



DATE: October 2, 2025

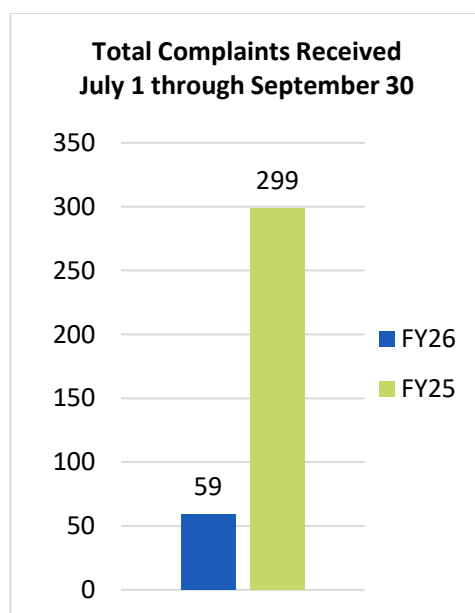
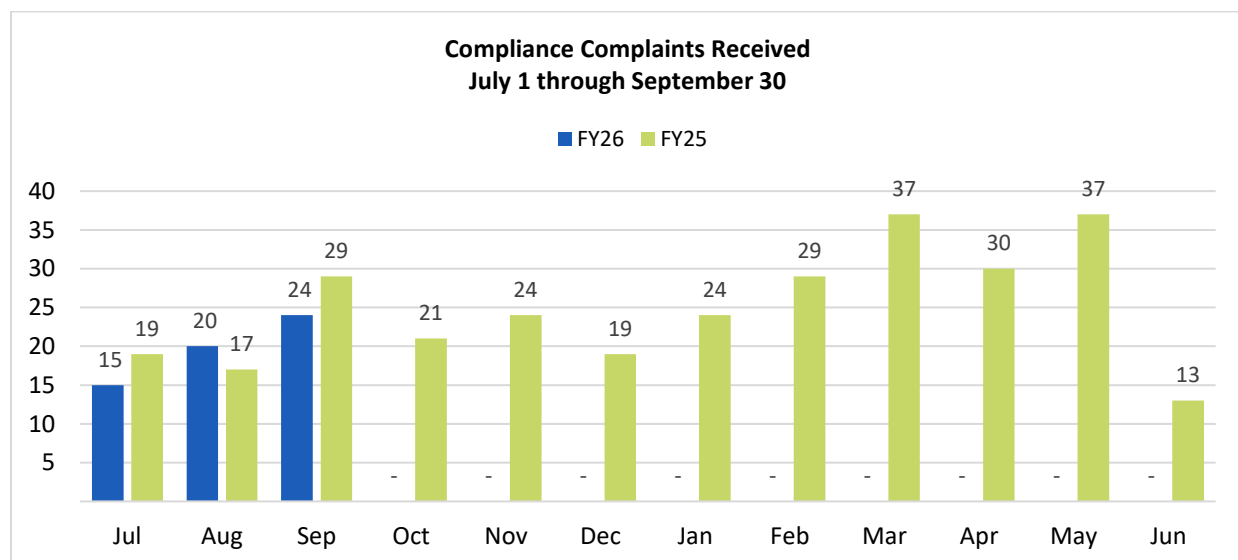
FR: Alcohol Regulation Unit – DeMario A. Luttrell, Bureau Chief

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

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

Compliance Complaints

A comparison of compliance complaints received in FY26 to FY25 is shown in the chart below.



**Top 5 Complaint Categories
Resulting in Investigations
July 1, 2025 – September 30, 2025**

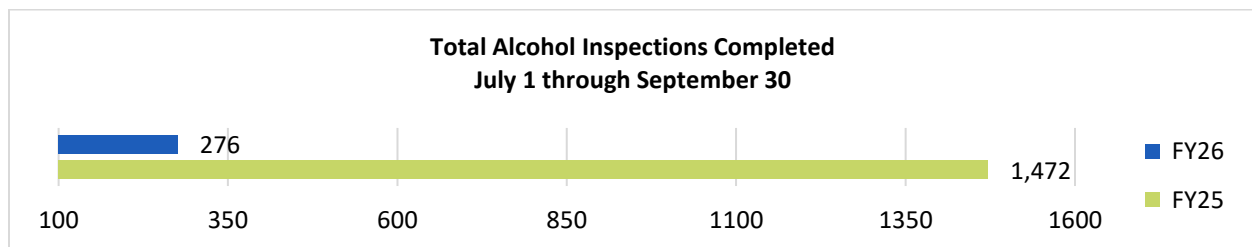
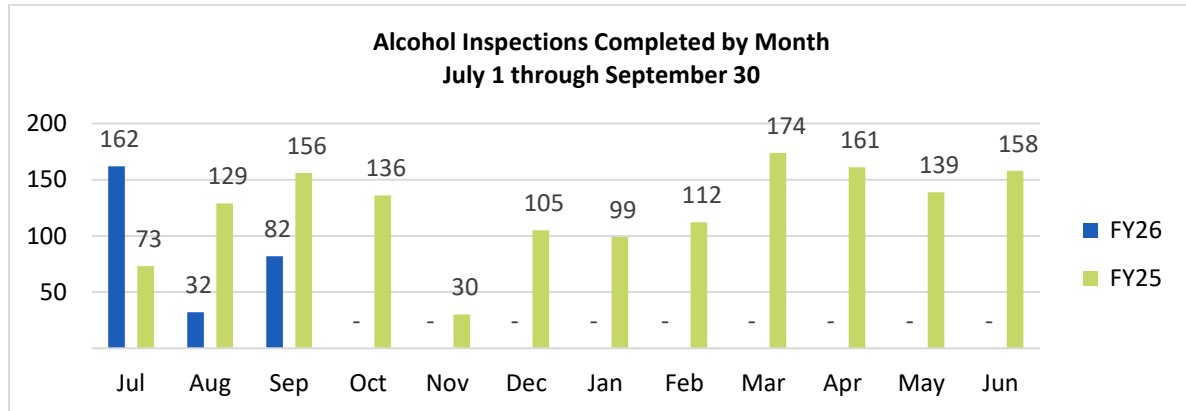
- Selling / Serving Underage Person (Alcohol)
- Overserving
- Criminal Activity
- Bootlegging
- Good Moral Character

Alcohol Compliance Program

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

Alcohol Inspections

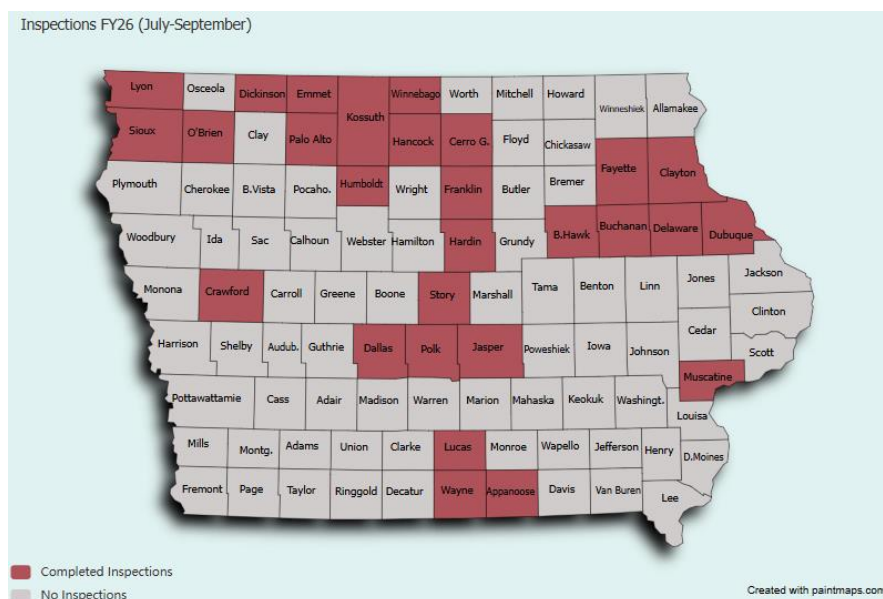
A comparison of alcohol compliance inspections completed in FY26 to FY25 is shown in the charts below.



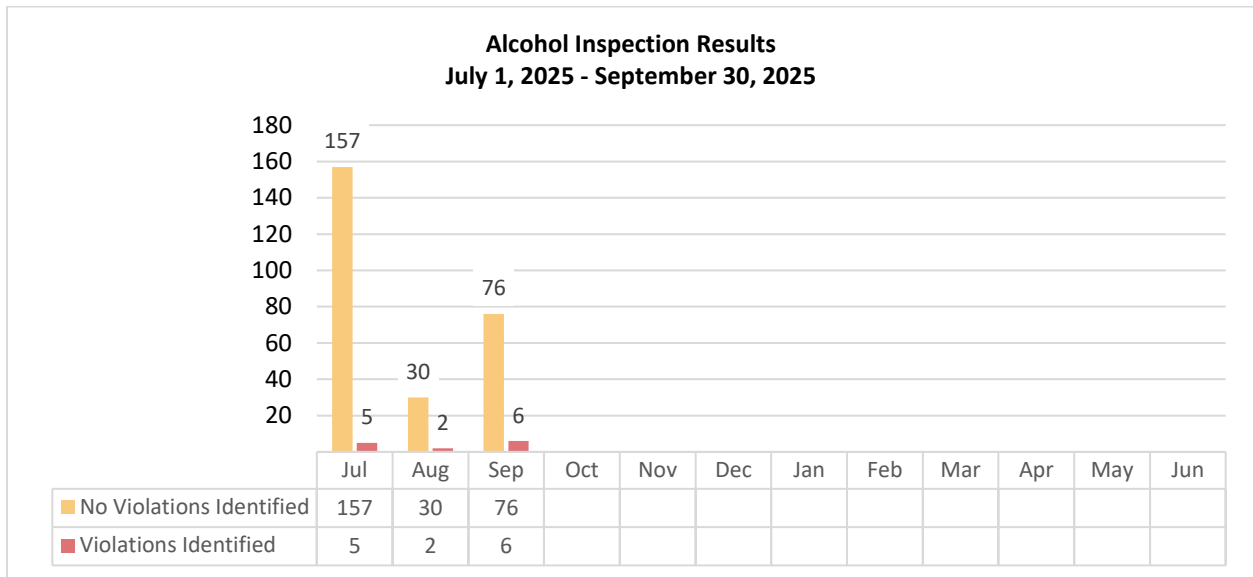
Alcohol Inspections by County

In Fiscal Year 2026, 276 alcohol compliance inspections were conducted in 28 Iowa counties, detailed in the map below.

Inspections Completed July 1, 2025 – September 30, 2025



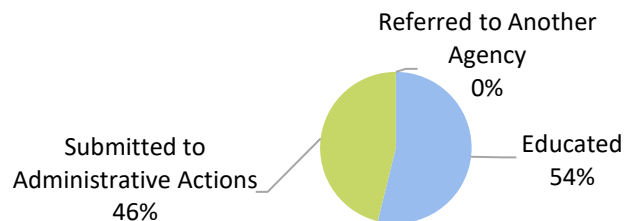
Alcohol compliance inspection results for Fiscal Year 2026 are shown in the chart below.



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

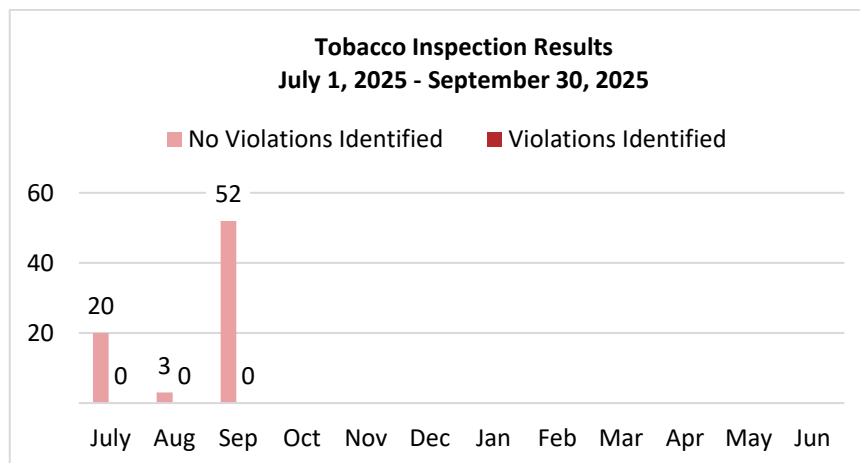
- Cocktails To-Go
- Smokefree Air Act
- Refilling/Adulterating
- Bootlegging
- Illegal Gambling

Alcohol Inspection Violation Outcomes
July 1, 2025 - September 30, 2025



Retail Tobacco Inspections

Retail tobacco compliance inspection results for Fiscal Year 2026 are shown in the chart below.



Top Tobacco Violation Identified by Inspection

July 1, 2025 – September 30, 2025

- No Violations Identified

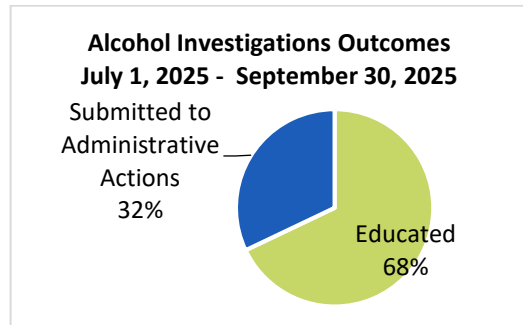
Alcohol Investigations

Investigations Completed

From July 1, 2025 through September 30, 2025, 53 investigations were completed as compared to 48 investigations completed from July 1, 2024 through September 30, 2024.

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 2026 totaling \$638,996.88. (Data provided by the Sales/Excise Tax Unit.)



Alcohol Tax Audits

Alcohol Tax Audit Program

The Tax Audit Program is a three-level system:

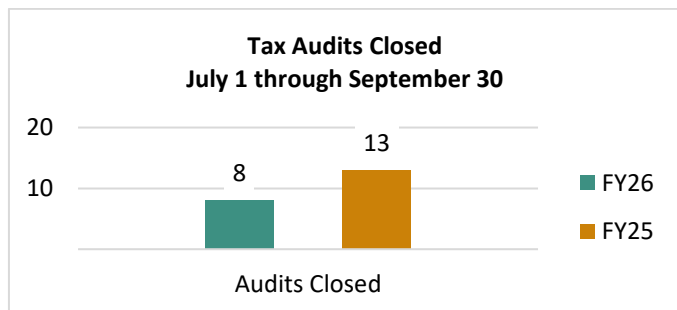
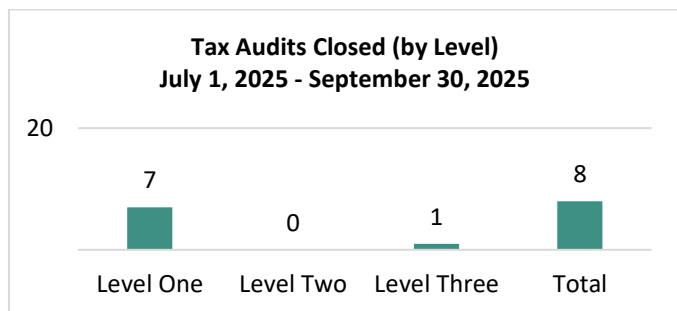
Level 1 – Three month's records review

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 FY26 is shown in the chart to the right.

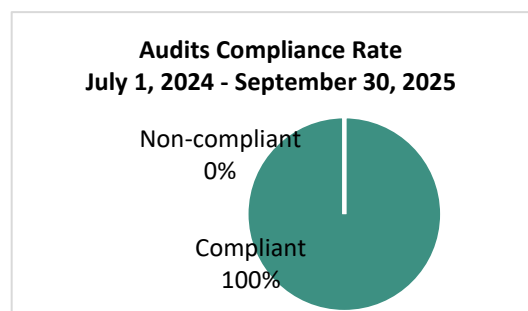
A comparison of audits closed for FY25 to FY26 is shown in the chart to the right.



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 2026 is shown in the chart to the right.



Alcohol Tax Audits Closed by Types

Audits Closed by Audit Type for Fiscal Year 2026 are shown in the two charts below.

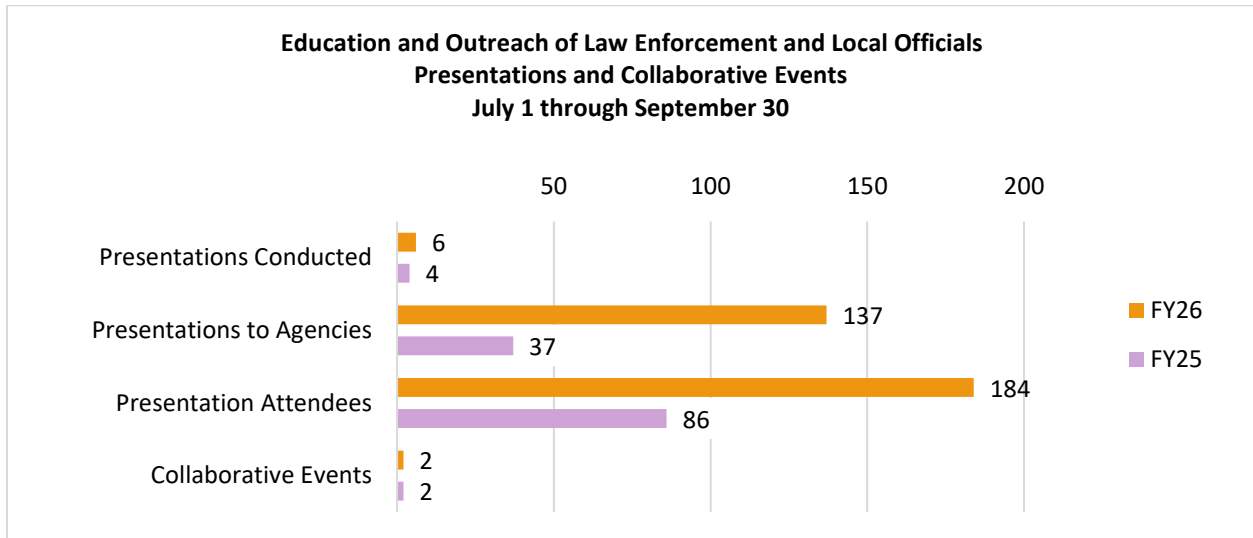


Education and Outreach of Law Enforcement and Local Officials

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 FY26 to FY25 is shown in the chart below.

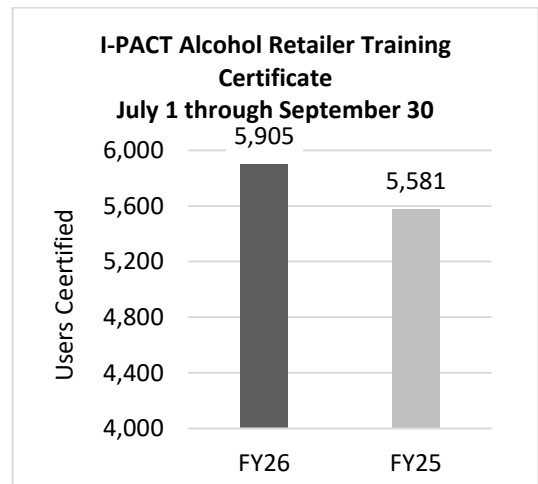


Education and Outreach of Retailers

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.

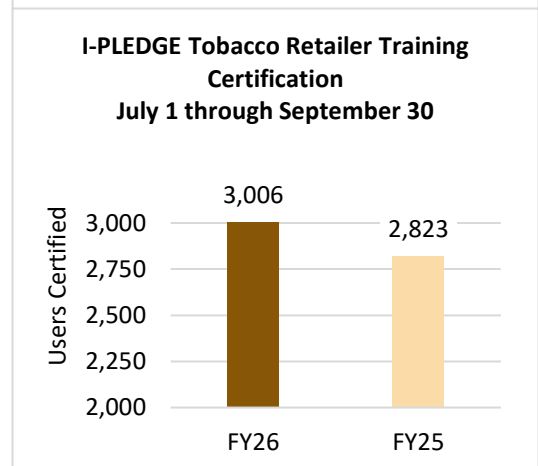
An increase of 324 users were certified in FY26 as compared to FY25.



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.

An increase of 183 users were certified in FY26 as compared to FY25.



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, 2025 – September 30, 2025	
Validations	
Physical ID	54,866
Mobile ID	29



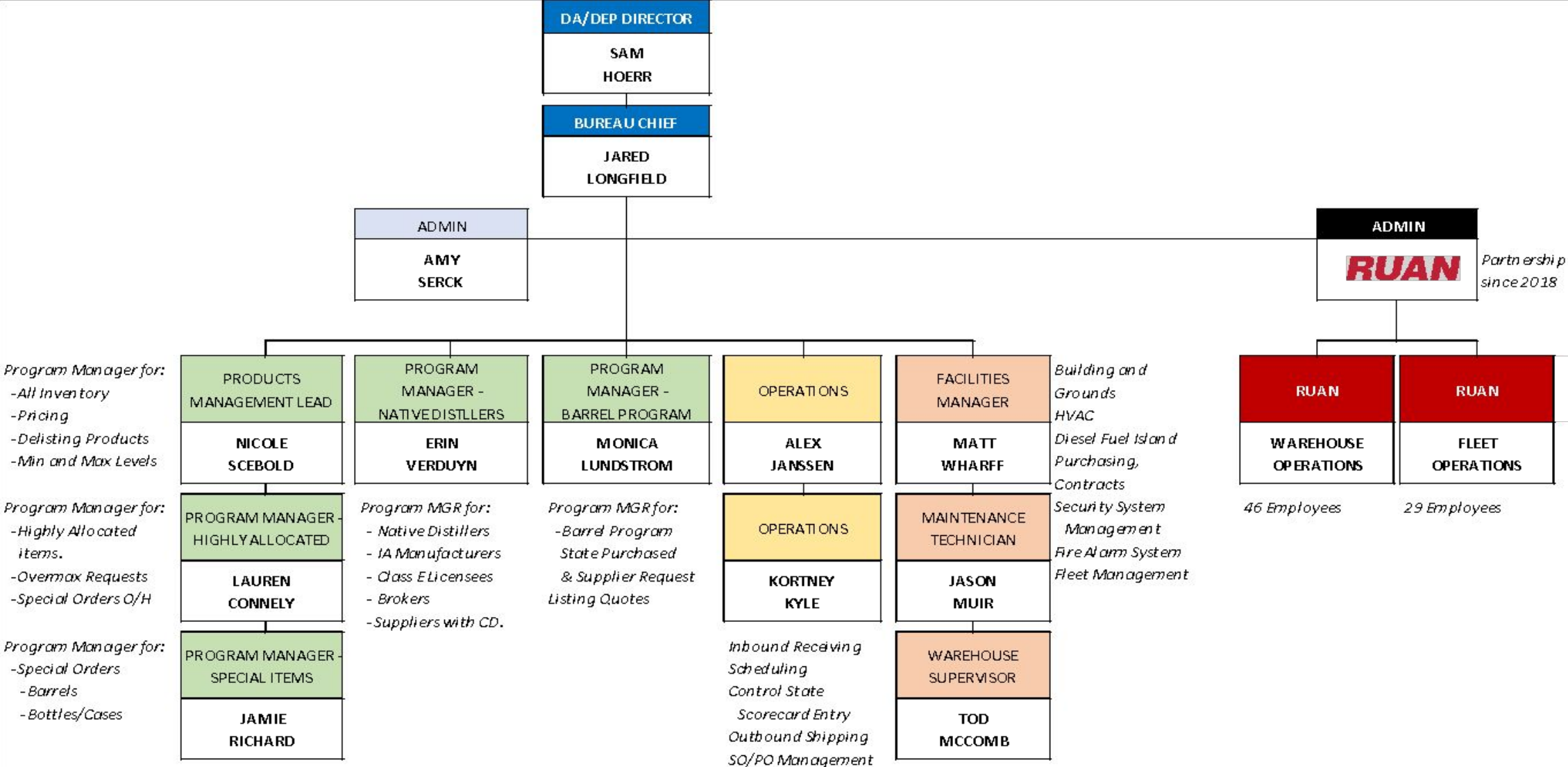
Department of Revenue

ABC Meeting

Alcohol Operations Update

10/8/2025

Alcohol Operations – Organizational Update



Operations Update

SALES

September FY26 Results through 9/19/25

- Liquor Sales - \$23.91m vs. FY25 - \$23.94m, **decrease** of 0.13% or \$0.03m less sales revenue

FY26 Fiscal Year to date through 9/19/25

- Liquor Sales - \$94.08m vs. FY25 - \$97.96m, **decrease** of 3.96% or \$3.88m less sales revenue

Calendar Year 2025 to date through 9/19/25

- Liquor Sales - \$296.48m vs. CY24 - \$312.40m, **decrease** of 5.10% or \$15.92m less sales revenue

GALLONS

September FY26 Results through 9/19/25

- Gallons - 308,289 vs. FY25 - 329,708, **decrease** of 6.50% or 21,419 less gallons sold

FY26 Fiscal Year to date through 9/19/25

- Gallons - 1,280,174 vs. FY25 - 1,364,945, **decrease** of 6.21% or 84,771 less gallons sold

Calendar Year 2025 to date through 9/19/25

- Gallons - 4,088,94 vs. CY24 - 4,360,403, **decrease** 6.23% or 271,457 less gallons sold

VOLUME

FY26 Fiscal Year to date through 9/19/25

- Bottles – 559,448 vs. FY25 – 585,072, **decrease** of 4.58% or 25,624 less bottles sold
- Cases – 626,580 vs. FY25 – 616,123, **decrease** of 1.66% or 10,457 less cases sold

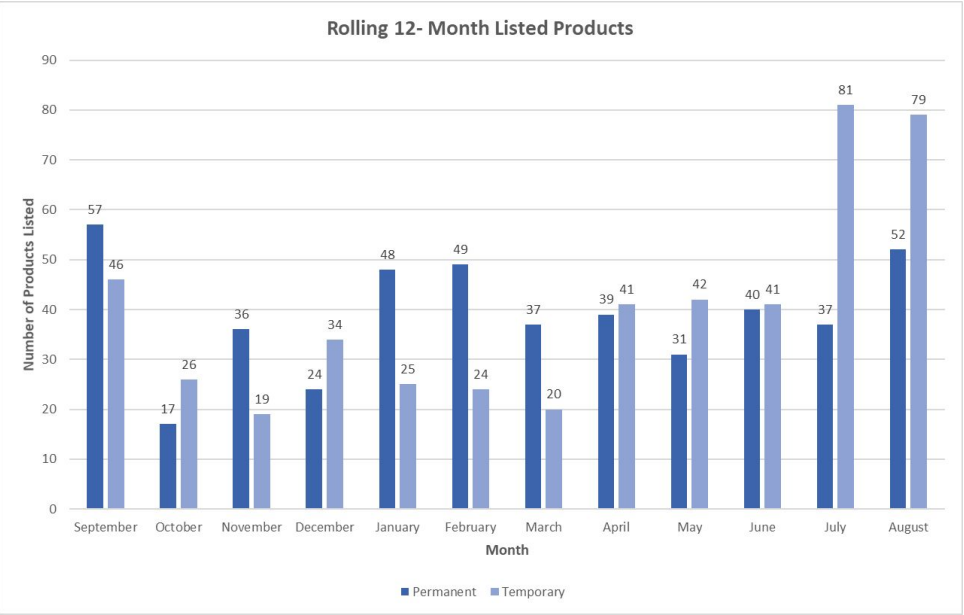
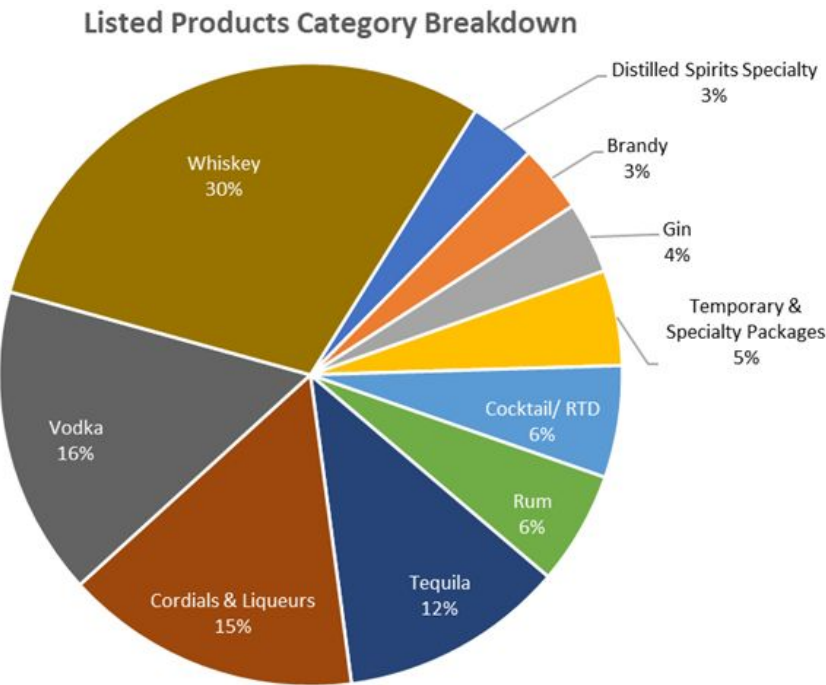
Calendar Year 2025 to date through 9/19/25

- Bottles - 2,436,366 vs. CY24 – 2,673,614, **decrease** of 9.73% or 237,248 less bottles sold
- Cases - 2,655,278 vs. CY24 – 2,680,142, **decrease** of 0.93% or 24,864 less gallons sold

Operations – Inventory of Listed Items

Category Breakdown

There are ten basic categories that make up the IDR product portfolio. There were 3,115 listed products during the month of August 2025. Whiskey is the largest category with 922 products or 30%. The next largest category is Vodka with 500 products or 16%. Distilled Spirits Specialty is the smallest category with 108 products or 3% of the listed portfolio followed closely by Brandy with 110 products also at 3%.



Products Listed

In the month of August 2025, there were 52 permanent and 79 temporary listed products approved by the IDR. The Tequila and Whiskey categories had a large amount of increases this month. VAPs/temporary products for the holiday season are being submitted which accounts for the higher amount of temporary products approved.

Operations - Pricing

Average Selling Price by Category

The average bottle selling price (IDR sell price to class E licensees) varies based on the ten basic categories. The Temporary and Specialty Packages category is the highest with an average of \$58.11 per 750ml bottle followed by the Tequila category at \$41.43 per bottle and the Whiskey category at \$40.03 per bottle. Vodka brings in the lowest average selling price per 750ml bottle at \$14.47 followed by Rum at \$15.99 and Cocktail/RTD at \$16.44.

Price Changes

Suppliers may make permanent price changes to the cost per case of products effective the first of any month. Many products remain at the same price, whereas some may increase or decrease. An average of 3% (76 skus) of the total listed products portfolio had permanent price increases effective the month of August and 0% (11 skus) with decreases. Price decreases are becoming a consistent trend over the past four months especially in the Vodka and Whiskey categories.



Operations - Distillery/Supplier Visits

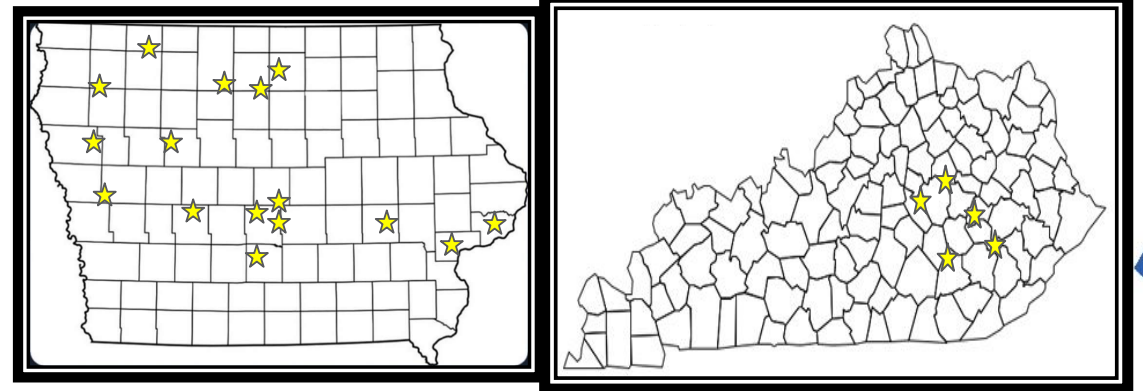
Distillery Visits. We believe in growing our knowledge of the industry by visiting distilleries to learn more about the manufacturing process as well as growing business within the State of Iowa.

Native Distillery Visits

- We are 74% Complete now, we were at 52% at our last meeting.
- Upcoming Scheduled Visits:
 - Templeton. October 17, 2025
 - S&B Farms November 7, 2025
- Remaining visits will be in November/December

Industry Visits

- RNDC. RNDC is sponsoring an Industry Event in Des Moines on 9/29.
- McCormick. September 2025. Kansas City, MO. Barrels and in person visit with supplier.
- Lexington Kentucky. June 2026. Supplier visits.



Operations- Building and Grounds

Warehouse Maintenance

We have several projects for the warehouse that we are working on.

- 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: 95% complete. We will evaluate repairs/fixes as the weather participates.
- Address the windows in the warehouse.
 - Current Status: Complete.
- Racking updates.
 - DAS is working on the Vendor Quotes
 - Expect to proceed mid October 2025
 - Addressing 3 areas to improve efficiencies and safety

Our dedication to preserving the warehouse and operational efficiency of the facility for the long term remains a top priority.





Department of Revenue

ABC Meeting

Alcohol Financials Update

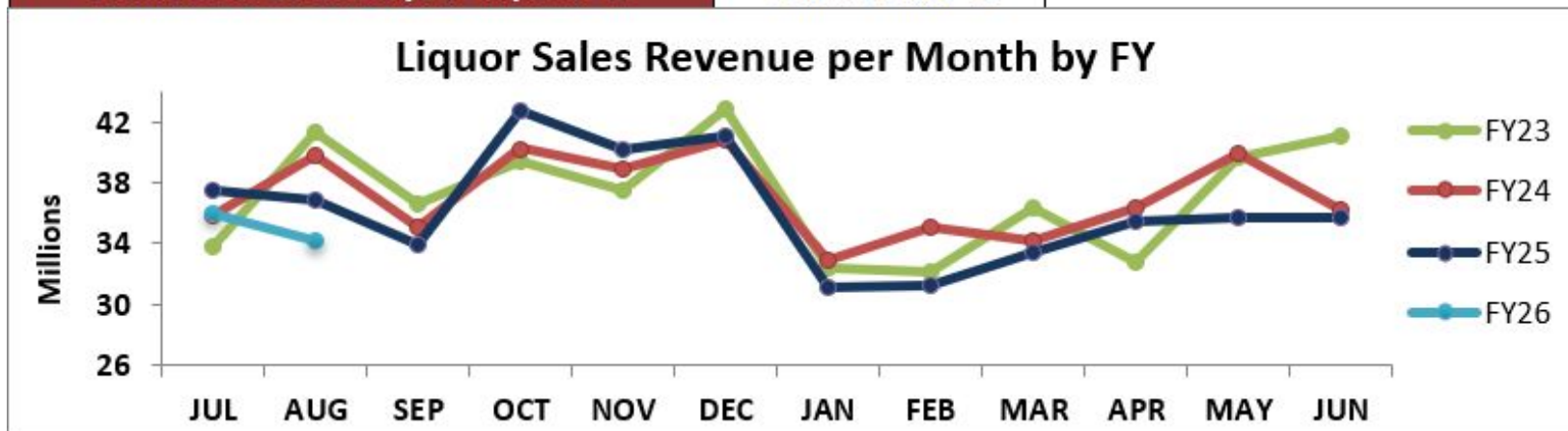
10/8/2025

Financials - FY26 through August

Category	FY 2026	FY 2025	% Change	Amt Change
Liquor Sales	\$70,170,397	\$74,376,530	-5.66%	(\$4,206,133)
Split Case Fee	\$389,216	\$432,655	-10.04%	(\$43,439)
Bottle Dep and Sur	\$975,561	\$972,873	0.28%	\$2,688
Total Revenue	\$71,535,174	\$75,782,058	-5.60%	(\$4,246,884)
Deliveries	12,462	12,654	-1.52%	(192)
Orders	20,283	20,422	-0.68%	(139)
Cases	438,418	451,292	-2.85%	(12,874)
Bottles	5,079,952	5,243,748	-3.12%	(163,796)
Picks	835,214	882,819	-5.39%	(47,605)
Bailment	46,335,425	48,847,294	-5.14%	(2,511,869)
Reversion (Proceeds)	22,966,532	23,680,483	-3.01%	(713,951)

Number of Sales Days Comparison

Year to Date -1



Financials - Revenue FY25 and Budget FY27

	FY24 Actuals	FY25 Actuals	FY27 BUDGET
Liquor Sales Revenue*	\$444,896,579	\$434,938,128	\$409,304,000
Split Case Fee	\$2,683,047	\$2,415,233	\$2,240,000
Bottle Deposit/Surcharge	\$5,429,982	\$5,669,921	\$5,376,000
Wine Tax	\$7,311,901	\$7,015,784	\$7,000,000
License Fees	\$15,245,021	\$15,580,786	\$15,250,000
Native Wine Tax - IEDA	\$175,514	\$168,615	\$175,000
Native Beer Tax - IEDA	\$217,551	\$197,436	\$215,000
Beer Tax - GF	\$12,661,074	\$12,275,814	\$12,600,000
	\$488,620,669	\$478,261,717	\$452,160,000

Financials - Disbursements FY25 and Budget FY27

	FY24 Actuals	FY25 Actuals	FY27 BUDGETED
State Reversion Transfer - General Fund (GF)	\$119,485,570	\$109,700,000	\$98,348,720
Substance Abuse Transfer (7% sales) - General Fund (GF)	\$31,329,875	\$30,614,714	\$28,651,280
Iowa Economic Development Transfer	\$2,094,217	\$2,089,170	\$2,000,000
HHS Transfer (formerly Sunday Sales)	\$1,000,000	\$1,000,000	\$0
City and County Payments	\$3,411,174	\$3,561,138	\$3,500,000
Bottle Deposit & Surcharge	\$3,188,991	\$3,191,058	\$3,279,600
License & Liquor Refunds	\$201,196	\$256,774	\$215,000
Intra-Department Transfer	\$762,000	\$0	\$0
Capital Projects	\$709,140	\$110,779	\$2,500,000
Appropriation	\$1,010,054	\$0	\$0
	\$163,192,217	\$150,523,633	\$138,494,600

Financials (Con't)

- State Fiscal Year (SFY) 2025 \$140.0M Reversion
- SFY 2026 Reversion Estimation - \$125M
 - Headwinds continue - national trends of consumer drinking habits shifting to ready-to-drink beverage categories as well as drinking less alcohol overall
 - Will be monitoring seasonal sales in Q2 of SFY 2026
 - SFY 2027 Budget Reversion Estimation is anticipated to resemble SFY 2026 of \$125m
 - Annual Report 2025



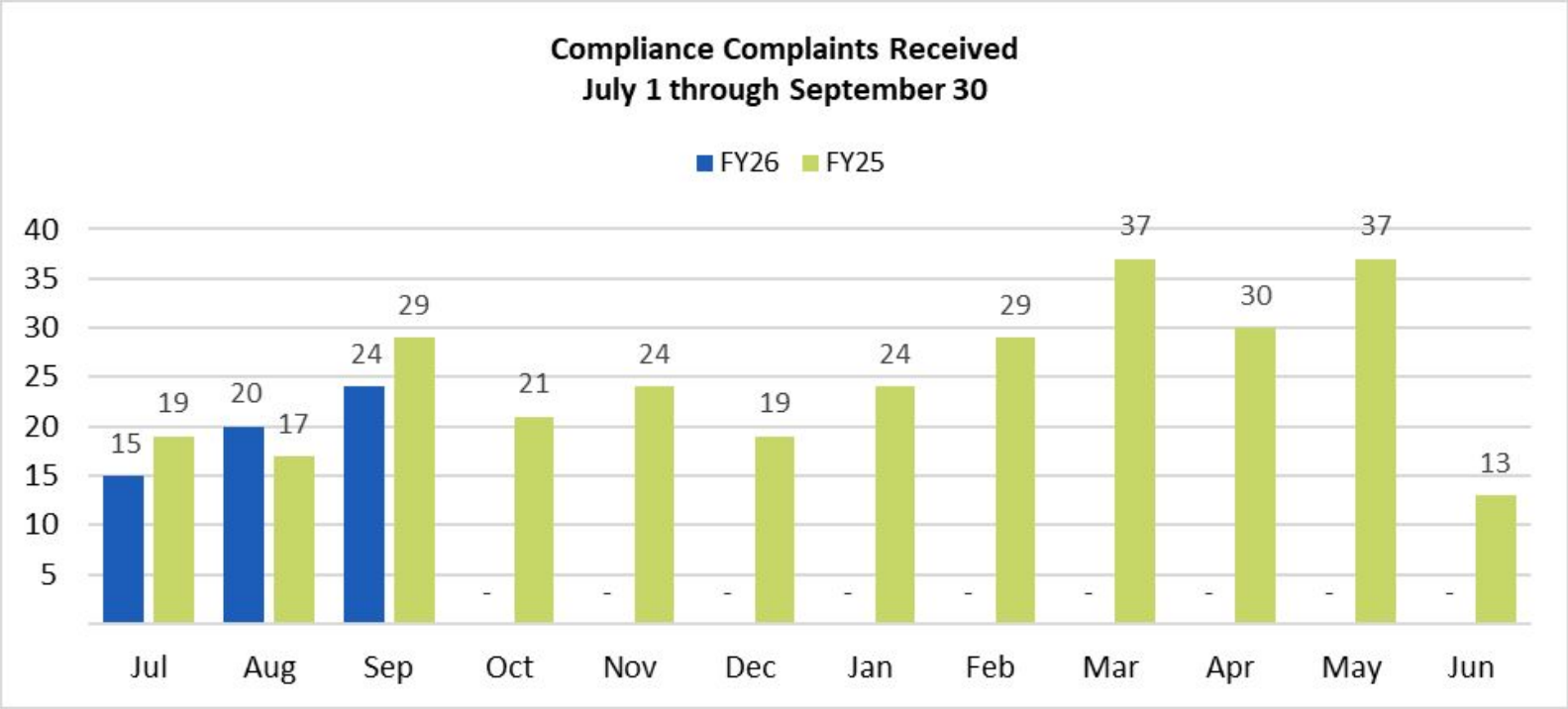
Department of Revenue

ABC Meeting

Alcohol Regulation Update

10/8/2025

Regulation-Alcohol Complaints



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

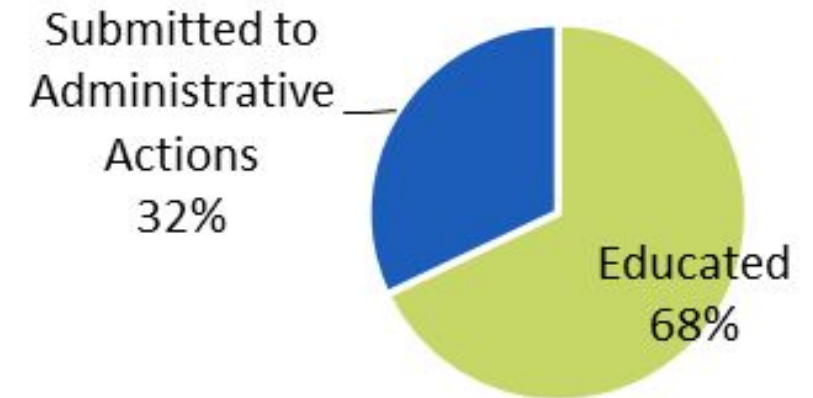
- Selling / Serving Underage Person (Alcohol)
- Overservice
- Illegal Activity on Licensed Premises
- Bootlegging
- Good Moral Character

Regulation-Alcohol Investigations

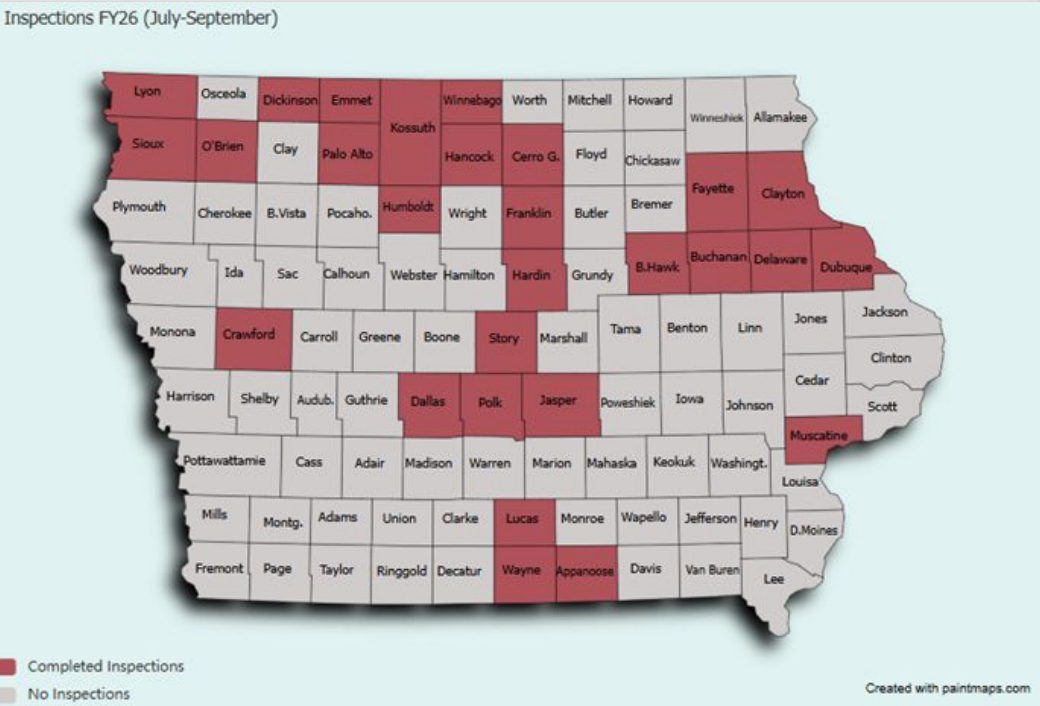
Alcohol Investigations

- From July 1, 2025 to September 30, 2025, **53** investigations were completed as compared to **48** investigations completed from July 1, 2024 to September 30, 2024.
- Investigations conducted by the Alcohol Regulation Unit resulted in Iowa Department of Revenue sales tax liability assessments in FY 26 totaling **\$638,996.88**.
- Anticipate increased efficiency after Modernization Rollout 5

Alcohol Investigations Outcomes July 1, 2025 - September 30, 2025



Regulation-Alcohol Inspections



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

- Cocktails To-Go
- Smokefree Air Act
- Refilling/Adulterating
- Bootlegging
- Illegal Gambling

Regulation-Education & Outreach

Law Enforcement Presentations and Outreach:

- ILEA/Camp Dodge: 67 new police officers/deputy sheriffs trained.
- Iowa State Patrol Academy/Camp Dodge: 25 new Troopers trained.
- Cedar Rapids Academy/Cedar Rapids: 15 new police officers trained.
- Governor's Traffic Safety Bureau (GTSB) impaired driving task force.
- AC4C state partnership updates/Camp Dodge.
- Collaboration events with Law Enforcement: Cedar County Sheriff's Office, Iowa State Fair Police, and Emmetsburg Police.

Upcoming Trainings:

- Western Iowa Police Academy/Sioux City (10/24/25)
- Centerville Police joint training session (11/5/25)
- ILEA/Camp Dodge (11/24/25 & 12/11/25)



2025 GTSB
Conference

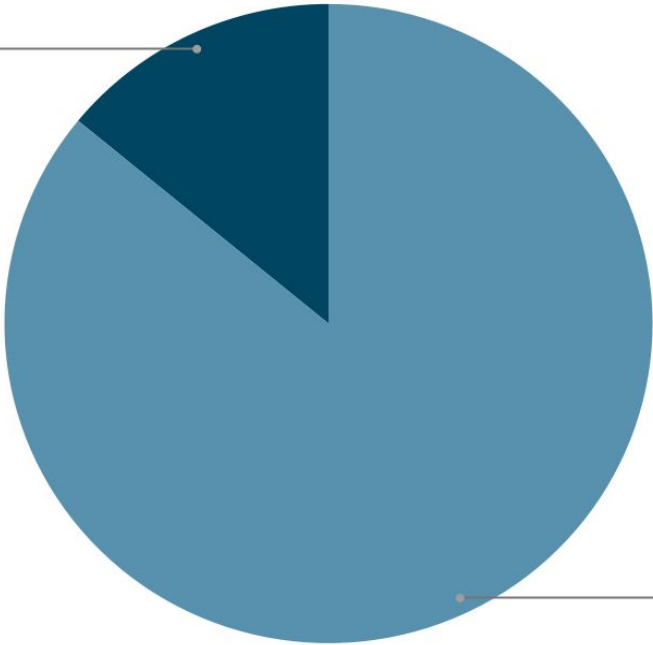
Regulation-IUAEP

Year 1: Iowa Underage Alcohol Enforcement Program



Compliant & Non-Compliant

Non-Compliant
14.1%



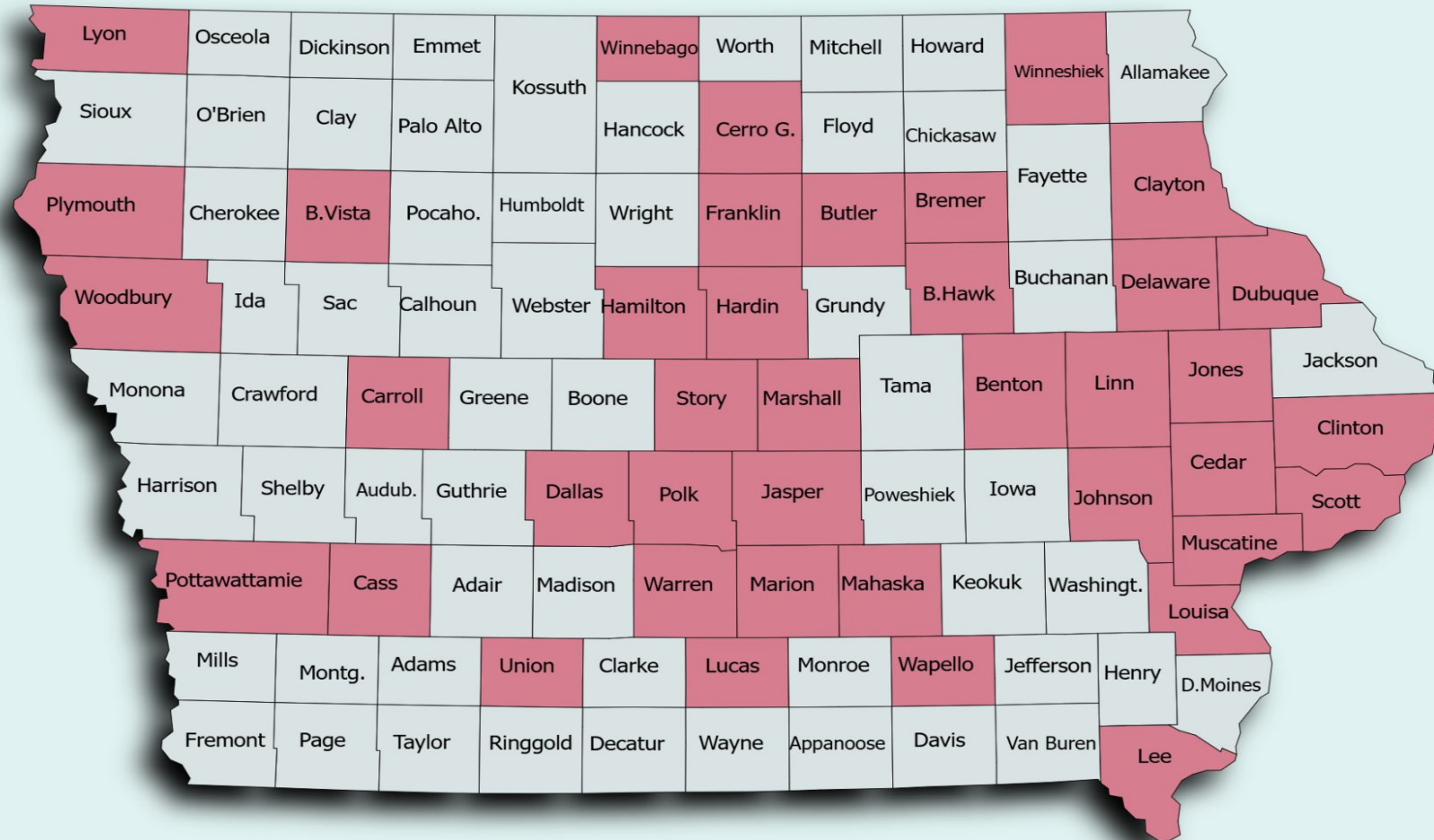
Compliant
85.9%

- Total number of agencies in the program: **67**
- Total number of checks completed to date: **1,252**
- Total number of checks compliant: **1,076**
- Total number of checks non-compliant: **176**

Regulation-IUAEP



Counties that Completed Checks



■ Completed Checks
■ Did Not Complete

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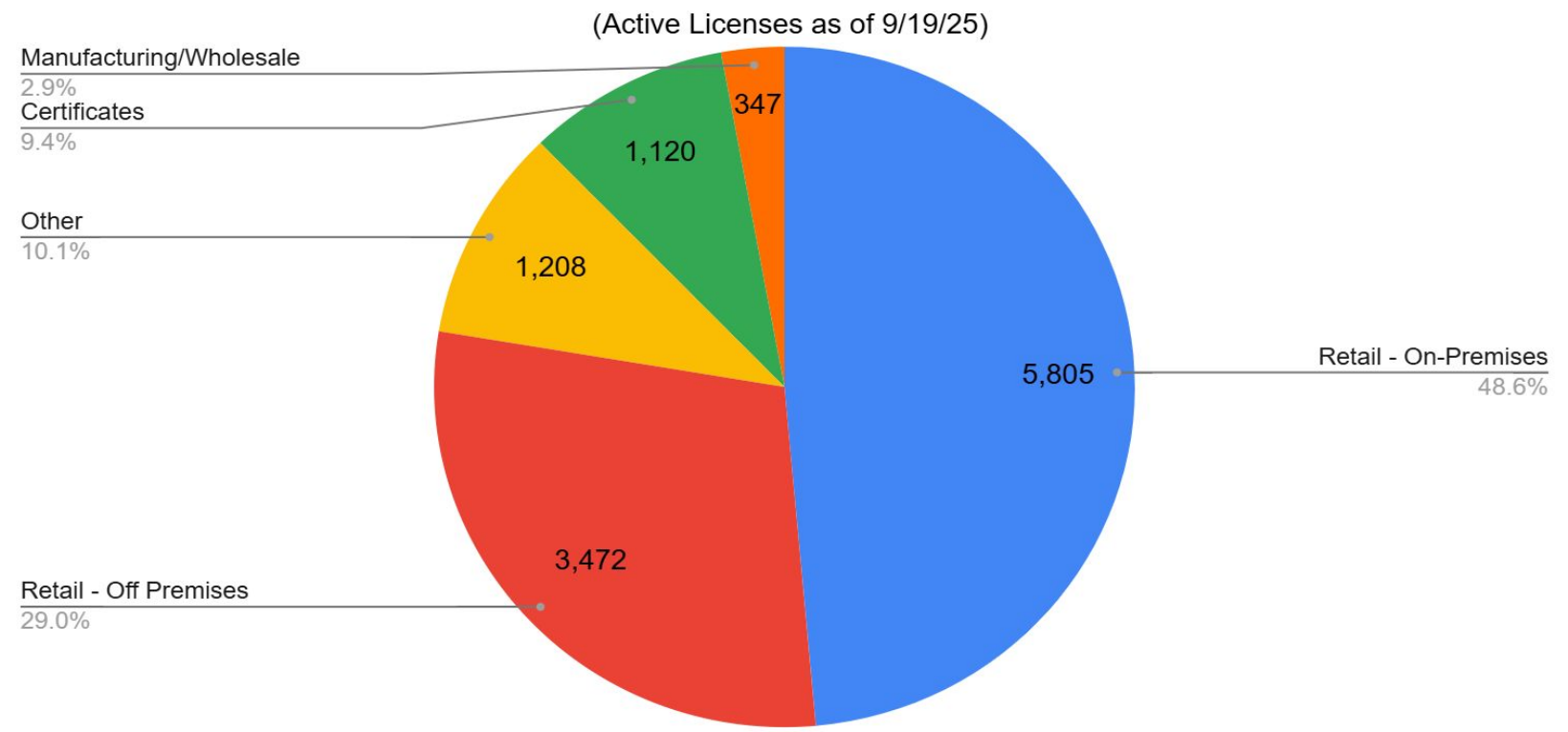
Department of Revenue

ABC Meeting

Alcohol Licensing Update

10/8/2025

All Licenses, Permits, Certificates

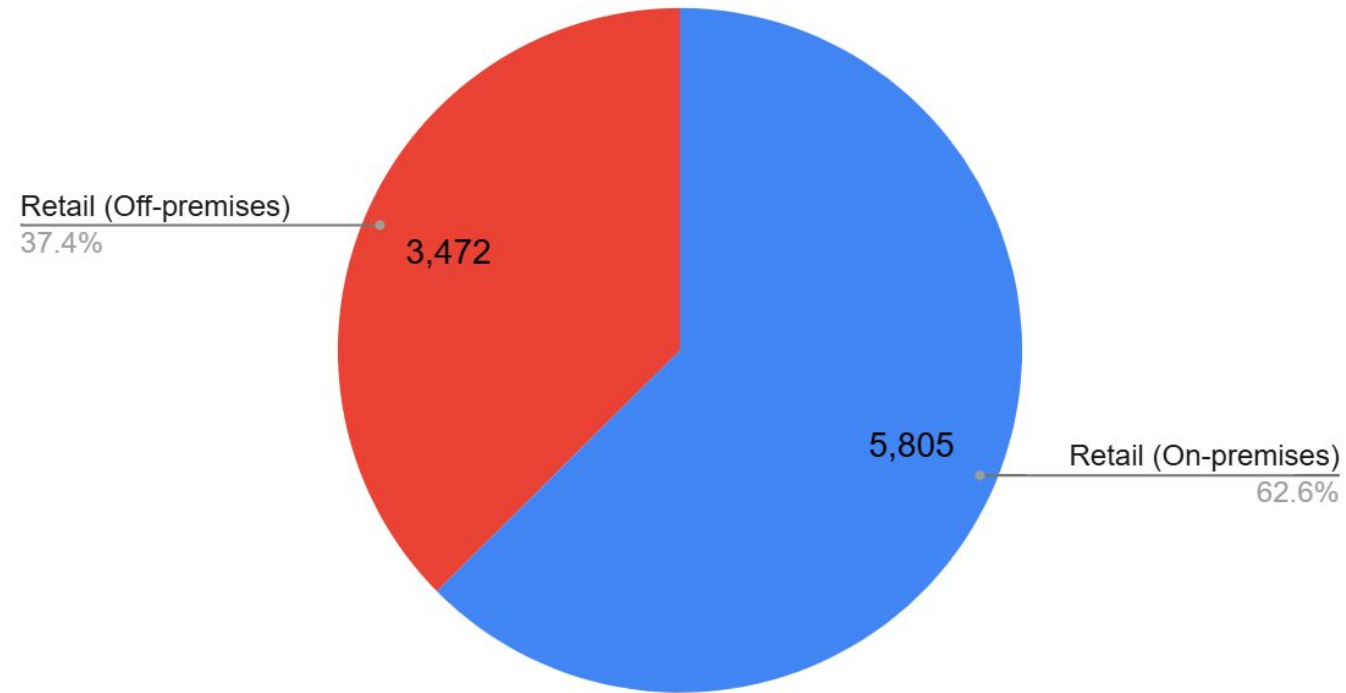


Total Licenses Active as of 9/19/25	
	September, 2025
Retail - On-Premises	5,805
Retail - Off Premises	3,472
Other	1,208
Certificates	1,120
Manufacturing/Wholesale	347
Total	11,952

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 9/19/25)



On-premise vs. Off-premises Retail Alcohol Licenses
(Active as of 9/19/25)

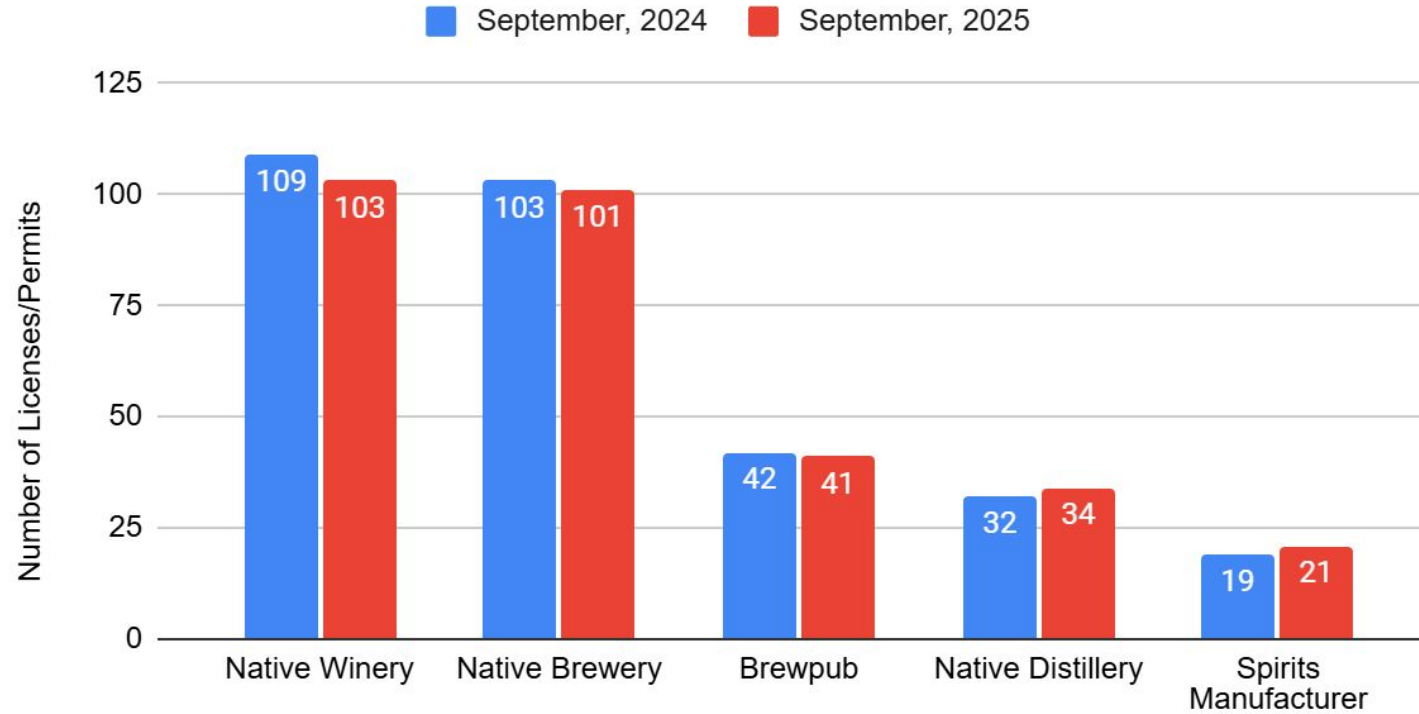
	September, 2025
Retail (On-premises)	5,805
Retail (Off-premises)	3,472
Total	9,277

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 9/19/25)



Alcoholic Beverage Manufacturing in Iowa (Active Licenses/permits)
(As of 9/19/25)

	September, 2024	September, 2025	% Change
Native Winery	109	103	-5.5%
Native Brewery	103	101	-1.9%
Brewpub	42	41	-2.4%
Native Distillery	32	34	6.3%
Spirits Manufacturer	19	21	10.5%
Totals	305	300	

Alcoholic Beverages Special Event Licenses

Special Events (36-hr, 5-day, and 14-day licenses issued in 2025 as of 9/19/25):			
	September, 2024	September, 2025	% Change
36-hr	56	60	7.1%
5-day	1602	1653	3.2%
14-day	81	87	7.4%
Totals	1739	1800	

Native Manufacturer 5-day retail licenses (HF2648) (Issued as of 9/19/25 for CY 2025)	
Native Brewery	16
Native Distillery	4
Native Winery	38
Totals	58