



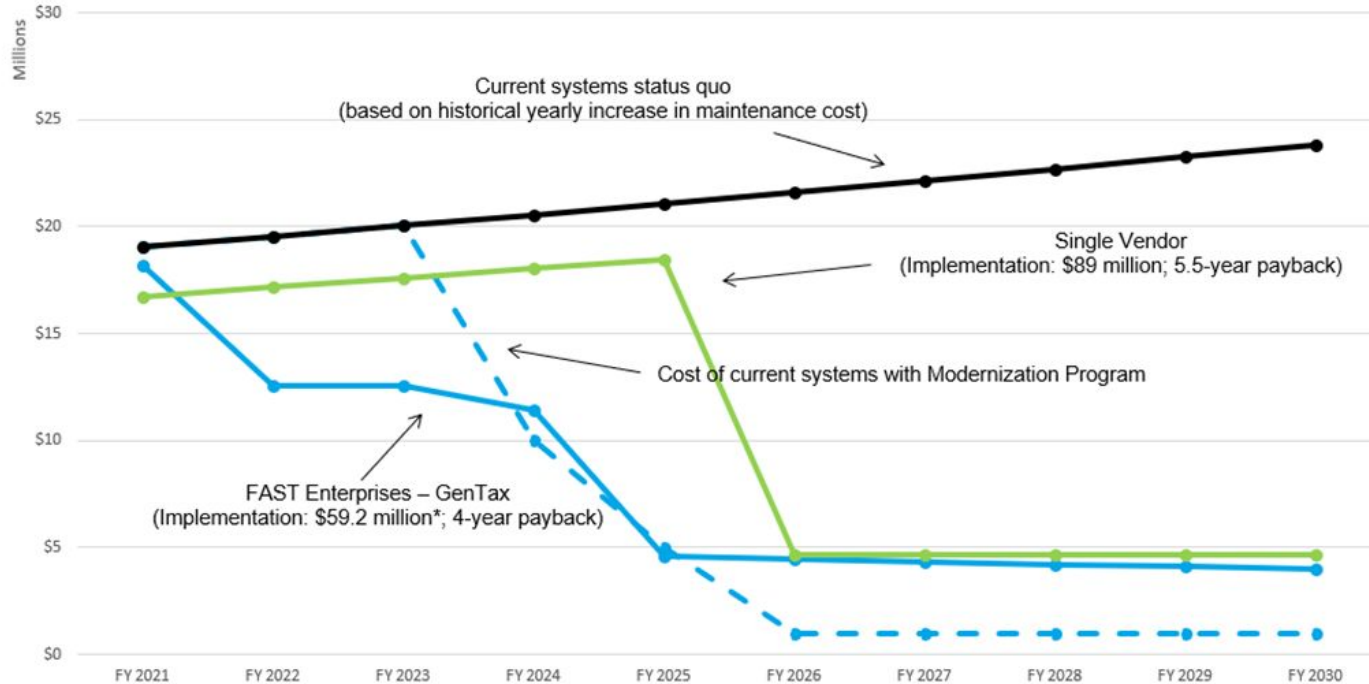
Department of Revenue

Alcoholic Beverages Commission

Modernization Rollout 5
June 5, 2025

June 5, 2025

Modernization Cost Savings



*Lifetime cost of GenTax through FY 2035: \$84 to \$102 million

Modernization Background

The Iowa Department of Revenue and other state agencies are modernizing technology and processes to better serve Iowans. The end result of this multi-year effort will provide Iowans and businesses integrated, user-friendly tools with the flexibility to meet their changing needs.

IMPACT: Iowa's **M**odernized **P**rogram for the **A**dministration & **C**ollection of **T**axes

Modernization Partners as of 2021

Agencies working together

- IDR
- Lottery
- Inspections & Appeals
- Alcoholic Beverage Division
- Iowa Utilities Board
- Economic Development & Iowa Finance Authorities
- Department of Natural Resources

Modernization Rollout Schedule

| Rollout | Scope | Dates |
|---------|---|---------------|
| 1 | Business Filers: Withholding tax, Sales tax, Use tax, Hotel/Motel tax, Local Option Sales tax, Automobile Rental tax, Water Service Excise tax, E911 Fees, Fuel tax | Complete |
| 2 | Corporate Filers: Corporate Income tax (S-Corp, C-Corp, and Partnership), Franchise tax, Tax Credits, associated distributions | Complete |
| 3 | Individual Filers: Individual Income tax, Fiduciary tax, Inheritance tax, Setoffs, Non-tax debt | Complete |
| 4 | Local Government (LG), Tobacco Products Licensees, and Business Filers: Equalization, Distributions, Utility Replacement tax, Central Assessments, Statewide Property tax Cigarette and Tobacco Products tax and related licensing, Moneys and Credits tax, Motor Vehicle One-Time Registration Fee, Drug Stamp tax | Complete |
| 5 | Alcohol Beverages Licensees, Lottery Licenses, and Business Filers: Retail licenses (Class B, C, D, E, F); Brewer's, Distiller's, Broker's, Shipper's, Carrier's, and Manufacturer's license and permits (including Class A), etc; related administrative actions. | November 2025 |

Modernization Background

GovConnectIowa is the Iowa Department of Revenue's free and secure e-Services portal, available 24/7, to make payments, manage your account(s), and more.

Features include:

- SAM (send a message)
- Chatbot (The Kernel)

IDR Chatbot - The Kernel

- New as of Feb 2024
- Confidence rate = 94%
- Will eventually be added to all portals





To date, GovConnectIowa has facilitated:



325,000+ logged in users



\$9.5 billion in payments processed



\$32.6+ million in debt collected



10,600+ license applications and renewals



323+ forms available electronically



2.9+ million tax returns



4.26 minutes to file a Sales and Use return

1.98 minutes to file a Withholding return

Rollout 5 Phases

- Kick off
- Definition phase
- Foundation verification
- Development: WIP
- Testing: WIP
- User training: internal and external
- System freeze/data conversion
- Cutover weekend
- Go-Live
- Production support

Rollout 5 Information

- Vendor: Fast Enterprises, LLC
- Program participants: subject matter experts (SMEs)
- Stakeholder analysis/communication plan(s)
- Governance
 - Data
 - Decision-making
- Benefits to be realized

About the Department

| Iowa Department of Revenue Mary Mosiman | | | | | | | Public Information Officer John Fuller |
|---|--|---------------------------------------|--|---|---|--|--|
| Alcohol & Tax Compliance Vacant | Alcohol & Tax Operations Sam Hoerr | Financial Services Steve French | Internal Services Darina Petkova | Legal Services & Appeals Alana Stamas | Local Government Services Joy Kanne | Lottery Matt Strawn | Research & Policy Robin Anderson |
| Individual & Corporate Tax & Alcohol Licensing Spencer Morehouse | Collections Bill Watson | Accounting | Customer Experience Rachael Krier (Jerika & Alex) | Administrative Actions | Appraisal | External Relations Mary Neubauer | Tax Research & Program Analysis Anthony Girardi |
| | Alcohol Operations Jared Longfield | Budget | Data & Analytics Jeff Meis | Appeals | | Investigations Steve Waymire | |
| Sales & Excise Tax & Alcohol Regulation DeMario Luttrell | | Tax Operations Chet Eginore | Procurement | Human Resources Alex Vongnhay | Legal Services | Equalization, Assessor Education, & Distributions | Sales & Marketing Jon Roth |
| | Lottery Internal Audit / Draw | | Strategy Realization Kate Cochran | Systems Hale Strasser | | | |
| | | | | | | | Security & Disclosure Unit |

Division

Bureau

Section

Date
May 16, 2025



Department of Revenue

ABC Meeting

Warehouse Capacity Study Update

6/5/2025

Alcohol & Tax Operations Division Administrator

- Sam Hoerr - transitioned to the position May 9, 2025
 - 23 years in State Government:
 - **Revenue** - 10 years - Alcohol & Tax Compliance DA, Tax Operations Bureau Chief, Individual Income Compliance Section Manager
 - **IPERS** - 10 years - Retirement Benefits Manager
 - **Administrative Services - HR (IDOP)** - 3 years - Workforce planning, collective bargaining, grievance hearings
 - Education:
 - Certified Public Manager, Drake, 2006
 - MBA, University of Iowa, 2000
 - BA, Yale University, 1994

Warehouse Capacity Project Overview

Project initiated June 2024 - focus areas:

- Will call fulfillment and distribution processes and policies
 - Have resumed project meetings and analysis
 - Will Call rack was moved from its original location closer to the dock door servicing will call customers. This process improvement made room for picking activities while locating the customer orders closer to the service area.
- Listing and Delisting policies
 - Delisting changes are expected to be completed by July 1st in time for the August delisting process (Jared Longfield to discuss today)
- Minimum/Maximum Inventory policy and processes
 - Min/max levels will be run as a separate process improvement event. This data is currently being analyzed
- Many out of scope maintenance tasks and improvements in process or completed with assistance of internal operations (Jared Longfield to discuss)



Department of Revenue

ABC Meeting

Alcohol Operations

6/5/2025

Operations

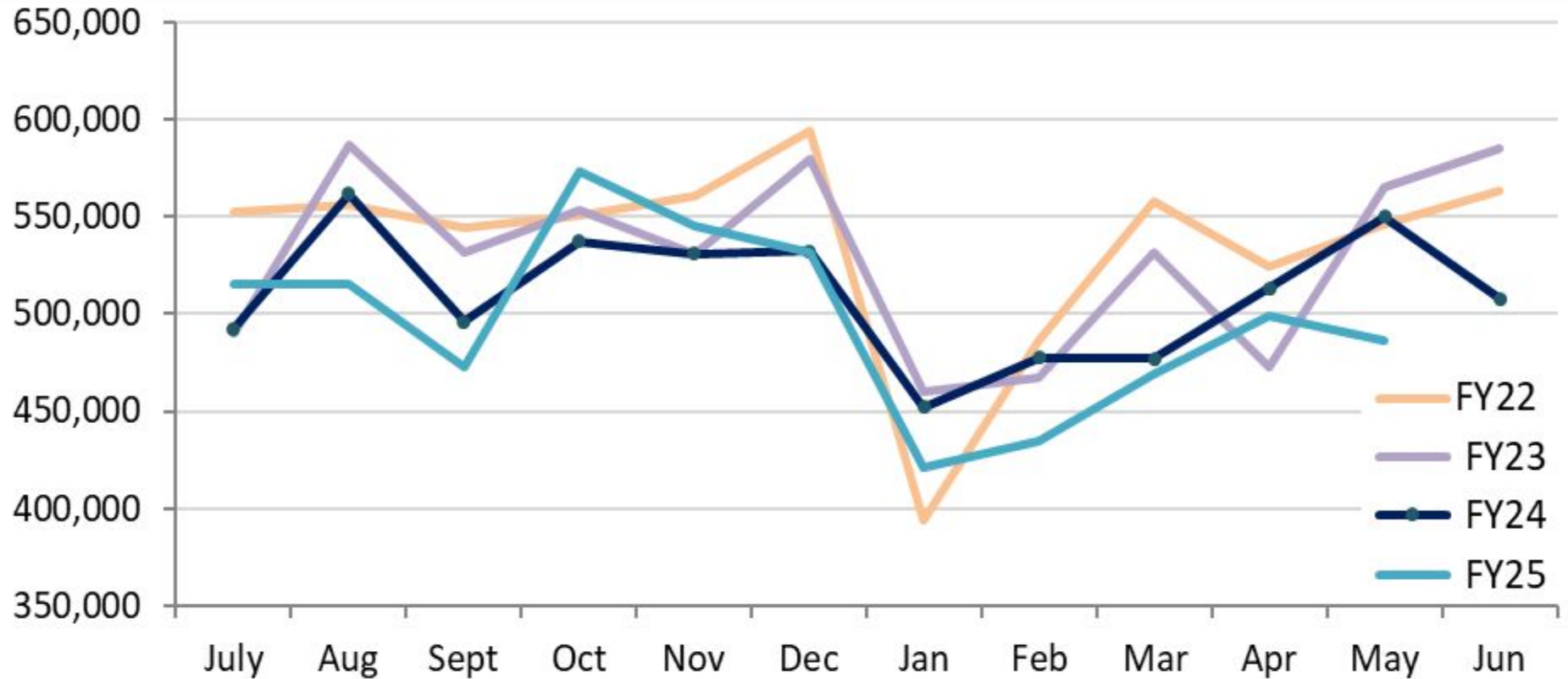
Gallons Sold- Through May 2025

- Monthly total decreased 2.7% or 13,800 less gallons
- Year to date sales is 4.9 million gallons for both FY24/FY25, -1.83% decrease, 93,000 less
- Monthly sales and yearly sales per gallon trending up compared to FY24

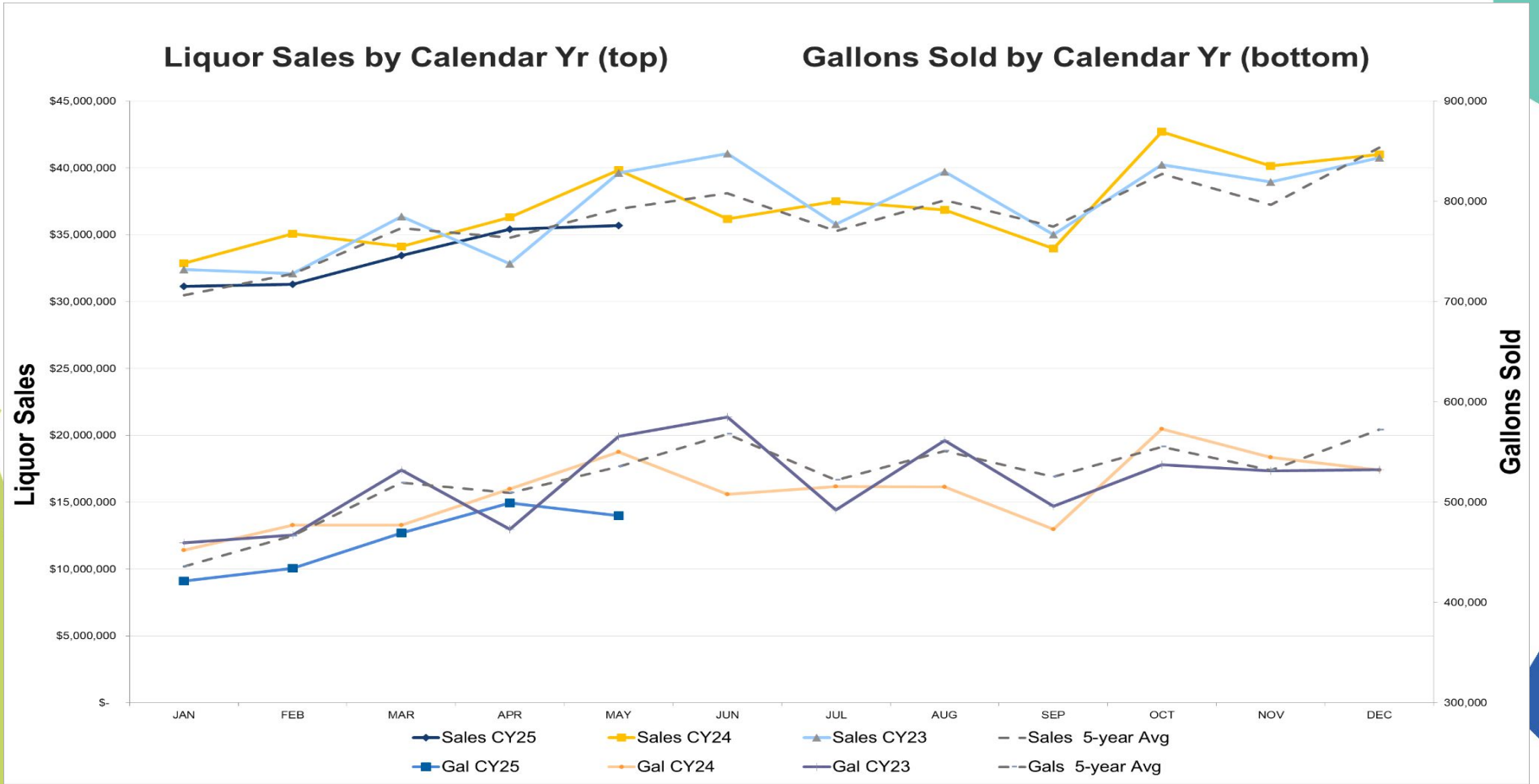
Product Volume- Fiscal year to date

- Deliveries: 62,000, 3.5% increase, 2,100 more deliveries
- Cases: 2.2 million, 0.6% increase, 20,000 more cases sold
- Bottles: 25.4 million, 0% increase, less than 1,000 bottles compared to 2024
- Picks: 4.2 million, (4.3%) decrease, 188,000 less picks by RUAN

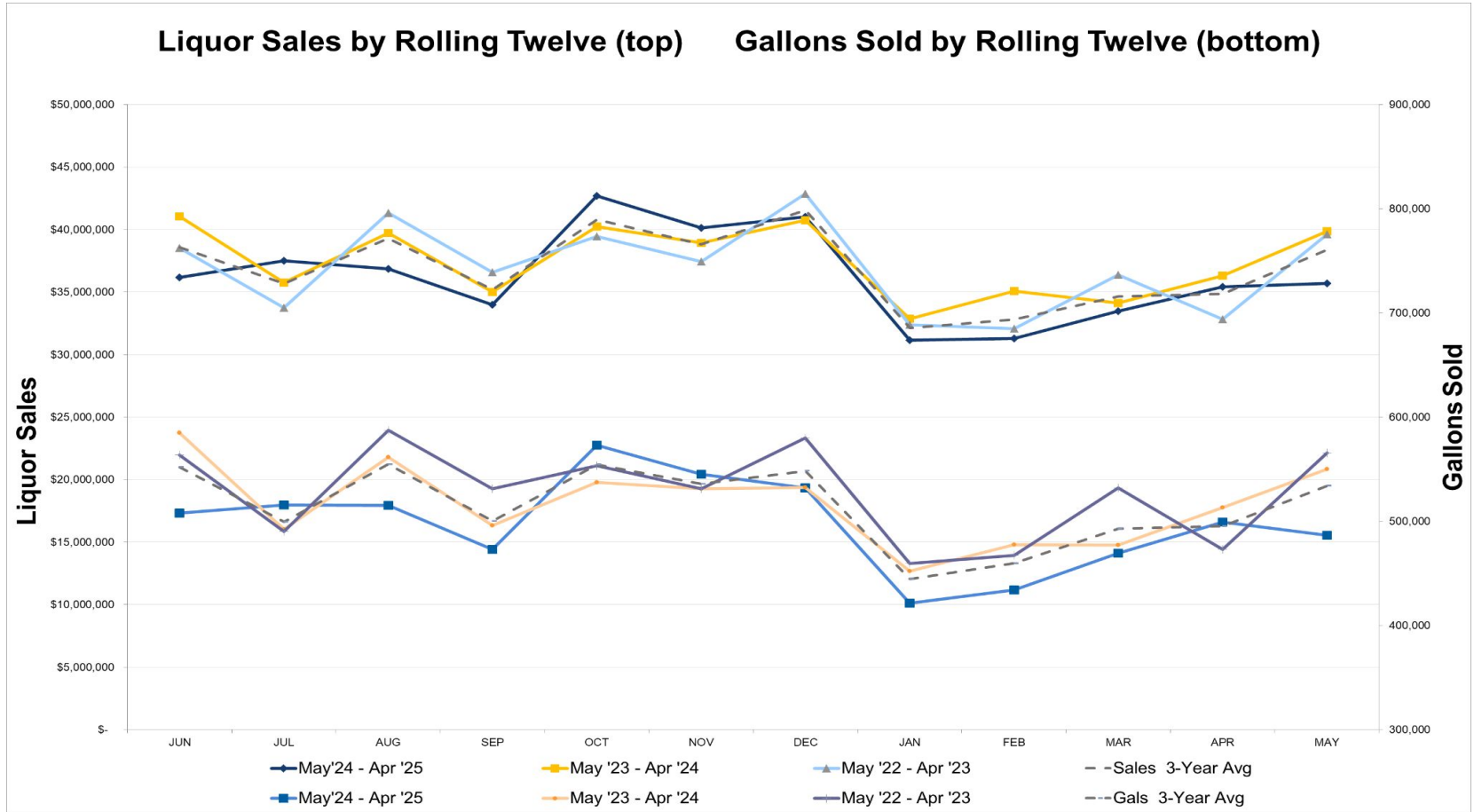
Operations- Gallons Sold by Month by FY



Operations- Sales/Gallons and 5-year AVG



Operations- Sales/Gallons and 3-year AVG

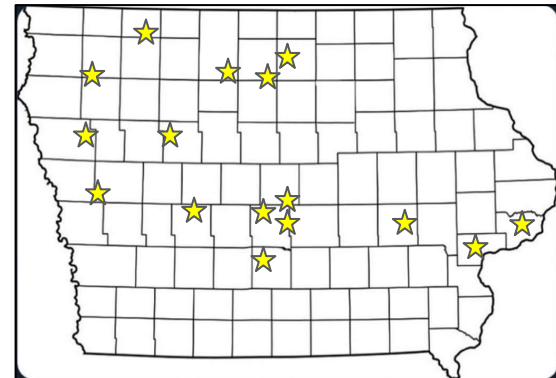
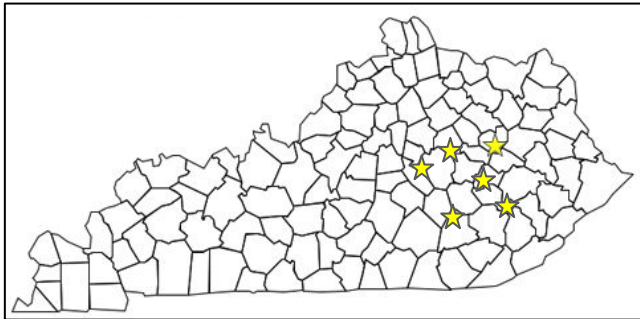
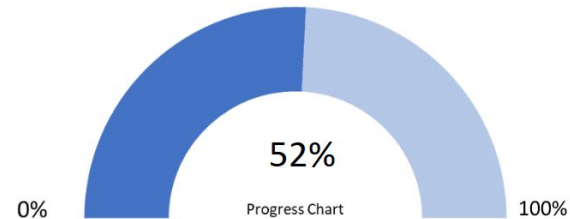


Operations- Distillery Visits

Distillery Visits. We believe in growing our knowledge of the industry by visiting distilleries to learn more about the manufacturing process as well as growing business within the State of Iowa.

Besides Iowa, we visited Kentucky and look forward to expanding our visits to other distilleries.

| Visits | Completed Visits | Remaining | % |
|--------|------------------|-----------|-----|
| 31 | 16 | 15 | 52% |



Operations- Commissioner RFI



Hoover State Office Building
1305 East Walnut Street
Des Moines, IA 50319
revenue.iowa.gov

MEMORANDUM FOR INTERNAL USE ONLY DISTRIBUTED BY EMAIL

DATE: May 9, 2025

SUBJECT: ABC Update on the Warehouse Capacity Study [Revision 1]

TO: John Pauli, Chairperson – Iowa Alcoholic Beverages Commission

FROM: Jared Longfield, Bureau Chief of Alcohol Operations *JL*

Thank you for inquiring about the warehouse capacity study. Next Steps in the Warehouse Capacity Project will involve a phased approach to several areas identified in Phase 1. While it seems there may have been a pause in the project there has been continued movement in several areas.

Warehouse Capacity Project and Timeline. We do not have any concerns at this time in the execution of the next steps/phases in the project. Our intent is to provide the updated timeline to the commission on June 5, 2025. Our goal is to outline the next steps clearly in such a way to provide clear, concise and measurable results based on each part of the whole of the project. Control of the project will be more direct and deliberate. Some notes on what has taken place are:

- Project initiated June 2024
- As explained during October and December meetings, the results of project meetings/discovery sessions:
 - Will call fulfillment and distribution processes and policies
 - Listing and Delisting policies
 - Minimum/Maximum Inventory policy and processes
 - Non-essential items (i.e. paper files, office equipment)
- Delist.
 - Delisting changes are expected to be completed by July 1st in time for the August delisting process.
 - This was reported during March's meeting. We felt that this is more of an individual Process Improvement task than a standalone project requiring additional resources to achieve.
 - See comments in the paragraph following this one.
- Will Call Location. This is a Continuous Improvement Task. The improvements to will call started in 2024.
 - As stated during the March meeting, Director Mosiman did not agree with the Project Team's recommendation for will call, and asked Jared Longfield & Sam Hoerr to resume Project meetings.
 - An initial result is that the Will Call rack was moved from its original location closer to the dock door servicing will call customers. This process improvement made room for picking activities while locating the customer orders closer to the service area.
- Min/max levels will be run as a separate process improvement event. This data is currently being analyzed.

MEMORANDUM: ABC Update on the Warehouse Capacity Study [Revision 1]
PAGE: 2

Delisting. The Director assigned the Alcohol Operations Bureau with providing an assessment of the current delist process. This is a Process Improvement task. We conducted an additional independent review of the data originally considered. The assessment, with new data, will be provided along with recommendations to the Director for consideration. The recommendations will be reviewed by internal stakeholders for clarity in the delisting process. Once the recommendations are reviewed there will be a communication strategy implemented to inform customers of the changes to the delist process. Our timeline is as follows:

- | | |
|---|--------------|
| • Analysis Complete: | May 23, 2025 |
| • Internal Review by Legal/CX | May 26, 2025 |
| • Recommendations Submitted to the Director | May 28, 2025 |
| • Communications Letter Complete | June 2, 2025 |
| • ABC provided Process Updates to Program | June 5, 2025 |
| • Communication sent to Suppliers Vendors | June 6, 2025 |
| • Implementation | July 1, 2025 |
| • <i>Note: This timeline could change based on reviews, legal processes, approvals.</i> | |

Storage Locations. This is a Process Improvement task. The Alcohol Operations Bureau installed racking on the Northeast side of the warehouse in April to support the Barrel Program and provide locations for slower moving products. This was accomplished internally utilizing rack parts from the 2019 updates to the rack storage configuration in the warehouse.

- We are also looking at the restructuring of storage locations in the warehouse to increase efficiency and number of locations.
- This is related to safety while increasing effectiveness in storage of products and increasing capacity.
- This is currently in the sourcing stage of procurement in FY25.
- Expected to begin before July 1, 2025.

Warehouse Maintenance. We are currently looking at several projects to repair areas of the warehouse that need to be addressed for safety and fair wear and tear. Our commitment to maintain the warehouse and operational effectiveness of the location for the future is a priority. These procurement steps will increase the life-span of the warehouse and improve safety. Some of these are, but limited to:

- Repairing the Transformers supporting warehouse equipment. Completed in February 2025.
- Sealing HVAC Duct Work. Completed in February 2025.
- Lighting in the Warehouse. In progress. 75% complete.
- Server Room updates. Current Status: In procurement for FY25.
- Update electrical and enclosing the switchgear room. Current Status: In procurement for FY25.
- Address Warehouse Roof Hatches. Current Status: In procurement for FY25.
- Address the windows in the warehouse. Current Status: In procurement for FY25.

MEMORANDUM: ABC Update on the Warehouse Capacity Study [Revision 1]
PAGE: 3

Stretch Wrapper Procurement. The procurement of the third stretch wrapper for the warehouse will fall into FY26. We have received an updated quote for purchase and installation. The actual purchase and installation date are to be determined by other tasks that need to be accomplished before this can be realized. Once these other tasks have been given their notice to proceed by procurement to contracted agents, we will be able to provide a more precise date.

Communication Process. We believe that the best way for the commission to ask questions outside of the quarterly meetings is to include the Director, the Division Administrator, the Bureau Chief, and the Legislative Liaison at a minimum.

We will provide an update to the Warehouse Capacity Project, including an updated timeline, at the next commission meeting on June 5, 2025.

Sincerely,

Jared Longfield
Bureau Chief of Alcohol Operations

Operations- Warehouse Project (Delist)

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Operations- Building and Grounds

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Operations- Warehouse Improvements

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Department of Revenue

ABC Meeting

Alcohol Financials Update

6/5/2025

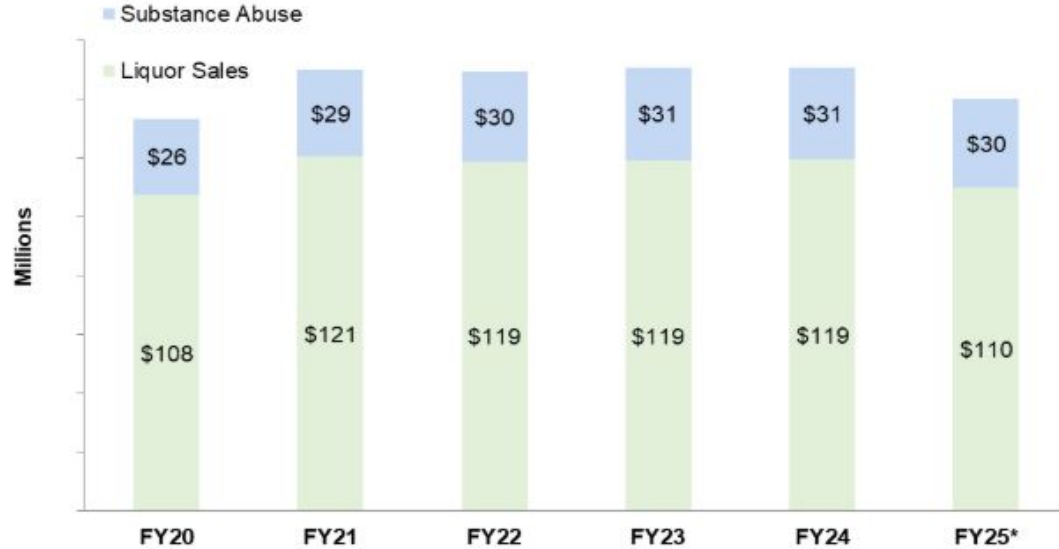
Accounting - Revenue

| | | FY24 | FY25** | FY26 BUDGET (original) |
|--|--|-------------|-------------|---------------------------|
| Liquor Sales Revenue* | | 444,896,579 | 432,000,000 | 430,000,000 |
| Split Case Fee | | 2,683,047 | 2,380,000 | 2,600,000 |
| Bottle Deposit/Surcharge | | 5,429,982 | 5,600,000 | 5,250,000 |
| Wine Tax | | 7,311,901 | 7,000,000 | 7,300,000 |
| License Fees | | 15,245,021 | 15,200,000 | 15,200,000 |
| Native Wine Tax - IEDA | | 175,514 | 165,000 | 175,000 |
| Native Beer Tax - IEDA | | 217,551 | 190,000 | 215,000 |
| Beer Tax - GF | | 12,661,074 | 11,800,000 | 12,600,000 |
| | | 488,620,669 | 474,335,000 | 473,340,000 |
| | | | | |
| * Native Distillery portion of the Sales | | 9,719,587 | 9,100,000 | 9,500,000 |
| ** FY25 = Actuals through May plus June projected | | | | |

Accounting - Proceeds

| | | | | | FY26 BUDGET (original) |
|--|--|-------------|--|-------------|---------------------------|
| | | FY24 | | FY25** | |
| State General Fund Transfer - GF | | 119,485,570 | | 109,760,000 | 109,900,000 |
| Substance Abuse Transfer (7% sales) - GF | | 31,329,875 | | 30,240,000 | 30,100,000 |
| Iowa Economic Development Transfer | | 2,000,000 | | 2,000,000 | 2,000,000 |
| HHS Transfer (formerly Sunday Sales) | | 1,000,000 | | 1,000,000 | 1,000,000 |
| City and County Payments | | 3,411,174 | | 3,500,000 | 3,500,000 |
| License & Liquor Refunds | | 201,196 | | 220,000 | 200,000 |
| Intra-Department Transfer | | 762,000 | | 0 | 368,000 |
| Capital Projects | | 709,140 | | 479,000 | 1,000,000 |
| Appropriation | | 1,010,054 | | 0 | 0 |
| | | 159,909,009 | | 147,199,000 | 148,068,000 |
| | | | | | |
| ** FY25 = Actuals through May plus June projected | | | | | |

Accounting - Historical Reversion Amounts



| | | Liquor Sales | Substance Abuse | Total GF Reversion |
|--------------------------------------|-------|---------------|-----------------|--------------------|
| | FY20 | \$107,500,000 | \$25,763,936 | \$133,263,936 |
| | FY21 | \$120,600,000 | \$29,225,511 | \$149,825,511 |
| | FY22 | \$118,800,000 | \$30,309,617 | \$149,109,617 |
| | FY23 | \$119,250,000 | \$31,367,687 | \$150,617,687 |
| | FY24 | \$119,485,570 | \$31,329,875 | \$150,815,445 |
| | FY25* | \$110,040,000 | \$29,960,000 | \$140,000,000 |
| * Projected Total Reversion for FY25 | | | | |

Accounting

- State Fiscal Year (SFY) 2025 – Reversion Estimation - \$140.0M
 - Liquor sales revenue tapered off since January 1, 2025 (the turn of the Calendar Year). Revenue trails SFY2024 since that time by \$11.3m (\$3.5m decrease in revertible revenue)
 - Headwinds continue - national trends with consumers drinking less alcohol
 - Capital Projects and Rollout 5 implementation expected for SFY26
 - Will need to assess original SFY26 budget for Liquor Sales and Reversion estimation during Spending Plan completion in mid-June for SFY26

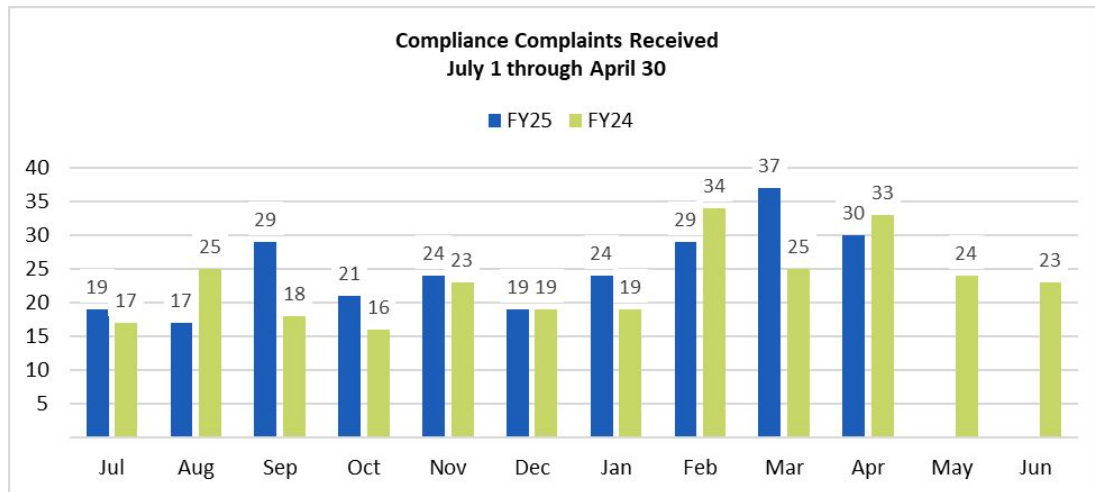


Department of Revenue

ABC Meeting

Regulation Update
6/05/2025

Regulatory Performance Highlights



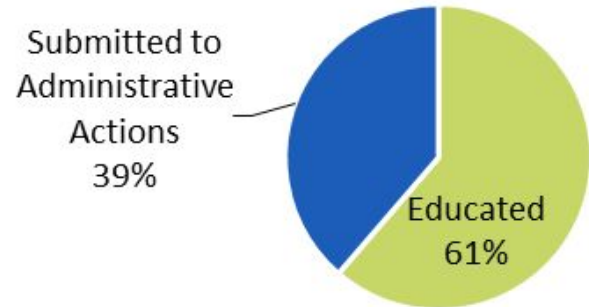
Top 5 Complaint Categories Resulting in Investigations July 1, 2024 – April 30, 2025

- Selling / Serving Underage Person (Alcohol)
- Illegal Activity
- Bootlegging
- Overservice
- Good Moral Character

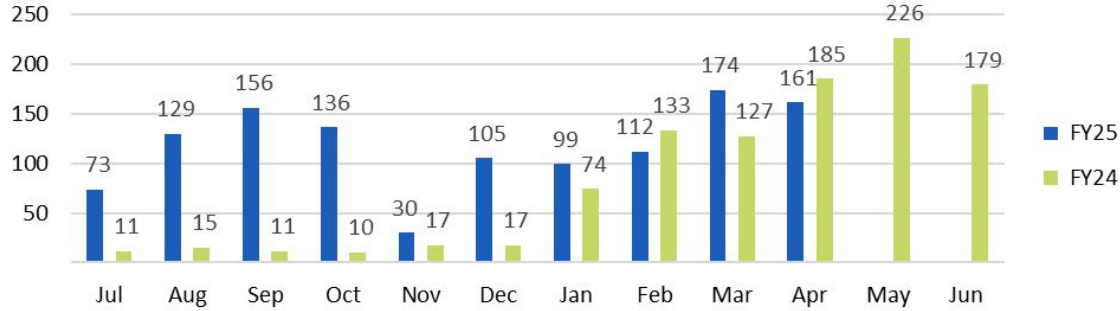
Alcohol Investigations

- From July 1, 2024 to April 30, 2025, **212** investigations were completed as compared to **151** investigations completed from July 1, 2023 to April 30, 2024.
- Investigations conducted by the Alcohol Regulation Unit resulted in Iowa Department of Revenue sales tax liability assessments in FY 2025 totaling **\$1,560,354**.
- Anticipate increased efficiency after Modernization Rollout 5

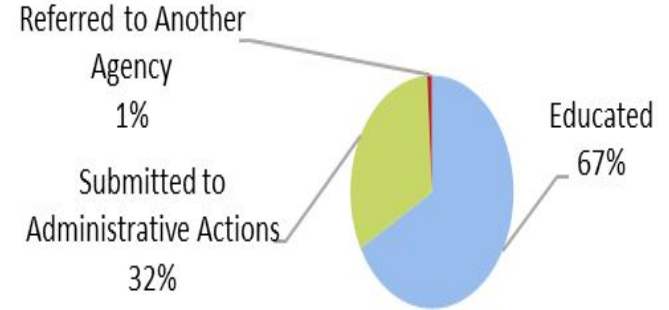
Alcohol Investigations Outcomes July 1, 2024 - April 30, 2025



Alcohol Inspections Completed July 1 through April 30



Alcohol Inspection Violation Outcomes July 1, 2024 - April 30, 2025



Inspections FY25 (July-April)



Top 5 Violations Identified by Inspection July 1, 2024 – April 30, 2025

- Illegal Gambling
- Failure to Display License
- Illegal Storage
- Infusing
- Bootlegging

Education & Outreach

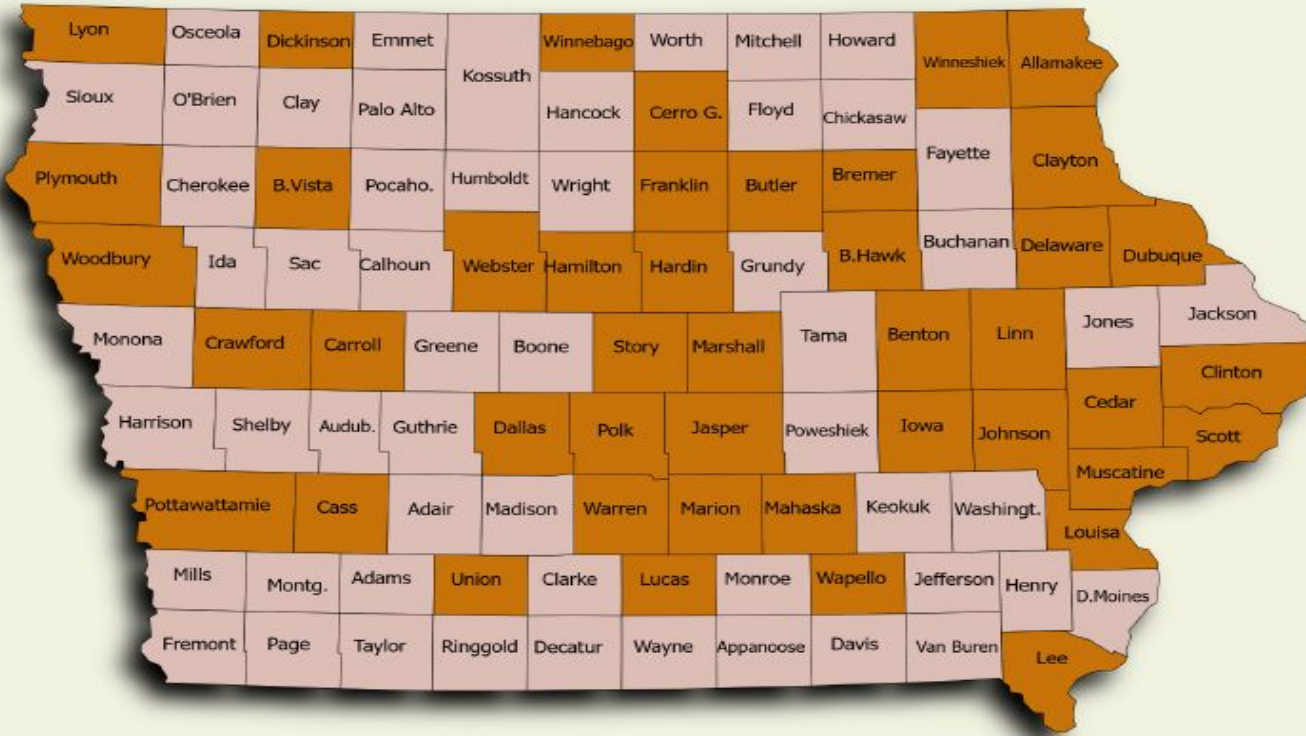
RAGBRAI: Town Hall meetings across the route.

Law Enforcement Presentations:

- ILEA/Camp Dodge
- Western Iowa Tech Police Academy/Sioux City
- D.A.R.E. Instructor Training/Prevention Program/Camp Dodge
- DMPD upcoming training for all patrol shifts
- Governor's Traffic Safety Bureau (GTSB) impaired driving task force
- GTSB 2025 conference/Ankeny



Counties With Signed 28E Agreements



Yes
No

Created with paintmaps.com

Iowa Underage Alcohol Enforcement Program

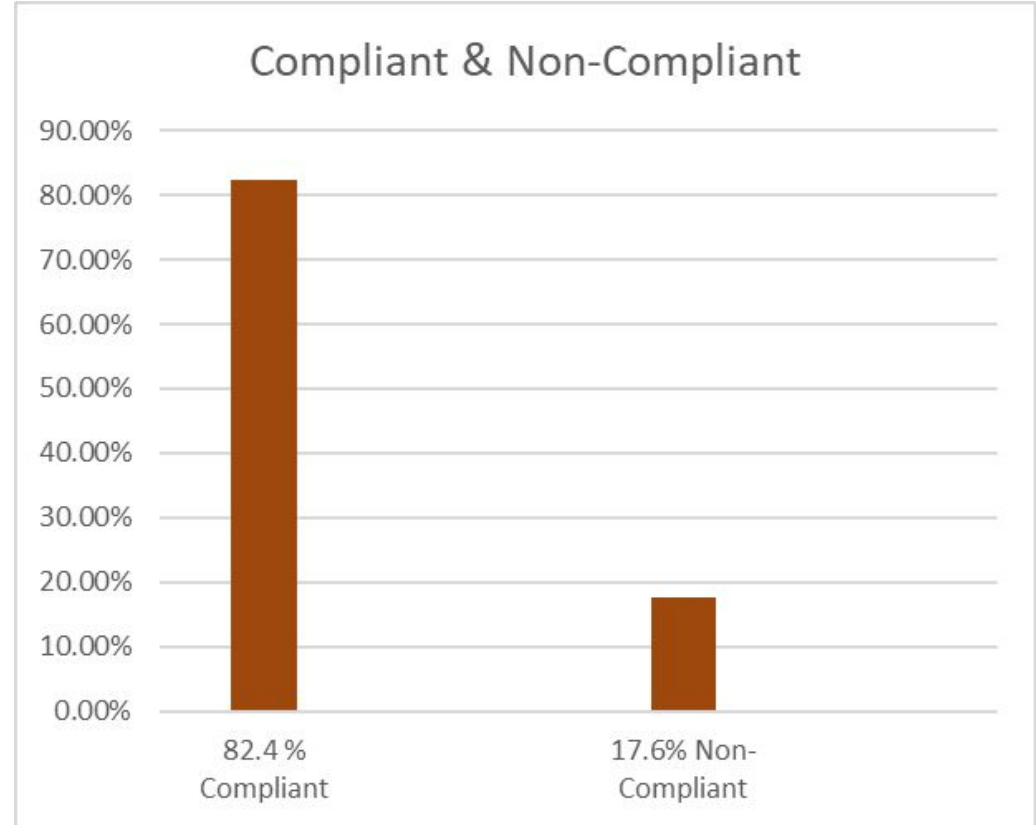


Total number of agencies in the program: **63**

Total number of checks completed to date: **409**

Total number of checks compliant: **337**

Total number of checks non-compliant: **72**



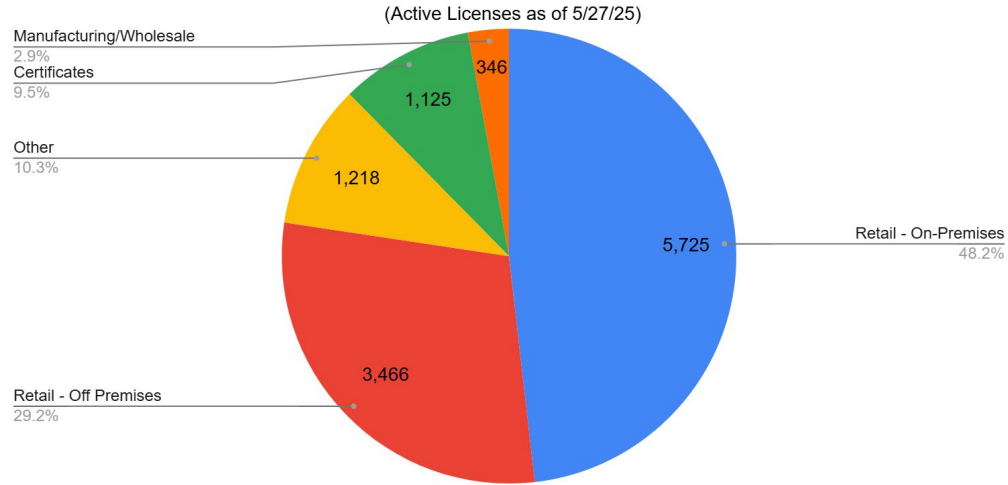


Department of Revenue

ABC Meeting

Licensing Update
June 2025

All Licenses, Permits, Certificates



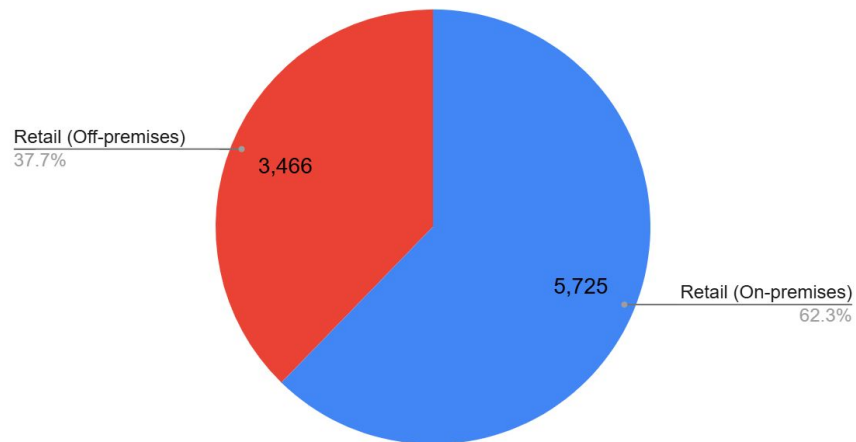
Total Licenses Active as of 5/27/25

| | June, 2025 |
|--------------------------------|------------|
| Retail - On-Premises | 5,725 |
| Retail - Off Premises | 3,466 |
| Other | 1,218 |
| Certificates | 1,125 |
| Manufacturing/Wholesale | 346 |
| Total | 11,880 |

Other: Broker (SP), Alcohol Carrier (AC), Wine Direct Shipper (DS)
Charity Auction/Event (CE)

On-premise vs. Off-premises Retail Alcohol Licenses

(Active Licenses as of 5/27/25)



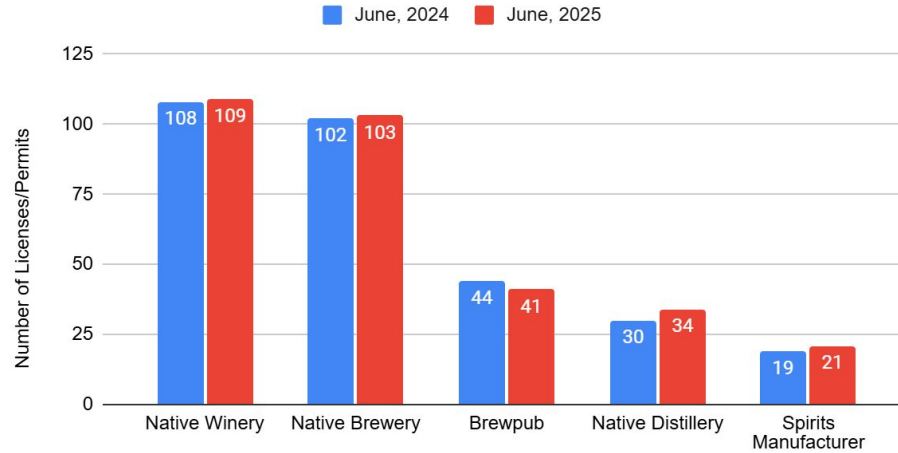
On-premise vs. Off-premises Retail Alcohol Licenses

(Active as of 5/27/25)

| | June, 2025 |
|-----------------------|------------|
| Retail (On-premises) | 5,725 |
| Retail (Off-premises) | 3,466 |
| Total | 9,191 |

Alcoholic Beverage Manufacturing in Iowa

(Active Licenses/Permits as of 5/27/25)



Alcoholic Beverage Manufacturing in Iowa (Active Licenses/permits)
(As of 5/27/25)

| | June, 2024 | June, 2025 | % Change |
|-----------------------------|------------|------------|----------|
| Native Winery | 108 | 109 | 0.9% |
| Native Brewery | 102 | 103 | 1.0% |
| Brewpub | 44 | 41 | -6.8% |
| Native Distillery | 30 | 34 | 13.3% |
| Spirits Manufacturer | 19 | 21 | 10.5% |
| Totals | 303 | 308 | |

Alcoholic Beverages Special Event Licenses

Special Events (36-hr, 5-day, and 14-day licenses issued in 2025 as of 5/27/25):

| | June, 2024 | June, 2025 | % Change |
|---------------|------------|------------|----------|
| 36-hr | 37 | 39 | 5.4% |
| 5-day | 490 | 580 | 18.4% |
| 14-day | 15 | 18 | 20.0% |
| Totals | 542 | 637 | |

Native Manufacturer 5-day retail licenses (HF2648)
(Issued as of 5/27/25 for CY 2025)

| | |
|-------------------|---|
| Native Brewery | 3 |
| Native Distillery | 0 |
| Native Winery | 3 |
| Totals | 6 |



Department of Revenue

2025 Alcohol Legislative Update

Iowa Alcoholic Beverages Commission

June 5, 2025

Disclaimer

Please be advised that the information in this presentation contains informal opinions and are only applicable to the factual situations referenced and to the statutes in existence as of the date of this presentation.

The Iowa Department of Revenue may take a contrary position in the future to what is stated today. Any oral or written guidance or opinion given by Department personnel not pursuant to a Petition for Declaratory Order under Iowa Administrative Code 701—4.7 is not binding upon the Department

HF470

Division I (effective April 25, 2025)

- Clarifies that the State of Iowa and its instrumentalities can hold alcohol licenses/permits
- Allows native distilleries to have noncontiguous locations, provided the locations are approved by the federal TTB
- Removes the requirement that class “A” and special class “A” beer permittees and class “A” wine permittees post a bond as a condition of licensure

HF470

Division I (cont.)

- Expands the definition of “mixed drink or cocktail” to include wine- and beer-based drinks
 - Wine/beer slushy guidance [on our website](#)
- Codifies administrative rules for premixed mixed drinks or cocktails not for immediate consumption (infusion)
- Allows open containers of beer and alcoholic liquor to be carried off of a licensed premises to an immediately-adjacent licensed premises, temporarily closed public right-of-way, or private place
 - More information [on our website](#)

HF470

Division II (effective November 10, 2025)

- Retail alcohol licensed premises outside of an incorporated city will be based on the city in the location's USPS-verified address
- Any license issued on or before November 10, 2025 maintains its premises city until it is renewed

HF994

- Allows the holder of a class "A" beer permit, a special class "A" beer permit, or a class "A" wine permit to pay beer barrel tax or wine gallonage tax on a quarterly basis
 - The permit holder must reasonably expect to not be liable for more than \$2,500 in tax between July 1 and June 30, and must not have owed more than \$2,500 in tax in the preceding July 1-June 30 timeframe
- Sets the quarterly reporting/remittance schedule to align with the State fiscal year
- Effective January 1, 2026

M E M O R A N D U M
FOR INTERNAL USE ONLY
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DATE: May 9, 2025

SUBJECT: ABC Update on the Warehouse Capacity Study [Revision 1]

TO: John Pauli, Chairperson – Iowa Alcoholic Beverages Commission

FROM: Jared Longfield, Bureau Chief of Alcohol Operations *JL*

Thank you for inquiring about the warehouse capacity study. Next Steps in the Warehouse Capacity Project will involve a phased approach to several areas identified in Phase 1. While it seems there may have been a pause in the project there has been continued movement in several areas.

Warehouse Capacity Project and Timeline. We do not have any concerns at this time in the execution of the next steps/phases in the project. Our intent is to provide the updated timeline to the commission on June 5, 2025. Our goal is to outline the next steps clearly in such a way to provide clear, concise and measurable results based on each part of the whole of the project. Control of the project will be more direct and deliberate. Some notes on what has taken place are:

- Project initiated June 2024
- As explained during October and December meetings, the results of project meetings/discovery sessions:
 - Will call fulfillment and distribution processes and policies
 - Listing and Delisting policies
 - Minimum/Maximum Inventory policy and processes
 - Non-essential items (i.e. paper files, office equipment)
- Delist.
 - Delisting changes are expected to be completed by July 1st in time for the August delisting process.
 - This was reported during March's meeting. We felt that this is more of an individual Process Improvement task than a standalone project requiring additional resources to achieve.
 - See comments in the paragraph following this one.
- Will Call Location. This is a Continuous Improvement Task. The improvements to will call started in 2024.
 - As stated during the March meeting, Director Mosiman did not agree with the Project Team's recommendation for will call, and asked Jared Longfield & Sam Hoerr to resume Project meetings.
 - An initial result is that the Will Call rack was moved from its original location closer to the dock door servicing will call customers. This process improvement made room for picking activities while locating the customer orders closer to the service area.
- Min/max levels will be run as a separate process improvement event. This data is currently being analyzed.

Delisting. The Director assigned the Alcohol Operations Bureau with providing an assessment of the current delist process. This is a Process Improvement task. We conducted an additional independent review of the data originally considered. The assessment, with new data, will be provided along with recommendations to the Director for consideration. The recommendations will be reviewed by internal stakeholders for clarity in legal and administrative procedures. Once the recommendations are reviewed there will be a communication strategy implemented to inform customers of the changes to the delist process. Our timeline is as follows:

- Analysis Complete: May 23, 2025
- Internal Review by Legal/CX May 26, 2025
- Recommendations Submitted to the Director May 28, 2025
- Communications Letter Complete June 2, 2025
- ABC provided Process Updates to Program June 5, 2025
- Communication sent to Suppliers Vendors June 6, 2025
- Implementation July 1, 2025
- *Note: This timeline could change based on reviews, legal processes, approvals.*

Storage Locations. This is a Process Improvement task. The Alcohol Operations Bureau installed racking on the Northeast side of the warehouse in April to support the Barrel Program and provide locations for slower moving products. This was accomplished internally utilizing rack parts from the 2019 updates to the rack storage configuration in the warehouse.

- We are also looking at the restructuring of storage locations in the warehouse to increase efficiency and number of locations.
- This is related to safety while increasing effectiveness in storage of products and increasing capacity.
- This is currently in the sourcing stage of procurement in FY25.
- Expected to begin before July 1, 2025.

Warehouse Maintenance. We are currently looking at several projects to repair areas of the warehouse that need to be addressed for safety and fair wear and tear. Our commitment to maintain the warehouse and operational effectiveness of the location for the future is a priority. These procurement steps will increase the life-span of the warehouse and improve safety. Some of these are, but limited to:

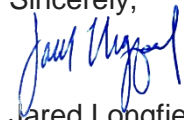
- Repairing the Transformers supporting warehouse equipment. Completed in February 2025.
- Sealing HVAC Duct Work. Completed in February 2025.
- Lighting in the Warehouse. In progress. 75% complete.
- Server Room updates. Current Status: In procurement for FY25.
- Update electrical and enclosing the switchgear room. Current Status: In procurement for FY25.
- Address Warehouse Roof Hatches. Current Status: In procurement for FY25.
- Address the windows in the warehouse. Current Status: In procurement for FY25.

Stretch Wrapper Procurement. The procurement of the third stretch wrapper for the warehouse will fall into FY26. We have received an updated quote for purchase and installation. The actual purchase and installation date are to be determined by other tasks that need to be accomplished before this can be realized. Once these other tasks have been given their notice to proceed by procurement to contracted agents, we will be able to provide a more precise date.

Communication Process. We believe that the best way for the commission to ask questions outside of the quarterly meetings is to include the Director, the Division Administrator, the Bureau Chief, and the Legislative Liaison at a minimum.

We will provide an update to the Warehouse Capacity Project, including an updated timeline, at the next commission meeting on June 5, 2025.

Sincerely,

A handwritten signature in blue ink, appearing to read "Jared Longfield", is positioned above the printed name.

Jared Longfield

Bureau Chief of Alcohol Operations



DATE: May 8, 2025

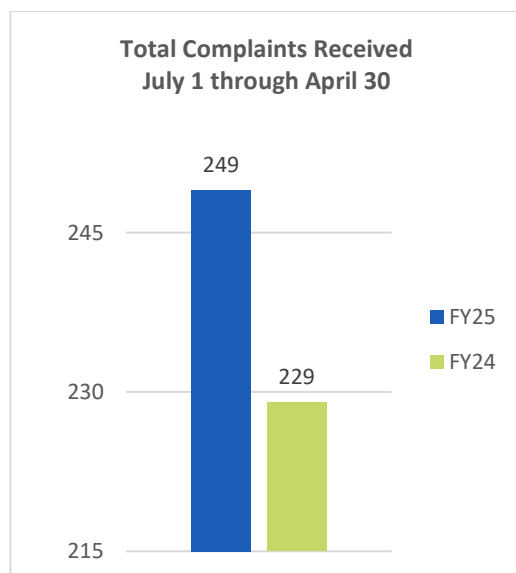
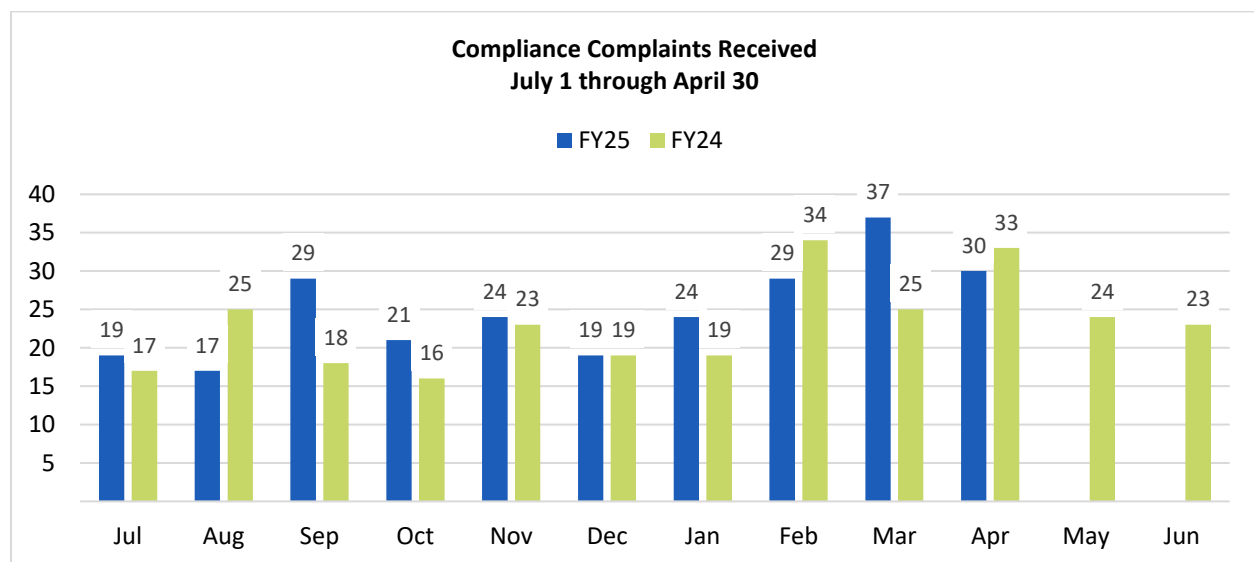
FR: Alcohol Regulation Unit – DeMario A. Luttrell, Bureau Chief

RE: State of Alcohol Regulation – For the Fiscal Year July 1 through April 30

The May 2025 Regulatory Compliance Report reflects Fiscal Year summarized data.

Compliance Complaints

A comparison of compliance complaints received in FY25 to FY24 is shown in the chart below.



Top 5 Complaint Categories Resulting in Investigations July 1, 2024 – April 30, 2025

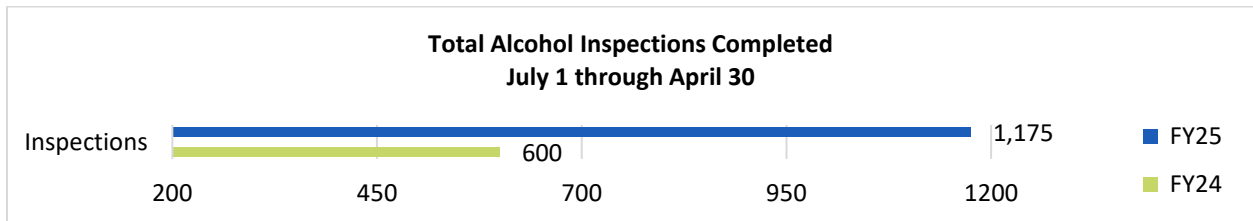
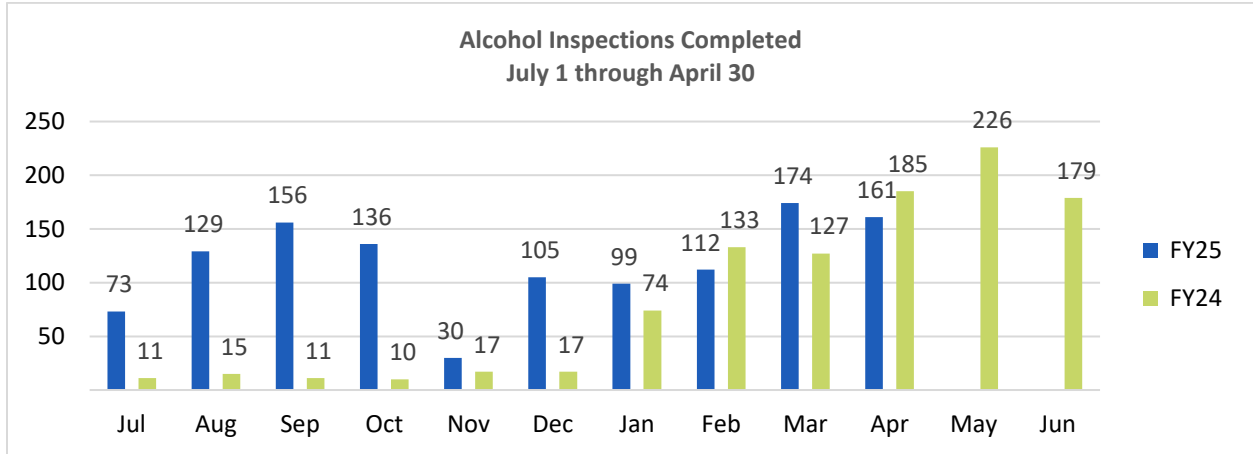
- Selling / Serving Underage Person (Alcohol)
- Illegal Activity
- Bootlegging
- Overserving
- Good Moral Character

Alcohol Compliance Program

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

Alcohol Inspections

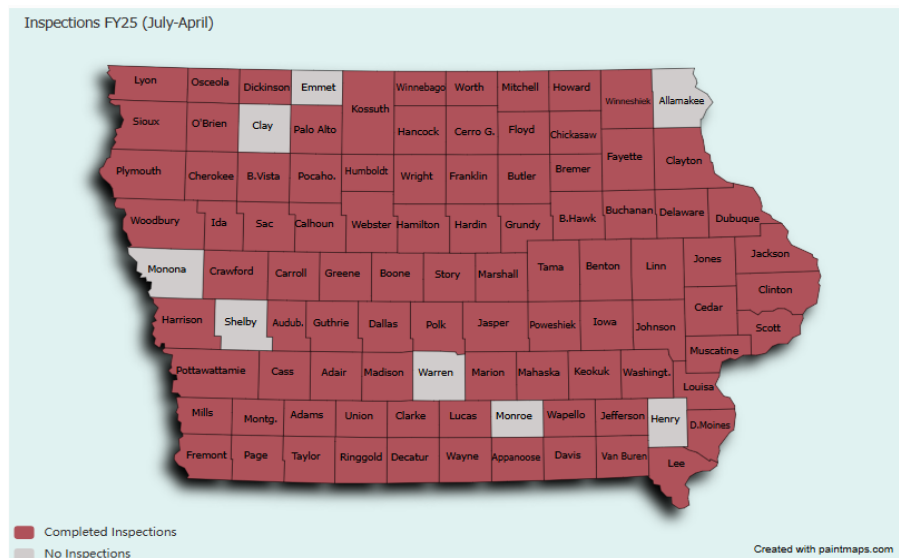
A comparison of alcohol compliance inspections completed in FY25 to FY24 is shown in the charts below.



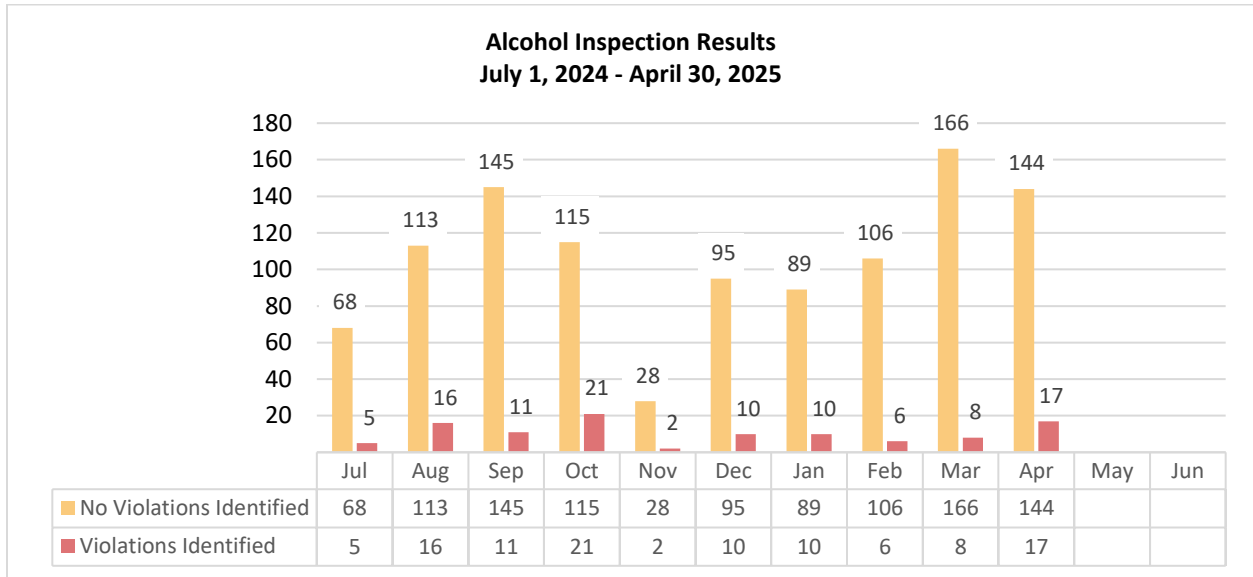
Alcohol Inspections by County

In Fiscal Year 2025, 1,175 alcohol compliance inspections were conducted in 91 Iowa counties detailed in the map below.

Inspections Completed July 1, 2024 – April 30, 2025

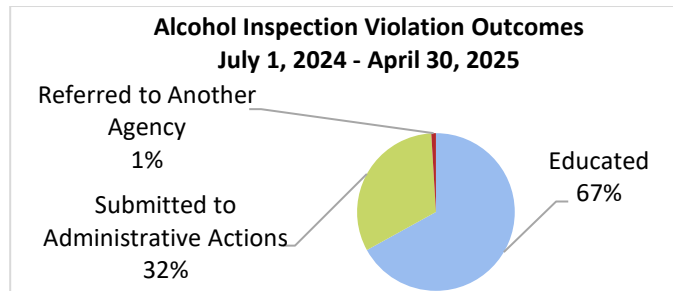


Alcohol compliance inspection results for Fiscal Year 2025 are shown in the chart below.



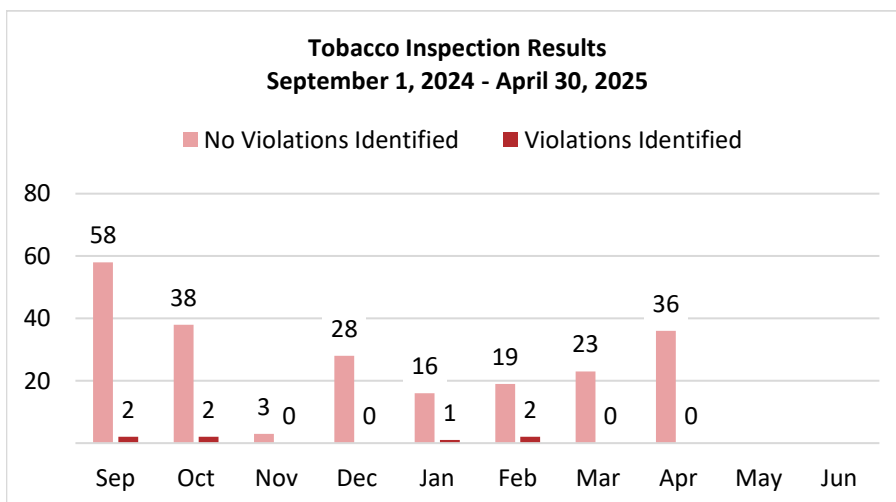
Top 5 Violations Identified by Inspection
July 1, 2024 – April 30, 2025

- Illegal Gambling
- Failure to Display License
- Illegal Storage
- Infusing
- Bootlegging



Retail Tobacco Inspections

The Retail Tobacco Compliance Inspection Program began in September 2024. Retail tobacco compliance inspection results for Fiscal Year 2025 are shown in the chart below.



Top Tobacco Violation Identified by Inspection

September 1, 2024 – April 30, 2025

- Failure to sell cigarettes at minimum price

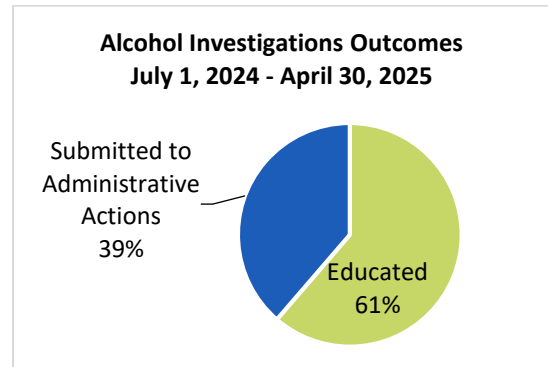
Alcohol Investigations

Investigations Completed

From July 1, 2024 to April 30, 2025, 212 investigations were completed as compared to 151 investigations completed from July 1, 2023 to April 30, 2024. Investigation outcomes for Fiscal Year 2025 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 Fiscal Year 2025 totaling \$1,560,354. (Data provided by the Sales/Excise Tax Unit.)



Alcohol Tax Audits

Alcohol Tax Audit Program

The Tax Audit Program is a three-level system:

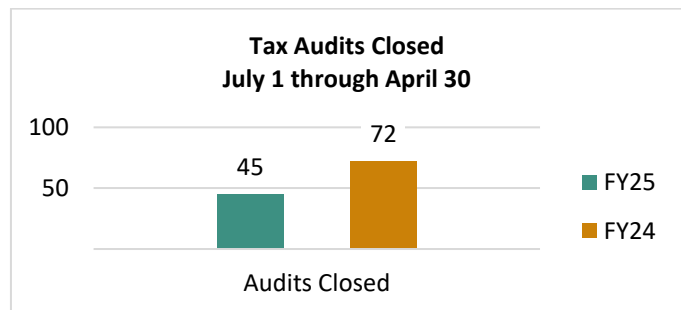
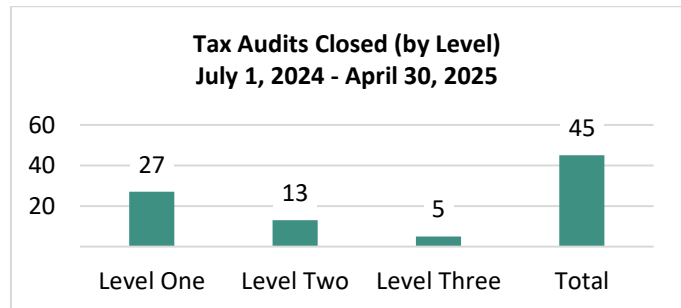
Level 1 – Three month's records review

Level 2 – One year's records review

Level 3 – More than 1 year's records review

The three-level system allows 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 for FY25 is shown in the chart to the right.

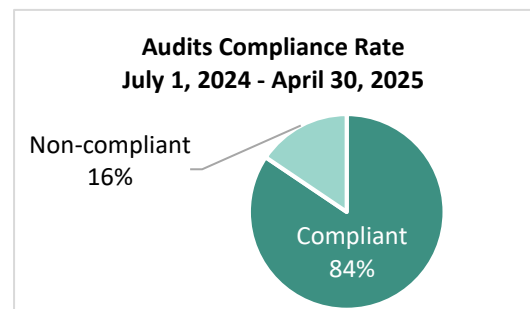
A comparison of audits closed for FY25 to FY24 is shown in the chart to the right.



Alcohol Tax Audits Compliance

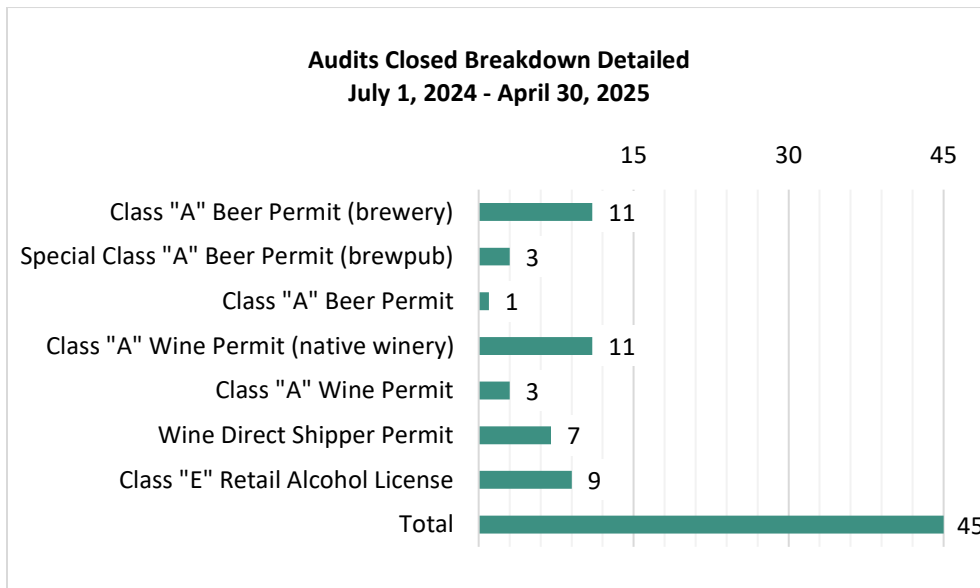
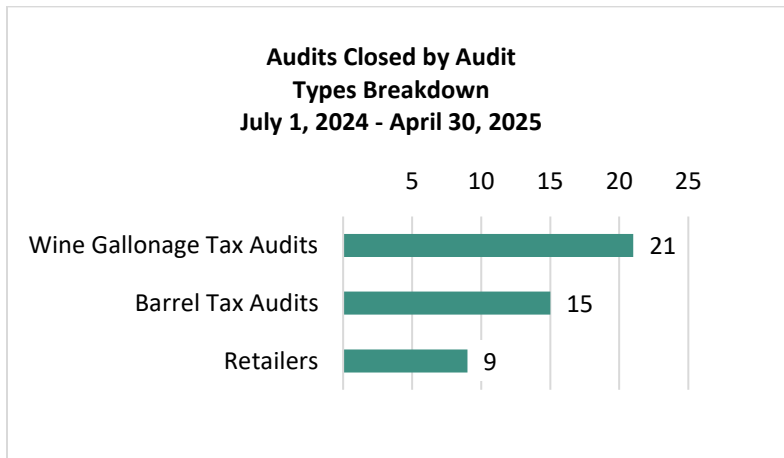
Non-compliant is defined as audits where additional barrel, wine gallonage, and Iowa sales tax liabilities are identified and assessed. All audits conducted incorporate education in laws, rules, and the reporting of gallons.

The compliance rate for Fiscal Year 2025 is shown in the chart to the right.



Alcohol Tax Audits Closed by Types

Audits Closed by Audit Type for Fiscal Year 2025 are shown in the two charts below.

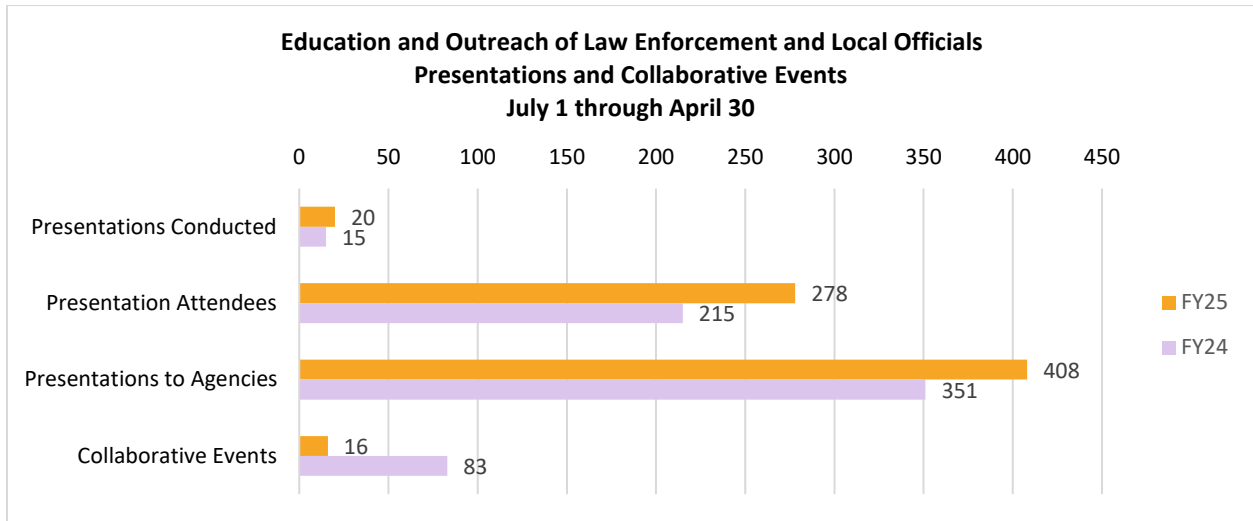


Education and Outreach of Law Enforcement and Local Officials

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 program provides educational content to strengthen collaboration and best practices on topics specific to local authorities.

A comparison of Education and Outreach of Law Enforcement and Local Officials program results for FY25 to FY24 is shown in the chart below.

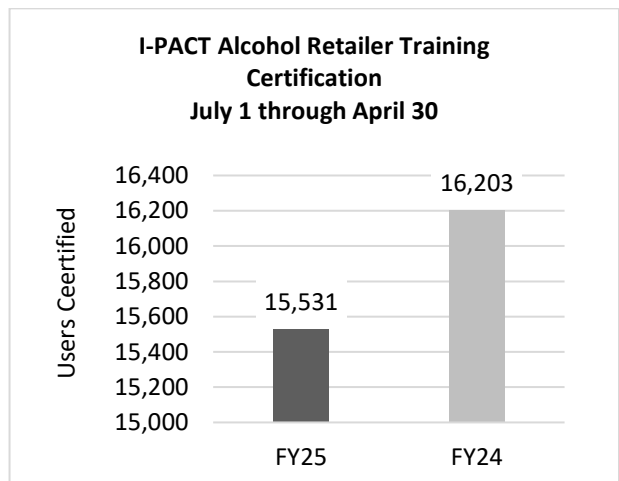


Education and Outreach of Retailers

I-PACT Alcohol Retailer Training Certification

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

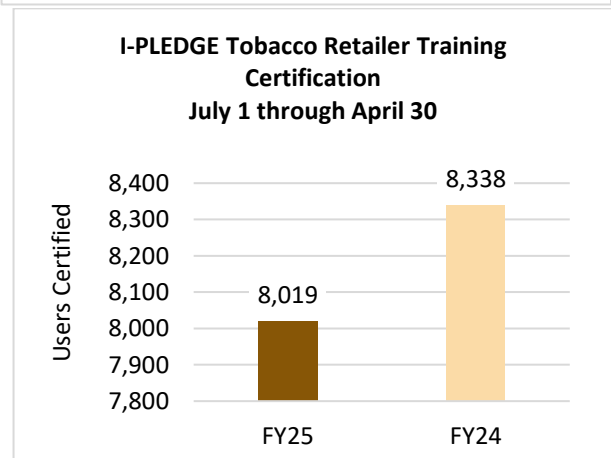
A decrease of 672 users were certified in FY25 as compared to FY24.



I-pledge Tobacco Retailer Training Certification

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

A decrease of 319 users were certified in FY25 as compared to FY24.



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 July 1, 2024 – April 30, 2025

Validations

| | |
|-------------|---------|
| Physical ID | 145,976 |
| Mobile ID | 91 |

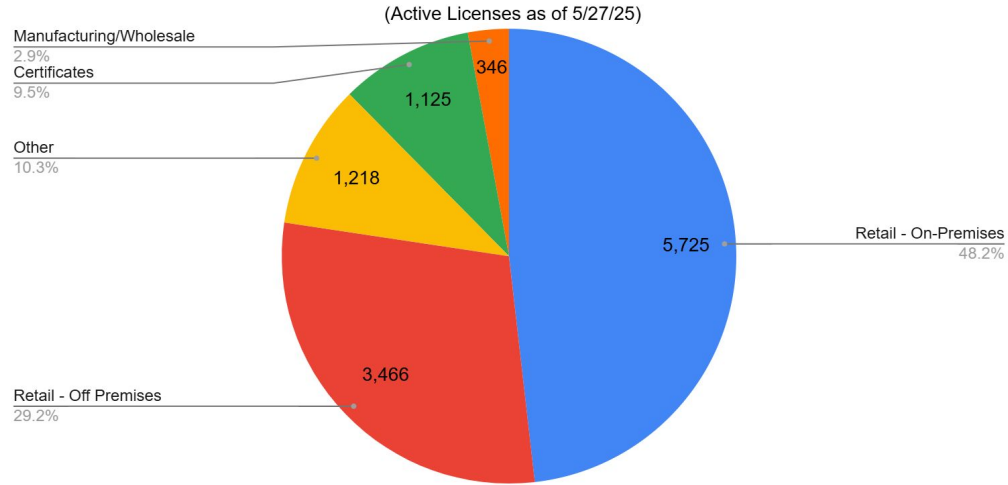


Department of Revenue

ABC Meeting

Licensing Update
June 2025

All Licenses, Permits, Certificates



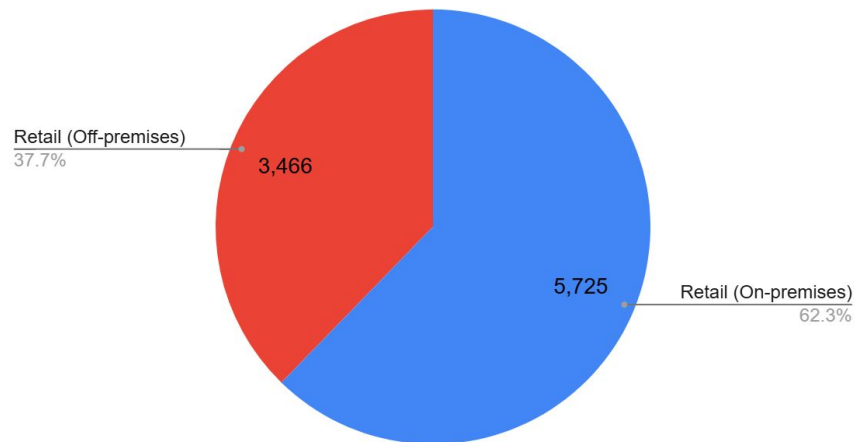
Total Licenses Active as of 5/27/25

| | June, 2025 |
|--------------------------------|------------|
| Retail - On-Premises | 5,725 |
| Retail - Off Premises | 3,466 |
| Other | 1,218 |
| Certificates | 1,125 |
| Manufacturing/Wholesale | 346 |
| Total | 11,880 |

Other: Broker (SP), Alcohol Carrier (AC), Wine Direct Shipper (DS)
Charity Auction/Event (CE)

On-premise vs. Off-premises Retail Alcohol Licenses

(Active Licenses as of 5/27/25)



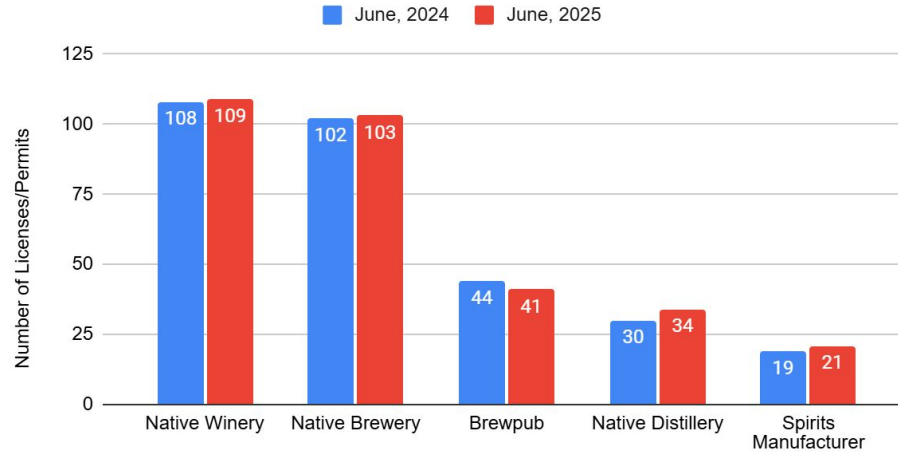
On-premise vs. Off-premises Retail Alcohol Licenses

(Active as of 5/27/25)

| | June, 2025 |
|-----------------------|------------|
| Retail (On-premises) | 5,725 |
| Retail (Off-premises) | 3,466 |
| Total | 9,191 |

Alcoholic Beverage Manufacturing in Iowa

(Active Licenses/Permits as of 5/27/25)



Alcoholic Beverage Manufacturing in Iowa (Active Licenses/permits)
(As of 5/27/25)

| | June, 2024 | June, 2025 | % Change |
|-----------------------------|------------|------------|----------|
| Native Winery | 108 | 109 | 0.9% |
| Native Brewery | 102 | 103 | 1.0% |
| Brewpub | 44 | 41 | -6.8% |
| Native Distillery | 30 | 34 | 13.3% |
| Spirits Manufacturer | 19 | 21 | 10.5% |
| Totals | 303 | 308 | |

Alcoholic Beverages Special Event Licenses

Special Events (36-hr, 5-day, and 14-day licenses issued in 2025 as of 5/27/25):

| | June, 2024 | June, 2025 | % Change |
|---------------|------------|------------|----------|
| 36-hr | 37 | 39 | 5.4% |
| 5-day | 490 | 580 | 18.4% |
| 14-day | 15 | 18 | 20.0% |
| Totals | 542 | 637 | |

Native Manufacturer 5-day retail licenses (HF2648)
(Issued as of 5/27/25 for CY 2025)

| | |
|-------------------|---|
| Native Brewery | 3 |
| Native Distillery | 0 |
| Native Winery | 3 |
| Totals | 6 |



Department of Revenue

2025 Alcohol Legislative Update

Iowa Alcoholic Beverages Commission

June 5, 2025

Disclaimer

Please be advised that the information in this presentation contains informal opinions and are only applicable to the factual situations referenced and to the statutes in existence as of the date of this presentation.

The Iowa Department of Revenue may take a contrary position in the future to what is stated today. Any oral or written guidance or opinion given by Department personnel not pursuant to a Petition for Declaratory Order under Iowa Administrative Code 701—4.7 is not binding upon the Department

HF470

Division I (effective April 25, 2025)

- Clarifies that the State of Iowa and its instrumentalities can hold alcohol licenses/permits
- Allows native distilleries to have noncontiguous locations, provided the locations are approved by the federal TTB
- Removes the requirement that class “A” and special class “A” beer permittees and class “A” wine permittees post a bond as a condition of licensure

HF470

Division I (cont.)

- Expands the definition of “mixed drink or cocktail” to include wine- and beer-based drinks
 - Wine/beer slushy guidance [on our website](#)
- Codifies administrative rules for premixed mixed drinks or cocktails not for immediate consumption (infusion)
- Allows open containers of beer and alcoholic liquor to be carried off of a licensed premises to an immediately-adjacent licensed premises, temporarily closed public right-of-way, or private place
 - More information [on our website](#)

HF470

Division II (effective November 10, 2025)

- Retail alcohol licensed premises outside of an incorporated city will be based on the city in the location's USPS-verified address
- Any license issued on or before November 10, 2025 maintains its premises city until it is renewed

HF994

- Allows the holder of a class "A" beer permit, a special class "A" beer permit, or a class "A" wine permit to pay beer barrel tax or wine gallonage tax on a quarterly basis
 - The permit holder must reasonably expect to not be liable for more than \$2,500 in tax between July 1 and June 30, and must not have owed more than \$2,500 in tax in the preceding July 1-June 30 timeframe
- Sets the quarterly reporting/remittance schedule to align with the State fiscal year
- Effective January 1, 2026