



Department of Revenue

Kim Reynolds, Governor
Chris Cournoyer, Lt. Governor

Mary Mosiman, Director

MINUTES

June 5, 2025 - 1:00 PM

Alcohol & Tax Divisions, Ankeny Regional Office

1918 SE Hulsizer Road, Ankeny

Dial In Number: 312-757-3121

Access Code: 664-445-501

Commission Members Present

John Pauli, Chairperson

Andrea Chase, Secretary

Kevin Kimle, Member

Tim Fevold, Member

Department Staff Present

Mary Mosiman, Director

Sam Hoerr, Alcohol & Tax Operations Division Administrator

Steve French, Chief Financial Officer

Spencer Morehouse, Bureau Chief Licensing

Jared Longfield, Bureau Chief Operations

Tyler Ackerson, Executive Officer

Brandon Trapp, Executive Officer

Nicole Scebold, Management Analyst

Sara Jacobson, DOM-DOIT

Jessica Post, Revenue Service Specialist

Jerika Pellington, Executive Officer

Guests Present

John Lundquist, Assistant Attorney General

Kyle Doyle, Iowa Distilling Company

Dawn Pasquariello, Ruan

Ryan Brown, Ruan

Jessica Dunker, Iowa Restaurant Association

Department Staff Present (via telephone)

Amy Serck, Secretary

Scherael Thurston-Shell, Compliance Officer

Matt Wharff, Maintenance Repairs Supervisor

Monica Lunstrom, Program Planner

Lauren Connelly, Program Planner

Brenda Emelo, Executive Assistant

Alana Stamas, General Counsel Supervisor

Todd Kroll, DOM-DOIT

Madelyn Cutler, Compliance Officer

Erin Verduyn, Program Planner

Karlee Payne, Information Specialist

Afef Chelbi, Accountant

Guests Present (via telephone)

Jeremy Thompson, Sazerac

Tom Perrick, American Distilled Spirits Alliance

Isabel Biehl, Cornerstone

Stacie Schroeder, NFVCC

Lynn Walding, Diageo

John Fordyce, Assistant Attorney General

Stuart Oxeer, Red Boot Beverage

Bryan Reiter, Ruan

John Cacciatore, DISCUS

Andy Deloney, DISCUS

Brian Guillaume, House Democrats

Brittany Lumley, LS2 Group

Eric Goranson, Iowa Restaurant Association

Madison Grady, DISCUS

1 unidentified caller

CALL TO ORDER

Chairperson Pauli called the meeting to order at 1:00 PM. Roll was taken and a quorum was met.

INTRODUCTION OF NEW COMMISSIONER

The newest Commission member Tim Fevold briefly introduced himself to the Commission.

APPROVAL OF AGENDA

MOTION: A motion was made by Commissioner Chase and seconded by Commissioner Kimle to approve the agenda for today's (June 5, 2025) meeting. The motion was approved unanimously.

APPROVAL OF MINUTES

MOTION: A motion was made by Commissioner Pauli and seconded by Commissioner Chase to approve the minutes from the March 26, 2025 meeting. The motion was approved unanimously.

PUBLIC COMMENT

Jessica Dunker of the Iowa Restaurant Association wanted to publicly thank Legislative Liaison Tyler Ackerson for his help in getting the liquor licenses done legally and correctly for the Farm to Table series that the Association did in partnership with the Iowa Tourism Bureau and Choose Iowa. She also noted that the Association was granted approval January 6 for their SafeServ Alcohol classroom training to be used for the affirmative defense. These trainings are being done through a grant with the Governor's Traffic Safety Bureau (GTSB) and to date in 2025 the class has been taught to 381 students, approximately 100 more than in all of 2024. Currently, there has been a 68% pass rate.

ROLLOUT 5 UPDATE

Director Mary Mosiman began this update by mentioning that this year marks the fifth and final year of the modernization project that started in 2020 to combine 20 different separate systems that the Department of Revenue were using. When looking at how this project could best meet the needs of Iowans, it was noted that often businesses needed to apply for various items from Lottery, Alcohol, Department of Inspections, Appeals and Licensing and Tax. A goal became to create a one stop shop for Iowa's businesses. Rollout 5 will include alcohol licensing, administrative affairs, payments for these areas and lottery. This phase began in January with a

kick off and work began immediately to determine what was needed in the update. Currently, work is between the developing and testing phases. The planned go live date is Veteran's Weekend to follow suit with past rollouts.

WAREHOUSE CAPACITY STUDY

Division Administrator Sam Hoerr opened his remarks by discussing the movement of the will call racking within the warehouse to be closer to the dock door for safety and efficiency. Commissioner Pauli asked the Administrator what was determined to be the problem to be solved within both will call and listing and delisting. The Administrator noted that for will call they are working to determine that and for listing and delisting it was how to be fair to all partners while maximizing space in the warehouse. Any changes needed to the listing and delisting policies are set to be done by July 1 in time for the August delist. The data for the minimum/maximum inventory policy and process is actively being analyzed. Many of the maintenance tasks and improvements such as windows, racking and HVAC were moved out of the project scope and are getting done on an as needed basis.

STATUS UPDATE

Bureau Chief Jared Longfield started his portion of the update by letting the Commission know that the two year extension of the Ruan contract was initiated. He then mentioned several updates to the warehouse and systems that have been completed or started. In terms of gallons sold, there has been a monthly total decrease of 2.7% and year to date decrease of 1.83%. The trend of increased deliveries, cases and bottles and decreased picks continues. There were some price reductions done in April and May on certain products. The Products Team continues to do both in state and out of state distillery visits to gain knowledge and also share information to retailers. Mr. Longfield continued his update by going more in depth on the new delisting procedures that the Department is looking to implement. The plan is to move to a tiered system with the third tier having a reduced threshold to allow for slower moving products to be listed longer. The goal of these changes is to be fair and equal across the board to all suppliers.

Steve French, Chief Financial Officer, updated the Commission on liquor sale revenues since January as well as year over year. Since January, sales have tapered off and year over year revenues are down \$11.3 million. This results in approximately \$3.5 million less for reversion. One notable change in the reversion estimate for FY26 is the removal of the \$1 million transfer to Health and Human Services. When looking at the five year historical trends for reversion, it is

possible to see the COVID effect and headwind effect of people drinking less. Commissioner Pauli asked if there were ways to regain some of the money through increased efficiencies in distribution and what KPIs are being looked at to monitor the current effectiveness. Mr. Longfield responded that he monitors four warehouse and six distribution KPIs for changes. He noted that overall costs are going up and that Ruan does try to keep costs down.

The Regulation update was given by Executive Officer Brandon Trapp who noted that the bureau had received 249 complaints through the end of April and that the top categories remain similar year to year with selling alcohol to a person under the legal age being number one. Through April 30, 212 investigations were completed compared to 155 at the same point in 2024. 61% of violations found were educated at the moment while 39% were sent to Administrative Actions for further proceedings. The bureau was also able to assess \$1.5 million in sales tax liability from retailers. 1,300 inspections in 91 counties had been completed as of April 30, out of a yearly goal of 1,500 inspections in all 99 counties. This program has developed over the years and has resulted in educating 67% of the violations found and only submitting 32% to Administrative Actions. Some common issues found include illegal gambling such as dice rolling or poker games and failure to display a liquor license.

Mr. Trapp then informed the Commission about different education and outreach opportunities that the bureau has participated in. Over the course of several days, Mr. Trapp along with a member of the licensing team visited several RAGBRAI cities to meet with retailers, city officials and local law enforcement. He also mentioned that as a member of the law enforcement community and a certified law enforcement trainer, he is able to provide training at several law enforcement academies to educate new recruits on important alcohol enforcement laws that are applicable to law enforcement. He will also be working with the Des Moines Police Department to train all patrol shifts on updates in alcohol laws and regulations. The next outreach opportunity that he talked about was being able to certify in school law enforcement officers in the D.A.R.E. America curriculum which allows law enforcement officers across the state to go into schools and teach the youth of Iowa the importance of making healthy decisions when it comes to the use of alcohol and tobacco. Mr. Trapp is one of three trainers for the D.A.R.E. Iowa training program. The program itself was reformed in 2012 to be more evidence based and includes more than the previous just say no campaign. Mr. Trapp noted that he is a member of the GTSB impaired driving task force and would be presenting at their upcoming

annual GTSB conference on overservice. He ended his remarks by updating the Commission on the newly created underage alcohol compliance program. At this time funding is limited, however, there are 63 agencies within 45 counties that have signed 28E Agreements to participate. 409 checks have been completed with a 82.4% compliance rate.

Bureau Chief Spencer Morehouse then gave an update on licensing. As of late May, there were 11,880 total licenses with the on premises license type consisting of approximately 50%. The percent of on premises compared to off premises remains steady with an overall increase of 95 licenses. All areas of native manufacturing saw an increase, except brewpubs which lost three. As of May 27, there have been 95 more special event licenses issued than in the same time in 2024. The number of 5 day retail licenses issued for native manufacturers increased to six from three in March.

The legislative update from the close of the session was given by Mr. Ackerson. He did note that any bills that did not pass in this session do remain viable in the next. HF470 works to clarify and codify various items for the Department of Revenue with two different start dates: upon signage on April 25, 2025, and other items on November 10, 2025. It begins by clarifying that the State and its instrumentalities can hold a liquor license or permit. The next change was to allow native distilleries to have noncontiguous locations as long as the location is approved by the Federal Alcohol and Tobacco Tax and Trade Bureau. Another change was to remove the requirement that class A, special class A beer permittees and class A wine permittees post a bond as a condition of their license. The next change was sought by the Department to expand the definition of mixed drink or cocktail to include wine and beer based drinks. Another part of the bill sought to codify administrative rules for infusions. The last part of the bill that started upon signage allows open containers of beer and alcoholic liquor to be carried off of a licensed premises to an immediately-adjacent licensed premises, temporarily closed right-of-way or private place. The part of the bill that starts in November includes a provision for the premise city of a retail alcohol license outside an incorporated city to be based on the city in the location's United States Postal Service verified address and any license that is issued on or before November 10, 2025 will maintain its premises city until renewed.

The other bill that passed that has a provision for the Department was HF994. It introduced quarterly filing for beer barrel or wine barrel gallonage tax. This would be an option for smaller producers. The permit holder must reasonably expect to be not 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 to June 30 timeframe to be eligible. It will have an effective date of January 1, 2026.

The legal part of the update was given by Assistant Attorney General John Lundquist. He mentioned that there are currently three cases moving through the courts that pertain to the alcoholic beverages part of the Department. Two of the cases relate to the mark-up charged by the Department to retailers on liquor purchased. These could possibly become class action lawsuits. One is currently stayed pending the outcome of a declaratory order action from the licensees requesting that the Department declare what their legal authority over the mark-up in the past has been. This is currently under judicial review and once that question is answered, the court will determine the viability of a class action lawsuit. The third case involves the question of what determines a second sale to minor. A retailer in Dubuque received two citations for two separate sales to two separate minors in underage compliance checks. Convictions for both were entered by Dubuque. The store is contesting the second conviction. This case will be heard by the Iowa Supreme Court this fall.

NEW BUSINESS/NEXT MEETING DATE

Commissioner Pauli made a motion for the Commission to elect Commissioner Chase as Chairperson, Commissioner Winkleman as Vice Chairperson and Commissioner Kimle as Secretary for FY26. Commissioner Fevold seconded the motion. All present commissioners voted in favor of the motion allowing it to pass.

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

ADJOURNMENT

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

The meeting adjourned at 2:34 PM.

A handwritten signature in cursive script that reads "Andrea Chase". The signature is written in black ink and is positioned above the printed name of the signatory.

Commissioner Andrea Chase, Secretary