

AGENDA

IOWA ALCOHOLIC BEVERAGES DIVISION COMMISSION MEETING

Iowa Alcoholic Beverages Division

Jun 21, 2023, 1:00 – 4:00 PM (CST)

<https://meet.goto.com/410785493>

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Call to Order

Chairperson Nystrom

1. Introductions/Opening Remarks
2. Approval of Agenda - **ACTION ITEM**
3. Approval of Minutes - **ACTION ITEM**

April 26, 2023

4. Public Comment

Chairperson Nystrom

5. Administrator's Report

Administrator Larson

➤ Administrative Affairs Update – Lolani Lekkas, Bureau Chief of Administrative Affairs

- a. Trade Practice Rules – Tyler Ackerson, Executive Officer
 1. Trade Practices codified (HF158)
- b. Administrative Rules - Maddie Cutler, Executive Officer
 1. Executive Order 10
 2. Rules currently in process
- c. Update on SF 2374 implementation
 1. Automatic Renewal
- d. Licensing Analytics
 1. Special Events (RAGBRAI)
 2. Conversions
 3. Trends

- e. Overview of the Signed Legislation
 - 1. Action Plan & Implementation
 - a. Youth Employment Law SF542
 - b. Native Wine License (Includes Special C option for Native Breweries) HF677
 - c. Alternating Proprietorships for beer manufacturers HF478
 - d. Cocktails to Go HF433 - Tyler Ackerson, Executive Officer
 - 2. Future Rules
- f. Education and Outreach Events
 - 1. Outreach to local authorities on alcohol licensing and enforcement
 - 2. Small Business Development Center Presentations
 - 3. FUEllowa
 - 4. Governor's Office of Drug Control Policy

➤ Regulatory Compliance Update – DeMario Luttrell, Bureau Chief of Compliance

- g. Education Outreach Update – Law Enforcement Officials
- h. Regulatory Compliance Update

➤ Business Operations and Financials – Leisa Bertram, Bureau Chief Operations and Finance

- i. Financials – Leisa Bertram, COO/CFO
- j. Product Management

➤ Administrator’s Update – Administrator Larson

- k. Alignment Update
- l. Misc. Items for informational purposes

6. New Business Chairperson Nystrom

➤ Election of Officers – **ACTION ITEM**

7. Next Meeting Date Chairperson Nystrom

- August 9, 2023 - 1:00 pm in the Cedar Rapids area. Location to be determined and posted on ABD website.

Adjournment **Chairperson Nystrom**

NOTE: Committee and Board agendas may be amended any time up to 24 hours before the meetings. Agenda items may be considered out of order at the discretion of the chair. Meetings will not convene earlier than stated above. If you require accommodations to participate in this public meeting call 515.490.1928 or TTY at (toll-free) 866.IowaABD to make your request. Please notify ABD at least 48 hours in advance.

- **January 10:**
Governor Reynolds issued Executive Order Ten: Red Tape Review (EO10).
- **February 1:**
EO10 new rulemaking moratorium began.
- **March 1:**
Finalized EO10 executive agency review schedules and document templates posted on the Department of Management's website.
- **March 1:**
EO10 proposal memorandum presented to Administrator Larson.
- **March 8:**
EO10 webpage created on Alcoholic Beverages Division (ABD) website, including agency schedule.

- **June 21:**
SF2374 Regulatory Analysis to be posted on ABD website.
- **June 23:**
Request to Initiate New Rule-making form and Regulatory Analysis due to the Governor's Office (IGOV) and Administrative Rules Review Committee (ARRC) for SF2374 rule-making.
- **July 7:**
Notice of Intended Action (NOIA) file on SF2374 submission due
- **July 26:**
SF2374 NOIA to be published in Administrative Bulletin

- **September 21:**
Informal comment period to begin for EO10 phase one rulemaking.
- **October 25:**
First possible effective date for SF2374 rulemaking.
- **November 20:**
Informal comment period to end for EO10 phase one rulemaking.
- **November 21:**
Review and incorporate any informal comments submitted for EO10 phase one rulemaking.
- **November 22:**
Earliest date to submit EO10 phase one Regulatory Analysis for publication in the Administrative Bulletin.

- **March 15:**
Administrator Larson approved EO10 proposal presented by memorandum.
- **March 27:**
EO10 Kickoff Meeting with Bureau Chiefs Leisa Bertram and Lolani Lekkas. Review designees selected.
- **May 8:**
Regulatory Analysis submitted for SF2374 rulemaking for publication in the Administrative Bulletin
- **June 20:**
Public hearing on SF2374 Regulatory Analysis to be scheduled for 9- 10am. Written comments in response to the Regulatory Analysis due to ABD by 4:30pm.

- **August 15- 17:**
Window for two public hearings on SF2374 rulemaking
- **August 30- September 1:**
Window for adopted filing by ABD Commission on SF2374 rulemaking.
- **September 20:**
Adopted SF2374 rulemaking to be published in Administrative Bulletin
- **September 20:**
EO10 phase one internal draft due.

- **December 13:**
Earliest date EO10 phase one Regulatory Analysis may be published in the Administrative Bulletin.
- **January 2, 2024:**
Earliest date EO10 phase one Regulatory Analysis may hold public hearing.

Tentative 2023 ABD Rulemaking Timeline

● SF2374 and ● Executive Order Ten

Information current as of 6/6/2023

ALCOHOLIC BEVERAGES DIVISION[185]

Regulatory Analysis

Notice of Intended Action to be published: Iowa Administrative Code
185—Chapters 1, 4, 5, 8, 17, and 18
“Retail Alcohol Licenses”

Iowa Code section authorizing rulemaking: 123.10

State or federal law(s) implemented by the rulemaking: 2022 Iowa Acts, Senate File 2374

Public Hearing

A public hearing at which persons may present their views orally or in writing will be held as follows:

June 20, 2023
9 to 10 a.m.

1918 SE Hulsizer Road
Ankeny, Iowa

Public Comment

Any interested person may submit written comments concerning this Regulatory Analysis. Written comments in response to this Regulatory Analysis must be received by the Division no later than 4:30 p.m. on the date of the public hearing. Comments should be directed to:

Madelyn Cutler
1918 SE Hulsizer Road
Ankeny, Iowa 50021
Phone: 515.724.2924
Email: rules@iowaabd.com

Purpose and Summary

The proposed amendments to the Division’s rules are in response to 2022 Iowa Acts, Senate File 2374. The legislation revised alcoholic beverage license and permit classifications and fees, removed the additional privilege of Sunday sales, removed the \$5,000 bond requirement for wine direct shipper permittees that are not native wineries, and removed the 100,000-proof gallon production cap on native distilleries.

Additionally, this rulemaking aligns with current agency practices by updating the methods of payment accepted by class “E” retail alcohol licensees for alcoholic liquor, and also by promoting the Division’s electronic licensing system for license transfers, bond endorsement, and wine gallonage tax report filing requirements.

The proposed amendments also eliminate outdated, incompatible and redundant language instances, including where rule language is duplicative of statutory language. Other nonsubstantive clarifying amendments are also proposed.

Analysis of Impact

1. Persons affected by the proposed rulemaking:

- Classes of persons that will bear the costs of the proposed rulemaking:

There are no classes of persons that will bear the costs of the proposed rulemaking.

- Classes of persons that will benefit from the proposed rulemaking:

Retail alcohol licensees that have experienced a revised alcoholic beverages license/permit will benefit from the proposed rulemaking by having accurate license/permit classification information.

Licensees and permittees will now find updated agency practices for the use of the Division’s electronic licensing system for license transfers, bond endorsement, and wine gallonage tax report filing requirements. Class “E” retail alcohol licensees will also find the updated methods of payment accepted by the Division for alcoholic liquor.

2. Impact of the proposed rulemaking, economic or otherwise, including the nature and amount of all the different kinds of costs that would be incurred:

- Quantitative description of impact:

The proposed rulemaking has no quantitative impact.

- Qualitative description of impact:

Alcohol beverage license, permit, and certificate holders and other stakeholders will benefit from discerning rule language that is updated and compatible with 2022 Iowa Acts, Senate File 2374, to make it easier to do business in Iowa with accurate license and permit classification types.

Licensees and permittees will now find updated agency practices for the methods of payment accepted by class “E” retail alcohol licensees for alcoholic liquor and for the use of the Division’s electronic licensing system for license transfers, bond endorsement, and wine gallonage tax report filing requirements.

3. Costs to the State:

- Implementation and enforcement costs borne by the agency or any other agency:

There are no implementation and enforcement costs borne by the agency. Agency technology systems have already been updated as a result of the enactment of 2022 Iowa Acts, Senate File 2374.

Rulemaking changes made to reflect current agency practices are already in effect and would require no additional costs.

- Anticipated effect on state revenues:

The proposed rulemaking has no anticipated effect on state revenues.

4. Comparison of the costs and benefits of the proposed rulemaking to the costs and benefits of inaction:

The proposed rulemaking has no additional cost or reduced benefit. The changes proposed in order to comply with 2022 Iowa Acts, Senate File 2374, have no impact to costs or benefits. The cost of inaction will only amount to incompatible and outdated language.

5. Determination whether less costly methods or less intrusive methods exist for achieving the purpose of the proposed rulemaking:

The proposed rulemaking is not costly nor intrusive.

6. Alternative methods considered by the agency:

- Description of any alternative methods that were seriously considered by the agency:

The proposed rulemaking to update language in order to comply with statutory requirements of 2022 Iowa Acts, Senate File 2374, was the only method considered.

- Reasons why alternative methods were rejected in favor of the proposed rulemaking:

If the proposed rulemaking is not adopted, alcohol beverage license, permit, and certificate holders and other stakeholders will continue to be subject to outdated and incompatible rule language that contradicts the statutory authority of Iowa Code chapter 123.

Small Business Impact

If the rulemaking will have a substantial impact on small business, include a discussion of whether it would be feasible and practicable to do any of the following to reduce the impact of the rulemaking on small business:

- Establish less stringent compliance or reporting requirements in the rulemaking for small business.
- Establish less stringent schedules or deadlines in the rulemaking for compliance or reporting requirements for small business.
- Consolidate or simplify the rulemaking’s compliance or reporting requirements for small business.
- Establish performance standards to replace design or operational standards in the rulemaking for small business.
- Exempt small business from any or all requirements of the rulemaking.

If legal and feasible, how does the rulemaking use a method discussed above to reduce the substantial impact on small business?

The rulemaking does not have a substantial impact on small business. The rulemaking does not establish compliance or reporting requirements relating to alcohol beverage license or permit classifications. The rulemaking does not establish design or operational standards.

Text of Proposed Rulemaking

ITEM 1. Amend rule 185—1.2(123,17A) as follows:

185—1.2(123,17A) Scope and rules. Promulgated under Iowa Code chapters 17A and 123, these rules shall apply to all matters before the alcoholic beverages division. No rule shall in any way relieve a certificate of compliance holder, manufacturer, ~~micro-distiller~~ native distiller, vintner, brewer, wholesaler, alcohol carrier, wine direct shipper, ~~liquor control~~ retail alcohol licensee or wine permittee or beer permittee, or an agent or employee thereof from any duty under the laws of this state.

This rule is intended to implement Iowa Code section 123.4.

ITEM 2. Amend **185—Chapter 1**, implementation sentence, as follows:

These rules are intended to implement Iowa Code sections 123.4, 123.5, 123.6, 123.9, 123.10, ~~123.21(10)~~, and 17A.3.

ITEM 3. Amend **185—Chapter 4**, title, as follows:

LIQUOR RETAIL ALCOHOL LICENSES—BEER PERMITS—WINE PERMITS

ITEM 4. Amend rule 185—4.1(123) as follows:

185—4.1(123) Definitions.

“*Act*” means the alcoholic beverage control Act.

“*Administrator*” means the chief administrative officer of the alcoholic beverages division or a designee.

“*Beverages*” as used in Iowa Code section ~~123.3(18)~~ 123.3(21) does not include alcoholic liquor, wine, or beer as defined in Iowa Code sections 123.3(4), 123.3(5), 123.3(7), 123.3(19), 123.3(28), 123.3(30), 123.3(43) and 123.3(47) any alcoholic beverage as defined in Iowa Code section 123.3(4).

“*Division*” means the alcoholic beverages division of the department of commerce.

This rule is intended to implement Iowa Code sections 123.3 and 123.4.

ITEM 5. Amend subparagraph **4.2(4)“b”(8)** as follows:

(8) A pattern or practice by the licensee, ~~or~~ permittee, or certificate of compliance holder of failing to report any change in the ownership or interest of the business pursuant to Iowa Code section 123.39(1)“b”(3).

ITEM 6. Amend rule 185—4.4(123) as follows:

185—4.4(123) Licensed premises. The following criteria must be met before a “place” (as used in Iowa Code section ~~123.3(25)~~ 123.3(29)) may be licensed as a “place susceptible of precise description satisfactory to the administrator.”

4.4(1) The “place” must be owned by or under the control of the prospective licensee, permittee, or certificate of compliance holder.

4.4(2) The “place” must be solely within the jurisdiction of one local approving authority.

4.4(3) The “place” must be described by a sketch of the “premises” as defined in Iowa Code section ~~123.3(25)~~ 123.3(29) and showing the boundaries of the proposed “place”; showing the locations of selling/serving areas within the confines of the “place”; showing all entrances and exits; and indicating the measurements of the “place” and distances between selling/serving areas.

4.4(4) The “place” must satisfy the health, safety, fire and seating requirements of the division, local authorities and the Iowa department of inspections and appeals.

4.4(5) Any other criteria as required by the administrator.

This rule is intended to implement Iowa Code sections ~~123.3(25)~~ 123.3(29) and 123.4.

ITEM 7. Amend rule 185—4.5(123) as follows:

185—4.5(123) Mixed drinks or cocktails not for immediate consumption. ~~An on-premises liquor control~~ A class “C,” class “D,” or class “F” retail alcohol licensee may mix, store, and allow the consumption of mixed drinks or cocktails which are not for immediate consumption for up to 72 hours, subject to the requirements and restrictions provided in ~~2012 Iowa Acts, House File 2465, section 22,~~ Iowa Code section 123.49(2)“d” and this rule.

4.5(1) Definitions.

“*Immediate consumption*,” ~~For purposes of Iowa Code section 123.49(2)“d” as amended by 2012 Iowa Acts, House File 2465, section 22, and this rule,~~ “immediate consumption” is defined as for the purposes of this rule, means the compounding and fulfillment of a mixed drink or cocktail order upon receipt of the order for the mixed drink or cocktail.

~~“Mixed drink or cocktail.” A mixed drink or cocktail is a beverage composed in whole or in part of alcoholic liquors, combined with other alcoholic beverages or nonalcoholic beverages or ingredients including but not limited to ice, water, soft drinks, or flavorings for the purposes of this rule, means an alcoholic beverage as defined in Iowa Code section 123.3(32).~~

~~4.5(2) Location. Mixed drinks or cocktails which are not for immediate consumption shall be mixed, stored, and consumed on the liquor control retail alcohol licensed premises. Mixed drinks or cocktails shall not be removed from the licensed premises.~~

4.5(3) No change.

4.5(4) *Container.* A mixed drink or cocktail which is not for immediate consumption shall at all times be in a container compliant with applicable state and federal food safety statutes and regulations.

a. to c. No change.

d. An original package of alcoholic liquor as purchased from the division or an original package of wine shall not be used to mix, store, or dispense a mixed drink or cocktail, pursuant to Iowa Code section 123.49(2) “d” ~~as amended by 2012 Iowa Acts, House File 2465, section 22, and section 123.49(2) “e.” and “e.”~~

e. No change.

4.5(5) to 4.5(7) No change.

4.5(8) *Records.* A licensee shall maintain accurate and legible records for each prepared batch of mixed drinks or cocktails which is not for immediate consumption.

a. and b. No change.

c. Records shall be maintained on the licensed premises for a period of three years and shall be open to inspection pursuant to Iowa Code section ~~123.30(1)~~ 123.33.

4.5(9) to 4.5(12) No change.

This rule is intended to implement Iowa Code ~~subsection~~ section 123.49(2) ~~as amended by 2012 Iowa Acts, House File 2465, section 22.~~

ITEM 8. Amend rule 185—4.6(123) as follows:

185—4.6(123) Filling and selling of beer in a container other than the original container. Class “B,” class “C,” ~~and special class “C₂” liquor control and class “E” retail alcohol licensees, class “B” and class “C” beer permittees,~~ and the licensee’s ~~or permittee’s~~ employees may fill, refill, and sell beer in a container other than the original container, otherwise known as a growler, subject to the requirements and restrictions provided in Iowa Code section ~~123.131 as amended by 2020 Iowa Acts, House File 2540, section 14; Iowa Code section 123.132; 123.31A~~ and this rule.

4.6(1) to 4.6(3) No change.

4.6(4) *Restrictions.*

a. to f. No change.

g. An original container shall only be opened on the premises of a class ~~“C” beer permittee~~ “B” or class “E” retail alcohol licensee for the limited purposes of filling or refilling a growler as provided in this rule, or for a tasting in accordance with rule 185—16.7(123).

~~h. A class “C” beer permittee shall only fill a growler at the time of an in-person sale.~~

4.6(5) No change.

This rule is intended to implement Iowa Code ~~sections 123.123, 123.131, and 123.132~~ section 123.31A.

ITEM 9. Amend rule 185—4.7(123) as follows:

185—4.7(123) Improper conduct.

4.7(1) *Illegality on premises.* ~~Illegality on premises.~~ No retail alcohol licensee, ~~permittee, their~~ or the licensee’s agent or employee, shall engage in any illegal occupation or illegal act on the licensed premise.

4.7(2) *Cooperation with law enforcement officers.* ~~Cooperation with law enforcement officers.~~ No retail alcohol licensee, ~~permittee, their~~ or the licensee’s agent or employee, shall refuse, fail or neglect to cooperate with any law enforcement officer in the performance of such officer’s duties to enforce the provisions of the Act.

4.7(3) *Illegal activities.* ~~Illegal activities.~~ No retail alcohol licensee, ~~permittee, their~~ or the licensee’s agent or employee, shall knowingly allow in or upon the licensed premises any conduct as defined in Iowa Code sections 725.1, 725.2, 725.3, 728.2, 728.3 and 728.5.

~~4.7(4) *Frequenting premises.* Frequenting premises. No retail alcohol licensee, permittee, their or the licensee's agent or employee, shall knowingly permit the licensed premises to be frequented by, or become the meeting place, hangout or rendezvous for known pimps, panhandlers or prostitutes, or those who are known to engage in the use, sale or distribution of narcotics, or in any other illegal occupation or business.~~

~~4.7(5) No change.~~

~~4.7(6) *Open containers of alcoholic beverages.* No retail alcohol licensee, permittee, its agents or employees or the licensee's agent or employee, shall allow any filled, partially filled, or empty liquor glasses or liquor bottles, including miniature liquor bottles during the holiday season, to be taken off the licensed premises. However, unopened and opened containers and glasses of beer may be allowed to be taken off the licensed premises. A class "E" liquor control retail alcohol licensee, its agents or employees or the licensee's agent or employee, shall not permit other liquor control licensees or consumers to remove partially filled, empty, open or unsealed containers of alcoholic liquor from the class "E" retail alcohol licensed premises.~~

~~4.7(7) *Identifying markers.* Identifying markers. A licensee shall not keep on the licensed premises nor use for resale alcoholic liquor which does not bear identifying markers as prescribed by the administrator of this the division. Identifying markers shall demonstrate that the alcoholic liquor was lawfully purchased from this the division.~~

~~4.7(8) A licensee or permittee, or an agent or employee of a licensee or permittee, who sells, gives or otherwise supplies alcoholic liquor, wine or beer to a person 19 or 20 years old does not subject the license or permit to suspension or revocation. The division or the local authority shall not impose any administrative sanction, including license suspension or revocation, upon a licensee or permittee who is convicted of a violation of Iowa Code section 123.47A, nor shall administrative proceedings pursuant to Iowa Code chapter 17A and Iowa Code section 123.39 be commenced against a licensee or permittee for a violation of Iowa Code section 123.47A.~~

~~4.7(9) The holder of a class "E" liquor control license shall sell alcoholic liquor in original, sealed and unopened containers only for off-premises consumption.~~

This rule is intended to implement Iowa Code ~~subsection~~ section 123.49(2).

ITEM 10. Amend rule 185—4.8(123) as follows:

185—4.8(123) Violation by agent, servant or employee. Any violation of the Act or the rules of the division by any employee, agent or servant of a licensee ~~or permittee~~ shall be deemed to be the act of the licensee ~~or permittee~~ and shall subject the license ~~or permit~~ of said licensee ~~or permittee~~ to suspension or revocation.

This rule is intended to implement Iowa Code sections 123.4 and 123.49(2).

ITEM 11. Amend rule 185—4.9(123) as follows:

185—4.9(123) Gambling evidence. The intentional possession or willful keeping of any gambling device, ~~machine or apparatus~~ as defined in Iowa Code section ~~99A.1~~ 725.9 upon the premises of any establishment licensed by the division shall be prima facie evidence of a violation of Iowa Code section 123.49(2) "a" and subject the license of said licensee ~~or permittee~~ to suspension or revocation.

This rule is intended to implement Iowa Code sections 123.4 and 123.49.

ITEM 12. Amend rule 185—4.11(123) as follows:

185—4.11(123) Filling and selling of wine and native wine in a container other than the original container. Class "C" liquor control licensees; class "B," class "B" native, and class "C" native wine permittees Class "B," class "C," special class "C," and class "E" retail alcohol licensees; special class "B" retail native wine licensees; and the licensee's or permittee's employees may fill, refill, and sell wine or native wine in a container other than the original container, otherwise known as a growler, subject to the requirements and restrictions provided in Iowa Code sections ~~123.178, 123.178A, and 123.178B~~ as amended by 2020 Iowa Acts, House File 2540, sections 4, 5, 6, 7, 8, and 9, 123.30, 123.31A, and 123.31B and in this rule.

4.11(1) Definitions.

"Growler," for the purposes of this rule, means any fillable and sealable glass, ceramic, plastic, aluminum, or stainless steel container designed to hold wine or native wine.

"Native wine," for the purposes of this rule, means ~~wine manufactured in Iowa by fermentation of fruit, vegetables, dandelions, clover, honey, or any combination of these ingredients by a class "A" wine permittee~~ "native wine" as defined in Iowa Code section 123.3(36).

“Original container,” for the purposes of this rule, means a vessel containing wine or native wine that has been lawfully obtained and has been securely capped, sealed, or corked at the location of manufacture.

“Wine,” for the purposes of this rule, means “wine” as defined in Iowa Code section ~~123.3(54)~~ 123.3(53).

4.11(2) Filling and refilling requirements.

a. No change.

b. A growler shall be filled or refilled only by the licensee ~~or permittee~~ or the licensee’s ~~or permittee’s~~ employees who are 18 years of age or older.

c. and d. No change.

e. ~~Class “B” native and class “C” native wine permittees~~ Special class “B” retail native wine licensees shall fill a growler with only native wine.

f. and g. No change.

4.11(3) Sealing requirements. A filled or refilled growler shall be securely sealed at the time of the sale by the licensee ~~or permittee~~ or the licensee’s ~~or permittee’s~~ employees in the following manner:

a. to d. No change.

4.11(4) Restrictions.

a. to c. No change.

d. A licensee ~~or permittee~~ or a licensee’s ~~or permittee’s~~ employees shall not allow a consumer to fill or refill a growler.

e. and f. No change.

g. An original container shall only be opened on the premises of a class “B” ~~or class “B” native wine permittee~~ and class “E” retail alcohol licensee for the limited purposes of filling or refilling a growler as provided in this rule, or for a tasting in accordance with rule 185—16.7(123).

4.11(5) Violations. Failure to comply with the requirements and restrictions of this rule shall subject the licensee ~~or permittee~~ to the penalty provisions provided in Iowa Code chapter 123.

This rule is intended to implement Iowa Code sections ~~123.172, 123.178, 123.178A, and 123.178B~~ 123.30, 123.31A, and 123.31B.

ITEM 13. Amend rule 185—4.13(123) as follows:

185—4.13(123) Outdoor service. Any licensee ~~or permittee~~ having an outdoor, contiguous, discernible area on the same property on which their licensed establishment is located may serve the type of alcoholic ~~liquor or beer~~ beverage permitted by the license ~~or permit~~ in the outdoor area. After a licensee ~~or permittee~~ satisfies the requirements of this rule, ~~they~~ the licensee may serve and sell ~~beer or liquor~~ alcoholic beverages in both ~~their~~ the licensee’s indoor licensed establishment and in ~~their~~ the licensee’s outdoor area at the same time because an outdoor area is merely an extension of ~~their~~ the licensee’s licensed premise and is not a transfer of their license. A licensee ~~or permittee~~, prior to serving in the outdoor area, must file with ~~this~~ the division:

1. A new diagram showing the discernible outdoor area.

~~2. A letter from licensee or permittee telling what dates the outdoor area will be used.~~

~~3. 2. A letter from local~~ Local authority ~~approving~~ approval of the outdoor area.

~~4. 3. A letter from the insurance and bonding companies acknowledging~~ Insurance company acknowledgment that the outdoor area is covered by the dramshop insurance policy ~~and the bond~~.

This rule is intended to implement Iowa Code sections ~~123.3(20)~~ 123.3(29), 123.4 and 123.38.

ITEM 14. Amend rule 185—4.14(123) as follows:

185—4.14(123) Revocation or suspension by local authority. When the local authority revokes or suspends a ~~beer permit, wine permit, or liquor control~~ retail alcohol license, ~~they~~ the local authority shall notify the division in written form stating the reasons for the revocation or suspension and in the case of a suspension, the length of time of the suspension.

This rule is intended to implement Iowa Code sections 123.4, 123.32, and 123.39.

ITEM 15. Amend rule 185—4.15(123) as follows:

185—4.15(123) Suspension of ~~liquor control~~ retail alcohol license, wine permit, or beer permit. At the time of the suspension of any retail alcohol license, wine permit, or beer permit by the division, there shall be placed, in a conspicuous place in the front door or window of the licensed establishment, a placard furnished by the division showing that the license

or permit of that establishment has been suspended by the division and such placard shall also show the number of days and reason for the suspension. No licensee or permittee shall remove, alter, obscure or destroy said placard without the express written approval of the division.

This rule is intended to implement Iowa Code sections 123.4 and 123.39.

ITEM 16. Rescind and reserve rule 185—4.16(123).

ITEM 17. Amend rule 185—4.17(123) as follows:

185—4.17(123) Prohibited storage of alcoholic beverages and wine. No licensee shall permit alcoholic beverages ~~and wine~~, purchased under authority of a retail alcohol license ~~or retail permit~~, to be kept or stored upon any premises other than those licensed. However, under special circumstances, the administrator may authorize the storage of alcoholic beverages ~~and wine~~ on premises other than those covered by the license ~~or permit~~. The administrator may allow class “D” ~~liquor control~~ retail alcohol licensees to store alcoholic liquor and wine in a bonded warehouse to be used for consumption in Iowa, under the authority of a class “D” ~~liquor control~~ retail alcohol license.

This rule is intended to implement Iowa Code sections 123.4 and ~~123.21(11)~~ 123.10(11).

ITEM 18. Amend rule 185—4.18(123) as follows:

185—4.18(123) Transfer of license or permit to another location. A licensee or permittee cannot transfer to anyone else the right to use the ~~liquor~~ retail alcohol license, wine permit, or beer permit of the licensee or permittee; the right of transfer is merely an opportunity for a licensee or permittee to use the licensee’s or permittee’s ~~liquor~~ retail alcohol license, wine permit, or beer permit at a different location. A ~~liquor~~ retail alcohol license, wine permit, or a beer permit may only be transferred within the boundaries of the local authority which approved the license or permit.

4.18(1) Permanent transfers. A person may ~~obtain an application~~ apply for a permanent transfer ~~from the local authority or the division~~. The application must be approved by the local authority and ~~sent to~~ the division prior to the transfer. ~~An endorsement from the~~ The insurance company holding the dramshop policy listing the new address must ~~be sent to the division~~ endorse the application prior to the transfer. When the above requirements are met, the division shall issue an amended license or permit showing the new permanent address.

4.18(2) Temporary transfers. If the transfer of a retail alcohol license or permit is for the purpose of accommodating a special event or circumstance temporary in nature, the minimum time of transfer is hereby set at 24 hours and transfer time shall not exceed seven days. A ~~letter from~~ person may apply for a temporary transfer. The application must be approved ~~by the local authority~~ granting the temporary transfer must be sent to ~~and~~ the division. The insurance company holding the dramshop policy must ~~be notified of any change of address~~ endorse the application prior to the transfer.

This rule is intended to implement Iowa Code sections 123.4 and 123.38.

ITEM 19. Amend rule 185—4.19(123) as follows:

185—4.19(123) Execution and levy on alcoholic liquor, wine, and beer. Judgments or orders requiring the payment of money or the delivery of the possession of property may be enforced against ~~liquor control~~ retail alcohol licensees, ~~and~~ beer permittees, and wine permittees by execution pursuant to the provisions of Iowa Code chapter 626, ~~entitled “Executions.”~~

4.19(1) A secured party as defined in Iowa Code section ~~554.9105(1) “m”~~ 554.9102(1) “by” may take possession of and dispose of a ~~liquor control~~ retail alcohol licensee’s or permittee’s alcoholic liquor, wine, and beer in which the secured party has a security interest in such collateral pursuant to the provisions of Iowa Code chapter 554. The secured party may operate under the ~~liquor control~~ retail alcohol license or permit of its debtor as defined in Iowa Code section ~~554.9105(1) “d”~~ 554.9102(1) “ad” for the purpose of disposing of the alcoholic liquor, wine, and beer. However, if the debtor is a class “E” ~~liquor control~~ retail alcohol licensee, the secured party may not purchase alcoholic liquor from the division to continue to operate its debtor’s business. A secured party operating under the ~~liquor control~~ retail alcohol license or permit of its debtor shall dispose of the alcoholic liquor, wine, and beer by sale only to persons authorized under Iowa Code chapter 123 to purchase alcoholic liquor, wine, and beer from the debtor. When a secured party takes possession of a ~~liquor control~~ retail alcohol licensee’s or permittee’s alcoholic liquor, wine, and beer, the secured party shall notify the division in writing of such action. A secured party shall further inform the division of the manner in which it intends to dispose of the alcoholic liquor, wine, and beer and shall state the reasonable length of time in which it intends to operate under the ~~liquor control~~ retail alcohol license or permit of its debtor. The secured party shall notify the division in writing when the disposition of

its collateral has been completed, and the secured party shall cease operating under the ~~liquor control~~ retail alcohol license or permit of its debtor.

4.19(2) A sheriff or other officer acting pursuant to Iowa Code chapter 626 may take possession of a ~~liquor control~~ retail alcohol licensee's or permittee's alcoholic liquor, wine, and beer and may dispose of such inventory according to the provisions of Iowa Code chapter 626; however, the sheriff or other officer must sell the alcoholic liquor, wine and beer only to those persons authorized by Iowa Code chapter 123 to purchase alcoholic liquor, wine, and beer from the ~~liquor control~~ retail alcohol licensee or permittee whose inventory is subject to the execution and levy. The sheriff or other officer shall notify the division in writing at the time the sheriff or officer takes possession of a ~~liquor control~~ retail alcohol licensee's or permittee's alcoholic liquor, wine, and beer and shall further notify the division of the time and place of the sale of such property.

This rule is intended to implement Iowa Code sections 123.4, ~~423.21(3)~~ 123.10, and 123.38.

ITEM 20. Amend rule 185—4.20(123) as follows:

185—4.20(123) ~~Liquor store checks~~ Class "E" retail alcohol licensee methods of payment accepted. The Iowa state ~~liquor stores and the division~~ may accept personal or business checks from holders of a ~~retail liquor control~~ license, including a class "E" licensee, under the following conditions: a class "E" retail alcohol licensee made payable to the division for the amount of the purchase which has been certified by the bank on which the check is drawn. Bank drafts, signed by the licensee, will be accepted.

1. ~~The check must be either the personal check of the licensee or the business check of the licensee. The business check must be the named establishment on the license and cannot be a check on another business owned or operated by the licensee.~~

2. ~~The check must be signed by the licensee. (For all holders of liquor control licenses this is interpreted as those persons whose authorized signatures are on file with the bank for the licensee's account). However, this does not preclude an agent of the licensee from presenting a check signed by the licensee in the normal transaction of buying liquor.~~

3. ~~Traveler's checks and bank drafts, signed by the licensee, will be accepted.~~

4. ~~Personal checks or traveler's checks may be accepted as payment for purchases in state liquor stores. Second party checks shall not be accepted as payment for purchases in state liquor stores. Vendors shall follow the policy established by the administrator of the division for accepting personal checks and traveler's checks for the purchase of alcoholic beverages.~~

~~4.20(1) If a licensee presents this division with a check which is subsequently dishonored by the licensee's bank, the administrator of this division shall cause a written notice of nonpayment and penalty to be served upon the licensee. If the licensee fails to satisfy the obligation within ten days after service of the notice, the administrator or designee shall hold a hearing as in other contested cases pursuant to Iowa Code chapter 17A to determine whether or not the licensee failed to satisfy the obligation within ten days after service of the notice of nonpayment and penalty. If the administrator determines that the licensee has failed to satisfy the obligation, after notice and an opportunity to be heard, the administrator shall suspend the licensee's liquor control license for a period of not less than 3 and not more than 30 days.~~

~~4.20(2) 4.20(1) A retail liquor alcohol licensed establishment which tenders the division one insufficient funds check bank draft for the purchase of alcoholic liquor will lose its check writing bank draft privilege for 90 days from the date the establishment pays the division even though the division does not suspend the liquor license because the establishment paid the division within the 10-day demand period. A retail liquor alcohol licensed establishment which tenders the division more than one insufficient funds check bank draft for the purchase of alcoholic liquor will lose its check writing bank draft privilege for 180 days from the date the establishment pays the division even though the division does not suspend the liquor license because the establishment paid the division within the 10-day demand period.~~

During the period that a licensee may not tender ~~checks bank drafts~~ to the ~~state liquor stores or this~~ division in payment for alcoholic liquor, ~~state liquor stores and this~~ the division may accept from the licensee: ~~cash, a money order payable to the division for the amount of the purchase, a bank cashier's check signed by a bank official and made payable to the division for the amount of the purchase, or the licensee's personal or business check made payable to the division for the amount of the purchase which has been certified by the bank on which the check is drawn.~~

~~4.20(3) 4.20(2) The division may collect from the licensee a \$10 fee for each dishonored check bank draft tendered to the division by a licensee for the purchase of alcoholic beverages.~~

~~4.20(4) The division may accept from the general public for alcoholic beverages traveler's checks issued in a foreign country if payment is in U.S. dollars.~~

~~4.20(5)~~ **4.20(3)** The division may require, at the discretion of the administrator, that a licensee submit a letter of credit in a reasonable amount to be determined by the administrator for future purchases of alcoholic liquor from the division, when a licensee tenders to the division a ~~check bank draft~~ which is subsequently dishonored by the bank ~~on which the check is drawn~~ if the licensee fails to satisfy the obligation within ten days after service of notice of nonpayment and penalty.

This rule is intended to implement Iowa Code sections 123.4 and 123.24.

ITEM 21. Rescind and reserve rule ~~185—4.21(123)~~.

ITEM 22. Rescind and reserve rule ~~185—4.22(123)~~.

ITEM 23. Amend rule ~~185—4.25(123)~~ as follows:

~~185—4.25(123)~~ Age requirements. Persons 21 years of age or older may hold a ~~liquor~~ retail alcohol license, wine permit, or beer permit; ~~however, persons who are between the ages of 18 and 21 and hold a liquor license, wine permit, or beer permit before September 1, 1986, are not affected by or subject to this rule, and may hold such license or permit even though the licensee or permittee has not attained the age of 21.~~ Persons 18 years of age and older may be bartenders, waiters, and waitresses, and may handle alcoholic beverages, ~~wine, and beer~~ during the course of the person's employment for a licensee or permittee in establishments in which alcoholic beverages, ~~wine, and beer~~ are consumed. Persons 16 years of age and older may sell ~~beer and wine~~ alcoholic beverages in off-premises ~~beer and wine~~ establishments. ~~Persons must be 18 years of age or older to work in a state liquor store.~~

This rule is intended to implement Iowa Code sections 123.30, ~~123.47A~~ and 123.49.

ITEM 24. Amend rule ~~185—4.26(123)~~ as follows:

~~185—4.26(123)~~ Timely filed status.

~~4.26(1)~~ In addition to the requirements which may be imposed by a local authority upon the holder of ~~an alcoholic beverages license or permit~~ a retail alcohol license to obtain timely filed status of a renewal application, the division may grant timely filed status if the applicant complies with the following conditions:

a. The applicant ~~files~~ submits a completed application with the local authority or the division as required by applicable law.

b. ~~The applicant files a~~ A current ~~drum shop~~ dramshop liability certificate ~~with the local authority or the division has been endorsed by the insurance company~~ if proof of ~~drum shop~~ dramshop liability is required as a condition precedent to the issuance of the license ~~or permit~~.

c. The applicant pays the appropriate license ~~or permit~~ fee in full to the local authority or the division as required by applicable law.

d. ~~The applicant files a~~ A bond ~~with the local authority or the division has been certified by the carrier~~ if a bond is required as a condition precedent to the issuance of the license ~~or permit~~ under applicable law.

~~4.26(2)~~ Timely filed status allows the holder of the license ~~or permit~~ to continue to operate under a license ~~or permit~~ after its expiration and until the local authority and the division have finally determined whether the license ~~or permit~~ should be issued. If the application for the license ~~or permit~~ is denied, timely filed status continues until the last day for seeking judicial review of the division's action.

~~4.26(3)~~ An applicant for a new ~~alcoholic beverages~~ retail alcohol license ~~or permit~~ may not sell alcoholic liquor, wine or beer in the proposed establishment until a license ~~or permit~~ has been granted by the division.

This rule is intended to implement Iowa Code sections 123.32, 123.35 and 17A.18.

ITEM 25. Amend rule ~~185—4.28(123)~~ as follows:

~~185—4.28(123)~~ Use of establishment during hours alcoholic liquor, wine, and beer beverages cannot be consumed. No one, including a retail alcohol licensee, ~~permittee,~~ and employees ~~the licensee's employee,~~ can consume ~~beer, wine, or~~ alcoholic beverages in their licensed establishment during hours which ~~beer, wine, and~~ alcoholic beverages cannot be sold. An establishment covered by a ~~liquor~~ retail alcohol license, ~~wine permit, or beer permit~~ can be used as a restaurant or any other lawful purpose during hours which ~~beer, wine, or alcoholic liquor~~ alcoholic beverages cannot be sold as long as ~~beer, wine, or~~ alcoholic beverages are not consumed during these hours.

This rule is intended to implement Iowa Code section 123.49.

ITEM 26. Rescind and reserve rule ~~185—4.31(123)~~.

ITEM 27. Rescind and reserve rule ~~185—4.33(123)~~.

ITEM 28. Amend rule 185—4.34(123) as follows:

185—4.34(123) Determination of population. Decennial Censuses and Special Censuses done by the U.S. Census Bureau are recognized as being the official population of a town for the purpose of deciding the price of licenses and permits in that town, but estimates done by the U.S. Census Bureau cannot be viewed as being the official population when deciding the price of licenses and permits.

This rule is intended to implement Iowa Code ~~subsection 123.21(11)~~ section 123.10(11).

ITEM 29. Amend rule 185—4.36(123) as follows:

185—4.36(123) Sale of alcoholic liquor and wine beverages stock when licensee or permittee sells business. When a retail alcohol licensee or permittee goes out of business, the licensee or permittee may sell the licensee's or permittee's stock of alcoholic liquor and wine beverages to the person who is going to operate a licensed establishment in the same location.

This rule is intended to implement Iowa Code ~~subsection 123.21(5)~~ section 123.10.

ITEM 30. Rescind and reserve rule ~~185—4.37(123)~~.

ITEM 31. Rescind and reserve rule ~~185—4.38(123)~~.

ITEM 32. Amend rule 185—4.40(123) as follows:

185—4.40(123) Warehousing of beer and wine. A person holding a class "A" wine permit or a class "A" or "F" beer permit shall warehouse their wine or beer inventory within the state of Iowa. ~~Persons issued a class "A" wine permit or class "A" or "F" beer permit prior to June 10, 1987, shall comply upon renewal or November 1, 1987, whichever date occurs first.~~ A warehouse of a person holding a class "A" wine permit or a class "A" or "F" beer permit shall be considered a licensed premises.

This rule is intended to implement Iowa Code ~~section~~ sections 123.127 and 123.175.

ITEM 33. Amend rule 185—4.41(123) as follows:

185—4.41(123) Vending machines to dispense alcoholic beverages prohibited. A ~~liquor control~~ retail alcohol licensee or ~~beer or wine~~ permittee shall not install or permit the installation of vending machines on the licensed premises for the purpose of selling, dispensing or serving alcoholic beverages. A vending machine is defined as a slug, coin, currency or credit card operated mechanical device used for dispensing merchandise, including single cans of beer or other alcoholic beverages, and includes a mechanical device operated by remote control and used for dispensing single cans of beer or other alcoholic beverages. A vending machine is not a unit installed in individual hotel or motel rooms used for the storage of alcoholic beverages and intended for the personal use of hotel or motel guests within the privacy of the guests' rooms.

This rule is intended to implement Iowa Code ~~sections 123.47, 123.47A, 123.49(1), 123.49(2) "b," 123.49(2) "h," and 123.49(2) "k."~~ section 123.49.

ITEM 34. Amend rule 185—5.1(123) as follows:

185—5.1(123) Manufacture and sale of native wine. Manufacturers of native wine ~~from grapes, cherries, other fruits or other fruit juices, vegetables, vegetable juices, dandelions, clover, honey, or any combination of these ingredients, as defined in Iowa Code section 123.3(36)~~ may sell, keep or offer for sale and deliver their native wine subject to the following regulations and restrictions.

~~5.1(1) Manufacturer of native wine defined. A manufacturer of native wine is a person in Iowa who processes grapes, cherries, other fruits or other fruit juices, vegetables, vegetable juices, dandelions, clover, honey, or any combination of these ingredients, by fermentation into wine.~~

~~5.1(2) Residency requirements. A manufacturer of native wine who is a sole proprietor must be a resident of Iowa. At least one of the partners of a partnership which is a manufacturer of native wine must be a resident of Iowa. A corporation which is a manufacturer of native wine must be registered to do business in Iowa with the Iowa secretary of state's office in lieu of any other residency requirements.~~

~~5.1(3) 5.1(1) Licenses required.~~

~~a. Class "A" native wine permit. Before selling its wine to the division, class "A" wine wholesalers, retail wine permittees, and liquor control licensees, a manufacturer of native wine shall apply for and shall obtain from the division one class "A" native wine permit and a \$5,000 bond for its wineries and for its retail establishments. A class "A" native wine permit obtained for a native winery and for retail establishments costs \$25 a year. A manufacturer of native wine may obtain an application for a class "A" native wine permit from the division and may submit the completed application and the \$25 fee to the division without having to get the application approved by a local authority. Each class "A" native wine permit is valid for one year from the effective date and must be renewed each year. A manufacturer of native wine must display the original or a copy of its class "A" native wine permit in each of its native wineries and in each of its retail establishments. The \$25 fee paid for a class "A" native winery is not refundable. A manufacturer of native wine must register its retail establishment on forms or systems provided by the division. The division shall issue a manufacturer of native wine duplicate copies of its class "A" native wine permit so that a copy of it can be posted in each winery and retail establishment.~~

~~b. Vintner's certificate of compliance. In order for a manufacturer of native wine to be able to sell its wine to the division, it must obtain an application for a vintner's certificate of compliance from the division and must obtain a vintner's certificate from the division at no expense in addition to obtaining from the division its one class "A" native wine permit.~~

~~c. Class "B" wine permit. In order for a manufacturer of native wine to sell wine it did not manufacture, it must obtain a class "B" wine permit and a \$1,000 bond for each native winery or retail establishment.~~

~~5.1(4) Exclusive operation of retail establishments. No person except a manufacturer of native wine can operate a class "A" native wine retail establishment.~~

~~5.1(5) Distance a retail establishment must be from a native winery. A manufacturer of native wine cannot have a retail establishment within five miles of a native winery not operated by the manufacturer of native wine.~~

~~5.1(6) Sale of native wine only. A manufacturer of native wine may sell wine it did not manufacture only if it obtains an appropriate retail wine permit for each location.~~

~~5.1(7) Hours of sale. A manufacturer of native wine can sell its native wine in its native winery and in its retail establishments on Mondays through Saturdays between the hours of 9 a.m. and 10 p.m. and on Sundays between the hours of 10 a.m. and 12 midnight.~~

~~5.1(8) Premises, books of account and records available for inspection. A manufacturer of native wine shall cause the premises, books of account, and records to be accessible and available at all reasonable times for inspection by representatives of the division, the law enforcement division of the Iowa department of public safety, or members of local police authority.~~

~~5.1(9) Delivery of native wine. A manufacturer of native wine may ship its native wine in closed containers to individual purchasers inside and outside Iowa.~~

~~5.1(10) 5.1(2) Reports required.~~

~~a. Monthly combined wine production and wine gallonage tax report. A monthly report is required showing the amount of wine on hand at the beginning of the month, the amount produced, the amount sold, the amount of wine gallonage tax due, and any other information requested. Report forms shall be furnished by the division. A manufacturer of native wine shall submit a report along with any wine gallonage tax payment to in the division's licensing division system by the tenth of each month for the preceding month's business. Reports and wine gallonage tax payments postmarked submitted by the tenth of each month for the preceding month shall be considered timely. This report must be mailed submitted for each month even if no wine sales were made during the month.~~

~~b. Annual report. A manufacturer of native wine shall, in January of each year, deliver to the division a complete report, sworn to under oath by the owner, a partner or corporate officer, showing the number of gallons of wine produced by the winery in the preceding year. Report forms shall be furnished by the division.~~

~~5.1(11) Wine gallonage tax. A manufacturer of native wine must pay to the division a \$1.75 wine gallonage tax on its native wine it sells at wholesale: (1) to retail liquor licensees, (2) to retail beer permittees, (3) to retail wine permittees, and (4) to the division. A manufacturer of native wine does not pay the \$1.75 wine gallonage tax on its native wine if: (1) sells at retail in Iowa in its winery and in its retail establishments, (2) ships to individuals inside and outside Iowa, and (3) sells to other class "A" wine permittees and to class "F" beer permittees.~~

~~This rule is intended to implement Iowa Code sections 123.4, ~~123.56~~ 123.49, 123.176, and 123.183.~~

ITEM 35. Amend rule 185—5.2(123) as follows:

185—5.2(123) Annual production Production of a native distillery.

~~5.2(1) *Native distillery.* A native distillery is a business with an operating still which produces and manufactures native distilled spirits and holds a class “A” native distilled spirits license as defined in Iowa Code section 123.3(35). The total number of proof gallons of native distilled spirits produced and manufactured by a native distillery on an annual basis shall be used to determine the amount of native distilled spirits that may be sold per person per day from the native distillery’s licensed premises for off-premises consumption and to determine eligibility to obtain a class “C” native distilled spirits liquor control license.~~

~~5.2(4) 5.2(2) *Definitions.*~~

~~“Annual basis,” for the purpose of this rule, means a year as defined in Iowa Code section 4.1(40) beginning January 1 and ending December 31.~~

~~“Native distilled spirits” means an alcoholic beverage as defined in Iowa Code section ~~123.3(28)~~ 123.3(34).~~

~~“Operating still,” for the purpose of this rule, means a still that is registered with the Alcohol and Tobacco Tax and Trade Bureau pursuant to 27 CFR 19.75(b) and is actively used to manufacture spirits.~~

~~“Proof gallon,” for the purpose of this rule, means a United States gallon of proof spirits, or the alcoholic equivalent thereof, as defined by the Alcohol and Tobacco Tax and Trade Bureau pursuant to 27 CFR 30.11.~~

~~5.2(2) The total number of proof gallons of native distilled spirits produced and manufactured by a native distillery on an annual basis shall combine all production facilities of the business and shall be determined based on the 12-month sum of line 26 of Alcohol and Tobacco Tax and Trade Bureau Form 5110.28, Monthly Report of Processing Operations, filed monthly by the native distillery with the division, pursuant to Iowa Code section 123.43A(5).~~

~~5.2(3) The amount of native distilled spirits that may be sold per person per day from a native distillery’s licensed premises for off-premises consumption shall be determined based on the total number of proof gallons of native distilled spirits as determined in subrule 5.2(2) for the preceding calendar year beginning January 1 and ending December 31.~~

~~5.2(4) As a condition of obtaining a class “C” native distilled spirits liquor control license, a native distillery shall report to the division, at the time of application, the total number of proof gallons of native distilled spirits as determined in subrule 5.2(2) for the preceding calendar year beginning January 1 and ending December 31.~~

This rule is intended to implement Iowa Code sections 123.3(29), 123.30(3) “c”(3), ~~123.31(6)~~ 123.43 and 123.43A.

ITEM 36. Rescind and reserve rule ~~185—5.3(123)~~.

ITEM 37. Rescind and reserve rule ~~185—5.4(123)~~.

ITEM 38. Rescind and reserve rule ~~185—5.6(123)~~.

ITEM 39. Amend rule ~~185—5.7(123)~~, implementation sentence, as follows:

This rule is intended to implement Iowa Code sections 123.4, ~~123.21(11)~~ 123.10, 123.31 and ~~123.56~~ 123.49.

ITEM 40. Amend rule 185—5.8(123) as follows:

185—5.8(123) Dramshop liability insurance requirements. For the purpose of providing proof of financial responsibility, as required under the provisions of Iowa Code section 123.92, a liability insurance policy shall meet the following requirements.

5.8(1) *Current certificate required.* The dramshop liability certificate of insurance shall be issued by a company holding a current certificate of authority from the Iowa insurance commissioner authorizing the company to issue dramshop liability insurance in Iowa or issued under the authority and requirements of Iowa Code sections 515.120 and 515.122. The dramshop policy shall take effect the day the license ~~or permit~~ takes effect and shall continue until the expiration date of the license ~~or permit~~. A new dramshop liability certificate of insurance shall be provided each time the division issues a new license. The dramshop liability certificate of insurance shall contain the following: the name of the insurance provider; the policy number; the name and address of the insured; the license ~~or permit~~ number of the insured, if applicable; and the policy effective dates. Upon request, an insurance company or an insured shall provide to the division a duplicate original of the policy and all pertinent endorsements.

5.8(2) and 5.8(3) No change.

5.8(4) *Cancellation.* An insurance company or an insured may cancel a liability policy by giving a minimum of 30 days’ prior written notice to the division of the party’s intent to cancel the liability policy. The 30-day period shall begin on the date that the division receives the notice of cancellation. The party seeking to cancel a liability policy shall mail written notice of such cancellation to the division in Ankeny, Iowa, by certified mail, or other method deemed acceptable by the division, and shall mail a copy of the notice of cancellation to the licensee ~~or permittee~~ at that party’s post office address.

The notice of cancellation shall contain the following: the name of the party to whom the copy of the notice of cancellation was mailed, the address to which the copy of the notice of cancellation was sent, the date on which the notice of cancellation was mailed, the date the liability policy is being canceled, and the ~~liquor control~~ retail alcohol license or permit number of the licensee or permittee to be affected by such cancellation.

5.8(5) No change.

5.8(6) *Proof of financial responsibility.* A licensee or permittee shall be deemed to have furnished proof of financial responsibility as contemplated under the provisions of Iowa Code sections 123.92, 123.93, and 123.94 when the licensee or permittee has filed with the division at its offices in Ankeny, Iowa, a properly executed form as described by subrule 5.8(1), or by other method deemed acceptable by the division.

5.8(7) to 5.8(9) No change.

~~5.8(10) Implementation dates. During the 12-month period commencing on September 1, 2003, all licensees and permittees applying for or renewing a license or permit shall obtain a dramshop insurance policy that conforms to the provisions of rule 5.8(123).~~

This rule is intended to implement Iowa Code sections 123.92, 123.93 and 123.94.

ITEM 41. Amend rule 185—5.9(123) as follows:

~~185—5.9(123) Surety bond requirements. A \$5,000 surety bond shall be filed with the division with each application for a class “A” wine permit and with each application for a wine direct shipper license unless the applicant for the wine direct shipper license posted a surety bond as part of obtaining a class “A” wine permit. A \$10,000 surety bond shall be filed with the division for each application for a class “A” beer permit or special class “A” beer permit. A surety bond in an amount of at least \$5,000 but not more than \$15,000 shall be filed with the division with each application for a class “E” liquor control license. Each surety bond shall meet the following requirements.~~

5.9(1) and 5.9(2) No change.

5.9(3) *Cancellation.* A surety company or a principal may cancel a bond by giving a minimum of 30 days’ written notice to ~~this~~ the division of the party’s intent to cancel the bond. The 30-day period shall commence on the date that ~~this~~ the division receives the notice of cancellation. The party seeking to cancel a bond shall submit written notice of such cancellation to the division in Ankeny, Iowa, and further shall submit a copy of the notice of cancellation to the other party. The notice of cancellation shall contain the following: the name of the party to whom the copy of the notice of cancellation was submitted, the date on which the notice of cancellation was submitted, the date the bond is being canceled, and the license or permit number of the licensee or permittee to be affected by such cancellation.

5.9(4) *Proof of bond.* A licensee or permittee shall be deemed to have furnished a surety bond when the licensee or permittee has:

~~a. filed~~ Filed with the division a form prescribed by the division containing the following: the name of the bond provider; the city and state where the bond provider is located; the bond number, the names of the principal, and the city and state where the principal is located; the amount of the bond; the type of license or permit guaranteed by the bond; the effective date of the bond; signatures of the principal and the bond provider; and any other information the administrator of the division may require; or

b. Met this requirement by any other method deemed acceptable by the administrator of the division or a designee.

5.9(5) to 5.9(7) No change.

This rule is intended to implement Iowa Code sections 123.30, 123.50, 123.127, and 123.175, ~~and 123.187.~~

ITEM 42. Amend subrule 8.2(4) as follows:

8.2(4) *Special order.* Products that are not currently listed for sale by the division may be purchased through a special order placed with the supplier of the product.

a. A request for a special order will be placed with the division by a class “E” ~~liquor control~~ retail alcohol licensee. Special order requests shall be submitted electronically or in a manner prescribed by the administrator or the administrator’s designee. The administrator, or the administrator’s designee, may reject a special order request if it is determined that the requested product is in violation of the requirements set out in subparagraphs 8.3(3) “a”(1) and 8.3(3) “a”(2).

b. No change.

c. All special order products shall be sold and distributed by the division to class “E” ~~liquor control~~ retail alcohol licensees by the case only.

d. Special order products are not eligible for return to the division by a class “E” ~~liquor control~~ retail alcohol licensee without approval from the administrator or the administrator’s designee.

ITEM 43. Amend subrule 8.2(7) as follows:

8.2(7) Quantity limitations. Quantities of listed products available for purchase by class “E” ~~liquor control~~ retail alcohol licensees may be limited at the administrator’s, or the administrator’s designee’s, discretion.

ITEM 44. Amend subrule 8.6(3) as follows:

8.6(3) Price lists. The division shall publish a price list electronically on a monthly basis showing the price to be paid by class “E” ~~liquor control~~ retail alcohol licensees for each brand, variety, and category of product available for sale by the division. The price list shall be published on the division’s website at shop.iowaabd.com and may be distributed to class “E” ~~liquor control~~ retail alcohol licensees as deemed necessary by the administrator or the administrator’s designee.

ITEM 45. Amend rule 185—8.8(123) as follows:

185—8.8(123) Barrel programs. A supplier may offer a barrel program, allowing a class “E” ~~liquor control~~ retail alcohol licensee to purchase the bottled contents of a barrel-aged product along with the aging barrel.

8.8(1) Barrel programs shall be uniformly offered to all class “E” ~~liquor control~~ retail alcohol licensees.

8.8(2) and **8.8(3)** No change.

8.8(4) Products purchased as part of a barrel program shall be sold and delivered to the individual class “E” ~~liquor control~~ retail alcohol licensee that placed the special order. Barrel program special orders and products shall not be split between two or more class “E” ~~liquor control~~ retail alcohol licensees.

8.8(5) and **8.8(6)** No change.

ITEM 46. Rescind and reserve **185—Chapter 17**.

ITEM 47. Amend 185—Chapter 18, introductory paragraph, as follows:

CHAPTER 18
PUBLIC RECORDS AND FAIR INFORMATION PRACTICES

The alcoholic beverages division hereby adopts, with the following exceptions and amendments, rules of the Governor’s Task Force on Uniform Rules of ~~on~~ an Agency Procedure relating to public records and fair information practices, which are ~~printed in the first Volume of the Iowa Administrative Code~~ published at www.legis.iowa.gov/docs/Rules/Current/UniformRules.pdf on the general assembly’s website.

ITEM 48. Amend subparagraph **18.10(2)“g”(2)** as follows:

(2) Information collected and maintained on licensees’ ~~and permittees’~~ dramshop liability insurance.

ITEM 49. Amend rule 185—18.14(123,22) as follows:

185—18.14(123,22) Personally identifiable information. This rule describes the nature and extent of personally identifiable information which is collected, maintained, and retrieved by the agency by personal identifier in record systems as defined in rule 185—18.1(123,22). For each record system, this rule describes the legal authority for the collection of that information, the means of storage of that information and indicates whether a data processing system matches, collates, or permits the comparison of personally identifiable information in one record system with personally identifiable information in another record system. The record systems maintained by the agency are:

18.14(1) Licensing records. Licensing records include, but are not limited to, information identifying ownership, location, form of business entity and statements concerning eligibility of applicants to hold ~~liquor~~ retail alcohol licenses and permits. These records are collected and maintained pursuant to Iowa Code sections ~~423.49~~ 123.23, 123.29, 123.30, 123.33, 123.42, ~~423.56~~ 123.49, 123.124, 123.125, 123.127 ~~to 423.129~~, 123.135, 123.173, 123.175, 123.176, and 123.180. Licensing records are stored on microfiche, in an automated data processing system, and in extant form. The information stored in the automated data system does not match, collate or permit comparison with other data processing systems. The information contained in licensing records is public information.

18.14(2) and **18.14(3)** No change.

18.14(4) *Purchase orders, invoices, account numbers and personal identification numbers.* Purchase orders and invoices include, but are not limited to, records of purchases of alcoholic liquor made by ~~Class class “E” liquor control retail alcohol~~ licensees from the agency and related shipping and transmittal documents. Account numbers and personal identification numbers identify individual ~~Class class “E” liquor control retail alcohol~~ licensees and provide the agency with a method of filling orders, shipping and obtaining payment for liquor from telephone orders by ~~Class class “E” liquor retail alcohol control~~ licensees. These records are collected and maintained pursuant to Iowa Code sections 123.16, 123.24 and 123.30. Purchase orders are stored in extant form and in automated data processing systems. The automated data processing systems used to store these records do not match, collate, or permit comparison with other data processing systems except to the extent that such records may be used by warehouse personnel for inventory control, movement of alcoholic liquor within the warehouse, and filling and shipping orders to ~~Class class “E” liquor control retail alcohol~~ licensees. The information contained in these records which identifies purchases made by individual ~~Class class “E” liquor control retail alcohol~~ licenses is confidential pursuant to Iowa Code section 22.7.

18.14(5) *Bailment shipments.* Records of bailment shipments include, but are not limited to, information derived from suppliers concerning shipments of alcoholic liquor into the state warehouse facility, information generated internally concerning alcoholic liquor received from suppliers, information generated by the agency for accounting purposes concerning liquor purchases from suppliers, and information generated by the agency for purposes of inventory control. Records of bailment shipments may contain personally identifiable information on ~~Class class “E” liquor control retail alcohol~~ licensees, and to the extent that such record contains information on purchases of liquor by individual ~~Class class “E” liquor control retail alcohol~~ licensees, the record is confidential. These records are collected and maintained pursuant to Iowa Code section 123.30. Records of bailment shipments are stored in extant form and in automated data processing systems. The method of storage does not match, collate, or permit comparison with other data processing systems, except that comparisons may be made for purposes of agency tracking or auditing liquor inventory.

18.14(6) and **18.14(7)** No change.

18.14(8) *Inspections and audits of licensees’ books and records.* Inspections and audits of licensees’ books and records contain personally identifiable information relating to the operation of licensed establishments and beer and wine wholesalers’ operations. These records are collected and maintained pursuant to Iowa Code sections 123.33, ~~and 123.138, and 123.185.~~ These records are stored in extant form, and the manner of storage does not permit comparison with automated data processing systems. The information is public information, except to the extent that the records concerning purchases of liquor made by ~~Class class “E” liquor control retail alcohol~~ licensees from the agency are confidential. To the extent that these records may be used in anticipation of formal administrative proceedings, criminal or civil proceedings against a licensee or permittee, this chapter does not apply to these records.

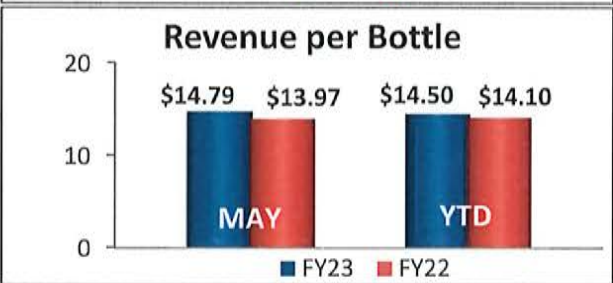
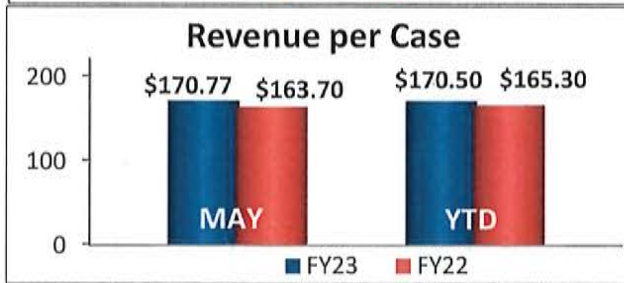
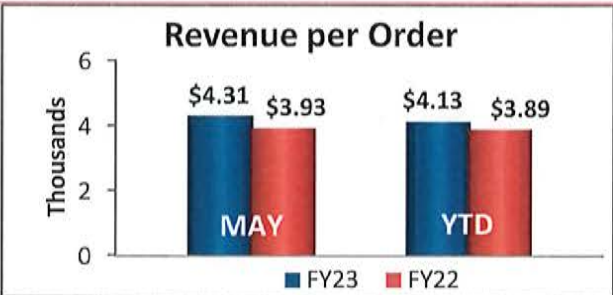
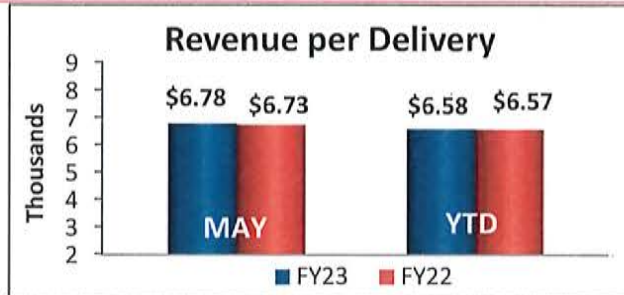
18.14(9) and **18.14(10)** No change.

Iowa Alcoholic Beverages Division

May Sales Comparison Year Over Year ACCRUAL Basis

Category	FY 2023	FY 2022	% Change	Amt Change
Liquor Sales	\$39,657,987	\$35,923,683	10.40%	\$3,734,304
Split Case Fee*	\$197,567	\$129,927	52.06%	\$67,640
Bottle Dep and Sur	\$459,612	\$411,667	11.65%	\$47,945
Total Revenue	\$40,315,166	\$36,465,277	10.56%	\$3,849,889
Deliveries	5,944	5,415	9.77%	529
Orders	9,359	9,280	0.85%	79
Cases	236,073	222,750	5.98%	13,323
Bottles	2,725,906	2,610,120	4.44%	115,786
Picks	496,045	483,646	2.56%	12,399

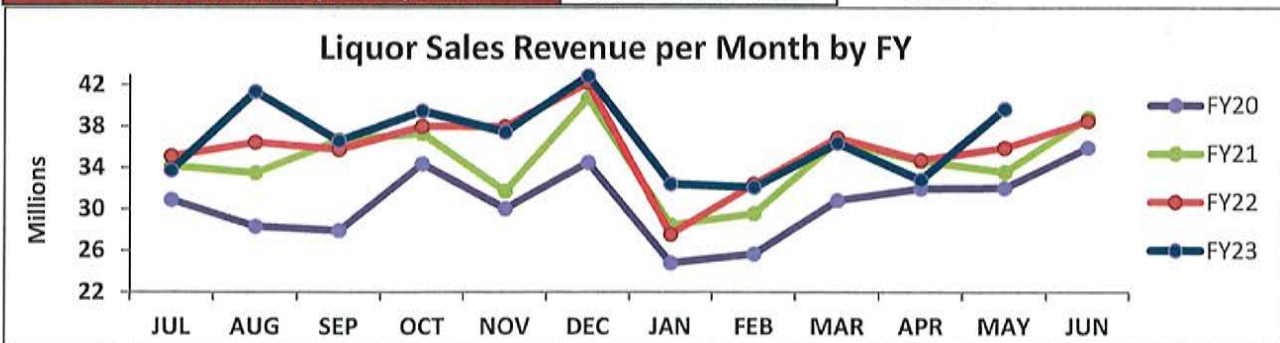
*On July 1 FY23, the split case fee was raised from \$0.50 to \$0.75



Fiscal Year Sales Comparison Year to Date ACCRUAL Basis

Category	FY 2023	FY 2022	% Change	Amt Change
Liquor Sales	\$404,802,079	\$392,906,966	3.03%	\$11,895,113
Split Case Fee	\$2,055,592	\$1,429,524	43.80%	\$626,068
Bottle Dep and Sur	\$4,684,454	\$4,304,043	8.84%	\$380,411
Total Revenue	\$411,542,125	\$398,640,533	3.24%	\$12,901,592
Deliveries	62,502	60,683	3.00%	1,819
Orders	99,637	102,462	-2.76%	(2,825)
Cases	2,413,804	2,411,614	0.09%	2,190
Bottles	28,385,676	28,268,537	0.41%	117,139
Picks	5,152,917	5,292,633	-2.64%	(139,716)

Number of Sales Days Comparison Year to Date EVEN MAY +1



Iowa Alcoholic Beverages Division

May Sales Comparison Year Over Year - Cash Basis

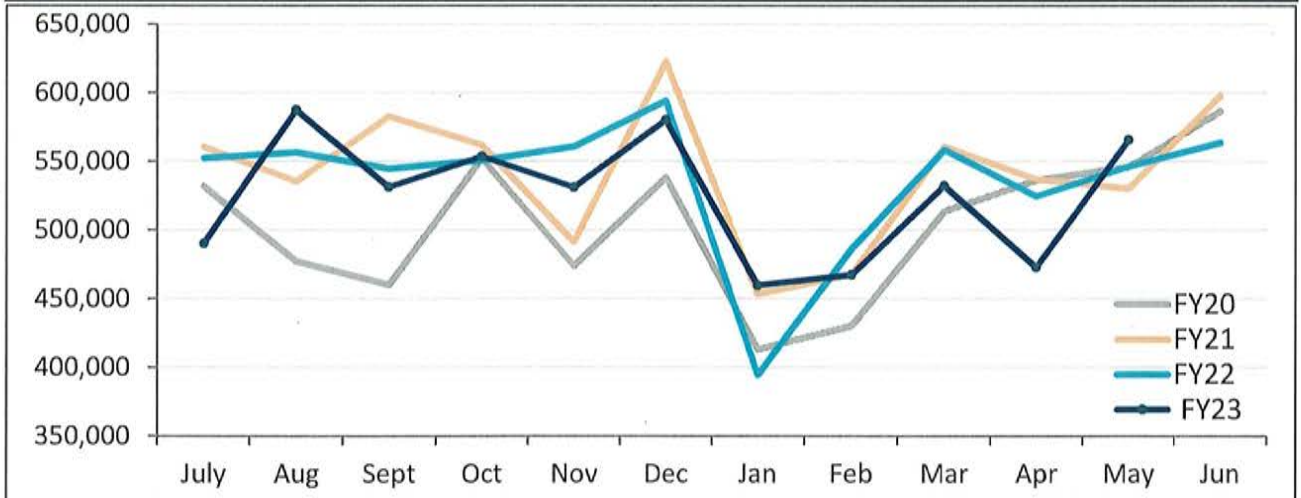
Category	FY 2023	FY 2022	% Change	Amt Change
Liquor Sales	\$41,449,645	\$37,230,070	11.33%	\$4,219,575
Split Case Fee	\$213,656	\$137,081	55.86%	\$76,575
Bottle Dep and Sur	\$493,017	\$437,573	12.67%	\$55,443
Total Revenue	\$42,156,318	\$37,804,724	11.51%	\$4,351,594
Bailment Fee	\$264,455	\$244,702	8.07%	\$19,753

Fiscal Year Sales Comparison Year-to-Date - Cash Basis

Category	FY 2023	FY 2022	% Change	Amt Change
Liquor Sales	\$400,074,497	\$387,420,547	3.27%	\$12,653,950
Split Case Fee	\$2,030,134	\$1,406,924	44.30%	\$623,210
Bottle Dep and Sur	\$4,621,350	\$4,239,026	9.02%	\$382,325
Total Revenue	\$406,725,981	\$393,066,496	3.48%	\$13,659,484
Bailment Fee	\$2,662,294	\$2,652,330	0.38%	\$9,964
Number of Sales Days Comparison		YTD Even	May +1	

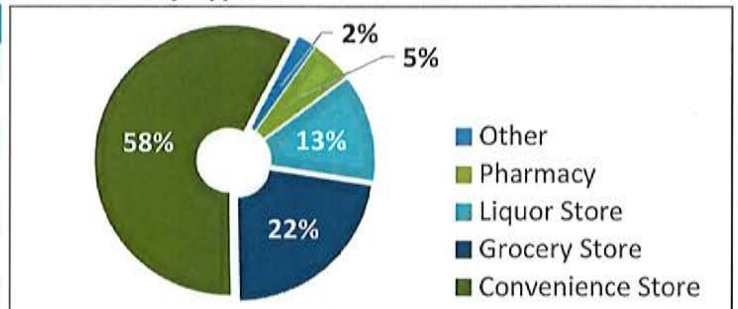
Gallons by Month per FY

Gallons	FY 2023	FY 2022	% Change	Amt Change
Month Total	565,583	546,143	3.56%	19,440
YTD Total	5,771,213	5,868,299	-1.65%	(97,086)
YTD Average	524,656	533,482	-1.65%	(8,826)
Accrual Month Sales	\$39,657,987	\$35,923,683	10.40%	\$3,734,304
Accrual YTD Sales	\$404,778,088	\$392,906,966	3.02%	\$11,871,122
Month Sales/Gallon	\$70.12	\$65.78	6.60%	\$4.34
YTD Sales/Gallon	\$70.14	\$66.95	4.75%	\$3.18



Class E Licensees by Type

Licensee Type	Total LE's
Other	43
Pharmacy	100
Liquor Store	264
Grocery Store	452
Convenience Store	1,163
Total	2,022
Trend Mo/Mo	10



Iowa ABD
Liquor Trust Fund Summary
FY 2023

May Fiscal Year 2023 Revenues

Wine Tax	573,020	
License Revenue	1,783,312	
Liquor Sales	41,449,645	
Split Case Revenue	213,656	
Bottle Deposit Surcharge	493,017	
Misc. Revenue	11,439	
Total Liquor Control Fund Revenue		44,524,090

May Fiscal Year 2023 Expenses

Personnel Expenses	369,169	
Liquor Purchases	23,661,820	
Bottle Deposit/Recycle Surcharge	249,109	
Ruan Operations	676,038	
Information Techonology	170,378	
City and County Payments	-	
Transfer to ABD Gen. Fund	250,000	
Sunday Sales Transfer - IDPH	-	
Iowa Economic Development	-	
Substance Abuse Transfer	2,355,146	
General Fund Reversion	9,000,000	
Misc. Liquor Control Fund Expenses	88,276	
Total Liquor Control Fund Expenditures		36,819,936

Revenues over Expenditures 7,704,154

1/3 Cash Balance as of **06/07/2023** 15,889,834

Suggested General Fund Reversion **11,000,000**

Economic Development Transfer -

Required Substance Abuse 2,916,431.10

Est. Ending Cash Balance: 1,973,403

Less Obligation Below (1,174,001)

Est. NET Cash Balance: 799,402

Expense Obligation	\$	(440,290)	
Local Authority payments (est. o/s)	\$	(1,669,000)	
May Sales not yet posted		935,289	
June Sales Posted		-	
Net obligation	\$	(1,174,001)	

Iowa ABD FY23
Cash Flow - Liquor Control Fund
July 1, 2022 - June 30, 2023

(Projection)

CASH IN	October	November	December	January	February	March	April	May	TOTAL	June
Liquor Sales	\$ 41,357,113	\$ 36,573,337	\$ 40,811,357	\$ 35,871,243	\$ 31,582,784	\$ 34,034,068	\$ 33,467,845	\$ 41,449,645	\$ 400,074,497	\$ 35,831,994
Wine Tax	626,075	786,309	714,994	869,306	558,058	519,104	563,489	573,020	6,383,351	585,582
Licenses and Permits	1,382,372	1,215,273	1,158,443	1,554,230	1,343,460	1,307,907	1,494,702	1,783,312	16,105,054	1,860,176
Split Case Fee	191,846	191,517	196,861	203,561	160,919	169,240	177,098	213,656	2,030,134	131,570
Bottle Deposit Fee	478,153	423,333	435,178	430,888	359,367	381,205	405,713	493,017	4,621,350	408,628
Other - Fees,NSF	-	-	20	-	40	100	80	60	320	-
Other Misc. Income	29,063	9,149	19,810	(20,331)	7,570	8,424	2,890	5,422	89,929	14,124
Lease Revenue	817	-	-	817	-	-	817	-	2,450	-
Other Sales/Service-Recycling	2,602	4,244	6,769	2,670	5,417	5,130	2,563	5,957	40,670	-
TOTAL CASH IN	\$ 44,068,041	\$ 39,203,162	\$ 43,343,433	\$ 38,912,383	\$ 34,017,615	\$ 36,425,178	\$ 36,115,195	\$ 44,524,090	\$ 429,347,754	\$ 38,832,074
CASH OUT										
Cities-Liquor Sales Dist	\$ 288,849	\$ 195,251	\$ 306,254	\$ -	\$ -	\$ 480,973	\$ 536,455	\$ -	\$ 2,543,753	\$ 903,684
Counties-Liquor Sales Dist	21,834	6,970	13,450	-	-	28,761	55,225	-	163,540	48,153
Transfer to Liq Gen Fund(0001)	-	-	-	500,000	-	250,000	-	250,000	1,000,024	150,000
Iowa Economic Development	500,000	-	-	500,000	-	-	500,000	-	1,500,000	-
Substance Abuse	2,560,658	2,908,427	2,573,540	2,870,575	2,525,236	2,222,059	2,394,232	2,355,146	25,230,893	2,615,701
General Fund Reversion	10,000,000	11,000,000	10,000,000	9,500,000	9,500,000	8,500,000	9,750,000	9,000,000	98,250,000	8,800,000
Capital Outlay	150,000	261	2,067	(2,267)	161,783	9,440	9,352	131	2,827,098	-
Personnel Expenses- All	237,728	363,595	192,263	235,601	235,819	233,931	233,458	369,169	2,885,319	294,562
Liquor Purchases	26,161,698.17	24,510,199	27,200,123	22,929,185	23,862,792	21,278,369	23,214,875	23,661,820	254,569,379	25,218,882
Bottle Deposit/Surcharge	267,864	101,538	343,817	67,039	396,359	164,798	231,731	249,109	2,395,315	356,429
ABD Operations Expenses	41,086	51,783	171,678	17,130	96,327	96,690	65,875	30,606	658,421	24,239
RUAN Fleet	430,608	377,526	665,893	191,755	463,028	373,638	468,894	382,645	4,232,676	646,169
RUAN Warehouse	361,592	220,350	669,482	151,200	269,846	284,884	353,345	293,393	3,095,546	281,457
IT Expenses	362,689	643,202	2,506,290	699,354	338,857	550,471	214,932	170,378	6,375,736	544,929
Misc. Trust Fund Expenses	139,213	141,420	78,985	54,149	122,232	66,842	58,439	57,539	1,877,363	106,535
TOTAL CASH OUT	\$ 41,523,819	\$ 40,520,522	\$ 44,723,842	\$ 37,713,720	\$ 37,972,281	\$ 34,540,855	\$ 38,086,813	\$ 36,819,936	\$ 407,605,065	\$ 39,990,740
TOTAL CHANGE IN CASH	\$ 2,544,222	\$ (1,317,359)	\$ (1,380,408)	\$ 1,198,663	\$ (3,954,666)	\$ 1,884,323	\$ (1,971,618)	\$ 7,704,154	\$ 21,742,689	\$ (1,158,666)
BEGINNING CASH BALANCE	\$ 17,035,378	\$ 19,579,600	\$ 18,262,241	\$ 16,881,832	\$ 18,080,495	\$ 14,125,830	\$ 16,010,152	\$ 14,038,535	\$ -	
Increase/(Decrease) in Cash	2,544,222	(1,317,359)	(1,380,408)	1,198,663	(3,954,666)	1,884,323	(1,971,618)	7,704,154	21,742,689	(1,158,666)
ENDING CASH BALANCE	\$ 19,579,600	\$ 18,262,241	\$ 16,881,832	\$ 18,080,495	\$ 14,125,830	\$ 16,010,152	\$ 14,038,535	\$ 21,742,689	\$ 21,742,689	\$ (1,158,666)

**Iowa ABD FY23
Profit and Loss Statement
July 1, 2022 through May 31, 2023**

	May FY 2023	May FY 2022	Amount Chg.	% Chg.	YTD FY 2023	YTD FY 2022	Amount Chg.	% Chg.
Liquor Sales Revenue	41,449,645	37,230,070	4,219,575	11.33%	400,074,497	387,420,547	12,653,950	3.27%
Cost of Sales								
Bailment	23,905,782	22,101,225	1,804,558	8.16%	257,156,051	249,242,588	7,913,463	3.18%
Less: Bailment Fees	(238,411)	(224,010)	(14,401)	6.43%	(2,532,063)	(2,523,152)	(8,910)	0.35%
Less: Special Handling Fees	(387)	(326)	(60)	18.48%	(10,908)	(1,445)	(9,463)	655.06%
Less: Defective Products	(2,744)	(2,443)	(301)	12.31%	(33,644)	(24,176)	(9,468)	39.16%
Total Cost of Sales	23,664,240	21,874,445	1,789,795	8.18%	254,579,436	246,693,815	7,885,621	3.20%
Gross Profit	17,785,405	15,355,625	2,429,780	15.82%	145,495,061	140,726,732	4,768,329	3.39%
Gross Profit %	42.91%	41.25%	1.66%	4.03%	36.37%	36.32%	0.04%	0.12%
Operating Expenses								
ABD Operations Expenses	30,606	87,030	(56,424)	-64.83%	658,421	698,522	(40,102)	-5.74%
ABD License CC Fees & Bank Charges	11,662	7,116	4,546	63.88%	74,766	80,664	(5,898)	-7.31%
Ruan Fleet Expenses	382,645	258,441	124,204	48.06%	4,232,676	3,484,468	748,208	21.47%
Ruan Warehouse Expenses	293,393	137,119	156,274	113.97%	3,095,546	2,962,363	133,183	4.50%
Other Expenses Related To Distribution	131	2,150,000	(2,149,869)	-99.99%	2,827,098	2,771,475	55,624	2.01%
Total Operating Expenses	718,436	2,639,706	(1,921,270)	-72.78%	10,888,507	9,997,492	891,015	8.91%
General and Administrative Expenses								
Warehouse Administration	41,336	209,934	(168,598)	-80.31%	463,823	1,004,688	(540,865)	-53.83%
Product Administration	52,506	56,081	(3,575)	-6.37%	380,780	464,953	(84,173)	-18.10%
Outreach and Education	46,052	-	46,052	-100.00%	330,187	-	330,187	-100.00%
Admin Actions	54,503	-	54,503	-100.00%	423,630	-	423,630	-100.00%
License Administration	61,582	63,236	(1,654)	-2.62%	452,612	456,476	(3,864)	-0.85%
Accounting	115,973	117,353	(1,380)	-1.18%	978,458	904,361	74,098	8.19%
Information Technology	170,378	215,118	(44,740)	-20.80%	6,375,736	8,968,878	(2,593,142)	-28.91%
Buildings and Grounds	19,232	50,640	(31,408)	-62.02%	432,263	377,347	54,916	14.55%
General and Administrative Expense Total	561,562	712,361	(150,799)	-21.17%	9,837,490	12,176,703	(2,339,213)	-19.21%
Income from Operations	16,505,407	12,003,558	4,501,849	37.50%	124,769,064	118,552,536	6,216,527	5.24%
Other Revenues								
Split Case Fee	213,656	137,081	76,575	55.86%	2,030,134	1,406,924	623,210	44.30%
Bottle Deposit/Surcharge	493,017	437,573	55,443	12.67%	4,621,350	4,239,026	382,325	9.02%
Recycling	5,957	5,414	543	10.03%	40,670	46,331	(5,661)	-12.22%
Lease Reimbursement	-	-	-	-100.00%	2,450	2,450	-	0.00%
Other Revenue & Reimbursements	5,482	10,425	(4,942)	-47.41%	90,249	76,012	14,236	18.73%
Wine Tax and License Fees	2,356,332	2,636,637	(280,304)	-10.63%	22,488,405	27,445,341	(4,956,937)	-18.06%
Total Other Revenues	3,074,444	3,227,129	(152,685)	-4.73%	29,273,257	33,216,084	(3,942,827)	-11.87%
Other Expenses								
Bottle Deposit Fee	59,255	38,554	20,701	53.69%	604,100	571,197	32,904	5.76%
Recycle Surcharge Fee	189,854	101,013	88,841	87.95%	1,791,205	1,496,527	294,678	19.69%
License & Liquor Refunds	23,862	49,336	(25,474)	-51.63%	226,197	447,351	(221,154)	-49.44%
Substance Abuse Transfer	2,355,146	2,365,252	(10,106)	-0.43%	25,230,893	24,602,222	628,671	2.56%
Iowa Economic Development	-	-	-	-100.00%	1,500,000	750,000	750,000	100.00%
Sunday Sales Transfer	-	-	-	-100.00%	1,000,000	914,666	85,334	9.33%
City and County Payments	-	425,294	(425,294)	-100.00%	2,707,294	2,781,483	(74,189)	-2.67%
Total Other Expense	2,628,118	2,979,449	(351,332)	-11.79%	33,059,689	31,563,446	1,496,243	4.74%
Net Profit	16,951,734	12,251,238	4,700,496	38.37%	120,982,631	120,205,174	777,458	0.65%
Return on Sales	40.90%	32.91%	7.99%	24.28%	30.24%	31.03%	6.14%	-2.54%

IOWA ABD
Net Income Statement
FY 2023

	May FY 2023	May FY 2022	Amount Chg.	% Chg.	YTD FY 2023	YTD FY 2022	Amount Chg.	% Chg.
Revenues								
Operating Revenues								
Liquor Sales	41,449,645	37,230,070	4,219,575	11.33%	400,074,497	387,420,547	12,653,950	3.27%
Split Case Revenue	213,656	137,081	76,575	55.86%	2,030,134	1,406,924	623,210	44.30%
Bottle Deposit/Surcharge	493,017	437,573	55,443	12.67%	4,621,350	4,239,026	382,325	9.02%
Fuel Reimbursement	-	1,288	(1,288)	-100.00%	7,626	2,919	4,707	161.25%
Total Operating Revenues	42,156,318	37,806,012	4,350,306	11.51%	406,733,607	393,069,416	13,664,191	3.48%
Non-Operating Revenues								
Lease Revenue	-	-	-	-100.00%	2,450	2,450	-	0.00%
License Fees	1,783,312	2,063,207	(279,894)	-13.57%	16,105,054	20,669,700	(4,564,646)	-22.08%
Wine Tax	573,020	573,430	(410)	-0.07%	6,383,351	6,775,641	(392,291)	-5.79%
Fines/Penalties & NSF fees	60	20	40	200.00%	480	20	460	2300.00%
Recycling	5,957	5,414	543	10.03%	40,896	47,037	(6,140)	-13.05%
Misc. Funding Sources	8,394	12,449	(4,055)	-32.57%	151,985	86,057	65,928	76.61%
Tobacco Revenue	66,577	56,013	10,564	18.86%	758,941	481,332	277,609	57.68%
Intra-Department Transfers	250,000	150,000	100,000	66.67%	1,000,024	903,500	96,524	10.68%
Total Non-Operating Revenues	2,687,320	2,860,532	(173,212)	-6.06%	24,443,180	28,965,736	(4,522,556)	-15.61%
Total Revenues	44,843,638	40,666,544	4,177,094	10.27%	431,176,787	422,035,152	9,141,635	2.17%
Expenses								
Operating Expenses								
Purchase of Spirits	23,661,820	21,874,445	1,787,375	8.17%	254,569,379	246,693,815	7,875,564	3.19%
Operations Expenses	30,606	87,030	(56,424)	-64.83%	658,421	698,522	(40,102)	-5.74%
ABD License CC Fees and Bank Charges	11,662	7,116	4,546	63.88%	74,766	80,664	(5,898)	-7.31%
Ruan Fleet Expenses	382,645	258,441	124,204	48.06%	4,232,676	3,484,468	748,208	21.47%
Ruan Warehouse Expenses	293,393	137,119	156,274	113.97%	3,095,546	2,962,363	133,183	4.50%
Other Expenses Related To Distribution	131	2,150,000	(2,149,869)	-99.99%	2,827,098	2,771,475	55,624	2.01%
Warehouse Administration	41,234	209,934	(168,700)	-80.36%	320,049	804,452	(484,403)	-60.22%
Product Administration	52,506	56,081	(3,575)	-6.37%	380,780	462,453	(81,673)	-17.66%
Licensing Administration	61,582	63,210	(1,628)	-2.58%	447,233	456,325	(9,092)	-1.99%
Outreach and Education	79,186	-	79,186	-100.00%	393,406	-	393,406	-100.00%
Administrative Actions	61,972	-	61,972	-100.00%	499,868	-	499,868	-100.00%
Accounting	115,973	117,353	(1,380)	-1.18%	978,408	904,361	74,048	8.19%
Information Technology	170,378	215,118	(44,740)	-20.80%	6,375,736	8,968,878	(2,593,142)	-28.91%
Buildings and Grounds	19,622	54,012	(34,389)	-63.67%	451,352	403,073	48,279	11.98%
Safety and Security	204	-	204	-100.00%	161,197	223,496	(62,299)	-27.87%
Bottle Deposit Fee	59,255	38,554	20,701	53.69%	731,132	571,197	159,935	28.00%
Recycle Surcharge Fee	189,854	101,013	88,841	87.95%	1,620,519	1,496,527	123,992	8.29%
Liquor and License Refunds	23,862	49,336	(25,474)	-51.63%	226,197	446,901	(220,704)	-49.39%
Tobacco	68,412	84,155	(15,744)	-18.71%	685,104	562,221	122,883	21.86%
Economic Development Transfer	-	-	-	-100.00%	1,500,000	750,000	750,000	100.00%
Substance Abuse Transfer	2,355,146	2,365,252	(10,106)	-0.43%	25,230,893	24,602,222	628,671	2.56%
Liquor Profits Transfer	9,000,000	11,000,000	(2,000,000)	-18.18%	98,250,000	100,000,000	(1,750,000)	-1.75%
Total Operating Expenses	36,679,443	38,868,169	(2,188,726)	-5.63%	403,709,761	397,343,413	6,366,347	1.60%
Non-Operating Expenses								
Sunday Sales Transfer	-	-	-	-100.00%	1,000,000	914,666	85,334	9.33%
Payments to City and Counties	-	425,294	(425,294)	-100.00%	2,707,294	2,781,483	(74,189)	-2.67%
Non-Operating Expenditures	251,247	165,673	85,573	51.65%	1,880,904	1,932,526	(51,621)	-2.67%
Intra-Department Transfers	250,000	150,000	100,000	66.67%	1,000,000	900,000	100,000	11.11%
Non-Operating Expenses Total	501,247	740,968	(239,721)	-32.35%	6,588,198	6,528,675	59,523	0.91%
Total Expenses	37,180,690	39,609,136	(2,428,447)	-6.13%	410,297,959	403,872,088	6,425,870	1.59%
Net Income	7,662,948	1,057,407	6,605,541	-624.69%	20,878,828	18,163,064	2,715,765	14.95%

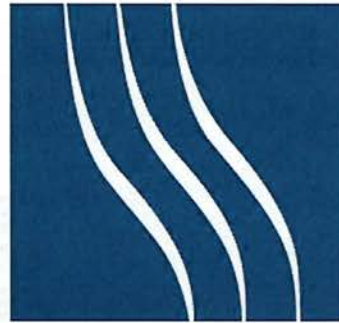
Alcoholic Beverages Division Markup by Month by Fiscal Year

FY23 Markup Analysis

	<u>Gross Sales</u>	<u>Cost Price</u>	<u>Calc Markup</u>	<u>50% Markup</u>	<u>Difference</u>
July	\$ 33,755,913.06	22,506,036.77	49.99%	33,759,055.16	\$ (3,142.09)
Aug	41,342,943.13	27,554,130.80	50.04%	41,331,196.20	11,746.93
Sept	36,594,838.39	24,407,203.95	49.93%	36,610,805.93	(15,967.53)
Oct	39,463,079.04	26,331,328.65	49.87%	39,496,992.98	(33,913.93)
Nov	37,440,466.28	24,988,811.88	49.83%	37,483,217.82	(42,751.54)
Dec	42,863,858.65	28,584,947.93	49.95%	42,877,421.90	(13,563.24)
Jan	32,400,319.16	21,639,694.58	49.73%	32,459,541.87	(59,222.71)
Feb	32,092,715.48	21,431,556.49	49.75%	32,147,334.74	(54,619.25)
Mar	36,368,816.00	24,259,973.22	49.91%	36,389,959.83	(21,143.83)
Apr	32,797,151.85	21,882,058.20	49.88%	32,823,087.30	(25,935.45)
May	39,657,986.88	26,458,211.17	49.89%	39,687,316.76	(29,329.88)
Jun					
FY Total	\$ 404,778,087.92	\$ 270,043,953.64	49.89%	405,065,930.46	\$ (287,842.54)
Annual Avg	\$ 36,798,007.99	\$ 24,549,450.33	49.89%	\$ 33,755,494.21	\$ (23,986.88)

FY22 Markup Analysis

	<u>Gross Sales</u>	<u>Cost Price</u>	<u>Calc Markup</u>	<u>50% Markup</u>	<u>Difference</u>
July	\$ 35,118,976.02	23,428,877.74	49.90%	35,143,316.61	\$ (24,340.59)
Aug	36,427,989.34	24,306,235.08	49.87%	36,459,352.62	(31,363.28)
Sept	35,753,034.39	23,830,494.04	50.03%	35,745,741.06	7,293.33
Oct	37,994,044.59	25,331,144.02	49.99%	37,996,716.03	(2,671.44)
Nov	37,945,211.49	25,324,677.06	49.83%	37,987,015.59	(41,804.10)
Dec	42,189,802.24	28,136,996.89	49.94%	42,205,495.34	(15,693.09)
Jan	27,553,607.89	18,356,858.12	50.10%	27,535,287.18	18,320.71
Feb	32,405,071.50	21,607,552.19	49.97%	32,411,328.29	(6,256.79)
Mar	36,870,031.38	24,587,287.62	49.96%	36,880,931.43	(10,900.05)
Apr	34,725,514.14	23,151,866.87	49.99%	34,727,800.31	(2,286.16)
May	35,923,682.78	23,955,301.25	49.96%	35,932,951.88	(9,269.09)
Jun	38,519,235.70	25,702,755.74	49.86%	38,554,133.61	(34,897.91)
FY Total	\$ 431,426,201.46	\$ 287,720,046.62	49.95%	431,580,069.93	\$ (153,868.47)
Annual Avg	\$ 35,952,183.46	\$ 23,976,670.55	49.95%	\$ 35,965,005.83	\$ (12,822.37)



ALCOHOLIC
BEVERAGES
DIVISION
State of Iowa

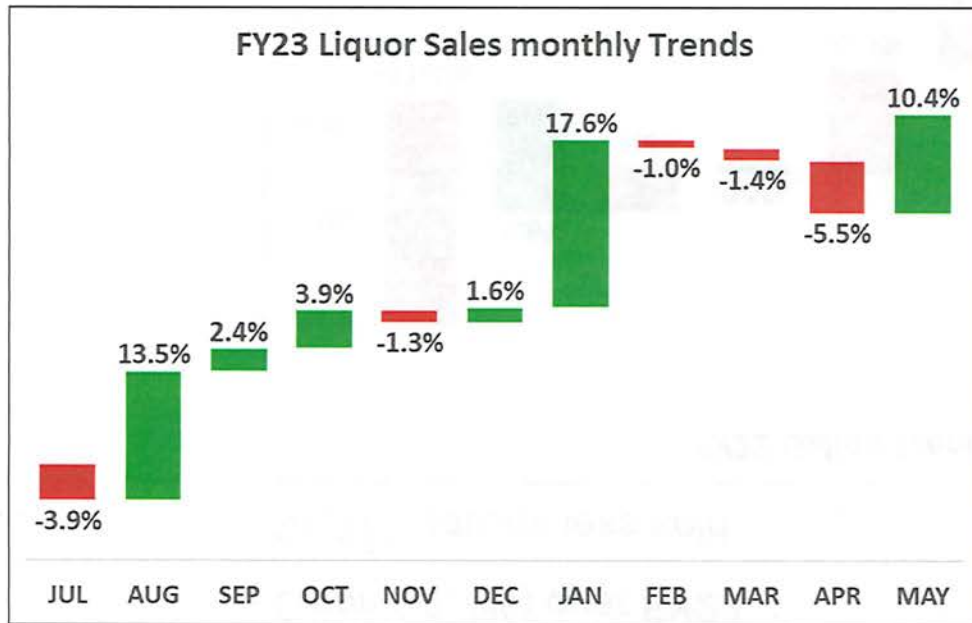
ABD Finance & Operation Trends

June 21, 2023

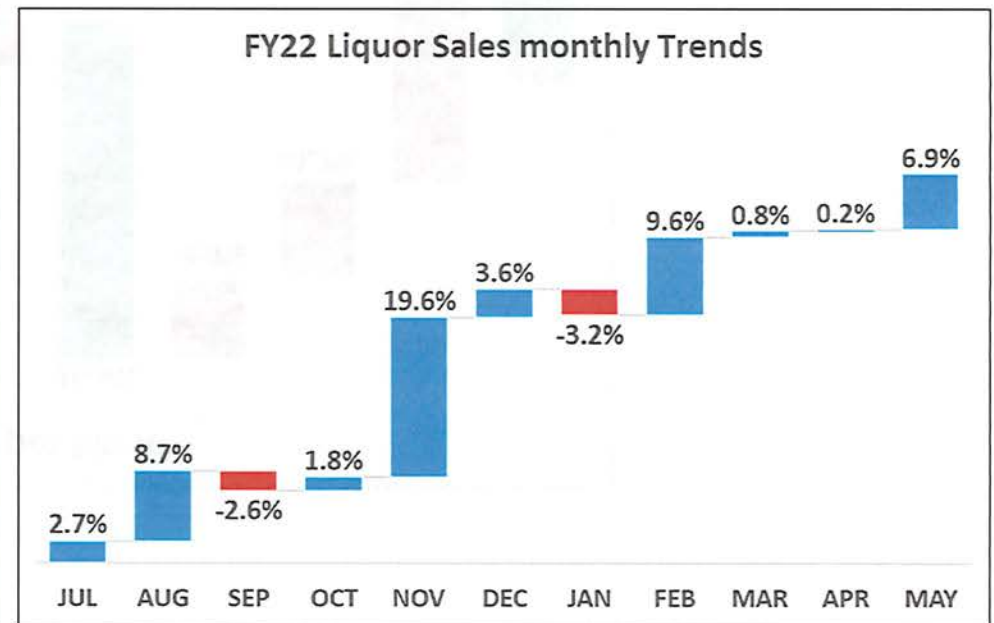
Finance Trends- Through May 2023

- **Liquor Sales, 3% increase FYTD**
-\$11.8 million increase
- **\$411.5 million total revenue collected FYTD**
- **Down trends, Orders (-2.8%) and Picks (-2.6%)**
 - Less add ons and special orders (SOOH more popular)
 - More full case Picks
- **Revenue per Metrics**
 - 0.6% per Delivery, \$39.44
 - 2.8% per bottle, \$0.39
 - 5.9% per pick, \$4.43

Liquor Sales Trends, Through May 2023



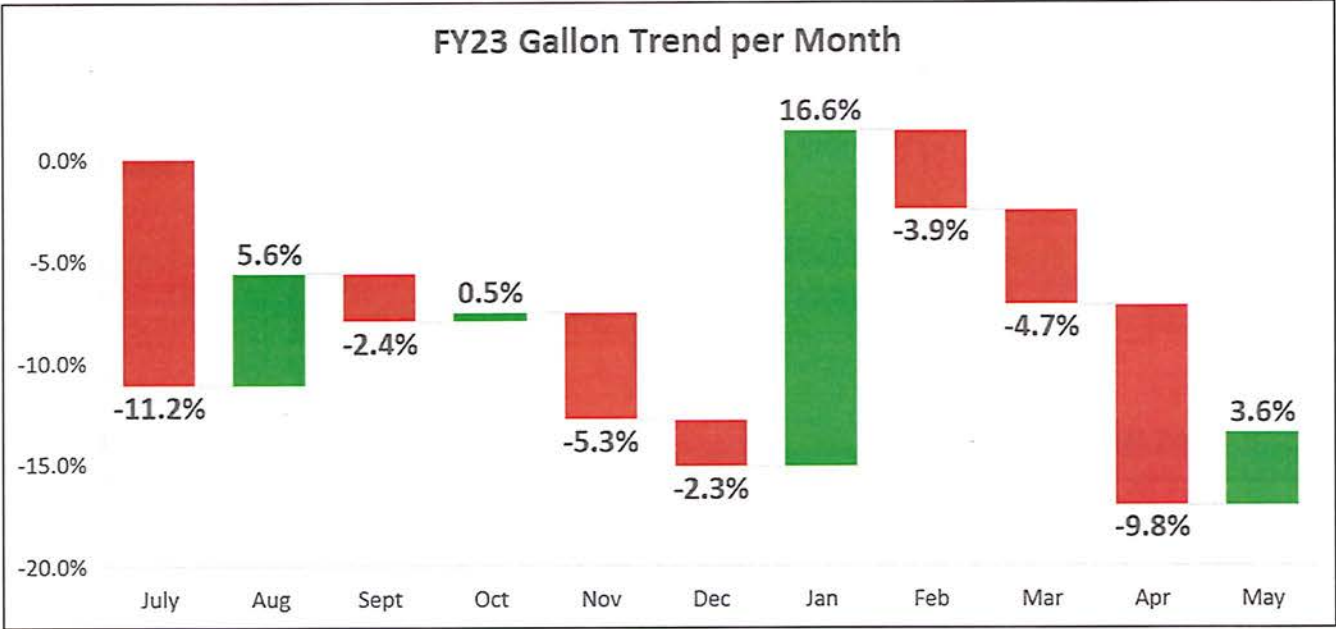
Total revenue: **\$404,802,079**



Total revenue: **\$392,906,966**

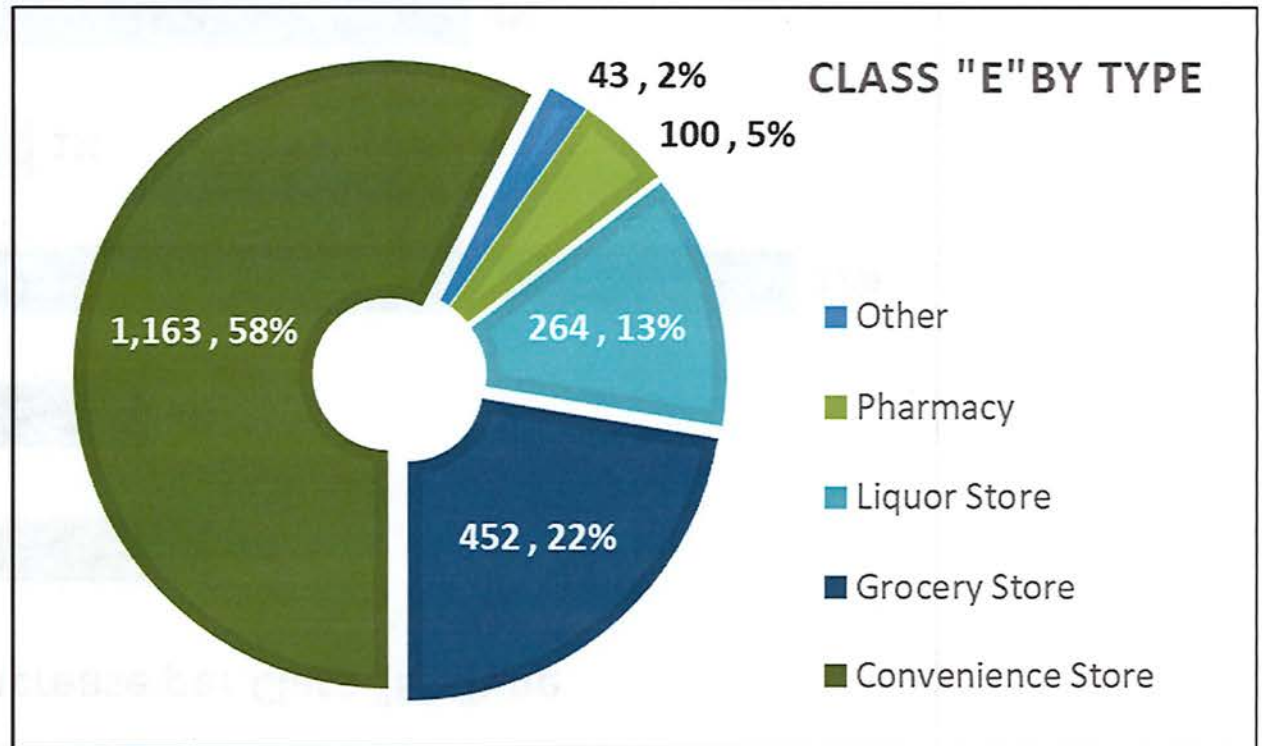
Gallon Sales Trends

- Gallons decreasing FYTD
 - Down (-1.7%) over FY22
 - 97,078 gallons less sold

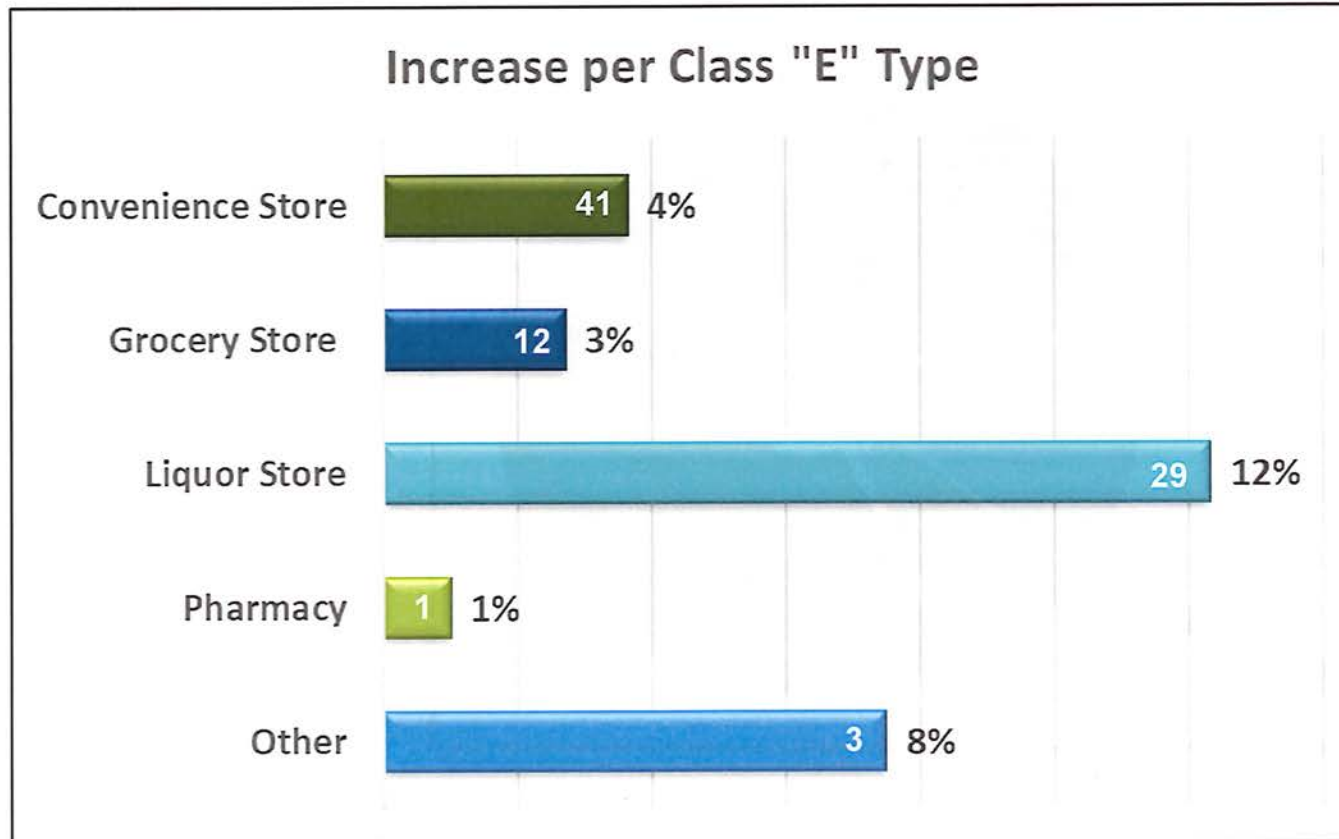


Class "E" Licensee Growth

- **2,022 Retailers**
- +10 over April
- +86 for the Fiscal Year
- **4% Increase FYTD**
- C-Store, Fastest growing
- Grocery, Largest group

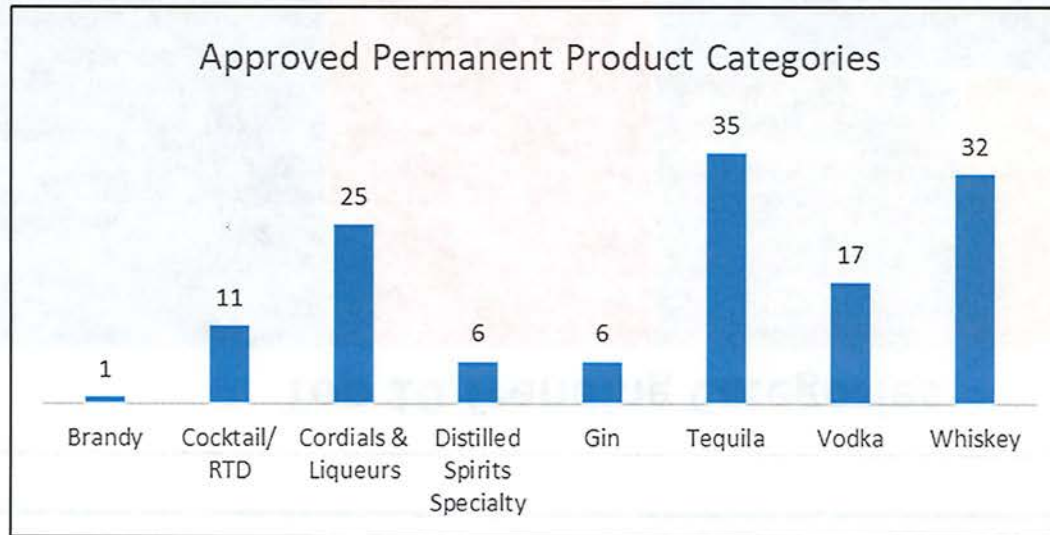


Class "E" Licensee Trends

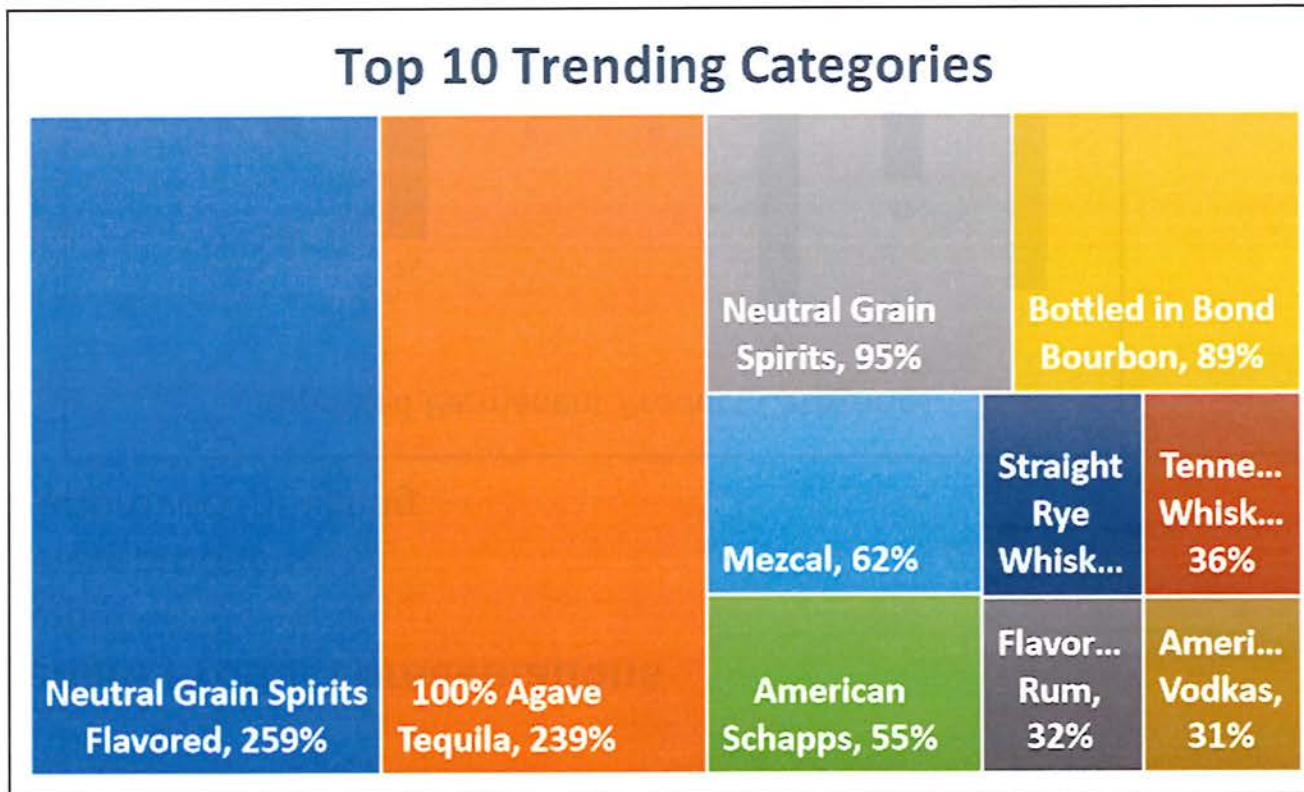


Operation and Products Trends

- **Permanent Product presentations**
 - 37 total
 - 152 new products
 - 133 approved for listing

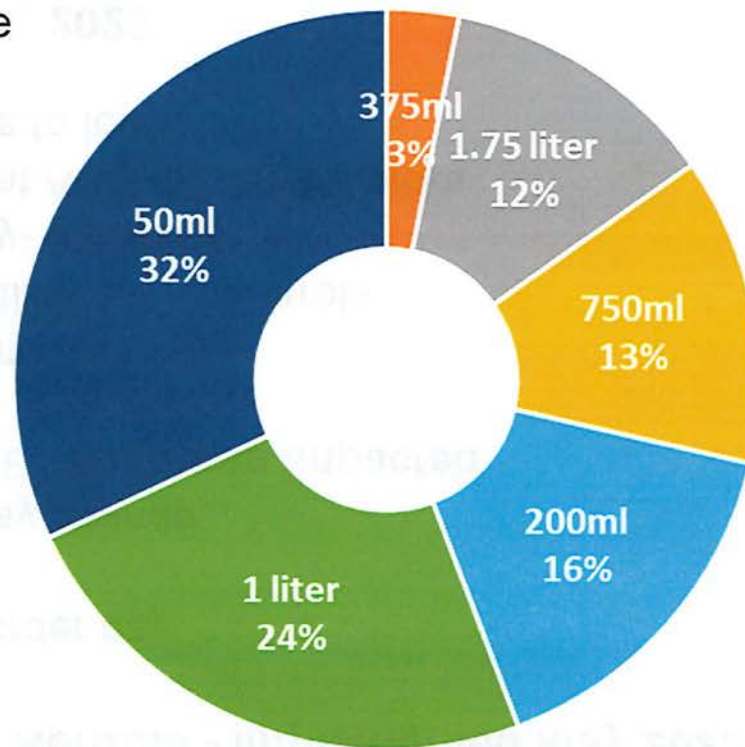


Operation and Products Trends



Operation and Products Trends

Sales Trends by Size
through May, 2023



Finance and Operations, Emerging

- **Class “E” Licensee Reroute - Implemented May 2023**
 - 230 Stops total
 - 60% no change in order day
 - 28% 1 day change
 - 12% more than 1 day change
 - **4.6% Total Class “E” Accounts impacted**
- **Barrel Pick Program**
 - Kentucky trip, 4 Distilleries- 11 Barrels
 - McCormick Distillery- 3 Barrels
 - Products sampling at ABD for remote picks
 - Re-allocated Barrels to Iowa
- **Implementing July 1, 2023**
 - Splits Case Fee Increase, \$1.00 per pick
 - Updated Listing manual, product listing and presentations