

AGENDA
IOWA ALCOHOLIC BEVERAGES COMMISSION MEETING

Iowa Alcoholic Beverages Division
March 26, 2019 – 1:00 PM – 4:00 PM
Dial in Number: 1.866.685.1580
Conference Code Number: 0009991572

Call to Order.....Chairperson Eubank

- I. Introductions/Opening Remarks
- II. Approval of Agenda - **ACTION ITEM**
- III. Approval of Minutes December 11, 2018 - **ACTION ITEM**

Administrator’s Report.....Administrator Larson

- IV. Financial Management Report
- V. Business Operations Report
- VI. Licensing and Regulatory Report
- VII. ABD 2019 Legislative Report
- VIII. Licensing Reform Report
- IX. Category Management Report

Public Comment.....Chairperson Eubank

Old Business.....Chairperson Eubank

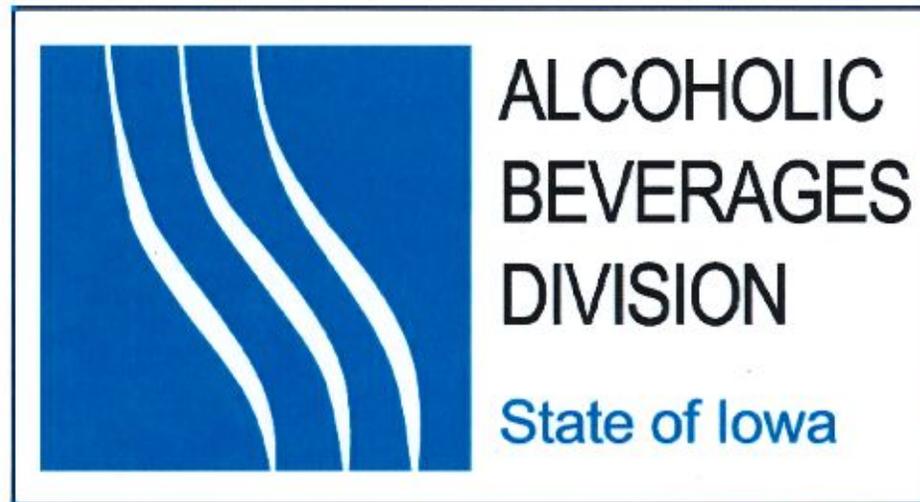
New Business.....Chairperson Eubank

Next Meeting Dates.....Chairperson Eubank

- June 25, 2019
- August 27, 2019

Adjournment.....Chairperson Eubank

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.



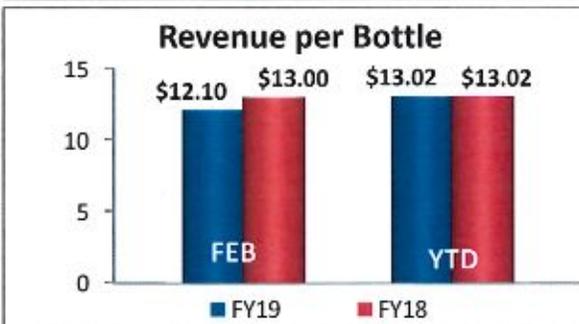
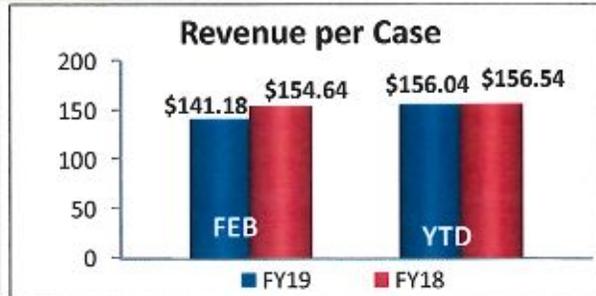
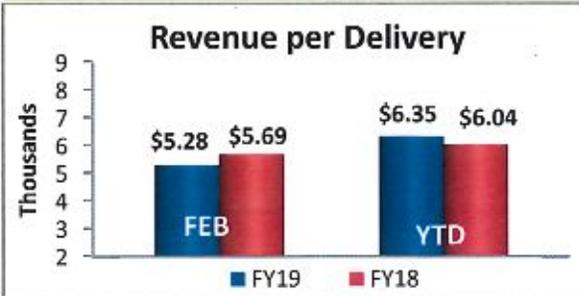
Financial Overview

**Fiscal Year 2019 YTD
July 1, 2018 – February 28, 2019**

**Iowa Alcoholic Beverages Division
Financial Analysis**

FY19 February Sales Comparison Year Over Year Cash Basis

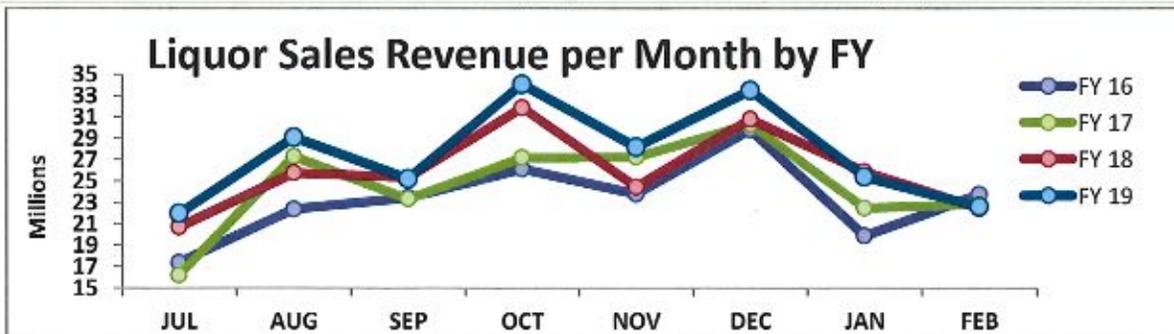
Category	FY 2019	FY 2018	% Change
Liquor Sales	22,588,927	22,403,643	0.83%
Split Case Fee	109,315	111,386	-1.86%
Bottle Dep and Sur	223,935	214,226	4.53%
Total Revenue	22,922,177	22,729,255	0.85%
Deliveries	4,341	3,998	8.58%
Orders	4,970	4,506	10.30%
Cases	162,364	146,986	10.46%
Bottles	1,893,783	1,748,426	8.31%



JUL - FEB Average Sale Days Comparison	
Month	YOY
JULY - SEP	0
OCT - DEC	1
JAN	0
FEB	0
Total Through DEC	1

FY19 July - February Sales Comparison Year to Date

Category	FY 2019	FY 2018	% Change
Liquor Sales	219,796,621	206,913,957	6.23%
Split Case Fee	1,012,519	1,023,593	-1.08%
Bottle Dep and Sur	2,116,001	1,955,423	8.21%
Total Revenue	222,925,141	209,892,973	6.21%
Deliveries	35,107	34,777	0.95%
Orders	40,196	41,877	-4.01%
Cases	1,428,639	1,340,817	6.55%
Bottles	17,115,230	16,117,988	6.19%



ABD Metrics July 1, 2018 - February 28, 2019

FY19 Current Financial Analysis

Metric	FY2019	FY2018	Trend	5 Year Average	4 Year Average
Total Liquor Sales YTD	219,796,620.69	206,913,956.58	6.23%	4.84%	5.50%
12 Month Moving Average	25,610,190.48	24,297,417.39	5.40%	4.70%	4.99%
Split Case Fee	109,315.00	111,386.18	-1.86%		
Bottle Deposit Revenue	223,934.67	214,226.19	4.53%		
Monthly Sale of Licenses	1,431,542.92	1,352,745.48	5.83%		
Sale of Licenses YTD	10,932,396.42	10,358,153.96	5.54%		
Substance Abuse Reversion	1,588,876.93	1,576,052.06	0.81%		
Liquor Profits Reversion	8,000,000.00	7,500,000.00	6.67%		
Total General Fund Reversion	9,588,876.93	9,076,052.06	5.65%		
Total General Fund Reversion YTD	81,956,639.77	76,855,628.50	6.64%		
Monthly Order Volume	4,970	4,506	10.30%		
Monthly Case Volume	162,364	146,986	10.46%		
Monthly Bottle Volume	1,893,783	1,748,426	8.31%		
Monthly Delivery Volume	4,341	3,998	8.58%		
Monthly Pick Volume	384,243	359,742	6.81%		

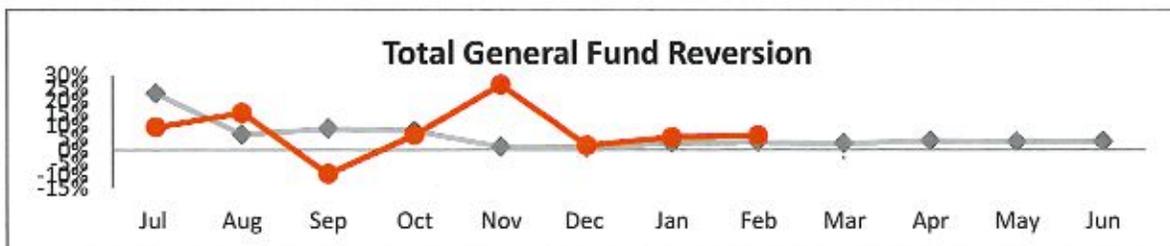
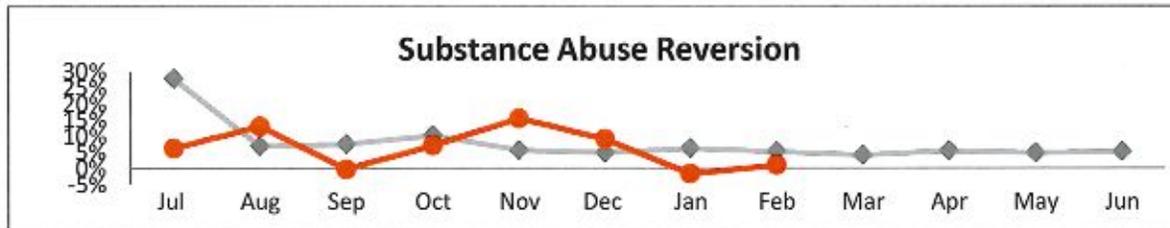
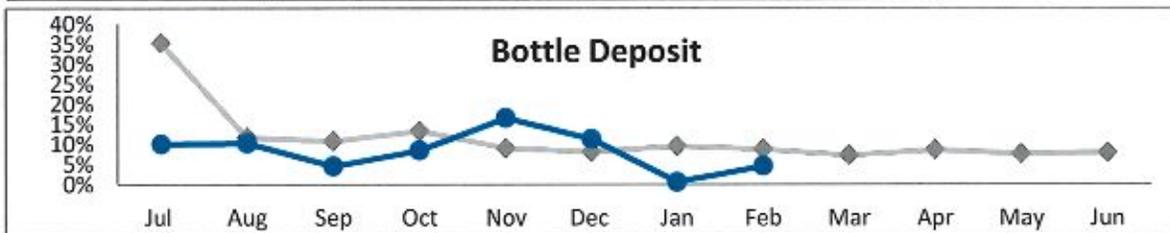
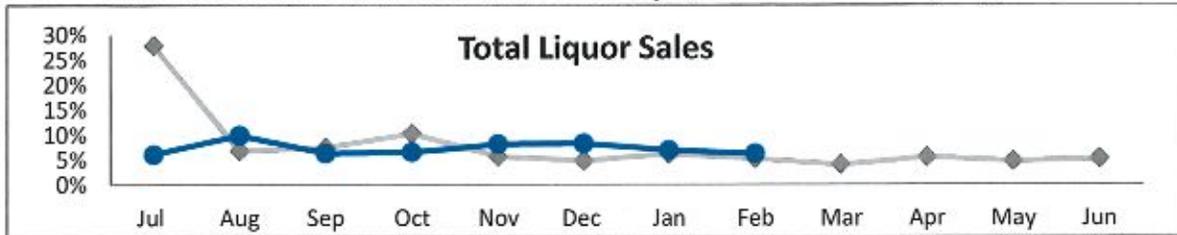
ABD Metrics July 1 - February 28, 2019

Metric	FY2019	FY2018	Pct Change	Amt Change
Freight Cost per Case	\$1.50	\$1.48	1.35%	\$0.02
Total Freight Cost Per Case YTD	\$1.39	\$1.32	5.30%	\$0.07
Warehouse Cost Per Case	\$1.00	\$1.11	-9.91%	-\$0.11
Total WHSE Cost per Case YTD	\$1.03	\$1.09	-5.50%	-\$0.06
Freight Cost per Bottle	\$0.13	\$0.12	8.33%	\$0.01
Total Freight Cost Per Bottle YTD	\$0.12	\$0.11	9.09%	\$0.01
Warehouse Cost Per Bottle	\$0.09	\$0.09	0.00%	\$0.00
Total WHSE Cost per Bottle YTD	\$0.09	\$0.09	0.00%	\$0.00
Total Freight Cost per Delivery	\$56.15	\$54.24	3.52%	\$1.91
Total Fleet Dist Cost Per Delivery YTD	\$56.47	\$50.79	11.18%	\$5.68
Warehouse Cost Per Delivery	\$37.51	\$40.80	-8.06%	-\$3.29
Total WHSE Cost per Delivery YTD	\$42.11	\$41.98	0.31%	\$0.13
Freight Cost per Pick	\$0.63	\$0.60	5.00%	\$0.03
Total Fleet Dist Cost Per Pick YTD	\$0.56	\$0.58	-3.45%	-\$0.02
WHSE Operation Cost Per Pick	\$0.42	\$0.45	-6.67%	-\$0.03
Total WHSE Cost per Pick YTD	\$0.42	\$0.42	0.00%	\$0.00

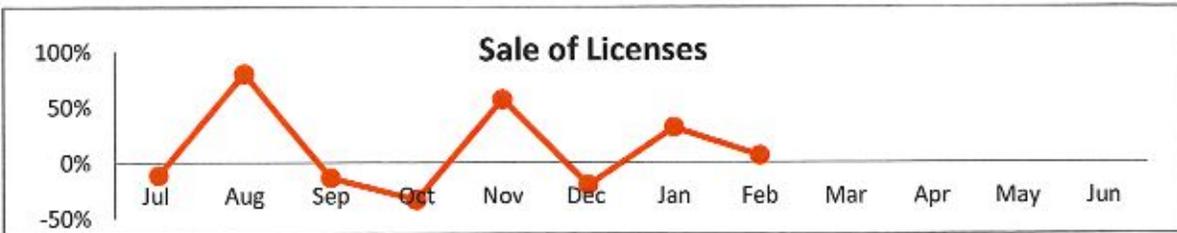
Key Performance Indicators (KPIs) Benchmarks

Metric	ABD FY2019 Actual	ABD FY2018 Actual	Best in Class Benchmark	Median Benchmark
Distribution Cost as a % of Sales	1.80%	1.70%	2.04%	5.00%
Distribution Cost as a % of Cost of Goods Sold	2.51%	2.54%	<1.6%	6.05%
Total Distribution Cost Per Unit Picked	1.06	1.06	\$0.30	\$1.04

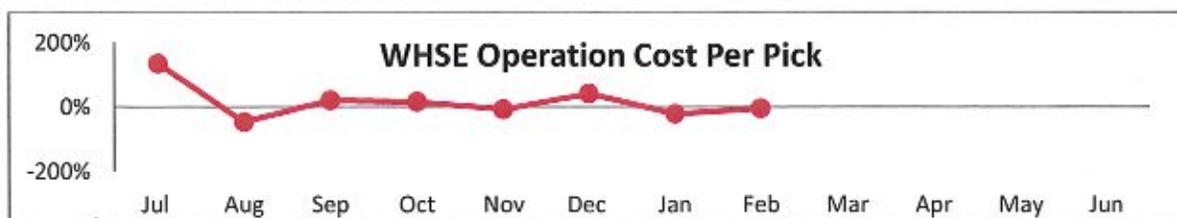
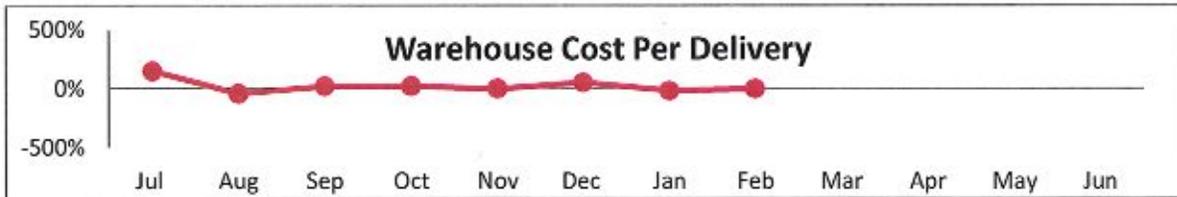
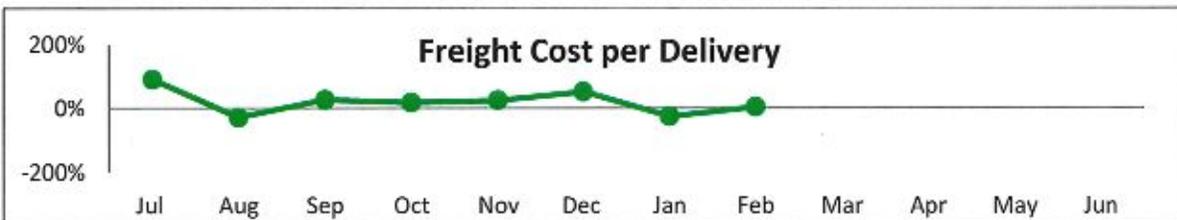
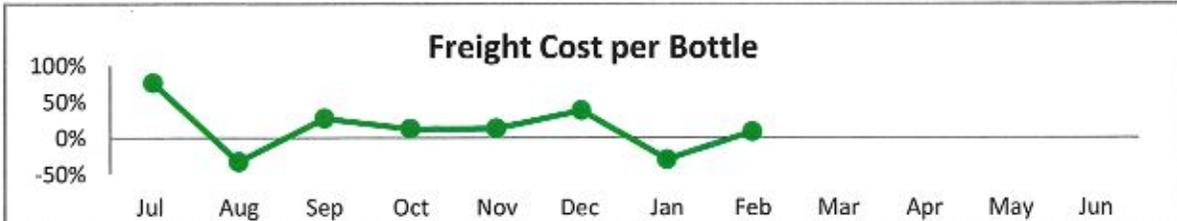
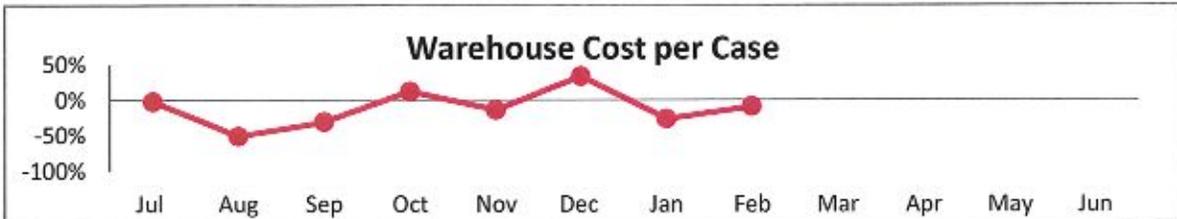
ABD Metric Trend Line Data FY19 July 1, 2018 - February 28, 2019



ABD Metric Trend Line Data FY19 Continued



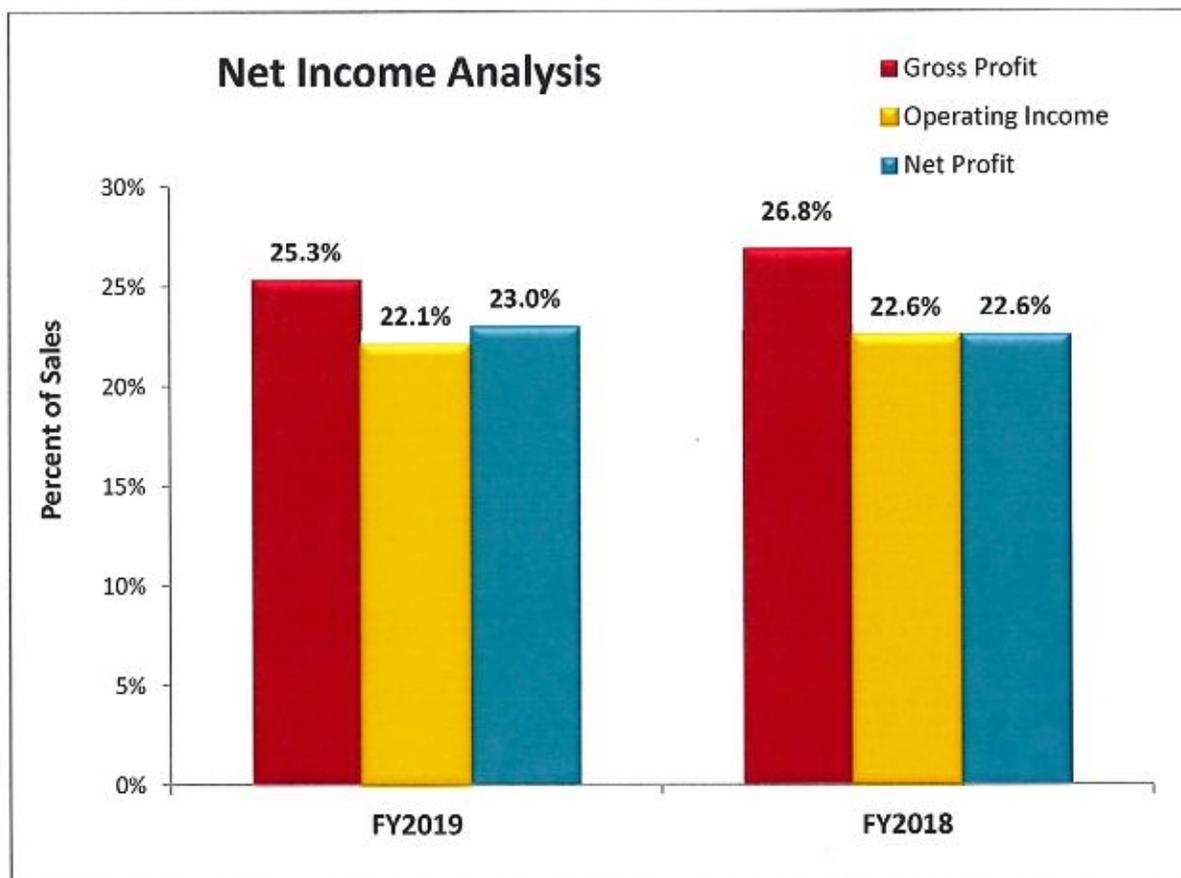
ABD Metric Trend Line Data FY19 Continued



Net Income Analysis February 2019

Category	FY2019	FY2018	% Change	Amount Change
Gross Profit	5,725,448	6,014,578	-4.81%	\$ (289,130)
Operating Income	4,997,300	5,052,787	-1.10%	\$ (55,487)
Net Profit	5,197,088	5,057,979	2.75%	\$ 139,109
Net Sales	22,588,927	22,403,643	0.83%	\$ 185,284

Percent Of Sales	FY2019	FY2018	% Change	Amount Change
Gross Profit	25.35%	26.85%	-5.59%	0.76
Operating Income	22.12%	22.55%	-1.91%	0.97
Net Profit	23.01%	22.58%	1.91%	0.99



**Reversion Analysis
FY2018 / FY2017**

	Liquor Sales			Split Case Revenues			Total Revenue			FY 19 vs. FY 18
	FY17	FY18	FY19	FY17	FY18	FY19	FY17	FY18	FY19	% Change
July	\$ 16,182,779.47	\$ 20,683,446.87	\$ 21,941,950.21	\$ 85,098.50	\$ 104,422.50	\$ 106,697.00	\$ 16,267,877.97	\$ 20,787,869.37	\$ 22,048,647.21	6.06%
August	\$ 27,281,631.01	\$ 25,737,769.80	\$ 29,079,661.16	\$ 147,015.18	\$ 130,670.00	\$ 130,138.50	\$ 27,428,646.19	\$ 25,868,439.80	\$ 29,209,799.66	12.92%
September	\$ 23,307,167.10	\$ 25,306,777.12	\$ 25,187,655.38	\$ 119,399.50	\$ 120,085.00	\$ 119,355.50	\$ 23,426,566.60	\$ 25,426,862.12	\$ 25,307,010.88	-0.47%
October	\$ 27,172,377.07	\$ 31,832,046.93	\$ 34,040,646.72	\$ 127,098.54	\$ 142,404.50	\$ 141,352.50	\$ 27,299,475.61	\$ 31,974,451.43	\$ 34,181,999.22	6.90%
November	\$ 27,186,630.66	\$ 24,401,342.17	\$ 28,138,662.10	\$ 135,059.96	\$ 121,120.00	\$ 125,948.00	\$ 27,321,690.62	\$ 24,522,462.17	\$ 28,264,610.10	15.26%
December	\$ 30,297,589.74	\$ 30,720,456.69	\$ 33,450,486.60	\$ 145,982.00	\$ 142,254.50	\$ 143,992.50	\$ 30,443,571.74	\$ 30,862,711.19	\$ 33,594,479.10	8.85%
January	\$ 22,434,323.13	\$ 25,828,473.91	\$ 25,368,631.62	\$ 135,460.00	\$ 151,250.50	\$ 135,719.95	\$ 22,569,783.13	\$ 25,979,724.41	\$ 25,504,351.57	-1.83%
February	\$ 22,804,158.85	\$ 22,403,643.21	\$ 22,588,926.88	\$ 107,044.50	\$ 111,386.18	\$ 109,315.00	\$ 22,911,203.35	\$ 22,515,029.39	\$ 22,698,241.88	0.81%
March										
April										
May										
June										
July										
Total	\$ 196,666,657.03	\$ 206,913,956.70	\$ 219,796,620.67	\$ 1,002,158.18	\$ 1,023,593.18	\$ 1,012,518.95	\$ 197,668,815.21	\$ 207,937,549.88	\$ 220,809,139.62	6.19%
Total Budget	\$ 315,000,000.00	% of Budget	69.78%							

	Substance Abuse			General Fund Reversion						FY 19 vs. FY 18
	FY17	FY18	FY19	FY17	FY18	FY19	FY17	FY18	FY19	% Change
July	\$ 1,138,751.46	\$ 1,455,150.86	\$ 1,543,405.30	\$ 6,000,000	\$ 7,300,000	\$ 8,000,000	\$ 7,138,751.46	\$ 8,755,150.86	\$ 9,543,405.30	9.00%
August	\$ 1,920,005.23	\$ 1,810,790.79	\$ 2,044,685.98	\$ 7,000,000	\$ 6,500,000	\$ 7,500,000	\$ 8,920,005.23	\$ 8,310,790.79	\$ 9,544,685.98	14.85%
September	\$ 1,639,859.66	\$ 1,779,880.35	\$ 1,771,490.76	\$ 7,500,000	\$ 8,500,000	\$ 7,500,000	\$ 9,139,859.66	\$ 10,279,880.35	\$ 9,271,490.76	-9.81%
October	\$ 1,910,963.29	\$ 2,238,211.60	\$ 2,392,739.95	\$ 8,700,000	\$ 9,000,000	\$ 9,500,000	\$ 10,610,963.29	\$ 11,238,211.60	\$ 11,892,739.95	5.82%
November	\$ 1,912,518.34	\$ 1,716,572.35	\$ 1,978,522.71	\$ 9,000,000	\$ 7,000,000	\$ 9,000,000	\$ 10,912,518.34	\$ 8,716,572.35	\$ 10,978,522.71	25.95%
December	\$ 2,131,050.02	\$ 2,160,389.78	\$ 2,351,613.54	\$ 9,000,000	\$ 9,000,000	\$ 9,000,000	\$ 11,131,050.02	\$ 11,160,389.78	\$ 11,351,613.54	1.71%
January	\$ 1,579,884.82	\$ 1,818,580.71	\$ 1,785,304.61	\$ 6,500,000	\$ 7,500,000	\$ 8,000,000	\$ 8,079,884.82	\$ 9,318,580.71	\$ 9,785,304.61	5.01%
February	\$ 1,603,784.23	\$ 1,576,052.06	\$ 1,588,876.93	\$ 7,000,000	\$ 7,500,000	\$ 8,000,000	\$ 8,603,784.23	\$ 9,076,052.06	\$ 9,588,876.93	5.65%
March										
April										
May										
June										
July										
Total	\$ 13,836,817.05	\$ 14,555,628.50	\$ 15,456,639.77	60,700,000	62,300,000	66,500,000	\$ 74,536,817.05	\$ 76,855,628.50	\$ 81,956,639.77	6.64%

Obligation	114,000,000	116,100,000	119,100,000
Over/Under Reversion	(39,463,183)	(39,244,372)	(37,143,360)
	65.38%	66.20%	68.81%

**Reversion Analysis
FY2018 / FY2017**

	Liquor Sales			Split Case Revenues			Total Revenue			FY 19 vs. FY 18 %
	FY17	FY18	FY19	FY17	FY18	FY19	FY17	FY18	FY19	Change
July	\$ 16,182,779.47	\$ 20,683,446.87	\$ 21,941,950.21	\$ 85,098.50	\$ 104,422.50	\$ 106,697.00	\$ 16,267,877.97	\$ 20,787,869.37	\$ 22,048,647.21	6.06%
August	\$ 27,281,631.01	\$ 25,737,769.80	\$ 29,079,661.16	\$ 147,015.18	\$ 130,670.00	\$ 130,138.50	\$ 27,428,646.19	\$ 25,868,439.80	\$ 29,209,799.66	12.92%
September	\$ 23,307,167.10	\$ 25,306,777.12	\$ 25,187,655.38	\$ 119,399.50	\$ 120,085.00	\$ 119,355.50	\$ 23,426,566.60	\$ 25,426,862.12	\$ 25,307,010.88	-0.47%
October	\$ 27,172,377.07	\$ 31,832,046.93	\$ 34,040,646.72	\$ 127,098.54	\$ 142,404.50	\$ 141,352.50	\$ 27,299,475.61	\$ 31,974,451.43	\$ 34,181,999.22	6.90%
November	\$ 27,186,630.66	\$ 24,401,342.17	\$ 28,138,662.10	\$ 135,059.96	\$ 121,120.00	\$ 125,948.00	\$ 27,321,690.62	\$ 24,522,462.17	\$ 28,264,610.10	15.26%
December	\$ 30,297,589.74	\$ 30,720,456.69	\$ 33,450,486.60	\$ 145,982.00	\$ 142,254.50	\$ 143,992.50	\$ 30,443,571.74	\$ 30,862,711.19	\$ 33,594,479.10	8.85%
January	\$ 22,434,323.13	\$ 25,828,473.91	\$ 25,368,631.62	\$ 135,460.00	\$ 151,250.50	\$ 135,719.95	\$ 22,569,783.13	\$ 25,979,724.41	\$ 25,504,351.57	-1.83%
February	\$ 22,804,158.85	\$ 22,403,643.21	\$ 22,588,926.88	\$ 107,044.50	\$ 111,386.18	\$ 109,315.00	\$ 22,911,203.35	\$ 22,515,029.39	\$ 22,698,241.88	0.81%
March	\$ 24,588,550.59	\$ 23,260,972.87		\$ 126,367.50	\$ 115,962.00		\$ 24,714,918.09	\$ 23,376,934.87	\$ -	-100.00%
April	\$ 22,551,186.27	\$ 27,087,806.47		\$ 116,776.00	\$ 133,942.00		\$ 22,667,962.27	\$ 27,221,748.47	\$ -	-100.00%
May	\$ 29,483,763.34	\$ 28,885,361.58		\$ 150,219.50	\$ 140,727.50		\$ 29,633,982.84	\$ 29,026,089.08	\$ -	-100.00%
June	\$ 25,636,821.18	\$ 28,316,439.65		\$ 121,086.50	\$ 130,611.50		\$ 25,757,907.68	\$ 28,447,051.15	\$ -	-100.00%
July-Aug (H/O)	\$ 6,692,148.36	\$ 5,585,275.12		\$ 36,701.50	\$ 30,355.50		\$ 6,728,849.86	\$ 5,615,630.62	\$ -	-100.00%
Total	\$ 305,619,126.77	\$ 320,049,812.39	\$ 219,796,620.67	\$ 1,553,309.18	\$ 1,575,191.68	\$ 1,012,518.95	\$ 307,172,435.95	\$ 321,625,004.07	\$ 220,809,139.62	-451.49%
Total Budget	\$ 315,000,000.00	% of Budget	69.78%							

	Substance Abuse			General Fund Reversion			Total Reversion			FY 19 vs. FY 18 %
	FY17	FY18	FY19	FY17	FY18	FY19	FY17	FY18	FY19	Change
July	\$ 1,138,751.46	\$ 1,455,150.86	\$ 1,543,405.30	\$ 6,000,000	\$ 7,300,000	\$ 8,000,000	\$ 7,138,751.46	\$ 8,755,150.86	\$ 9,543,405.30	9.00%
August	\$ 1,920,005.23	\$ 1,810,790.79	\$ 2,044,685.98	\$ 7,000,000	\$ 6,500,000	\$ 7,500,000	\$ 8,920,005.23	\$ 8,310,790.79	\$ 9,544,685.98	14.85%
September	\$ 1,639,859.66	\$ 1,779,880.35	\$ 1,771,490.76	\$ 7,500,000	\$ 8,500,000	\$ 7,500,000	\$ 9,139,859.66	\$ 10,279,880.35	\$ 9,271,490.76	-9.81%
October	\$ 1,910,963.29	\$ 2,238,211.60	\$ 2,392,739.95	\$ 8,700,000	\$ 9,000,000	\$ 9,500,000	\$ 10,610,963.29	\$ 11,238,211.60	\$ 11,892,739.95	5.82%
November	\$ 1,912,518.34	\$ 1,716,572.35	\$ 1,978,522.71	\$ 9,000,000	\$ 7,000,000	\$ 9,000,000	\$ 10,912,518.34	\$ 8,716,572.35	\$ 10,978,522.71	25.95%
December	\$ 2,131,050.02	\$ 2,160,389.78	\$ 2,351,613.54	\$ 9,000,000	\$ 9,000,000	\$ 9,000,000	\$ 11,131,050.02	\$ 11,160,389.78	\$ 11,351,613.54	1.71%
January	\$ 1,579,884.82	\$ 1,818,580.71	\$ 1,785,304.61	\$ 6,500,000	\$ 7,500,000	\$ 8,000,000	\$ 8,079,884.82	\$ 9,318,580.71	\$ 9,785,304.61	5.01%
February	\$ 1,603,784.23	\$ 1,576,052.06	\$ 1,588,876.93	\$ 7,000,000	\$ 7,500,000	\$ 8,000,000	\$ 8,603,784.23	\$ 9,076,052.06	\$ 9,588,876.93	5.65%
March	\$ 1,730,044.27	\$ 1,636,385.44	\$ -	\$ 8,000,000	\$ 8,000,000	\$ -	\$ 9,730,044.27	\$ 9,636,385.44	\$ -	-100.00%
April	\$ 1,586,757.36	\$ 1,905,522.39	\$ -	\$ 7,500,000	\$ 8,500,000	\$ -	\$ 9,086,757.36	\$ 10,405,522.39	\$ -	-100.00%
May	\$ 2,074,378.80	\$ 2,031,826.24	\$ -	\$ 9,500,000	\$ 9,500,000	\$ -	\$ 11,574,378.80	\$ 11,531,826.24	\$ -	-100.00%
June	\$ 1,803,053.54	\$ 1,991,293.58	\$ -	\$ 7,300,000	\$ 7,600,000	\$ -	\$ 9,103,053.54	\$ 9,591,293.58	\$ -	-100.00%
July-Aug (H/O)	\$ 471,019.49	\$ 393,094.14	\$ -	\$ 67,415	\$ 1,634,820	\$ -	\$ 538,434.49	\$ 2,027,914.14	\$ -	-100.00%
Total	\$ 21,502,070.51	\$ 22,513,750.29	\$ 15,456,639.77	93,067,415	97,534,820	66,500,000	\$ 114,569,485.51	\$ 120,048,570.29	\$ 81,956,639.77	-31.73%

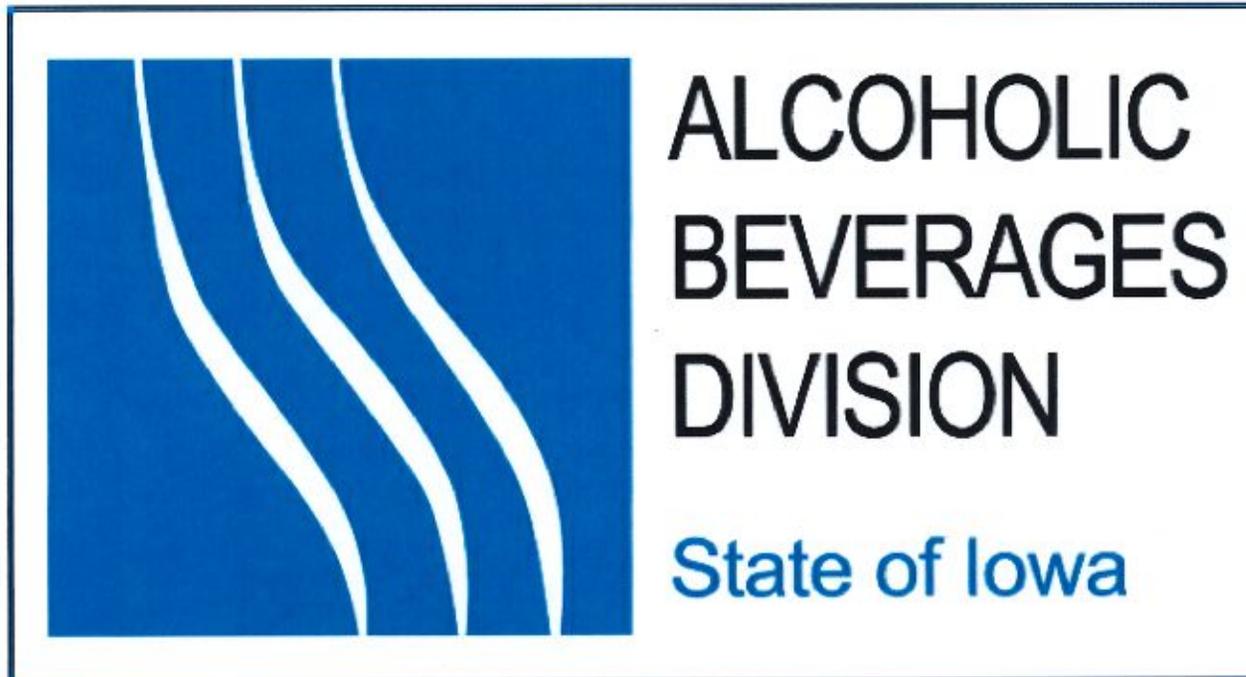
Obligation	114,000,000	116,100,000	119,100,000
Over/Under Reversion	569,486	3,948,570	(37,143,360)
	100.50%	103.40%	68.81%

Iowa ABD
Cash Flow - Liquor Control Fund
July 1, 2018 through February 28, 2019

CASH IN	July	August	September	October	November	December	January	February	TOTAL
Liquor Sales	\$ 21,941,950	\$ 29,079,661	\$ 25,187,655	\$ 34,040,647	\$ 28,138,662	\$ 33,450,487	\$ 25,368,632	\$ 22,588,927	\$ 219,796,620
Wine Tax	-	581,454	692,715	528,841	1,003,985	712,714	817,951	576,249	4,913,909
Licenses and Permits	1,466,784	1,660,175	1,361,063	1,003,611	1,577,760	933,168	1,498,293	1,431,543	10,932,396
Split Case Fee	106,697	130,139	119,356	141,353	125,948	143,993	135,720	109,315	1,012,519
Bottle Deposit Fee	217,074	279,818	245,860	313,792	271,169	306,985	257,369	223,935	2,116,001
Other - Fees, NSF	365	1,055	770	630	425	380	500	360	4,485
NABCA Travel	-	-	-	-	-	-	-	-	-
Other Misc. Income	180	-	390	5,025	3,077	10,570	2,928	141,305	163,474
Lottery Lease	-	-	-	20,910	-	-	20,910	-	41,820
Other Sales/Service-Recycling	23	15	2,672	160	97	599	5,029	5,395	13,989
TOTAL CASH IN	\$ 23,733,073	\$ 31,732,316	\$ 27,610,479	\$ 36,054,968	\$ 31,121,123	\$ 35,558,895	\$ 28,107,330	\$ 25,077,028	\$ 238,995,213
CASH OUT									
Cities-Liquor Sales Dist	\$ -	\$ 366,223	\$ 360,212	\$ 255,437	\$ 236,138	\$ 287,050	\$ 220,771	\$ 302,652	\$ 2,027,483
Counties-Liquor Sales Dist	-	20,082	21,793	11,897	8,630	12,346	11,078	16,940	102,766
Transfer to Liq Gen Fund(0001)	-	-	-	-	-	100,000	350,000	350,000	800,000
Sunday Sales	-	920,979	-	-	-	-	-	-	920,979
Substance Abuse	-	1,543,405	2,044,686	1,771,491	2,392,740	1,978,523	2,351,614	1,785,305	13,867,763
General Fund Transfer	-	8,000,000	7,500,000	7,500,000	9,500,000	9,000,000	9,000,000	8,000,000	58,500,000
Personnel Expenses- All	344,456	286,892	338,463	334,068	350,814	569,169	348,015	339,626	2,911,502
Liquor Purchases	7,068,254	19,902,580	17,944,214	19,009,236	22,076,273	19,500,532	18,941,093	16,863,705	141,305,888
Bottle Deposit/Surcharge	-	232,261	182,070	183,823	176,471	212,820	178,196	164,749	1,330,389
Warehouse Op Expenses	7,086	41,878	30,018	89,552	58,196	42,661	80,483	52,422	402,296
Fleet Op Expenses	87,239	105,344	111,234	111,172	241,456	104,983	73,342	115,810	950,581
IT Expenses	4,009	94,614	92,607	127,150	123,033	112,663	133,798	125,850	813,725
Misc. Trust Fund Expenses	3,992	314,660	(268,518)	25,297	197,662	87,829	73,191	113,107	547,219
TOTAL CASH OUT	\$ 7,515,036	\$ 31,828,917	\$ 28,356,779	\$ 29,419,122	\$ 35,360,413	\$ 32,008,577	\$ 31,761,579	\$ 28,230,166	\$ 224,480,589
TOTAL CHANGE IN CASH	\$ 16,218,037	\$ (96,601)	\$ (746,300)	\$ 6,635,846	\$ (4,239,291)	\$ 3,550,319	\$ (3,654,249)	\$ (3,153,138)	\$ 14,514,624
BEGINNING CASH BALANCE	\$ -	\$ 17,974,878	\$ 17,588,518	\$ 15,875,944	\$ 22,511,802	\$ 18,272,511	\$ 21,822,830	\$ 18,168,581	\$ 132,215,064
Increase/(Decrease) in Cash	16,218,037	(96,601)	(746,300)	6,635,846	(4,239,291)	3,550,319	(3,654,249)	(3,153,138)	14,514,624
ENDING CASH BALANCE	\$ 16,218,037	\$ 17,878,278	\$ 16,842,218	\$ 22,511,790	\$ 18,272,511	\$ 21,822,830	\$ 18,168,581	\$ 15,015,443	\$ 146,729,688

Iowa ABD
FY19 Profit and Loss Statement
July 1, 2018 through February 28, 2019

	February FY 2019	February FY 2018	FY19 vs. FY18 % Chg.	FY19 vs. FY18 Amount Chg.	YTD FY 2019	YTD FY 2018	FY19 vs. FY18 % Chg.	FY19 vs. FY18 Amount Chg.
Liquor Sales Revenue	22,588,927	22,403,643	0.83%	185,284	219,796,621	206,913,957	6.23%	12,882,664
Cost of Sales								
Bailment	17,062,144	16,597,034	2.80%	465,109	142,054,982	134,071,691	5.95%	7,983,292
Less: Bailment Fees	(186,786)	(180,005)	3.77%	(6,781)	(1,498,266)	(1,434,001)	4.48%	(64,265)
Less: Special Handling Fees	(11,757)	(27,552)	-57.33%	15,795	(261,955)	(118,651)	36.50%	(43,304)
Less: Defective Products	(122)	(412)	-70.47%	290	(2,913)	(6,742)	-56.80%	3,830
Total Cost of Sales	16,863,479	16,389,065	2.89%	474,413	140,391,849	132,512,297	5.95%	7,879,552
Gross Profit	5,725,448	6,014,578	-4.81%	(289,130)	79,404,772	74,401,660	6.72%	5,003,112
Gross Profit %	25.35%	26.85%	-5.59%	-1.50%	36.13%	35.96%	0.47%	0.17%
Operating Expenses								
Freight Expenses	243,751	216,858	12.40%	26,893	1,982,416	1,768,456	12.10%	213,960
Warehouse Expenses	162,815	183,114	-0.18%	(209)	1,478,342	1,459,865	1.27%	18,477
Other Expenses Related To Distribution	50,000	355,000	-85.92%	(305,000)	(120,634)	830,846	-114.53%	(950,980)
Total Operating Expenses	456,566	734,972	-37.68%	(278,405)	3,340,125	4,058,667	-17.70%	(718,542)
General and Administrative Expenses								
Warehouse Administration	42,613	30,162	41.28%	12,451	577,955	482,508	19.78%	95,447
Product Administration	11,528	37,384	-69.15%	(25,856)	100,509	203,655	-50.65%	(103,147)
Accounting	63,288	41,649	51.96%	21,640	386,291	425,182	-9.15%	(38,891)
Information Technology	125,850	69,911	80.02%	55,940	813,725	939,127	-13.35%	(125,402)
Buildings and Grounds	28,303	47,715	-40.68%	(19,412)	309,306	245,411	26.04%	63,894
General and Administrative Expense Total	271,582	226,820	19.73%	44,762	2,167,786	2,295,884	-4.71%	(108,098)
Income from Operations	4,997,300	5,052,787	-1.10%	(55,487)	73,876,861	68,047,109	8.57%	5,829,752
Other Revenues								
Spilt Case Fee	109,315	111,386	-1.86%	(2,071)	1,012,419	1,023,593	-1.09%	(11,174)
Bottle Deposit/Surcharge	223,935	214,226	4.53%	9,708	2,116,001	1,955,423	8.21%	160,578
Recycling	5,395	2,165	149.16%	3,230	14,833	15,146	-2.05%	(313)
Fuel and Lease Reimbursement	-	-	-100.00%	-	41,820	40,898	2.26%	923
Other Revenue & Reimbursements	141,665	2,791	4975.32%	138,874	160,285	50,174	219.46%	110,112
Wine Tax and License Fees	2,007,792	1,947,943	3.07%	-	35,846,306	15,359,605	3.17%	486,700
Total Other Revenues	2,488,101	2,278,512	9.20%	209,589	19,191,664	18,444,839	4.05%	746,826
Other Expenses								
Bottle Deposit Fee	47,342	55,515	-14.71%	(8,174)	382,296	371,318	2.96%	10,978
Recycle Surcharge Fee	117,408	137,678	-14.72%	(20,271)	948,093	920,864	2.96%	27,230
License & Liquor Refunds	18,666	21,854	-14.58%	(3,187)	97,412	130,826	-25.54%	(33,414)
Substance Abuse Transfer	1,785,305	1,818,581	-1.83%	(33,276)	13,867,765	12,979,576	6.84%	888,189
Sunday Sales Transfer	-	-	-100.00%	-	920,979	911,293	1.06%	892,980
City and County Payments	319,593	239,692	33.33%	79,901	2,130,249	2,093,084	1.78%	1,774,982
Total Other Expense	2,288,313	2,273,320	0.66%	14,993	18,346,791	17,406,951	5.40%	3,560,941
Net Profit	5,197,088	5,057,979	2.75%	139,110	74,721,734	69,084,987	8.16%	3,015,637
Return on Sales	23.01%	22.58%	1.91%	0.43%	34.00%	33.39%	1.62%	23.41%



**Budget Financial Review
FY2019 Funds 0001, 0091, 0631
July 1, 2018 – March 20, 2019**

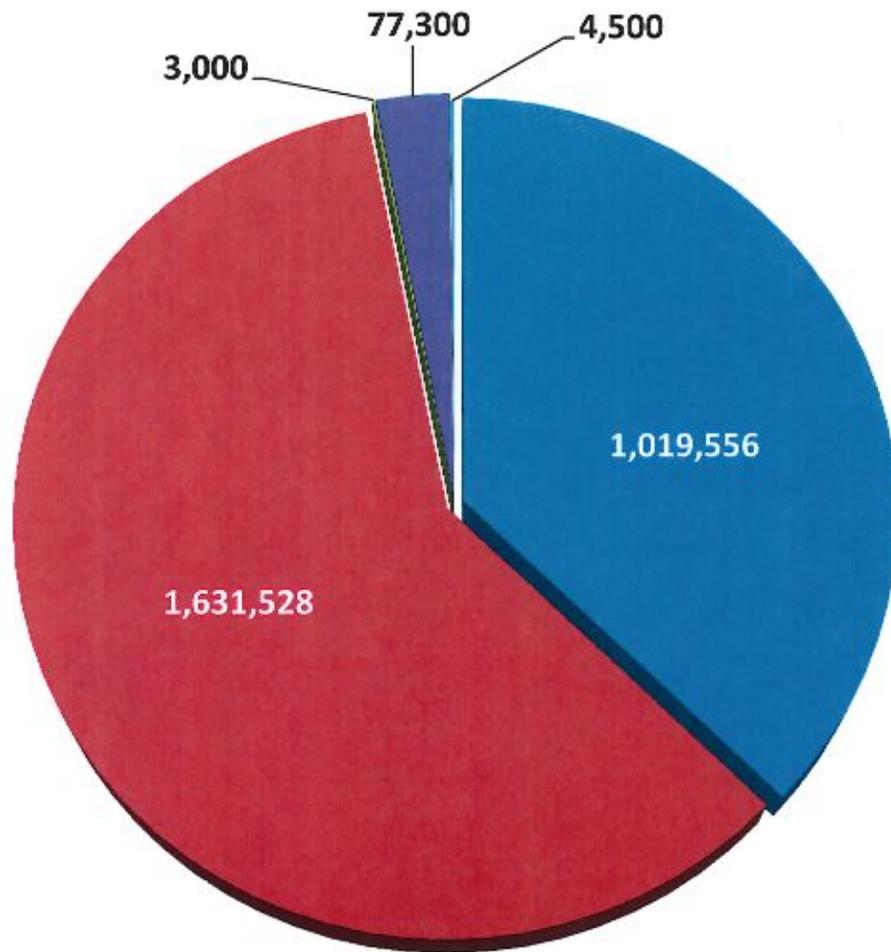


0001 General Fund

- Partially funded by State Appropriation
- Partially funded by transfer from 0631, Liquor Control Trust Fund

Units within this Fund

- 1002 Administration
- 1003 Accounting
- 1006 Licensing
- 1008 Buildings and Grounds
- 1009 Outreach and Education
- 1401 Regulation
- RISK Safety and Security



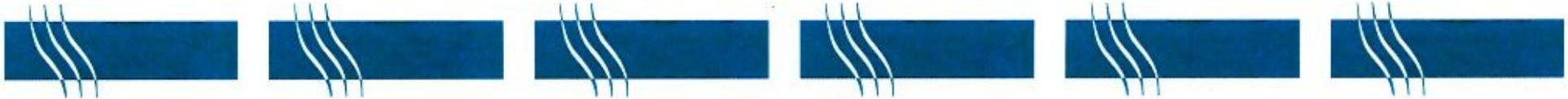
0001 Revenue Budget

\$2,735,884 50.4%

- 05A Appropriation
- 204R Intra State Receipts
- 234R Gov Fund Transfers - Other Agencies
- 501R Refunds & Reimb.
- 606R Other Sales & Services

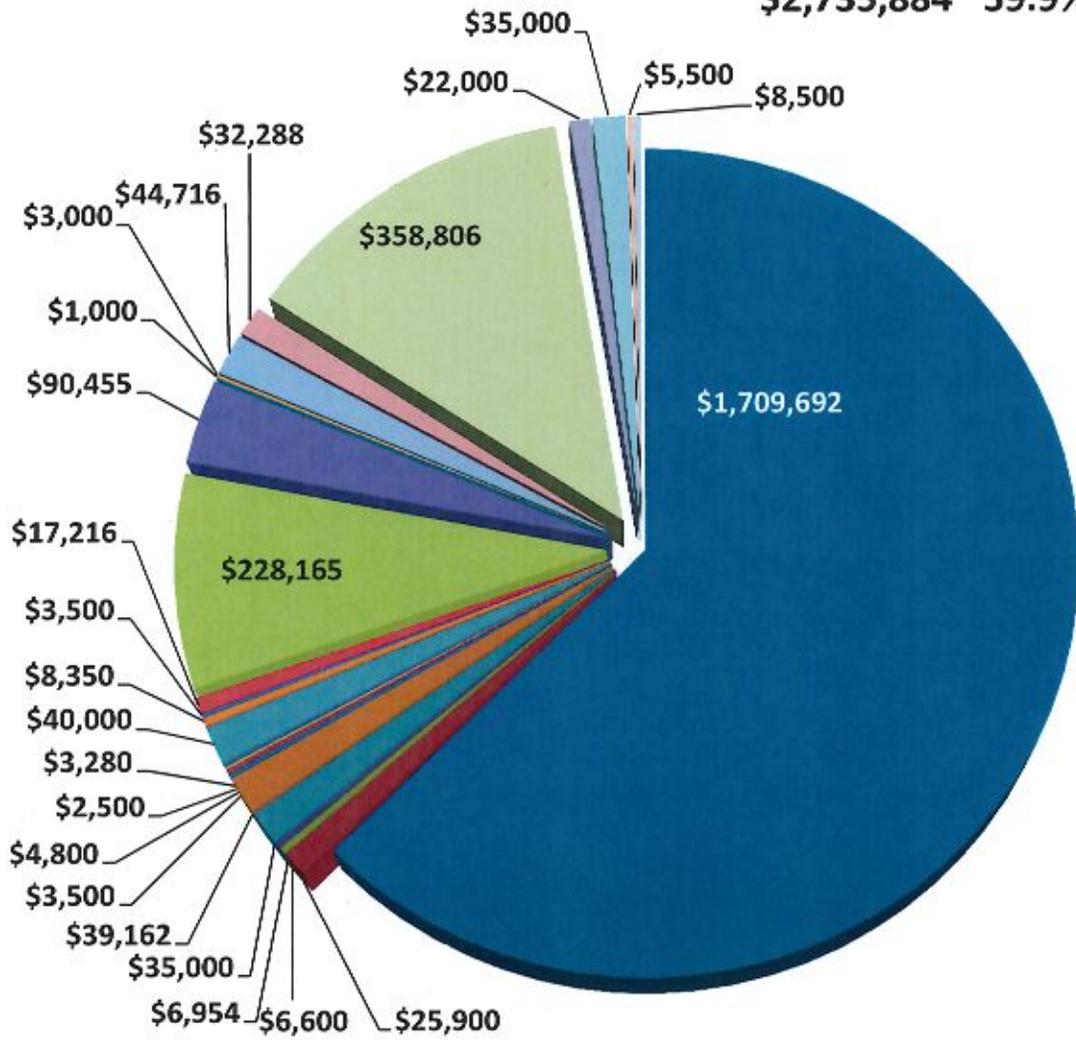
0001 Revenues by Class Budget vs. Actual





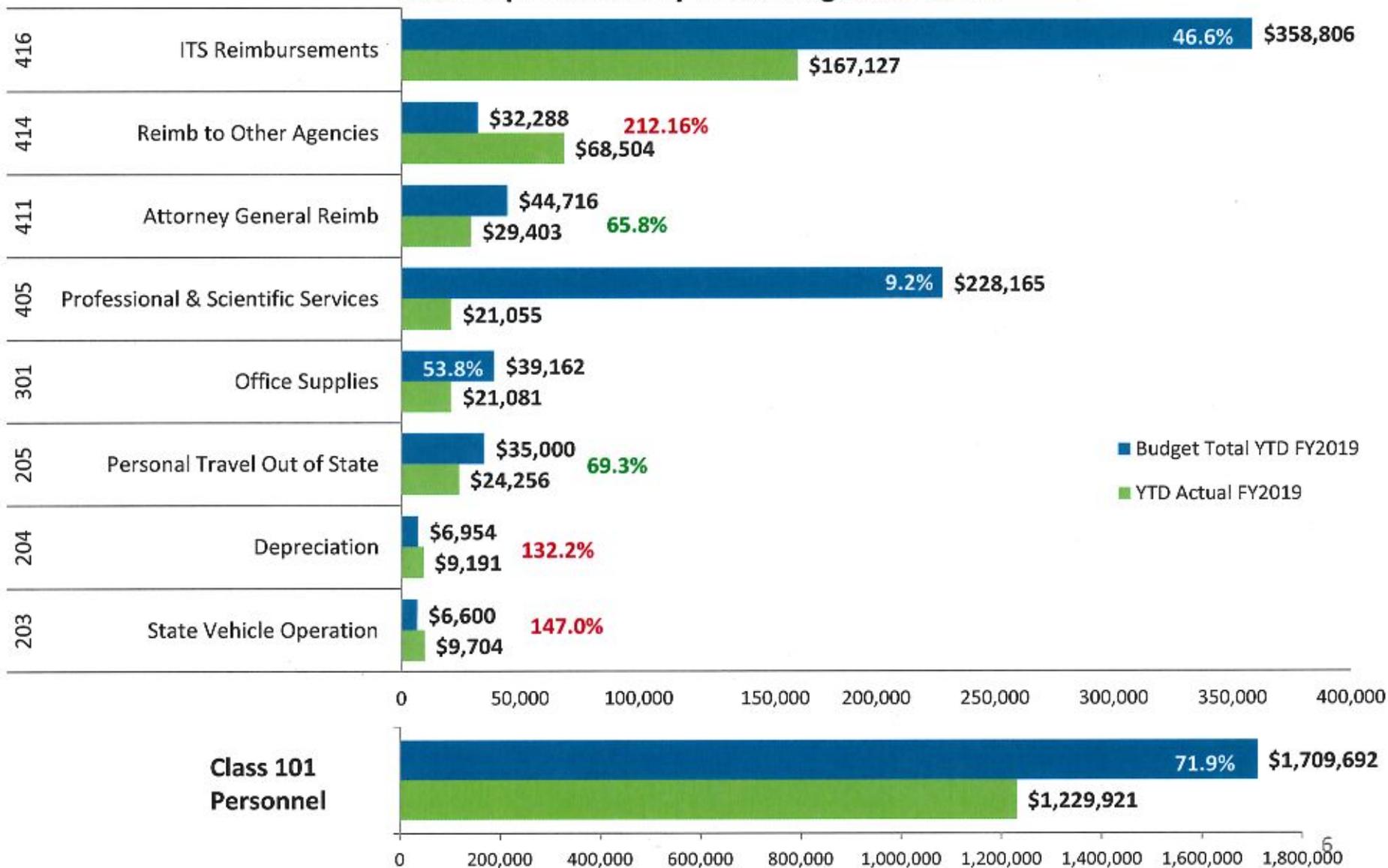
0001 Expense Budget

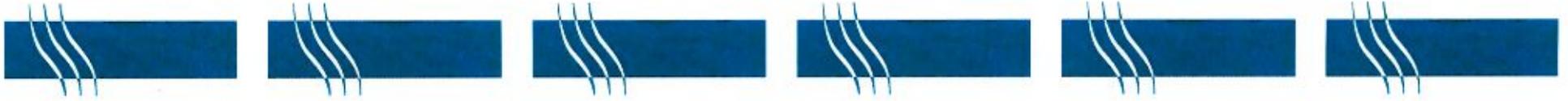
\$2,735,884 59.9%



- 101 Personal Services-Salaries
- 202 Personal Travel In State
- 203 State Vehicle Operation
- 204 Depreciation
- 205 Personal Travel Out of State
- 301 Office Supplies
- 304 Professional & Scientific Supplies
- 309 Printing & Binding
- 311 Food
- 312 Uniforms & Related Items
- 313 Postage
- 401 Communications
- 402 Rentals
- 403 Utilities
- 405 Professional & Scientific Services
- 406 Outside Services
- 408 Advertising & Publicity
- 409 Outside Repairs/Service
- 411 Attorney General Reimb
- 414 Reimb to Other Agencies
- 416 ITS Reimbursements
- 434 Gov Fund Transfers -Agencies Services
- 501 Equipment
- 502 Office Equipment
- 510 IT Equipment

0001 Expenditures by Class Budget vs. Actual



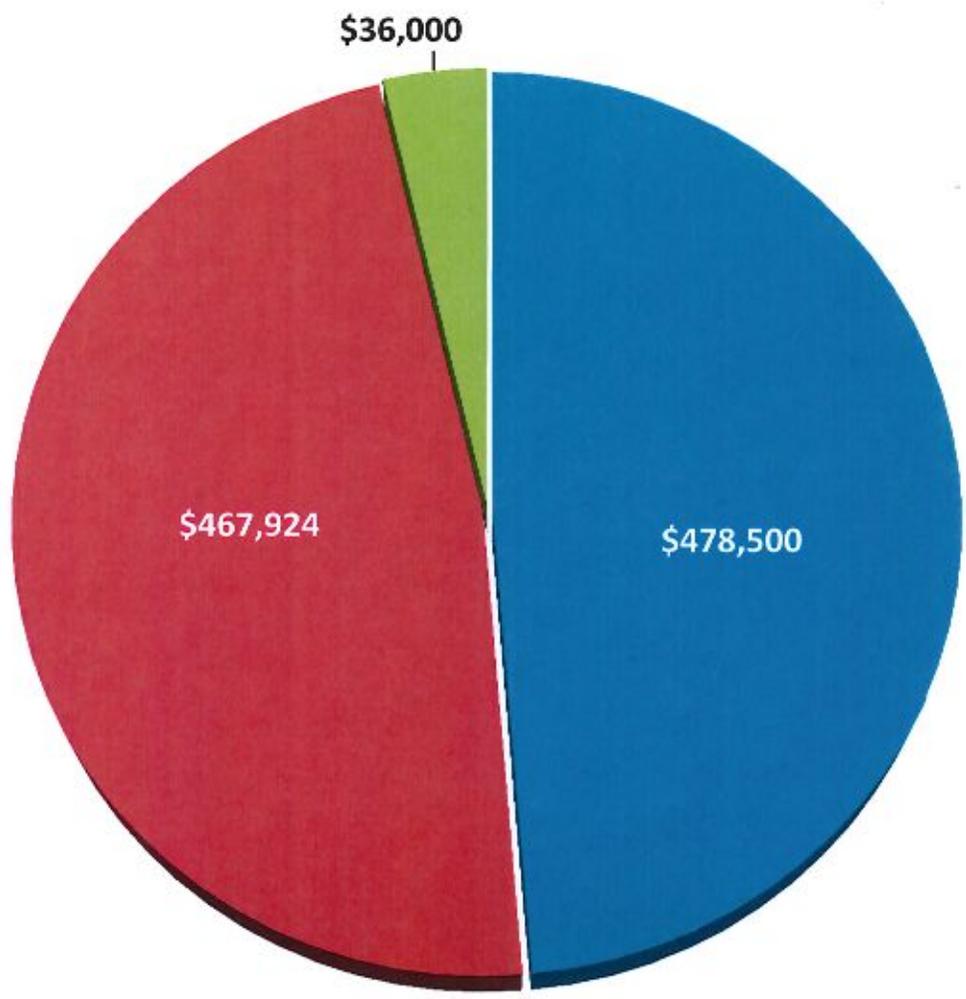


0091 Tobacco Fund

- FDA Contract
- IDPH Contract
- Local Compliance /Civil Penalty

Units within this Fund

- FDA2 FDA
- 0091 Tobacco Compliance
- 6001 Tobacco Enforcement



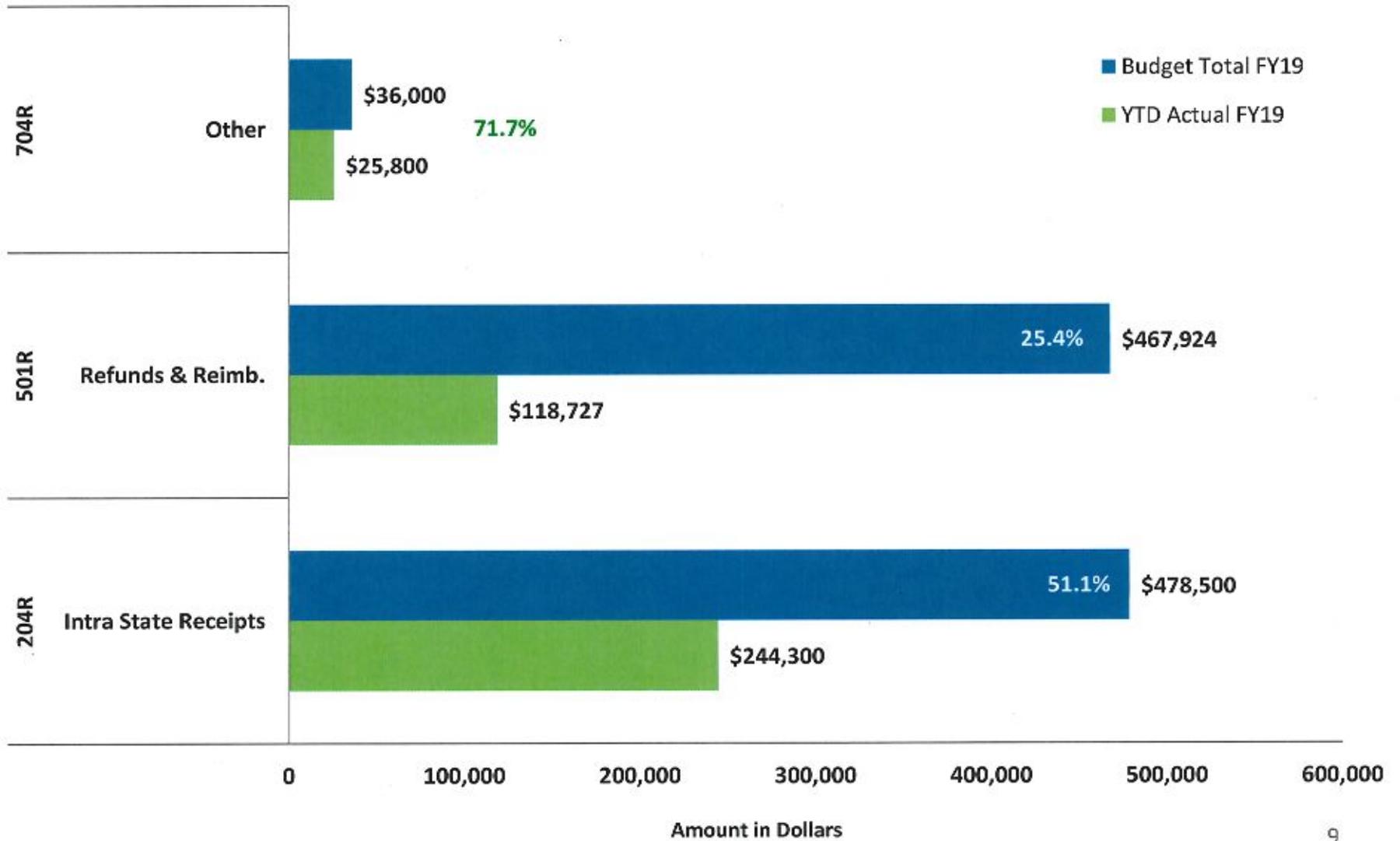
0091 Revenue Budget

\$982,424 39.6%

- 204R Intra State Receipts
- 501R Refunds & Reimb.
- 704R Other



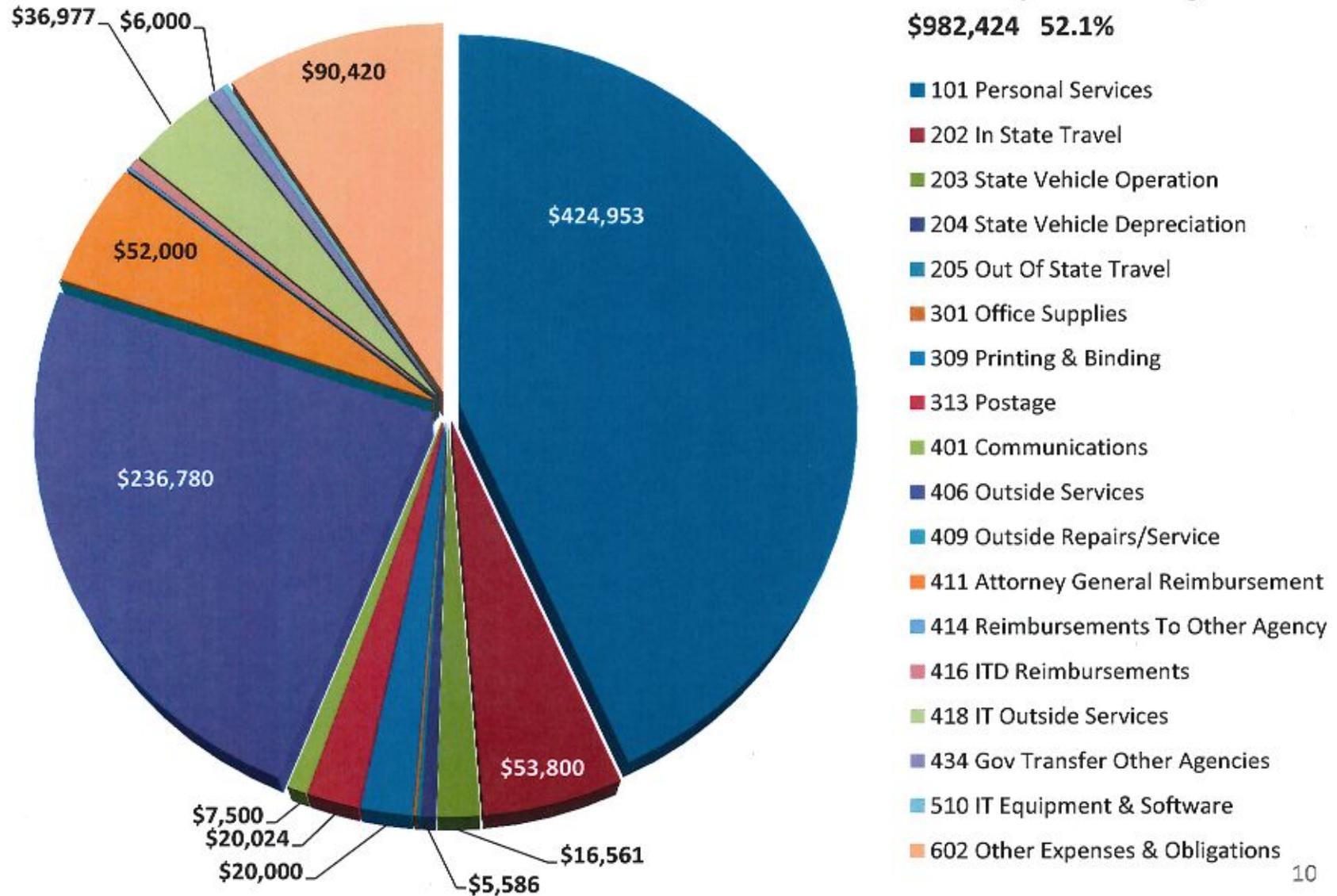
0091 Revenues by Class Budget vs. Actual



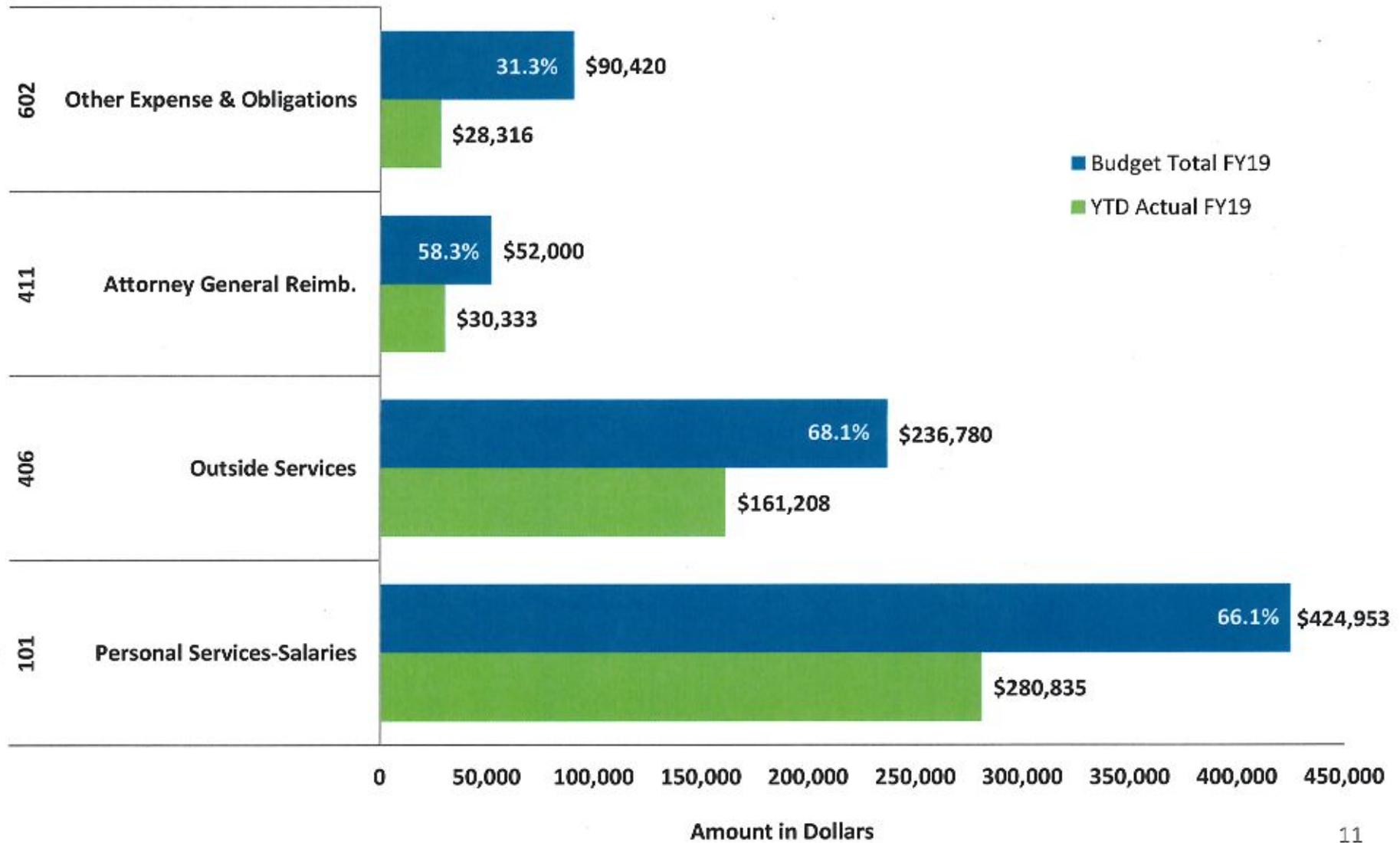


0091 Expense Budget

\$982,424 52.1%



0091 Expenditures by Class Budget vs. Actual



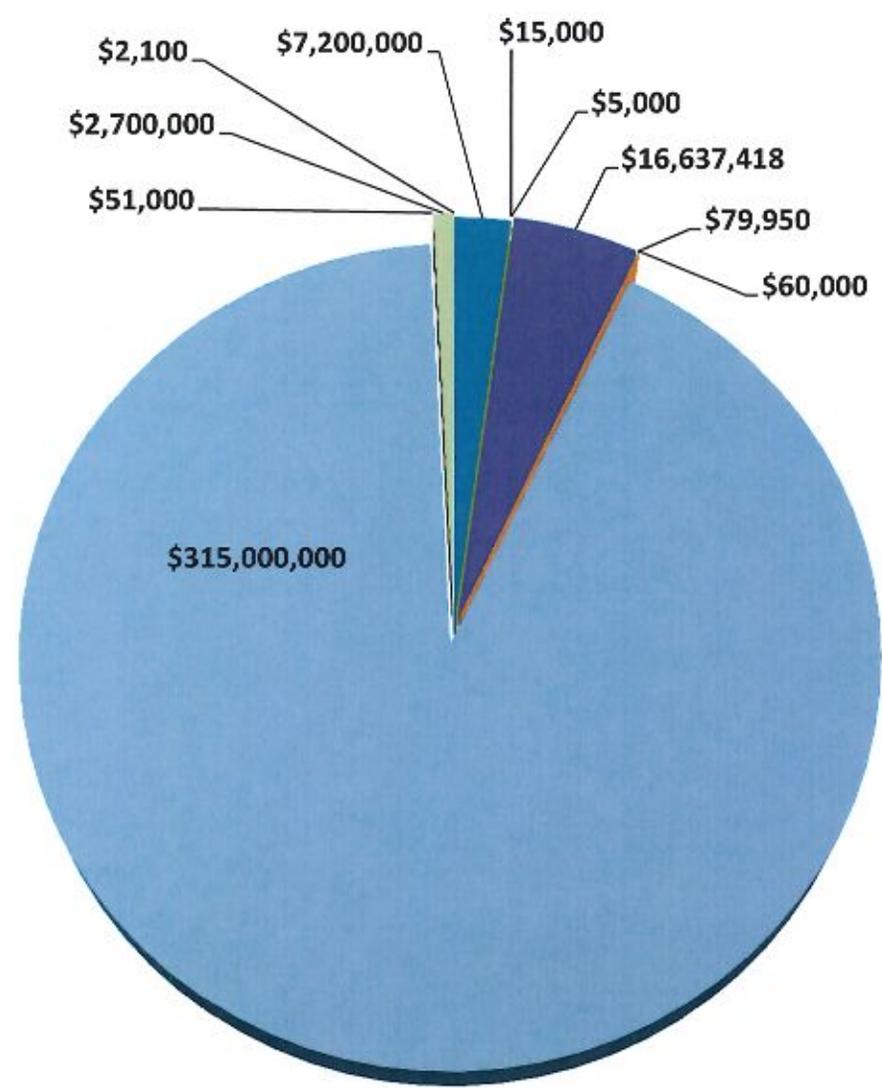
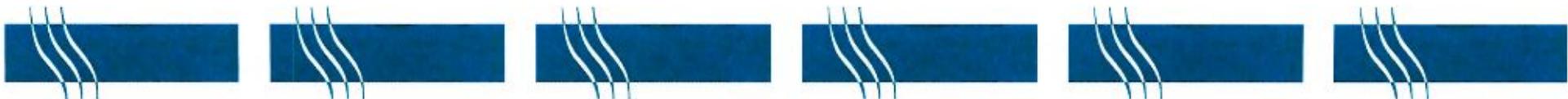


0631 Liquor Control Trust Fund

- Partially funded by the Sale of Liquor
- ABD Fund

Units within this Fund

- 9201 Product Management
- 9202 Warehouse Administration
- 9204 Information Technology
- 9205 Buildings and Grounds
- 9206 Warehouse Operations
- 9207 Freight
- 9302 Accounting
- 9801 License Operations
- 9901 Liquor Revolving
- MP15 Master Plan- Capital Fund
- SAFE Safety and Security

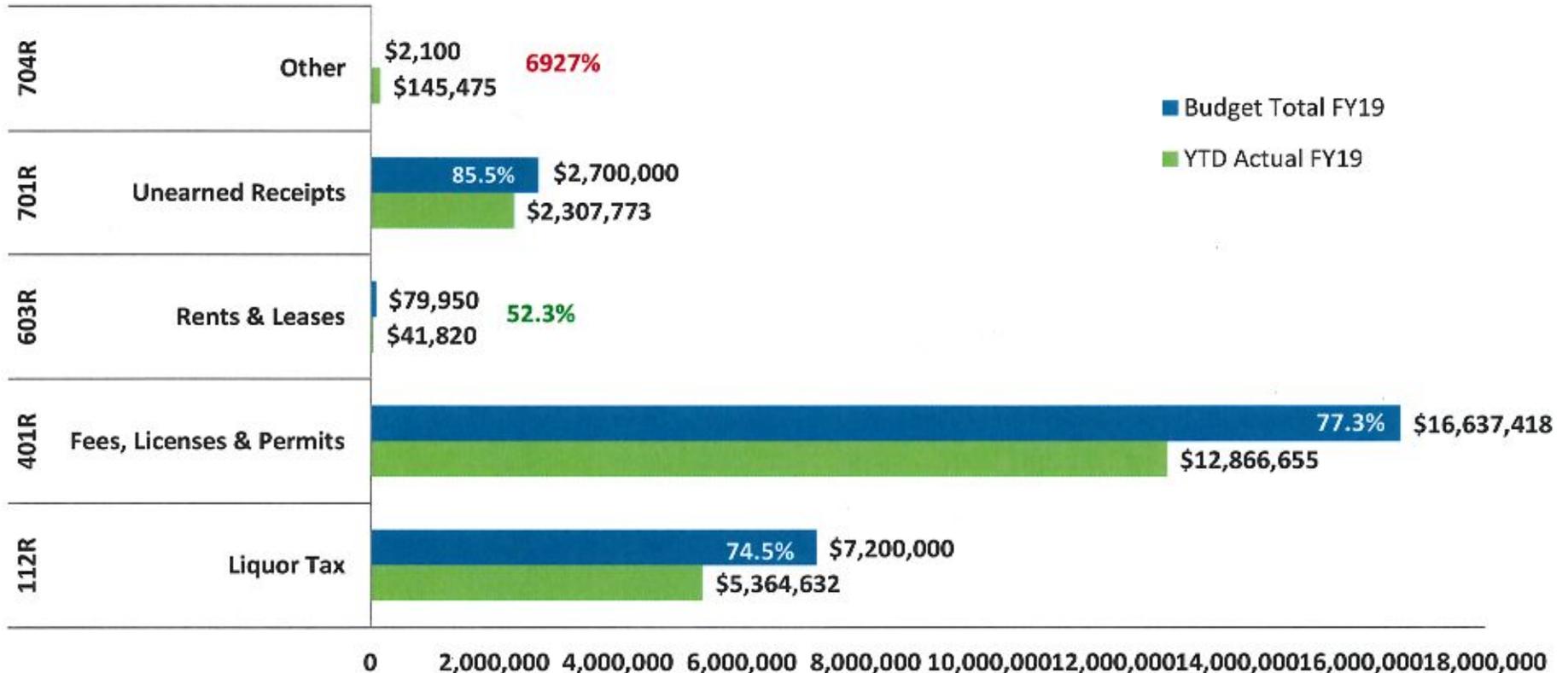


0631 Revenue Budget

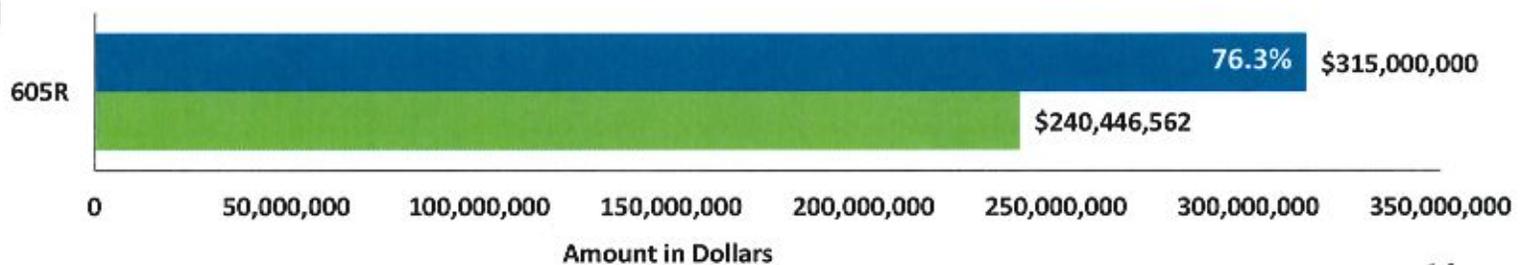
\$341,750,468 76.4%

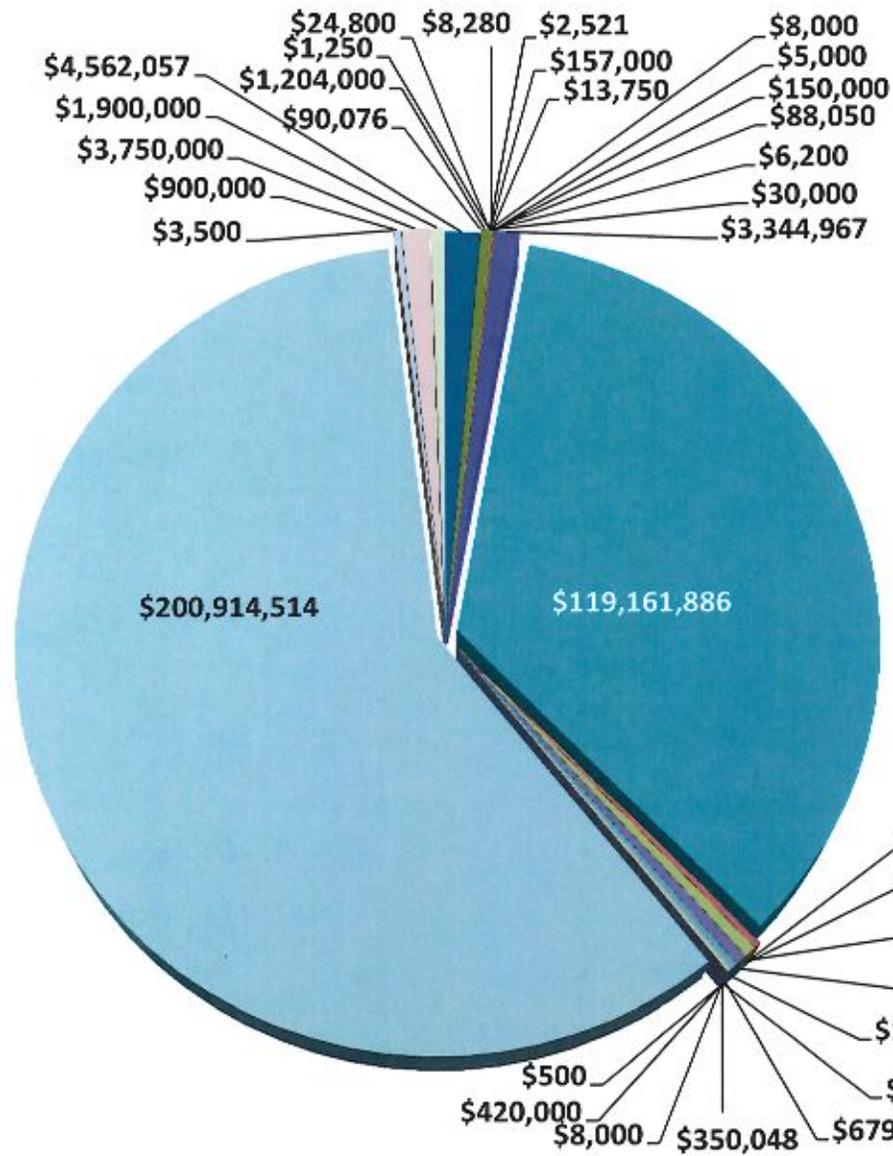
- 112R Liquor Tax
- 205R Reimb. from Other Agencies
- 234R Gov Fund Transfers - Other Agencies
- 401R Fees, Licenses & Permits
- 501R Refunds & Reimb.
- 603R Rents & Leases
- 605R Liquor
- 606R Other Sales & Services
- 701R Unearned Receipts
- 704R Other

0631 Revenues by Class Budget vs. Actual



Liquor Sales Total

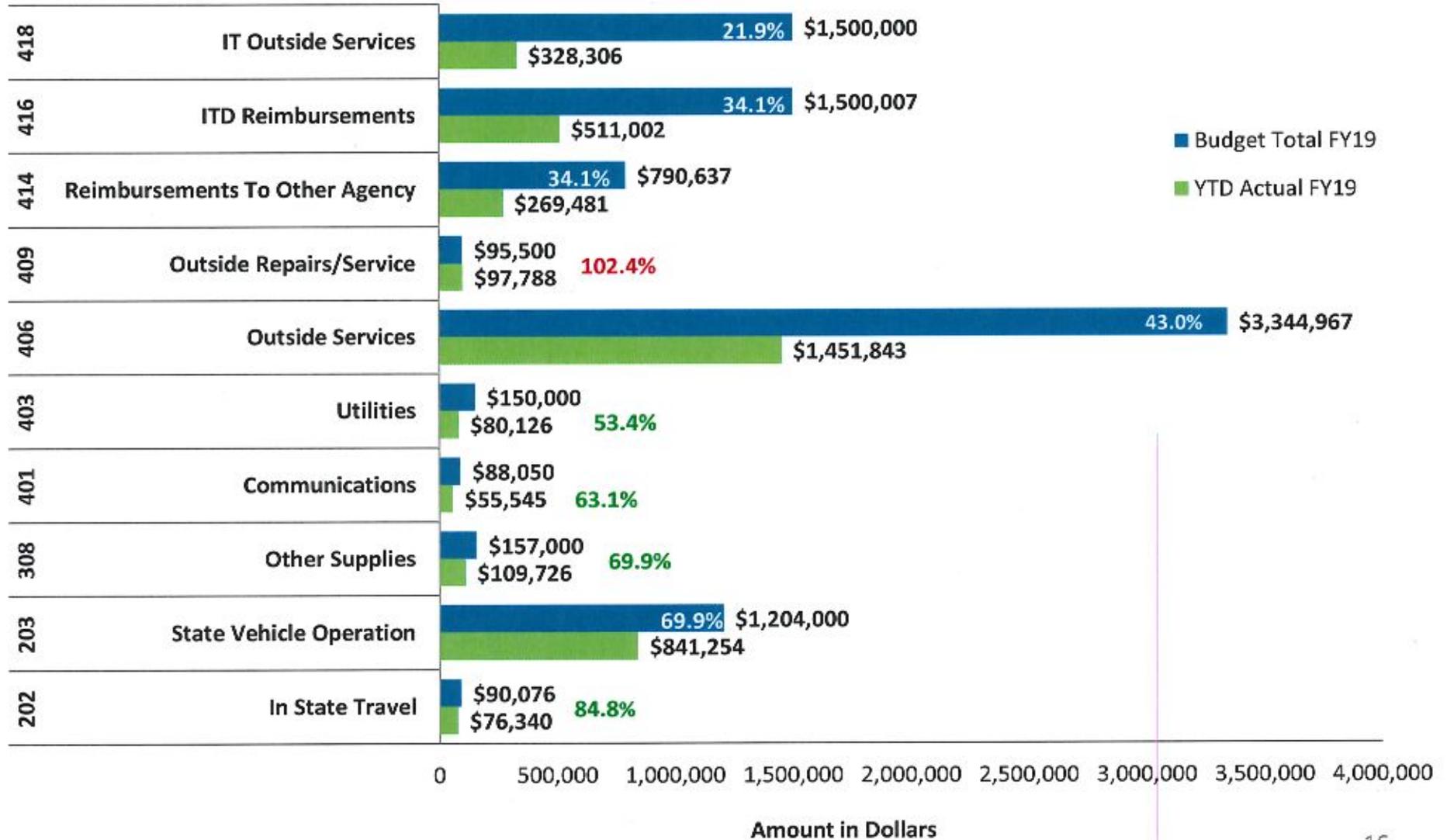


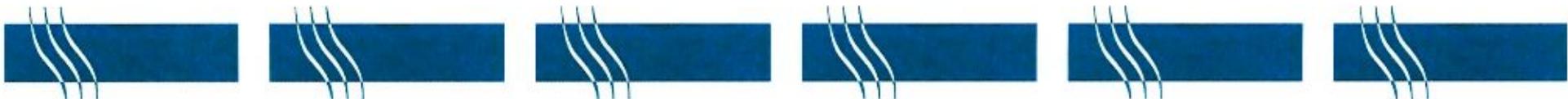


0631 Expense Budget
\$341,750,468 73.7%

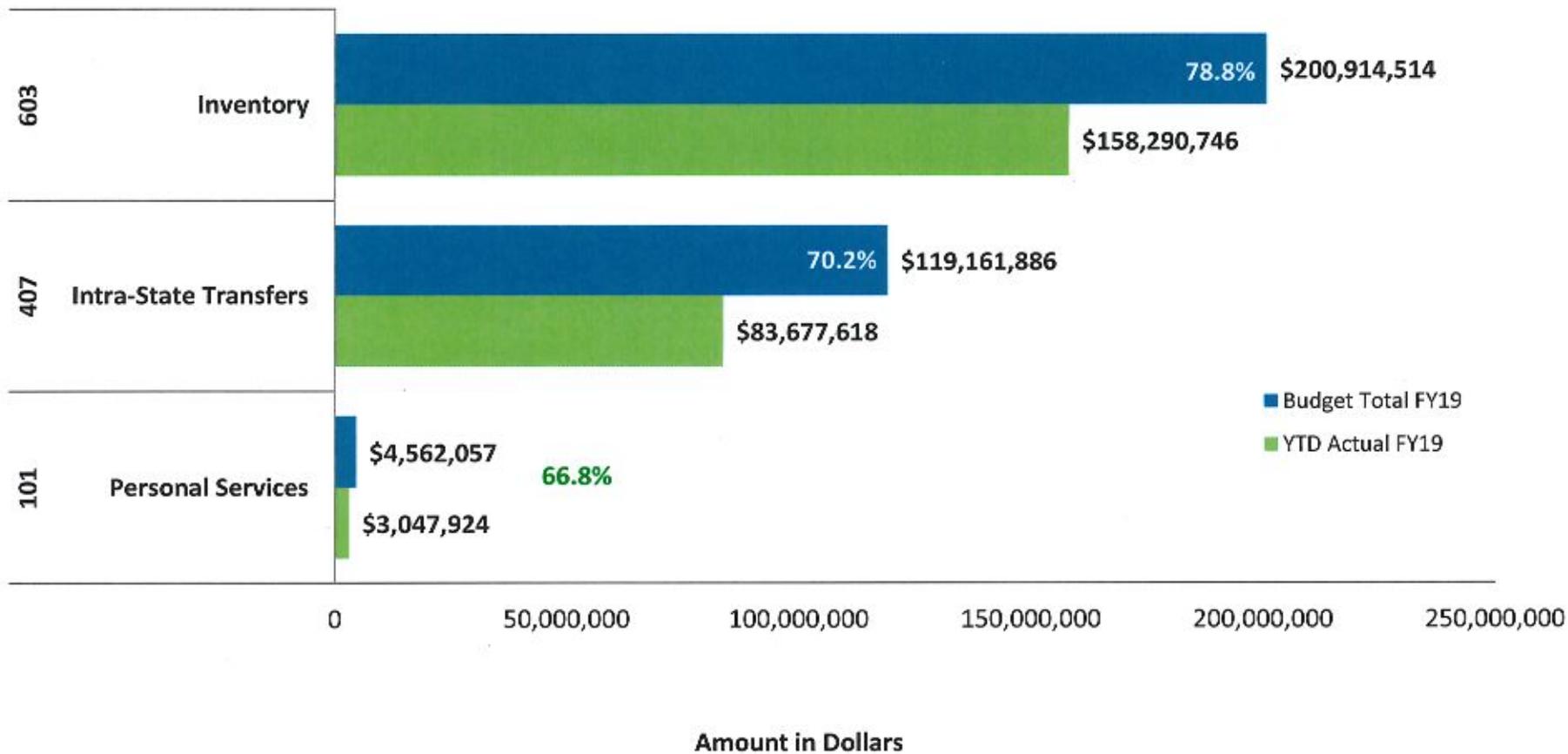
- 101 Personal Services
- 202 In State Travel
- 203 State Vehicle Operation
- 204 State Vehicle Depreciation
- 205 Out Of State Travel
- 301 Office Supplies
- 302 Facility Maintenance Supplies
- 304 Prof. & Scientific Supplies
- 308 Other Supplies
- 309 Printing & Binding
- 312 Uniforms & Related Items
- 401 Communications
- 402 Rentals
- 403 Utilities
- 405 Prof & Scientific Services
- 406 Outside Services
- 407 Intra-State Transfers
- 409 Outside Repairs/Service
- 412 Auditor Of State Reimbursement
- 414 Reimbursements To Other Agency
- 416 ITD Reimbursements
- 418 IT Outside Services
- 419 Intra Agency Reimbursement
- 434 Gov Transfer Other Agencies
- 501 Equipment
- 502 Office Equipment
- 510 IT Equipment & Software
- 602 Other Expenses & Obligations
- 603 Inventory
- 701 Licenses
- 705 Refunds-Other
- 801 State Aid

0631 Expenditures by Class Budget vs. Actual over \$50,000





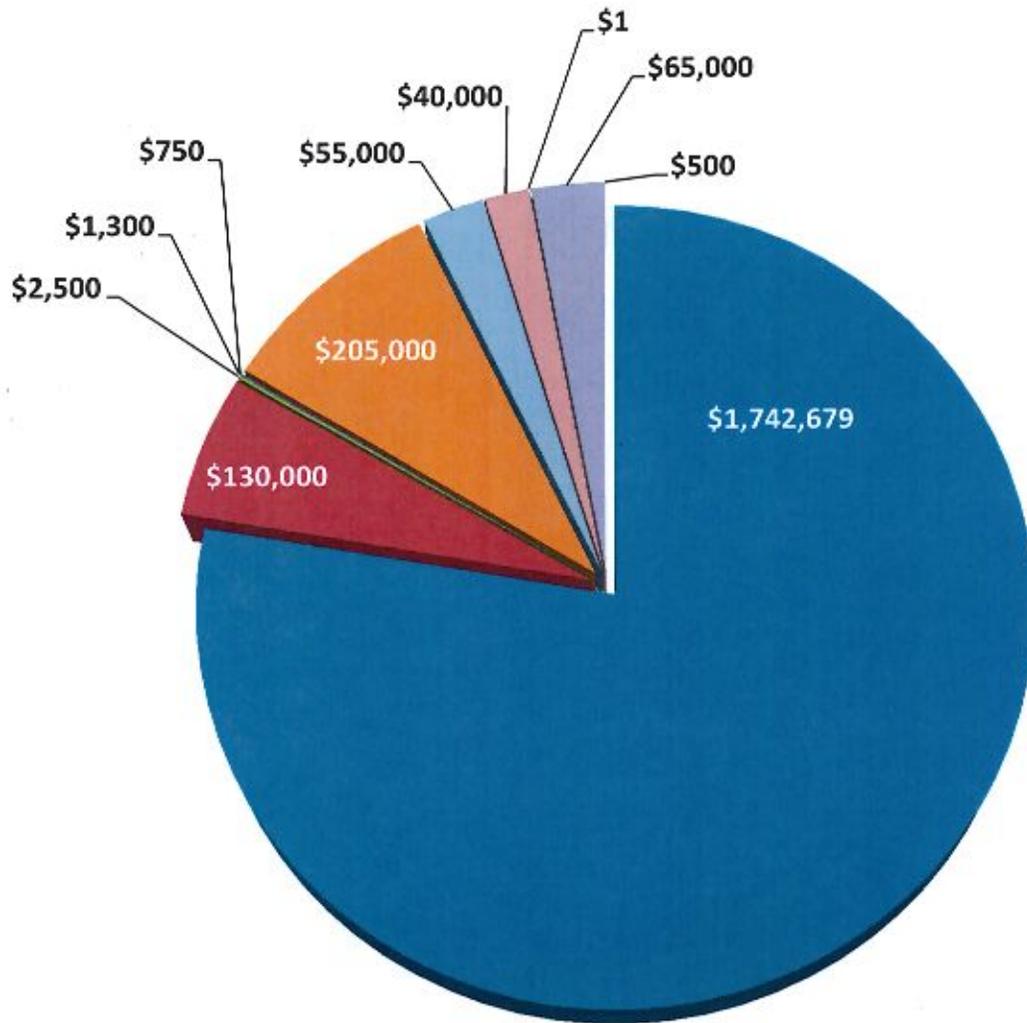
0631 Expenditures by Class Budget vs. Actual over \$1 million





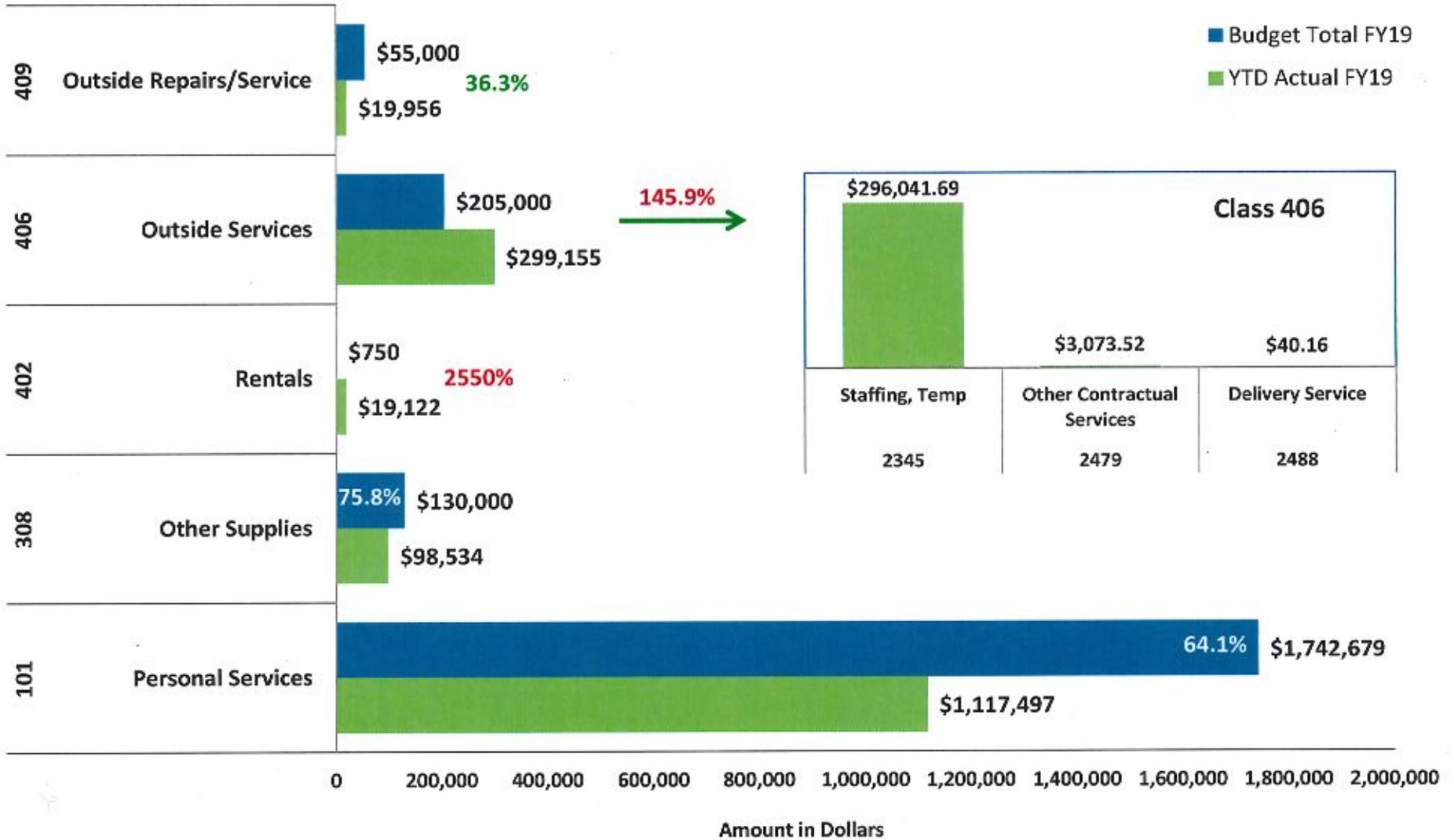
9206 WHSE Expense Budget

\$2,242,730 69.5%



- 101 Personal Services
- 308 Other Supplies
- 312 Uniforms & Related Items
- 401 Communications
- 402 Rentals
- 406 Outside Services
- 409 Outside Repairs/Service
- 414 Reimbursements To Other Agency
- 416 ITD Reimbursements
- 501 Equipment
- 602 Other Expenses & Obligations

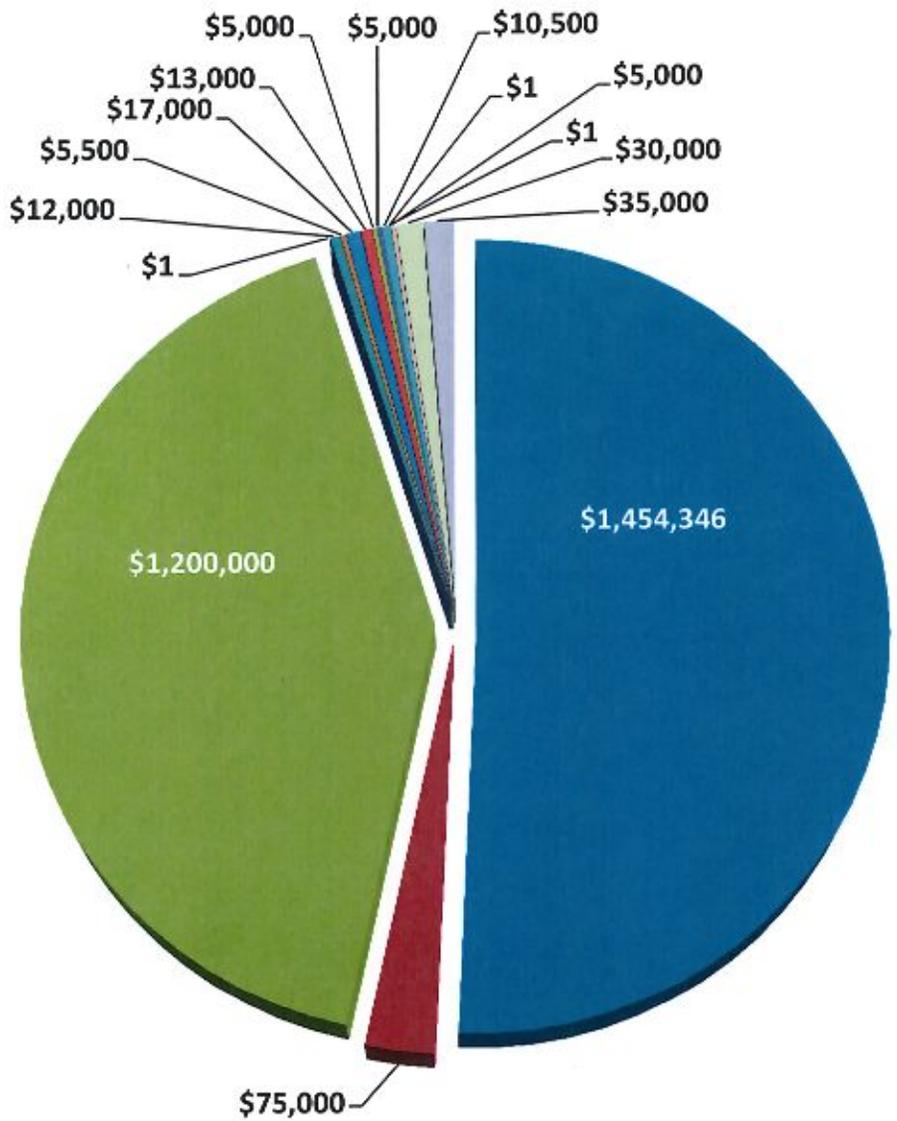
0631 Expenditures by Class Budget vs. Actual 9206- Warehouse





9207 Fleet Expense Budget

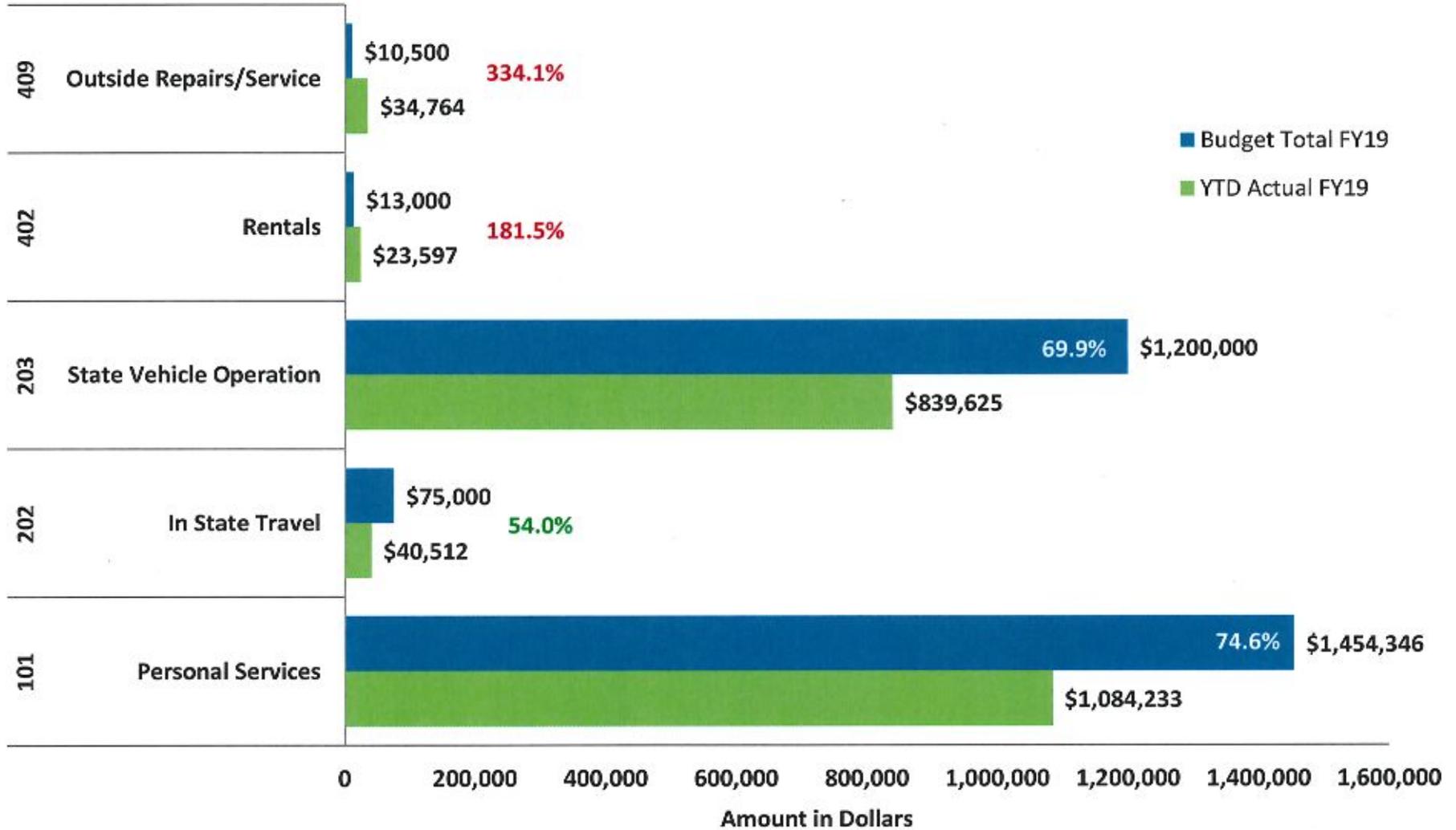
\$2,867,349 71.5%



- 101 Personal Services
- 202 In State Travel
- 203 State Vehicle Operation
- 204 State Vehicle Depreciation
- 308 Other Supplies
- 312 Uniforms & Related Items
- 401 Communications
- 402 Rentals
- 405 Prof & Scientific Services
- 406 Outside Services
- 409 Outside Repairs/Service
- 414 Reimbursements To Other Agency
- 416 ITD Reimbursements
- 434 Gov Transfer Other Agencies
- 501 Equipment
- 510 IT Equipment & Software

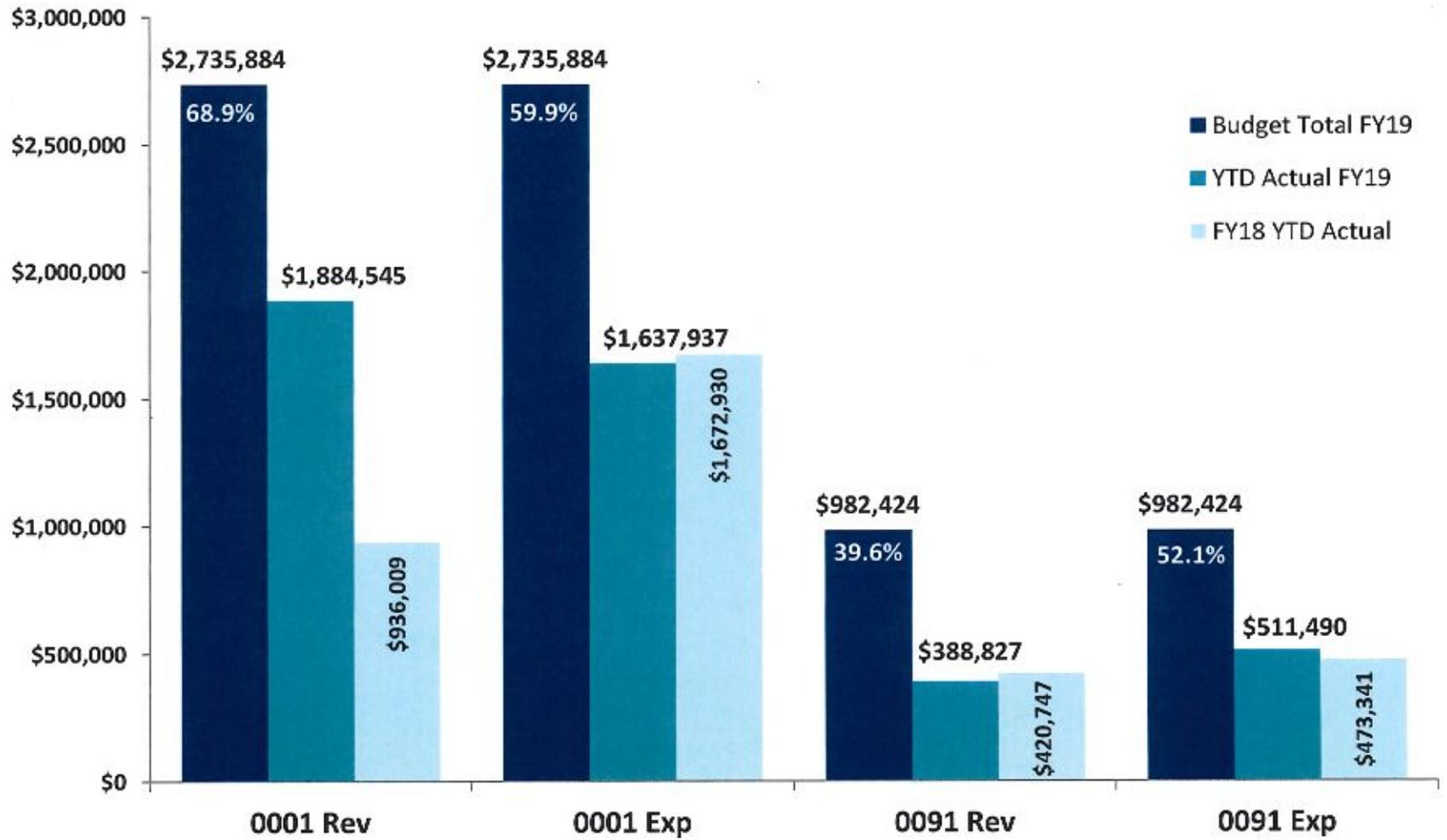


0631 Expenditures by Class Budget vs. Actual 9207- Fleet

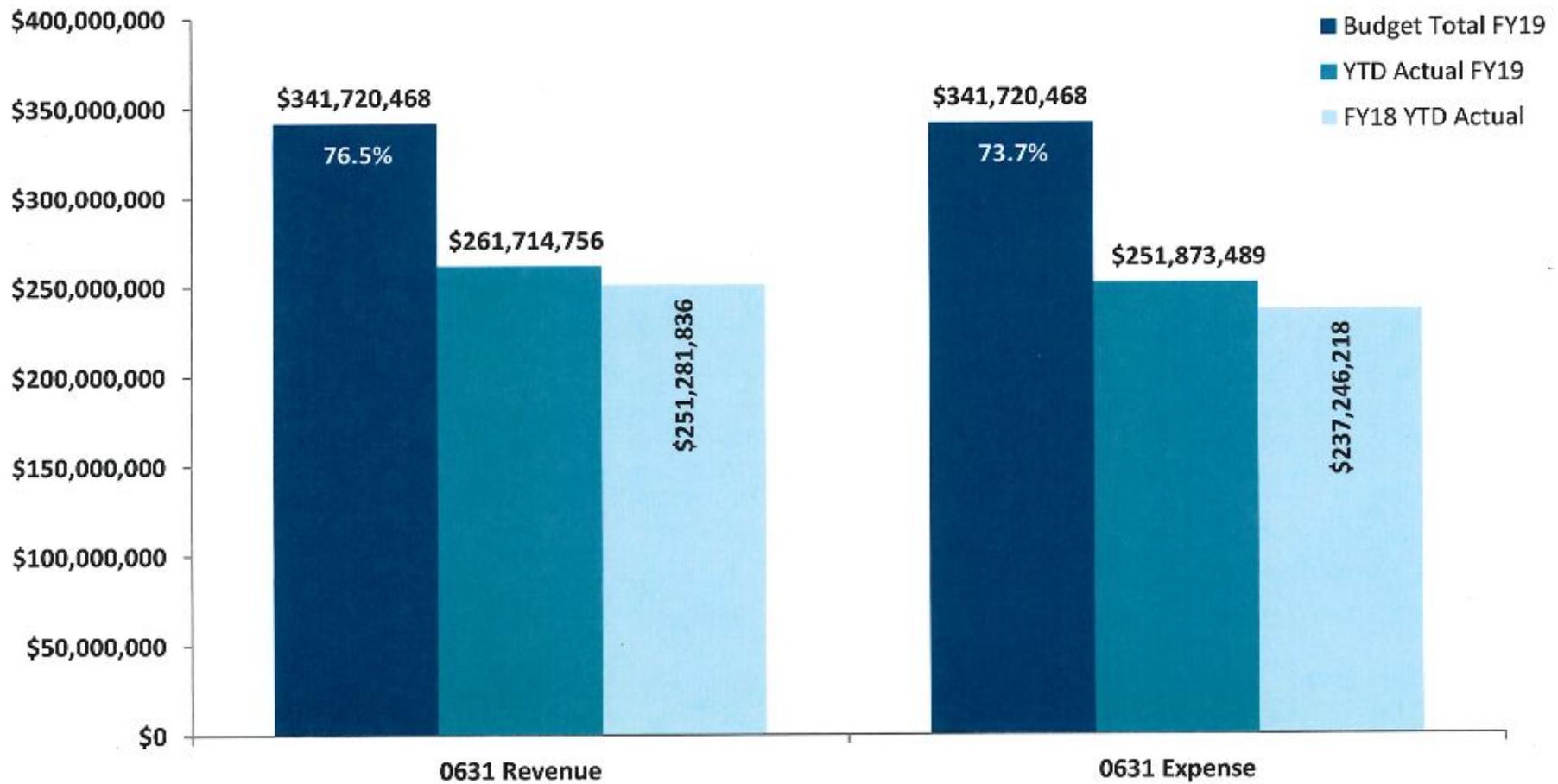


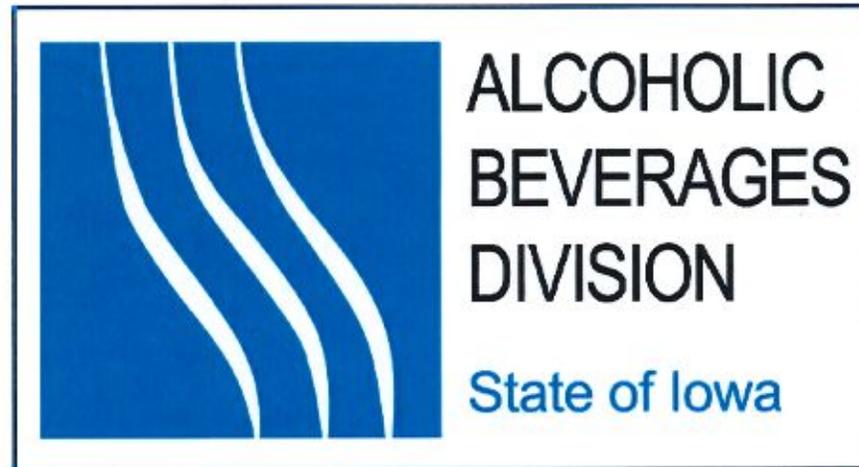


0001 and 0091 Budget vs. Actual Fund Level- Revenue



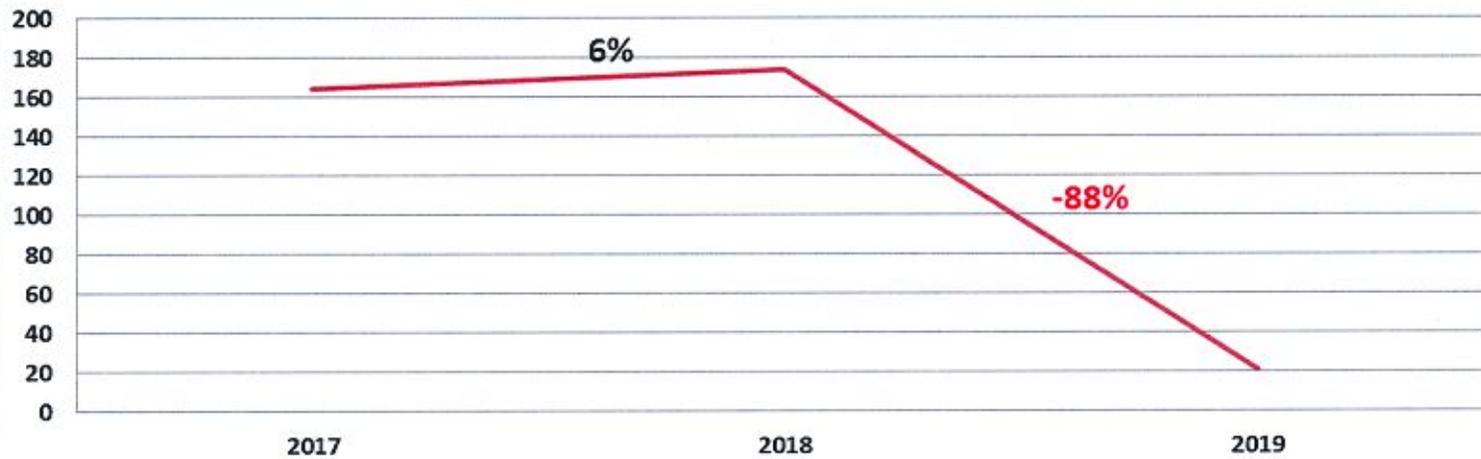
0631 Budget Totals- Revenue & Expense



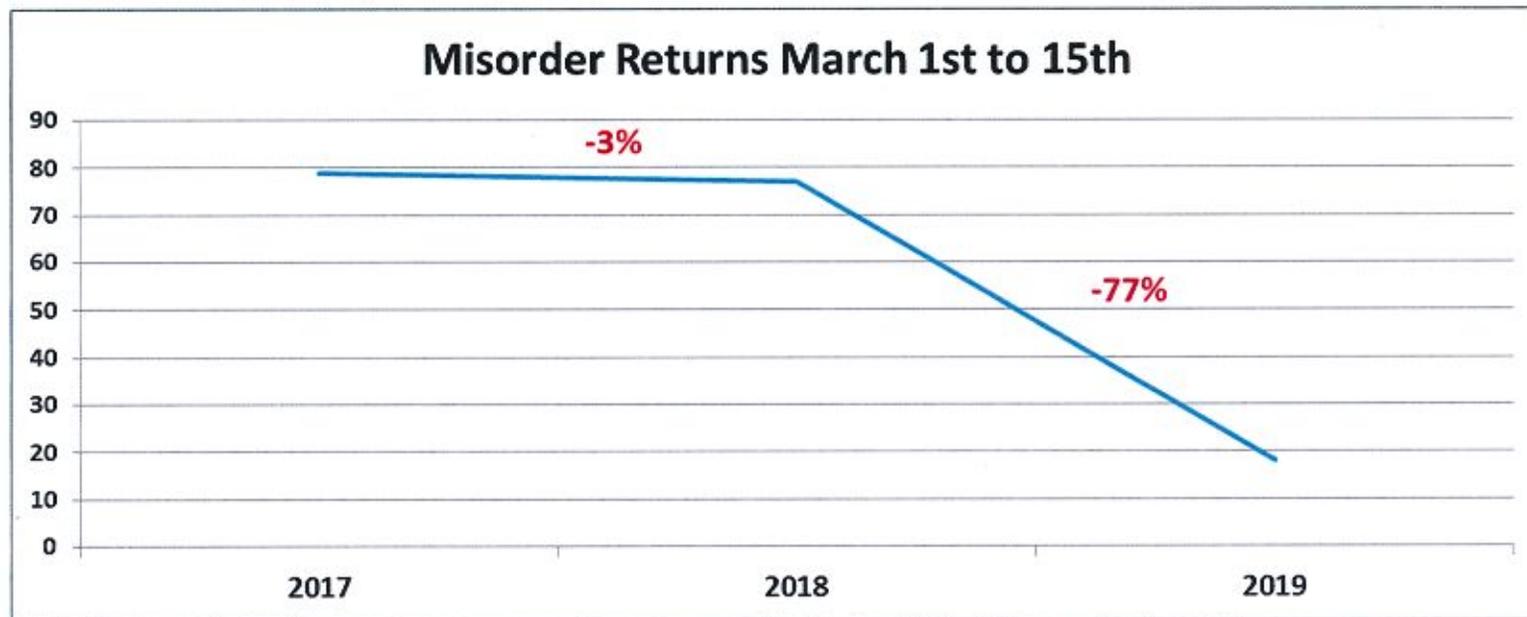


Questions or Comments?

Misorder Returns February

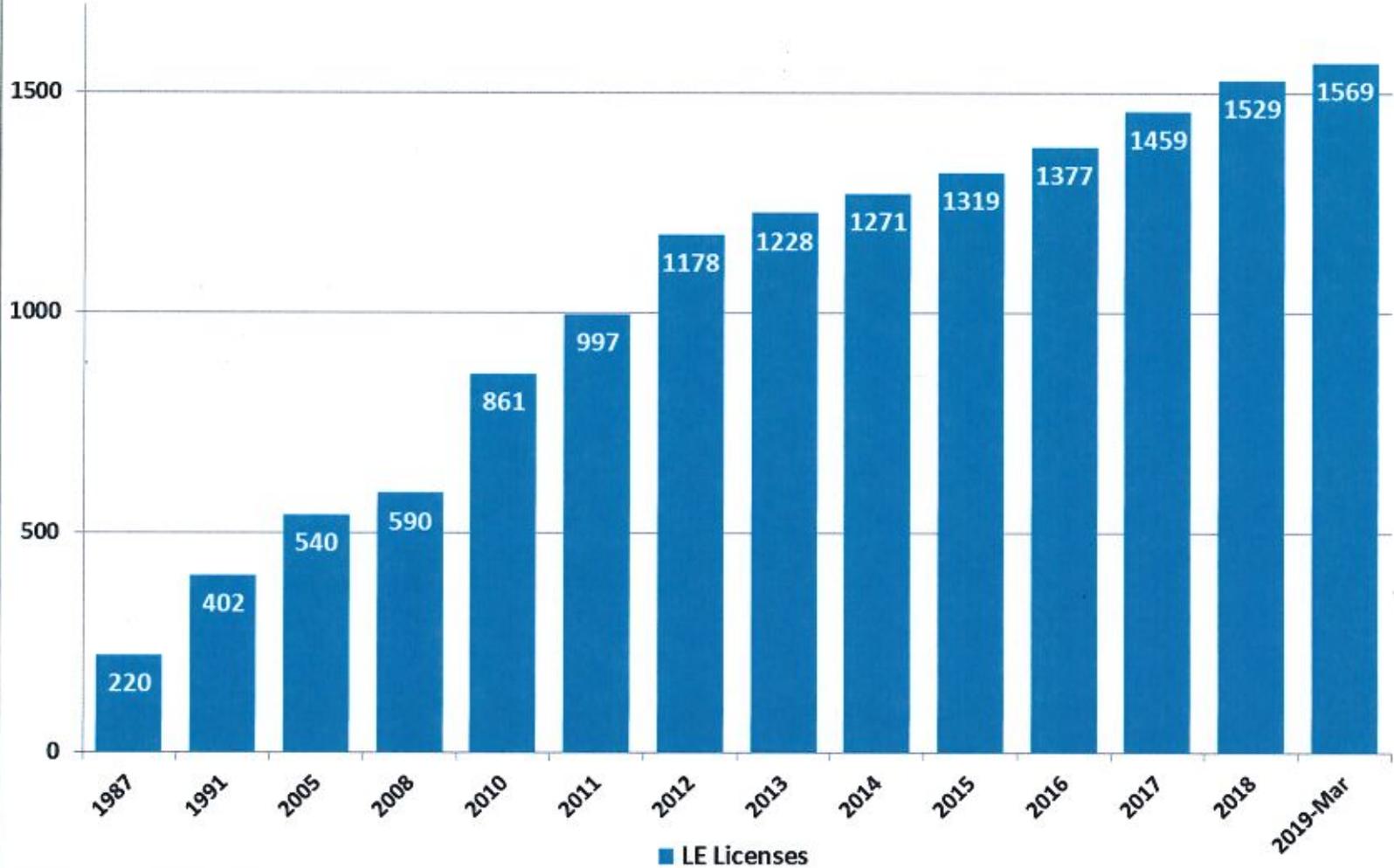


Sum of Misorders			
AS of February			
	2017	2018	2019
Misorder Returns	164	174	21
Change		6%	-88%



Sum of Misorders			
As of March			
	2017	2018	2019
Misorder Returns	79	77	18
Change		-3%	-77%

LE Licenses



2019 RAGBRAI XLVII

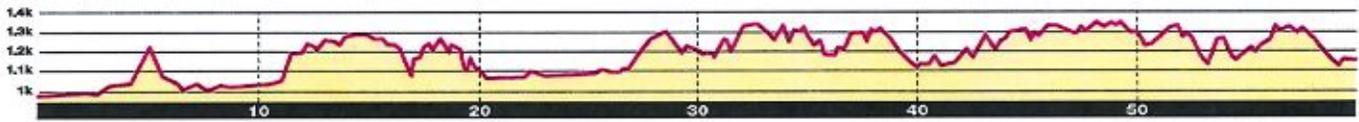
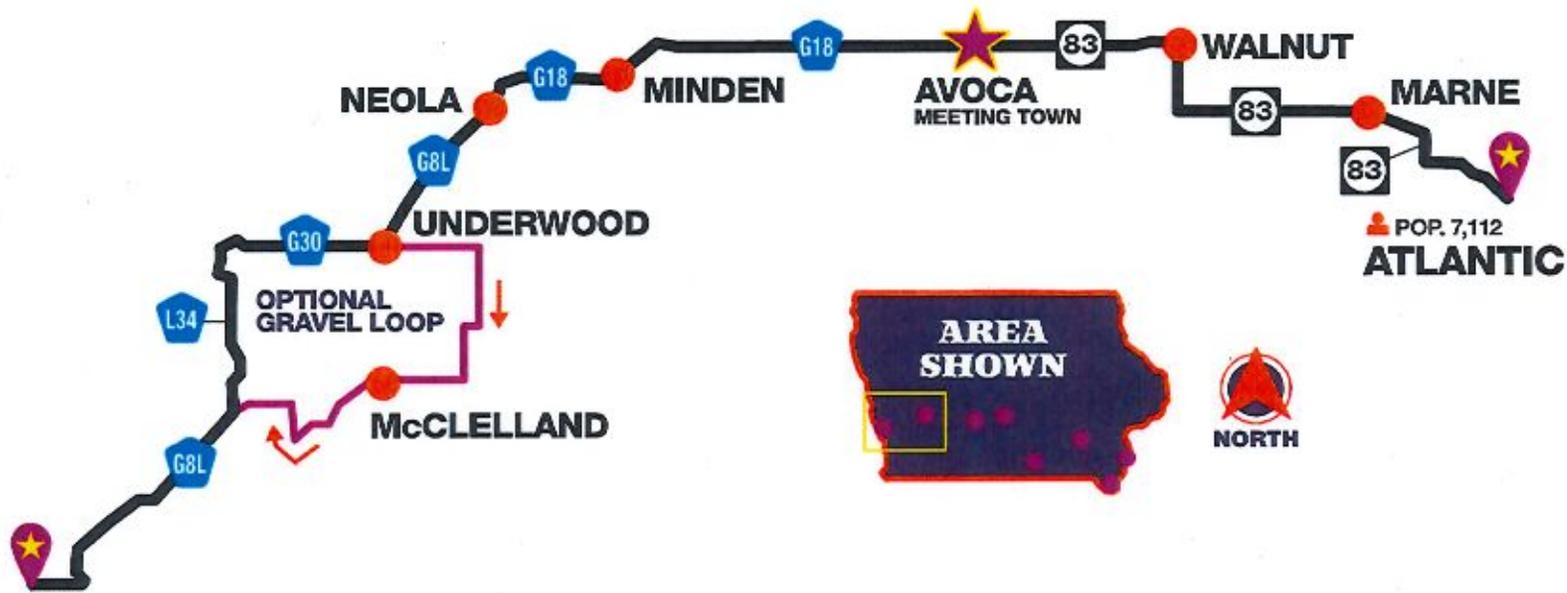




DAY 1 ★ SUNDAY, JULY 21

GRAVEL LOOP DAY | MILE OF SILENCE

RAGBRAI XLVII is dedicated to Donald Kaul



59.9 Miles 2,825 Feet of Climb

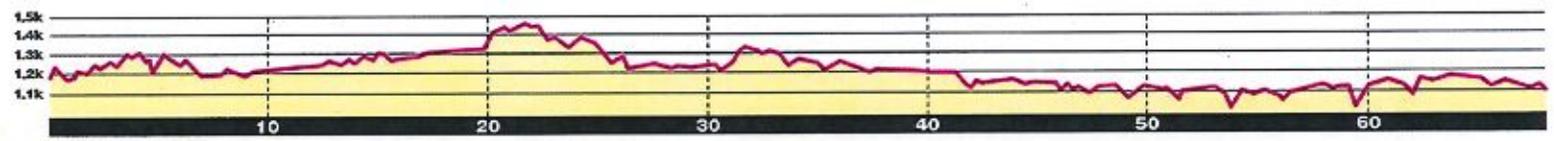
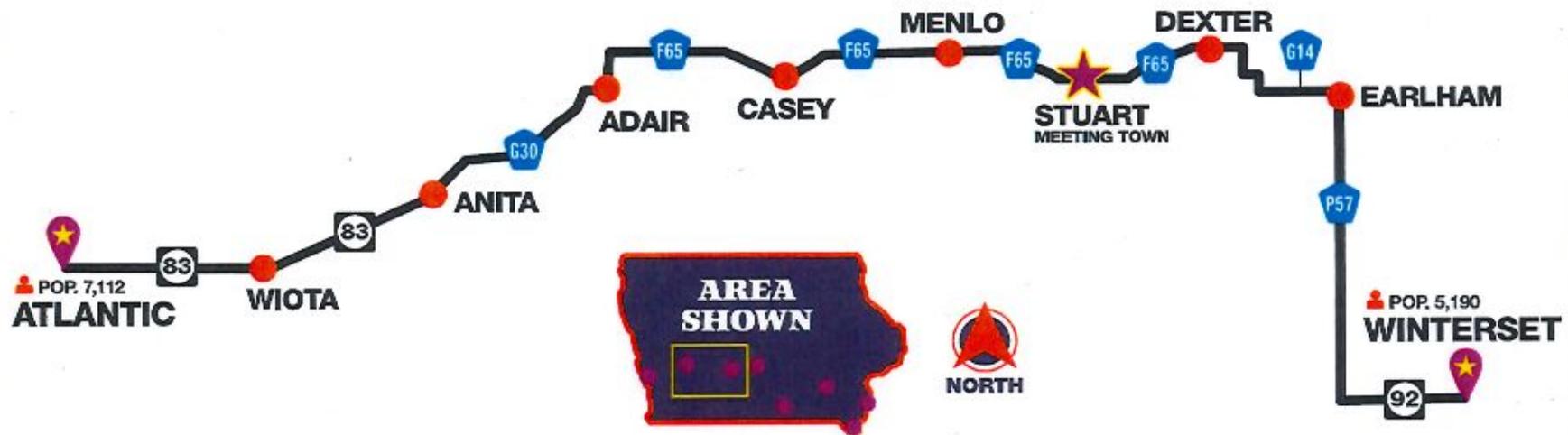
The route (towns and roads) is subject to change. Support vehicle maps will be released in early July. These maps are the property of RAGBRAI and the Des Moines Register.



DAY 2 ★ MONDAY, JULY 22

CELEBRATING 100 YEARS OF AMERICAN LEGION DAY

RAGBRAI XLVII is dedicated to Donald Kaul



68.1 Miles 2,044 Feet of Climb

The route (towns and roads) is subject to change. Support vehicle maps will be released in early July. These maps are the property of RAGBRAI and the Des Moines Register.



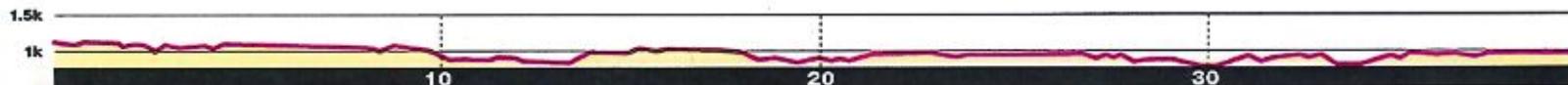
DAY 3 ★ TUESDAY, JULY 23

PARKINSON'S AWARENESS DAY HONORING DAVIS PHINNEY

RAGBRAI XLVII is dedicated to Donald Kaul



The IOWA AG OASIS presented by the IOWA SOYBEAN ASSOCIATION will give riders a chance to hop off their bikes when there is a long stretch between towns to get some water and use a bathroom. Riders will also have an opportunity to learn about agriculture in our great state and taste some of those treats from Iowa! The first AG OASIS will be at Howell's Greenhouse & Pumpkin Patch, between Winterset and Cumming.



39.9 Miles 1,374 Feet of Climb

The route (towns and roads) is subject to change. Support vehicle maps will be released in early July. These maps are the property of RAGBRAI and the Des Moines Register.

POP. 14,782
INDIANOLA

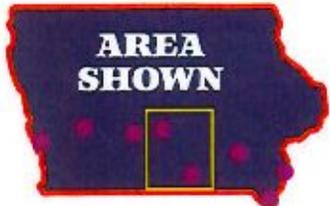
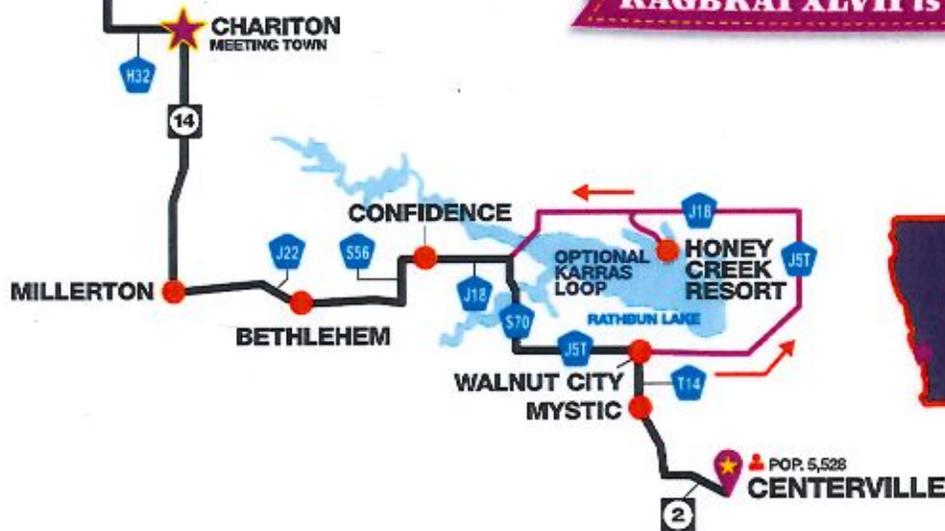
LAKE AHQUABI STATE PARK
LIBERTY CENTER
LACONA



DAY 4 WEDNESDAY, JULY 24

KARRAS LOOP PEOPLE FOR BIKES DAY

RAGBRAI XLVII is dedicated to Donald Kaul



84.3 Miles 3,252 Feet of Climb ★ Loop Adds 32.3 Miles (116.6) 3,252 Feet of Climb

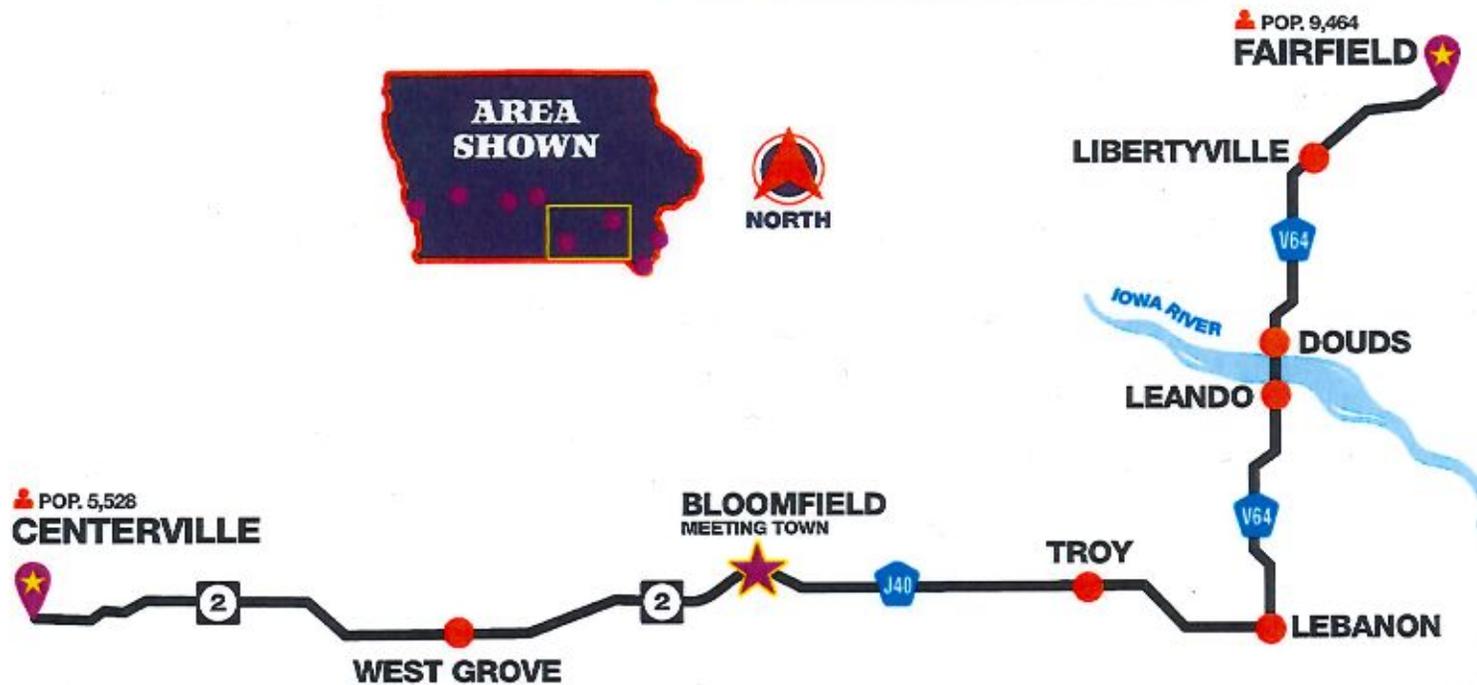
The route (towns and roads) is subject to change. Support vehicle maps will be released in early July. These maps are the property of RAGBRAI and the Des Moines Register.



DAY 5 ★ THURSDAY, JULY 25

RAGBRAI® JERSEY DAY

RAGBRAI XLVII is dedicated to Donald Kaul



65.9 Miles 2,328 Feet of Climb

The route (towns and roads) is subject to change. Support vehicle maps will be released in early July. These maps are the property of RAGBRAI and the Des Moines Register.

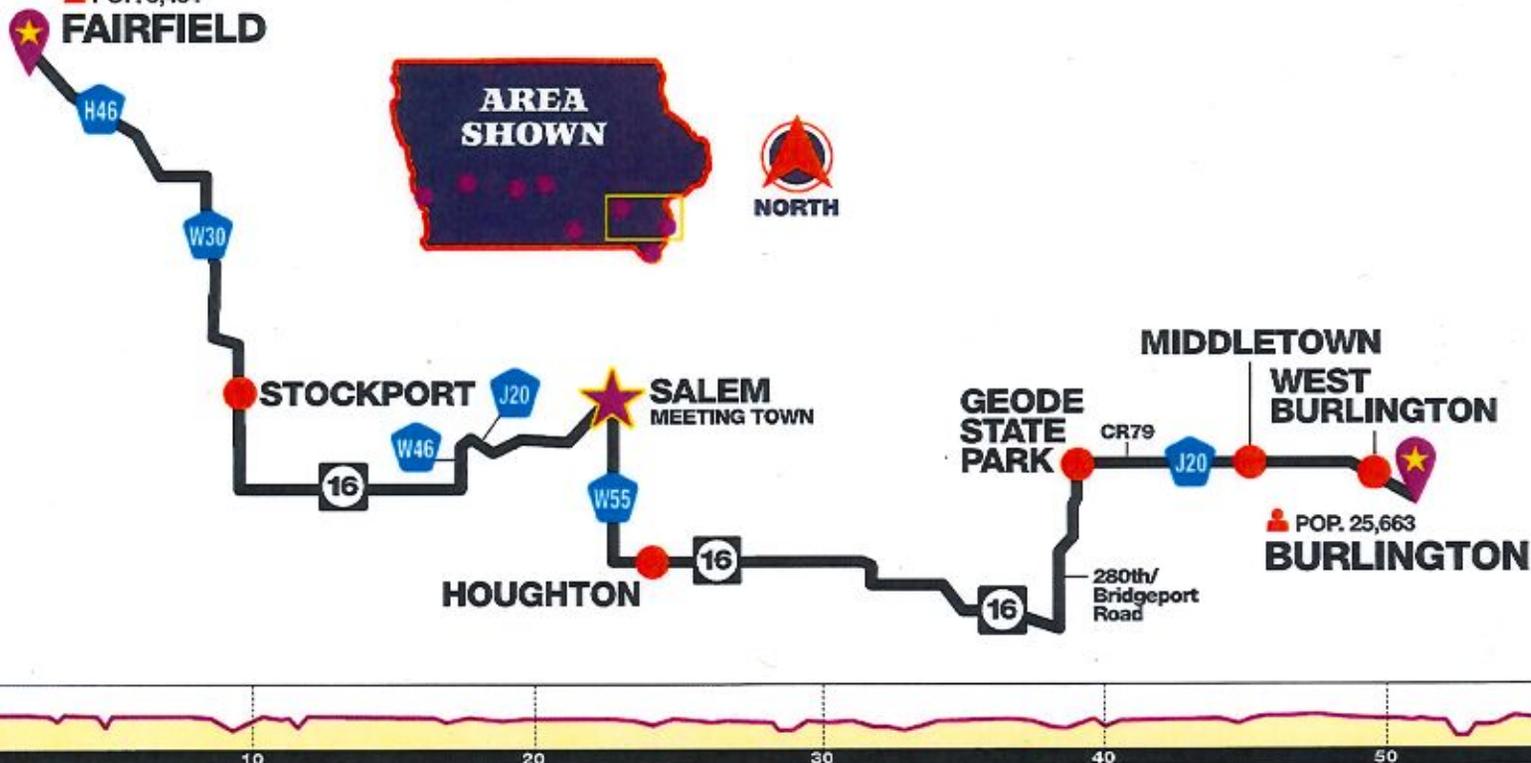
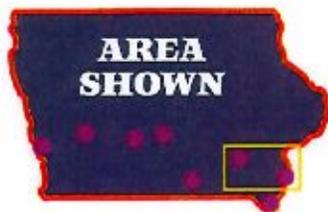


DAY 6 ★ FRIDAY, JULY 26

COLLEGE SPIRIT DAY

RAGBRAI XLVII is dedicated to Donald Kaul

POP. 9,464
FAIRFIELD



65.6 Miles 1,521 Feet of Climb

The route (towns and roads) is subject to change. Support vehicle maps will be released in early July. These maps are the property of RAGBRAI and the Des Moines Register.



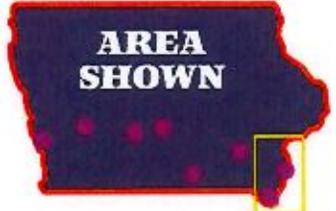
RAGBRAI

XLVII

DAY 7
SATURDAY,
JULY 27

TIRE DIP IN THE
 MISSISSIPPI RIVER

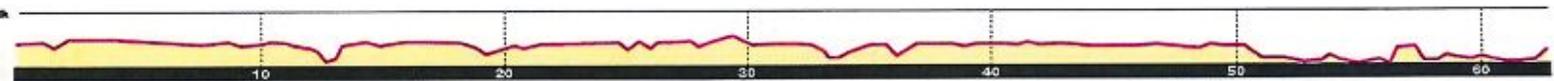
RAGBRAI XLVII is dedicated to Donald Kaul



**AREA
 SHOWN**



NORTH



62.8 Miles 1,686 Feet of Climb

The route (towns and roads) is subject to change. Support vehicle maps will be released in early July. These maps are the property of RAGBRAI and the Des Moines Register.



LICENSING REFORM INITIATIVE

Report of Recommendations

Iowa Alcoholic Beverages Division
March 18, 2019

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EXECUTIVE SUMMARY

On August 10, 2016, former Governor Terry Branstad and then-Lt. Governor Kim Reynolds tasked the Iowa Alcoholic Beverages Division (ABD), in partnership with the Iowa Economic Development Authority, with conducting an unprecedented review of Iowa's alcohol laws (Iowa Code chapter 123). A working group was convened consisting of stakeholders representing all three tiers of the alcoholic beverages industry, public safety, and the general public. Over the course of eight public meetings, the working group heard testimony and engaged in discussions which culminated in a set of five recommendations for changes to Iowa's alcohol laws, some of which were enacted into law as a part of House File 607 during the 2017 legislative session.

One of the recommendations of the working group was to perform a further in-depth review of the laws pertaining to alcohol licensing, administrative actions, and administrative appeals. Specific topics to be reviewed included, but were not limited to, consolidation of license/permit classifications, the appropriate balance of responsibilities between local authorities (city councils and county boards of supervisors) and the State in the alcohol licensing process, and whether active enforcement measures properly serve as deterrents.

Beginning in October 2017 and concluding in June 2018, ABD, in partnership with the Iowa Department of Public Safety, conducted a series of eight public forums across the state. Local authorities, local law enforcement, public health and substance abuse prevention groups, retail licensees/permittees, and others attended the forums to share how Iowa's alcohol licensing laws affect their communities today and how the process could be improved in the future. Written suggestions were also solicited from association groups representing these stakeholders in an attempt to gather as much feedback as possible.

After careful consideration of all input received, ABD makes the following recommendations for the legislature's consideration:

1. Increase efficiency in the alcohol licensing process.
2. Consolidate liquor control license classifications.
3. Allow greater flexibility in enforcement actions taken as a result of alcohol law violations.
4. Convene an interim study committee to consider additional stakeholder proposals.

Overall, Iowa's alcohol licensing system has been largely successful. In Fiscal Year 2018 (July 1, 2017 – June 30, 2018), ABD processed and issued a record 16,860 licenses, permits, and certificates of compliance, and all signs point to continued growth in the future. Licensing for alcoholic beverage retailers requires two-step approval from local authorities and ABD to ensure that applicants conform to all applicable laws, ordinances, resolutions, and health and fire regulations. Ultimately, public health, safety, and welfare are better protected by Iowa's alcohol licensing system.

However, no system is perfect. These recommendations will improve Iowa's alcohol licensing system by further streamlining the licensing process, making it easier for businesses to interact with government, and ensuring that effective deterrence and enforcement measures are in place to protect public safety and the integrity of communities throughout the state.

OVERVIEW: IOWA'S ALCOHOL LICENSING SYSTEM

The public policy purpose of Iowa's alcohol laws is to protect the welfare, health, peace, morals, and safety of the people of the state. To achieve this, the manufacture, sale, possession, and transportation of alcoholic beverages is prohibited except upon the terms, conditions, limitations, and restrictions enumerated in Iowa Code chapter 123.

These terms and conditions begin with the requirement that any person engaged in the manufacture or sale of alcoholic beverages first be issued a license or permit by ABD. Because the number of licenses/permits issued for the retail sale of alcoholic beverages greatly outnumbers those issued for manufacturing, importing, or distributing, this overview will focus on the licensing process for specifically retail licenses and permits. However, the process for the issuance of licenses, permits, or certificates of compliance for manufacturing, importing, or distributing is not drastically different.

The first step in the licensing process is for an applicant to submit an application electronically using ABD's eLicensing system. Applications must contain the name and address of the applicant, the precise location of the premises to be licensed along with a sketch or drawing of the premises, the names and addresses of all persons having 10 percent or more ownership or financial interest in the business, and a statement of whether any owners have ever been convicted of any violation of law. The administrator may also require other information at his or her discretion.

In order to be issued a license or permit, an applicant must be deemed a "*person of good moral character.*" To meet the eligibility requirement of this defined term within Iowa Code chapter 123, the applicant must:

- Have such financial standing and good reputation as will satisfy the administrator that the person will comply with chapter 123 and all laws, ordinances, and regulations applicable to the person's operations;
- Not be prohibited from obtaining a license or permit due to revocation of a previous license or permit;
- Be a citizen of the United States and a resident of Iowa, or licensed to do business in Iowa in the case of a corporation;
- Not have been convicted of a felony, however, if the felony conviction occurred more than five years before the date of the application for the license/permit, and if the person's citizenship rights have been restored by the governor, the administrator may determine the person is of good moral character; and
- Ensure any person who directly or indirectly has an interest of 10 percent or more in the ownership or profits of the business also meets the criteria listed above.

In addition to the applicant's eligibility requirements, the premises to be licensed must also meet certain requirements. It must be owned or under the control of the prospective licensee, must be equipped with hot and cold running water from a source approved by an authorized health department, and must conform to all applicable laws, health regulations, and fire regulations. Premises to be licensed for on-premises consumption must be equipped with tables and seating to accommodate at least 25 people, and must have at least two separate toilet facilities for men and women, though the applicant can apply for a waiver of this bathroom requirement.

Applicants for on-premises licenses/permits must also have dramshop liability insurance coverage endorsed by a dramshop insurance carrier. This is done online via ABD's eLicensing system. An on-premises retail licensee/permittee is required to maintain active dramshop insurance coverage for the entire duration of

their license/permit. Failure to maintain coverage is grounds for suspension of the license/permit until coverage is reinstated.

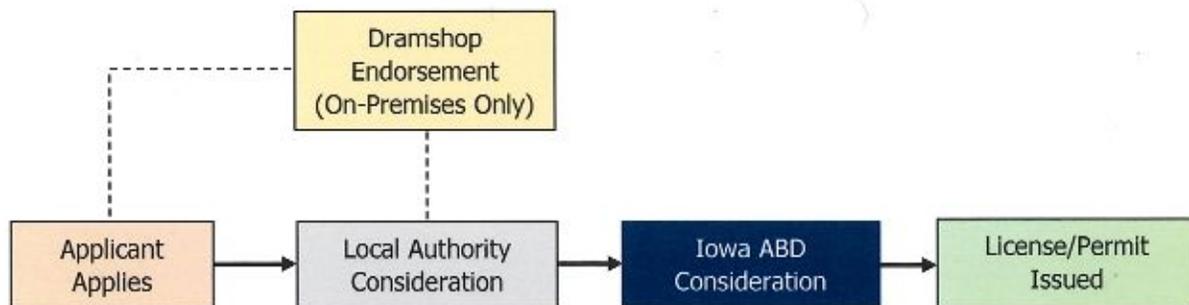
The next step in the licensing process is for local authorities to review an application, either approve or disapprove the issuance of the retail license/permit, and forward their decision on to ABD. City councils review applications for premises to be licensed that are within the corporate limits of a city, and county boards of supervisors review applications for premises that are outside of the corporate limits of a city. There is no limit upon the number of retail licenses/permits which may be approved for issuance by local authorities.

Local authorities also have the power to add additional requirements for applicants. They may adopt ordinances governing the location of the premises of retail establishments or any other activities or matters which may affect the retail sale and consumption of alcoholic beverages and the health, welfare, and morals of the community involved. However, ordinances cannot conflict with Iowa Code chapter 123 and cannot diminish the hours during which alcoholic beverages may be sold. Local authorities can also establish the premises which shall be used by 5- and 14-day retail licensees/permittees during special events sponsored or authorized by the local authority.

After receiving an application approved by the local authority, ABD makes an investigation as the administrator deems necessary to determine that the applicant complies with all requirements for holding a license or permit. This includes, but is not limited to, validating whether applicants who are felons have had their rights restored and paid any outstanding dues, validating the applicant's business is actively registered with the Iowa Secretary of State's Office, and validating there are no prohibited ownership conflicts.

If, after investigation, the administrator approves the application, the license or permit is issued via email and the licensee/permittee is eligible to begin selling alcoholic beverages beginning on the effective date listed on the license/permit.

Retail Licensing Process



RECOMMENDATIONS

Increase efficiency in the alcohol licensing process.

Background

Most alcohol licenses and permits issued in the state go through a two-step review and approval process. Beginning at the local level, local authorities review applications for select licenses and permits within their jurisdiction and endorse the approval or disapproval of the application by voting at their regularly-scheduled meetings.

If an application is approved by the local authority, it is then forwarded on to ABD for consideration. ABD reviews the application and performs an investigation to the extent necessary to determine that the applicant complies with all requirements for holding the license or permit. If it is determined that the applicant meets all of these requirements, the license or permit is issued.

Recommended Action

It is recommended that local authorities be given the ability to select a designee to make licensing decisions on their behalf. Today, the licensing process can be slow and cumbersome due to local authorities taking action on applications for licenses and permits at their regularly-scheduled meetings, which in smaller communities can be as infrequent as once a month. Having a designee with the power to approve applications on behalf of the local authority can potentially hasten the process so that licenses and permits are issued in a timelier manner.

Consolidate liquor control license classifications.

Background

There are currently seven classifications of liquor control licenses: class "A", "B", "C", special class "C", "C" native distilled spirits, "D", and "E".

A class "A" liquor control license is issued to clubs and allows for the sale of alcoholic liquor, wine, and beer to club members and their guests for consumption on the licensed premises.

A class "B" liquor control license is issued to a hotel or motel and allows for the sale of alcoholic liquor, wine, and beer for on-premises consumption, and beer for off-premises consumption.

A class "C" liquor control license is issued to commercial establishments, such as bars and restaurants, and allows for the sale of alcoholic liquor, wine, and beer for on-premises consumption and beer for off-premises consumption.

A special class "C" liquor control license is issued to commercial establishments and allows for the sale of only wine and beer for on-premises consumption and beer for off-premises consumption.

A class "C" native distilled spirits liquor control license is issued to a native distillery and allows the native distillery to sell native distilled spirits for on-premises consumption.

A class "D" liquor control license is issued to airplanes, trains, and passenger-carrying boats and allows for the sale of alcoholic liquor, wine, and beer for on-premises consumption.

A class "E" liquor control license is issued to retailers and allows for the sale of alcoholic liquor and high alcoholic content beer for off-premises consumption, and the sale at wholesale of alcoholic liquor and high alcoholic content beer to other eligible liquor control licensees.

Recommended Action

It is recommended that the class "B" liquor control license be eliminated. The privileges under this classification of liquor control license are the same as those under a class "C" liquor control license. And while a few of the other liquor control licenses are specifically intended for a unique business model (e.g. a private club, an airplane, a train, or a passenger-carrying boat), fundamentally there is little discernible difference between the operation of a bar in a hotel or motel and a standalone corner bar or tavern. Hotels or motels will not experience a detrimental difference due to this change as the fees for a class "B" and class "C" liquor control license are either identical or slightly lower for a class "C" liquor control license.

[Allow greater flexibility in enforcement actions taken as a result of alcohol law violations.](#)

Background

Local authorities or ABD may suspend a license or permit issued pursuant to Iowa Code chapter 123 for a period not to exceed one year, revoke the license or permit, or impose a civil penalty not to exceed \$1,000 per violation. A criminal conviction is not a prerequisite to suspension, revocation, or imposition of a civil penalty.

A license or permit may be suspended or revoked, or a civil penalty may be imposed, for the following causes:

- Misrepresentation of any material fact in the application for the license or permit;
- Violation of any of the provisions of Iowa Code chapter 123;
- Any change in the ownership or interest in the business operated under a liquor control license or wine or beer permit which was not reported within 30 days of the change and approved by the local authority and ABD;
- An event which would have resulted in disqualification from receiving the license or permit when originally issued;
- Any sale, hypothecation, or transfer of the license or permit; or
- The failure or refusal on the part of any licensee or permittee to render any report or remit any taxes to ABD under Iowa Code chapter 123 when due.

Recommended Action

It is recommended that the \$1,000 cap on civil penalties that may be imposed by local authorities and ABD be increased or eliminated. A suspension or revocation is a serious administrative action warranted in some situations. In others, a civil penalty may be more appropriate. However, for some licensees/permittees a \$1,000 civil penalty may be viewed as simply a cost of doing business, with the potential benefit from committing the violation outweighing the penalty. Increasing or removing the current civil penalty cap will allow local authorities and ABD the flexibility to right-size the penalty imposed on the violator based on the violation committed and ensure that civil penalties properly act as deterrents to future violations.

[Convene an interim study committee to consider additional stakeholder proposals.](#)

Background

During this review process, a number of proposals were brought forth by stakeholders for discussion. These included:

- Introducing a quota system on the number of alcohol licenses/permits that may be issued;
- Implementing probationary licenses/permits;
- Granting local authorities the ability to reduce the hours during which alcoholic beverages may be sold;
- Increasing the minimum age required to sell alcoholic beverages at retail for off-premises consumption; and
- Reviewing fees for licenses, permits, and certificates of compliance to ensure they properly capture operational costs involved with issuance.

Recommended Action

It is recommended that the legislature consider convening an interim study committee to address the aforementioned proposals, as well as any others that stakeholders may have. These proposals would create substantive change if enacted and would benefit from policymakers directly hearing testimony and having the opportunity to fully vet each proposal. ABD would be willing to participate and provide the regulator's point of view on these proposals and their potential impacts. Other state agencies should also be invited to participate to share how these proposals may impact public health, public safety, and commerce.

ACKNOWLEDGEMENTS

ABD would like to thank those individuals, associations, and licensees who attended the public forums and provided feedback. Their time and expertise given to this initiative is greatly appreciated.

The following individuals prepared this report:

Stephen Larson

Stephen Larson was first appointed administrator of ABD in 2010 and has twice since been reappointed in 2014 and 2018. He has been in public service to his home state of Iowa since 1984. During his time in government he has served on state and national boards, most recently as the Chairman of the National Alcohol Beverage Control Association in 2015-2016. He, along with Iowa Economic Development Authority Director Debi Durham, performed a comprehensive review of Iowa's alcohol laws in the fall of 2016 and authored a report of recommendations that were submitted to the governor and lieutenant governor. His prior employment includes various roles and serving on boards and commissions for the State, including auditing for unclaimed property and coordinating debt financing for the State. He graduated with honors from William Penn University in Oskaloosa with a bachelor's degree in business administration.

Tyler Ackerson

Tyler Ackerson serves as an education and outreach program planner at ABD, where he works directly with internal and external stakeholders to help them better understand Iowa's alcohol laws. He has been with ABD since 2015. During that time, he has contributed to various official publications, including the Alcoholic Beverage Control Study ordered by the Iowa legislature and the final report of recommendations from the initial review of Iowa's alcohol laws submitted to the governor and lieutenant governor. He holds bachelor's degrees in journalism and political science from the University of Iowa.

APPENDIX A

Regulatory Compliance Bureau

Alcohol Licensing Unit

RETAIL LICENSES, PERMITS ISSUED *

	12 Month	8 Month	6 Month	14 Day	5 Day	Sub Permit	FY18 Total	FY17 Total	Increase/ Decrease
On-Premises									
Class "B" Beer Permit (BB)	454	14	83	24	412		987	1,039	-5.0%
Class "A" Liquor License (LA)	129				9		138	134	3.0%
Class "B" Liquor License (LB)	138		1		1		140	126	11.1%
Class "C" Liquor License (LC)	4,071	43	59	14	352		4,539	4,468	1.6%
Class "C" Native Distilled Spirits Liquor License (LCN)	5						5	0	0%
Class "D" Liquor License (LD)	22		1				23	23	0%
Special Class "C" Liquor License (BW)	555	7	33	6	195		796	785	1.4%
Class "C" Native Wine Permit (WCN)	74		1		9	43	127	140	-9.3%
Total	5,448	64	178	44	978	43	6,755	6,715	0.6%
Off-Premises									
Class "C" Beer Permit (BC)	1,684					1,373	3,057	2,954	3.5%
Class "E" Liquor License (LE)	1,473						1,473	1,332	10.6%
Class "B" Wine Permit (WB)	27	1	1			1,885	1,914	1,774	7.9%
Class "B" Native Wine Permit (WBN)	309		9	3	22	905	1,248	1,223	2.0%
Total	3,493	1	10	3	22	4,163	7,692	7,283	5.6%
Special Class "A" Beer Permit (BREW PUB)									
Class "B" Beer Permit (BB)	3						3	3	0%
Class "C" Liquor License (LC)	42						42	34	23.5%
Total	45						45	37	21.6%
Charity Beer, Spirits, and Wine Auction Permit (CP)	89						89	69	29.0%
TOTAL RETAIL LICENSES / PERMITS							14,581	14,104	3.4%

* Permits Issued on pages 10 and 11 refer to the total number of licenses processed by the Licensing team within the e-Licensing system for the fiscal year.

APPENDIX B

Changes to Iowa Beer Permits Over Time



<u>Permit Type</u>	<u>1935</u>	<u>1972</u>	<u>1989</u>	<u>2010</u>	<u>2016</u>	<u>2018</u>
Brewer's Certificate of Compliance	n/a	\$100.00	\$500.00	\$500.00	\$500.00	\$500.00
Class A Beer Permit (Manufacturer & Wholesaler of Beer) (BA)	\$250.00	\$250.00	\$250.00	\$250.00	\$250.00	\$750.00
Class AA Beer Permit (Manufacturer & Wholesaler of High Alcohol Content Beer) (BAA) Combined with BA in 2017	n/a	n/a	n/a	\$500.00	\$500.00	n/a
Class A Beer Permit (Native Brewery) (BAN)	\$250.00	\$250.00	\$250.00	\$250.00	\$250.00	\$750.00
Allows 1 Class B Beer Permit	n/a	n/a	See Class B	See Class B	See Class B	See Class B
Class AA Beer Permit (Native Brewery High Alcohol Content Beer) (BAAN) Combined with BAN in 2017	n/a	n/a	n/a	\$500.00	\$500.00	n/a
Allows 1 Class B Beer Permit (see above)			See Class B	See Class B	See Class B	n/a
Special Class A Beer Permit (Brew Pub) - this permit is an add on to a Class C Liquor License or Class B Beer permit.	n/a	n/a	\$250.00	\$250.00	\$250.00	\$750.00
Class C liquor license is the primary license or Class B Beer Permit is the primary permit			See Class C Liquor See Class B			
Special Class AA Beer Permit (High Alcohol Content Brew Pub) this permit is an add on to a Class C Liquor License or Class B Beer permit. Combined with Special Class A in 2017	n/a	n/a	n/a	\$500.00	\$500.00	n/a
Class C liquor license is the primary license or Class B Beer Permit is the primary permit (see above)				See Class C Liquor See Class B	See Class C Liquor See Class B	n/a n/a
Class B Beer Permit (Taverns, Bars, Restaurants - Retail on premises & Carry out Beer) (BB)						
Graduated - Population 10,000 or over.		\$300.00	\$300.00	\$300.00	\$300.00	\$300.00
Graduated - Population at least 500 but less than 10,000.		n/a	\$200.00	\$200.00	\$200.00	\$200.00
Graduated - Population at least 1,500 but less than 10,000.		\$200.00	n/a	n/a	n/a	n/a
Graduated - Population less than 500		n/a	\$100.00	\$100.00	\$100.00	\$100.00
Graduated - Population less than 1,500		\$100.00	n/a	n/a	n/a	n/a
Unincorporated - Population of closest city (see above)		See Above	See Above	See Above	See Above	See Above
Standard Class B was Fixed by authorities somewhere between \$100.00-\$300.00	\$100.00 - \$300.00	n/a	n/a	n/a	n/a	n/a
Hotels 250 rooms or more	\$250.00	n/a	n/a	n/a	n/a	n/a
Hotels 100-250 rooms	\$150.00	n/a	n/a	n/a	n/a	n/a
Hotels 100 or less rooms	\$100.00	n/a	n/a	n/a	n/a	n/a
Golf Course or Country Club	\$50.00	n/a	n/a	n/a	n/a	n/a
Special Class B Train	\$100.00	\$100.00	n/a	n/a	n/a	n/a
Class C Beer Permit (Grocery, Convenience Stores - Retail off Premises) (BC)	\$25.00		See Below	See Below	See Below	See Below
Graduated by Floor Space - Up to 1,500 sq ft	n/a	\$75.00	\$75.00	\$75.00	\$75.00	\$75.00
Graduated by Floor Space - 1,500 sq ft - 2,000 sq ft	n/a	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00
Graduated by Floor Space - 2,000 sq ft - 5,000 sq ft	n/a	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00
Graduated by Floor Space - Over 5,000 sq ft	n/a	\$300.00	\$300.00	\$300.00	\$300.00	\$300.00

* Note: Using the US Inflation Calculator, an item purchased for \$250.00 in 1935 would cost \$4,582.24 in 2018.

Changes to Iowa Wine Permits Over Time



Permit Type (Prior to 1985, Licenses applied to wine)

	1935	1972	1985	2003	2010	2012	2018
<u>Manufacturer's License</u> (Manufacture, Storage, & Wholesale disposition and sale of alcoholic liquors and wines to the commission and to customers outside of the state.)	\$250.00	\$250.00	Wine is separated from alcoholic liquor. Class A Wine Permit created.	n/a	n/a	n/a	n/a
<u>Wholesaler's License</u> (Purchase alcoholic liquor from distillers either within or without the state for the purpose of selling to the commission and customers of such wholesaler engaged in the sale of alcoholic liquor and wines at retail outside of the state.)	\$100.00	\$100.00	Wine is separated from alcoholic liquor. Class A Wine Permit is created.	n/a	n/a	n/a	n/a
<u>Native Wines</u> (Manufacturers of native wines may sell, keep, or offer for sale and deliver the same in such quantities as may be permitted by the commission for consumption off the premises. Manufacturer shall not allow any wine so sold to be drunk upon the premises of such manufacturer.)	Existed in 1935 with no separate fee designated for native wineries.	No Fee	\$25.00 fee for Class A, added retail sales for off premises consumption at a <u>retail establishment</u> .	\$25.00 for Class A			
Beginning in 2003, a manufacturer of native wine may be granted not more than one Class C native wine permit.	n/a	n/a	n/a	See Class C Native			
Manufacturer of native wine may ship wine in closed containers to individual purchasers inside and outside this state. Created in 1985. In 2012, language added requiring acquisition of direct shippers license.	n/a	n/a	No Fee	No Fee	No Fee	See DS below	See DS below
<u>Distiller's Certificate of Compliance</u> (Manufacturer, Distiller, <u>Vintner</u> or Importer of Alcoholic Beverages shipping, selling, or having alcoholic beverages brought into this state for resale by the state.)	n/a	\$50.00	Vintner's Cert. of Comp. created in 1985, see below, wine is separated from alcoholic beverages.	n/a	n/a	n/a	n/a
<u>Reciprocal Shipment of Wines</u> Created in 1996 with no associated fee (Becomes <u>Wine Direct Shipper License</u> in 2010)	n/a	n/a	n/a	No Fee	\$25.00	\$25.00	\$25.00
<u>Vintners Certificate of Compliance</u> (Native vintner or native wine bottler exempt from the fee.)	n/a	n/a	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00
<u>Class A Wine Permit</u> (Manufacture and sell, or sell at wholesale, in this state, wine.)	n/a	n/a	\$750.00	\$750.00	\$750.00	\$750.00	\$750.00
<u>Individual Permit</u> (Granted to an individual of the full age of 21 to purchase, possess, and/or transport alcoholic liquor (contains alcohol, spirits, or wine) for medicinal or personal purposes.)	\$1.00	n/a	n/a	n/a	n/a	n/a	n/a
<u>Beginning in 1985, wine is separated from the definition of alcoholic liquor and is added to retail liquor control licenses separately as wine.</u>							
<u>Class B Wine Permit</u> (Wine sales for off premises consumption) Created in 1985	n/a	n/a	\$500.00	\$500.00	\$500.00	\$500.00	\$500.00
<u>Class B Native Wine</u> (Native Wine sales for off premises consumption) Created in 2003.	n/a	n/a	n/a	\$25.00	\$25.00	\$25.00	\$25.00
<u>Class C Native Wine</u> (Native Wine sales for off and on premises consumption) Created in 2003.	n/a	n/a	n/a	\$25.00	\$25.00	\$25.00	\$25.00

Changes to Iowa Liquor Licenses Over Time



<u>License Type</u>	<u>1935</u>	<u>1963</u>	<u>1972</u>	<u>1986</u>	<u>1994</u>	<u>2010</u>	<u>2012</u>	<u>2016</u>	<u>2018</u>
<u>Class C Native Distilled Spirits Liquor</u> - on premises consumption of native distilled spirits manufactured by the native distillery producing not more than 100,000 proof gallons on an annual basis	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	\$250.00
<u>Class D Liquor</u> - Railroad, Air, or Boat - passengers on premise consumption of beer, wine and liquor.									
Watercraft	n/a	\$250.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00
Trains	n/a	\$250.00	\$500.00	\$500.00	\$500.00	\$500.00	\$500.00	\$500.00	\$500.00
Air Common Carriers - base plus \$7 per gallon of alcoholic liquor sold, given away or dispensed in or over this state	n/a	\$250.00	\$500.00	\$500.00	\$500.00	\$500.00	\$500.00	\$500.00	\$500.00
<u>Class E Liquor</u> -									
<u>Off premises liquor and/or wine and/or beer</u> - no gas station - sliding scale based on square footage of premises, location, and population of the area of the location of the licensed premises. Until 2012, a Class E could not be issued where gasoline was sold.	n/a	n/a	n/a	\$750-\$7,500	\$750-\$7,500	\$750-\$7,500	\$750-\$7,500	\$750-\$7,500	\$750-\$7,500
<u>Off premises liquor and/or wine and/or beer - gas station</u>									
Cities of 10,000 and over population	n/a	n/a	n/a	n/a	n/a	n/a	The greater of \$5,000.00 or amount above for no gas	The greater of \$5,000.00 or amount above for no gas	The greater of \$5,000.00 or amount above for no gas
Cities of 10,000-1,500 population	n/a	n/a	n/a	n/a	n/a	n/a	\$5,000.00	\$5,000.00	\$5,000.00
Cities of 1,500 and less population	n/a	n/a	n/a	n/a	n/a	n/a	\$3,500.00	\$3,500.00	\$3,500.00

Beginning in 1985, wine is separated from the definition of alcoholic liquor and is added to retail liquor control licenses separately as wine.

Product Management Status Report

February 2019

Listing

New permanent products presented in the vendor portal are reviewed based off the listing criteria outlined in the listing manual. New products can be viewed [here](#).

	Jul 2018	Aug 2018	Sep 2018	Oct 2018	Nov 2018	Dec 2018	Jan 2019	Feb 2019
Permanent Products Listed	23	19	10	21	10	8	13	12
Temporary Products Listed	43	23	32	20	9	2	10	13
Products Rejected	10	11	5	9	8	13	9	16
Total Products Listed	66	42	42	41	19	10	23	25
Total Products Presented	76	53	47	50	27	23	32	41

SKU Count	Jul 2018	Aug 2018	Sep 2018	Oct 2018	Nov 2018	Dec 2018	Jan 2019	Feb 2019
Number of Listed Products	2344	2333	2338	2338	2332	2323	2307	2077

The top 200 listed SKUs can be found [here](#). The rank is based off liters sold over the past two months. The large decrease in number of SKUs in February is due to delisted products as well as temporary holiday products being sold through and marked as inactive.

Special Orders

Island Technologies is continuing to work on moving the special order process electronic onto the shop and vendor portals. ABD is currently testing this new programming and working with Island Technologies to understand and test all aspects of this new procedure. The process up until the supplier PO sends from the vendor portal to AX has been tested and works correctly. A ticket was put in on 9/28/18 with Blue Horseshoe to correct and allow this syncing to take place. ABD is still waiting on the fix from Blue Horseshoe before additional testing can take place. Special order requests are being manually processed and fulfilled until the testing is completed and moved to production.

	Jul 2018	Aug 2018	Sep 2018	Oct 2018	Nov 2018	Dec 2018	Jan 2019	Feb 2019
Special Order Product Requests	380	323	236	258	502	343	475	384
Special Order Products Fulfilled	294	289	255	317	342	281	292	368

Highly Allocated

Products with limited allocation but high demand are classified as highly allocated products. Once ABD receives inventory of these products, they are put through the highly allocated program. To be included on the highly allocated notification, the class E licensee must sign up and hold an active license to be added to the email distribution list. Corporate stores must receive approval from their corporate contact to be included in this program. Highly allocated products sent out this month can be found [here](#).

	Jul 2018	Aug 2018	Sep 2018	Oct 2018	Nov 2018	Dec 2018	Jan 2019	Feb 2019
Highly Allocated Products Sent	6	6	20	17	24	12	11	11
Number of Email Distribution List Contacts	232	243	260	285	285	331	354	357

Suppliers present new highly allocated products and allocations throughout the year. ABD notification of incoming allocations can be found [here](#). Once products are received and sent out, items are removed from this list.

Jeremy Thompson with Sazerac communicated their timeline for allocations. After speaking with Herb Sutton, I reached out to Jeremy on the timing of the below products. It was requested that ABD receives a larger allocation quarterly instead of a small allocation monthly. Since the highly allocated program is a timely, manual process for ABD, it is preferred to send out a larger allocation less often. I am still waiting to hear an answer back from Jeremy.

Buffalo Trace Bourbon Cream – 8 cases per month

Weller Reserve – 10 cases every other month

EH Taylor Small Batch – 25 cases every other month

Private Label

There are currently 29 private label products. Six of these products (Cross Keys Rum, Finagrens Irish Whiskey, Row Vodka - private label for HyVee stores) are permanently listed products with inventory on hand and are readily available for all class E licensees to order. 16 products (Kirkland – private label for Costco stores) plus seven additional products (Members Mark – private label for Sams Club stores) are special order products and are ordered per request from the class E licensee. Private label products and sales can be found [here](#). Stores besides the supplier's intended retailer are highlighted in yellow on the 2019 Store Sales links.

- Cross Keys Rum - The 50ml size of this product is the only 50ml in the Aged Dark Rum category – making this private label SKU 100% of the category by size.

It was communicated by Costco that Kirkland Tequila Anejo 1L has been discontinued and is no longer able to be sourced. The supplier this product was under, MISA Imports, communicated they no longer

represent this item. This product has been removed from the private label spreadsheet as it is unavailable to be ordered at this time.

Gray Duck Vodka

Gray Duck Vodka was listed effective 3/1/19 in the 1L and 1.75L sizes. ABD received inventory on 2/21/19. Gray Duck Vodka's biggest competitor is Tito's Vodka. Gray Duck Vodka store sales for this month can be found [here](#) (two tabs). Tito's Vodka store sales for this month can be found [here](#) (two tabs).

Broker & Supplier Samples

This month there were no requests from suppliers to pull highly allocated products for samples prior to sending out to class E licensees. Johnson Brothers Wirtz took out all remaining inventory of two White Dog highly allocated products instead of sending remaining inventory back to the supplier. Broker and supplier sample pulls for this month can be found [here](#). Monthly allocated items and highly allocated items have been highlighted in yellow. Iowa distillery tasting/sampling pulls for this month can be found [here](#).

Top 15 Suppliers

Future messages will be communicated to the top 15 suppliers initially as those suppliers do the most business in Iowa. The top 15 suppliers total 89.6% of case sales. The below list is this month's top 15 suppliers based off the percent of total case sales year to date.

Supplier	% of Total Case Sales
Gemini, Sazerac, Sazerac NA	17.9
Diageo	14.0
Luxco	10.1
Beam	7.3
Constellation	7.3
Pernod	4.6
Phillips	4.3
Fifth Generation	3.7

Supplier	% of Total Case Sales
Heaven Hill	3.7
Laird & Co	3.6
Proximo	2.9
Bacardi	2.8
McCormick	2.7
E&J Gallo	2.5
Brown Forman	2.2

There is a slight decrease to the next supplier, number 16 on the list, Levecke at 1.6%. Sazerac has three different divisions and have been totaled in the chart above (Gemini 0.5%, Sazerac 10.4% and Sazerac North America 7.0%). Fifth Generation is the supplier for Tito's Vodka. Laird & Co is the supplier for G&W Bourbon, Five Star Whiskey and Five O'Clock Gin, Rum and Vodka.

AX Designs

On 7/19/18 three new AX designs were signed. The below designs, in order of priority, have been sent to AX for programming.

- CAS-01989 Sales by Size by Type Report
 - Ability to export the report in Excel. Currently this product can only be exported from AX in a PDF. The report then needs to be manually formatted into an Excel spreadsheet in order to use the data. This report is used for listing and delisting.
 - This design has been tested and has moved to production. There is still an issue with the calculations of the report. Waiting for BHS to correct.
- CAS-02000 Batch Job to Email Out Stock Status Report – Individual Vendors
 - Ability to auto email the stock status report out to suppliers (only their report) in both Excel and PDF format. Currently the report is manually emailed out in PDF format only.
 - This design has been tested. The test environment is missing a key button to complete testing. Waiting for BHS to correct.
- CAS-01867 Batch Job to Email Out Stock Status Report – All Vendors
 - Ability to auto email the stock status report out to brokers (all vendors on report) in both Excel and PDF format. Currently the report is manually generated and emailed.
 - This design has been tested. The test environment is missing a key button to complete testing. Waiting for BHS to correct.

Other

The ABD Messenger has been discontinued with February 2018 being the last issue that was sent to class E licensees. Moving forward, pricing files will be posted directly to the shop portal on the 20th of every month.

A new company reached out and stated they were looking to bring in their product, [Slim Chillers](#) for Costco. The intent of this product is to be consumed frozen. The supplier obtained a license but has not entered their product into the vendor portal yet. This is a new package/product type for ABD and will be reviewed with the social responsibility standards once information is submitted into the vendor portal.

Crown Royal Peach was presented as a temporary product with an allocation of 2250 cases. We received inventory and began selling this product to class E licensees on 2/26/19. Since this product is in high demand, it has been limited to one case per licensee per order per week. Any remaining inventory will be opened up on a first come, first serve basis on 3/12/19.

A gallonage report as well as an out of stock report has been requested to be added to this monthly status document. At this time, this data is not available to be pulled. These reports will need to be created by IT. Once the data is available, these two new reports will be added to this document.

Upcoming

February delist and over max products are still being picked up and returned to the supplier. The next delist and over max will be reviewed at the beginning of April and will be effective 5/1/19.

The next broker and supplier meeting is scheduled for 3/5/19.

The next native distillers meeting is scheduled for 4/2/19.

JUST FREEZE AND EAT!

FREEZE YOUR ASS OFF

Finally, a low-calorie frozen treat, for adults, that won't hit your waistline!





A PREMIUM LOW CALORIE
100 CALORIES



PREMIER VODKA COCKTAIL
8% ALC/VOL

VODKA MARTINI
SKINNY FREEZER

A PREMIUM LOW CALORIE
100 CALORIES



PREMIER VODKA COCKTAIL
8% ALC/VOL

VODKA MARTINI
SKINNY FREEZER



Level Up.

Bring the world's best gelatin shots to your next shindig.

Grab & Go Size

— AND —

No Refrigeration Needed

Five Awesome Flavors



BLUE RASPBERRY SMASH



**MANGO
UNCHAINED**



**PEACH
BOTTOM**



WATERMELON GUZZLER



STRAWBERRY SLAMMER



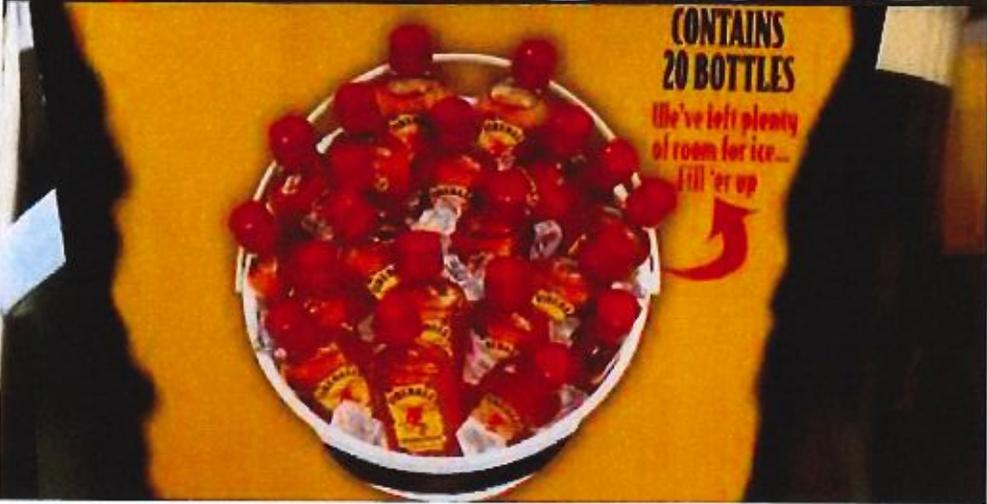
FIREBALL
CINNAMON WHISKY
PARTY BUCKET
CONTAINS 20 - 50ML BOTTLES
WHISKY WITH NATURAL CINNAMON FLAVOR
40% ALC/VOL

FIREBALL
CINNAMON WHISKY

**PARTY
BUCKET**

CONTAINS 20 - 50ML BOTTLES

WHISKY WITH NATURAL CINNAMON FLAVOR
ALC. 33% BY VOL.



**CONTAINS
20 BOTTLES**

*We've left plenty
of room for ice...
fill 'er up*



BLACK BOX
PREMIUM SPIRITS

WHISKEY VODKA TEQUILA WHERE TO BUY

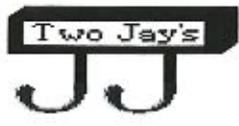
FINE
SPIRITS
now on tap!



INGENIOUS PACKAGE.
SOPHISTICATED POUR.
ATTRACTIVE PRICE.

Introducing
SPIRITS ON TAP for 20% LESS*

*SEE STORE FOR DETAILS AND VARIATIONS



BROADBENT DISTILLERY



Broadbent Distillery

I would like to make a statement about your plans for the Inventory Management system, and other Policies and how it is affecting me, as a small business operating a Distillery.

First, without going into details, I want to congratulate Steve on the accomplishments I have seen at ABD. If I were in your position I only wish I would or could have made the same improvements. ABD has transformed the paper Iowa Liquor Quarterly magazine to electronic; the paper transactions for Delivery and Buybacks has been computerized; The Warehouse has had considerable improvements made; ABD has absorbed the influx of Class E distribution sites; took the lead for Legislative revamp of Iowa Code 123 Regulations; all of this and more has improved your operations and added to the bottom line of net profit for ABD and the state of Iowa all successfully. Congratulations Steve, I say job well done.

But. You knew there was a But coming someplace.

I request you and the Commissioners give more consideration as to how the Inventory Management system is affecting Micro Distilleries especially the smaller Distilleries. Distilleries are basically a growing new Industry for Iowa.

The Commissioners represent a multitude of backgrounds, experience and knowledge. Combined, you are expected to set the direction and give guidance for the future of Alcohol Manufacturers in Iowa while protecting the Iowa Consumers, without violating the State and Federal Regulations and still

perform in your various professions, I am positive you have a strenuous responsibility. Thank you for your service.

During the last 9 years I have seen tremendous growth at ABD. Some or most Distilleries have grown and the more successful ones have even expanded into other States, some have not grown, some have gone away for various reasons. Some want to Grow but have not for various reasons, SOME and I should say at least MYSELF, I would like to have a small Distillery that creates a viable product for Iowa.

A Distillery is more than a small business that manufactures alcohol and hopes that somehow ABD can sell it. Distilleries just like Breweries and Wineries are destination points for Iowa Tourism. I'm sure you have heard of or maybe even visited the Bourbon Trails in Tennessee and Kentucky. Someday Iowa might or could also be known for its Spirits Industry.

Iowa Distilleries has combined forces in the past to work on some mutually desired issues. Being independent businesses there are some issues that we do not have in common.

Being the Smallest "Legal" Distillery in Iowa, my numbers are small yet probably proportional to other Distilleries, let me share them with you. Last year with the help of ABD, I not only sold \$14,000 dollars worth of Spirits in Iowa, But another But, I also sold \$8,000 of product at the Distillery; and Generated \$2,000 of Other Income; Provided free tours and tastings to over 200 people from 23 States; also The UK and Canada was in this group, We also provided some free tastings at local retail stores and local Organizations group events.

I have been told by 2 Distributors in Iowa that I am just too small for them to represent my products, because it is not good for their bottom line. My philosophy was that I will pay whatever your percentage fee is but it needs to come from the results of your sales generated. I have voiced my concern of other States mailing Spirits into Iowa and yet Iowa Distilleries are prohibited from mailing to consumers within Iowa. The fact remains I am still The smallest "Legal" Distillery in Iowa and without a Distributor other than ABD. I have no desire to be the next Jack Daniel's or the next largest supplier of Vodka in your warehouse. I have tried to offer a new product in Iowa that is sold all over Iowa but have been told it is not legal and being a Distillery I can not do it because it is illegal.

Concentrating only on the bottom line at ABD is missing out on other opportunities for the state of Iowa. Taxes on THIS Spirits filled Cordial candy which TTB classifies as a food product would generate 8 to 10 times more sales tax revenue for Iowa while having zero affect at ABD. When our Distilleries can not send our product to Iowa Consumers, other States will and curenly do.

At one time I had 10 products with ABD, 3 that made donations to cancer charities. With the current mode of Inventory Management as of Feb. 1, I now have 5 products and soon will probably be 4 or less products. I would like for the Board to have more consideration as to how its decisions and policies are affecting the Iowa Distilleries as well as the bottom line for ABD. Help us help Grow Iowa. The Inventory Management system might be good for ABD but the end result for me will not be so good.

Thank you for your time in allowing me to voice my concerns.