <sup>7</sup>	606,799	-	606,799	100.00%
Accounting	1,117,735	1,067,647	50,088	4.69%
Information Technology	7,062,844	10,005,993	(2,943,149)	-29.41%
Buildings and Grounds	546,044	491,729	54,315	11.05%
Safety and Security	161,732	223,812	(62,080)	-27.74%
Bottle Deposit Fee	724,869	684,327	40,542	5.92%
Recycle Surcharge Fee	2,178,140	1,792,929	385,211	21.49%
Liquor & License Refunds	275,789	549,772	(273,983)	-49.84%
Substance Abuse Transfer	31,367,687	30,309,617	1,058,070	3.49%
Iowa Economic Development	2,000,000	1,000,000	1,000,000	100.00%
Liquor Profits Transfer	119,250,000	118,800,000	450,000	0.38%
<b>Total Operating Expenses</b>	<b>473,820,478</b>	<b>460,802,054</b>	<b>13,018,424</b>	<b>2.83%</b>
<b>NON-OPERATING EXPENSES <sup>8</sup></b>				
Sunday Sales Transfer	1,000,000	914,666	85,334	9.33%
Payments to Cities and Counties	4,699,216	4,038,908	660,308	16.35%
Non-Operating Expenditures <sup>8</sup>	2,217,932	2,218,154	(222)	-0.01%
Intra-Department Transfers <sup>4</sup>	1,195,024	1,067,545	127,479	11.94%
Remaining Authority Liq Trust Fund <sup>9</sup>	(2,127,051)	1,820,008	(3,947,059)	-216.87%
<b>Non-Operating Expenses Total</b>	<b>6,985,121</b>	<b>10,059,281</b>	<b>872,899</b>	<b>-30.56%</b>
<b>Total Expenses</b>	<b>480,805,599</b>	<b>470,861,335</b>	<b>13,891,323</b>	<b>2.11%</b>

## STATEMENT OF CASH FLOW

For the period ending June 30, 2023

	FY2023	FY2022
<b>CASH IN</b>		
Liquor Sales	437,965,732	423,252,540
Wine Tax	6,966,447	7,361,223
License Fees	17,423,964	22,529,876
Split Case Fee	2,212,349	1,538,494
Bottle Deposit Fee	5,080,336	4,647,654
Other - Fees, NSF	400	20
Other - Misc. Income	101,112	90,117
Lease Revenue	2,450	2,450
Other Sales/Service-Recycling	46,140	46,331
<b>TOTAL CASH IN</b>	<b>469,798,930</b>	<b>459,468,705</b>
<b>CASH OUT</b>		
Cities-Liquor Sales Dist	2,813,541	3,502,914
Counties-Liquor Sales Dist	188,886	230,406
Transfer to Liq Gen Fund (0001)	1,135,024	1,050,000
Iowa Economic Development	1,500,000	750,000
Substance Abuse	28,147,324	27,217,923
Sunday Sales	1,000,000	914,666
General Fund Transfer	109,250,000	108,800,000
Personal Expenses	3,089,048	2,842,769
Capital Outlay	2,827,098	2,771,475
Liquor Purchases	281,107,535	271,912,697
Bottle Deposit/Surcharge	2,838,323	2,424,153
ABD Operations Expenses	765,537	722,762
Ruan Fleet Expenses	4,723,185	4,130,637
Ruan Warehouse Expenses	3,475,096	3,243,820
Misc. Trust Fund Expenses*	7,736,356	10,807,975
<b>TOTAL CASH OUT</b>	<b>450,596,953</b>	<b>441,322,197</b>
<b>TOTAL CHANGE IN CASH</b>	<b>19,201,977</b>	<b>18,146,508</b>

\*Includes Information Technology expenses

# BALANCE SHEET

Hold open only, July 1 - September 30, 2023

ASSETS	FY2023	FY2022	% CHANGE
<b>CURRENT ASSETS</b>			
<b>Cash</b>			
Cash	22,262,018	19,114,637	16.5%
<b>Accounts Receivable</b>			
Liquor	7,864,581	8,173,661	-3.8%
Split Case Fees	47,264	29,659	59.4%
Recycle Fee/Surcharge	113,437	97,179	16.7%
Wine Tax	677,118	750,965	-9.8%
Licenses	(91,376)	23,096	-495.6%
Fines and Penalties	440	80	450.0%
Refunds and Reimbursements	49,980	154,814	-67.7%
Other Agency Billings and Transfers	816	0	100.0%
Def License & Tax Fees Outstanding (estimate less allowance for uncollectible)	129,702	503,880	-74.3%
<b>Prepaid</b>			
Licenses and Contract Agreements	228,366	169,910	34.4%
<b>Inventory</b>			
Liquor	2,718	15,106	-82.0%
Gasoline/Fuel	12,949	4,428	192.4%
<b>Total Current Assets</b>	<b>31,298,013</b>	<b>29,037,414</b>	<b>7.8%</b>
<b>PROPERTY PLANT AND EQUIPMENT</b>			
Machinery, Equipment and Vehicles	3,763,028	1,610,132	133.7%
Buildings and Building Improvements	11,016,276	11,016,276	0.0%
Land Improvements	2,294,549	1,729,581	32.7%
Less: Accumulated Depreciation	(6,351,837)	(5,943,630)	6.9%
Construction In Progress	227,817	314,347	-27.5%
Land	210,000	210,000	0.0%
<b>Total Assets</b>	<b>42,457,846</b>	<b>37,974,120</b>	<b>11.8%</b>
<b>LIABILITIES</b>	<b>FY2023</b>	<b>FY2022</b>	<b>% CHANGE</b>
<b>CURRENT LIABILITIES</b>			
Wages and Benefits	88,081	89,676	-1.8%
Liquor Purchases	13,332,682	12,867,917	3.6%
Bottle Deposit Refund	15,389	14,669	4.9%
Recycle Surcharge Fee	49,307	38,434	28.3%
Substance Abuse Obligation	3,220,363	3,091,694	4.2%
Iowa Economic Development	500,000	250,000	100.0%
General Fund Obligation	10,000,000	10,000,000	0.0%
License Fees to Cities/Counties	1,696,788	305,588	455.3%
Liquor and License Refunds	36,271	55,619	-34.8%
Transfer to Liq Gen Fund (0001)	60,000	-	100.0%
Misc. Obligations	992,406	1,325,710	-25.1%
<b>Total Liabilities</b>	<b>29,991,287</b>	<b>28,039,307</b>	<b>7.0%</b>
<b>Total Net Assets</b>	<b>12,466,559</b>	<b>9,934,813</b>	<b>25.5%</b>
<b>Total Liabilities and Net Assets</b>	<b>42,457,846</b>	<b>37,974,120</b>	<b>11.8%</b>



# NOTES TO FINANCIAL STATEMENTS

## PROFIT AND LOSS NOTES ON TOTALS

Refer to page 44

<sup>1</sup> Per Iowa Code section 123.22, ABD utilizes a bailment inventory system. ABD charges the liquor suppliers a \$1.00 bailment fee per case sold for warehousing. The bailment fee is deducted from payments to vendors. Bailment fees and special handling fees are not actual revenues received; rather they are a reduction in the total bailment invoice paid to the suppliers.

<sup>2</sup> Major expenditures in the Ruan Fleet and Ruan Warehouse expense categories include wages and benefits of delivery drivers, fleet vehicles and equipment, pick rate per unit, warehouse labor, and warehouse equipment. Increases in these line items have a direct correlation to the increase in the liquor sales as well as inflationary costs rising across the beverage alcohol and transportation industries overall.

<sup>3</sup> The significant increase in FY23 can be attributed to the warehouse racking project as well as the remaining fuel tank replacement project carried over from FY22. Both projects were completed in FY23.

<sup>4</sup> Education & Outreach and Administrative Actions were added as new reporting units for FY23. Revenues and expenditures were previously reported and allocated to other operating units. These new units were created to enhance financial reporting and better understand the needs of these areas.

<sup>5</sup> Information Technology expenses remained high due to the continued maintenance and implementation of major systems. During FY23, ABD continued the integration of the new Salesforce licensing system with IDR's GovConnectIowa system, made updates to the metrics dashboards, inventory forecasting, and case management system.

<sup>6</sup> The split case increase is attributed to an adjustment of this fee for all single bottle picks. This fee was updated from \$0.50 to \$0.75 on July 1, 2022.

<sup>7</sup> The increase in Other Revenues and Reimbursements is attributed to a grant from Iowa State University, settlements, collections, reimbursements, recycling fees, and the return of funds for construction projects.

<sup>8</sup> Wine Tax and License Revenue saw a significant decrease year over year. This was a result of less outstanding deferred revenues being collected from the impact of the pandemic proclamation. Additionally, Senate File 2374 was implemented in mid-FY23 and made significant changes to the licensing fee structure. These updates impacted total revenue and the amounts due from certain license types which had an impact on total revenues collected.

<sup>9</sup> During FY23, liquor and license refunds continued to be impacted by the replacement of the legacy licensing system and the implementation of the new Salesforce system. Since the activation of the new Salesforce licensing platform, ABD has seen a decreased need for issuing licensing refunds as users become more familiar with the system.

<sup>10</sup> The collection of deferred license revenues post-pandemic led to an increase in the payments made by ABD to the local authorities during FY23. As deferred revenues were collected, the portions of these fees were paid back to the local authorities.

## NET INCOME STATEMENT NOTES ON TOTALS

Refer to page 45

<sup>1</sup> See footnote 6 in the profit and loss section for the explanation of this increase.

<sup>2</sup> See footnote 8 in the profit and loss section for the explanation of this decrease

<sup>3</sup> See footnote 7 in the profit and loss section for the explanation of this decrease.

<sup>4</sup> Intra-Department Transfers are transfers made within ABD funds to cover operational expenses. This revenue line is the transfer into the ABD State General Fund from the Liquor Control Trust Fund. Transfers within ABD remained consistent year over year. The reallocation of expenses in the areas of administrative actions, compliance, and education did not impact this transfer as the updates made were within the Liquor Control Trust Fund.

<sup>5</sup> The purchase of liquor is the inventory cost associated with the sale of liquor to our class "E" licensees. ABD purchases liquor inventory from the suppliers on the bailment system.

<sup>6</sup> See footnote 3 in the profit and loss section for the explanation of this increase.

<sup>7</sup> The decrease in some administration areas is attributed to the reallocation of personnel expenses in the new Education & Outreach and Administrative Actions units. Other general expenses were allocated appropriately to these two new units and is the reason for the larger increase when compared to the other administration areas.



<sup>8</sup> Non-operating expenses are costs that are not associated with the distribution of distilled spirits. This category includes salaries and expenses of the ABD State General Fund administrative and compliance units. There is also a portion of building maintenance in these expenses as those costs are not directly related to distribution.

<sup>9</sup> Remaining Authority Liq Trust Fund equates to the amount of resources remaining over dispositions for each respective fiscal year. Depending on the fiscal activity of any given year, resources less dispositions will either increase or decrease the remaining authority. FY22 financial activity increased the remaining authority for FY23. This resource allowed for a larger reversion and is reported as a decrease to expenses.





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