



Department of Revenue

Kim Reynolds, Governor
Chris Cournoyer, Lt. Governor

Mary Mosiman, Director

MINUTES

December 11, 2024 - 1:00 PM

Alcohol & Tax Divisions, Ankeny Regional Office

1918 SE Hulsizer Road, Ankeny

Dial In Number: 224.501.3412

Access Code: 462.165.637

Commission Members Present

John Pauli, Chairperson

Sara Winkleman, Vice Chairperson

Andrea Chase, Secretary

Kevin Kimle, Member

Rachel Eubank, Member

Department Staff Present

Mary Mosiman, Director

Stephen Larson, Division Administrator, Alcohol & Tax Operations Division

Leisa Bertram, Bureau Chief Operations

Sam Hoerr, Division Administrator, Alcohol & Tax Compliance Division

Steve French, Chief Financial Officer

DeMario Luttrell, Bureau Chief Compliance

Spencer Morehouse, Bureau Chief Licensing

Tyler Ackerson, Executive Officer

Madelyn Cutler, Executive Officer

Brenda Emelo, Executive Assistant

Jon Mader, Public Service Manager

Jessica Ekman, Executive Officer

Pam Koehn-Miller, Administrative Assistant 2

Sarah Cain, Program Planner

Chuck Crabtree, Taxpayer Service Specialist

Jeff Cam, Compliance Officer

Matt Jones, Compliance Officer

Brandon Trapp, Executive Officer

Nick Gregory, Compliance Officer

Lauren Foust, Investigator

Lisa Gibson, Public Service Manager

Sara Jacobson, DOM-DOIT

Todd Kroll, DOM-DOIT

Guests Present

John Lundquist, Assistant Attorney General

Herb Sutton, Department of Management, Performance Results Office

Jared Longfield, Ruan

Marty Wadle, Ruan

Scott Petersen, Ruan

Jessica Dunker, Iowa Restaurant Association

Kyle Doyle, Iowa Distilling Company

Rob Taylor, Revelton

Department Staff Present (via telephone)

Nicole Scebold, Management Analyst

Scherael Thurston-Shell, Compliance Officer

John Fuller, Public Information Officer

Kerry Carskadon, Attorney

Matt Wharff, Maintenance Repairs Supervisor

Afef Chelbi, Accountant 2

Keely Smith, Accounting Technician 3

Stephanie Strauss, Executive Officer

Amina Lovan, Investigator

Annie Gobin, Taxpayer Service Specialist

Jackie Bowlin, Storekeeper

Jamie Richard, Program Planner

Kortney Kyle, Storekeeper

Lauren Connelly, Program Planner

Meredith Michaud, Investigator

Nate Beyer, Taxpayer Service Specialist

Sheila Warrick, Investigator

Stacy Henry, Compliance Officer

Guests Present (via telephone)

Jeremy Thompson, Sazerac

Tom Perrick, American Distilled Spirits Alliance

Eric Goranson, Iowa Restaurant Association

Jennifer Husmann, Area Substance Abuse Council

John Cacciatore, DISCUS

Brian Gullaume, House Democrats

Isabel Biehl, Cornerstone

Jim Moran, Luxco

Stuart Oxe, Red Boot Distillery

Adam Kazda, Anheuser-Busch

Andy Deloney, DISCUS

Gil Coosner, Blue Ox Spirits

Bryan Reiter, Ruan

David Adelman, Iowa Wholesale Beer Distributors

David Peck, Iowa Brewers Guild

Heather Hackbarth, Department of Management

Kris Rankin, AC4C

Mike Brewington, Iowa Beverage Systems

Ryan Brown, Ruan

Tanner Tusha, Ruan

Dwayne Kratt, Johnson Brothers

4 unidentified callers

CALL TO ORDER

Chairperson Pauli called the meeting to order at 12:59 PM. Roll was taken and a quorum was met.

APPROVAL OF AGENDA

MOTION: A motion was made by Commissioner Chase and seconded by Commissioner Eubank to approve the agenda for today's (December 11, 2024) meeting. The motion was approved unanimously.

APPROVAL OF MINUTES

MOTION: A motion was made by Commissioner Winkleman and seconded by Commissioner Kimle to approve the minutes from the October 16, 2024, meeting. The motion was approved unanimously.

PUBLIC COMMENT

Jessica Dunker of the Iowa Restaurant Association wanted to publicly thank Administrator Stephen Larson for his service and willingness to work with the hospitality industry throughout his time as Administrator.

ADMINISTRATOR'S STATUS UPDATE

Operations Bureau Chief Leisa Bertram began her report by noting that gallons sold had increased month to month, but overall sales for the year continued to be flat. The number of deliveries, cases and bottles being delivered to 2,187 stores is up in FY25 to date, while overall picks are down. The upcoming Holiday Schedule was sent out to stores from Ruan. Ms. Bertram updated the Commission on issues related to inbound inventory. There has been an increase in the number of appointments available each day to nine and 12 each night. A shift to newer or smaller suppliers being out of compliance has been noticed on incoming shipments. These issues include items not being on a purchase order, item codes and refund stickers missing or

mixed pallets that need to be separated. Any rework that needs to be completed can be done by either the supplier or Ruan at an hourly charge of \$44.25. To date, \$4,664 has been charged in FY25 by Ruan for rework. The goal is to educate suppliers to prevent issues from happening and then take action if the issues continue. In the last year there have been price decreases on products instead of the price increases that have been normal in recent years.

DeMario Luttrell, Bureau Chief of Compliance, started his remarks by mentioning that the number of complaints received through the portal had increased from the previous year. There have been more complaints entered from law enforcement and internal employees while the number from public citizens has decreased. There have been nearly 1,500 compliance inspections done around all 99 counties with various initiatives emphasized and focused on each month. 75% of those inspected received real time education to bring them into compliance while the other 25% were forwarded to Administrative Actions due to either the egregious nature of the violation or inability to come into compliance. Of the 208 completed investigations this year, 65% were resolved through education while the other 35% were submitted to Administrative Actions. In working with the sales tax audit team, over \$1.9 million in delinquent sales tax liability has been identified through locating businesses operating without a sales tax permit or operating with a revoked sales tax permit. Mr. Luttrell concluded his update by informing the Commission that the Division had entered into a three year agreement with the Governor's Traffic Safety Bureau and the Office of Drug Control Policy to help local law enforcement agencies throughout the state conduct underage alcohol compliance checks. Agencies will be able to enter into 28E agreements and be paid \$100 per check.

Licensing Bureau Chief Spencer Morehouse noted that to date the current number of active licenses is down 140 compared to October, most likely due to the expiration of the 8

month license used for seasonal locations. There has been slight growth in each of the native categories in December 2024 over December 2023. Special Event licenses are up year over year with 230 more being issued in 2024 than 2023. To date, there have been 23 uses of the 5 day retail license available to native manufacturers.

Steve French, Chief Financial Officer, informed the Commission that although the number of gallons sold is down, the Department is currently staying with a \$140 million reversion goal.

Legislative Liaison Tyler Ackerson let the Commission know that he would be sending them copies of the proposed 2025 legislation once it was ready and would be available for any questions they may have. He hoped this would occur prior to the first of the year.

Assistant Attorney General John Lundquist updated the Commission on the Buckel Family Wine Case where they are waiting on the final judgement from the Federal District Court. No decision has been made regarding whether or not to appeal the decision if it is not in the State's favor. He does anticipate working with various stakeholders and Mr. Ackerson to look at how legislation could alleviate the Dormant Commerce Clause of the Constitution issue for both wine and beer.

WAREHOUSE CAPACITY STUDY UPDATE

Director Mary Mosiman noted that a communication plan that is varied upon by the groups that have interest in the areas of will call procedures, listing and delisting policies, minimum/maximum levels and non-essential items that are not directly related to the distribution of spirits is being developed. After the communication has gone out and been returned, information collected from it will be used to create a plan to present to the Commission then the Steering Committee. No timeline was given for when the next communication would go

out. Director Mosiman let the Commission know that Sam Hoerr would be taking over as project sponsor upon Division Administrator Stephen Larson's retirement.

STEPHEN LARSON'S RETIREMENT

Commissioner Pauli took the opportunity to congratulate and thank Administrator Larson for what he has done for the Division and the people working there during his time as Administrator. Herb Sutton of the Department of Management's Performance Results Office talked about how Administrator Larson re-shaped the Division by taking on the hard things and working to lift people up into the positions they hold today. Director Mosiman thanked Administrator Larson for taking the time to teach her about the Division during Alignment. Administrator Larson took the opportunity to thank the Commission for their work to help him navigate the changes in the alcohol world that occurred during his time as Administrator.

NEW BUSINESS/NEXT MEETING DATE

The next Commission meeting date will be determined after coordinating schedules. Information will be posted on the Department's website.

ADJOURNMENT

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

The meeting adjourned at 2:18 PM.

A handwritten signature in black ink that reads "Andrea Chase". The signature is written in a cursive, flowing style.

Commissioner Andrea Chase, Secretary