

# AGENDA

## IOWA ALCOHOLIC BEVERAGES COMMISSION MEETING

### Boardroom

Iowa Alcoholic Beverages Division

1918 SE Hulsizer Road

Ankeny, Iowa 50021

January 16, 2018 – 1:00 PM

Dial in Number: 1.866.685.1580

Conference Code Number: 0009991572

**Call to Order..... Chairperson Nystrom**

- I. Introductions/Opening Remarks
- II. Approval of Agenda – **ACTION ITEM**
- III. Approval of November 8, 2017, November 28, 2017, and December 19, 2017, Minutes – **ACTION ITEM**

**Administrator’s Report..... Administrator Larson**

- IV. Financial Management Update
  - a. Q1 and Q2 Fiscal Year 2018
- V. Attorney General’s Report

**Public Comment... Chairperson Nystrom**

**Old Business..... Chairperson Nystrom**

- Dramshop Insurance Update

**New Business..... Chairperson Nystrom**

**Next Meeting Dates..... Chairperson Nystrom**

- February 7, 2018 – Public Forum
- March 28, 2018 – Public Forum

**Adjournment..... Chairperson Nystrom**

NOTE: Committee and Board agendas may be amended any time up to 24 hours before the meetings. Agenda items may be considered out of order at the discretion of the chair. Meetings will not convene earlier than stated above. If you require accommodations to participate in this public meeting, call 515.281.7407 or TTY at (toll-free) 866.IowaABD to make your request. Please notify ABD at least 48 hours in advance.

**Reversion Analysis  
FY2018 / FY2017**

	Liquor Sales				Split Case Revenues				Total Revenue			
	FY 15	FY16	FY17	FY18	FY 15	FY16	FY17	FY18	FY 15	FY16	FY17	FY18
July	\$ 17,153,367.31	\$ 17,354,626.80	\$ 16,182,779.47	\$ 20,683,446.87	\$ 97,739.50	\$ 95,011.00	\$ 85,098.50	\$ 104,422.50	\$ 17,251,106.81	\$ 17,449,637.80	\$ 16,267,877.97	\$ 20,787,869.37
August	\$ 18,380,277.05	\$ 22,356,614.25	\$ 27,281,631.01	\$ 25,737,769.80	\$ 100,043.00	\$ 118,488.65	\$ 147,015.18	\$ 130,670.00	\$ 18,480,320.05	\$ 22,475,102.90	\$ 27,428,646.19	\$ 25,868,439.80
September	\$ 25,457,498.46	\$ 23,416,184.80	\$ 23,307,167.10	\$ 25,306,777.12	\$ 127,235.50	\$ 126,235.50	\$ 119,399.50	\$ 120,085.00	\$ 25,584,733.96	\$ 23,542,420.30	\$ 23,426,566.60	\$ 25,426,862.12
October	\$ 25,690,240.09	\$ 26,121,615.89	\$ 27,172,377.07	\$ 31,832,046.93	\$ 114,111.90	\$ 113,501.00	\$ 127,098.54	\$ 142,404.50	\$ 25,804,351.99	\$ 26,235,116.89	\$ 27,299,475.61	\$ 31,974,451.43
November	\$ 20,651,637.18	\$ 23,763,098.87	\$ 27,186,630.66	\$ 24,401,342.17	\$ 101,687.30	\$ 113,678.50	\$ 135,059.96	\$ 121,120.00	\$ 20,753,324.48	\$ 23,876,777.37	\$ 27,321,690.62	\$ 24,522,462.17
December	\$ 28,171,760.10	\$ 29,787,248.48	\$ 30,297,589.74	\$ 30,720,456.69	\$ 146,915.50	\$ 149,507.00	\$ 145,982.00	\$ 142,254.50	\$ 28,318,675.60	\$ 29,936,755.48	\$ 30,443,571.74	\$ 30,862,711.19
January	\$ 21,191,600.40	\$ 19,833,010.93	\$ 22,434,323.13	\$ -	\$ 120,299.50	\$ 116,620.50	\$ 135,460.00	\$ -	\$ 21,311,899.90	\$ 19,949,631.43	\$ 22,569,783.13	\$ -
February	\$ 20,875,688.63	\$ 23,719,843.36	\$ 22,804,158.85	\$ -	\$ 106,295.00	\$ 121,820.04	\$ 107,044.50	\$ -	\$ 20,981,983.63	\$ 23,841,663.40	\$ 22,911,203.35	\$ -
March	\$ 23,561,799.69	\$ 22,973,373.17	\$ 24,588,550.59	\$ -	\$ 120,034.58	\$ 123,716.00	\$ 126,367.50	\$ -	\$ 23,681,834.27	\$ 23,097,089.17	\$ 24,714,918.09	\$ -
April	\$ 21,459,454.81	\$ 21,406,364.63	\$ 22,551,186.27	\$ -	\$ 118,045.00	\$ 114,130.00	\$ 116,776.00	\$ -	\$ 21,577,499.81	\$ 21,520,494.63	\$ 22,667,962.27	\$ -
May	\$ 23,254,740.64	\$ 24,735,346.31	\$ 29,483,763.34	\$ -	\$ 113,258.82	\$ 124,648.50	\$ 150,219.50	\$ -	\$ 23,367,999.46	\$ 24,859,994.81	\$ 29,633,982.84	\$ -
June	\$ 26,729,729.02	\$ 27,409,272.32	\$ 25,636,821.18	\$ -	\$ 135,026.50	\$ 142,132.50	\$ 121,086.50	\$ -	\$ 26,864,755.52	\$ 27,551,404.82	\$ 25,757,907.68	\$ -
July-Aug (H/O)	\$ 5,128,722.61	\$ 6,032,190.85	\$ 6,692,148.36	\$ -	\$ 26,209.50	\$ 34,450.00	\$ 36,701.50	\$ -	\$ 5,154,932.11	\$ 6,066,640.85	\$ 6,728,849.86	\$ -
<b>Total</b>	<b>\$ 277,706,515.99</b>	<b>\$ 288,908,790.66</b>	<b>\$ 305,619,126.77</b>	<b>\$ 158,681,839.58</b>	<b>\$ 1,426,901.60</b>	<b>\$ 1,493,939.19</b>	<b>\$ 1,553,309.18</b>	<b>\$ 760,956.50</b>	<b>\$ 279,133,417.59</b>	<b>\$ 290,402,729.85</b>	<b>\$ 307,172,435.95</b>	<b>\$ 159,442,796.08</b>

**Total Budget** \$ 315,000,000.00  
**% of Budget** 50.38%

	Substance Abuse				General Fund Reversion				Total Reversion			
	FY 15	FY16	FY17	FY18	FY 15	FY16	FY17	FY18	FY 15	FY16	FY17	FY18
July	\$ 1,537,471.88	\$ 1,221,474.65	\$ 1,138,751.46	\$ 1,455,150.86	\$ 6,000,000	\$ 6,000,000	\$ 6,000,000	\$ 7,300,000	\$ 7,537,471.88	\$ 7,221,474.65	\$ 7,138,751.46	\$ 8,755,150.86
August	\$ 1,481,850.27	\$ 1,573,257.20	\$ 1,920,005.23	\$ 1,810,790.79	\$ 6,000,000	\$ 7,000,000	\$ 7,000,000	\$ 6,500,000	\$ 7,481,850.27	\$ 8,573,257.20	\$ 8,920,005.23	\$ 8,310,790.79
September	\$ 1,543,474.94	\$ 1,647,969.42	\$ 1,639,859.66	\$ 1,779,880.35	\$ 7,000,000	\$ 7,500,000	\$ 7,500,000	\$ 8,500,000	\$ 8,543,474.94	\$ 9,147,969.42	\$ 9,139,859.66	\$ 10,279,880.35
October	\$ 1,930,458.45	\$ 1,836,458.18	\$ 1,910,963.29	\$ 2,238,211.60	\$ 8,500,000	\$ 8,700,000	\$ 8,700,000	\$ 9,000,000	\$ 10,430,458.45	\$ 10,536,458.18	\$ 10,610,963.29	\$ 11,238,211.60
November	\$ 1,409,326.77	\$ 1,671,374.42	\$ 1,912,518.34	\$ 1,716,572.35	\$ 6,000,000	\$ 9,000,000	\$ 9,000,000	\$ 7,000,000	\$ 7,409,326.77	\$ 10,671,374.42	\$ 10,912,518.34	\$ 8,716,572.35
December	\$ 2,128,966.06	\$ 2,095,572.88	\$ 2,131,050.02	\$ 2,160,389.78	\$ 6,000,000	\$ 8,000,000	\$ 9,000,000	\$ 9,000,000	\$ 8,128,966.06	\$ 10,095,572.88	\$ 11,131,050.02	\$ 11,160,389.78
January	\$ 1,286,706.08	\$ 1,396,474.20	\$ 1,579,884.82	\$ -	\$ 8,000,000	\$ 6,000,000	\$ 6,500,000	\$ -	\$ 9,286,706.08	\$ 7,396,474.20	\$ 8,079,884.82	\$ -
February	\$ 1,479,646.53	\$ 1,668,916.44	\$ 1,603,784.23	\$ -	\$ 8,000,000	\$ 7,000,000	\$ 7,000,000	\$ -	\$ 9,479,646.53	\$ 8,668,916.44	\$ 8,603,784.23	\$ -
March	\$ 1,670,587.37	\$ 1,616,796.24	\$ 1,730,044.27	\$ -	\$ 8,000,000	\$ 8,000,000	\$ 8,000,000	\$ -	\$ 9,670,587.37	\$ 9,616,796.24	\$ 9,730,044.27	\$ -
April	\$ 1,598,409.60	\$ 1,506,434.62	\$ 1,586,757.36	\$ -	\$ 7,500,000	\$ 7,500,000	\$ 7,500,000	\$ -	\$ 9,098,409.60	\$ 9,006,434.62	\$ 9,086,757.36	\$ -
May	\$ 1,571,640.16	\$ 1,740,199.64	\$ 2,074,378.80	\$ -	\$ 9,000,000	\$ 8,000,000	\$ 9,500,000	\$ -	\$ 10,571,640.16	\$ 9,740,199.64	\$ 11,574,378.80	\$ -
June	\$ 1,774,967.03	\$ 1,928,598.34	\$ 1,803,053.54	\$ -	\$ 9,000,000	\$ 8,000,000	\$ 7,300,000	\$ -	\$ 10,774,967.03	\$ 9,928,598.34	\$ 9,103,053.54	\$ -
July-Aug (H/O)	\$ 125,834.09	\$ 424,664.86	\$ 471,019.49	\$ -	\$ 697,323	\$ 760,077	\$ 67,415	\$ -	\$ 823,157.09	\$ 1,184,741.97	\$ 538,434.49	\$ -
<b>Total</b>	<b>\$ 19,539,339.24</b>	<b>\$ 20,328,191.09</b>	<b>\$ 21,502,070.51</b>	<b>\$ 11,160,995.73</b>	<b>\$ 89,697,323</b>	<b>\$ 91,460,077</b>	<b>\$ 93,067,415</b>	<b>\$ 47,300,000</b>	<b>\$ 109,236,662.24</b>	<b>\$ 111,788,268.20</b>	<b>\$ 114,569,485.51</b>	<b>\$ 58,460,995.73</b>

<b>Obligation</b>									<b>98,000,000</b>	<b>103,000,000</b>	<b>114,000,000</b>	<b>116,100,000</b>
<b>Over/Under Reversion</b>									<b>11,236,662</b>	<b>8,788,268</b>	<b>569,486</b>	<b>(57,639,004)</b>
									<b>111.47%</b>	<b>108.53%</b>	<b>100.50%</b>	<b>50.35%</b>

Iowa ABD  
Cash Flow - Liquor Control Fund  
FY18

CASH IN	July	August	September	October	November	December	TOTAL
Liquor Sales	\$ 20,683,446.87	\$ 25,737,769.80	\$ 25,306,777.12	\$ 31,832,046.93	\$ 24,401,342.17	\$ 30,720,456.69	\$ 158,681,839.58
Wine Tax	\$ -	\$ 540,862.34	\$ 694,180.84	\$ 534,129.25	\$ 994,264.20	\$ 747,021.06	\$ 3,510,457.69
Liquor Permits	\$ 1,563,575.55	\$ 827,418.75	\$ 1,438,125.02	\$ 1,376,038.12	\$ 903,562.09	\$ 1,084,619.64	\$ 7,193,339.17
Beer Permits	\$ 86,395.16	\$ 72,820.76	\$ 127,932.24	\$ 125,823.29	\$ 89,665.03	\$ 75,653.37	\$ 578,289.85
Special Licenses	\$ 550.00	\$ 1,025.00	\$ 1,525.00	\$ 850.00	\$ 925.00	\$ 775.00	\$ 5,650.00
Vinter's Cert. of Compliance	\$ 3,500.00	\$ 8,800.00	\$ 6,100.00	\$ 5,200.00	\$ 4,100.00	\$ 3,000.00	\$ 30,700.00
Distiller's Cert. of Compliance	\$ 600.00	\$ 1,600.00	\$ 1,000.00	\$ 800.00	\$ 1,150.00	\$ 600.00	\$ 5,750.00
Brewer's Cert. of Compliance	\$ 8,000.00	\$ 10,000.00	\$ 8,500.00	\$ 6,000.00	\$ 8,500.00	\$ 7,000.00	\$ 48,000.00
Split Case Fee	\$ 104,422.50	\$ 130,670.00	\$ 120,085.00	\$ 142,404.50	\$ 121,120.00	\$ 142,254.50	\$ 760,956.50
Bottle Deposit Fee	\$ 197,289.27	\$ 253,956.60	\$ 235,372.14	\$ 289,602.00	\$ 232,798.59	\$ 276,099.39	\$ 1,485,117.99
Other- Misc. Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other - Fees,NSF	\$ 468.00	\$ 510.94	\$ 545.00	\$ 970.00	\$ 625.00	\$ 470.00	\$ 3,588.94
NABCA	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Recycle	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Misc. Income	\$ 690.00	\$ 4,047.51	\$ 1,586.00	\$ 854.99	\$ 4,345.27	\$ 38,398.00	\$ 49,921.77
Lottery Lease	\$ -	\$ -	\$ -	\$ 20,448.75	\$ -	\$ -	\$ 20,448.75
Other Sales/Service-Recycling	\$ -	\$ 1,378.00	\$ 3,021.25	\$ 2,573.29	\$ 1,616.86	\$ 1,228.32	\$ 9,817.72
<b>TOTAL CASH IN</b>	<b>\$ 22,648,937.35</b>	<b>\$ 27,590,859.70</b>	<b>\$ 27,944,749.61</b>	<b>\$ 34,337,741.12</b>	<b>\$ 26,764,014.21</b>	<b>\$ 33,097,575.97</b>	<b>\$ 172,383,877.96</b>
<b>CASH OUT</b>							
Cities-Liquor Sales Dist	\$ -	\$ 337,173.17	\$ 278,803.70	\$ 360,285.53	\$ 277,606.67	\$ 235,886.62	\$ 1,489,755.69
Counties-Liquor Sales Dist	\$ -	\$ 19,410.02	\$ 15,519.42	\$ 19,425.35	\$ 10,242.20	\$ 10,208.46	\$ 74,805.45
Transfer to Liq Gen Fund(0001)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 300,000.00	\$ 300,000.00
Sunday Sales	\$ -	\$ -	\$ 911,292.57	\$ -	\$ -	\$ -	\$ 911,292.57
Substance Abuse	\$ -	\$ 1,455,150.86	\$ 1,810,790.79	\$ 1,779,880.35	\$ 2,238,211.60	\$ 1,716,572.35	\$ 9,000,605.95
General Fund Transfer	\$ -	\$ 7,300,000.00	\$ 6,500,000.00	\$ 8,500,000.00	\$ 9,000,000.00	\$ 7,000,000.00	\$ 38,300,000.00
Personal Expenses	\$ 139,696.80	\$ 782,814.05	\$ 255,284.56	\$ 327,907.60	\$ 347,994.78	\$ 337,697.09	\$ 2,191,394.88
Liquor Purchases	\$ 7,715,609.45	\$ 16,796,085.77	\$ 18,217,365.66	\$ 17,083,444.71	\$ 19,941,508.41	\$ 18,971,572.60	\$ 98,725,586.60
Liquor Purchases-Buyouts	\$ -	\$ 418,177.35	\$ 102,176.34	\$ 6,528.00	\$ 217,667.30	\$ -	\$ 744,548.99
Bottle Deposit/Surcharge	\$ -	\$ 168,148.60	\$ 179,962.91	\$ 209,966.39	\$ 177,461.56	\$ 200,768.49	\$ 936,307.95
Capitals	\$ -	\$ 500,000.00	\$ -	\$ (24,653.78)	\$ -	\$ -	\$ 475,346.22
Misc. Trust Fund Expenses	\$ 83,544.26	\$ 551,728.38	\$ 318,853.77	\$ 335,085.93	\$ 387,685.76	\$ 369,270.90	\$ 2,046,169.00
<b>TOTAL CASH OUT</b>	<b>\$ 7,938,850.51</b>	<b>\$ 28,328,688.20</b>	<b>\$ 28,590,049.72</b>	<b>\$ 28,597,870.08</b>	<b>\$ 32,598,378.28</b>	<b>\$ 29,141,976.51</b>	<b>\$ 155,195,813.30</b>
<b>TOTAL CHANGE IN CASH</b>	<b>\$ 14,710,086.84</b>	<b>\$ (737,828.50)</b>	<b>\$ (645,300.11)</b>	<b>\$ 5,739,871.04</b>	<b>\$ (5,834,364.07)</b>	<b>\$ 3,955,599.46</b>	<b>\$ 17,188,064.66</b>
<b>BEGINNING CASH BALANCE</b>		<b>\$ 14,710,086.84</b>	<b>\$ 13,972,258.34</b>	<b>\$ 13,326,958.23</b>	<b>\$ 19,066,829.27</b>	<b>\$ 13,232,465.20</b>	<b>\$ 194,625,050.50</b>
Increase/(Decrease) in Cash	\$ 14,710,086.84	\$ (737,828.50)	\$ (645,300.11)	\$ 5,739,871.04	\$ (5,834,364.07)	\$ 3,955,599.46	\$ 17,188,064.66
<b>ENDING CASH BALANCE</b>	<b>\$ 14,710,086.84</b>	<b>\$ 13,972,258.34</b>	<b>\$ 13,326,958.23</b>	<b>\$ 19,066,829.27</b>	<b>\$ 13,232,465.20</b>	<b>\$ 17,188,064.66</b>	<b>\$ 211,813,115.16</b>
<b>1/3 CASH BALANCE</b>	<b>\$ 14,710,086.84</b>	<b>\$ 13,972,258.34</b>	<b>\$ 13,326,958.23</b>	<b>\$ 19,066,829.27</b>	<b>\$ 13,232,465.20</b>	<b>\$ 17,188,064.66</b>	
<b>VARIANCE</b>	<b>\$ -</b>	<b>\$ -</b>					

## Profit & Loss Summary FY2014-2017

Revenues	FY 2014*	FY 2015*	FY 2016*	FY 2017*
Liquor Sales Revenue ①	\$263,495,212	\$277,706,516	\$288,908,790	\$305,619,126
Other Revenues	\$3,591,476	\$3,942,081	\$4,226,128	\$4,503,333
<b>Total Revenues ②</b>	<b>\$267,086,688</b>	<b>\$281,648,597</b>	<b>\$293,134,918</b>	<b>\$310,122,459</b>
Expenses				
Cost of Sales ③	\$171,429,626	\$181,494,799	\$189,335,883	\$201,065,906
Operating Expenses ④	\$6,616,118	\$6,296,486	\$4,944,191	\$5,056,186
General & Administrative Expenses ⑤	\$2,575,216	\$2,759,540	\$4,263,076	\$4,848,241
Other Expenses	\$1,623,389	\$1,734,200	\$1,828,566	\$2,039,564
<b>Total Expenses ⑥</b>	<b>\$182,244,349</b>	<b>\$192,285,025</b>	<b>\$200,371,716</b>	<b>\$213,009,897</b>
Profits & Reversion				
Income from Operations (Rev.-Exp) ⑦	\$84,842,339	\$89,363,572	\$92,763,202	\$97,112,562
Less: Substance & Abuse Transfer	\$18,539,905	\$19,539,339	\$20,328,191	\$21,502,070
<b>Net Profit ⑧</b>	<b>\$66,302,434</b>	<b>\$69,824,233</b>	<b>\$72,435,011</b>	<b>\$75,610,492</b>

## Profit & Loss Comparative Ratios FY 2014-FY2017

Ratios	FY 2014*	FY 2015*	FY 2016*	FY 2017*
Income from Operations <u>VS</u> Liquor Sales Revenue ⑦/①	32.20%	32.18%	32.11%	31.78%
Income from Operations <u>VS</u> Total Revenues ⑦/②	31.77%	31.73%	31.65%	31.31%
Income from Operations <u>VS</u> Cost of Sales ⑦/③	49.49%	49.24%	48.99%	48.30%
Income from Operations <u>VS</u> Total Expenses ⑦/⑥	46.55%	46.47%	46.30%	45.59%
Return on Sales (Net Profit <u>VS</u> Liquor Sales Revenue) ⑧/①	25.16%	25.14%	25.07%	24.74%
Operating Expenses <u>VS</u> Net Profit ③/⑧	9.98%	9.02%	6.83%	6.69%
General & Administrative Expenses <u>VS</u> Net Profit ④/⑧	3.88%	3.95%	5.89%	6.41%

## Leverageable Cost Trends

	FY 2015*	FY 2016*	FY 2017*
Operating Expenses	-4.83%	-21.48%	2.27%
General & Administrative Expenses	7.16%	54.49%	13.73%
Total Leverageable Cost (Op. Exp. + Gen. & Admin. Exp.)	-1.47%	1.67%	7.57%

### Other Expenses

Bottle Deposit Fee
Recycle Surcharge Fee
Liquor Refunds

### Other Revenues

Split Case Fee
Bottle Deposit/Surcharge
Recycling
Fuel and Lease Reimbursement
Lease Revenue

### Definitions

**Operating Expense:** Costs associated with the direct production of goods/services (e.g. warehouse workers, truck drivers, fuel, scanners, boxes).

**General & Administrative Expense:** Costs indirectly associated with the production of goods/services (e.g. accountants, IT services, software, utilities, management).

12/13/2017

Iowa Alcoholic Beverages Division

## BEER, WINE, AND LIQUOR Distribution Points + Gallons Sold

Deposits:	FY 2013*	FY 2014*	FY 2015*	FY 2016*	FY 2017*	5 Year Total	5 Year Avg.
Active LE Licensees (as of 6/30)	1,208	1,243	1,305	1,343	1,423	N/A	1,329
<b>Total Liquor Gallons</b>	<b>4,951,393</b>	<b>5,028,782</b>	<b>5,157,153</b>	<b>5,276,165</b>	<b>5,508,217</b>	<b>25,921,710</b>	<b>5,242,579</b>
Beer Gallons	73,099,412	74,451,418	73,835,128	74,746,570	73,179,382	369,311,910	74,053,125
Beer Gallons (Native)	126,905	478,700	560,570	560,944	615,451	2,342,570	**553,916
<b>Total Beer Gallons</b>	<b>73,226,317</b>	<b>74,930,118</b>	<b>74,395,698</b>	<b>75,307,514</b>	<b>73,794,833</b>	<b>371,654,480</b>	<b>74,607,041</b>
Wine Gallons	4,415,792	4,236,592	4,521,250	4,369,835	4,616,025	22,159,494	4,435,926
Wine Gallons (Native)	151,187	146,639	153,665	182,261	177,253	811,005	164,955
<b>Total Wine Gallons</b>	<b>4,566,979</b>	<b>4,383,231</b>	<b>4,674,915</b>	<b>4,552,096</b>	<b>4,793,278</b>	<b>22,970,499</b>	<b>4,600,880</b>
<b>Total Beer, Liquor, Wine Gallons</b>	<b>82,744,689</b>	<b>84,342,131</b>	<b>84,227,766</b>	<b>85,135,775</b>	<b>84,096,328</b>	<b>420,546,689</b>	<b>84,450,500</b>

\* Fiscal Year (FY) starts 7/1 and ends 6/30

\*\* 4 year average



## BEER, WINE, AND LIQUOR SALE REVENUES

Deposits:	FY 2013*	FY 2014*	FY 2015*	FY 2016*	FY 2017*	5 Year Total	5 Year Avg.
Gross Liquor Sales	\$255,813,575	\$263,495,212	\$277,706,516	\$288,908,790	\$305,619,126	\$1,391,543,219	\$278,308,644
Beer Tax Collected	\$13,864,776	\$13,015,861	\$14,489,027	\$14,231,744	\$13,904,082	\$69,505,490	\$13,901,098
Native Beer Tax Collected	\$24,112	\$40,332	\$65,379	\$108,887	\$116,936	\$355,646	\$71,129
Wine Tax Collected	\$7,463,058	\$7,275,649	\$7,765,256	\$7,648,753	\$8,078,043	\$38,230,759	\$7,646,152
Native Wine Tax Collected	\$264,578	\$251,400	\$247,851	\$320,516	\$310,193	\$39,625,297	\$278,908
<b>Total Beer, Liquor, Wine Revenues</b>	<b>\$277,430,099</b>	<b>\$284,078,454</b>	<b>\$300,274,029</b>	<b>\$311,218,690</b>	<b>\$328,028,380</b>	<b>\$1,501,029,652</b>	<b>\$300,205,930</b>
Other Operating Revenues*	\$3,472,779	\$3,542,768	\$3,812,639	\$4,091,806	\$4,388,015	\$19,308,007	\$3,861,601
Sale of Licenses	\$14,706,231	\$15,036,154	\$15,283,496	\$15,608,360	\$15,664,468	\$76,298,709	\$15,259,742
<b>Total Revenues</b>	<b>\$295,609,109</b>	<b>\$302,657,376</b>	<b>\$319,370,164</b>	<b>\$330,918,856</b>	<b>\$348,080,863</b>	<b>\$1,596,636,368</b>	<b>\$319,327,274</b>

## AVAILABLE REVENUE ANALYSIS

	FY 2013*	FY 2014*	FY 2015*	FY 2016*	FY 2017*	5 Year Total	5 Year Avg.
Net Profit	\$65,689,369	\$66,302,134	\$69,824,233	\$72,435,011	\$75,610,493	\$349,861,240	\$69,972,248
Substance Abuse Transfer	\$18,005,711	\$18,539,905	\$19,539,339	\$20,328,191	\$21,502,070	\$97,915,216	\$19,583,043
<b>Available Revenue Total</b>	<b>\$83,695,080</b>	<b>\$84,842,039</b>	<b>\$89,363,572</b>	<b>\$92,763,202</b>	<b>\$97,112,563</b>	<b>\$447,776,456</b>	<b>\$89,555,291</b>

Tax Legend	
Beer Tax	\$0.19/Gallon
Wine Tax	\$1.75/Gallon

\* Fiscal Year (FY) starts 7/1 and ends 6/30

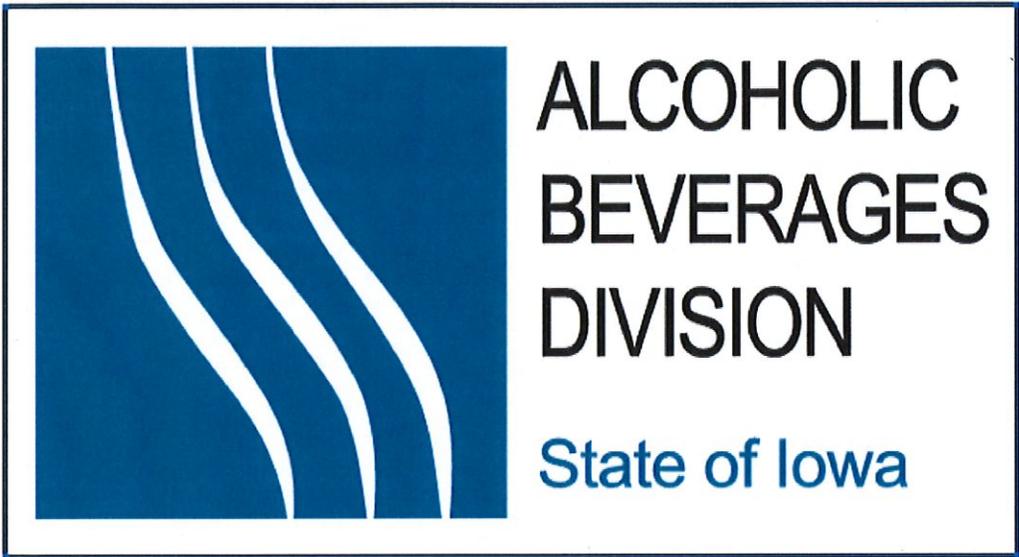
\*Other Operating Revenues Include: Split Case Fee, Bottle Deposit/Surcharge



ALCOHOLIC  
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## REVENUE ANALYSIS TOTALS

	FY 2013*	FY 2014*	FY 2015*	FY 2016*	FY 2017*	5 Year Total	5 Year Avg.
<b>Total Liquor and Tax Revenues</b>	\$277,430,099	\$284,078,454	\$300,274,029	\$311,218,690	\$328,028,380	\$1,501,029,652	\$300,205,930
<b>Operating and License Revenue</b>	\$18,179,010	\$18,578,922	\$19,096,135	\$19,700,166	\$20,052,483	\$95,606,716	\$19,121,343
<b>Total Operating Revenues</b>	<b>\$295,609,109</b>	<b>\$302,657,376</b>	<b>\$319,370,164</b>	<b>\$330,918,856</b>	<b>\$348,080,863</b>	<b>\$1,596,636,368</b>	<b>\$319,327,274</b>
<b>Net Profit</b>	\$65,689,369	\$66,302,134	\$69,824,233	\$72,435,011	\$75,610,493	\$349,861,240	\$69,972,248
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**Financial Overview YTD through December FY18**





## ABD Metrics July 1, 2017 - December 31, 2017

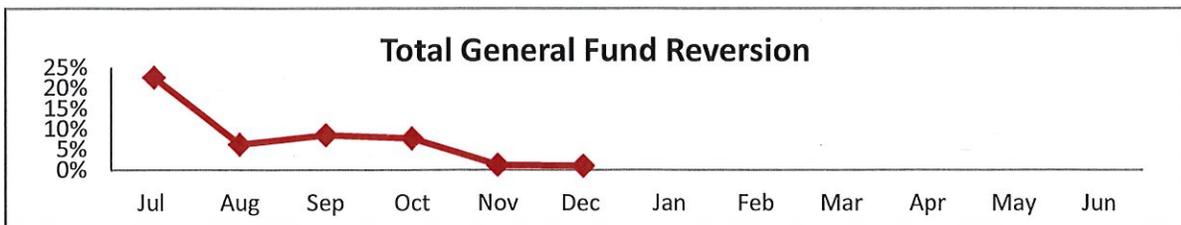
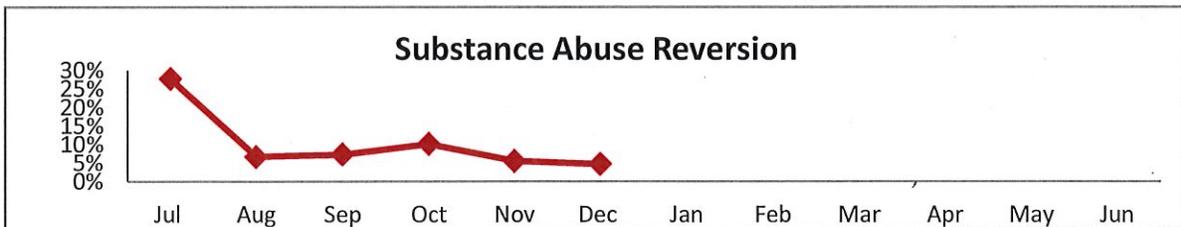
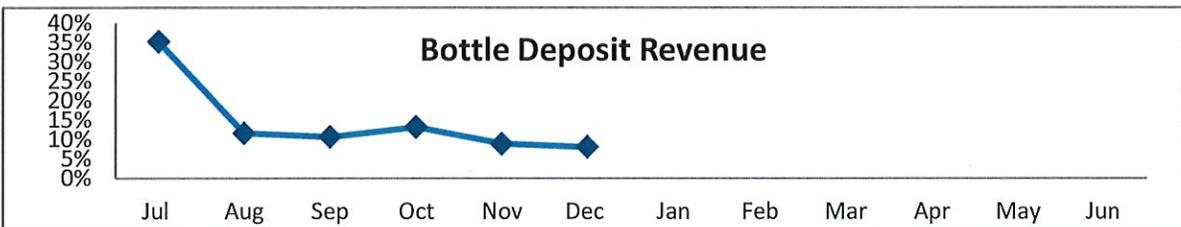
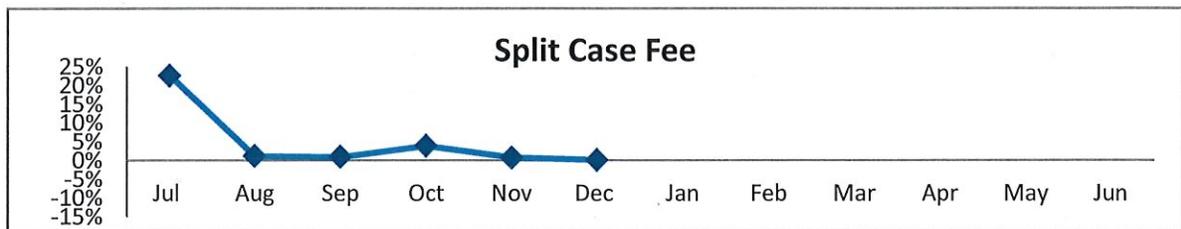
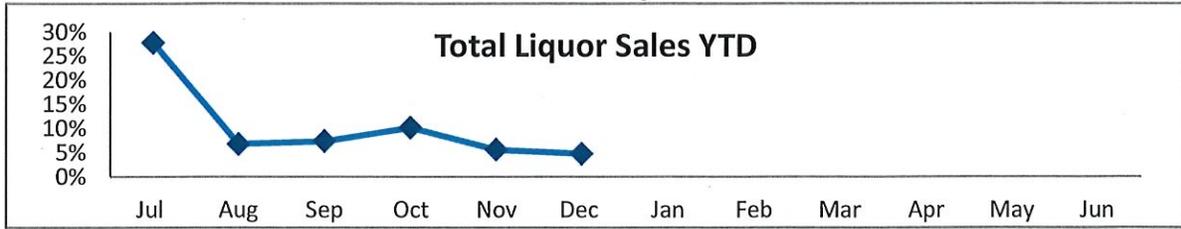
### FY18 Current YTD Financial Analysis

Metric	FY2017	FY2018	Trend	5 Year Average	4 Year Average
Total Liquor Sales YTD	\$151,428,175.00	\$158,681,840.00	4.79%	4.75%	4.55%
12 Month Moving Average	\$24,794,798.00	\$26,072,732.00	5.15%	4.75%	4.55%
Split Case Fee	\$759,657.00	\$760,957.00	0.17%		
Bottle Deposit Revenue	\$1,373,700.00	\$1,485,118.00	8.11%		
Substance Abuse Reversion	\$10,653,148.00	\$11,160,995.00	4.77%		
Liquor Profits Reversion	\$47,200,000	\$47,300,000	0.21%		
Total General Fund Reversion	\$57,853,148	\$58,460,995	1.05%		
Average Monthly Order Volume	4,913	5,371	9.32%		
Average Monthly Case Volume	169,298	175,255	3.52%		
Average Monthly Bottle Volume	1,986,595	2,091,981	5.30%		
Average Monthly Delivery Volume	4,219	4,401	4.31%		
Total Freight Cost per Case	\$1.28	\$1.21	-5.47%		
Driver Cost per Case	\$0.69	\$0.64	-7.25%		
Total Warehouse Operation Cost Per Case	\$1.07	\$0.98	-8.41%		
Warehouse Worker Cost per Case	\$0.97	\$0.90	-7.22%		

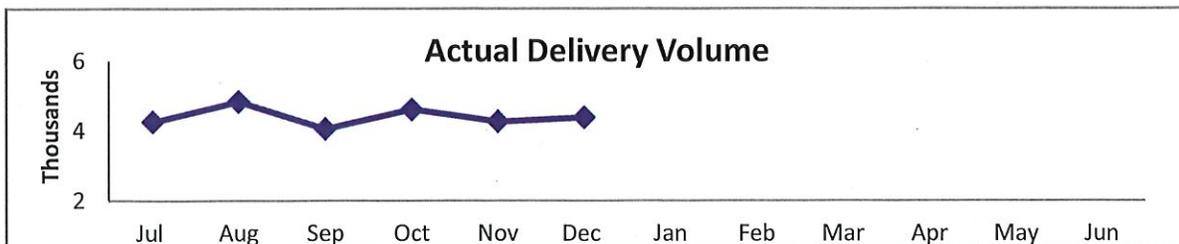
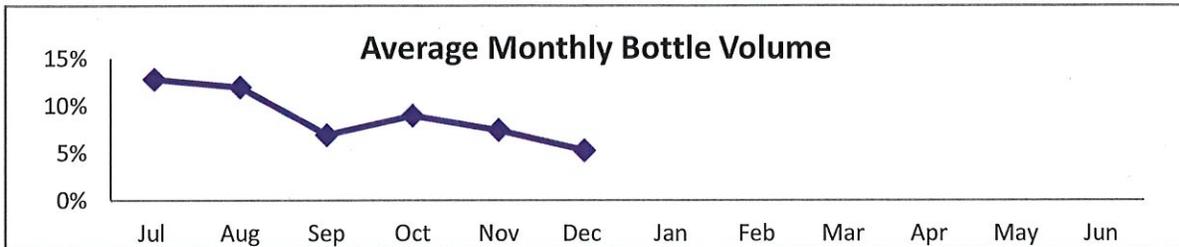
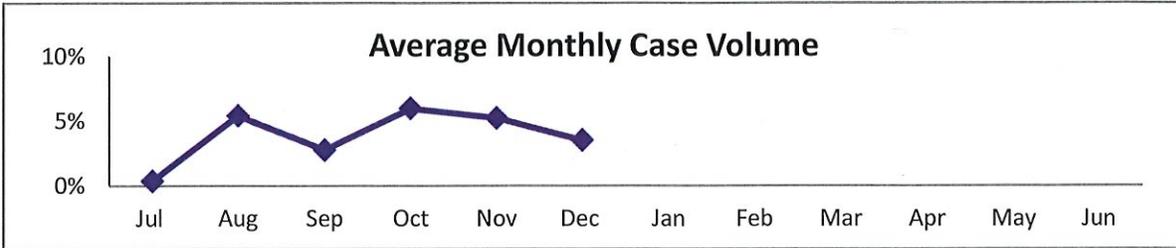
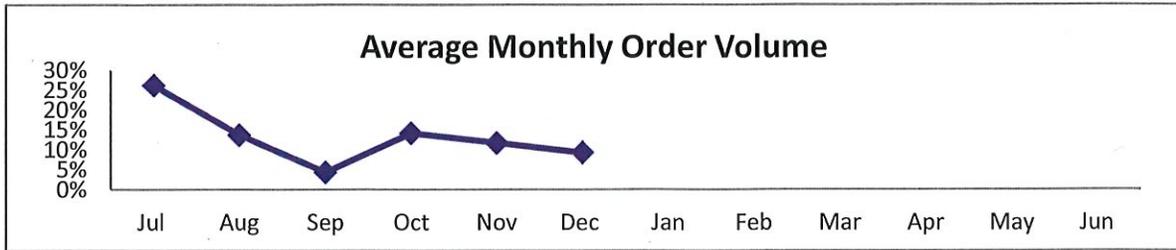
### Key Performance Indicators (KPIs) Benchmarks

Metric	ABD FY2017 Actual	ABD FY2018 Actual	Best in Class Benchmark	Median Industry Benchmark
Distribution Cost as a % of Sales	3.39%	3.21%	2.04%	5.00%
Distribution Cost as a % of Cost of Goods Sold	5.51%	5.12%	<1.6%	6.05%
Distribution Cost Per Unit Shipped	\$0.430	\$0.410	\$0.30	\$1.04

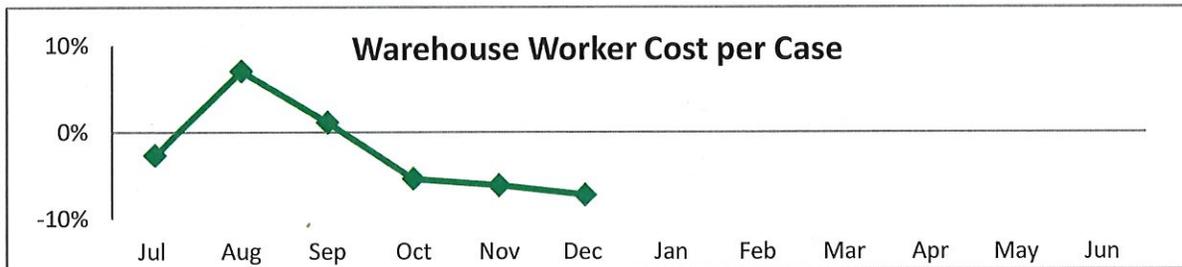
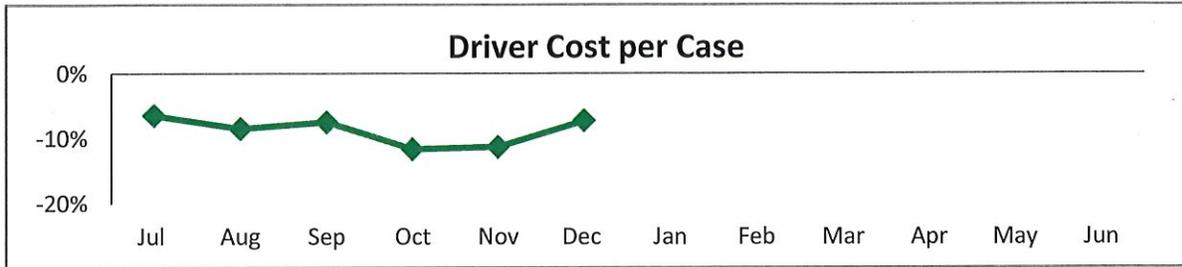
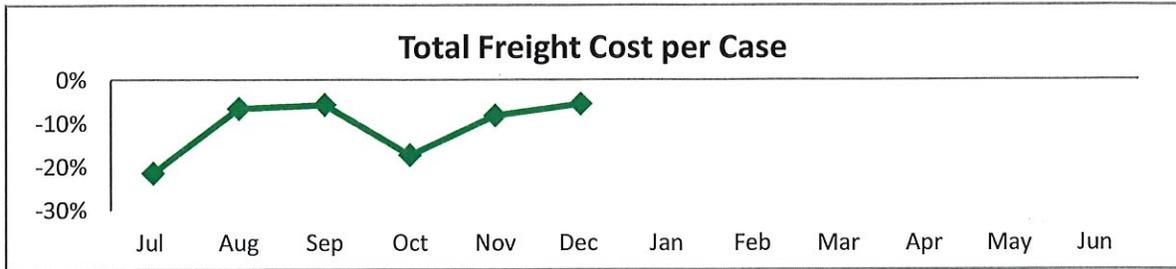
**ABD Metric Trend Line Data FY18 July 1, 2017 - December 31, 2017**



## ABD Metric Trend Line Data FY18 Continued



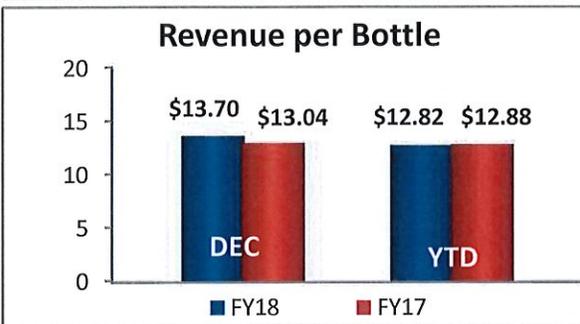
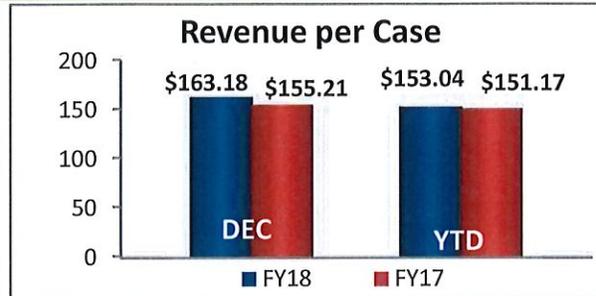
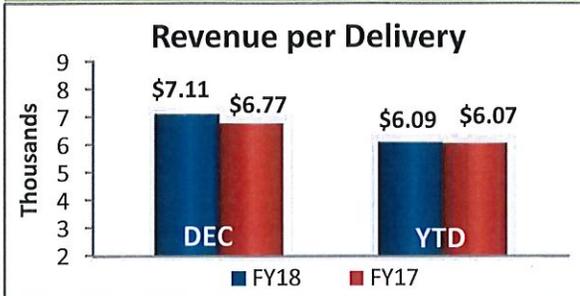
## ABD Metric Trend Line Data FY18 Continued



Iowa ABD  
Monthly Financial Meeting

FY 2018 DECEMBER SALES COMPARISON - YEAR OVER YEAR- CASH BASIS

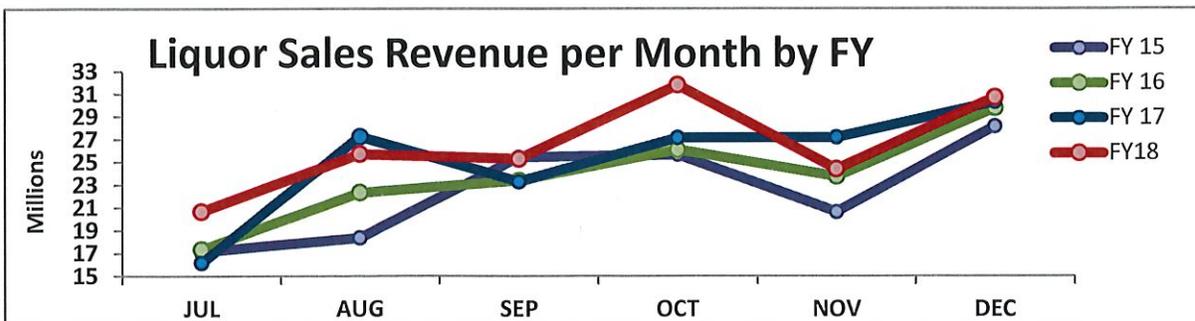
Category	FY 2018	FY 2017	% Change
Liquor Sales	30,720,457	30,297,590	1.40%
Split Case Fee	142,255	145,982	-2.55%
Bottle Dep and Sur	276,099	263,810	4.66%
<b>Total Revenue</b>	<b>31,138,721</b>	<b>30,707,382</b>	<b>1.40%</b>
Deliveries	4,381	4,534	-3.37%
Orders	5,011	5,122	-2.17%
Cases	190,820	197,849	-3.55%
Bottles	2,273,235	2,354,048	-3.43%



JUL-DEC Average Sale Days Comparison	
Month	YOY
July-September	-1
October	1
November	0
December	-1
<b>Total For FY</b>	<b>-1</b>

JULY - DECEMBER SALES COMPARISON - YEAR TO DATE

Category	FY 2018	FY 2017	% Change
Liquor Sales	158,681,840	151,428,175	4.79%
Split Case Fee	760,957	759,657	0.17%
Bottle Dep and Sur	1,485,118	1,373,700	8.11%
<b>Total Revenue</b>	<b>160,927,915</b>	<b>153,561,532</b>	<b>4.80%</b>
Deliveries	26,407	25,312	4.33%
Orders	32,228	29,482	9.31%
Cases	1,051,531	1,015,788	3.52%
Bottles	12,551,888	11,919,572	5.30%

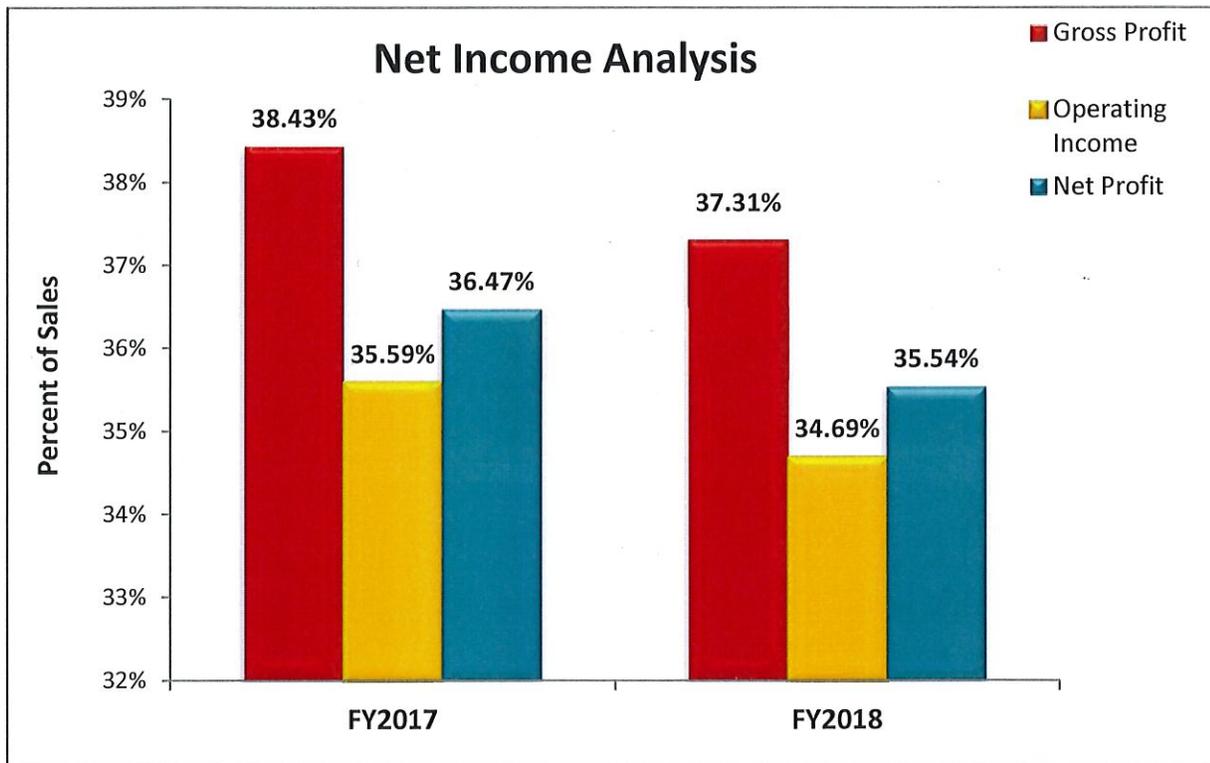


## Net Income Analysis YTD 2018\*

\* Total amounts have been adjusted to exclude one time expenses

Category	FY2017	FY2018	% Change	Amount Change
Gross Profit	58,200,766	59,211,704	1.74%	\$ 1,010,938.00
Operating Income	53,897,506	55,052,831	2.14%	\$ 1,155,325.00
Net Profit	55,224,686	56,391,251	2.11%	\$ 1,166,565.00
Net Sales	151,428,175	158,681,840	4.79%	\$ 7,253,665.00

Percent Of Sales	FY2017	FY2018	% Change	Amount Change
Gross Profit	38.43%	37.31%	-2.91%	-1.12
Operating Income	35.59%	34.69%	-2.53%	-0.90
Net Profit	36.47%	35.54%	-2.56%	-0.93



Iowa ABD  
FY 18 Profit and Loss Statement  
Through December 31, 2017

	December FY 2017	December FY 2018	FY18 vs. FY17 % Chg.	FY18 vs. FY17 Amount Chg.	YTD FY 2017	YTD FY 2018	FY18 vs. FY17 % Chg.	FY18 vs. FY17 Amount Chg.
Liquor Sales Revenue	30,297,590	30,720,457	1.40%	(422,867)	151,428,175	158,681,840	4.79%	7,253,665
<b>Cost of Sales</b>								
Bailment	18,772,031	19,173,275	2.14%	401,244	94,324,183	100,637,203	6.69%	6,313,021
Less: Bailment Fees	(194,105)	(197,517)	1.76%	(3,412)	(1,006,402)	(1,076,613)	6.98%	(70,211)
Less: Special Handling Fees	(5,511)	(4,011)	-27.22%	1,500	(77,062)	(84,202)	9.27%	(7,140)
Less: Defective Products	(878)	(175)	-80.07%	703	(13,310)	(6,252)	-53.03%	7,058
<b>Total Cost of Sales</b>	<b>18,571,537</b>	<b>18,971,572</b>	<b>2.15%</b>	<b>400,035</b>	<b>93,227,409</b>	<b>99,470,136</b>	<b>6.70%</b>	<b>6,242,727</b>
<b>Gross Profit</b>	<b>11,726,052</b>	<b>11,748,885</b>	<b>0.19%</b>	<b>22,833</b>	<b>58,200,766</b>	<b>59,211,704</b>	<b>1.74%</b>	<b>1,010,938</b>
<b>Gross Profit %</b>	<b>38.7%</b>	<b>38%</b>	<b>-1.18%</b>	<b>-0.46%</b>	<b>38.4%</b>	<b>37.3%</b>	<b>-2.91%</b>	<b>-1.12%</b>
<b>Operating Expenses</b>								
Freight Expenses	194,643	200,514	3.02%	5,871	1,299,685	1,271,262	-2.19%	(28,423)
Warehouse Expenses	197,220	175,933	-10.79%	(21,287)	1,090,222	1,035,420	-5.03%	(54,802)
Other Expenses Related To Distribution	-	-	#DIV/0!	-	-	475,347	#DIV/0!	475,347
<b>Total Operating Expenses</b>	<b>391,863</b>	<b>376,447</b>	<b>-3.93%</b>	<b>(15,416)</b>	<b>2,389,907</b>	<b>2,782,029</b>	<b>16.41%</b>	<b>392,122</b>
<b>General and Administrative Expenses</b>								
Warehouse Administration	24,363	28,306	16.18%	3,943	387,567	407,272	5.08%	19,705
Product Administration	30,791	19,320	-37.25%	(11,471)	216,902	143,218	-33.97%	(73,684)
Accounting	46,753	171,172	266.12%	124,419	222,203	334,304	50.45%	112,102
Information Technology	199,894	72,311	-63.83%	(127,583)	885,656	809,080	-8.65%	(76,576)
Buildings and Grounds	36,957	27,042	-26.83%	(9,915)	201,027	158,317	-21.25%	(42,710)
<b>General and Administrative Expense Total</b>	<b>338,757</b>	<b>318,151</b>	<b>-6.08%</b>	<b>(20,606)</b>	<b>1,913,354</b>	<b>1,852,191</b>	<b>-3.20%</b>	<b>(61,163)</b>
<b>Income from Operations</b>	<b>10,995,432</b>	<b>11,054,287</b>	<b>0.54%</b>	<b>58,855</b>	<b>53,897,506</b>	<b>54,577,484</b>	<b>1.26%</b>	<b>679,979</b>
<b>Other Revenues</b>								
Split Case Fee	145,982	142,255	-2.55%	(3,727)	759,657	760,957	0.17%	1,301
Bottle Deposit/Surcharge	263,810	276,099	4.66%	12,289	1,373,700	1,485,118	8.11%	111,418
Recycling	1,565	1,228	-21.53%	(337)	8,542	9,817	14.93%	1,275
Fuel and Lease Reimbursement	-	-	#DIV/0!	-	-	-	#DIV/0!	-
Lease Revenue	-	-	0.00%	-	19,988	20,448		
<b>Total Other Revenues</b>	<b>411,357</b>	<b>419,582</b>	<b>2.00%</b>	<b>8,225</b>	<b>2,161,886</b>	<b>2,276,340</b>	<b>5.29%</b>	<b>114,454</b>
<b>Other Expenses</b>								
Bottle Deposit Fee	45,584	57,692	100.00%	12,108	257,758	269,053	4.38%	11,295
Recycle Surcharge Fee	101,927	143,076	100.00%	41,149	576,348	667,253	15.77%	90,905
Liquor Refunds	-	-	-100.00%	-	600	1,614		1,014
Substance Abuse Transfer	1,912,518	1,716,572	-10.25%	(195,946)	8,522,096	9,000,603	5.61%	478,507
<b>Total Other Expense</b>	<b>2,060,029</b>	<b>1,917,340</b>	<b>-6.93%</b>	<b>(142,689)</b>	<b>9,356,802</b>	<b>9,938,523</b>	<b>6.22%</b>	<b>581,721</b>
<b>Net Profit</b>	<b>9,346,760</b>	<b>9,556,529</b>	<b>2.24%</b>	<b>209,769</b>	<b>46,702,590</b>	<b>46,915,301</b>	<b>0.46%</b>	<b>212,712</b>
<b>Return on Sales</b>	<b>30.8%</b>	<b>31.1%</b>	<b>0.84%</b>	<b>0.26%</b>	<b>30.8%</b>	<b>29.6%</b>	<b>-4.14%</b>	<b>-1.28%</b>

### FY13 -FY 17 WORKMANS COMPENSATION BY EMPLOYEE

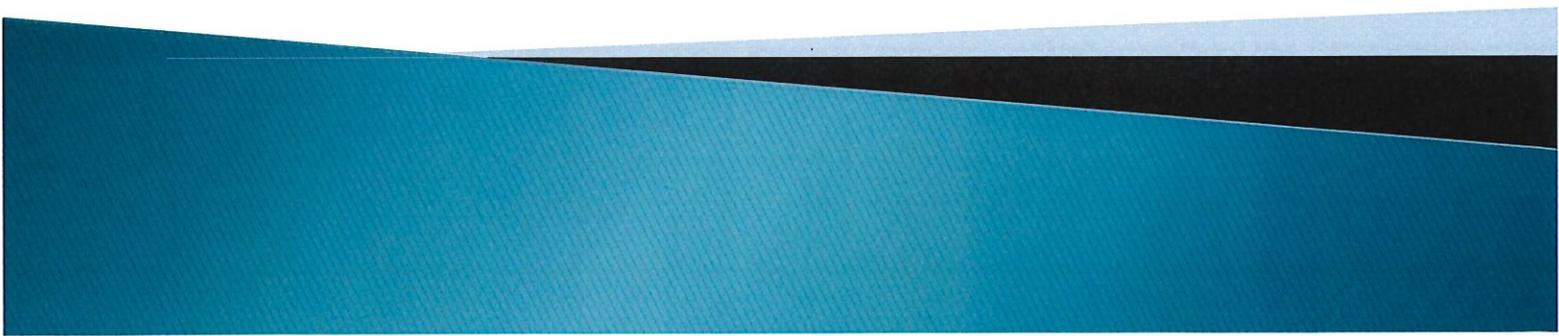
Division	FY 13	FY 14	FY 15	FY 16	FY 17	Grand Total
<b>Licensing</b>	<b>628.55</b>					<b>628.55</b>
	628.55					628.55
<b>Transportation</b>	<b>291,780.16</b>	<b>68,210.87</b>	<b>15,811.90</b>	<b>31,332.01</b>	<b>214,298.73</b>	<b>621,433.67</b>
				25,438.28		25,438.28
	226.60					226.60
	80,536.53		4,025.28			84,561.81
			3,531.10	184.65		3,715.75
		19,150.15			100,000.00	119,150.15
				1,144.21		1,144.21
		159.96				159.96
			3,030.88	4,564.87		7,595.75
					114,298.73	114,298.73
			494.07			494.07
		40,226.18				40,226.18
			4,730.57			4,730.57
		8,674.58				8,674.58
	211,017.03					211,017.03
<b>Warehouse</b>	<b>113,025.83</b>	<b>8,543.02</b>	<b>131,729.83</b>	<b>170,279.21</b>	<b>186,682.03</b>	<b>610,259.92</b>
				2,697.96		2,697.96
				3,172.04	4,278.25	7,450.29
					6,640.13	6,640.13
		603.34				603.34
		-	6,495.19	63,288.69		69,783.88
	194.64	194.46				389.10
	98,120.93					98,120.93
	1,422.40	5,856.73	21,145.08	5,536.92	12,992.81	46,953.94
				240.85		240.85
		647.36				647.36
			915.35	676.24		1,591.59
	1,007.75		3,893.89			4,901.64
			326.14			326.14
	5,660.68		49,609.22	8,079.49	162,301.00	225,650.39
	730.12		3,009.98			3,740.10
				2,901.50		2,901.50
			39,614.74			39,614.74
	2,377.24	1,241.13	6,720.24	566.19	469.84	11,374.64
				1,796.17		1,796.17
				229.33		229.33
	2,456.29					2,456.29
	1,055.78					1,055.78
				81,093.83		81,093.83
	<b>405,434.54</b>	<b>76,753.89</b>	<b>147,541.73</b>	<b>201,611.22</b>	<b>400,980.76</b>	<b>1,232,322.14</b>



ALCOHOLIC  
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State of Iowa

# Workman's Compensation

FY 13-17



# FY 17 Injuries

Injury Type	Number of Injuries	Total Cost	Avg. Cost per Incident
Arm/Hand	1	12,673.02	12,673.02
Back	4	5,865.87	1,466.47
Eye			
Head			
Leg/Knee/Foot			
Shoulder	4	382,441.87	95,610.47
Whole Body			
<b>TOTAL</b>	<b>9</b>	<b>400,980.76</b>	<b>44,553.42</b>

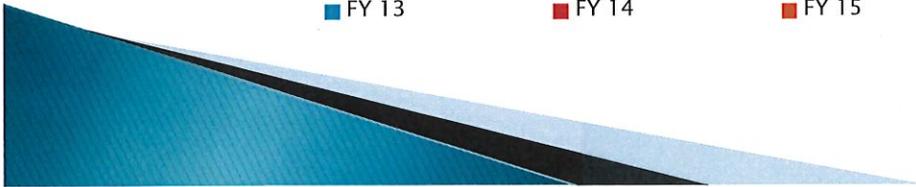
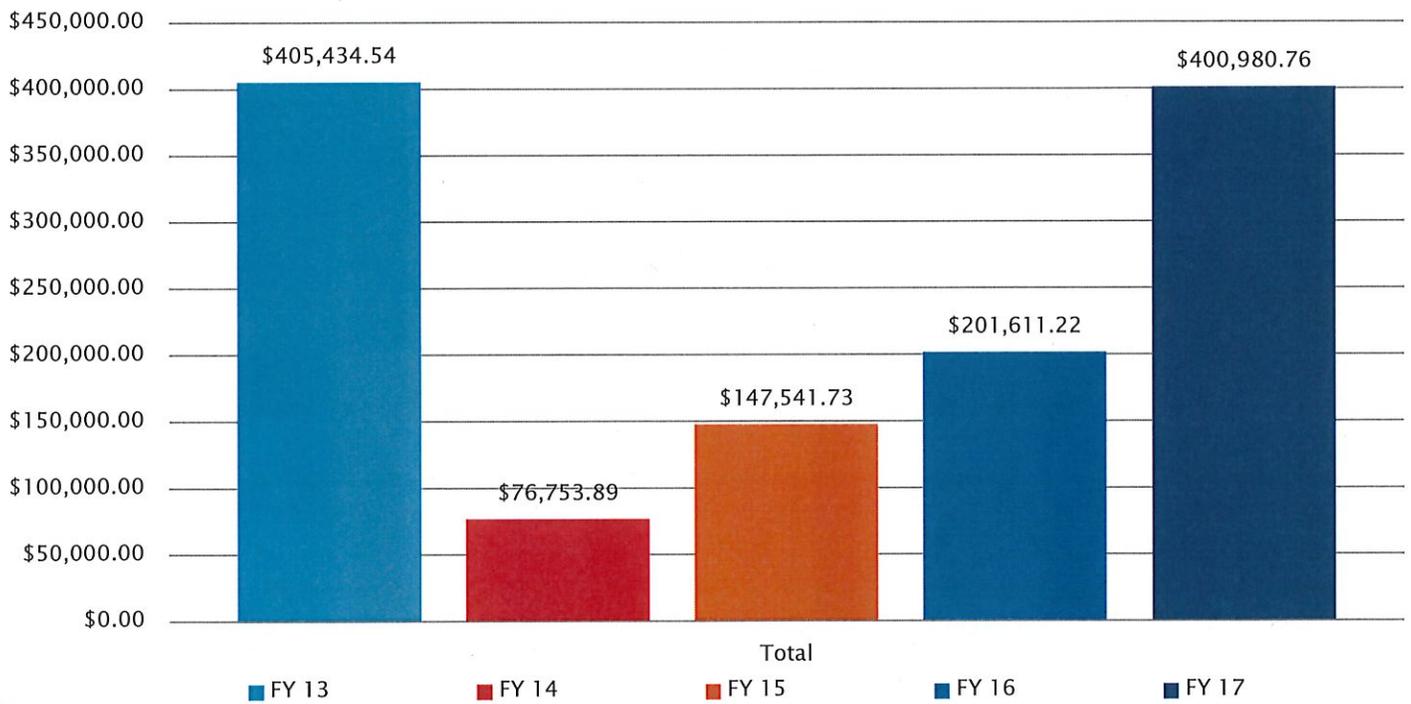


# Adjustments to FY17 Workman's Compensation

Denied Claims	797.99
Denied Claim In Litigation	12,673.02
Litigation / Not Settled	162,301.00
Litigation Settled from 2012	100,000.00
TOTAL	275,772.01
Total Workers Comp FY17	400,980.76
	125,208.75



# FY13-17 Workman's Compensation



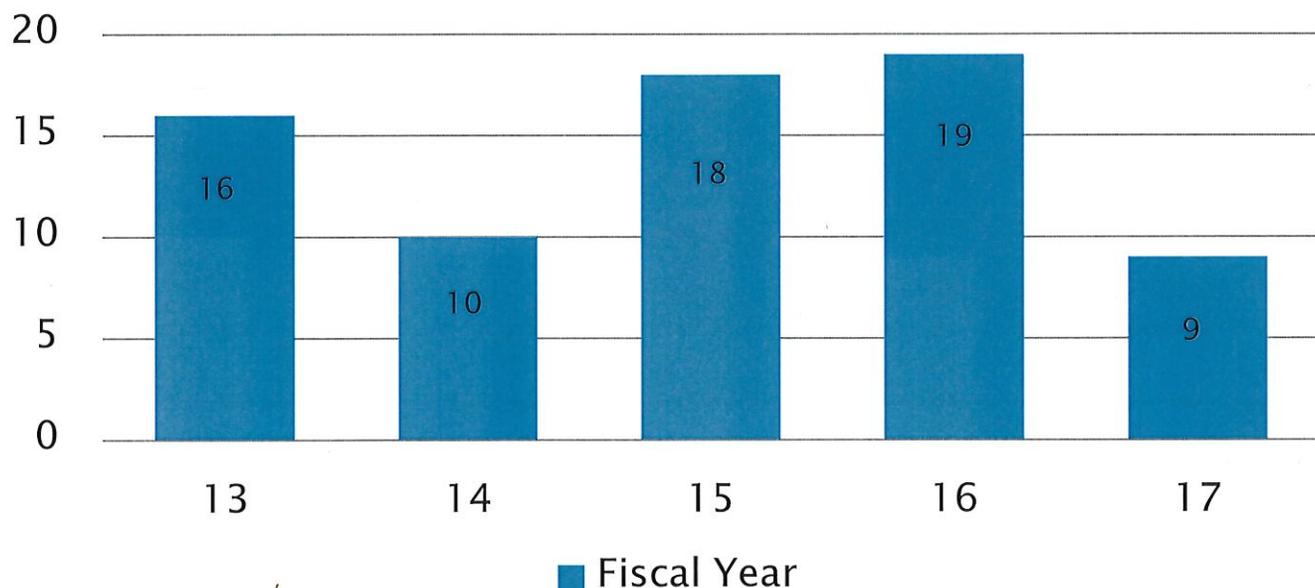
# Workman's Compensation Insurance Premiums

Year	Premium	Percent Increase
2013	\$ 122,310	11.26%
2014	\$ 129,609	5.97%
2015	\$ 161,343	24.48%
2016	\$ 201,712	25.02%
2017	\$ 226,225	12.15%
2018	\$ 266,485	17.80%



# FY 13-17 Workman's Compensation Comparison

Number of Injuries



# Types and Costs of Injuries

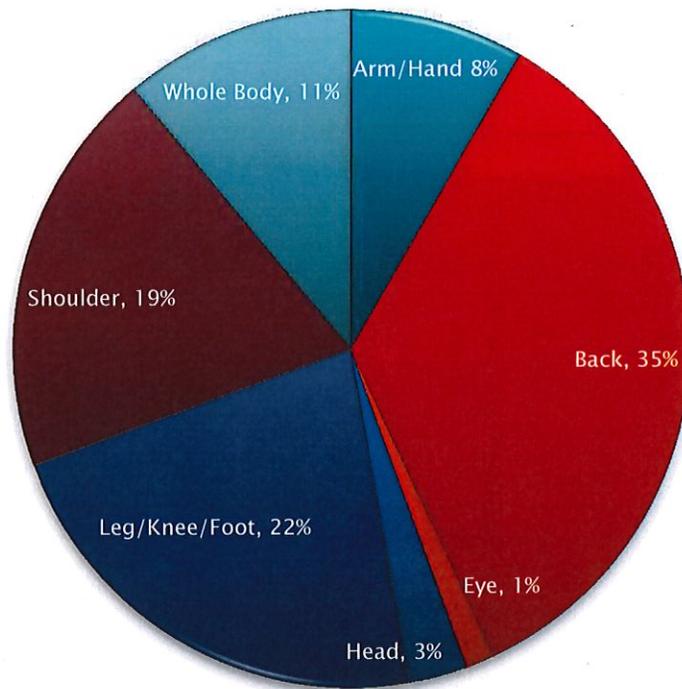
## ► FY 13-16

TYPE	Number of Incidents	Cost (Including Reserve)	Average Cost Per Injury
Arm/Hand	5	6,525.44	1,305.09
Back	21	541,593.42	25,790.16
Eye	1	708.38	708.38
Head	2	26,230.77	13,115.39
Leg/Knee/Foot	16	95,972.55	5,998.28
Shoulder	10	97,302.93	9,730.29
Whole Body	8	77,064.98	9,633.12
<b>Grand Total</b>	<b>63</b>	<b>845,398.47</b>	<b>13,419.02</b>

## ► FY 13-17

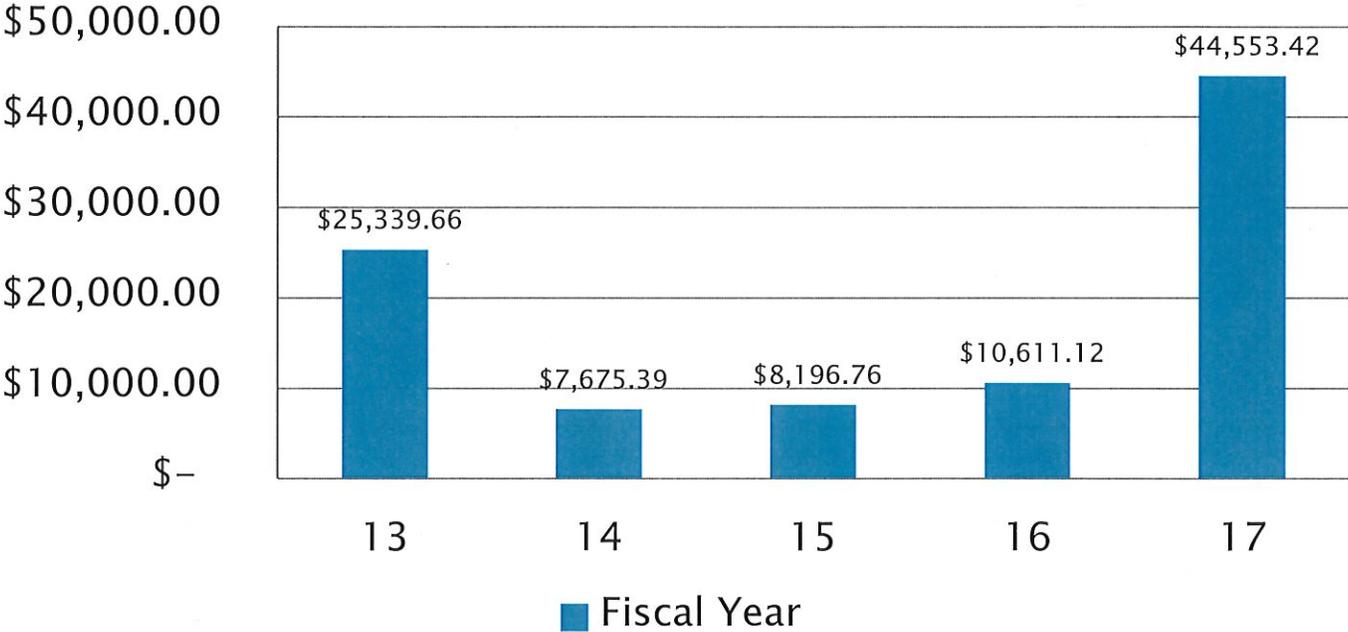
TYPE	Number of Incidents	Cost (Including Reserve)	Average Cost Per Injury
Arm/Hand	6	19,198.46	3,199.74
Back	25	547,459.29	21,898.37
Eye	1	708.38	708.38
Head	2	26,230.77	13,115.39
Leg/Knee/Foot	16	95,972.55	5,998.28
Shoulder	14	479,744.80	34,267.49
Whole Body	8	63,007.89	7,875.99
<b>Grand Total</b>	<b>72</b>	<b>1,232,322.14</b>	<b>17,115.59</b>

# FY13-17 Injuries



# FY 13-17 Workman's Compensation Comparison

## Average Cost Per Claim

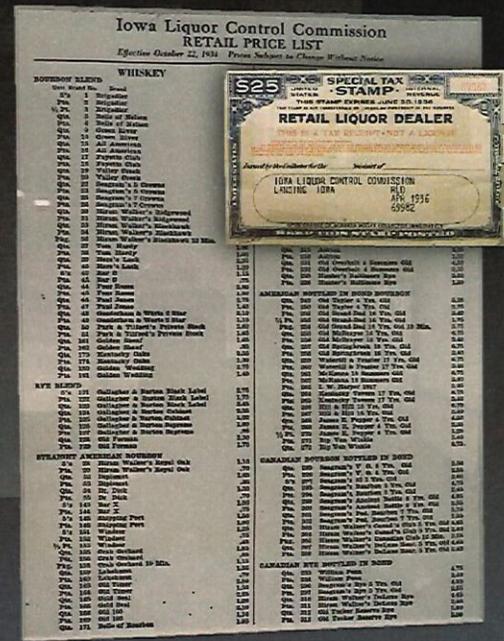
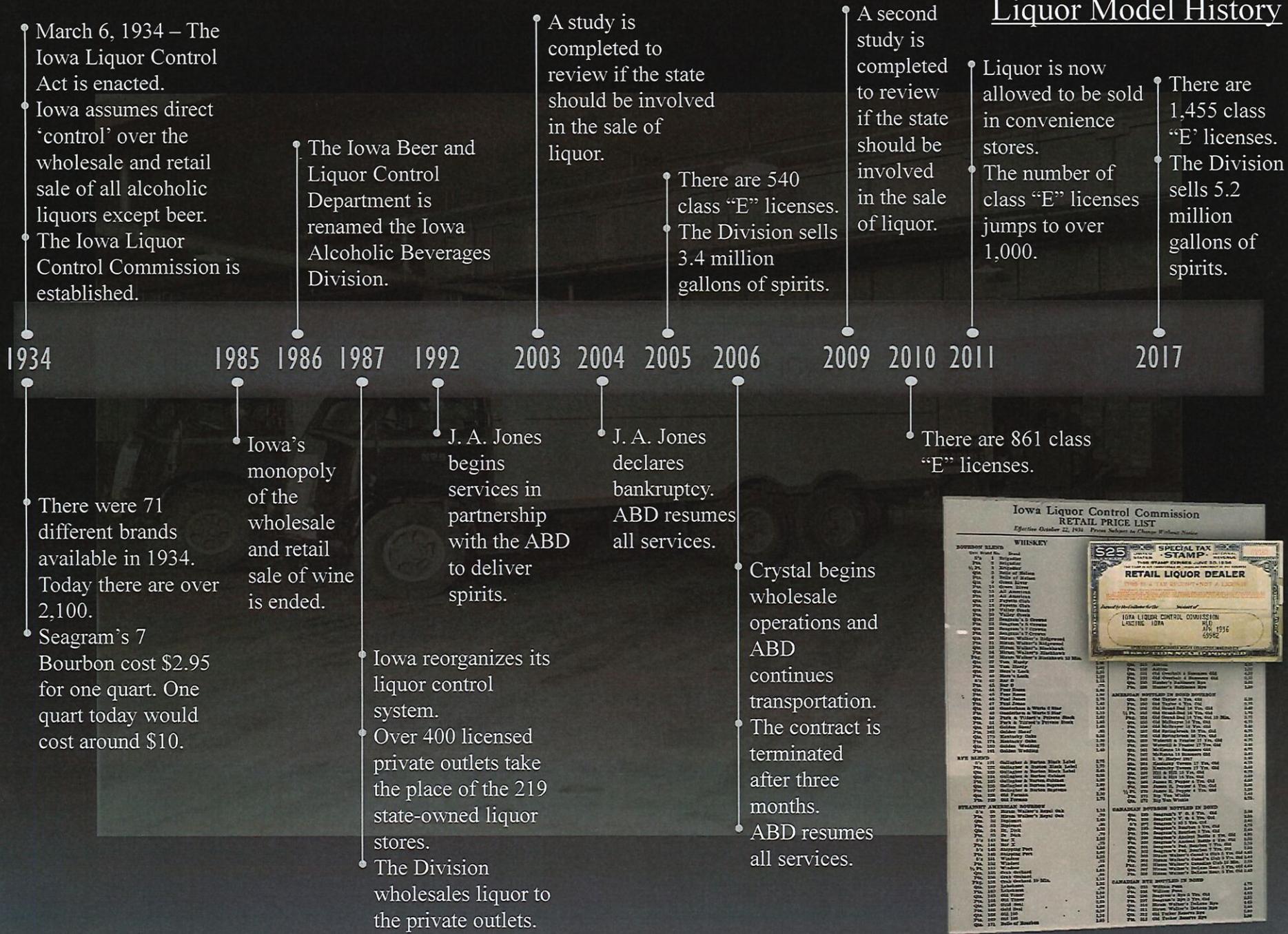


# RFP Time Table

Task	Dates	
	Start	End
Forming the RFP - (Completed)	12/01/2016	04/30/2017
Finalizing the RFP - (Completed)	05/01/2017	05/04/2017
Release Date - (Completed)	05/08/2017	05/08/2017
*Solicitation of Proposals - (Completed)	05/09/2017	09/22/2017
Respondent Mandatory Site Visit - (Completed)	06/21/2017	06/21/2017
Final Due Date for RPF Questions - (Completed)	08/21/2017	08/21/2017
Evaluation of Proposals - (Started)	09/25/2017	01/31/2018
Intent to Award	02/16/2018	04/30/2018
Forming an Agreement	05/02/2018	07/01/2018
Implementation/Transition	07/15/2018	01/01/2019

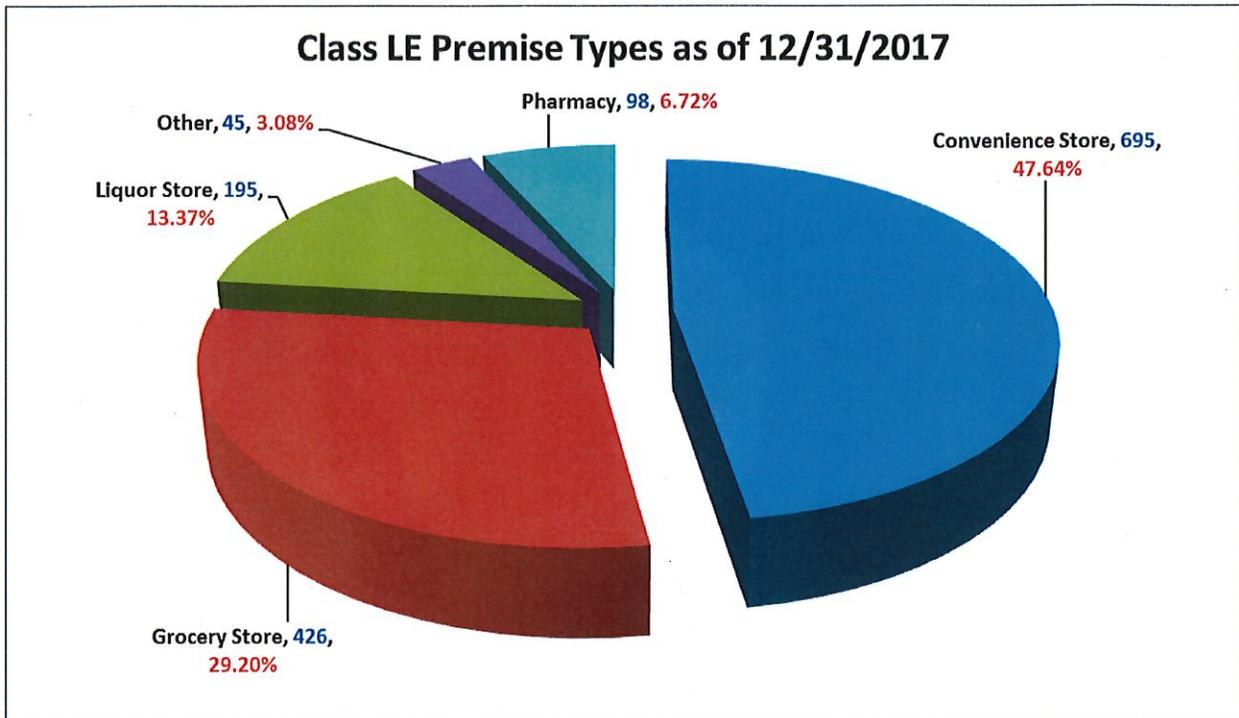
\*Final date for respondents submission to DAS 9/22/2017

# Liquor Model History



## Class E licensees as of December 31, 2017

- 1459 active class E Licensees



Other	
Bar/Tavern	Hotel/Motel
Casino	Redemption Center
Discount Store	Specialty Shop

- **Grocery Stores** (e.g. Hy-Vee, Walmart, Fareway, Costco)
- **Liquor Store** (e.g. Brothers Market, Smokin' Joe's Tobacco & Liquor Outlet, Central City)
- **Pharmacy** (e.g. CVS & Walgreens)
- **Discount Store** (e.g. Sam's Club)
- **Convenience Store** (e.g. Quik Trip, Casey's, Kum & Go)



ALCOHOLIC  
BEVERAGES  
DIVISION  
State of Iowa

## **Commission Meeting Upcoming Meeting Dates**

January 16, 2018

1:00 – 4:00 p.m.

Iowa Alcoholic Beverages Division (Boardroom), Ankeny

February 7, 2018

Public Forum on the Iowa Liquor Wholesale Model

Golden Eagle Distributing

500 Golden Eagle Dr., Mt Pleasant, IA

(Time TBD)

March 28, 2018

Public Forum on the Iowa Liquor Wholesale Model

(Location TBD)

*Future meeting location announcements will be made via Basecamp. To be added to Basecamp, please contact Tyler Ackerson (Ackerson@iowaabd.com).*

August of 2000 – 5 year-old was killed in Des Moines when she was struck by an intoxicated driver. In light of the tragic event, and many similar incidents across the state, ABD decided to review the current dramshop liability insurance requirements prescribed by administrative rule.

September 20, 2001 – Memorandum issued by Iowa Department of Justice.

- Advised bonding not a viable option as an alternative to a dramshop liability insurance policy, without a statutory change.

April 2, 2003 – Adopted and Filed published in the Iowa Administrative Bulletin

- The amendments increased the minimum dramshop insurance requirements.
- Licensees and permittees applying for new or renewal licenses and permits during the 12-month period beginning September 1, 2003 and ending August 31, 2004 were required to acquire the requisite amount of insurance pursuant to the amendments.

November 4, 2009 – Meeting with ABD, PCI, and Mike St. Clair

- ABD advised aggregate limits are prohibited in dramshop policies.

February 16, 2010 – Letter from Property Casualty Insurers Association of America (PCI) to ABD

- Ann Weber urges Administrator Walding and ABD to reconsider its position on prohibiting aggregate limits in dramshop policies.

April 27, 2010 – Meeting held at Iowa Insurance Division (IID)

- IID personal, ABD personal, and industry members present.
- Discussion by industry members who spoke for and against ABD's interpretation of 185 IAC 5.8(2).
- Comments in response to the meeting were to be submitted in writing to ABD.

May 2010 – Appointment of new Administrator to the ABD

- Stephen Larson becomes Administrator of ABD

July 8, 2010 – Iowa Insurance Bulletin 10-03 issued

- Insurance companies and insurance producers writing dramshop insurance in Iowa sent bulletin to alert them that they may be in violation of 185 IAC 5.8 if the policy is written with an aggregate limit.

July 15, 2010 – Article printed in the *Insurance Journal*

- Article alerted insurance companies and insurance producers writing dramshop insurance in Iowa they may be in violation of 185 IAC 5.8 if the policy is written with an aggregate limit.

October 5, 2010 – ABD letter sent to licensees and permittees

- Required declaration page be sent to the ABD before license and permit applications will be considered.

January 1, 2011 – Enforcement began on new license and permit applications

- ABD staff began verifying that dramshop policies for new license and permit applications did not contain an aggregate limit provision.

June 17, 2011 – Letter to ABD from PCI

- Ann Weber details PCI's interpretation of 185 IAC 5.8. PCI's analysis permits dramshop policies to be written with aggregate limits.

October 14, 2011 – Memorandum issued by Iowa Department of Justice

- Advised 185 IAC 5.8 does not allow dramshop policies to be written with aggregate limits, but recommends amendments to the current rule for clarification.

November 4, 2011 – ABD memorandum submitted to Governor's Office

- Background, analysis, and recommendation to clarify 185 IAC 5.8(8) by removing "aggregate" and replacing with "single" provided to Governor's legal staff.

November 18, 2011 – PCI letter to Governor's legal staff

- PCI maintains disagreement with ABD's interpretation of 185 IAC 5.8 and insists dramshop policies should be allowed to be written with aggregate limits.

January 11, 2012 – Dram Forum at ABD

- Discussion on the interpretation of the use of the word "aggregate" as it applies to 185 IAC 5.8(8) – Multiple Establishment Insurance Policies.

January 26, 2012 – Commission Meeting

- Update from Dram Forum provided and Commission requested a recommendation after working group meetings.

March 2, 2012 – 1<sup>st</sup> working group meeting.

- Participants presented views and ABD requested industry members provide proposals.

March 27, 2012 – PCI letter to ABD

- PCI proposal to amend 185 IAC 5.8 to permit dramshop policies to be written with or without aggregate limits.

March 28, 2012 – 2<sup>nd</sup> working group meeting.

- Discussion on intent of dramshop insurance.
- Review of provided amendment proposals.

April 12, 2012 – 3<sup>rd</sup> working group meeting.

- Continued discussion on intent document.
- Discussed amendment proposals, rule by rule. Consensus by industry members on all amendments except for amendment to 185 IAC 5.8(2).

April 30, 2012 – Commission Meeting

- Industry members provided remarks during public comment.

May 14, 2012 – Special Commission Meeting by telephone

- Commission approved ABD's request to amend 185 IAC Chapter 5, "License and Permit," and Chapter 12, "Forms." Amendments to rules only on those that industry members came to a consensus on.

June 13, 2012 – Notice of Intended Action published in Administrative Bulletin

- Amendments to 185 IAC subrules 5.8(1), 5.8(3), 5.8(4), 5.8(5), 5.8(6), 5.8(8), and 12.2(12). (ARC 0157C)

June 26, 2012 – Special Commission Meeting at Capitol

- Purpose and background on aggregate limits provided to Commission. Iowa Insurance Division and John Lundquist provided interpretation. Industry members provided remarks during public comment.

July 3, 2012 – Public Hearing at ABD

- Amendments to 185 IAC subrules 5.8(1), 5.8(3), 5.8(4), 5.8(5), 5.8(6), 5.8(8), and 12.2(12). (ARC 0157C)

July 19, 2012 – Commission Meeting at Capitol

- Industry members provided remarks on aggregate limits during public comment.
- Commission approved motion to amend 185 IAC 5.8(2) to prohibit aggregate limits.
- Commission approved motion to adopt the rules published under notice ARC 0157C.

August 8, 2012 – Adopted and Filed published in Administrative Bulletin

- Amendments to 185 IAC subrules 5.8(1), 5.8(3), 5.8(4), 5.8(5), 5.8(6), 5.8(8), and 12.2(12). (ARC 0274C)

September 12, 2012 – Special Commission Meeting

- Commission directed ABD staff to begin rulemaking process to amend 185 IAC 5.8(2) to prohibit aggregate limits.
- Amendments to 185 IAC subrules 5.8(1), 5.8(3), 5.8(4), 5.8(5), 5.8(6), 5.8(8), and 12.2(12) became effective.

November 1, 2012 – Notice of Intended Action submitted to Administrative Rules Coordinator

- Amendment to 185 IAC 5.8(2) to prohibit aggregate limits.

November 6, 2012 – Failure to Receive Pre-Clearance

- Notice of Intended Action to amend 185 IAC 5.8(2) to prohibit aggregate limit policies did not receive pre-clearance.

June 17, 2013 – HF 489 signed by Governor Brandstad

- Amendment to Iowa Code section 123.92 allows dramshop policies to be written with aggregate limit provisions, provided the aggregate limit policy meets the minimum coverage requirements as determined by the Division.

July 3, 2013 – Dramshop Stakeholder Meeting

- Discussed proposed amendments to 185 IAC 5.8(2) that would establish minimum requirements for dramshop policies that contain an aggregate limit provision.

July 11, 2013 – Special Commission Meeting

- Commission approved motion to amend 185 IAC 5.8(2), establishing the minimum requirements for a dramshop policy with an aggregate limit provision to be no less than \$500,000.

July 15, 2013 – Notice of Intended Action submitted to Administrative Rules Coordinator

- Amendment to 185 IAC 5.8(2) to establish the minimum coverage requirements for dramshop policies written on an aggregate limit basis.
- Formal rulemaking process delayed. Requested to conduct a jobs impact study to evaluate the impact of the proposed rule on private sector jobs, pursuant to Executive Order 71.

November 15, 2013 – Jobs Impact Study

- Questions (2) added to the Dramshop Liability Certificate of Insurance screen to collect information on whether the dramshop policy contains an aggregate limit provision, and at what level of coverage the aggregate limit provision provides.

October 17, 2014 – Commission discusses dram shop insurance

- Commission discussed solutions for victims of over consumption accidents. The solution of creating a victim's fund was discussed. No formal action was taken.

December 18, 2014 – Iowa Restaurant Association signals reform

- Iowa Restaurant Association in a meeting of the Iowa Alcoholic Beverages Commission stated that they may introduce legislation to revamp dram shop requirements and establish a victim's fund.

February 2, 2015 – System study bill introduced

- Senate Study Bill 1187 is introduced. This piece of legislation calls for a study to be conducted on Iowa's dram shop provisions, specifically what alternatives are available to the current system. The bill died in committee.

January 19, 2016 – Repeal bill introduced

- House Study Bill 505 is introduced. The bill's purpose is to eliminate civil liability provisions for licensees. The bill would later die in committee.

March 2, 2017 – Senate Study Bill 1179

- SSB 1179 in committee. Bill changes language and establishes claims limits.

June 22, 2017 – Iowa Restaurant Association presentation to Commission

- President of the Iowa Restaurant Association gave a presentation to the Iowa Alcoholic Beverages Commission on the current state of dram shop liability insurance from their view and a proposal for changes to the regulation (SSB 1179). The Commission took no formal action.

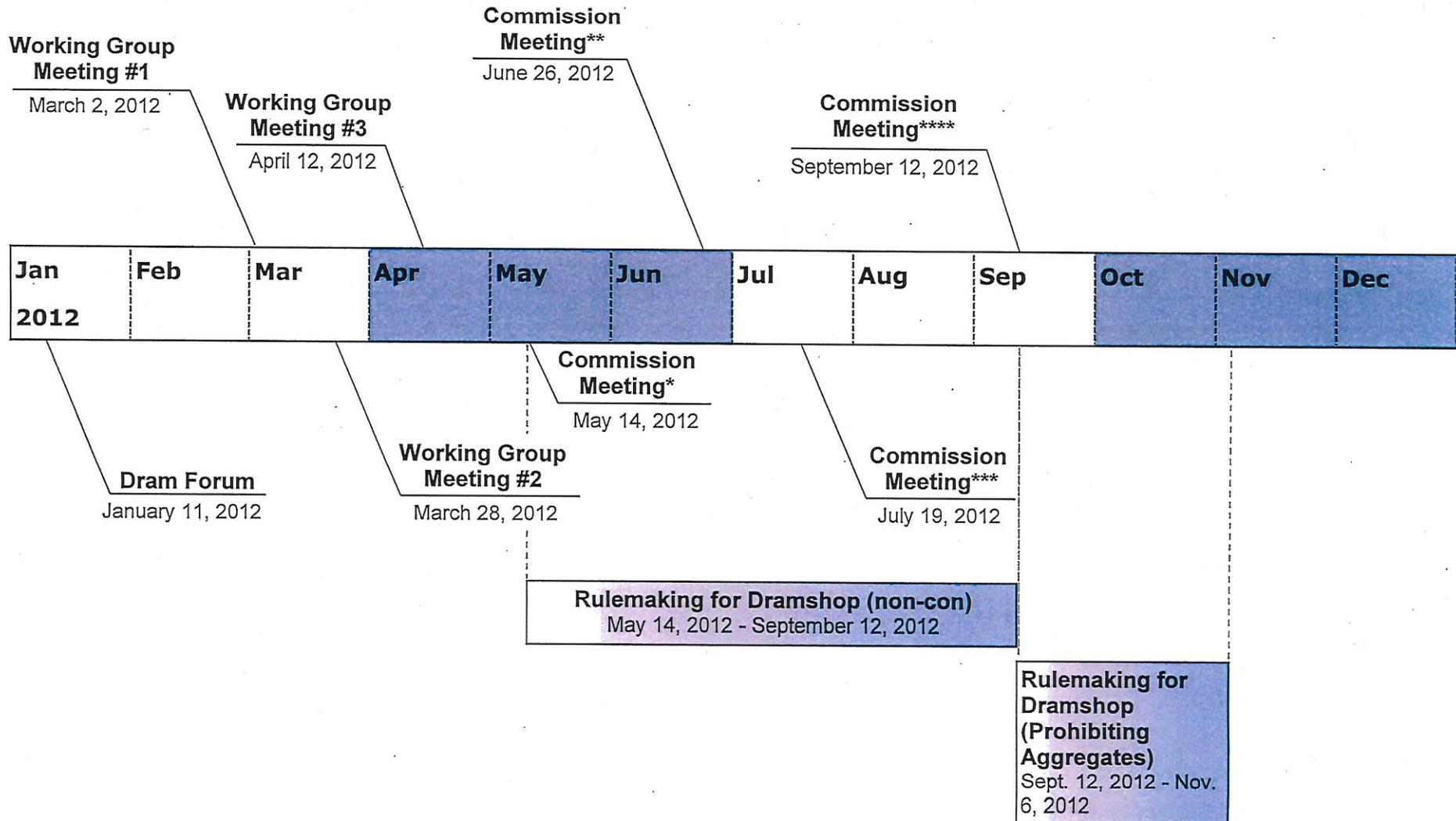
December 18, 2017 – Insurance review agreed to

- Administrator Larson, Director Durham, and Commissioner Nystrom meet with Commissioner of Insurance Ommen to discuss the issue regarding the availability of insurance for on-premise licensees. Commissioner Ommen agreed to review.

# Iowa Alcoholic Beverages Division

## Dramshop Regulations

2012 Timeline



\* Telephonic Commission Meeting: Commission approval to begin rulemaking process for amendments to 185 IAC 5.8(1), (3), (4), (5), (6), (8) and 12.2(12)

\*\* Commission Meeting: Public hearing held at the state capitol on aggregate limit provisions for dramshop policies

\*\*\* Commission Meeting: Public hearing held at the state capitol and motion approved to amend 185 IAC 5.8(2) to prohibit aggregate limits

\*\*\*\* Commission Meeting: Commission approval to begin rulemaking process for amendment to 185 IAC 5.8(2) to prohibit aggregate limits

# Iowa Alcoholic Beverages Division

## Dramshop: Aggregate Provision

2013 Timeline

