

IOWA ALCOHOLIC BEVERAGES COMMISSION

MINUTES

June 21, 2023 - 1:00 PM
Toppling Goliath Brewing Company
1600 Prosperity Road
Decorah, Iowa 52101
Dial In Number: 571.317.3129
Access Code: 410.785.493

Commission Members Present

Gary Nystrom, Chairperson

Rachel Eubank, Vice Chairperson

John Pauli, Member

Sarah Winkleman, Member

Andrea Chase, Member

Division Staff Present

Stephen Larson, Administrator

Leisa Bertram, Chief Operations and Financial Officer

Lolani Lekkas, Bureau Chief Administrative Affairs

Tyler Ackerson, Executive Officer

DeMario Luttrell, Bureau Chief Regulatory Compliance

Brenda Emelo, Executive Assistant to the Administrator

Anthony Robben, OCIO

Madelyn Cutler, Rules Coordinator

Guests Present

Stacie Schroeder, North Fayette Valley Community Coalition

Jenny Rose, Helping Services

David Smutzler, Decorah Police

Scott Nading, Pulpit Rock Brewing Company

Keri Sand, City of Decorah

Curt Wymer, Toppling Goliath

Rachel Andera, Toppling Goliath

Division Staff Present (via telephone)

Stephanie Strauss, Governmental Relations

Jonathan Mader, Accountant

Amy Serck, Secretary

Jessica Ekman, Executive Officer

Sheila Warrick, Administrative Assistant

Sara Kirk, Training Specialist

Jason Hohn, Compliance Officer

Erin Verduyn, Administrative Assistant

Chuck Crabtree, Program Planner

Lisa Gibson, Program Planner

Pam Koehn-Miller, Secretary

Brandon Trapp, Investigator

Tiffiney Brown, Administrative Assistant

Brittany Lumley, LS2group

Kellen Nielsen, ABD Intern

Guests Present (via telephone)

David Adelman, Iowa Wholesale Beer Distributors

John Cacciatore, DISCUS

Jim Moran, LUXCO

Eric Goranson, Goranson Consulting IRA & IHLA

Jennifer Husmann, Alliance of Coalitions for Change

Kevin Hyberger, Deutsch Family Wine & Spirits

Molly Kilker, Legislative Services Agency

Brian Grant, Johnson Brothers

Joe Roszman, Campari America

Andy Deloney-DISCUS

Tommy Athey, Heaven Hill Distilleries

4 unidentified callers

CALL TO ORDER

Chairperson Nystrom called the meeting to order at 1:00 PM. Roll was taken and a quorum was met.

INTRODUCTIONS

Chairperson Nystrom began the meeting by introducing the meeting hosts at Toppling Goliath Brewing Company: Curt Wymer-COO, Rachael Andera-Event Manager, Shana Meyer-Taproom GM, and Josh White-Director of Hospitality. Commissioner Nystrom noted that Clark and Barbara Lewy began the brewery in their garage with a homebrewing kit that Barbara gave Clark as a Christmas present. When the Clark's founded Toppling Goliath in 2009, they had

a 15 gallon brewing system and a four person team which grew to a 100 barrel system and a 140 person team in 2017. Today, their beer is distributed in 34 States. Mr. Wymer gave a brief presentation about the vision, mission, and values of Toppling Goliath. Mr. Wymer also thanked the ABD Staff and Commission for all their help throughout the years and ABD's commitment to making the three tiered model work for everyone involved.

APPROVAL OF AGENDA

MOTION: A motion was made to approve the agenda for today's (June 21, 2023) meeting by Commissioner Nystrom and seconded by Commissioner Pauli. The motion was approved unanimously.

APPROVAL OF MINUTES

MOTION: A motion was made to approve the minutes from the April 26, 2023, meeting by Commissioner Eubank and seconded by Commissioner Winkleman. The motion was approved unanimously.

PUBLIC COMMENT

Stacie Schroeder of the North Fayette Valley Community Coalition presented two reports on the consumption and availability of alcohol in Iowa. (Appendixes A & B)

ADMINISTRATOR'S REPORT

Executive Officer, Tyler Ackerson, gave a brief update on the status of the ARC 6667C that the Commission adopted on April 26, 2023. ARC 6667C was published in the Iowa Administrative Bulletin and the Administrative Rule Review Committee held a hearing on the rules. There were no questions or concerns from either the Committee or the public. ARC 6667C will go into effect July 5, 2023. This timing coordinates with the effective date of HF158, which gave statutory backing for some of the new Rules. (Appendix C)

Madelyn Culter, Executive Officer, gave the next update on the implementation of Executive Order 10. The Alcoholic Beverage Division (ABD) has a December 31, 2024, deadline for repealing and adopting rules that are more clear and concise. During this time there are to be no new Rules unless they are for statutory purposes. ABD is working on Rules to meet the statutes put forth in SF2374. The first step is a regulatory analysis of the proposed Rule. (Appendix D) A public hearing and comment period was held June 20, 2023 and no comments were received. The next steps are a final review before submitting a notice of intended action.

Bureau Chief of Administrative Affairs, Lolani Lekkas, updated the Commission regarding automatic renewal of certain license types and issues facing ABD with that implementation. Ms. Lekkas also noted that at this time there have been 559 special event licenses approved and there are another approximately 200 under review. ABD is currently working to interpret the portions of SF 542 that pertain to 16 and 17 year olds selling and serving alcohol in on and off premise locations. ABD is working on creating the required dram notification form for businesses to give to their carrier. The cocktails to-go legislation that was passed removes the option for straw holes and sippy cups because they are not allowed by the National Highway Traffic Safety Administration. ABD will amend the rules to reflect that change.

Bureau Chief of Regulatory Compliance, DeMario Luttrell, began his report by noting that ABD is receiving approximately 20 complaints per month which combined with compliance checks and tax audits is allowing ABD to be on track to exceed goals within the calendar year. In working to expand compliance inspections to all 99 counties, a recent report showed that there are 25 counties that have not been visited in two years. Mr. Luttrell has put forth a plan to visit

those 25 counties in the next two months. These inspections allow ABD to see new laws in action and meet with local authorities.

Leisa Bertram, Chief Operating and Financial Officer, began her report by commenting on financial trends through May 2023. Liquor sales have increased three percent giving a total revenue for FYTD of \$411.5 million. Two notable down trends are number of orders and picks. These are due to fewer add-ons and special orders as well as more full cases being picked compared to split cases. The revenues per delivery, bottle and pick are up FYTD. Commissioner Eubank asked about the financial impact of ABD's barrel pick program. Ms. Bertram agreed to provide analytical data to the board. (Appendix E)

The Administrator summarized information given in the Administrator's Report. He noted that as new laws are passed and new rules are created, ABD will continue to evolve to match those goals. ABD staff will continue to meet with various groups involved in alcohol and discuss changes and concerns. ABD's wants licensees to stay in compliance and let those that are out of compliance know that ABD is aware and will use due process and administrative actions, if necessary, to bring them back into compliance. There has been a legislative request about items that are offered in limited quantities that will need to be fulfilled. When the alignment with the Iowa Department of Revenue (IDR) occurs on July 1, 2023 ABD will be one of seven divisions within the Department. There has been an ABD team working with IDR on the integration to develop a one stop shop for licensees. The Administrator informed the Commission that Commission Meetings will continue to occur after the alignment has taken place.

NEW BUSINESS

New business brought before the Commission included the election of officers for a term of one year from July 1, 2023 to June 30, 2024.

MOTION: Commissioner Pauli made a motion to continue as in previous years and have Commissioner Eubank move to Chair, Commissioner Pauli move to Vice Chair and Commissioner Winkleman move to Secretary. Commissioner Winkleman seconded the motion. After a roll call vote, the motion passed unanimously.

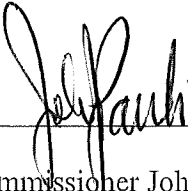
NEXT MEETING DATE

The next Commission meeting will be August 9, 2023, in the Cedar Rapids area. Information will be posted on ABD's website.

ADJOURNMENT

MOTION: A motion was made by Commissioner Pauli to adjourn the meeting and seconded by Commissioner Chase. The motion was approved unanimously.

The meeting adjourned at 2:55 PM.



Commissioner John Pauli, Secretary



Eyes on Iowa:

A Citizen-Science Project to Assess Expanded Alcohol Availability



OVERVIEW

Iowa was one of many states to relax alcohol control measures during the first year of the COVID pandemic. Initially, the change was enacted by the governor’s executive order as a strategy to support the hospitality industry. Subsequently, the Iowa legislature amended the state code to permanently allow home delivery of alcohol and carry-out drinks from licensed establishments. Administrative rules were put in place through the Alcoholic Beverages Division, but to our knowledge there was no information on adherence to the rules. Therefore, the Alliance of Coalitions for Change and the University of Iowa College of Public Health undertook a citizen-science project to gather data on these forms of expanded alcohol access.

Project Goal: to assess new alcohol access routes (home delivery, curbside pickup, drinks to-go) for population health risks.

BACKGROUND

Many US states and other countries made similar changes during the pandemic to allow greater alcohol access. As relatively new forms of alcohol access, the impact on drinking behaviors and related harms has not been thoroughly studied. However, emerging research suggests concerns. In particular, home delivery of alcohol has been associated with heavier drinking [1-3], often motivated by a desire to keep drinking after running out of alcoholic beverages [1, 2], and inconsistent ID checks among young adults, which may increase the risk of under-age drinking [1, 2].

METHODS

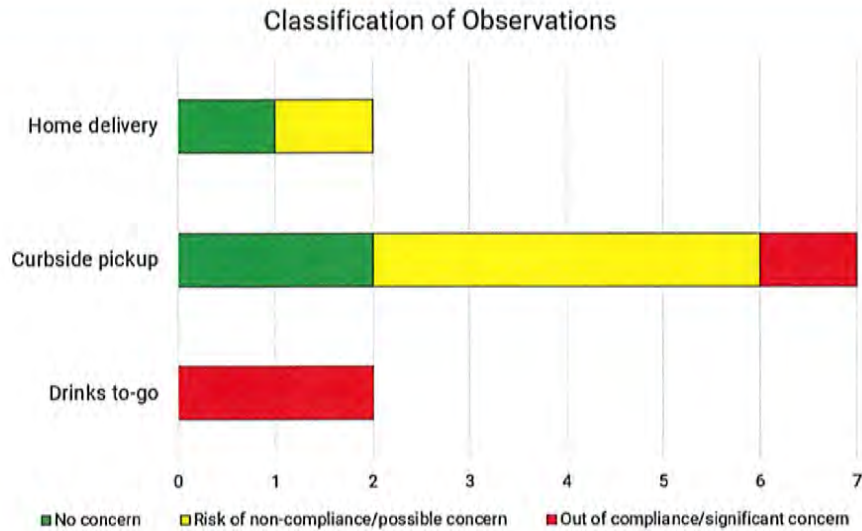
In response to growing national concern, the Alcohol Action Network (a project of the Alcohol, Tobacco, and Other Drugs Section of the American Public Health Association) developed a citizen-science project in which community members used an online survey to gather information about expanded alcohol access. The goal was to educate people about alcohol policies and engage them in collecting local data. Prevention advocates in each state that wanted to participate in the project were guided by the Alcohol Action Network, which provided planning support, a unique link to an online survey for each state, and access to data. In turn, local advocates recruited volunteers to observe alcohol purchases and record information.



Figure 1. Alcohol observations by county

The current project was a collaboration between the University of Iowa College of Public Health (CPH) and the Alliance of Coalitions for Change (AC4C), a state-wide network of prevention coalitions. Volunteers were recruited by community coalitions, received information on how to use the online survey from a CPH graduate student who served as project coordinator, and recorded their experience using a survey link specific for Iowa. From July to December 2023, 12 observations were made by community volunteers; however, because of inconsistent data only 11 observations are summarized here. The observations took place in six counties across Iowa (shown in figure 1), and transactions included alcohol home delivery, curbside pickup, and drinks to-go.

RESULTS



Home Delivery

The sources were a grocery store and an out of state wine shipper delivered by Door Dash and Fed Ex, respectively. Observers reported that IDs were checked and carefully reviewed in one instance. However, the second instance was at risk of non-compliance due to an inattentive ID check (i.e., not reviewed carefully).

Curbside Pickup

Most observations were reported from grocery stores and warehouse stores, where pickups were delivered by workers at these establishments by bringing the orders out to a car. Orders were placed in the car, including in the driver or passenger area and in the trunk or behind the seats. Most of these observations were at risk of non-compliance due to placement of the order in the car. One observation was out of compliance because of no ID check.

Drinks To-Go

Drinks to go were obtained from restaurants. Administrative rules to address the filling, sealing, and sale of mixed drinks are in place at the state level. The observations that were reported; sealed with a tamper-evident seal and not sealed drink.

"I ordered two margaritas to-go with our food order. No ID was requested, and drinks were combined and sent home in a deli-type container"
Observation volunteer

CONCLUSIONS

No alcohol access route was without concern. Curbside pickup and drinks to-go appear especially problematic given the high number of transactions classified as non-compliant or at risk of non-compliance. Concerns included inconsistencies in ID checks, incorrect placement of alcohol in vehicles, and lack of correct seals on containers.

Although preliminary and small scale, the results of this citizen-science observation project provide data that was previously unavailable. It can be useful to inform policy makers, alcohol regulators, and substance use prevention advocates in Iowa.

Questions? Email Jennifer Husmann at jhusmann@asac.us.

Prepared for the Alliance of Coalitions for Change by Yajaira Bolaños-Flores, MPH, and Paul A. Gilbert, PhD.

REFERENCES

1. Huckle T, Parker K, Romeo JS, Casswell S (2021). Online alcohol delivery is associated with heavier drinking during the first New Zealand COVID-19 pandemic restrictions. *Drug Alcohol Rev*; 40: 826-834.
2. Colbert S, Wilkinson C, Thornton L, Feng Xiaoqi, Campaign A, Richmond R (2023). Cross-sectional survey of a convenience sample of Australians who use alcohol home delivery services. *Drug Alcohol Rev*; online ahead of print: doi: 10.1111/dar.13627.
3. Grossman ER, Benjamin-Neelon S, Sonnenschein S (2022). Alcohol consumption and alcohol home delivery laws during the COVID-19 pandemic. *Subst Abuse*; 43(1): 1139-1144.



Local Alcohol Policies to Improve Community Health & Safety in Iowa












*Matthew J Voss, Shawn F Dorius,
Kelsey Van Selous, & Cassandra J
Dorius*

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ALCOHOL POLICY RECOMMENDATIONS

When it comes to alcohol, Iowa is a high-consumption state, with [one of the highest binge drinking rates](#) in the country. That places Iowans and their communities at especially high risk for alcohol-related harms such as cancer and heart diseases, intoxicated driver car crashes, domestic violence, property crimes, public disturbances, and lost worker productivity. For these reasons, cities and counties are advised to use a mix of the policy mechanisms listed below to reduce excessive alcohol consumption and its associated harms.

Local Policies		Conditional Use Permits represent a flexible, customizable tool that can be strategically deployed to limit hours of sale and excessive advertising to youth, for example.
		Nuisance Ordinances can be used to ensure that alcohol establishments respect community norms and comply with ordinances concerning excessive noise and light, including the actions of patrons on or near the establishment.
		Alcohol Advertising Ordinances enable communities to limit the type or prevalence of alcohol advertising signage, especially where advertising will result in high child exposure.
		Enforcement can take the form of targeted bar checks (e.g., establishments known to sell to minors), intoxicated driver checkpoints at high-risk locations and alcohol-heavy community events, or place-of-last-drink programs. These efforts produce useful data for licensure hearings and tailored local policies.
		Screening and Intervention is an individual-level public health tool that increases the odds that an individual with an alcohol use disorder will seek treatment. The SBIRT tool can be scaled up using electronic methods (e-SBI).
		Responsible Beverage Service Training can be especially effective when targeting high-risk establishments, such as those with a history of overservice, prior alcohol violations, or establishments appearing in place-of-last-drink databases.
State Policies		Excise Taxes and Minimum Unit Pricing leverage market forces relating price and quantity demanded to reduced alcohol consumption. These mechanisms have been shown to have a targeted effect on the highest-risk drinkers. The Iowa alcohol excise tax was last revised in the mid-1980s.
		Dram Shop Liability policies ensure that alcohol-selling establishments can be held liable when an overserved patron (e.g., highly intoxicated) causes an accident or property damage. Iowa currently has limited dram shop liability.
		Limiting Days and Hours of Sale has been shown to reduce excessive alcohol consumption. The State of Iowa allows alcohol to be sold every day of the week from 6:00 AM to 2:00 AM.

THE ALCOHOL POLICY LANDSCAPE IN IOWA

Local Alcohol Policy

As one of 18 alcohol control states, the Iowa state code empowers the Iowa Alcoholic Beverages Division (ABD) as the sole wholesaler of distilled spirits. The ABD is also empowered to approve (and rescind) the licensing of establishments for the sale of alcohol, engage in some enforcement activities, and to partner with businesses and local officials in various alcohol-related matters. Communities have an important role to play in setting local alcohol policy that aligns with community norms, standards, and health and safety goals.

Place-Based Regulation

When alcohol establishments become densely clustered, they increase neighborhood risk of violence, crime, public nuisances, and other harms. Alcohol outlet densities (AOD) in close proximity to sensitive locations such as schools, parks, and churches, or near at-risk populations, including children, pose an especially high risk to individuals and families. Communities can reduce AOD risk and harm by closely monitoring them, reducing their density, and implementing ordinances that improve health and safety.

CONDITIONAL USE PERMITS

One tool communities can leverage to regulate alcohol establishments is the [conditional use permit](#) (CUP). In contrast to alcohol licenses, which are largely outside the control of local policymakers, CUPs represent a customizable layer of local regulation over which the community has substantial control. CUPs come in different forms, as determined by city ordinances.

Typically, a zoning board or commission has the authority to approve or deny CUPs based on established criteria, such as its impacts on community health and wellbeing. In the context of alcohol establishments, CUPs can be used to reduce establishment clustering, place additional requirements on alcohol outlets that limit their harms in sensitive areas, or support enforcement of problem establishments. Des Moines has used CUPs to place restrictions on alcohol establishments with a history of problem incidents (e.g., noise ordinance violations, assaults, DWIs).

ALCOHOL ESTABLISHMENT REGULATIONS

In some cases, using CUPs to limit or reduce alcohol clusters may be difficult, due to local political realities and the influence of preexisting establishments. Where these conditions exist, communities can protect community health and improve safety by crafting local ordinances specific to alcohol-selling establishments.

Des Moines, IA requires CUPs for a variety of building uses, including alcohol sales. Among other requirements, the business location must safeguard “the health, safety, and general welfare of persons residing in the adjoining or surrounding residential area.”

In December 2022, Des Moines used the CUP to [limit hours of sale](#) and place greater restrictions on a downtown alcohol establishment, citing extensive 911 calls as evidence of neighborhood harms.

In 2017, the Des Moines Zoning Board of Adjustment [denied a CUP to a Shop N Save](#), citing the problematic history of the location. The decision was appealed to the judicial system, where it was affirmed by both the district court and the Iowa Court of Appeals.

Nuisance ordinances are one way that narrowly tailored local regulations can be used. Many communities have a nuisance ordinance of one kind or another in their city code to regulate noise or limit loitering, for example. A nuisance ordinance that focuses on alcohol establishments or outlet clustering might involve stricter regulations around noise, fights, and other harms associated with excessive and irresponsible alcohol consumption; boundaries delineating a downtown area or entertainment district for stricter regulation or enforcement; or more substantial penalties for businesses that fail to prevent nuisances on or immediately adjacent to their property.

Regulating alcohol advertising is another example of locally tailored ordinances. Iowa law prohibits alcohol advertising on the exterior of establishments but allows interior signage, including outward-facing advertisements on windows. State code offers no distinction between bars, where patronage is restricted to 21 and older individuals, and restaurants or convenience stores, where youth are present. Cities can use local ordinances to distinguish between these kinds of alcohol-selling establishments to limit advertising near schools, parks, libraries, and other places where children are present. The latter is an important way for communities to [reduce youth drinking intentions](#).

Enforcement

Most alcohol sales and consumption enforcement reside with local law enforcement in Iowa. There is significant evidence that increased bar checks, [especially for sales to minors](#), can decrease actual sales to minors and reduce excessive drinking (e.g., extreme public intoxication). A benefit of precision enforcement

Between November 2022 and January 2023, the **Ames, Iowa** City Council denied liquor licenses to three alcohol establishments (1, 2, 3) on the basis of failed compliance checks and underage citations. In two of the three cases, the failed compliance checks triggered an automatic 30-day suspension and \$1,500 fine, irrespective of the appeal review by the Iowa Alcoholic Beverages Division.

of alcohol sales and consumption laws is that it can yield long-run savings by reducing reactive service calls, limiting property damage near problem establishments, and lead to higher work productivity and fewer sick days.

Bar checks that result in citations can also be used to identify problem alcohol establishments and as evidence in local and state decisions to renew, deny, or suspend liquor licenses. This was the case in Ames, Iowa, as seen in the case study to the right. The Public Science Collaborative created an interactive [map of the locations of alcohol establishments](#) cited for sales violations in recent years.

Screen and Intervene

Beyond city ordinances, community organizations can also promote interventions at the individual level, such as an electronic screening and brief intervention (e-SBI). This process involves a short series of questions to evaluate whether the individual has, or is at risk of, an alcohol use disorder. If this is the case, a brief intervention takes place with feedback describing the risks of excessive drinking. The [Community Preventive Services Task Force](#) found that e-SBI is among the most effective alcohol interventions currently available. Although this strategy focuses on individuals, it can be scaled up for implementation in schools, colleges, or with at-risk groups such as those who receive public intoxication or operating while intoxicated citations.

Responsible Beverage Service Training

Responsible Beverage Service (RBS) training programs train bartenders and other alcohol-serving employees in a range of practices, including how to check identification cards, recognize excessive consumption and intoxication, and ways to intervene and prevent patrons from driving intoxicated. Research on these programs varies, as there are many different styles of implementation and issues that can be covered in RBS training. The [Community Preventive Services Task Force](#) found insufficient evidence to conclusively determine

that RBS programs reduce excessive consumption, primarily due to uncertainty in how the RBS programs in academic studies are scaled up for application to a larger areas. However, the RBS literature generally shows these programs to be effective, at least with individual alcohol establishments that undergo intensive training. For this reason, RBS programs may be at their most effective when targeted to problem establishments with a history of overservice.

State Alcohol Policy

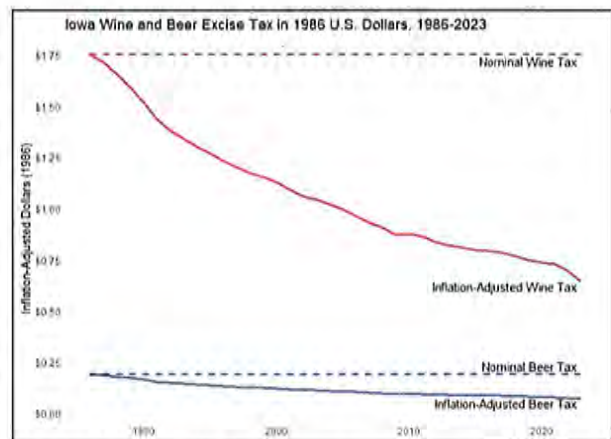
Many of the policy mechanisms that most significantly reduce excessive alcohol consumption and its downstream harms to public health and safety reside with the state in Iowa. Unfortunately, wine and beer excise taxes have not changed since the mid-1980s. As shown in the graph below, the effect of non-action on alcohol tax policy in Iowa is that alcohol has become more affordable over recent decades. Not surprisingly, sales by volume have also increased over this same period.

Price Interventions

A basic principle of economics is that as prices increase, quantity demand decreases. This principle also holds true when it comes to alcohol sales, such that a straightforward way to reduce the most harmful effects of excessive alcohol consumption is to increase prices. In this regard, there are two key mechanisms by which Iowa can increase the price of alcohol.

ALCOHOL EXCISE TAXES

Similar to taxes that target tobacco products and snack foods—two classes of products that are also known to harm health—alcohol-specific taxes can be used to decrease overall and excessive alcohol consumption. In Iowa, the excise tax for a gallon of beer is \$0.19, and for wine, it is \$1.75. Because the rates have not changed since 1986, the inflation-adjusted tax rates decreased to \$0.08 and \$0.71 for beer and wine, respectively. Accommodations of high-ABV craft beers into the beer tax have also decreased the average tax for high-ABV beverages.



MINIMUM UNIT PRICES

With Minimum Unit Pricing (MUP), the state sets a minimum price under which alcohol cannot be sold. This effectively raises the price of alcohol by limiting special deals or sales, such as happy hours, two-for-one, or all-you-can-drink specials. States can also implement [restrictions on drink specials](#) rather than implementing a more sweeping MUP for all alcoholic beverages. Evidence shows that even this modest intervention can be a very effective policy to reduce consumption among the highest-risk drinkers.

Dram Shop Liability

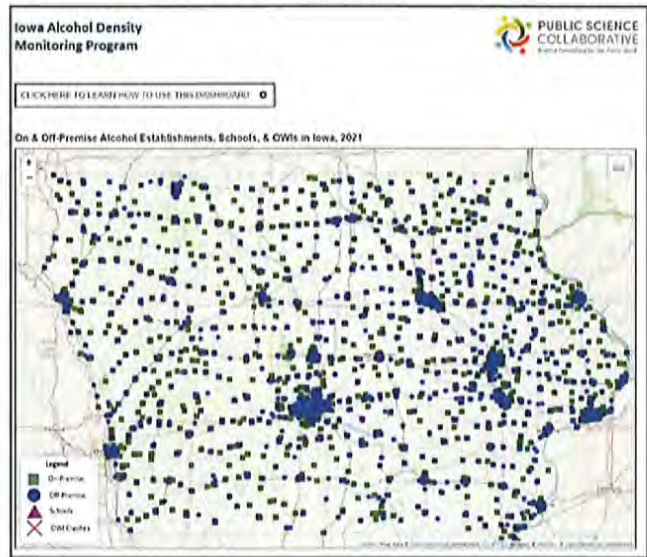
Dram shop liability is a policy mechanism that enables the state to hold alcohol establishments legally responsible for customers who, upon leaving the establishment highly intoxicated, violate municipal and state laws. This might include property damage, driving while intoxicated, assault, or a fatal car crash, for example. Iowa's current dram shop liability law was revised in 2018 to limit non-economic damages to \$250,000.

Limits on Days and Hours of Sale

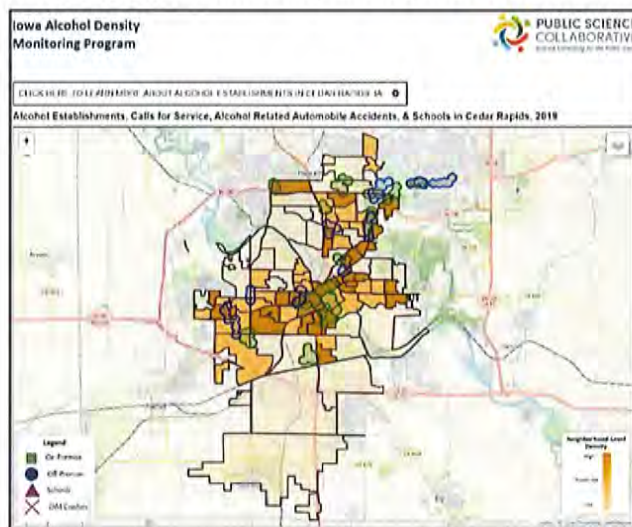
Iowa code prohibits the sale of alcohol between 2:00 AM and 6:00 AM every day of the week. However, there is evidence that further limiting hours and days can reduce excessive alcohol consumption. With the exception of conditional use permits, limiting hours and days of sale can only be enacted by state legislation in Iowa.

Iowa Alcohol Outlet Monitoring Dashboard

PSC built an interactive website that contains a large amount of local information concerning alcohol sales, violations, clustering of establishments (AODs), and community resources that can help communities to be a welcoming place without compromising health and safety. These web-based resources include interactive dashboards that show the locations of [every alcohol-selling establishment in the state](#), differentiated by on-premise or off-premise classification (see picture to the left), the locations of sales violations, alcohol outlet clusters that threaten community health and safety, and also the locations of schools and alcohol-related automobile crashes. Users can drill down to the local level and explore the alcohol risk environment in any community in Iowa. We hope these statewide tools will help enable communities to develop thoughtful, culturally appropriate policies that reduce underage drinking, alcohol-related crimes such as homicide, domestic assault, driving while intoxicated, and damage to property, and the incidence of cancer and other alcohol-related chronic diseases.



PSC also created customized dashboards for four Iowa communities, including Burlington, Cedar Rapids, Iowa City, and Marshalltown. These community alcohol dashboards map the locations of alcohol outlets, schools, DUI car crashes, and outlet densities in each community. They also include data layers that identify neighborhoods with a high number of reactive service calls (e.g., 911) that are known to be influenced by



excessive alcohol consumption. In the image to the left is a screenshot of the [Cedar Rapids Dashboard](#), showing on-premise and off-premise alcohol outlet clusters layered over a map showing neighborhoods with low, medium, and high numbers of service calls related to families (e.g., domestic disturbance, assault, elder abuse, runaway child). Blending local data such as these with alcohol data can help communities identify problem establishments, neighborhoods in need of resources, monitor the impacts of local policy interventions, and otherwise inform local decision-making. We encourage communities to leverage their local data to guide local interventions aimed at preventing or mitigating the harms of excessive alcohol consumption.

The Iowa Alcohol Monitoring website also contains links to reports, articles, and research studies about community-oriented alcohol policy. We encourage you to [explore these resources](#) to learn more about alcohol policy in and around your community.

ARC 7028C

ALCOHOLIC BEVERAGES DIVISION[185]

Adopted and Filed

Rule making related to federal regulations for trade practices

The Alcoholic Beverages Division hereby amends Chapter 16, “Trade Practices,” Iowa Administrative Code.

Legal Authority for Rule Making

This rule making is adopted under the authority provided in Iowa Code sections 123.10 and 123.186.

State or Federal Law Implemented

This rule making implements, in whole or in part, Iowa Code section 123.186.

Purpose and Summary

Pursuant to Iowa Code section 123.186, the Division is required to adopt as rules the substance of the federal regulations found in 27 CFR Parts 6, 8, 10, and 11 prescribed by the Alcohol and Tobacco Tax and Trade Bureau of the United States Department of the Treasury. These regulations govern allowable and prohibited trade practice activity among alcohol manufacturers, wholesalers, and retailers in the areas of tied house, exclusive outlets, commercial bribery, and consignment sales.

The adopted amendments to Chapter 16 make necessary updates to align the Division’s rules with the current federal regulations unless otherwise preempted by Iowa law. The Division believes the updates make the regulatory requirements clearer and make it easier for manufacturers, wholesalers, and retailers to do business in Iowa.

Public Comment and Changes to Rule Making

Notice of Intended Action for this rule making was published in the Iowa Administrative Bulletin on November 16, 2022, as **ARC 6667C**. A public hearing was held on December 6, 2022, at 1 p.m. via video/conference call.

Only one organization attended the public hearing and provided public comment requesting changes to the rule making. Written public comments were also received.

Based on public comment and 2023 legislation, the following changes were made from the published Notice:

1. Did not adopt a definition for “division” and instead added a definition for “department” to coincide with the enactment of 2023 Iowa Acts, Senate File 514. References to “division” were replaced with “department” throughout the rule making.
2. Amended the definition of “exclusion” in rule 185—16.1(123) to clarify that exclusion can occur in whole or in part.
3. Amended the definition of “furnishings, fixtures and equipment” in rule 185—16.1(123) to clarify that the items identified in subrule 16.3(1) are not included in the definition.
4. Revised new subrule 16.3(1) to clarify that billboards are considered retailer advertising utensils allowed to be supplied, given, or sold by industry members to retailers.
5. Revised new subrule 16.11(2) to remove the requirement that any additional cost incurred by an industry member related to a combination package be included in the cost of the package to the retailer. This requirement does not appear in federal regulation.
6. Revised new paragraph 16.14(2)“a” to reinstate the prohibition against an industry member resetting or rearranging another industry member’s products without the explicit consent of the retailer.

7. Did not adopt new paragraph 16.14(2)“b” since it was no longer needed with the revisions to new paragraph 16.14(2)“a.” The remaining new paragraph 16.14(2)“c” was relettered as necessary.

8. Revised new subrule 16.60(1) to clarify that an industry member and a retailer may enter into a supply contract of one year or less where the industry member sells alcoholic liquor, wine, or beer to the retailer on an “as needed” basis, provided the retailer is not required to purchase any minimum quantity of such product. This aligns with the corresponding federal regulation.

9. Revised new subrule 16.60(2) to add an example of a prohibited third-party arrangement.

10. Did not adopt amendments to rule 185—16.75(123).

11. Did not adopt amendments to 185—Chapter 16, Part V preamble, since amendments to rule 185—16.75(123) were not adopted. Added amendments to clarify that Part V applies to transactions between industry members and retailers.

12. Did not adopt rule 185—16.76(123).

Adoption of Rule Making

This rule making was adopted by the Administrator, with the approval of the Alcoholic Beverages Commission, on April 26, 2023.

Fiscal Impact

This rule making has no fiscal impact to the State of Iowa.

Jobs Impact

After analysis and review of this rule making, no impact on jobs has been found.

Waivers

Any person who believes that the application of the discretionary provisions of this rule making would result in hardship or injustice to that person may petition the Division for a waiver of the discretionary provisions, if any, pursuant to 185—Chapter 19.

Review by Administrative Rules Review Committee

The Administrative Rules Review Committee, a bipartisan legislative committee which oversees rule making by executive branch agencies, may, on its own motion or on written request by any individual or group, review this rule making at its [regular monthly meeting](#) or at a special meeting. The Committee’s meetings are open to the public, and interested persons may be heard as provided in Iowa Code section 17A.8(6).

Effective Date

This rule making will become effective on July 5, 2023.

The following rule-making action is adopted:

ITEM 1. Amend rule 185—16.1(123) as follows:

185—16.1(123) Definitions.

“Alcoholic liquor” means “alcoholic liquor” as defined in Iowa Code section 123.3(5). For the purposes of this chapter, “alcoholic liquor” includes “native distilled spirits” as defined in Iowa Code section 123.3(34).

“Beer” means “beer” as defined in Iowa Code section 123.3(7). For the purposes of this chapter, “beer” includes “canned cocktail” as defined in Iowa Code section 123.3(11) and “high alcoholic content beer” as defined in Iowa Code section 123.3(22).

"Brand" means each alcoholic liquor, wine, or beer, ~~or high alcoholic content beer~~ packaged and sold under a separate name, class, type, or kind designation (wine appellation of origin, wine vintage date, alcoholic liquor age, percentage of alcohol, etc.).

~~*"Cost adjustment factor:"* The division shall annually adjust the dollar limitations in rule 185—16.2(123) not to exceed the adjusted annual cost permitted by the federal Bureau of Alcohol, Tobacco, and Firearms contained in 27 CFR 6.83. The division shall annually adjust the dollar limitations in rule 185—16.3(123) not to exceed the adjusted annual cost permitted by the federal Bureau of Alcohol, Tobacco, and Firearms contained in 27 CFR 6.85. The division shall annually adjust the dollar limitations in rule 185—16.16(123) not to exceed the adjusted annual cost permitted by the federal Bureau of Alcohol, Tobacco, and Firearms contained in 27 CFR 6.100. The dollar limitations for the rules listed herein for calendar year 1992 are as follows:~~

- ~~1. Rule 185—16.2(123) Product displays: \$160.~~
- ~~2. Rule 185—16.3(123) Retailer advertising utensils: \$78.~~
- ~~3. Rule 185—16.16(123) Participation in retail association activities: \$160.~~

~~*"Department"* means the department of revenue.~~

"Equipment" includes, but is not limited to, mechanized and nonmechanized refrigeration units and devices used in the storage, dispensing, and cooling of alcoholic liquor, wine and beer, tap boxes, "party wagons," dispensing systems, and shelving. Equipment does not include tapping accessories (including faucets, rods, vents, taps, hoses, washers, couplings, gas gauges, vent tongues, shanks, check valves and "picnic" pumps) which are used in dispensing wine or beer from kegs or bulk packaging.

"Exclusion," in whole or in part, ~~of a competitor's products includes, but is not limited to, any, some or all of the following factors:~~ means a practice by an industry member, whether direct, indirect, or through an affiliate, that places (or has the potential to place) retailer independence at risk by means of a tie or link between the industry member and retailer or by any other means of industry member control over the retailer, and such practice results in the retailer's purchasing less than it would have of a competing industry member's product. The following criteria are indications that a particular practice places retailer independence at risk. A practice need not meet all of the criteria specified below in order to place retailer independence at risk.

- ~~1. Position and location of alcoholic beverages products sold during special event.~~
- ~~2. Alcoholic beverages products sold prior to allegation of violation in retail establishment.~~
- ~~3. Industry member and retailer objective intent.~~
- ~~4. Industry member and retailer connection with charitable or civic sponsor of special event.~~
- ~~5. Alcoholic beverages products sold during the event.~~
- ~~6. Sales price and discounts on alcoholic beverages products sold during the event.~~
- ~~7. Any other special considerations or preferential treatment offered by the industry member and accepted by the retailer which were not similarly offered to all retailers in the same market.~~

1. The practice restricts or hampers the free economic choice of a retailer to decide which products to purchase or the quantity in which to purchase them for sale to consumers.

2. The industry member obligates the retailer to participate in a promotion to obtain the industry member's product.

3. The retailer has a continuing obligation to purchase or otherwise promote the industry member's product.

4. The retailer has a commitment not to terminate its relationship with the industry member with respect to purchase of the industry member's products.

5. The practice involves the industry member in the day-to-day operations of the retailer. For example, the industry member controls the retailer's decisions on which brand of products to purchase, the pricing of products, or the manner in which the products will be displayed on the retailer's premises.

6. The practice is discriminatory in that it is not offered to all retailers in the local market on the same terms without business reasons present to justify the difference in treatment.

"Fixtures" includes, but is not limited to, bar sinks, bars, light fixtures, and indoor or outdoor signs used to identify the retail establishment.

"Furnishings" includes, but is not limited to, money, services, chairs, tables, lamps, pictures, remodeling costs, bar sinks, ~~menus~~, carpeting, bar stools, display cabinets and curios, linens, linen services, china and silver or stainless steel eating and other utensils, decorations, and sound systems used by a retailer. (Durable and disposable glassware is addressed in rule 185—16.5(123).)

"Furnishings, fixtures and equipment" does not include the items identified in rule 185—16.2(123), ~~subrule 16.3(5)~~ subrules 16.3(1) and 16.3(2), ~~rule 185—16.4(123)~~, rule 185—16.5(123), rule 185—16.6(123), rule 185—16.7(123), ~~subrule 16.13(5), or subrule 16.13(6), or paragraph 16.13(2) "a."~~

"Industry member" means an alcoholic beverages manufacturer, including a distiller, vintner or brewer, bottler, importer, wholesaler, ~~jobber~~, representative, broker, agent, officer, director, shareholder not considered an institutional investor as defined in Iowa Code section 123.3(27), partner or employee of each of the above.

"Product" means alcoholic liquor, wine, ~~beer~~, or high-alcoholic content beer as defined in Iowa Code chapter 123.

"Retailer" means the holder of an alcoholic beverages license or permit, agents, officers, directors, shareholders not considered institutional investors as defined in Iowa Code section 123.3(27), partners, and employees who sell alcoholic liquor, wine or beer to consumers for consumption on or off the premises of the licensee or permittee.

"Sampling" means the practice of industry members giving product to a retailer for the purpose of market research, education, promotion of the product, or determination of the flavor of the product.

"Tasting" means the presentation and serving of a product by industry members or retailers to consumers for the purpose of market research, education, promotion of the product, or determination of the flavor of the product.

"Trade buyer" means a person who is a wholesaler or retailer of alcoholic liquor, wine, or beer.

"Trade spending" means the practice of industry members promoting their brand by purchasing alcoholic beverages for consumers where alcoholic beverages are sold and served for on-premises consumption.

"Wine" means "wine" as defined in Iowa Code section 123.3(53). For the purposes of this chapter, "wine" includes "native wine" as defined in Iowa Code section 123.3(36).

This rule is intended to implement Iowa Code sections 123.45 and 123.186.

ITEM 2. Amend rule 185—16.2(123) as follows:

185—16.2(123) Product displays.

16.2(1) ~~As~~ Except as otherwise provided in this rule, an industry member is prohibited, directly or indirectly, from inducing a retailer to purchase any products from the industry member to the exclusion, in whole or in part, of products sold or offered for sale by other industry members by any of the following means:

- ~~a. renting~~ Renting, leasing, or buying display space from a retailer;
- ~~b. paying~~ Paying a retailer to set up a display;
- ~~c. giving~~ Giving a special price on the products featured in the display or other products sold by the industry member;
- ~~d. or providing~~ Providing free merchandise to a retailer in return for a display.

~~16.2(1)~~ **16.2(2)** An industry member may give, furnish, sell, rent or loan product displays such as wine racks, bins, barrels, casks and portable, disposable shelving from which alcoholic beverages are displayed and sold, provided that the product display bears conspicuous and substantial advertising matter on the product or the industry member which is permanently inscribed or securely affixed. The name and address of the retailer may appear on the product display. A product display is prohibited if it has secondary value to the retailer, for other than advertising purposes. An industry member is prohibited from requiring a retailer to purchase a specific quantity of alcoholic liquor, wine or beer in order to receive a product display.

~~16.2(2)~~ **16.2(3)** The total value of all product displays ~~per brand per calendar year~~ may not exceed ~~\$155~~ \$300 per brand at any one time in any one retail establishment. The value of the product display is the industry member's original cost of the item.

~~16.2(3)~~ 16.2(4) Industry members may not pool or combine their dollar limitations in order to provide a retailer with a product display which exceeds \$155 ~~\$300~~. Industry members are prohibited from pooling or combining several brands to provide a retailer with a product display which exceeds \$155 ~~\$300~~.

16.2(5) An industry member shall keep and maintain records in accordance with rule 185—16.18(123).

This rule is intended to implement Iowa Code section 123.186.

ITEM 3. Amend rule 185—16.3(123) as follows:

185—16.3(123) Retailer advertising utensils, consumer ~~souvenirs~~, advertising specialties, retailer wearing apparel.

16.3(1) Retailer advertising utensils.

a. An industry member may furnish supply, give, or sell retailer advertising utensils which bear conspicuous advertising matter permanently affixed to the utensils and which are primarily valuable as point-of-sale advertising intended for use on the premises of the retail establishment. ~~No advertising utensils with secondary value which constitute furnishings, fixtures, or equipment used in the storage, handling, serving, or dispensing of alcoholic beverages, wine, beer, or food within the place of the retail business of a licensee or permittee shall be given, furnished or sold by an industry member to a retailer.~~ Such materials include, but are not limited to, posters, placards, designs, inside signs (electric, mechanical or otherwise), billboards, window decorations, trays, coasters, mats, menu cards, meal checks, paper napkins, foam scrapers, back bar mats, thermometers, clocks, calendars, and alcoholic beverage lists or menus.

b. All retailer advertising utensils must bear conspicuous and substantial advertising matter about the product or the industry member which is permanently inscribed or securely affixed. The name and address of the retailer may appear on the point of sale advertising materials.

c. An industry member shall not pay or credit a retailer, directly or indirectly, for using retailer advertising utensils or for any expense incidental to their use.

~~16.3(1)~~ The total value of all retailer advertising utensils which may be furnished, given or sold by an industry member to a retailer per brand per calendar year may not exceed \$76.

~~16.3(2)~~ Industry members may not pool or combine their dollar limitations in order to provide a retailer with retailer advertising utensils which exceed \$76.

~~16.3(3)~~ Industry members may not pool or combine the dollar limitations for several brands in order to provide a retailer with retailer advertising utensils which exceed \$76.

~~16.3(4)~~ The value of the retailer advertising utensil is the industry member's original cost of the item.

16.3(5) 16.3(2) Consumer advertising specialties.

a. An industry member may furnish, give, or sell consumer ~~souvenirs~~ advertising specialties to a retailer for unconditional distribution by the retailer to consumers. Consumer ~~souvenirs~~ advertising specialties may include such items as ~~printed recipes, matches,~~ nonalcoholic mixers, bottle or can openers, corkscrews, shopping bags, ~~matches,~~ printed recipes, pamphlets, cards, leaflets, blotters, postcards, pens or pencils, shirts, caps, and visors.

b. Consumer ~~souvenirs~~ advertising specialties must bear conspicuous and substantial advertising matter which identifies the industry member or the industry member's alcoholic beverages product about the product or the industry member that is permanently inscribed or securely affixed.

c. ~~The An~~ industry member ~~may~~ shall not pay or credit ~~the a~~ retailer, directly or indirectly, for distributing consumer ~~souvenirs~~ advertising specialties or for any expense incidental to their use. There is no dollar limitation on consumer souvenirs.

d. Such souvenirs shall be offered to all retailers by the industry member within the industry member's marketing territory on as equal and equitable a basis as possible. In the event the souvenir ~~a~~ consumer advertising specialty also advertises a local event not sponsored by the retailer, the souvenir

consumer advertising specialty need only be offered by the industry member to the retailers within the local community where the event is held.

~~16.3(6)~~ **16.3(3)** Retailer wearing apparel. An industry member may sell wearing apparel, including sweatshirts, T-shirts, pants, shorts, hats, caps, polo-type shirts, jackets, jerseys and other similar clothing, which bears substantial permanently affixed advertising identifying the industry member's name or products to a retailer for use by the retailer and the retailer's employees at not less than the industry member's laid-in cost of the items. There is no dollar limitation on wearing apparel which may be sold by an industry member to a retailer.

16.3(4) Record keeping. An industry member shall keep and maintain records in accordance with rule 185—16.18(123).

This rule is intended to implement Iowa Code sections 123.45 and 123.186.

ITEM 4. Rescind and reserve rule **185—16.4(123)**.

ITEM 5. Amend rule 185—16.5(123) as follows:

185—16.5(123) Glassware.

16.5(1) Disposable beer or wine glassware.

a. An industry member engaged in the manufacturing or wholesaling of beer or wine may sell disposable glassware (including foam, paper and one-use plastic cups) to a retailer.

b. An industry member engaged in the manufacturing or wholesaling of beer or wine is prohibited from selling disposable glassware to a retailer at less than the industry member's laid-in cost of the disposable glassware.

16.5(2) Commemorative beer or wine glassware.

a. An industry member engaged in the manufacturing or wholesaling of beer or wine may sell commemorative glassware which bears substantial advertising matter identifying the industry member or the industry member's product to off-premises retailers for resale to consumers.

b. An industry member engaged in the manufacturing or wholesaling of beer or wine is prohibited from selling commemorative glassware to off-premises retailers at less than the industry member's laid-in cost.

16.5(3) Durable or disposable alcoholic liquor glassware.

a. An industry member engaged in the manufacturing or wholesaling of alcoholic liquor may sell durable or disposable (including foam, paper or one-use plastic cups) glassware to a retailer. The glassware must bear advertising matter which identifies the industry member or the industry member's product.

b. An industry member engaged in manufacturing or wholesaling alcoholic liquor is prohibited from selling durable or disposable glassware to a retailer at less than the industry member's laid-in cost of the disposable or durable glassware.

16.5(4) Record keeping. An industry member shall keep and maintain records in accordance with rule 185—16.18(123).

This rule is intended to implement Iowa Code sections 123.45 and 123.186.

ITEM 6. Amend rule 185—16.6(123) as follows:

185—16.6(123) Tapping accessories and coil cleaning service.

16.6(1) Tapping accessories.

a. An industry member may sell tapping accessories, identified in rule 185—16.1(123), and carbon dioxide to a retailer at not less than the industry member's laid-in cost.

b. An industry member may install tapping accessories at a retail establishment provided the retailer bears the cost of initial installation.

16.6(2) Coil cleaning service. An industry member may sell, furnish or give wine and beer coil cleaning services, including carbon dioxide filters and other necessary accessories to properly clean the

coil and affix carbon dioxide filters, to a retailer. The manufacturer shall be responsible for paying for the costs if carbon dioxide filters are provided.

This rule is intended to implement Iowa Code sections 123.45 and 123.186.

ITEM 7. Amend subparagraphs **16.7(1)“a”(3)** and **(4)** as follows:

(3) No more than two two-fluid-ounce tastes of any brand of beer ~~or high alcoholic content beer.~~

(4) No more than two two-fluid-ounce tastes of a mixed drink or cocktail as defined in ~~185—~~paragraph 4.5(1)“b.” Iowa Code section 123.3.

ITEM 8. Amend paragraph **16.7(2)“b”** as follows:

b. Unlicensed premises.

(1) A tasting of wine, ~~beer, or high alcoholic content beer~~ may be conducted in an unlicensed public place unless prohibited by Iowa Code section 123.46(2) or an applicable ordinance or regulation of the local authority.

(2) A tasting of alcoholic liquor, wine, ~~beer, or high alcoholic content beer~~ may be conducted in an unlicensed private place as defined in ~~185—~~subrule 4.23(4) Iowa Code section 123.3.

(3) No change.

(4) Wine, ~~beer, and high alcoholic content beer~~ served during a tasting shall be obtained from the respective wholesaler.

(5) and (6) No change.

ITEM 9. Amend paragraph **16.8(2)“c”** as follows:

c. Three gallons of any brand of beer ~~or high alcoholic content beer.~~

ITEM 10. Amend subrule 16.8(3) as follows:

16.8(3) Procurement. An industry member shall obtain alcoholic liquor, wine, ~~beer, or high alcoholic content beer~~ used for sampling from the respective wholesaler.

ITEM 11. Amend rule ~~185—~~16.10(123) as follows:

~~**185—16.10(123) Discounts prohibited.** An industry member is prohibited from offering discounts to retailers which are not uniformly offered to all retailers in the market area. An industry member is prohibited from refusing to give a retailer a discount which is offered to other retailers in the market area even though the retailer declines to reduce the price to the consumer during the discount period, or to advertise the industry member’s product during the promotion period.~~

This rule is intended to implement Iowa Code sections 123.135(4) and 123.180(4).

ITEM 12. Amend rule ~~185—~~16.11(123) as follows:

~~**185—16.11(123) Combination packaging.** An industry member may package and distribute alcoholic liquor, wine, or beer in combination with other nonalcoholic items or products.~~

~~**16.11(1)** provided that the items Combination packages shall not have no secondary value to the retailer other than having the potential of attracting purchasers and promoting sales. The combination package must~~

~~**16.11(2)** Combination packages shall be designed to be delivered intact to the consumer and the additional cost incurred by the industry member shall be included in the cost to the retailer.~~

~~**16.11(3)** (Industry members who sell alcoholic liquor to the division department must comply with the division’s department’s policies regarding combination packaging.)~~

This rule is intended to implement Iowa Code section 123.186.

ITEM 13. Rescind rule ~~185—~~16.12(123) and adopt the following new rule in lieu thereof:

185—16.12(123) Consumer promotions.

16.12(1) Coupons. The act by an industry member of furnishing to consumers coupons which are redeemable at a retail establishment does not constitute a means to induce provided the following conditions are met:

a. All retailers within the market where the coupon offer is made may redeem such coupons.

b. An industry member may not reimburse a retailer for more than the face value of all coupons redeemed, plus a usual and customary handling fee for the redemption of coupons.

16.12(2) Direct offerings. Contest prizes, premium offers, refunds, and like items may be offered by industry members directly to consumers. Officers, employees, and representatives of wholesalers or retailers are excluded from participation.

This rule is intended to implement Iowa Code section 123.186.

ITEM 14. Rescind rule 185—16.13(123) and adopt the following new rule in lieu thereof:

185—16.13(123) Advertising, display or distribution service.

16.13(1) Prohibition. The act of an industry member paying or crediting a retailer, directly or indirectly, for any advertising, display, or distribution service is prohibited if the act results in exclusion. Such acts include, but are not limited to, the following:

a. Making payments or credits to retailers that are merely reimbursements, in full or in part, for such services purchased by a retailer from a third party.

b. Directly or indirectly sharing the cost of an advertisement with a retailer.

c. Purchasing advertising from a retailer on such things as, but not limited to, signs, scoreboards, programs, scorecards, and tote boards in ballparks, stadiums, auditoriums, racetracks, arenas, bowling alleys and all other retail establishments.

d. Purchasing advertising in a retailer publication for distribution to consumers or the general public.

e. Providing reimbursements to retailers for setting up product or other displays.

f. Paying the retailer via a promotion where the industry member rents display space at a retail establishment.

16.13(2) Exceptions.

a. Newspaper cuts, mats, or engraved blocks for use in retailers' advertisements may be given or sold by an industry member to a retailer selling the industry member's products.

b. An industry member may list the names and addresses of two or more unaffiliated retailers selling the products of an industry member in an advertisement of that industry member provided all of the following conditions are met:

(1) The advertisement does not also contain the retail price of the product.

(2) The listing is the only reference to the retailers in the advertisement and is relatively inconspicuous in relation to the advertisement as a whole.

(3) The advertisement does not refer only to one retailer or only to retail establishments controlled directly or indirectly by the same retailer.

This rule is intended to implement Iowa Code sections 123.45 and 123.186.

ITEM 15. Amend rule 185—16.14(123) as follows:

185—16.14(123) Stocking and product rotation.

16.14(1) Allowable activities.

a. An industry member may stock, ~~and~~ rotate, and reset alcoholic liquor, wine or beer sold by the industry member.

b. An industry member may affix prices to alcoholic liquor, wine or beer sold by the industry member at the time of delivery, provided that the retailer independently determines the price of the alcoholic liquor, wine and beer.

c. An industry member may build product displays either at the time of delivery or at other times.

d. An industry member may provide a retailer with a recommended shelf plan or shelf schematic for alcoholic liquor, wine, and beer.

16.14(2) Prohibited activities.

a. An industry member may not reset or rearrange another industry member's products without the explicit consent of the retailer.

b. An industry member is prohibited from removing another industry member's point-of-sale advertising matter.

This rule is intended to implement Iowa Code section 123.186.

ITEM 16. Rescind rule 185—16.15(123) and adopt the following new rule in lieu thereof:

185—16.15(123) Sponsorships and special events.

16.15(1) An industry member may contribute to charitable, civic, religious, fraternal, educational and community entities.

16.15(2) If such entity is conducting a special event as a retailer or in conjunction with a retailer, an industry member's contribution shall not induce the retailer, directly or indirectly, to purchase any products from the industry member to the exclusion, in whole or in part, of products sold or offered for sale by other industry members at the special event.

16.15(3) An industry member shall keep and maintain records in accordance with rule 185—16.18(123).

This rule is intended to implement Iowa Code sections 123.45 and 123.186.

ITEM 17. Amend rule 185—16.16(123) as follows:

185—16.16(123) Participation in educational seminars and retail association activities.

16.16(1) *Educational seminars.* An industry member may ~~provide~~ give or sponsor educational seminars for employees of retailers either at the industry member's premises or at the retail establishment regarding such topics as merchandising and product knowledge, use of a retailer's equipment, training seminars for employees of retailers, and tours of alcoholic beverages manufacturing facilities; however, an industry member is prohibited from paying a retailer's expenses or compensating a retailer for attending such seminars and tours.

~~**16.16(1)**~~ **16.16(2)** *Retail association activities.* An industry member may participate in retail association activities in the following manner:

- a. Display its products at a trade show or convention.
- b. Rent display booth space provided that the rental fee is not excessive and is the same paid by all exhibitors.
- c. Provide hospitality for the persons attending the trade show or convention. The hospitality provided by the industry member shall be independent from association-sponsored activities.
- d. Purchase tickets, attend functions, and pay registration fees, provided that such payments are not excessive and are the same paid by all exhibitors.
- e. Pay for advertising in programs or brochures issued by retail associations at a convention or trade show, provided that the total payments made by an industry member do not exceed ~~\$155~~ \$300 per calendar year to any one retail association.

~~**16.16(2)** Reserved.~~

This rule is intended to implement Iowa Code section 123.186.

ITEM 18. Amend rule 185—16.18(123) as follows:

185—16.18(123) Record keeping.

16.18(1) Industry members are required to keep and maintain accurate records for a three-year period regarding each of the items which may be provided to retailers in the following rules:

- a. 185—16.2(123) (product displays);
- b. 185—16.3(123) (retailer advertising utensils, consumer ~~souvenirs~~ advertising specialties, retailer wearing apparel);
- c. 185—16.5(123) (glassware);
- d. 185—16.7(123) (~~tastings, samplings, and trade spending~~ tasting);
- e. 185—16.8(123) (sampling);
- f. 185—16.9(123) (trade spending);
- g. 185—16.15(123) (sponsorships and special events), ~~and.~~

h. 185—16.16(123) (participation in educational seminars and retail association activities). ~~Commercial records or invoices may be used to satisfy this record keeping requirement if all the required information appears on the record or invoice. These records~~

16.18(2) Records shall state the following:

- a. ~~the~~ The name and address of the retailer receiving the item;
- b. ~~the~~ The date the item was furnished, sold, given, loaned, leased, or rented;
- c. ~~the~~ The item furnished;
- d. ~~the~~ The industry member's laid-in cost of the item furnished;
- e. ~~and~~ The charges to the retailer for the item.

16.18(3) Commercial records or invoices may be used to satisfy the requirements of this rule provided all of the required information appears on the record or invoice.

16.18(4) ~~Such records~~ Records shall be open to representatives of the ~~division~~ department during normal business hours of the industry member; and may be subject to administrative subpoena issued by the ~~division administrator~~ department.

This rule is intended to implement Iowa Code ~~section~~ sections 123.33 and 123.186.

ITEM 19. Amend rule 185—16.40(123) as follows:

185—16.40(123) Equipment, furnishings, fixtures.

16.40(1) An industry member is prohibited from directly or indirectly giving, selling, renting, or lending equipment, furnishings or fixtures to a retailer for use by the retailer or in the retail establishment.

~~16.40(1) An industry member is prohibited from obtaining equipment, furnishings, or fixtures for a retailer from a third party at a special price.~~

16.40(2) Reserved. A prohibited indirect inducement includes, but is not limited to, obtaining equipment, furnishings, or fixtures for a retailer through a third-party arrangement where the resulting benefits flow to an individual retailer.

This rule is intended to implement Iowa Code sections 123.45 and 123.186.

ITEM 20. Amend rule 185—16.42(123) as follows:

185—16.42(123) Free warehousing prohibited. An industry member is prohibited, directly or indirectly, from providing free warehousing of products for a retailer by delaying delivery of alcoholic liquor, wine, or beer beyond the time that payment for the product is received or, if a retailer is purchasing on credit, delaying final delivery of products beyond the close of the period of time for which credit is lawfully extended.

This rule is intended to implement Iowa Code ~~section~~ sections 123.45 and 123.186.

ITEM 21. Amend rule 185—16.43(123) as follows:

185—16.43(123) Extension of credit and prepaid accounts.

16.43(1) Extension of credit. An industry member is prohibited from extending credit on the sale of alcoholic liquor, ~~or beer, wine coolers, or spirit coolers~~ to a retailer. An industry member may extend credit to a retailer on the sale of wine for not more than 30 days from the date of the sale. ~~An industry member engaged in the manufacturing or wholesaling of beer is prohibited from extending credit to a retailer on the sale of disposable or commemorative glassware. An industry member engaged in the manufacturing or wholesaling of wine may extend not more than 30 days' credit to a retailer on the sale of durable or disposable glassware.~~

16.43(1) 16.43(2) Prepaid accounts.

a. An industry member may establish prepaid accounts in which retailers deposit a sum of money ~~in the hands of the industry member~~ to pay for future purchases of alcoholic beverages products, ~~although a retailer is not required to purchase any quota of alcoholic liquor, wine or beer.~~

b. ~~The~~ An industry member may not hold the money so deposited as ~~“security”~~ in a prepaid account for future payment of a debt.

c. ~~The~~ An industry member ~~must~~ shall transfer the amount of the invoice from the retailer's prepaid account each time that the industry member makes a sale and a delivery to the retail establishment.

d. An industry member is not required to establish separate escrow accounts for prepaid accounts.

e. ~~however, the~~ An industry member is responsible for accurately and honestly accounting for the funds ~~so held in a prepaid account.~~

f. A retailer may withdraw the money placed in a prepaid account at any time.

g. An industry member is prohibited from utilizing prepaid accounts to require a retailer to ~~take and dispose of purchase~~ any quota of alcoholic liquor, wine, or beer.

~~16.43(2) Reserved.~~

This rule is intended to implement Iowa Code sections 123.45 and 123.181(2).

ITEM 22. Amend rule 185—16.44(123) as follows:

~~185—16.44(123) Quota sales, tie-in sales.~~ An industry member is prohibited from requiring a retailer to purchase and sell any quota of alcoholic liquor, wine or beer. ~~An industry member is prohibited from requiring a retailer to purchase one product in order to purchase another. This prohibition includes combination sales if one or more products may be purchased only in combination with other products and not individually. However, an industry member is not prohibited from selling at a special combination price, two or more kinds or brands of products to a retailer, provided that the retailer has the option of purchasing either product at the usual price, and the retailer is not required to purchase any product not wanted by the retailer.~~

This rule is intended to implement Iowa Code ~~section~~ sections 123.45 and 123.186.

ITEM 23. Adopt the following new rule 185—16.45(123):

185—16.45(123) Tie-in sales. An industry member is prohibited from requiring a retailer to purchase one product in order to purchase another. This prohibition includes combination sales if one or more products may be purchased only in combination with other products and not individually. However, an industry member is not prohibited from selling at a special combination price, two or more kinds or brands of products to a retailer, provided that the retailer has the option of purchasing either product at the usual price, and the retailer is not required to purchase any product not wanted by the retailer.

This rule is intended to implement Iowa Code sections 123.45 and 123.186.

ITEM 24. Amend rule 185—16.60(123) as follows:

~~185—16.60(123) Implied or express contracts prohibited~~ **Contracts to purchase alcoholic liquor, wine, or beer.** ~~An industry member and a retailer are prohibited from entering into implied or express contracts for the future sale and purchase of alcoholic beverages.~~

16.60(1) Implied or express contracts.

a. Any contract or agreement, written or unwritten, which has the effect of requiring the retailer to purchase alcoholic liquor, wine, or beer from the industry member beyond a single sales transaction is prohibited, except as provided in paragraph 16.60(1) "b." Examples of such contracts are:

(1) An advertising contract between an industry member and a retailer with the express or implied requirement of the purchase of the advertiser's products.

(2) A sales contract awarded on a competitive bid basis which has the effect of prohibiting the retailer from purchasing from other industry members by requiring that, for the period of the agreement, the retailer purchase a product or line of products exclusively from the industry member or requiring that the retailer purchase a specific or minimum quantity during the period of the agreement.

b. An industry member and a retailer may enter into a supply contract for one year or less under which the industry member agrees to sell alcoholic liquor, wine, or beer to the retailer on an "as needed" basis provided that the retailer is not required to purchase any minimum quantity of such product.

16.60(2) Third-party arrangements.

a. Industry member requirements, by agreement or otherwise, with nonretailers which result in a retailer's being required to purchase the industry member's products are prohibited, regardless of whether the agreement or other arrangement originates with the industry member or the third party.

EXAMPLE: A supplier enters into a contractual agreement or other arrangement with a third party. This agreement or arrangement contains an industry member requirement as described above. The third party—a ballclub or municipal or private corporation not acting as retailer—leases the concession rights and is able to control the purchasing decisions of the retailer. The third party, as a result of the requirement, by agreement or otherwise, with the industry member, requires the retailer to purchase the industry member's products to the exclusion, in whole or in part, of products sold or offered for sale by other industry members.

b. Prohibited business arrangements between an industry member and a third party may consist of such things as sponsoring radio or television broadcasting, paying for advertising, or providing other services or things of value.

This rule is intended to implement Iowa Code ~~section~~ sections 123.45 and 123.186.

ITEM 25. Amend **185—Chapter 16**, Part V preamble, as follows:

The rule in this part specifies industry member practices that are a means to induce a ~~trade buyer~~ retailer and that are prohibited. The rule applies to transactions between industry members and employees, officers, or representatives of ~~trade buyers~~ retailers.

ITEM 26. Amend **185—Chapter 16**, Part VI preamble, as follows:

The ~~rule~~ rules in this part ~~specifies that consignment~~ specify sales arrangements that are prohibited. The ~~rule applies~~ rules apply to transactions between industry members and trade buyers.

ITEM 27. Amend rule 185—16.90(123) as follows:

185—16.90(123) Consignment sales. An industry member is prohibited from selling alcoholic liquor, wine, or beer to a retailer on consignment. Consignment means a sale under which the retailer is not obligated to pay for the alcoholic liquor, wine, or beer, until the product is sold by the retailer. ~~An industry member may accept the return of alcoholic liquor, wine and beer for ordinary and usual commercial reasons, but it is not obligated to do so. Ordinary and usual commercial reasons for the return of alcoholic liquor, wine and beer include the following: defective products, error in products delivered and discovered by the retailer and reported to the industry member within seven days of the date of delivery, products which may no longer be lawfully sold, termination of retailer's business, termination of franchise, change in formula, proof, label or container of the product, discontinued product. An industry member is prohibited from accepting the return of overstocked or slow moving or seasonal products. An industry member may repack alcoholic liquor, wine and beer for the purpose of assisting the retailer to sell slow moving or overstocked products.~~

This rule is intended to implement Iowa Code section 123.186.

ITEM 28. Adopt the following new rule 185—16.91(123):

185—16.91(123) Return of alcoholic liquor, wine, and beer. An industry member may accept the return of alcoholic liquor, wine, and beer for ordinary and usual commercial reasons but is not obligated to do so.

16.91(1) Ordinary and usual commercial reasons for exchanges and returns.

a. Defective products.

(1) Products which are unmarketable because of product deterioration, leaking containers, damaged labels, or missing or mutilated tamper evident closures may be exchanged for an equal quantity of identical products or may be returned for cash or credit against outstanding indebtedness.

(2) Freshness dating. An industry member may accept a return of beer for cash or credit against outstanding indebtedness or exchange the beer for freshness reasons provided all of the following conditions are met:

1. The manufacturer of the beer has policies and procedures in place that specify the date the retailer must pull the product.

2. The industry member's freshness return/exchange policies and procedures are readily verifiable and consistently followed by the industry member.

3. The beer container has identifying markings that correspond with the pull date.

4. The beer product pulled by the trade buyer may not reenter the retail marketplace.

b. Error in products delivered. Any discrepancy between products ordered and products delivered may be corrected, within a reasonable period after delivery, by exchange of the products delivered for those which were ordered, or by a return for cash or credit against outstanding indebtedness.

c. Products which may no longer be lawfully sold. Products which may no longer be lawfully sold may be returned for cash or credit against outstanding indebtedness. This would include situations where, due to a change in regulation or administrative procedure over which the trade buyer or an affiliate of the trade buyer has no control, a particular size or brand is no longer permitted to be sold.

d. Termination of business. Products on hand at the time a trade buyer terminates operations via cancellation of the trade buyer's license or permit may be returned for cash or credit against outstanding indebtedness. This does not include the temporary seasonal shutdown of a trade buyer holding a 12-month license or permit.

e. Termination of franchise. When an industry member has sold products for cash or credit to one of its wholesalers and the distributorship arrangement is subsequently terminated, stocks of the product on hand may be returned for cash or credit against outstanding indebtedness.

f. Change in product. Except as provided in paragraph 16.91(2) "b," a trade buyer's inventory of a product which has been changed in formula, proof, label, or container may be exchanged for equal quantities of the new version of that product.

g. Discontinued products. When a producer or importer discontinues the production or importation of a product, a trade buyer's inventory of that product may be returned for cash or credit against outstanding indebtedness.

h. Seasonal dealers. Industry members may accept the return of products from retailers holding an eight-month seasonal license or permit upon cancellation of the license or permit. These returns shall be for cash or for credit against outstanding indebtedness.

16.91(2) Reasons not considered ordinary and usual. The following are not considered ordinary and usual commercial reasons for exchanges and returns. Exchanges and returns for these reasons are prohibited.

a. Overstocked or slow-moving products.

b. Products for which there is only a limited or seasonal demand.

This rule is intended to implement Iowa Code section 123.186.

ITEM 29. Amend **185—Chapter 16**, Part VII preamble, as follows:

The ~~rules~~ rule in this part ~~govern the penalties for~~ governs violations of rules within this chapter.

ITEM 30. Rescind rule **185—16.105(123)**.

ITEM 31. Renumber rule **185—16.106(123)** as **185—16.105(123)**.

[Filed 5/8/23, effective 7/5/23]

[Published 5/31/23]

EDITOR'S NOTE: For replacement pages for IAC, see IAC Supplement 5/31/23.

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, ~~123.21(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 dram shop dramshop liability certificate with the local authority or the division has been endorsed by the insurance company if proof of ~~dram 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(1) 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, ~~123.24(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~~ the division of the party’s intent to cancel the bond. The 30-day period shall commence on the date that ~~this the~~ 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 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 ~~423.19~~ 123.23, 123.29, 123.30, 123.33, 123.42, ~~423.56~~ 123.49, 123.124, 123.125, 123.127 ~~to 123.129~~, 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 control retail alcohol~~ 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.

- **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

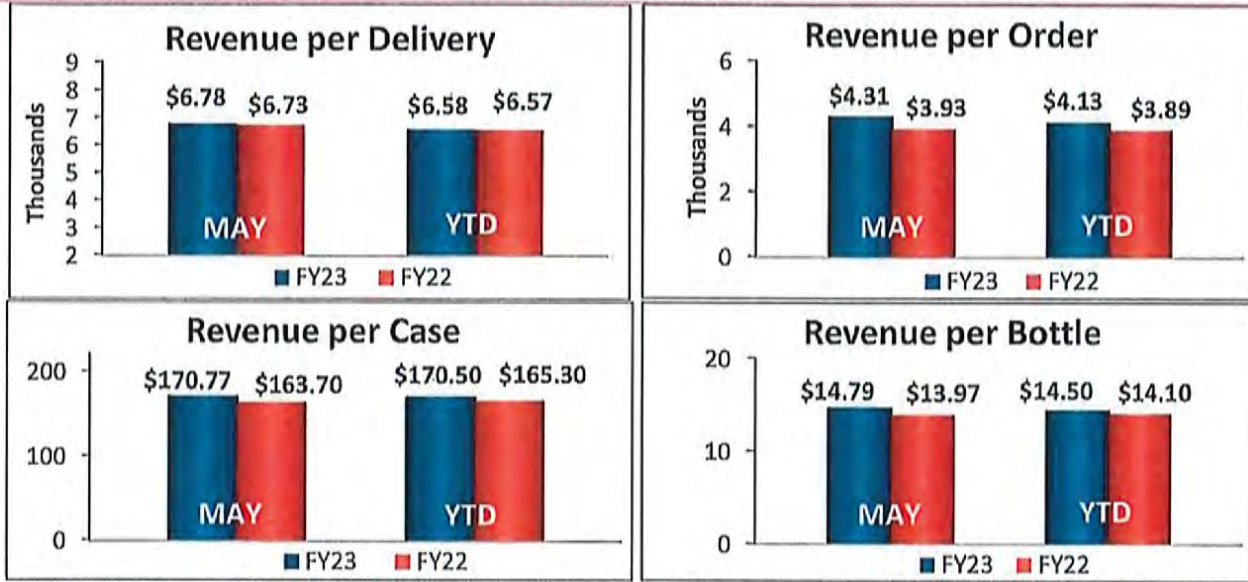
Information current as of 6/6/2023

Appendix E
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

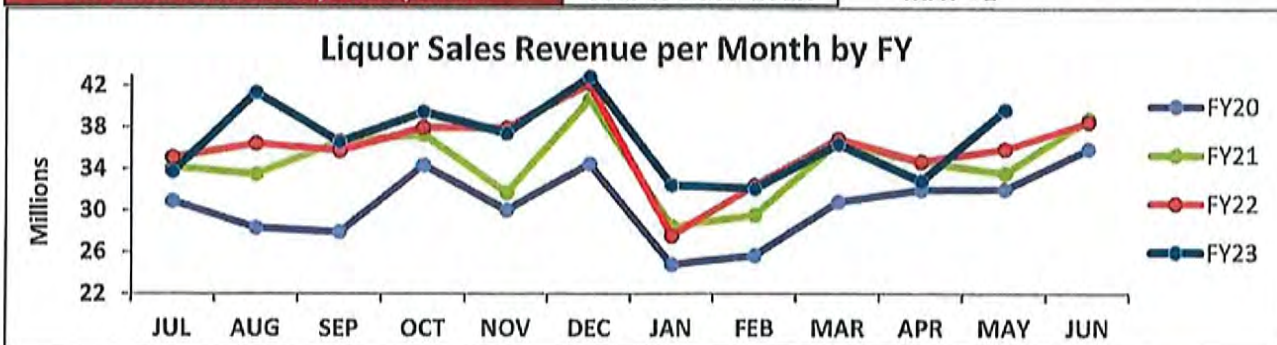
*On July 1 FY23, the split case fee was raised from \$0.50 to \$0.75



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

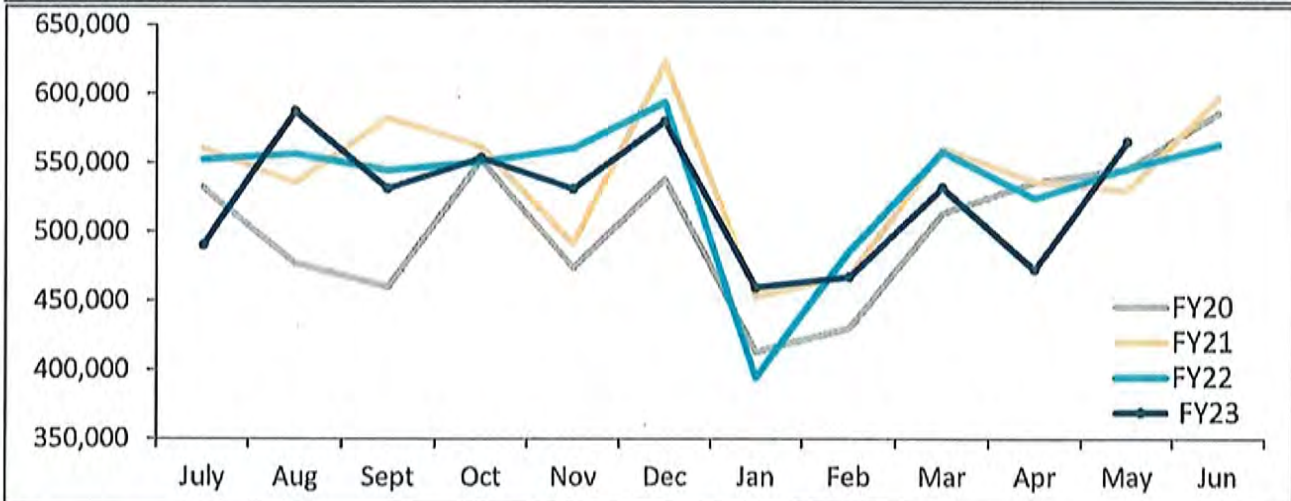
Category	FY 2023	FY 2022	% Change	Amt Change
Liquor Sales	\$41,449,645	\$37,230,070	11.33%	\$4,219,575
Split Case Fee	\$213,656	\$137,081	55.86%	\$76,575
Bottle Dep and Sur	\$493,017	\$437,573	12.67%	\$55,443
Total Revenue	\$42,156,318	\$37,804,724	11.51%	\$4,351,594
Bailment Fee	\$264,455	\$244,702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

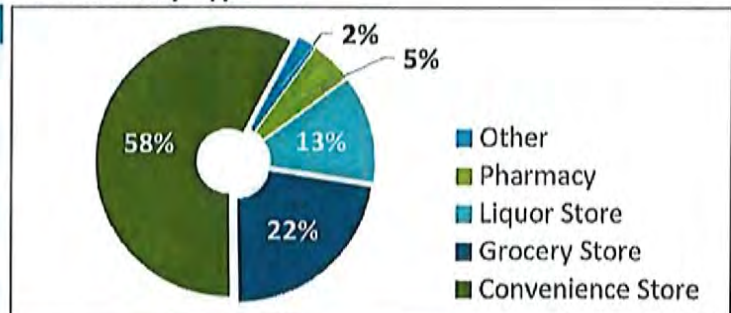
Gallons by Month per FY

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%

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

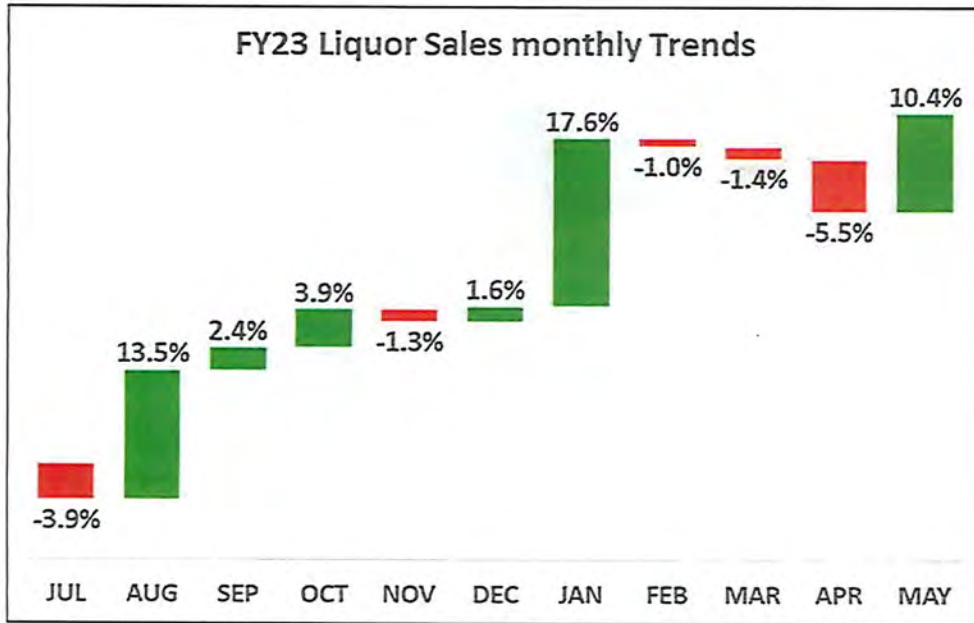
ABD Finance & Operation Trends

June 21, 2023

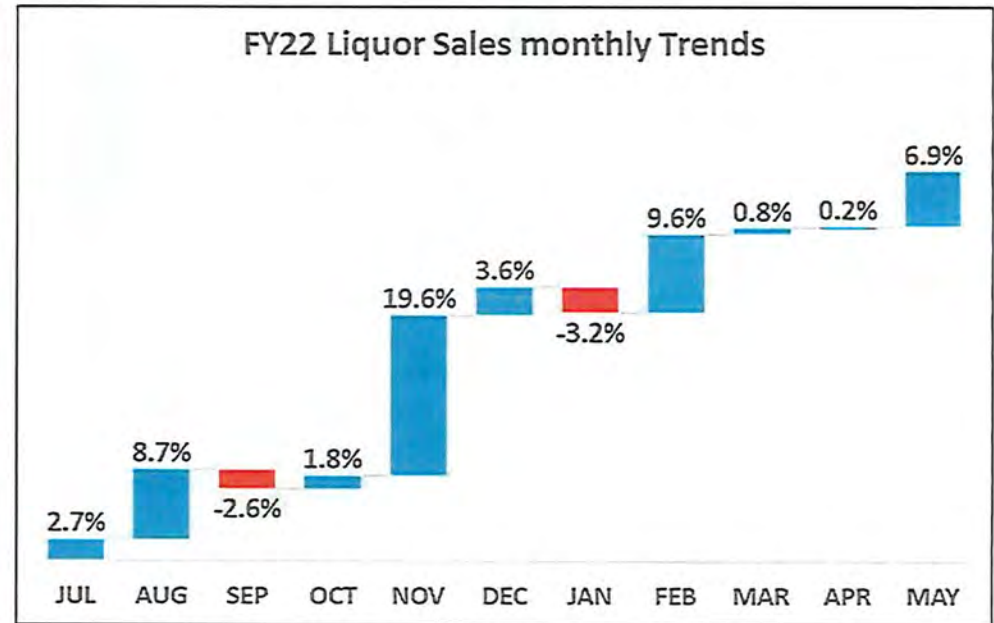
Finance Trends- Through May 2023

- **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



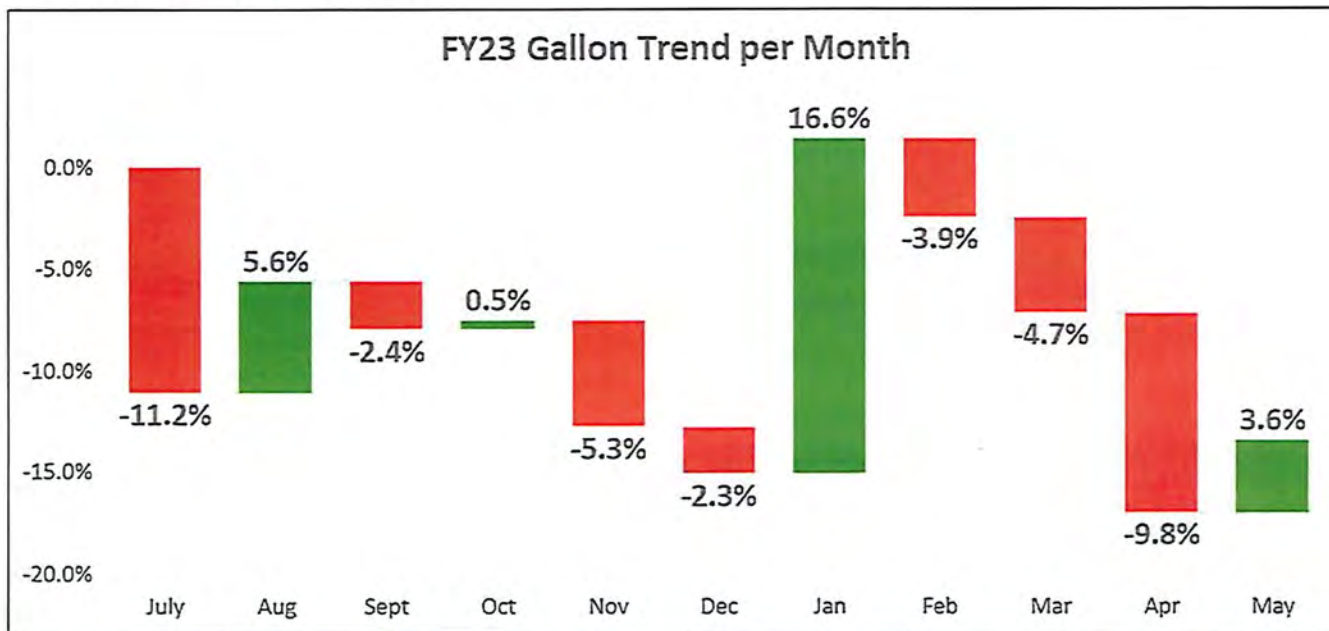
Total revenue: **\$404,802,079**



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

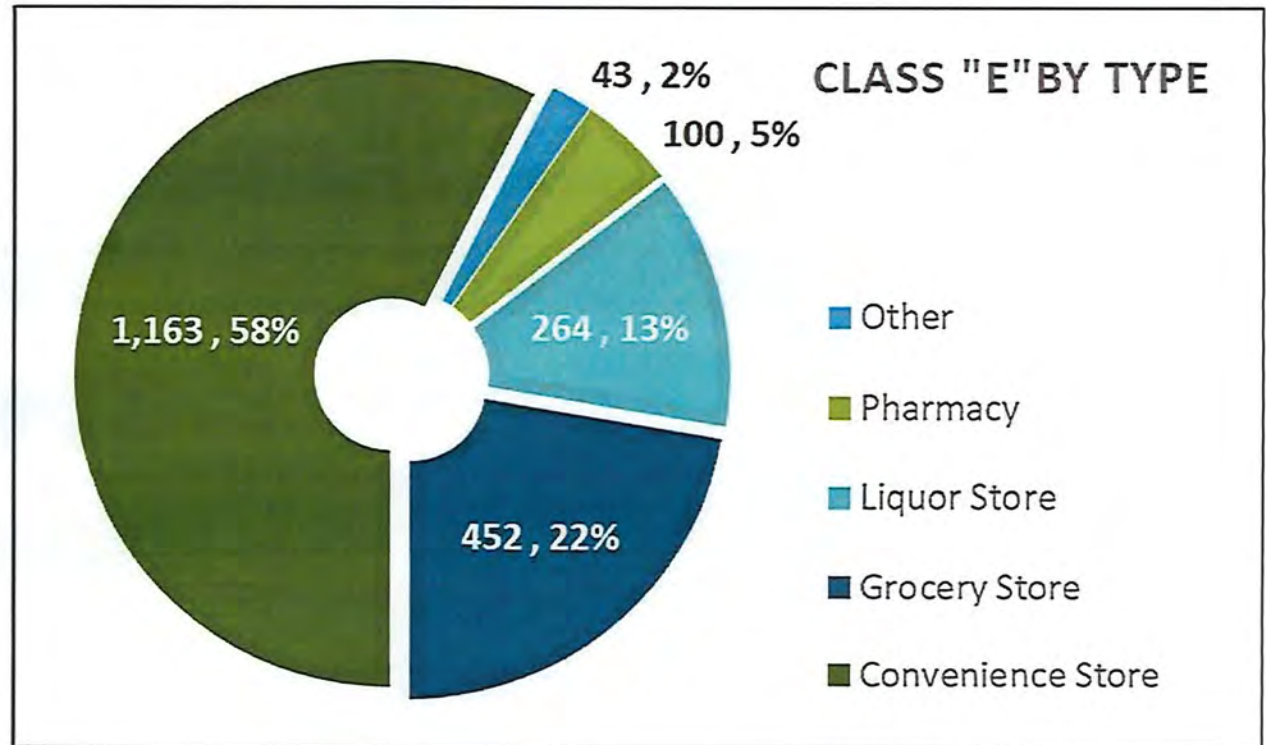
Gallon Sales Trends

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

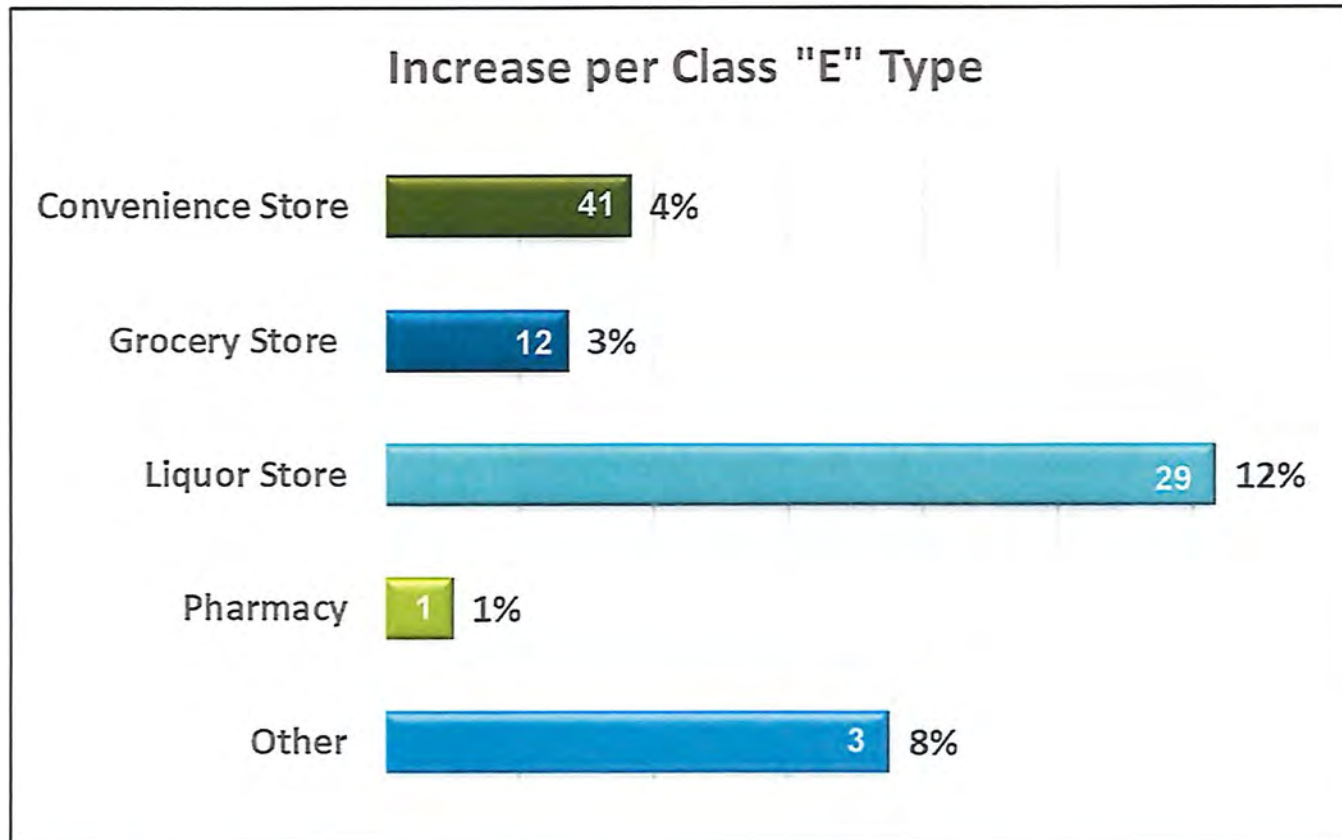


Class "E" Licensee Growth

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

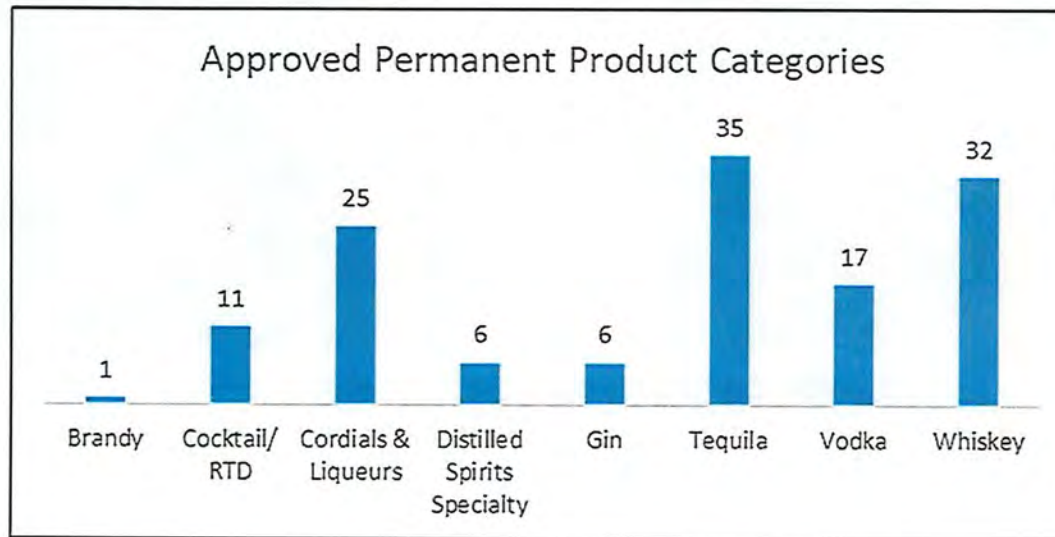


Class "E" Licensee Trends

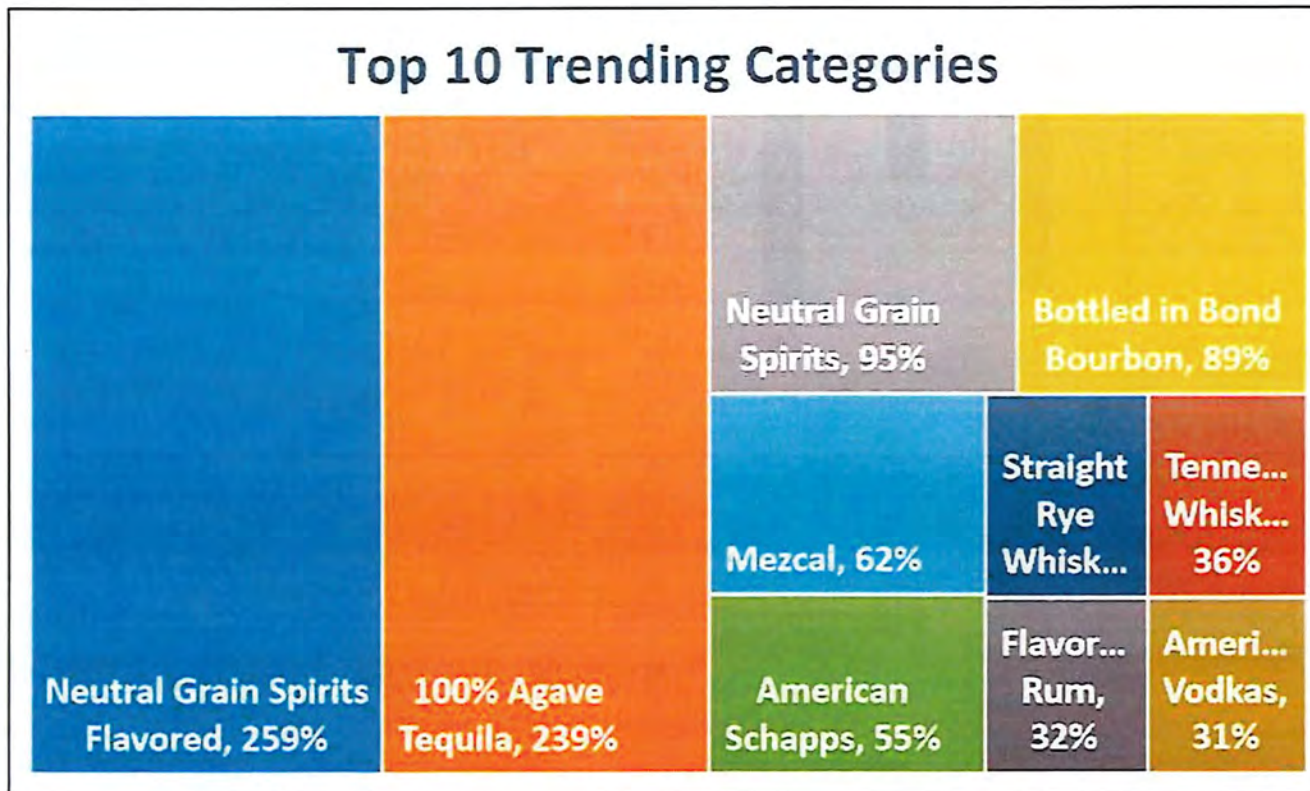


Operation and Products Trends

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

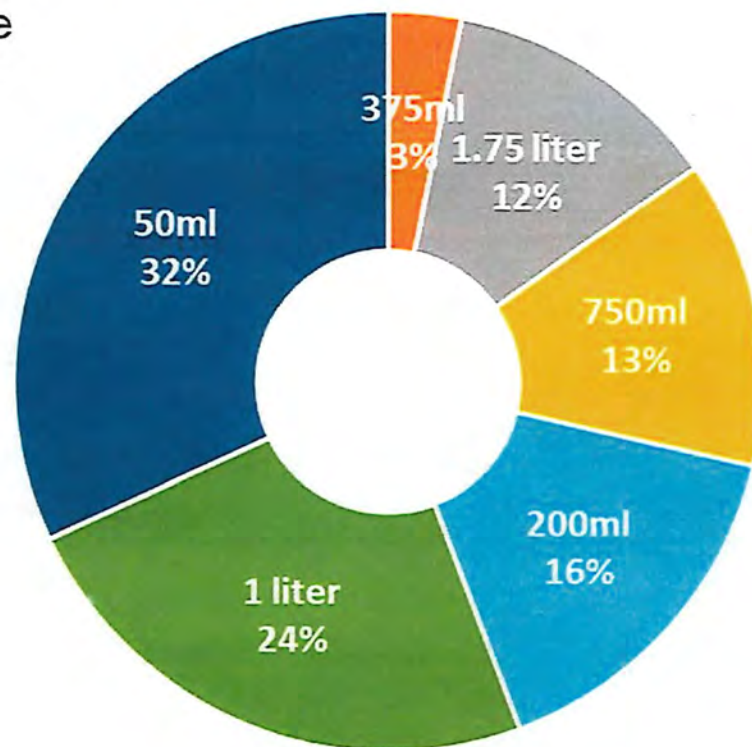


Operation and Products Trends



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