

**ALCOHOLIC BEVERAGES DIVISION[185]**

**Notice of Intended Action**

**Proposing rule making related to federal regulations for trade practices  
and providing an opportunity for public comment**

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

*Legal Authority for Rule Making*

This rule making is proposed 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 proposed 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 this will make the regulatory requirements clearer and ultimately make it easier for manufacturers, wholesalers, and retailers to do business in Iowa.

*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.

*Public Comment*

Any interested person may submit written comments concerning this proposed rule making. Written comments in response to this rule making must be received by the Division no later than 4:30 p.m. on December 6, 2022. Comments should be directed to:

Tyler Ackerson  
Iowa Alcoholic Beverages Division  
1918 SE Hulsizer Road  
Ankeny, Iowa 50021  
Email: [rules@iowaabd.com](mailto:rules@iowaabd.com)

### Public Hearing

A public hearing at which persons may present their views via conference call will be held as follows. Persons who wish to attend the conference call should contact Tyler Ackerson, executive officer, via email at [rules@iowaabd.com](mailto:rules@iowaabd.com). A conference call number will be provided prior to the hearing. Persons who wish to make oral comments at the conference call public hearing must submit a request to Mr. Ackerson prior to the hearing to facilitate an orderly hearing.

December 6, 2022  
1 to 3 p.m.

Video/conference call

Persons who wish to make oral comments at the public hearing will be asked to state their names for the record and to confine their remarks to the subject of this proposed rule making.

Any persons who intend to attend the hearing and have special requirements, such as those related to hearing impairments, should contact the Division and advise of specific needs.

### 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).

The following rule-making actions are proposed:

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.~~

"Division" means the alcoholic beverages division of the department of commerce.

"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) 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(54). 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)** ~~An~~ 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)~~ **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), 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~~ any 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 must comply with the division'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.~~ This does not include accidental movement of another industry member's product while performing the activities allowed in paragraph 16.14(1)"a."

b. An industry member may not rearrange or reset all or part of a store or liquor department.

c. 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 during normal business hours of the industry member, and may be subject to administrative subpoena issued by the division administrator.

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~~

~~purchase 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 prohibited. 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. Examples of such contracts are:

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

b. 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.

16.60(2) Third-party arrangements. 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. The business arrangements entered into by 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 rule 185—16.75(123) as follows:

**185—16.75(123) Commercial bribery.** An industry member is prohibited from offering or giving, directly or indirectly or through an affiliate, a retailer free trips, bonuses or prizes based on sales of the industry member's alcoholic beverages products bonus, premium, compensation, or other thing of value to any officer, employee, or representative of the trade buyer to induce a trade buyer to purchase or promote the industry member's products to the exclusion of a competitor's products. This prohibition includes sales contests sponsored by an industry member which offer prizes directly or indirectly to trade buyer officers, employees or representatives.

This rule is intended to implement Iowa Code section 123.186.

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

The ~~rule~~ rules in this part ~~specifies~~ specify industry member practices that are a means to induce a trade buyer and that ~~are~~ may be prohibited if certain conditions are found. The ~~rule applies~~ rules apply to transactions between industry members and employees, officers, or representatives of trade buyers.

ITEM 27. Adopt the following new rule 185—16.76(123):

**185—16.76(123) Gifts or payments to wholesalers.** An industry member may offer or give money or other things of value to a wholesale entity (i.e., the corporation, partnership, or individual who owns the

business). However, the industry member shall be in violation of rule 185—16.75(123) if any of the following conditions are found:

**16.76(1)** There is an agreement or understanding, implied or explicit, that the money or thing of value will be passed on to the officers, employees, or representatives of the wholesaler.

**16.76(2)** It is obvious by the very nature of the item given (such as a free trip) that a pass-through to the officers, employees, or representatives of the wholesaler is clearly contemplated.

**16.76(3)** The records of the recipient wholesaler do not accurately reflect such money or item as an asset of the wholesale entity, thus being subject to all ensuing tax consequences as distinguished from the receipt of the money or item as a personal asset of an officer, employee, or representative of the wholesaler.

This rule is intended to implement Iowa Code section 123.186.

ITEM 28. 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 29. 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 30. 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 31. 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 32. Rescind rule **185—16.105(123)**.

ITEM 33. Renumber rule **185—16.106(123)** as **185—16.105(123)**.



  
**State of Iowa**  
**Executive Department**

IN THE NAME AND BY THE AUTHORITY OF THE STATE OF IOWA

**EXECUTIVE ORDER NUMBER TEN**

- WHEREAS**, over several decades the proliferation of administrative rules and regulations at all levels of government has imposed high costs on employers, inhibited job growth, impeded private sector investment, and increased the complexity and expense of economic life;
- WHEREAS**, reducing this regulatory burden on Iowans will promote citizens' freedom to engage in individual, family, and business pursuits;
- WHEREAS**, the Iowa Administrative Code contains over 20,000 pages and 190,000 restrictive terms;
- WHEREAS**, a comprehensive evaluation of existing administrative rules is essential to determine the necessity and effectiveness of those rules in light of national economic headwinds facing Iowans;
- WHEREAS**, obsolete, ineffective, excessively burdensome, or redundant administrative rules and regulations should be repealed;
- WHEREAS**, rulemaking authority is derived from and limited by the authority delegated to executive agencies by the general assembly;
- WHEREAS**, an administrative rulemaking moratorium will permit the Administrative Rules Coordinator and executive agencies to devote resources to a comprehensive evaluation and rigorous cost-benefit analysis of existing administrative rules; and
- WHEREAS**, wherever possible, and without compromising the health and safety of Iowans, this review should result in the elimination or simplification of unnecessary or unduly burdensome rules and regulations.
- NOW, THEREFORE**, I, Kim Reynolds, Governor of the State of Iowa, by virtue of the authority vested in me by the Constitution and laws of this state, do hereby order the following:

**PROCESS FOR REVIEW OF EXISTING RULES**

- I. Each rule chapter of the Iowa Administrative Code effective on January 1, 2023 shall be reviewed by the agency, board, or commission that promulgated the rule according to a schedule established by the Administrative Rules Coordinator (ARC) as follows:
  - A. All rule chapters shall be reviewed and, if applicable, be promulgated as specified in this Executive Order no later than December 31, 2026;
  - B. The agency review schedule shall be staggered across agencies. The ARC shall ensure the volume of rules that are reviewed by the agencies in any given year is such that the public can engage and provide meaningful input in any individual rulemaking; and
  - C. The agency review schedule shall be posted on the Governor's website as well as the agency's website no later than March 1, 2023.
- II. After issuing the rule report under Part III of this Executive Order, each agency must publish a notice of intended action in accordance with the provisions of the Iowa Administrative Procedure Act to repeal the existing rule chapter by the agency review date.



**III.** An agency wishing to renew a rule chapter beyond the agency review date must promulgate a new rulemaking in accordance with the following requirements in addition to the provisions of the Iowa Administrative Procedure Act:

- A.** The agency, board, or commission must perform a retrospective analysis that includes a comprehensive evaluation and rigorous cost-benefit analysis of each existing administrative rule to determine whether the benefits the rule is intended to achieve are being realized, whether those benefits justify the costs of the rule, and whether there are less restrictive alternatives to accomplish those benefits. This analysis should be guided by the statutory language giving the agency, board, or commission the authority to promulgate the rule.
  - i.** The ARC, with the assistance of the Department of Management (DOM), shall develop a standardized process for the required retrospective analysis. Any such forms shall be posted on the website of DOM no later than March 1, 2023.
  - ii.** Agencies, boards, and commissions should start the new rulemaking from a zero-base and not seek to reauthorize an existing rule chapter without a critical and comprehensive review. Agencies, boards, and commissions must use the retrospective analysis to guide which regulations, if any, should be re-promulgated in order to carry out the statutory language giving the agency, board, or commission the authority to promulgate the rulemaking. The agency, board, or commission shall remove obsolete, outdated, inconsistent, incompatible, redundant, or unnecessary language, including instances where rule language is duplicative of statutory language.
  - iii.** The agency, board, or commission shall submit a rule report to the ARC by September 1 of the year of the agency review date. The rule report shall contain the retrospective analysis of the rule chapter, a list of rules the agency, board, or commission proposes to repeal and not re-promulgate, and a list of rules the agency, board, or commission proposes to re-promulgate.
- B.** The agency, board, or commission must publish a notice of intended action and hold at least two public hearings designed to maximize public participation in the rulemaking process. A copy of the retrospective analysis must be published on the agency's website prior to the public hearings.
- C.** Each new rule chapter finalized by the agency must reduce the overall regulatory burden, or remain neutral, as compared to the previous rule chapter.
- D.** All proposed amendments to an existing chapter must be contained within a single rulemaking.

#### **PROCESS FOR NEW AND AMENDED RULES**

**IV.** To create a more stable regulatory environment and provide businesses with certainty, there is a moratorium on rulemaking. State agencies shall not initiate, by filing a notice of intended action or an adopted and filed emergency, any new rulemaking from February 1, 2023 through the agency review date established by the ARC, unless the agency is directed by the ARC to take a rulemaking action or all of the following conditions apply and the rulemaking is precleared by the ARC:

- A.** The rulemaking is narrowly-tailored to achieve one or more of the following objectives:
  - i.** To reduce or remove a regulatory burden, including reducing restrictive terms;
  - ii.** To remove obsolete, outdated, inconsistent, incompatible, redundant, or unnecessary regulations, including instances where rule language is duplicative of statutory language;
  - iii.** To comply with a new statutory requirement, court order, or federal mandate where no waiver is permitted;
  - iv.** To prevent a substantiated and well-documented threat to public health, peace, or safety;

- v. To reduce state spending;
  - vi. To repeal a rule chapter as specified in Part II of this Executive Order; or
  - vii. To re-promulgate a rule chapter as specified in Part III of this Executive Order.
- B.** The agency completes a regulatory analysis of the new or amended rulemaking containing the items listed in section 17A.4A(2) of the Iowa Code and complies with the following:
- i. At least one public hearing is conducted on the regulatory analysis prior to final publication on the agency's website.
  - ii. A copy of the final regulatory analysis must be published on the agency's website prior to submission of the rulemaking to the ARC for preclearance.
- V.** Emergency rules shall be limited to those that are intended to avoid an immediate danger or are required to meet a specific deadline specified in statute, a court order, or by this Executive Order or the ARC.

**IMPLEMENTATION AND INTERPRETATION**

- VI.** This Executive Order applies to all departments, agencies, boards, or commissions that have promulgated rules contained within the Iowa Administrative Code but does not apply to statewide constitutional officers or rules promulgated under the authority of those officers.
- VII.** This Executive Order shall be interpreted in accordance with all applicable laws and regulations and shall not supersede any laws or regulations in place as of its effective date. If any provision of this Executive Order is found to be invalid, unenforceable, or otherwise contrary to applicable law, then the remaining provisions of this Executive Order, as applied to any person or circumstance, shall continue in full force and effect and shall not be affected by such finding of invalidity or unenforceability.
- VIII.** This Executive Order does not create any right or benefit, substantive or procedural, enforceable at law or in equity, by any party against the State of Iowa, its departments, agencies, or political subdivisions, or its officers, employees, agents, or any other persons.
- IX.** This Executive Order shall apply prospectively only as of its effective date.

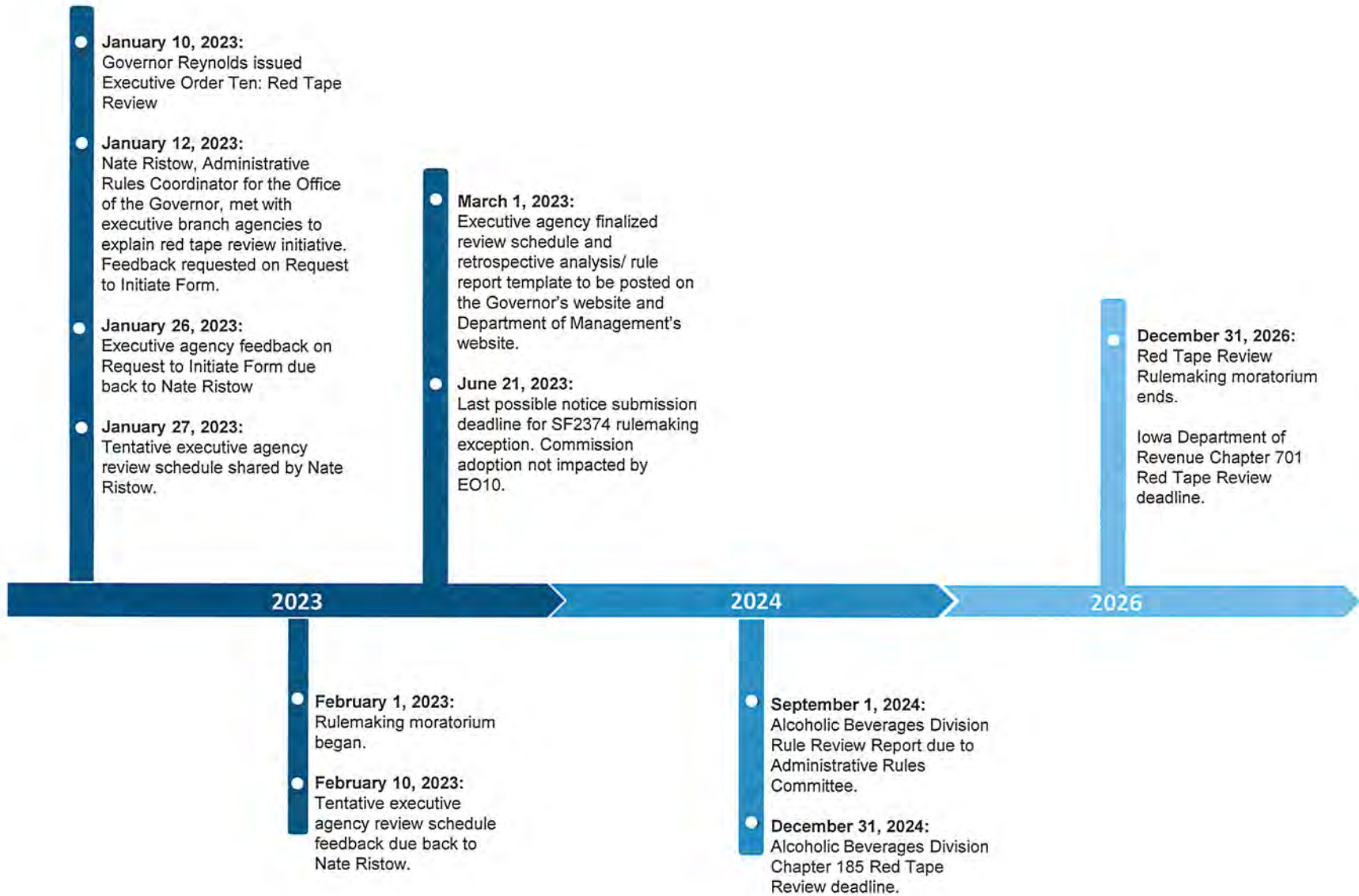


IN TESTIMONY WHEREOF, I HAVE HEREUNTO  
 SUBSCRIBED MY NAME AND CAUSED THE  
 GREAT SEAL OF THE STATE OF IOWA TO BE  
 AFFIXED AT DES MOINES, IOWA THIS TENTH  
 DAY OF JANUARY IN THE YEAR OF OUR LORD  
 TWO THOUSAND TWENTY-THREE.

*Kimberly K. Reynolds*  
 \_\_\_\_\_  
 KIMBERLY K. REYNOLDS  
 GOVERNOR

ATTEST:

*Paul D. Pate*  
 \_\_\_\_\_  
 PAUL D. PATE  
 SECRETARY OF STATE



## Governor Reynolds Executive Order Ten: Red Tape Review

Information current as of 2/2/2023



**ALCOHOLIC  
BEVERAGES  
DIVISION**

State of Iowa

ABD Commission  
Financial Management Update  
February 9, 2023

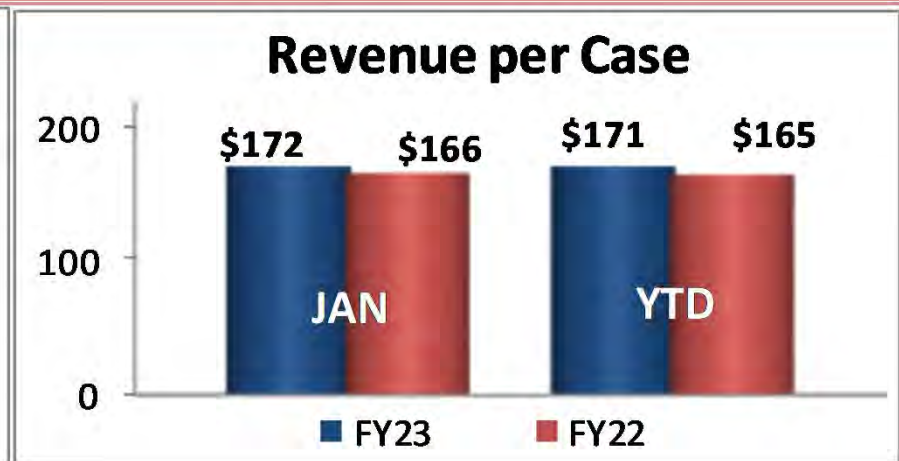
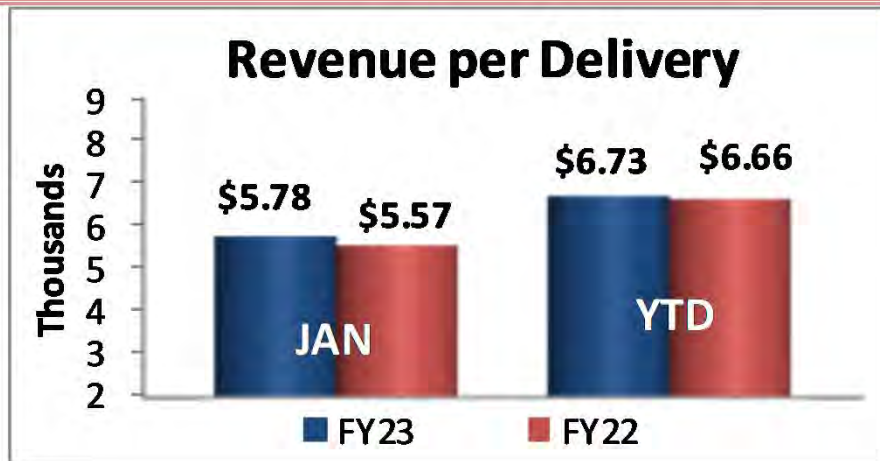


# FY23 Financial Update

## January Sales Comparison Year Over Year ACCRUAL Basis

Category	FY 2023	FY 2022	% Change	Amt Change
Liquor Sales	\$32,435,460	\$27,553,608	17.72%	\$4,881,853
Split Case Fee*	\$182,246	\$113,246	60.93%	\$69,001
Bottle Dep and Sur	\$393,786	\$329,544	19.49%	\$64,242
<b>Total Revenue</b>	<b>\$33,011,492</b>	<b>\$27,996,398</b>	<b>17.91%</b>	<b>\$5,015,094</b>
Deliveries	5,709	5,026	13.59%	683
Orders	9,343	8,515	9.72%	828
Cases	192,382	168,475	14.19%	23,907
Bottles	2,346,020	2,059,459	13.91%	286,561
Picks	435,588	396,032	9.99%	39,556

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



# FY23 Financial Update

## Fiscal Year Sales Comparison Year to Date ACCRUAL Basis

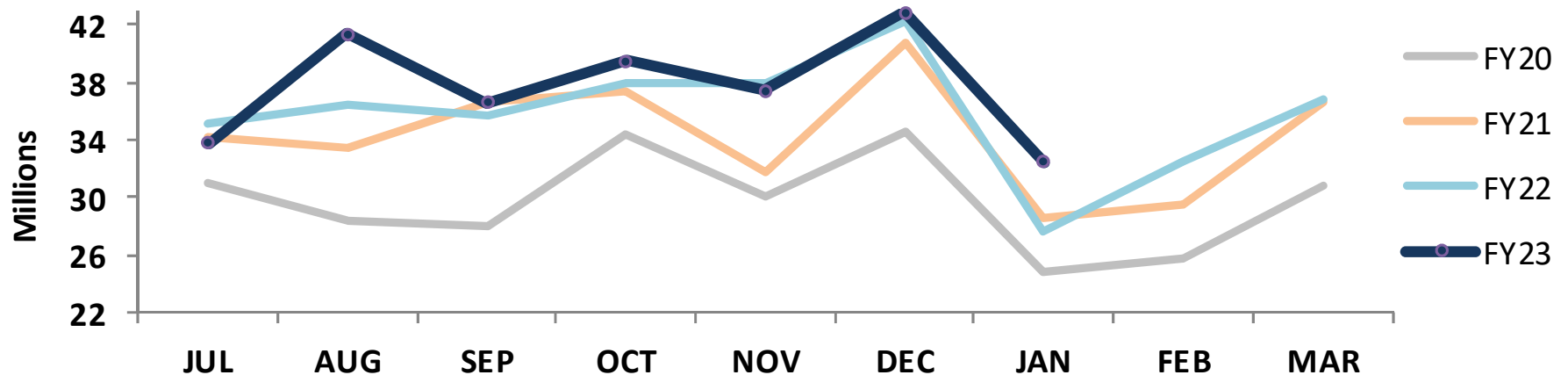
Category	FY 2023	FY 2022	% Change	Amt Change
Liquor Sales	\$263,896,559	\$252,982,666	4.31%	\$10,913,893
Split Case Fee	\$1,339,615	\$931,528	43.81%	\$408,087
Bottle Dep and Sur	\$3,042,476	\$2,776,001	9.60%	\$266,475
<b>Total Revenue</b>	<b>\$268,278,649</b>	<b>\$256,690,195</b>	<b>4.51%</b>	<b>\$11,588,454</b>
Deliveries	39,850	38,556	3.36%	1,294
Orders	64,537	65,094	-0.86%	(557)
Cases	1,565,467	1,552,916	0.81%	12,551
Bottles	18,363,828	18,128,078	1.30%	235,750
Picks	3,351,920	3,433,993	-2.39%	(82,073)

### Number of Sales Days Comparison

Year to Date **EVEN**

**JAN +1**

### Liquor Sales Revenue per Month by FY

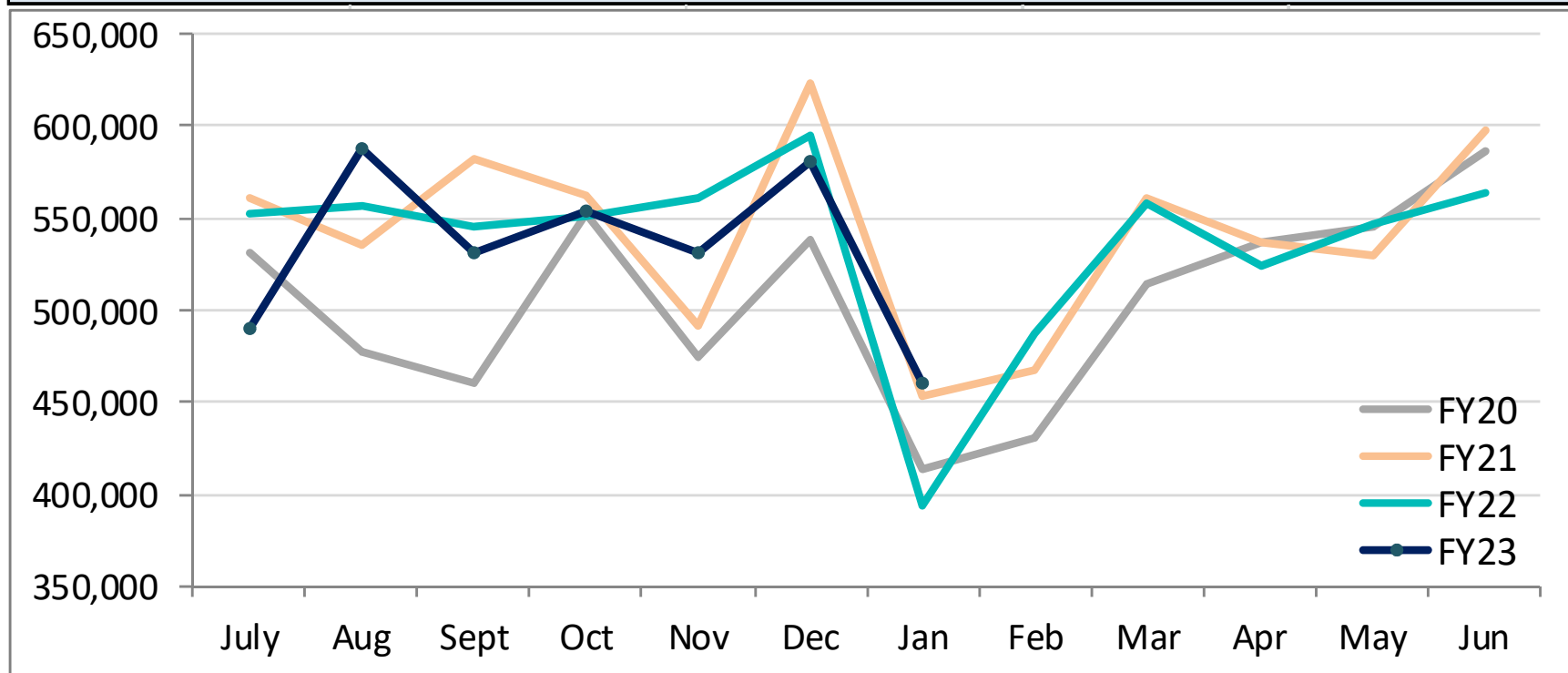




# FY23 Financial Update

## Gallons by Month per FY

Gallons	FY 2023	FY 2022	% Change	Amt Change
<b>Month Total</b>	459,666	394,350	16.56%	65,316
<b>YTD Total</b>	3,733,168	3,752,848	-0.52%	(19,680)
<b>YTD Average</b>	533,310	536,121	-0.52%	(2,811)
<b>Accrual Month Sales</b>	\$32,435,460	\$27,553,608	17.72%	\$4,881,853
<b>Accrual YTD Sales</b>	\$263,899,224	\$252,982,666	4.32%	\$10,916,558
<b>Month Sales/Gallon</b>	\$70.56	\$69.87	0.99%	\$0.69
<b>YTD Sales/Gallon</b>	\$70.69	\$67.41	4.87%	\$3.28



# FY23 Financial Update

## January Sales Comparison Year Over Year - Cash Basis

Category	FY 2023	FY 2022	% Change	Amt Change
Liquor Sales	\$35,871,243	\$31,890,998	12.48%	\$3,980,245
Split Case Fee	\$203,561	\$133,235	52.78%	\$70,326
Bottle Dep and Sur	\$430,888	\$377,032	14.28%	\$53,856
<b>Total Revenue</b>	<b>\$36,505,692</b>	<b>\$32,401,265</b>	<b>12.67%</b>	<b>\$4,104,427</b>
Bailment Fee	\$213,939	\$187,323	14.21%	\$26,616

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

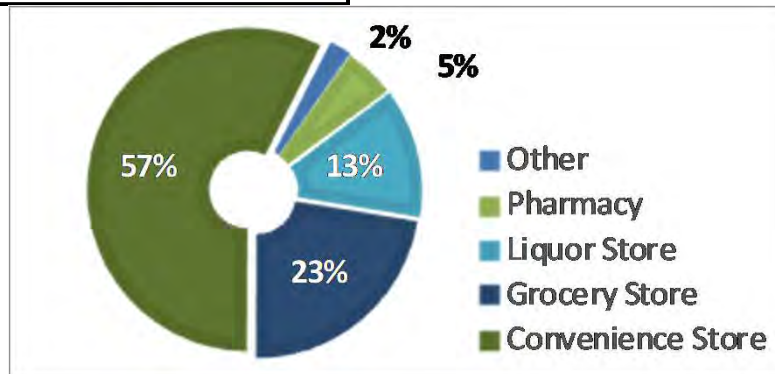
Category	FY 2023	FY 2022	% Change	Amt Change
Liquor Sales	\$259,540,155	\$249,356,337	4.08%	\$10,183,818
Split Case Fee	\$1,309,222	\$915,322	43.03%	\$393,900
Bottle Dep and Sur	\$2,982,049	\$2,733,497	9.09%	\$248,552
<b>Total Revenue</b>	<b>\$263,831,426</b>	<b>\$253,005,156</b>	<b>4.28%</b>	<b>\$10,826,270</b>
Bailment Fee	\$1,725,671	\$1,709,970	0.92%	\$15,701

### Number of Sales Days Comparison

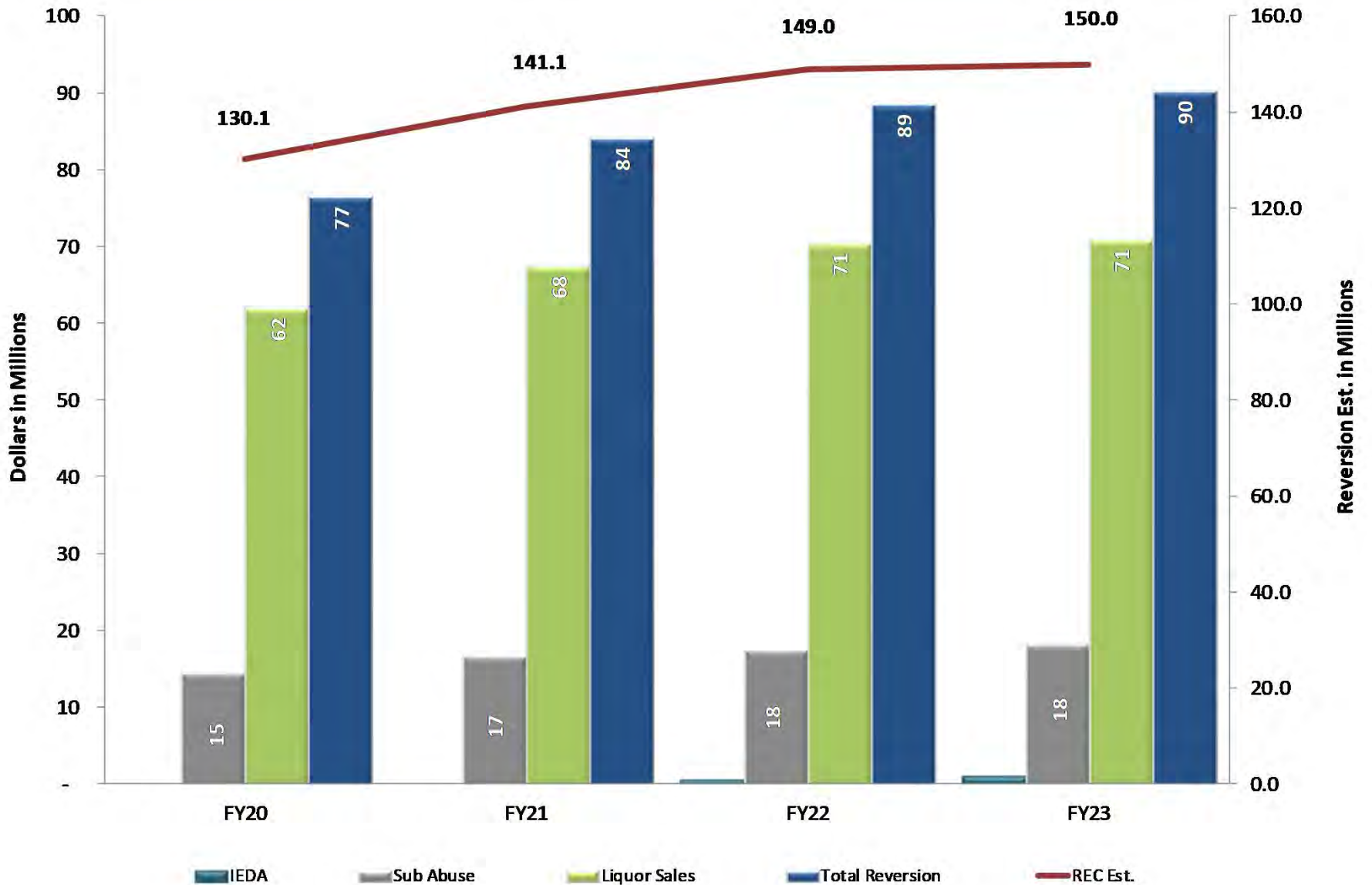
Licensee Type	Total LE's
Other	44
Pharmacy	100
Liquor Store	254
Grocery Store	446
Convenience Store	1,138
<b>Total</b>	<b>1,982</b>
<b>Trend Mo/Mo</b>	<b>2</b>

### Year To Date EVEN

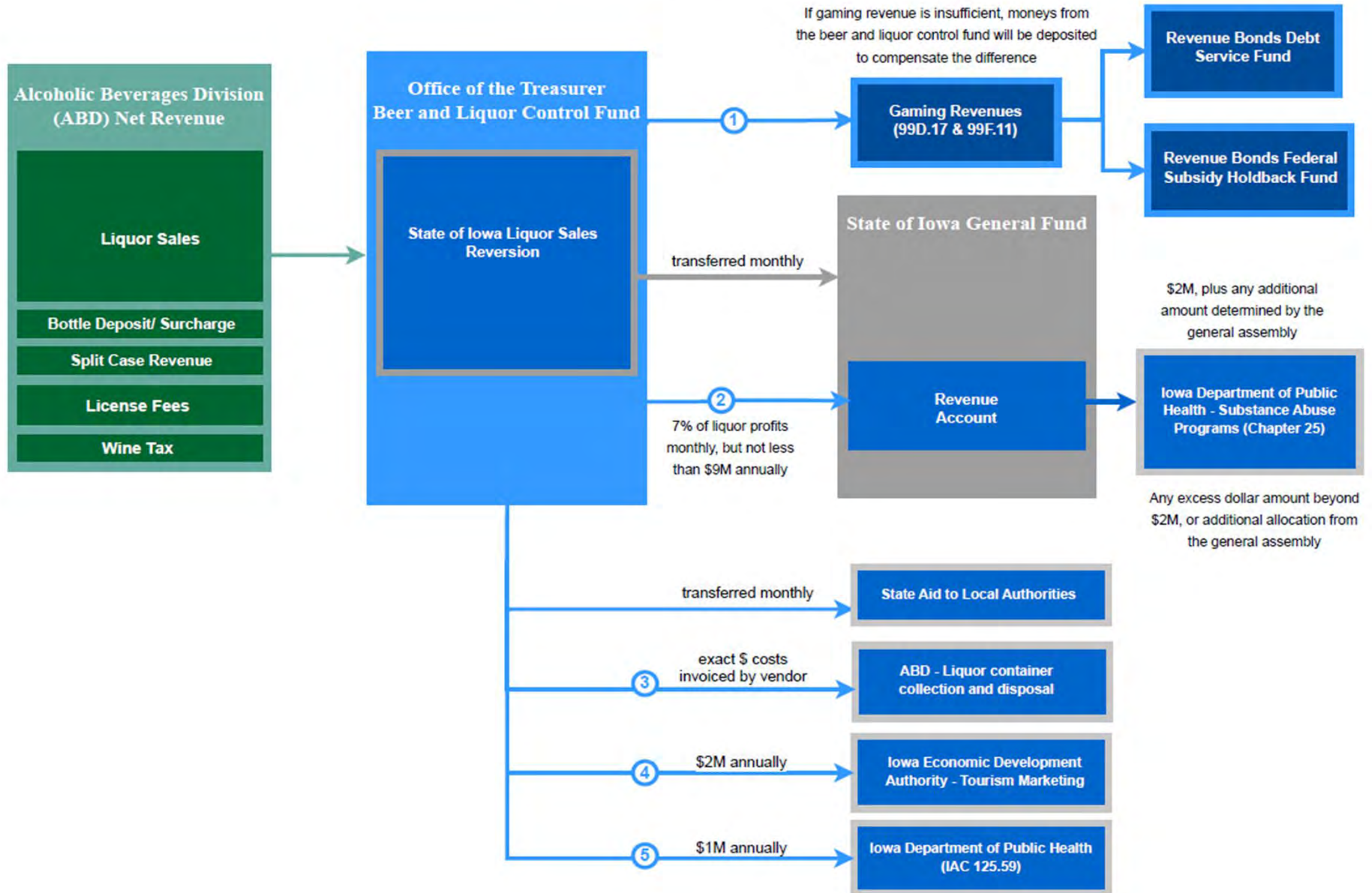
### JAN +1



# FY23 Financial Update



## Beer and Liquor Control Fund Allocations §123.17



# ABD Warehouse Racking Update



ALCOHOLIC  
BEVERAGES  
DIVISION  
**State of Iowa**



# Current Schedule

Large Green- 5 Deep Pushback - Complete

Small Green- Selective - Complete

Yellow- 2 Deep Pushback - Complete

Orange- 3 Deep Pushback - 2/7 - 2/15/23

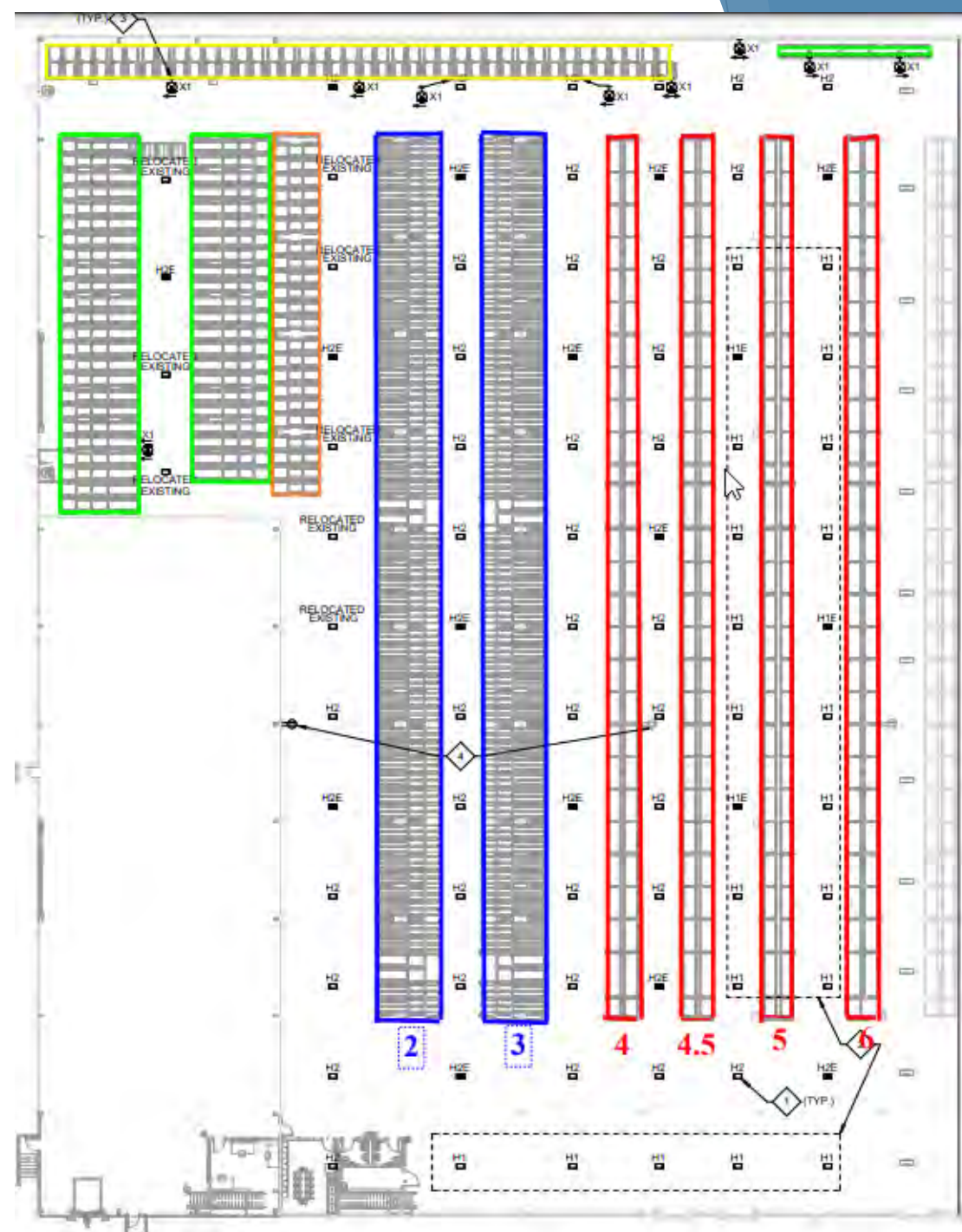
Blue- 3 Deep Pushback - 2/16 - 3/8/23

Red- Selective - 3/9 - 3/22/23

Completion of all racking 3/24/23

Safety Walkthrough- 3/25/23

Training- As assembled





# 5 Deep Pushback Racking

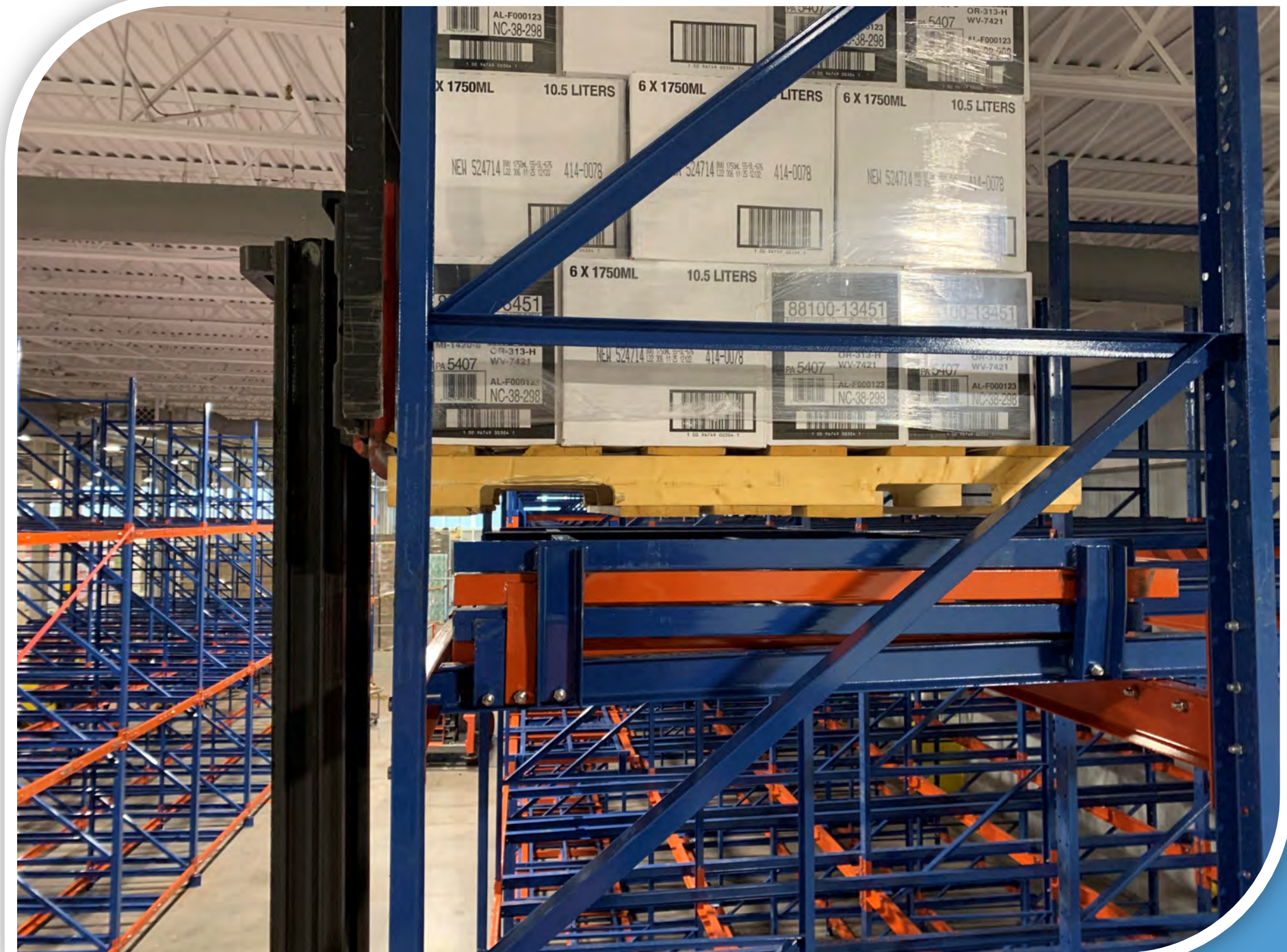
West wall of Expansion  
Completed 2/10/23











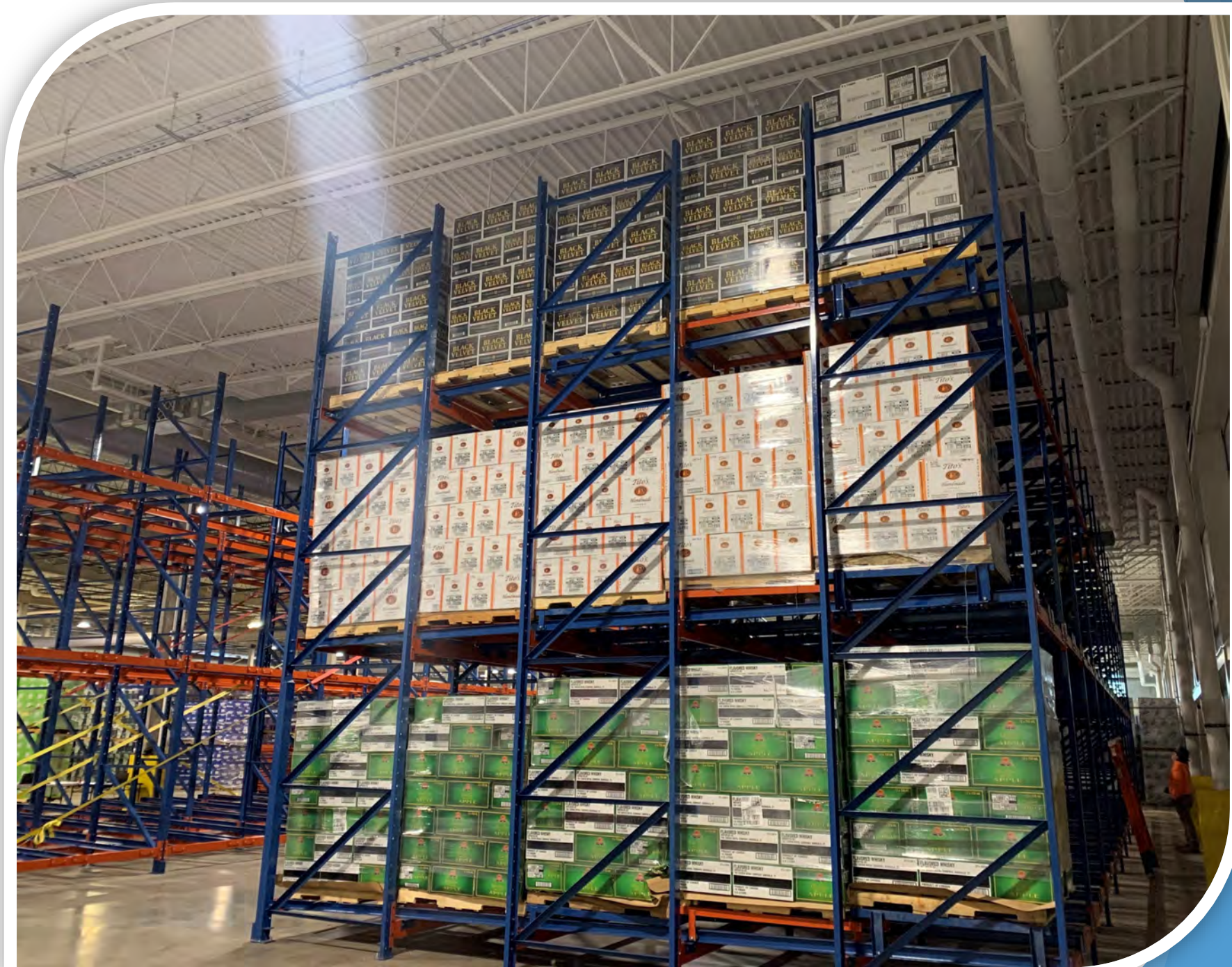
















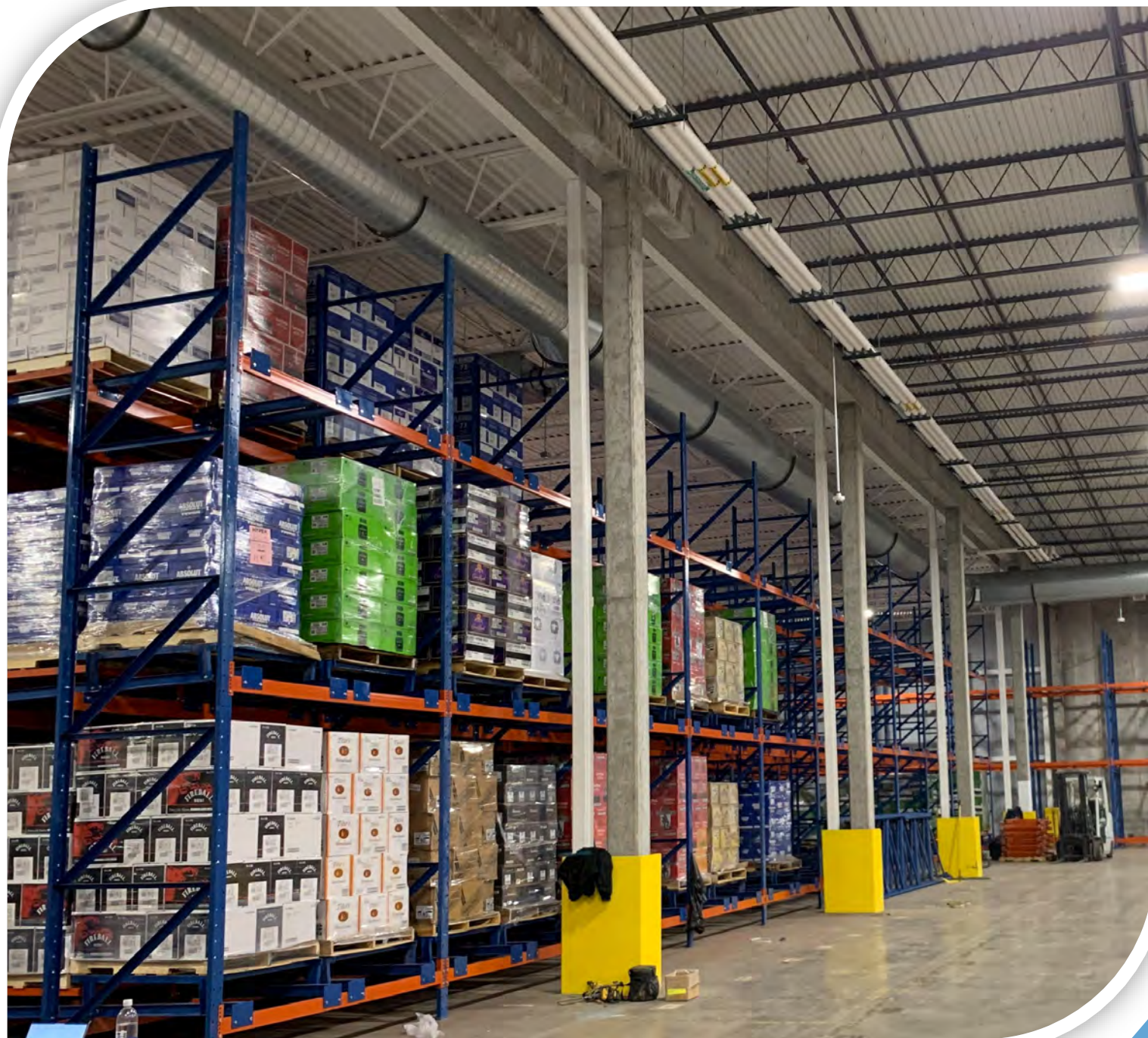














2 Deep Pushback Racking  
North wall  
Completed 2/8/23







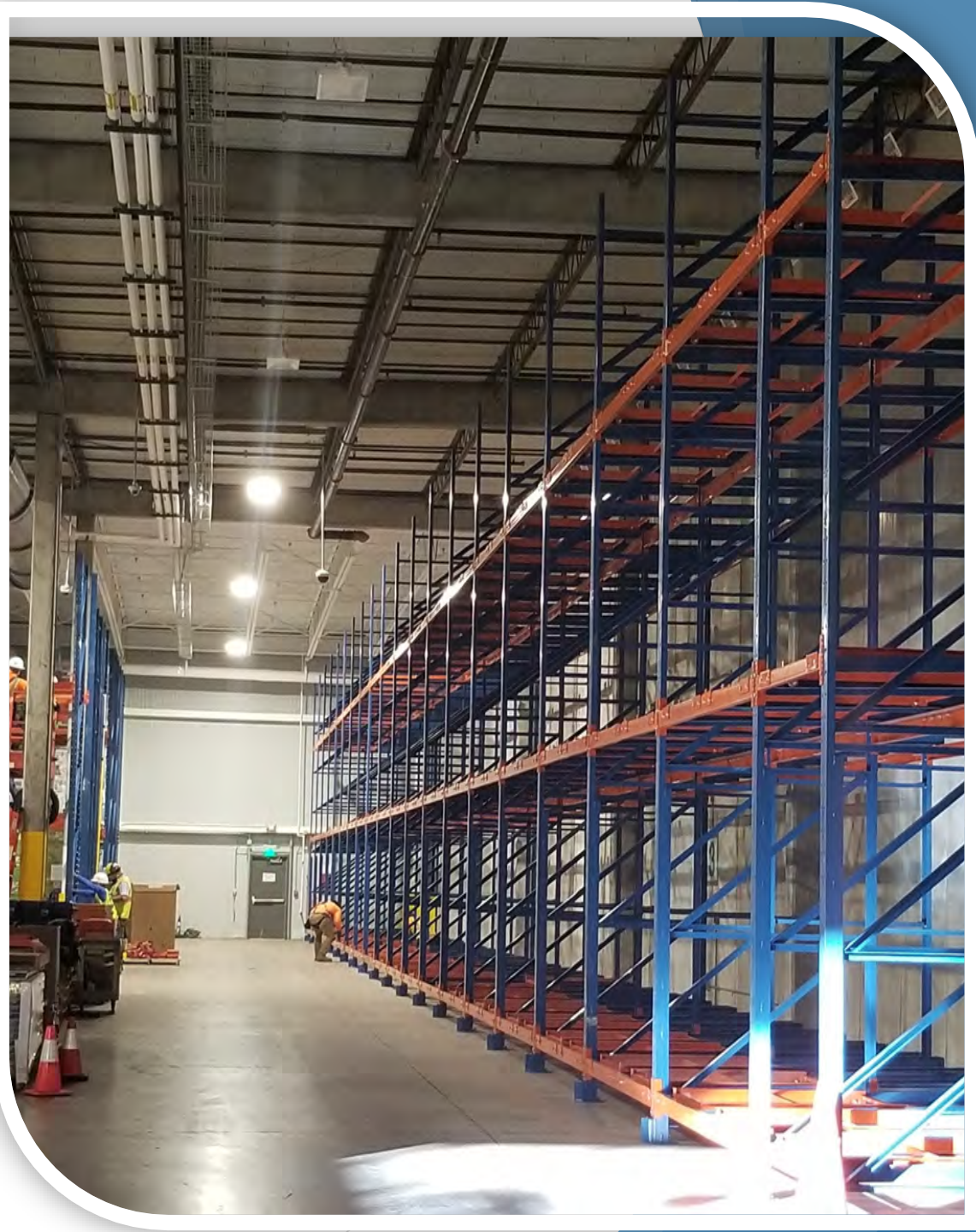


**All racking**  
**Anticipated completion 3/24/2023**

Leased Warehouse  
Through April 30, 2023

New Lighting

Replacement of Security/Cameras



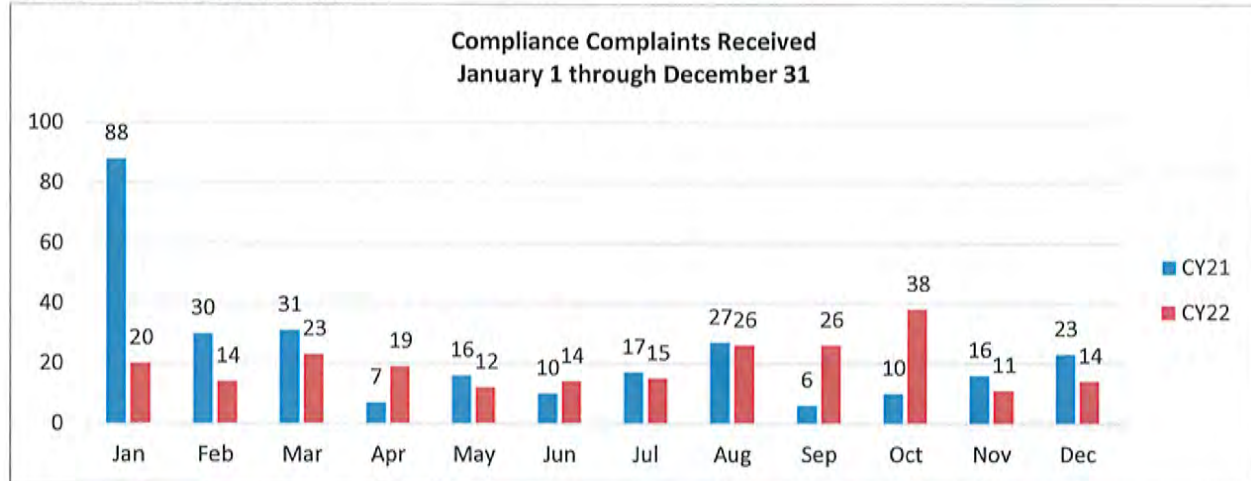


Bill Number	Companion Bill Number	Short Title
<b>ALIGNMENT</b>		
<a href="#">HSB126</a>	<a href="#">SSB1123</a>	A bill for an act relating to the organization, structure, and functions of state government, providing for salaries of appointed state officers, providing for penalties, making appropriations, providing Code editor directives and transition provisions, and including applicability and effective date provisions. BY BLOOMINGDALE
<b>ALCOHOL BILLS</b>		
<a href="#">SSB1032</a>	<a href="#">HSB29</a>	A bill for an act relating to sales of mixed drinks or cocktails for consumption off the premises and including effective date provisions.
<a href="#">HF42</a>		A bill for an act authorizing cities to establish self-supported entertainment areas. (LOHSE)
<a href="#">HF14</a>		A bill for an act relating to the minimum age for employment of persons by a retail alcohol licensee.
<a href="#">HSB 23</a>	<a href="#">SSB1087</a>	A bill for an act relating to the economic development authority, including certain tax credit programs, the Iowa wine, beer, and spirits promotion board, and the beer and liquor control fund, and including applicability provisions.
<a href="#">HF158</a>		A bill for an act relating to alcohol beverage control concerning product placement and inducements by manufacturers and wholesalers of alcoholic liquor, wine, or beer. (BLOOMINGDALE; Formerly HSB39) <i>(Trade Practices Bill. Passed House on 02/02/2023.)</i>
<a href="#">HF205</a>	<a href="#">SF123</a>	A bill for an act relating to the distribution of certain barrel tax revenues collected on beer. (KAUFMANN Formerly HSB71; companion to SF123 by DAWSON)
<a href="#">HF83</a>		A bill for an act providing for the direct shipment of alcoholic liquor and including effective date provisions.
<a href="#">SF191</a>		A bill for an act concerning alcoholic beverage control relating to alternating proprietorship arrangements for beer manufacturers. (Formerly SSB1080)
<a href="#">HF162</a>		A bill for an act relating to excess beverage container refund value possessed by the alcoholic beverages division.
<a href="#">SF167</a>	<a href="#">HSB134</a>	A bill for an act relating to youth employment and making penalties applicable. (BY SCHULTZ)
<a href="#">SF176</a>		A bill for an act relating to retail alcohol licenses for native wineries. (BY COURNOYER)
<a href="#">HSB127</a>		A bill for an act relating to native winery retail alcohol licenses. (BY BLOOMINGDALE)
<a href="#">SSB1136</a>		A bill for an act relating to nonsubstantive Code corrections, and including effective date and retroactive applicability provisions.

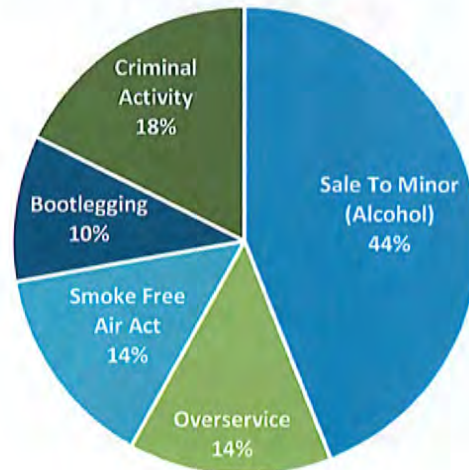
**DATE:** January 10, 2023  
**TO:** Stephen Larson, Alcoholic Beverages Division (ABD) Administrator  
**FR:** Regulatory Compliance Bureau  
**RE:** ABD State of Regulatory Compliance - For the period January 1 through December 31, 2022

The January 2023 Regulatory Compliance Report reflects Calendar Year 2022 summarized data.

**COMPLIANCE COMPLAINTS**



**Top 5 Complaint Categories Resulting in Investigations  
CY22**



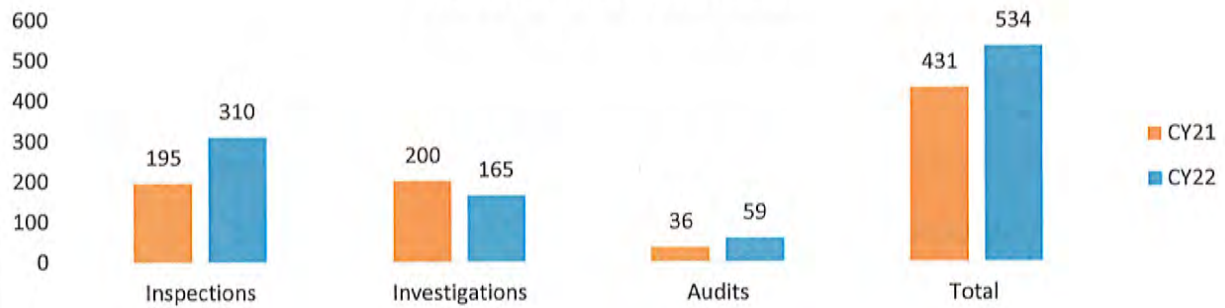
**ALCOHOL COMPLIANCE PROGRAM**

The Alcohol Compliance Program consists of the following areas:

- Inspections
- Investigations
- Audits



**Alcohol Compliance Program Statistics  
January 1 through December 31**

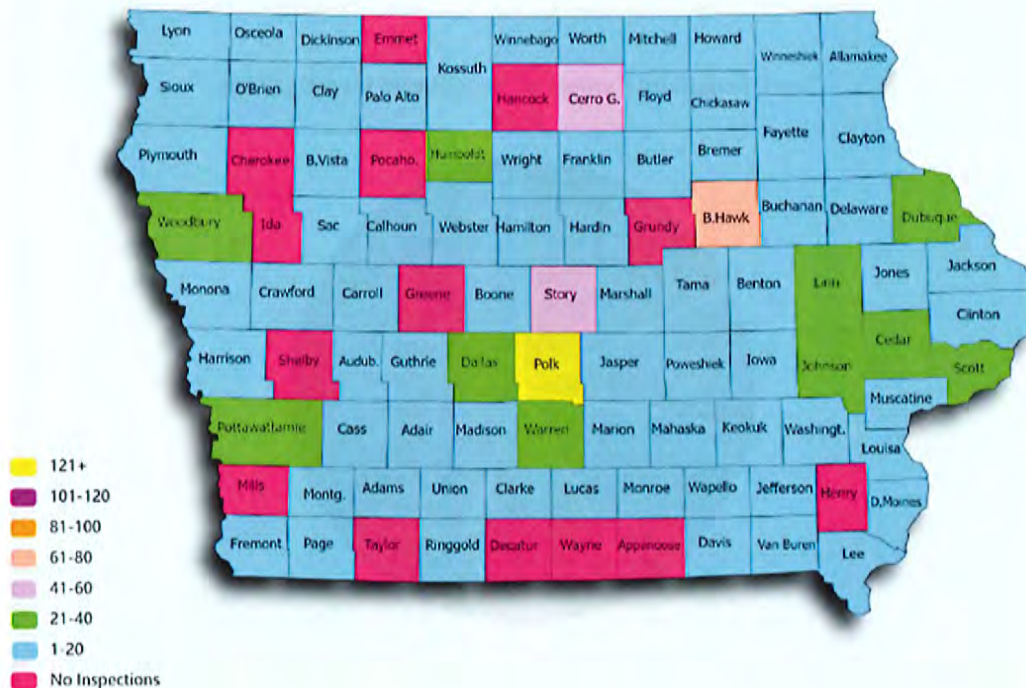


**INSPECTIONS**

In calendar year 2022, the Regulatory Compliance Bureau completed 310 inspections in 85 of the 99 Iowa counties. Compliance inspection areas of focus included bootlegging and infusion, along with joint compliance checks with law enforcement for sales to minors, and assisting the Dept. of Inspections & Appeals with consumable hemp enforcement.

The counties visited are depicted in the map below.

**INSPECTIONS 2022**

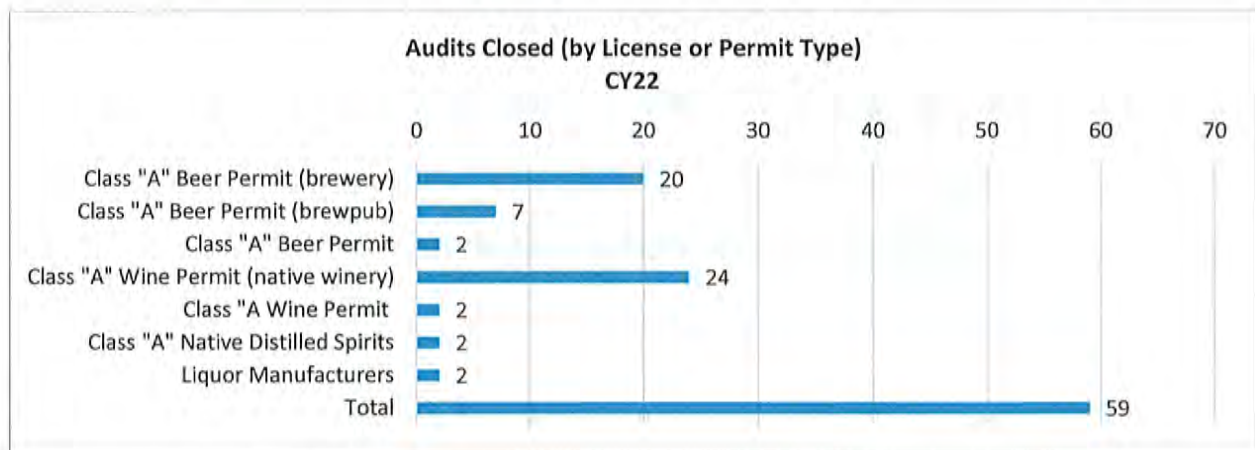
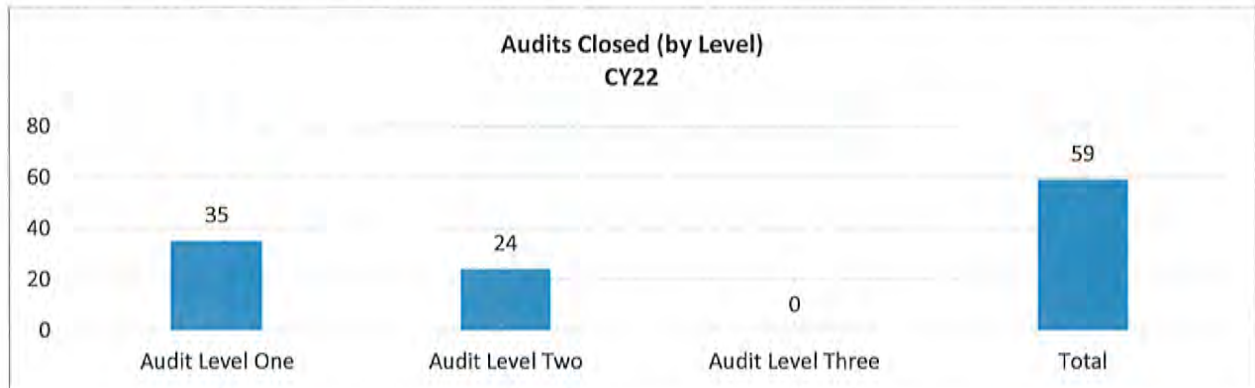


**AUDITS**

In CY22, the Audit Program was modified to implement a three-level system:

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

The purpose for implementing the three-level system was to conduct audits more efficiently by focusing efforts on the more complex Level 2 and Level 3 (complaint driven) audits. The Level 1 audits allow the Division to reach more licensees and permittees in the state.



**Audit Compliance Rate**

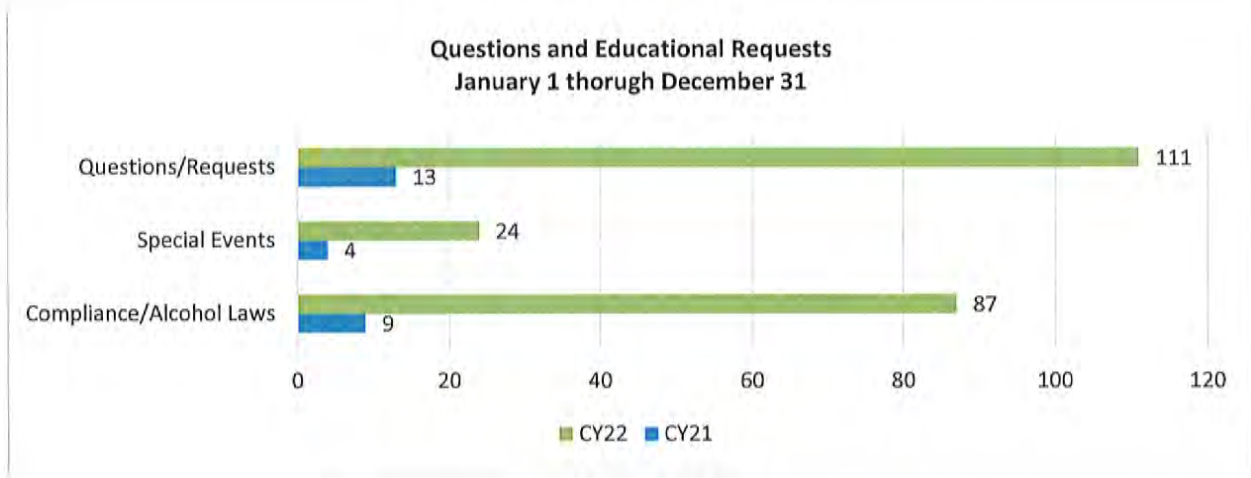
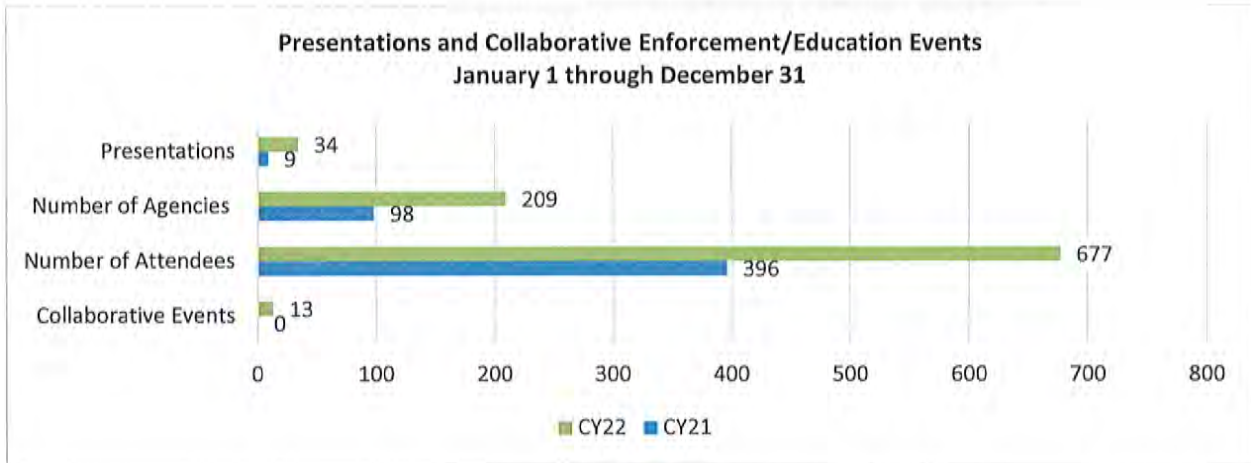
The Audit Compliance Rate for CY22 was 88%. Of 59 total audits completed, 7 audits resulted in additional tax due and 52 audits were closed as compliant. Non-compliant is defined as audits where additional barrel and wine gallonage tax liabilities were identified. All audits conducted incorporated education on laws, rules, and the reporting of gallons.

**EDUCATION AND OUTREACH OF LAW ENFORCEMENT AND LOCAL OFFICIALS**

**Presentations**

The Education and Outreach Program is designed to address the educational needs of non-licensee stakeholders to include law enforcement, prosecutors, city and county clerks, and other local authorities. This program is focused on providing educational content that is designed to strengthen collaboration with ABD. Comprehensive and detailed presentations cover regulatory rules and laws and best practices on a range of topics specific to local authorities. A comparison of program results for CY21 and CY22 are contained in the charts below.





## EDUCATION AND OUTREACH OF RETAILERS

### I-PACT Alcohol Retailer Training

A comparison of the I-PACT Alcohol Retailer Training Program results for CY21 and CY22 are contained in the chart below. A decrease of 2,342 users were certified in CY22 as compared to CY21.

