Regulatory Analysis

Notice of Intended Action to be published: subrule 1001.9(4)
"Barrel Programs"

Iowa Code section(s) or chapter(s) authorizing rulemaking: 123.10
State or federal law(s) implemented by the rulemaking: Iowa Code section 123.10(3)

Public Hearing

A public hearing at which persons may present their views orally or in writing will be held as follows:

February 24, 2026	Via videoconference call
2:30 to 3:30 p.m.	meet.google.com/uio-zdhk-ikb

Persons who wish to make oral comments at the public hearing may be asked to state their names for the record and to confine their remarks to the subject of this proposed rulemaking.

Any persons who intend to attend the public hearing and have special requirements, such as those related to hearing or mobility impairments, should contact the Department of Revenue and advise of specific needs.

Public Comment

Any interested person may submit written or oral comments concerning this Regulatory Analysis, which must be received by the Department no later than 4:30 p.m. on the date of the public hearing. Comments should be directed to:

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Des Moines, Iowa 50306-3457
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Purpose and Summary

The purpose of this proposed rulemaking is to update a subrule related to management of special order barrel program products available for sale by the Department. The proposed amendment to subrule 1001.9(4) would allow products purchased as part of a special order barrel program to be split between two or more class "E" retail alcohol licensees, which the subrule currently prohibits. This rulemaking is being proposed in response to a petition for rulemaking submitted by two alcoholic liquor suppliers.

Analysis of Impact

1. **Persons affected by the proposed rulemaking:**

- **Classes of persons that will bear the costs of the proposed rulemaking:**

No classes of persons have been identified that bear the costs of the proposed rulemaking.

- **Classes of persons that will benefit from the proposed rulemaking:**

Retailers, suppliers, and the State of Iowa will all benefit from the proposed rulemaking. Alcoholic liquor sales have the potential to increase State revenue due to the broader audience of class "E" licensees having an opportunity to purchase barrel program products by splitting them with one

or more other class "E" licensees. On-premises licensed establishments and consumers would also benefit by this proposed rulemaking by seeing an increase in availability of these desired barrel program products in the marketplace.

2. **Impact of the proposed rulemaking, economic or otherwise, including the nature and amount of all the different kinds of costs that would be incurred:**

- **Quantitative description of impact:**

The exact effect on State revenue cannot be determined for this rulemaking; however, sales of these products have the potential to increase State revenue due to the broader audience of class "E" licensees having an opportunity to purchase these products by splitting them with one or more other class "E" licensees.

- **Qualitative description of impact:**

The proposed rulemaking reduces a restrictive and burdensome regulation that may unnecessarily limit class "E" licensee participation in barrel programs, particularly for smaller class "E" licensees that cannot commit to purchasing an entire barrel. This amendment will benefit suppliers by offering, through the Department, more barrel-aged alcoholic liquor products to a larger population of class "E" licensees. A broader audience of class "E" licensees would then have the opportunity to offer more of these unique and popular products to their interested customers.

3. **Costs to the State:**

- **Implementation and enforcement costs borne by the agency or any other agency:**

There are no costs to the agency for implementing the rulemaking beyond those that would otherwise be required to administer the related statutes.

- **Anticipated effect on State revenues:**

In fiscal year 2025, there was $2,511,684.43 in sales for special ordered barrel products. The barrel program products were each sold to one class "E" licensee with presumably better financial means, since the average barrel was sold for $9,316.31. While the exact effect on State revenue cannot be determined, sales of these products have the potential to increase State revenue due to the broader audience of class "E" licensees having an opportunity to purchase these barrel program products by splitting them with other class "E" licensees.

4. **Comparison of the costs and benefits of the proposed rulemaking to the costs and benefits of inaction:**

The proposed rulemaking reduces a restrictive and burdensome regulation that may unnecessarily limit class "E" licensee participation in barrel programs, particularly for smaller class "E" licensees that cannot commit to purchasing an entire barrel. This amendment will offer a broader audience of class "E" licensees the opportunity to purchase more of these unique and popular products for their interested customers. Without this rulemaking, fewer class "E" licensees would have the means to participate in purchasing barrel program products. There are no known costs associated with this rulemaking.

5. **Determination whether less costly methods or less intrusive methods exist for achieving the purpose of the proposed rulemaking:**

The proposed rulemaking is not costly or intrusive.

6. **Alternative methods considered by the agency:**

- **Description of any alternative methods that were seriously considered by the agency:**

The Department considered leaving subrule 1001.9(4) in its current form and not amending the subrule.

- **Reasons why alternative methods were rejected in favor of the proposed rulemaking:**

The Department finds that the current restriction may unnecessarily limit retailer participation in barrel programs, particularly for smaller retailers that cannot commit to purchasing an entire barrel. The rulemaking process will provide an opportunity to explore whether modifications to subrule

1001.9(4) can accommodate supplier and retailer interests while maintaining appropriate regulatory oversight of barrel program products.

Small Business Impact

If the rulemaking will have a substantial impact on small business, include a discussion of whether it would be feasible and practicable to do any of the following to reduce the impact of the rulemaking on small business:

- Establish less stringent compliance or reporting requirements in the rulemaking for small business.
- Establish less stringent schedules or deadlines in the rulemaking for compliance or reporting requirements for small business.
- Consolidate or simplify the rulemaking's compliance or reporting requirements for small business.
- Establish performance standards to replace design or operational standards in the rulemaking for small business.
- Exempt small business from any or all requirements of the rulemaking.

If legal and feasible, how does the rulemaking use a method discussed above to reduce the substantial impact on small business?

The proposed rulemaking provides a substantial benefit to small businesses. Class "A" native distilled spirits licensees and liquor manufacturer licensees would have the potential to offer, through the Department, more barrel-aged alcoholic liquor products to a larger population of class "E" licensees. Additionally, the proposed rulemaking reduces a restrictive and burdensome regulation that may unnecessarily limit class "E" licensee participation in barrel programs, particularly for smaller class "E" licensees that cannot commit to purchasing an entire barrel. By allowing barrel program products to be split between two or more class "E" licensees, the financial obligation is split among all of the licensees purchasing the product, thus creating less of a financial burden.

Text of Proposed Rulemaking

ITEM 1. Amend subrule 1001.9(4) as follows:

1001.9(4) Products purchased as part of a barrel program must be sold and delivered to the class "E" retail alcohol licensee that placed the special order. Barrel program products ~~must not~~ may be split between two or more class "E" retail alcohol licensees in a manner prescribed by the director.