



Department of Revenue

Kim Reynolds, Governor
Chris Cournoyer, Lt. Governor

Mary Mosiman, Director

MINUTES

March 26, 2025 - 1:00 PM

Alcohol & Tax Divisions, Ankeny Regional Office

1918 SE Hulsizer Road, Ankeny

Dial In Number: 224-501-3412

Access Code: 575-394-381

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

Steve French, Chief Financial Officer

DeMario Luttrell, Bureau Chief Compliance

Spencer Morehouse, Bureau Chief Licensing

Jared Longfield, Bureau Chief Operations

Tyler Ackerson, Executive Officer

Madelyn Cutler, Executive Officer

Pam Koehn-Miller, Administrative Assistant 2

Brandon Trapp, Executive Officer

Amy Serck, Secretary

Nicole Scebold, Management Analyst

Erin Verduyn, Program Planner 2

Tony Robben, DOM-DOIT

Guests Present

John Lundquist, Assistant Attorney General

Scott Petersen, Ruan

Matt Galligan, Johnson Brothers

Matt Moore, Johnson Brothers

Department Staff Present (via telephone)

Scherael Thurston-Shell, Compliance Officer

Heather Smith, Accounting Technician 3

Matt Wharff, Maintenance Repairs Supervisor

Monica Lunstrom, Program Planner 2

Stephanie Strauss, Executive Officer

Jackie Bowlin, Storekeeper

Kortney Kyle, Storekeeper

Lauren Connelly, Program Planner

Brenda Emelo, Executive Assistant

Alana Stamas, General Counsel Supervisor

Chet Eginoire, Public Service Manager 2

Todd Kroll, DOM-DOIT

Sara Jacobson, DOM-DOIT

Guests Present (via telephone)

Jeremy Thompson, Sazerac

Tom Perrick, American Distilled Spirits Alliance

Isabel Biehl, Cornerstone

Heather Hackbarth, Department of Management

Kris Rankin, AC4C

Ryan Brown, Ruan

Rob Taylor, Revelton Spirits

Stacie Schroeder, NFVCC

Lynn Walding, Diageo

2 unidentified callers

CALL TO ORDER

Chairperson Pauli called the meeting to order at 1:01 PM. Roll was taken and a quorum was met.

APPROVAL OF AGENDA

MOTION: A motion was made by Commissioner Eubank and seconded by Commissioner Chase to approve the agenda for today's (March 26, 2025) meeting. The motion was approved unanimously.

APPROVAL OF MINUTES

MOTION: A motion was made by Commissioner Eubank and seconded by Commissioner Chase to approve the minutes from the December 11, 2024, meeting. The motion was approved unanimously.

PUBLIC COMMENT

None

STATUS UPDATE

Director Mary Mosiman began the status update by letting the Commission know that the posting for the Division Administrator for Alcohol and Tax Operations Division had been extended through March 31. She briefly introduced the new Bureau of Operations Chief Jared Longfield before turning the update over to him.

Mr. Longfield noted that through February, the monthly total of gallons sold was down 9% and fiscal year to date the amount is down 1.75%. In terms of product volume for FY25 to date, deliveries, cases and bottles are all up while the number of picks are down. Overall for FY25, total gallons sold has been trending flat to down and similar to trends seen in FY24. He did let the Commission know that the purchase and installation of the third wrapper for the warehouse to reduce congestion is currently on hold.

Bureau Chief of Compliance, DeMario Luttrell, opened his remarks by noting that through the end of February there were 53 complaints received for further investigation and another 20 so far in March. The top category for complaints in 2025 has been criminal activity in which most of those cases are worked collaboratively with local law enforcement. The number of inspections completed through the end of February has been 211 in 28 different counties. Mr. Luttrell has a goal of completing 1500 inspections in all 99 counties by the end of 2025. The results of inspections show a 92% compliance rate at this time. Of the violations found, 56% have been corrected with real time education and the other 44% were sent to Administrative Actions for review. The team has also been conducting retail tobacco inspections in addition to alcohol inspections.

Through the end of February, there were 52 alcohol investigations and 6 tax audits that were completed. It is currently taking an average of 86 days to complete an investigation which is a 16% decrease from the previous year. Currently there are two auditors helping to build a new case management system which will have the ability to generate leads, automate some audits and stream line processes. This does mean that there will be fewer audits completed through the year, however, with those that have been completed in 2025, they have yielded \$246,324 in sales tax assessment.

The underage alcohol enforcement program launched January 1 and to date 50 agreements with law enforcement agencies have been executed. In March, agencies began completing checks and sending results in to us. At this time there has been a 95% compliance rate compared to the tobacco program's rate of 90%. Payment for checks depends upon factors such as number of licensees and the personnel resources needed to complete the checks. The current program will end June 30 and then resume in October to match with the tobacco program.

Spencer Morehouse, Bureau Chief of Licensing, started his part of the update by mentioning that there are currently 11,802 active licenses. In the period from December 13 to March 14 there were 38 new Class LE licenses issued and 44 Class LE licenses cancelled. There has been a net gain of 8 new Native license types from March 2024 to March 2025. Special event licensing also increased during that time period with the greatest gains seen in 5 day licenses. At this point, there have been 3-5 day retail licenses issued to manufacturers in 2025. As summer approaches, it is expected that this number will increase. The unit has been contacting new licensees within 24-48 hours of them applying.

Chief Financial Officer Steve French let the Commission know that although currently behind last year in terms of dollars reverted, the Division is on track to meet the reversion goal of an estimated \$140 million. The discussion then moved to current headwinds that are being seen which include consumers drinking less nationally and the rise of canned cocktails and THC drinks. Each of the Commissioners took the opportunity to voice what they are seeing in the market and ask questions concerning where the largest changes are being seen by the Division and what could be done to meet future challenges.

Tyler Ackerson, Legislative Liaison, started his portion of the update by reminding the Commission that the information he was presenting was current as of the previous Friday and the second funnel for the Legislature was the next Friday. He then talked about the status of legislation pertaining to alcohol. SF610 seeking to expand current infusion and cocktails to go regulations to include wine and beer based mix drinks, clarify that the State and its institutions can hold alcohol licenses and require applicants to use United States Postal Service verified addresses remains as introduced in the Senate and is eligible for debate. HF470 was amended and passed by the House to include codifying rules for pre-made batch drinks, allowing a native distillery to have noncontiguous storage locations so long as it is Alcohol and Tobacco Tax and

Trade Bureau (TTB) approved, allow an open container of beer or alcoholic liquor to be taken from a licensed premises to an immediately-adjacent licensed premises, temporarily-closed public right of way or private place and remove the requirement for Class A beer and wine and Special Class A beer permit holders to post a bond similar to the requirements of the TTB. SF584 presented similar issues with the addition of an increase in the number of retail alcohol licenses a native brewer, distiller or winery may have for a space connected to the manufacturing facility from two to three and was amended to include: an annual production cap of 150,000 gallons for Class A native wine manufacturers, strike the Dramshop Act from Iowa Code section 123.92 and require that applicants for a retail alcohol license (except Class B, Special Class B and Class E) provide proof of financial liability through the existence of a commercial general liability insurance policy. This legislation was eligible for debate.

The next two pieces of legislation discussed were SF245 and HF761 which were identical bills introduced to provide for direct shipping of alcoholic liquor to consumers. It would create a new license type, require that all products to be shipped were registered with the Department and allow native distillers to ship their products to other states pursuant to the laws of those states. Questions raised by the Commission concerning this legislation include: how would this be regulated, would this be considered a work around from the Highly Allocated program and would Iowa allocation of products be affected by those choosing to order products directly. In terms of regulation, common carrier reports would be verified and audited to show that shippers were following guidelines. HF526, the bill attempting to apply the regulations of direct wine shipping to beer died in the Senate. SSB1213 and HSB273 are companion bills that would change the reporting time frame of beer barrel and wine gallonage taxes from monthly to quarterly to match what the TTB requires. The next piece, HSB309, would lower the tax rate on domestic brewed beer to \$.06/gallon while continuing the \$.19/gallon tax of foreign import beer. The last

piece of legislation that the Commission was advised on was HF769, an act allowing for the consumption of beer, wine or alcoholic beverages on public school property for nonschool-related functions so long as the holder of the license was not the school board. This would be used for concerts or other large non-school related events held at those locations.

Assistant Attorney General John Lundquist concluded the update by advising the Commission on the status of the Buckel Family Wine case. The judge did find the State to be in violation of the Dormant Commerce Clause of the Constitution and ordered the State to issue a Class A permit to anyone from outside the state that would want to apply for one. At this time, no one has chosen to apply. The State was also required to pay \$83,000 in Attorney's fees from the General Fund. The other case he updated on was a multiple underage alcohol purchase sting that was conducted in Dubuque in which the store and clerk received their first and second sale to minor violations within the same day. The Judicial review of the case affirmed the District court findings and the Supreme Court has been briefed on the case. They have yet to decide to hear the case or send it to the Court of Appeals.

WAREHOUSE CAPACITY STUDY UPDATE

Director Mosiman noted that progress has been challenging and that Deputy Director Sam Hoerr was waiting on a few things until a new Bureau Chief of Operations was hired. The goal is to have changes to the delist procedures done by July 1 and then make changes to will call. She mentioned that changes to the minimum/maximum levels kept in the warehouse would be separated into its own project. She also mentioned that the communication that was noted in the last meeting did not go out as planned.

RULES UPDATE

Executive Officer Madelyn Cutler then provided the final rulemaking update to Executive Order 10-Red Tape Review. Several of the changes that were made were done so due to

organizational changes. There was one written comment offered on the Notice of Intended Action for the alcohol rules and that suggestion was not incorporated into the adopted chapter. There was a change made to the tasting rule to clarify where alcohol could be obtained for those events. Once the rules have been fully adopted, there will be education offered through the Iowa Department of Revenue's website, emails and other communications to affected parties.

YEARS OF SERVICE RECOGNITION

Commissioner Rachel Eubank was recognized for her 10 years of service on the Commission. Chairperson Pauli took the opportunity to note what a privilege and honor it was to be able to serve with her.

NEW BUSINESS/NEXT MEETING DATE

The next Commission meeting date in June 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 2:31 PM.

 6/5/25

Commissioner Andrea Chase, Secretary