

February 16, 1951.
Departmental Affairs.

House File 448

By POSTON, KLEMESRUD, BASS, RING,
GENBERG, NORLAND, KUESTER,
BUTLER, HENDRIX, MALLONEE and
MOORE of Butler.

Passed House, Date

Vote: Ayes..... Nays.....

Passed Senate, Date

Vote: Ayes..... Nays.....

Approved

A BILL FOR

An Act relating to the rule making power conferred upon the Iowa liquor control commission and for amending Sections one hundred twenty-three point five (123.5) and one hundred twenty-three point seventeen (123.17), Code 1950.

Be It Enacted by the General Assembly of the State of Iowa:

1 Section 1. Section one hundred twenty-three point five
2 (123.5), Code 1950, is hereby amended by adding thereto the
3 following:

4 "23. Monopoly state shall mean any state or states that
5 exercise exclusive control of the purchase and resale of
6 alcoholic liquors.

7 (a) A Class A-1 store shall be one the gross amount of
8 whose business aggregates a sum between four hundred fifty
9 thousand dollars (\$450,000.00) and two million dollars
10 (\$2,000,000.00) during the preceding fiscal year.

11 (b) A Class A-11 store shall be one the gross amount of
12 whose business aggregates a sum between two hundred seventy-five
13 thousand dollars (\$275,000.00) and four hundred fifty thousand
14 dollars (\$450,000.00) during the preceding fiscal year.

15 (c) A Class B-1 store shall be one the gross amount of
16 whose business aggregates a sum between one hundred ninety
17 thousand dollars (\$190,000.00) and two hundred seventy-five
18 thousand dollars (\$275,000.00) during the preceding fiscal year.

19 (d) A Class B-11 store shall be one the gross amount of
20 whose business aggregates a sum between one hundred fifteen
21 thousand dollars (\$115,000.00) and one hundred ninety thousand
22 dollars (\$190,000.00) during the preceding fiscal year.

23 (e) A Class C store shall be one the gross amount of
24 whose business aggregates a sum between sixty-five thousand
25 dollars (\$65,000.00) and one hundred fifteen thousand dollars
26 (\$115,000.00) during the preceding fiscal year.

27 (f) A Class D store shall be any store whose aggregate
28 business amounts to less than sixty-five thousand dollars
29 (\$65,000.00) during the preceding fiscal year.

30 (g) Allocated whisky is such as is obtainable only in
31 limited quantities.

32 (h) Unallocated whisky is such as is obtainable without
33 limitation in amount.”

1 Sec. 2. Section one hundred twenty-three point seventeen
2 (123.17), Subsection two c (2c), Code 1950, be and is hereby
3 repealed.

1 Sec. 3. Section one hundred twenty-three point seventeen
2 (123.17), Code 1950, is further hereby amended by adding thereto
3 the following :

4 “The foregoing powers conferred upon the liquor control

5 commission by subsections one (1) and two (2) hereof shall be
6 exercised and be subject to the following mandatory directions,
7 to-wit:

8 1. No initial purchases of any item of liquor or wine
9 may be made until the supplier has made a formal presentation
10 at an 'open hearing', which hearing shall be held twice in
11 each year on the first Tuesday in May and the first Tuesday
12 in November. At such hearing the applicants and their respective
13 applications for new listings for liquor and wine for the state
14 retail stores shall be reviewed and determined.

15 2. The initial purchase authorized on a new listing
16 shall not aggregate more than one-half the average stock
17 inventory in the system of all brands of this type classification.

18 3. The commission may not at any one time purchase more
19 than ten cases of specific brands of distilled spirits or
20 wines for any retail stores if such distilled spirits or wines
21 are not sold in more than five of the seventeen monopoly states.
22 This limitation shall not be applicable to products produced,
23 bottled, or manufactured in the state of Iowa.

24 4. The most current month's sales of any product shall
25 measure the extent of purchases for replenishment of the
26 warehouse stock. The stock in the warehouse of any item, shall
27 not be less than three weeks' supply and not more than eight
28 weeks' supply. Within these limitations the commission shall
29 establish the procedure to avoid overstocking or understocking
30 in the warehouse, and with the approval of the budget committee

31 establish the volume of purchasing in the case of any
32 emergency.

33 5. The commission shall not at any time make additional
34 purchases of specific brands of liquor or wine when the stock
35 in warehouse and store represents more than twelve weeks' supply.

36 6. The commission must discontinue buying any item of
37 liquor or wine which within a twelve-month period, does not
38 have an average monthly case volume equivalent to 10% of the
39 average monthly sale of all brands under this liquor or wine
40 type classification.

41 7. The retail price shall be determined by applying a
42 uniform markup on the delivered cost not to exceed 40% for
43 distilled spirits and 50% for wine.

44 8. Only items that have 'short fills', 'damaged labels',
45 or that are discontinued because of a lack of consumer demand,
46 may be sold at less than the uniform markup as fixed by
47 statute. The commission shall not make any future purchases
48 within a period of two years where a supplier refuses to make
49 adjustments for unsaleable merchandise or disposition of
50 merchandise that does not have good customers' acceptance.

51 9. All whiskey, bonded, straight or blended, not allocated,
52 purchased by the commission must be stocked in A, B or Class C
53 retail stores.

54 10. The most current weeks' sales shall be the measure
55 for stocking individual stores. Individual stores shall be
56 stocked on a uniform basis, maintaining a minimum of four

57 weeks' supply but not more than twelve weeks of any item.

58 11. A newly listed item on which there has been no sales
59 experience to establish a criterion in the initial stocking
60 of stores should be stocked in each individual store in an
61 amount representing 50% of the average stock inventory of all
62 brands in such type classification.

63 12. To insure adherence to the provisions of the
64 liquor control act the commission is required to make the
65 following weekly and monthly releases to suppliers, news
66 services, and newspapers requesting such information:

67 (a) Release a weekly statistical report within fifteen
68 days after the period covered by the report showing by supplier,
69 by brand, the current week's case sales, the inventory in
70 stores, warehouse, and total inventory in the system.

71 (b) Release a monthly report representing a recapitulation
72 of the weekly reports within fifteen days after the close of
73 such period.

74 (c) Release within fifteen days after the close of the
75 monthly period a report showing by supplier, by brand, by each
76 retail store, the current month's sales and inventory of each
77 brand in each store as of end of the period covered by the
78 report.

79 (d) Each week after liquor purchases are authorized by
80 the commission a release must be prepared showing the case
81 purchases made, by supplier, by brand, the case inventory in

- 82 stores and warehouse and the most current week's sales of each
83 brand available on the date the purchase order was initiated.

EXPLANATION OF H. F. 448

The liquor commission under present law may make its own rules for administration. By the same token it can discontinue its own rules at any time it desires. Its failure to observe its own rules within the last eighteen months has largely been the cause of widespread criticism of the commission.

This bill is an attempt to write into law certain rules which should be observed by the Iowa liquor commission. Similar rules have been written into the law of other monopoly states. It is believed that if this bill is passed that it will assist greatly in the proper administration of the liquor control act.