



Department of Revenue

ABC Commission Meeting

Alcohol Operations

12/11/2024

Operations

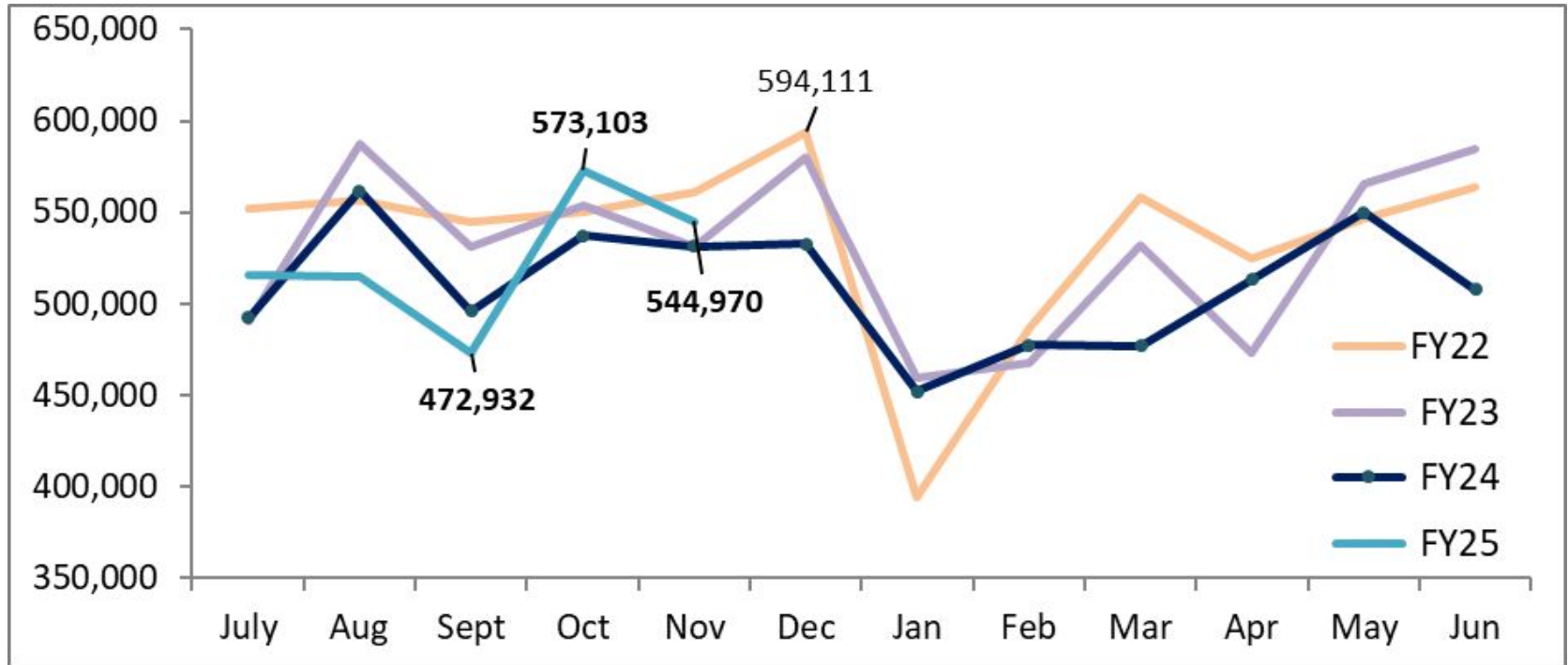
Gallons Sold- Through November

- Monthly total increased 2.6% or 14,000 more gallons
- Year to date - 2.6 million gallons sold both FY24/FY25, 0.1% increase, 3,000 more
- Monthly sales and yearly sales per gallon trend- flat

Product Volume- Fiscal year to date

- Deliveries- 31,000, 5% increase, 1,512 more deliveries
- Cases- 1.1 million, 1.8% increase, 20,000 more cases sold
- Bottles- 13 million, 1.6% increase, 204,000 more bottles sold
- Picks- 2.2 million, (2.8%) decrease, 63,000 less picks by Ruan

Operations- Gallons Sold by Month by FY



Operations- Inbound Inventory

Appointments

- Receiving calendar update
- Missed/Unscheduled appointments
- Updates to Purchase orders (PO)

MON	TUE
9	10
9am CASTLE BRANDS 68772 (2), 9am	9am REVELTON STANDING, 9am
930am XPO/DEUTSCH 68597 (2), 9am	930am MHW 68738 (2), 9:30am
10am MAISON FERRAND 68789 (7)	10am SALOON SPIRITS 68756 (6),
1030am SHAW ROSS 68685 (1), 10:30am	1030am BEST CASE WINE 68771 (2)
11am DOHRN 68612, 11am	11am PATCO 68786 (1), 11am
1130am PATCO 68746 (1), 11:30am	1130am CEDAR RIDGE 68796 (1), 11:30am
12pm MHW 68509, 12pm	12pm SPIRITS OF TENNESSEE 6872
1230pm OLD DOMINION 68556 (7)	
1pm DEUTSCH 68806 (3), 1pm	

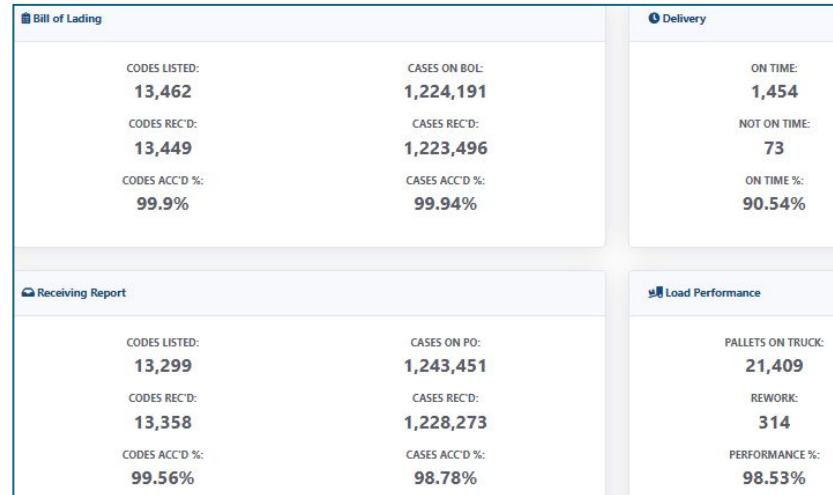
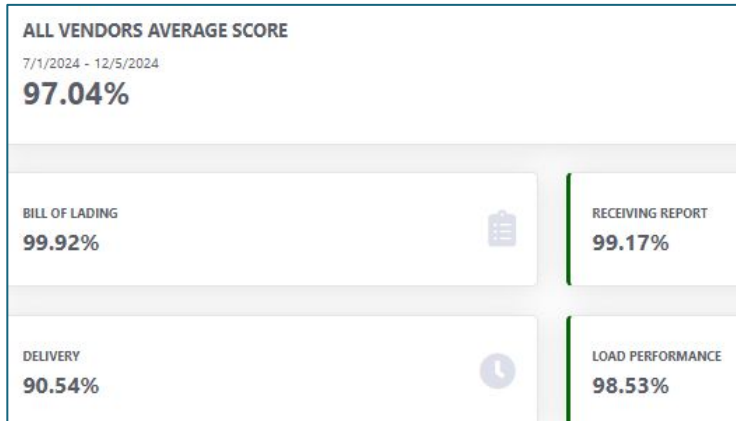
Paperwork Compliance

- Items received, not on PO- 226 items, 8,413 cases
- Incorrect labeling- 24 items with special code or other code
- Purchase Order and Bill of Lading discrepancies- daily

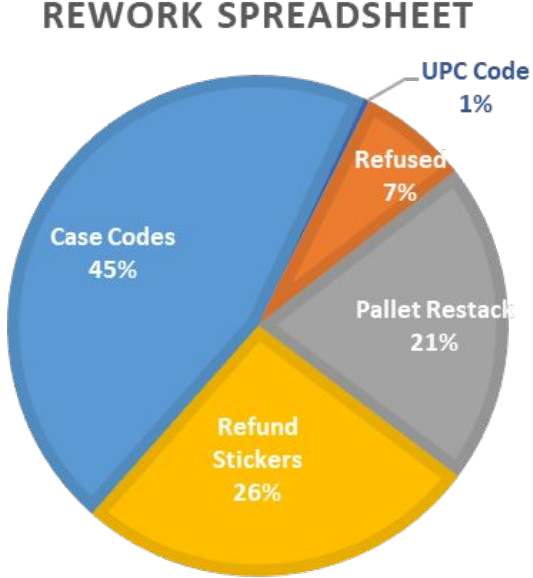
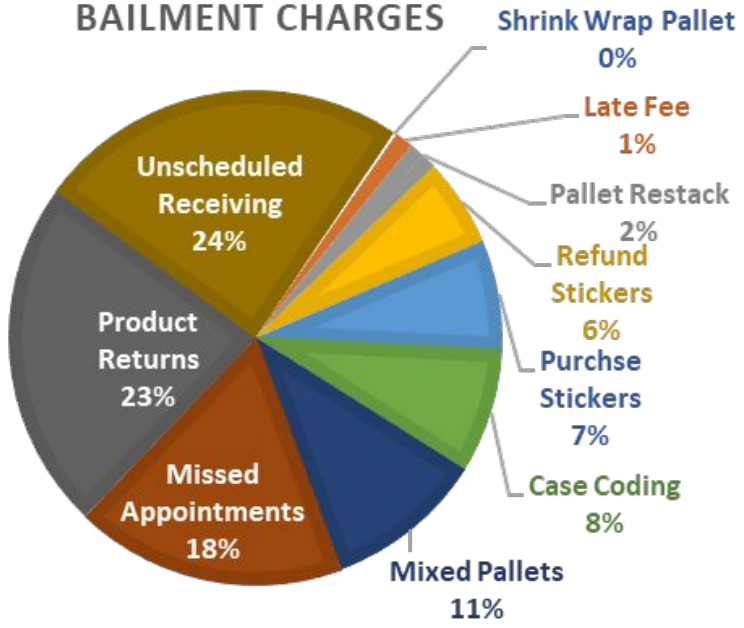
Operations- Inbound Inventory

Pallet/Item Rework

- Rework procedures
- Main issues for rework- item code, refund stickers, mixed pallets
- Charged per hour by Ruan- charged to supplier in bailment
- Tracked in Control State Vendor Scorecard



Operations- Inbound Inventory



Operations- Inbound Inventory

Reworked 240 items

1% of 21,409 total Pallets

2% of 13,358 total Items

.02% of 1,228,273 total Cases

9% of all Received PO's

Charged 501 Instances

2% of 21,409 total pallets

4% of 13,358 total Items

.04% of 1,228,273 total Cases

19% of all Received PO's

Ruan Rate for Rework

\$44.25 per Hour

Charged in 15 minute increments

Total charged FY25: \$4,664

Total charged in FY24 (first 6mo): \$11,217

(\$6,000+ from delist returns)

October Social Media
post on Facebook and
LinkedIn

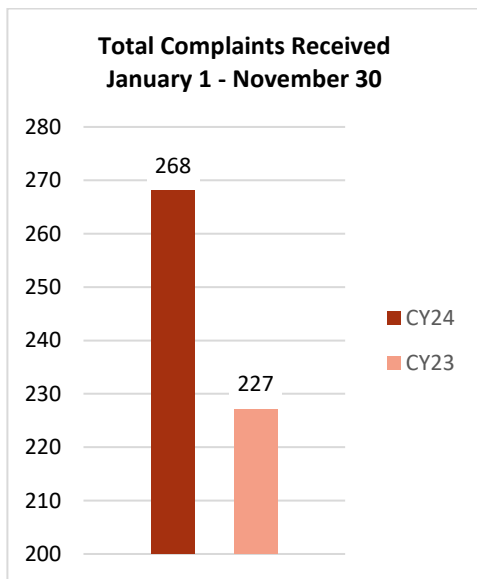
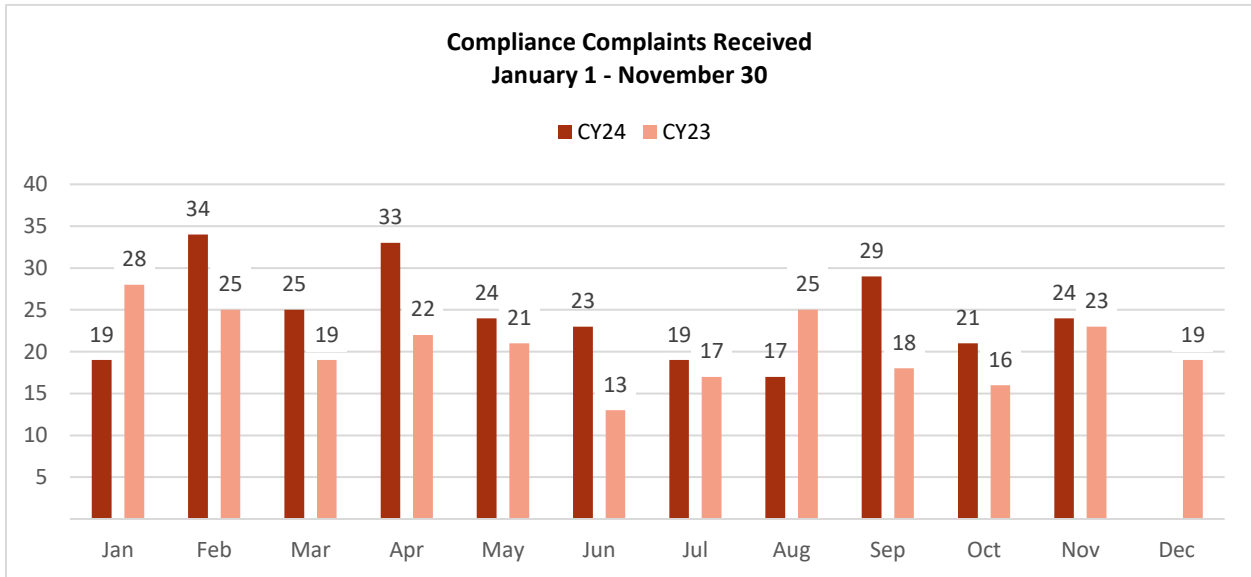


DATE: December 5, 2024
FR: Alcohol Regulation Unit – DeMario A. Luttrell, Bureau Chief
RE: State of Alcohol Regulation - For the period November 1 through November 30

The December 2024 Regulatory Compliance Report reflects Calendar Year summarized data.

Compliance Complaints

A comparison of compliance complaints received in CY24 to CY23 is shown in the chart below.



**Top 5 Complaint Categories
Resulting in Investigations
January 1 – November 30, 2024**

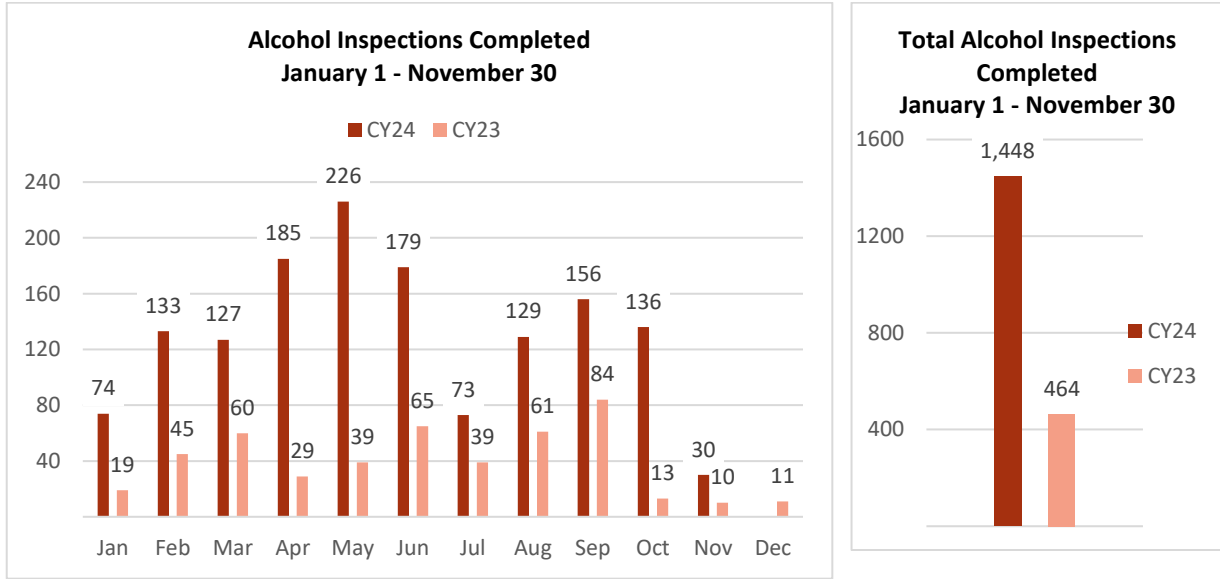
- Selling / Serving Underage Person (Alcohol)
- Criminal Activity
- Bootlegging
- Overserving
- After Hours

Alcohol Compliance Program

The Alcohol Compliance Program consists of inspections, investigations, and audits.

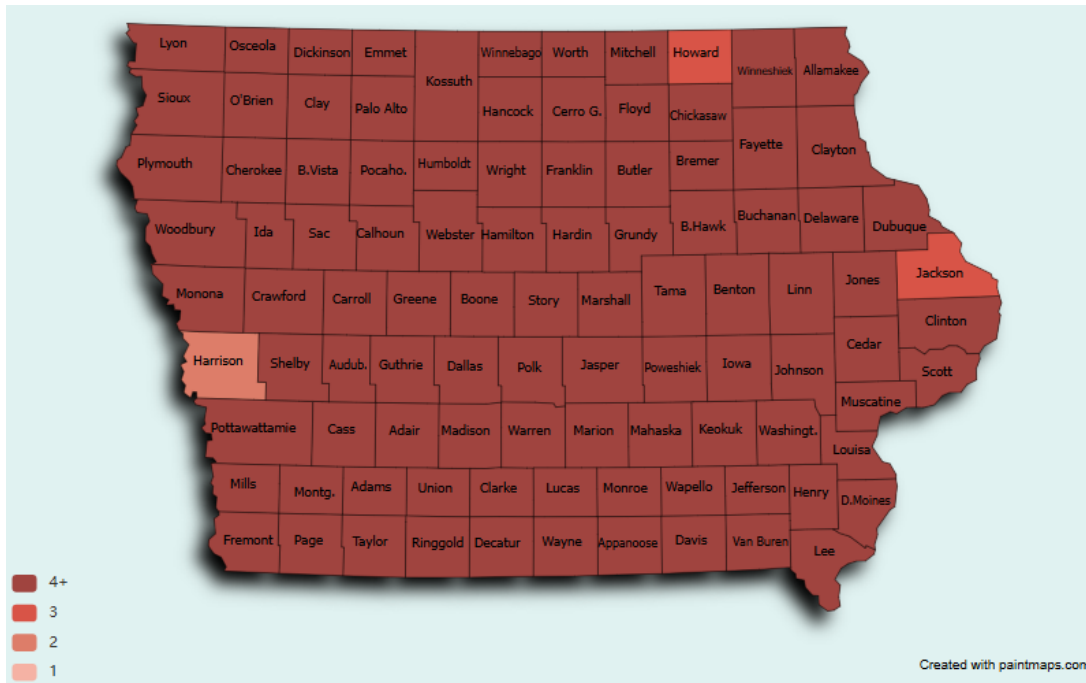
Alcohol Inspections

A comparison of alcohol compliance inspections completed in CY24 to CY23 is shown in the charts below.

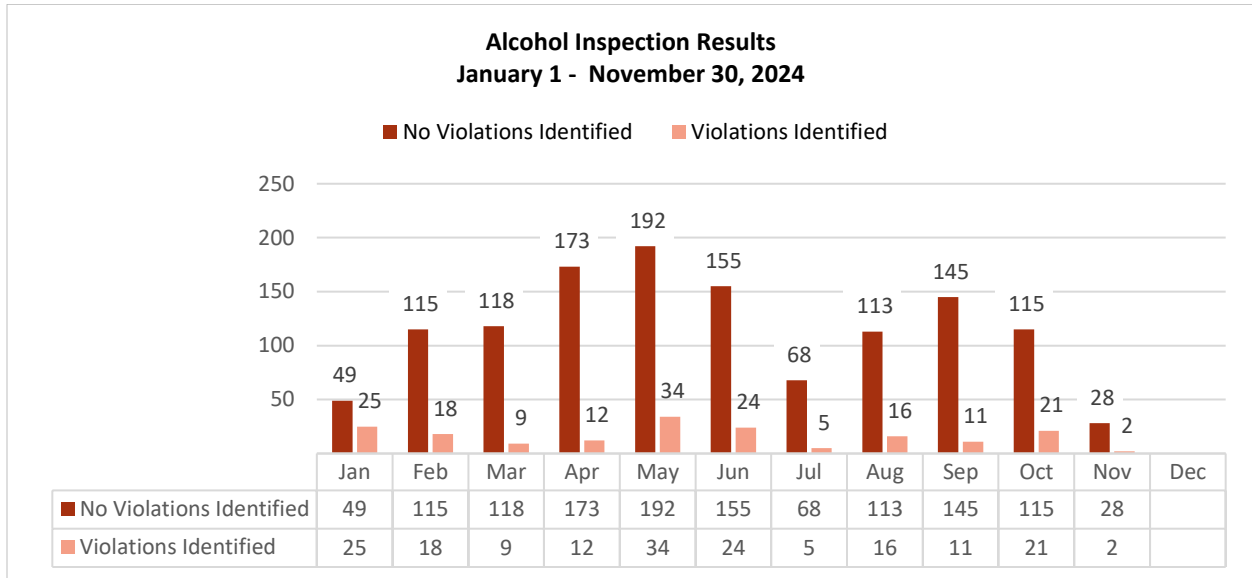


In Calendar Year 2024, alcohol compliance inspections were conducted in all 99 Iowa counties detailed in the map below.

**Iowa State Map of Alcohol Inspections by County
January 1 – November 30, 2024**

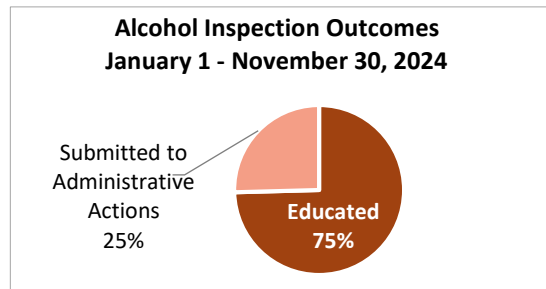


Alcohol compliance inspection results for Calendar Year 2024 are shown in the chart below.



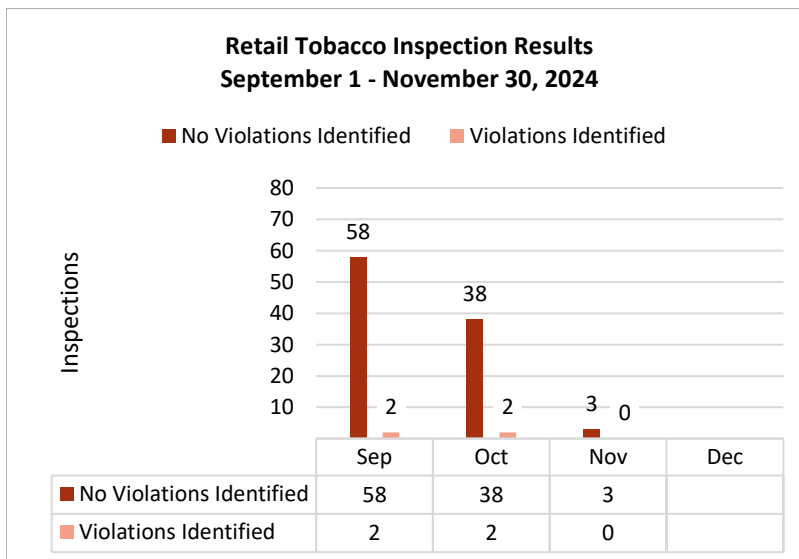
Top 5 Violations Identified by Inspection January 1 – November 30, 2024

- Smokefree Air Act
- Failure to display license
- Infusing
- Failure to maintain/produce records
- Illegal gambling



Retail Tobacco Inspections

Retail tobacco compliance inspection results for Calendar Year 2024 are shown in the chart below.



Top Tobacco Violations Identified by Inspection September 1 – November 30, 2024

- Expired tobacco permit
- Obstructed stamp
- Cigarettes listed below minimum price

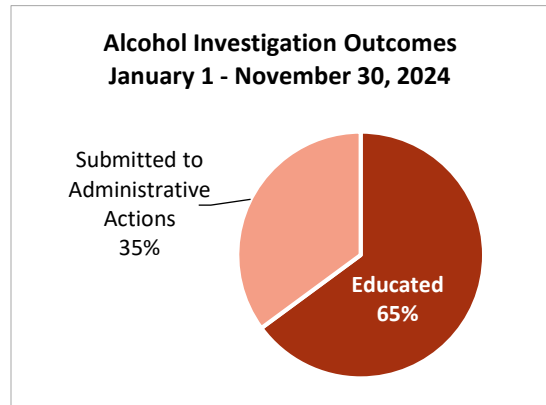
Alcohol Investigations

Investigations Completed

In January through November, 2024, 208 investigations were completed as compared to 157 investigations completed in January through November, 2023. Investigation outcomes for Calendar Year 2024 are detailed in the chart to the right.

Tax Compliance Partnership

Alcohol compliance investigations conducted by the Alcohol Regulation Unit resulted in Iowa Department of Revenue sales tax liability assessments in Calendar Year 2024 totaling \$1,942,281. (Data provided by the Sales/Excise Tax Unit.)



Alcohol Tax Audits

Alcohol Tax Audit Program

The Tax Audit Program is a three-level system:

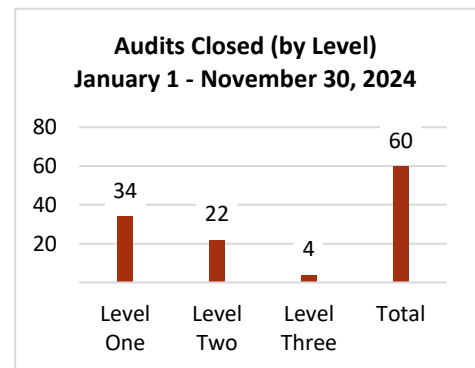
Level 1 – Three month’s records review

Level 2 – One year’s records review

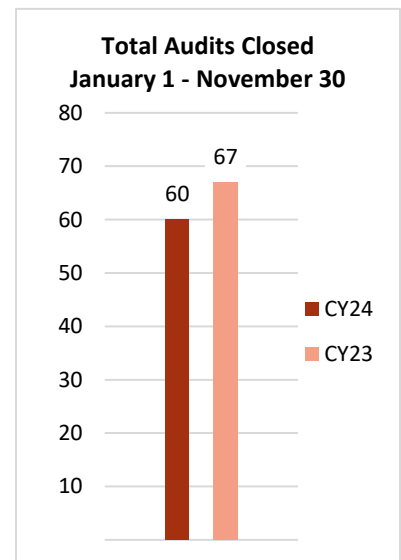
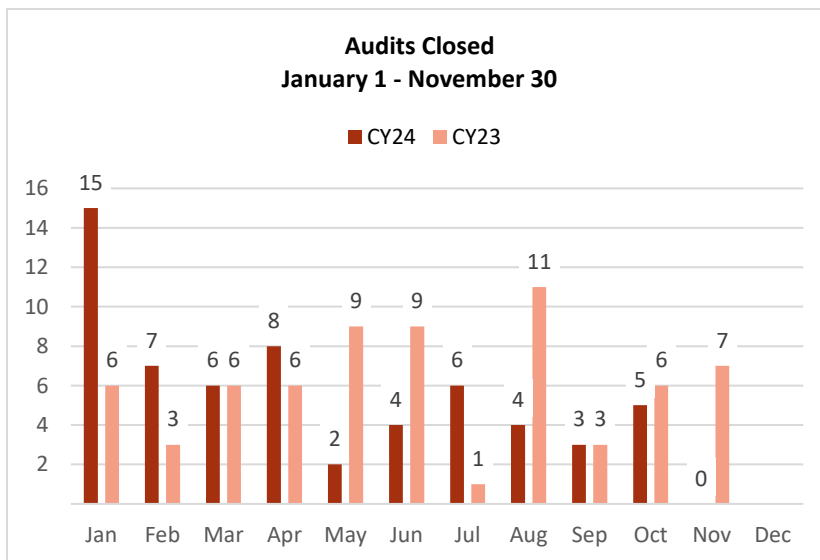
Level 3 – More than 1 year’s records review

The purpose of the three-level system is to conduct audits more efficiently by focusing efforts on the more complex Level 2 and Level 3 audits. The Level 1 audits allow the Division to reach more licensees and permittees in the state.

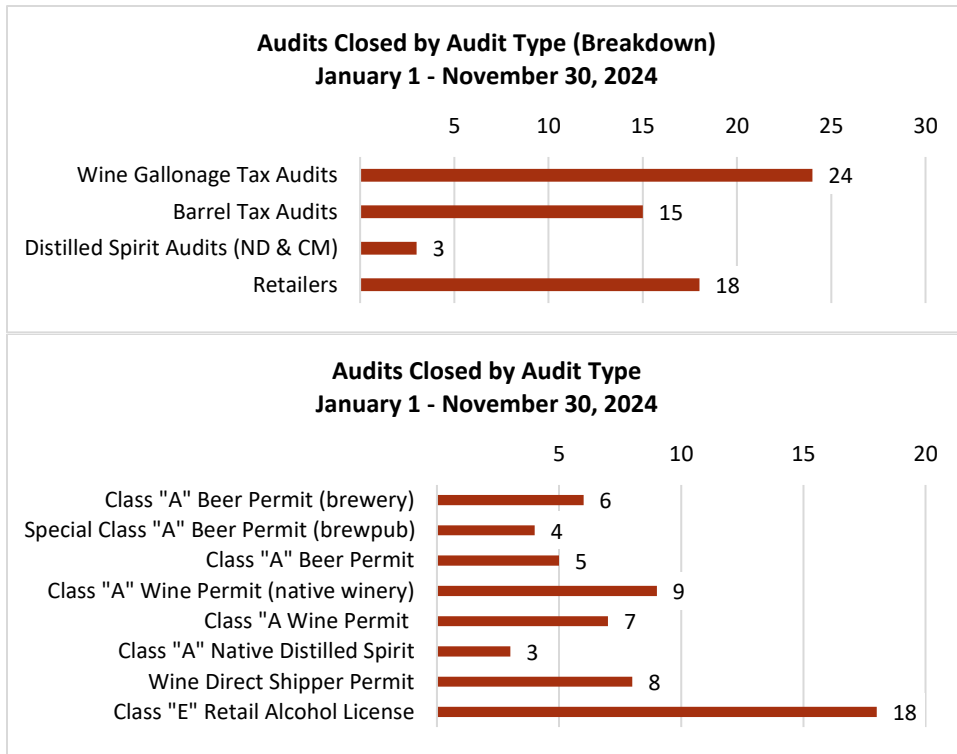
Audits Closed by Level in CY24 is shown in the chart to the right.



A comparison of audits closed for CY24 to CY23 is shown in the two charts below.



Audits Closed by Audit Type for Calendar Year 2024 are shown in the two charts below.

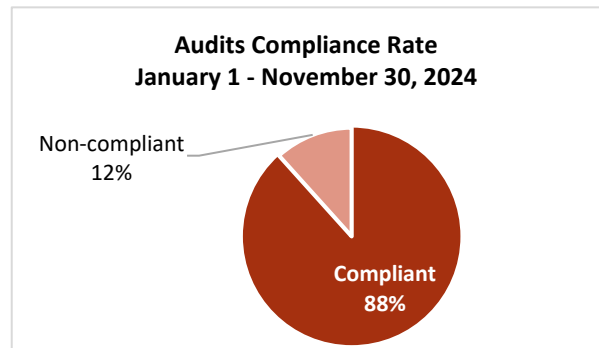


Alcohol Tax Audits Compliance

Non-compliant is defined as audits where additional barrel, wine gallonage, and Iowa sales tax liabilities are identified and assessed.

All audits conducted incorporate education in laws, rules, and the reporting of gallons.

The compliance rate for Calendar Year 2024 is shown in chart to the right.

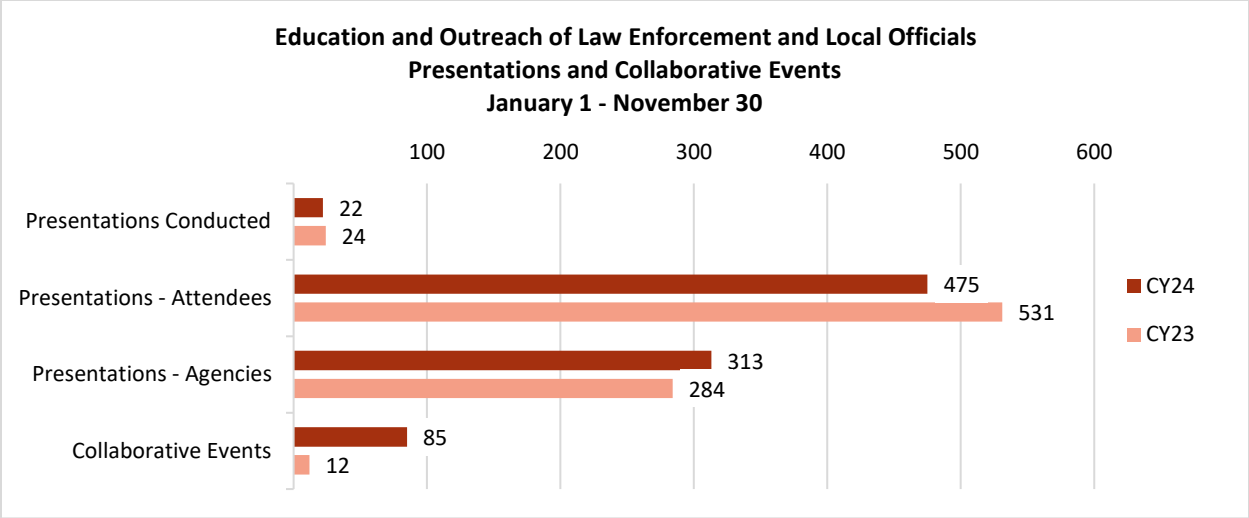


Education and Outreach of Law Enforcement and Local Officials Presentations and Collaborative Enforcement/Education

The Education and Outreach Program is designed to address the educational needs of non-licensee stakeholders to include law enforcement, prosecutors, city and county clerks, and other local authorities.

The focus of the program is to provide educational content designed to strengthen collaboration with Iowa Department of Revenue. Comprehensive presentations cover regulatory rules and laws, and best practices on topics specific to local authorities.

A comparison of program results for CY24 and CY23 is shown in the chart below.

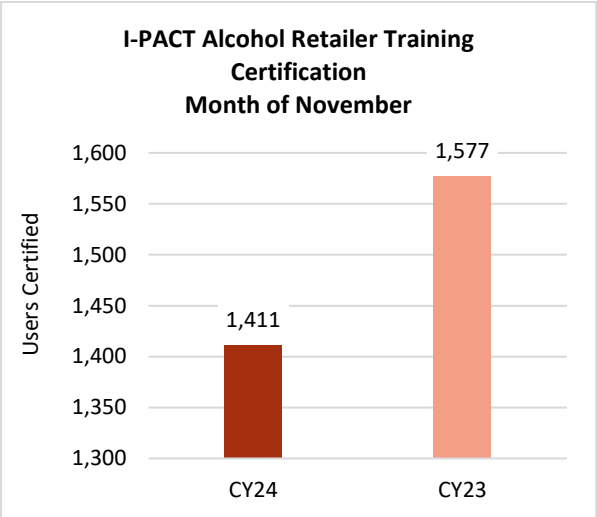


Education and Outreach of Retailers

I-PACT Alcohol Retailer Training Certification

A comparison of I-PACT Alcohol Retailer Training Certification results for November is contained in the chart to the right.

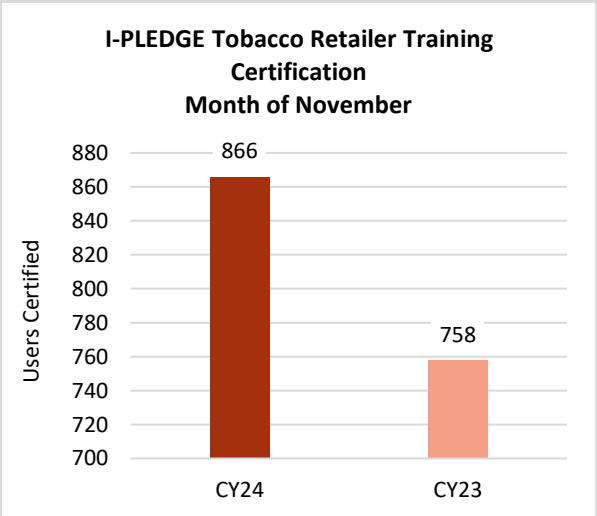
A decrease of 166 users were certified in CY24 November as compared to CY23 November.



I-pledge Tobacco Retailer Training Certification

A comparison of I-pledge Tobacco Retailer Training Certification results for November is contained in the chart to the right.

An increase of 108 users were certified in CY24 November as compared to CY23 November.



I-Pledge Tobacco, Alternative Nicotine & Vapor Product Enforcement Program

Tobacco Compliance Checks

Tobacco underage-buy compliance checks are completed in partnership with local law enforcement and the Iowa State Patrol. Compliance checks are conducted during the months of October through June each fiscal year.

A comparison of tobacco compliance check results for FY25 and FY24 from October through November are contained in the table to the right. The compliance rate is 3% higher in FY25 at 100% as compared to 97% in FY24.

Tobacco Compliance Checks Completed October 1 through November 30		
	FY25	FY24
Compliant	22	77
Non-compliant	0	2
Total	22	79
Compliance Rate	100%	97%

* FY25 tobacco compliance check results are subject to change.

Iowa ABD Age-To-Purchase App

Iowa Mobile ID can be accepted as a valid form of ID at businesses throughout the state by using the Iowa ABD Age-to-Purchase App from the Alcoholic Beverages Division of the Iowa Department of Revenue.

- Iowa Mobile ID is available in the Apple Store and Google Play.
- The app allows residents to keep a digital version of their Iowa-issued driver’s license or ID on their smartphone.
- The app is free and optional for all Iowans to download.
- The Iowa Mobile ID is a companion to the physical card and does not replace it.
- Iowans should still carry their physical ID card.

Security

Through the use of a QR code, Iowa’s Mobile ID creates a contactless and more secure way to verify identity. In addition, it allows Iowans to be in greater control of their information as users approve requests for each transaction before any information is shared.

Age-to-Purchase App Usage Month of November		
Validations	CY24	CY23
Physical ID	13,083	13,755
Mobile ID	7	120

Age-to-Purchase App Usage January 1 – November 30		
Validations	CY24	CY23
Physical ID	191,032	131,200
Mobile ID *	114	355

* Functionality became available in October 2023.



Department of Revenue

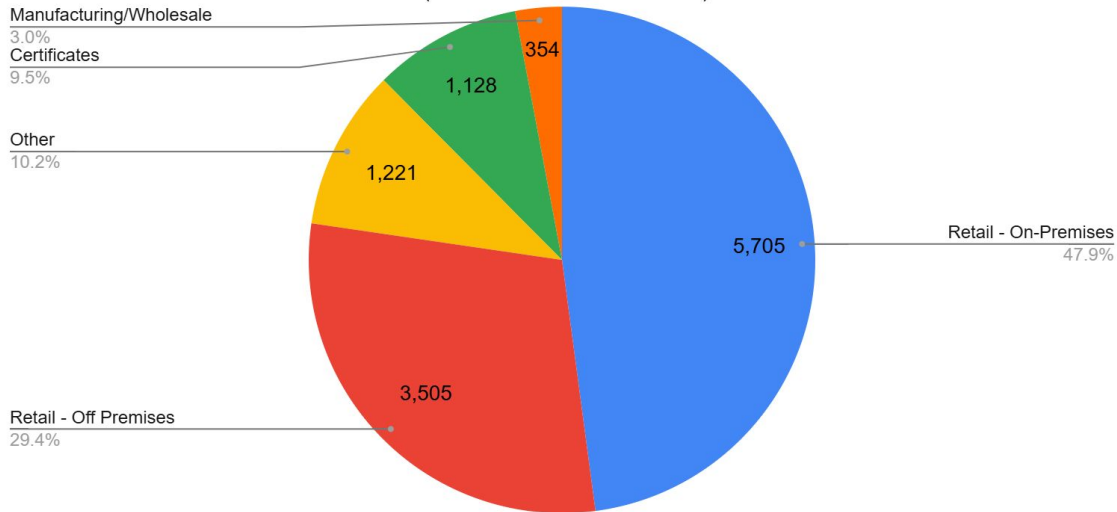
ABD Commission Meeting

Licensing Update

12/11/2024

All Licenses, Permits, Certificates

(Active Licenses as of 12/3/24)

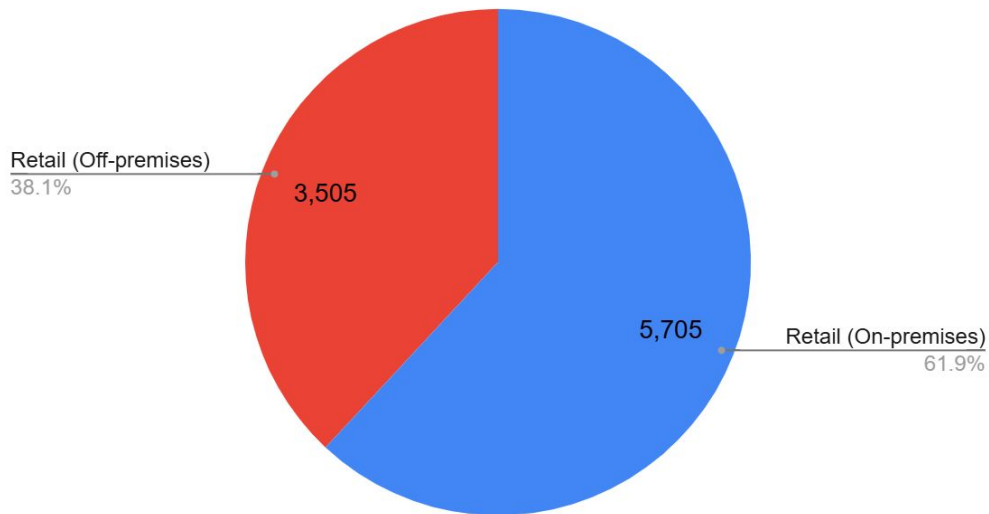


Total Licenses Active as of 12/3/24

	December, 2024
Retail - On-Premises	5,705
Retail - Off Premises	3,505
Other	1,221
Certificates	1,128
Manufacturing/Wholesale	354
Total	11,913

On-premise vs. Off-premises Retail Alcohol Licenses

(Active Licenses as of 12/3/24)



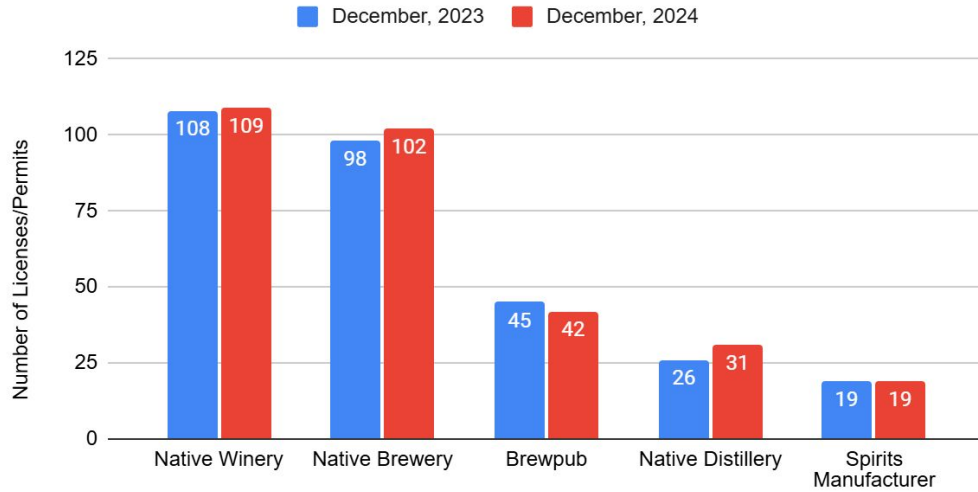
On-premise vs. Off-premises Retail Alcohol Licenses
(Active as of 12/3/24)

	December, 2024
Retail (On-premises)	5,705
Retail (Off-premises)	3,505
Total	9,210

Retail (On-Premises): allows sales of alcohol to be consumed on the premises, example bars/restaurants
Retail (Off-Premises): allows the sales of alcohol to be consumed off the premises, example grocery/convenience stores

Alcoholic Beverage Manufacturing in Iowa

(Active Licenses/Permits as of 12/3/24)



Alcoholic Beverage Manufacturing in Iowa (Active Licenses/permits)
(As of 12/3/24)

	December, 2023	December, 2024	% Change
Native Winery	108	109	0.9%
Native Brewery	98	102	4.1%
Brewpub	45	42	-6.7%
Native Distillery	26	31	19.2%
Spirits Manufacturer	19	19	0.0%
Totals	296	303	

Special Events (36-hr, 5-day, and 14-day licenses issued in 2024 as of 12/3/24)			
	December, 2023	December, 2024	% Change
36-hr	79	77	-2.5%
5-day	1628	1851	13.7%
14-day	87	96	10.3%
Totals	1794	2024	

Native Manufacturer 5-day retail licenses (HF2648) (Issued as of 12/3/24)	
Native Brewery	11
Native Distillery	5
Native Winery	7
Totals	23

December 11, 2024

Alcohol Warehouse Capacity Project
Status Update to Alcoholic Beverages Commission (ABC)

As reported at the 10/16/24 ABC meeting

- High-level results of Warehouse Capacity Study discovery sessions determined the following operational categories to be reviewed for both short-term & long-term warehouse modifications.
 - Will call fulfillment and distribution processes and polices
 - Listing and Delisting policies associated with our product portfolio
 - Minimum/Maximum Inventory policy and processes
 - Non-essential items (i.e. paper files, office equipment..) that are not directly associated with the fulfillment processes of spirits.

Currently

- Project team is working on an overview of the analysis performed of the 4 operational categories as noted above.
- Project team working on potential revisions that would help optimize our warehouse capacity program
 - Input from stakeholders will be necessary
- Stakeholder Analysis is completed - though is considered a working document
 - 55 separate line items. Each was discussed & a determination made to:
 - Manage closely
 - Keep satisfied
 - Keep informed
 - Example:
 - ABC - keep satisfied
 - Brokers & suppliers - keep informed
 - Class E License holders - manage closely
- Communication letter & survey soon to be completed and submitted to stakeholders.
 - Analysis of the Information from survey participants will be helpful for future discussions that align with will call & Minimum/Maximum discussions

Next Steps

- ABC awareness for input and feedback
- Standing Steering Committee within the Iowa Department of Revenue will review and give a final recommendation to the Director for final approval.
 - Scope of proposed revisions and implementation approach
 - Timeline for implementation
- Updates will be provided once implementation begins.