

CHAPTER 1001
ALCOHOL PRODUCT MANAGEMENT AND WAREHOUSING

Chapter rescission date pursuant to Iowa Code section 17A.7: 5/7/30

701—1001.1(123) Definitions.

“*Category*” means the classification of an alcoholic liquor product, such as rum, vodka, or whiskey.

“*Delist*” means the removal of products from the department’s product inventory.

“*Department*” means the department of revenue.

“*Director*” means the director of the department of revenue or the director’s designee.

“*Product*” means stock keeping units of alcoholic liquor or native distilled spirits as defined in Iowa Code chapter 123.

“*Supplier*” means a manufacturer, distiller, or importer of alcoholic liquors or native distilled spirits shipping, selling, or having such alcoholic beverages brought into this state for resale by the department.

[ARC 9086C, IAB 4/2/25, effective 5/7/25]

701—1001.2(123) Listing classifications. Each product available for sale by the department will be assigned to one of the following listing classifications. Suppliers may indicate their preferred listing classification; however, final determination will be made by the director.

1001.2(1) *Permanent.* Products with a permanent listing will be available for sale by the department on an ongoing basis, unless otherwise delisted or temporarily out of stock.

1001.2(2) *Temporary.* Temporary listings will have a duration determined by the director and may be extended at the discretion of the director.

1001.2(3) *Size extension.* A supplier must submit a product quote for each additional size of a product that is currently listed for sale. All listed sizes of the product should meet sales criteria established by the director in order for a size extension product quote to be approved as a permanent listing.

1001.2(4) *Special order.* Products that are not currently listed for sale by the department may be purchased through a special order placed with the supplier of the product.

a. A request for a special order will be placed with the department by a class “E” retail alcohol licensee. Special order requests may be submitted electronically or in a manner prescribed by the director. The director may reject a special order request if it is determined that the requested product is in violation of the requirements set out in paragraph 1001.3(3)“*a.*”

b. If the department accepts a special order request, the request will be forwarded on to the supplier of the product. The supplier may approve or deny the special order request.

c. Special order products may only be sold and distributed by the department to class “E” retail alcohol licensees by the case.

d. Special order products are not eligible for return to the department by a class “E” retail alcohol licensee without approval from the director.

1001.2(5) *Special order on hand.* Products that are frequently sold as special orders may be listed as special order on hand.

a. To be eligible for classification as a special order on-hand listing, a product must have been previously sold as a special order and meet sales criteria established by the director.

b. Products that have been delisted are not eligible to be moved from permanent listing to special order on-hand listing.

1001.2(6) *Highly allocated.* Highly allocated products are products of a limited supply as determined by the supplier.

a. Highly allocated products may be sold via a lottery system as deemed necessary by the director.

b. Highly allocated products are not available for sale as special orders.

1001.2(7) *Quantity limitations.* Quantities of listed products available for purchase by class “E” retail alcohol licensees may be limited at the director’s discretion.

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701—1001.3(123) Product quote listing requests. The supplier of a product to be sold by the department must submit a product quote for consideration by the director.

1001.3(1) *Submitting a product quote.* Product quotes must be submitted electronically or in a manner prescribed by the director.

1001.3(2) *Product quote requirements.*

a. A complete product quote contains the following information:

(1) A control state code number for the product issued by the National Alcohol Beverage Control Association.

(2) The supplier's freight on board (FOB) cost per case. The case price needs to be evenly divisible by the number of bottles in the case. The supplier determines the number of bottles that form a case for the product.

(3) The product's case quantity size and standard of fill.

(4) An image of the product.

(5) A brief description of the product.

(6) The weights and dimensions of the product container, case, and pallet.

(7) The product's 14-digit shipping container code.

(8) The product's universal product code.

(9) Any other information deemed necessary by the director.

b. The director may require a supplier to conduct a listing presentation for products to become listed.

1001.3(3) *Decisions.*

a. The criteria used to determine whether a product quote may be approved or denied will include but not be limited to the following:

(1) Whether the product violates the code of responsible practices established by the Distilled Spirits Council of the United States.

(2) The reasonable potential of the product to unduly jeopardize the welfare, health, peace, morals, or safety of the people of the state.

b. The director shall approve or deny a product quote not more than 20 business days from the date the product quote was submitted or the listing presentation was held, as applicable. Suppliers will be notified of the decision in writing delivered electronically or in a manner prescribed by the director.

1001.3(4) *Appeal to the director.*

a. A supplier may appeal the denial of a product quote to the director. A notice of appeal needs to be filed within 30 calendar days of the date of denial.

b. A notice of appeal must be in writing and must specify the findings or conclusions to which exception is taken, the relief sought, and the grounds for relief.

c. A notice of appeal will be considered filed at the time it is received by the director.

d. The director shall affirm, reverse, or modify the denial of the product quote and shall notify the supplier of the decision in writing.

e. The director's decision constitutes final agency action for the purposes of Iowa Code chapter 17A.

1001.3(5) *Resubmission of a product quote.* If a product quote is denied, the supplier may submit a new request three months after the original request denial date.

1001.3(6) *Moratorium.* The director may implement a moratorium on new permanent listing product quotes and determine the duration period. The director may allow a supplier to trade out a permanently listed product for a new product during a moratorium period.

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701—1001.4(123) Shipment of product to the department. Shipments of product intended for sale by the department may only be made in accordance with this rule.

1001.4(1) *Product shipments into the state.* Product shipments may only be made into the state of Iowa by suppliers.

1001.4(2) *Product shipment locations.* Product shipments may only be made to a state warehouse or to receiving points designated by the director.

1001.4(3) *Product shipment deliveries.* Product shipments may only be delivered by methods as determined by the director. Shipments that do not adequately meet the delivery requirements may be refused upon arrival.

1001.4(4) *Pallet requirements.*

a. The department will only accept products shipped on securely stretch-wrapped pallets that are in good repair.

b. The department will not accept any products shipped on slip sheets. Suppliers will be notified by the department to make arrangements to pick up product shipped on slip sheets.

c. The department will not accept pallets that contain multiple product stock keeping units not separated by a pallet layer.

d. The director may establish additional requirements as deemed necessary.

1001.4(5) *Case labeling requirements.*

a. Each case of product shipped to the department must include a case code label placed on an end panel of the case.

b. The case code label needs to contain the following information:

(1) The control state code number issued by the National Alcohol Beverage Control Association for the product.

(2) The product's universal product code and corresponding barcode.

(3) The 14-digit shipping container code and corresponding barcode. The shipping container code and barcode needs to meet the minimum requirements established by the American National Standards Institute and the International Organization for Standardization.

(4) Any other information deemed necessary by the director.

1001.4(6) *Bottle deposit requirements.*

a. All products intended for resale by the department must meet the requirements of Iowa Code section 455C.5 and rule 567—107.3(455C). Products that do not meet the requirements will not be made available for sale until the requirements are met.

b. Suppliers may purchase bottle deposit refund stickers from the department. The cost of the stickers to suppliers cannot exceed the department's cost of producing and distributing the stickers.

1001.4(7) *Product shipment special handling charges.* Product shipments that do not meet the requirements of subrule 1001.4(4), 1001.4(5), or 1001.4(6) will result in the assessment of special handling charges against the supplier. The amount of charges will not exceed the department's actual cost to bring the shipments into compliance. The department's actual cost is determined using the negotiated hourly rate of the third party the department has contracted with for warehousing services.

[ARC 9086C, IAB 4/2/25, effective 5/7/25]

701—1001.5(123) Importation of product into the state for manufacturing purposes. Shipments of product intended for manufacturing purposes may only be made in accordance with this rule.

1001.5(1) *Product shipments into the state.* Product shipments may only be made into the state of Iowa by suppliers with an appropriate certificate of compliance to manufacturers who have obtained prior approval from the director.

1001.5(2) *Product shipment locations.* Product shipments may only be made to a state warehouse or to receiving points designated by the director.

1001.5(3) *Recordkeeping.* All records related to the importation of product into the state will be maintained on the licensed premises for a period of three years and must be open to inspection pursuant to Iowa Code section 123.33. In accordance with Iowa Code sections 123.98 and 123.101, records will include all product received for each supplier, date received, and an accounting of disposition of all product received.

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701—1001.6(123) Inventory levels. The director will establish maximum and minimum inventory levels for each listed product. The director may adjust the maximum and minimum inventory levels.

1001.6(1) *Purchase orders.* Suppliers shall submit purchase orders to the department to maintain proper inventory levels. Purchase orders will be submitted electronically or in a manner prescribed by the director.

1001.6(2) *Maximum inventory levels.* The department will contact suppliers with product exceeding maximum inventory levels to have the supplier pick up the excess inventory.

1001.6(3) *Maximum inventory level exception.* A supplier may request from the department an exception to the established maximum inventory level for a product. Requests for a maximum inventory level exception will be submitted to the department electronically or in a manner prescribed by the director. The director will approve or deny the request and notify the supplier of the decision electronically or in a manner prescribed by the director.

[ARC 9086C, IAB 4/2/25, effective 5/7/25]

701—1001.7(123) Pricing.

1001.7(1) *Permanent price changes.* Suppliers may make permanent price changes to the case cost of products in any listing classification.

- a. The frequency at which permanent price changes may be made will be determined by the director.
- b. Permanent price changes shall be submitted electronically, or in a manner prescribed by the director, at least 20 business days prior to the effective date.

1001.7(2) *Temporary price reductions.* Suppliers may make temporary price reductions to the case cost of products with a permanent or temporary listing classification.

- a. Products with a listing classification of special order, special order on hand, or highly allocated are not eligible for temporary price reductions.
- b. Temporary price reductions will become effective as determined by the director.
- c. Temporary price reductions will be submitted electronically, or in a manner prescribed by the director, at least 20 business days prior to the effective date.

1001.7(3) *Price lists.* The department shall publish a price list electronically on a monthly basis showing the price to be paid by class “E” retail alcohol licensees for each brand, variety, and category of product available for sale by the department. The price list will be published on the department’s website at shop.iowaabd.com and may be distributed to class “E” retail alcohol licensees as deemed necessary by the director.

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701—1001.8(123) Delisting. Listed products that do not meet sales guidelines established by the director may be delisted. The frequency of delisting is determined by the director.

1001.8(1) *Notification.* The director must notify suppliers of the decision to delist a product. The suppliers will be notified of the decision in writing electronically or in a manner prescribed by the director.

1001.8(2) *Appeal to the director.*

- a. A supplier may appeal the delisting of a product to the director. A notice of appeal needs to be filed within 30 calendar days of the date of delisting notification.
- b. A notice of appeal shall specify the findings or conclusions to which exception is taken, the relief sought, and the grounds for relief.
- c. A notice of appeal shall be considered filed at the time it is received by the director.
- d. The director shall affirm, reverse, or modify the delisting and shall notify the supplier of the decision in writing.
- e. The director’s decision constitutes final agency action for the purposes of Iowa Code chapter 17A.

1001.8(3) *Removal of delisted products.*

- a. Delisted products shall be removed from the department’s warehouse by the supplier or by the supplier’s agent within a time frame established by the director.
- b. A supplier may authorize the department to destroy a delisted product in lieu of removal of the product by the supplier from the department’s warehouse.
- c. New product quotes submitted by a supplier will not be considered by the department until all of the supplier’s delisted product has been removed from the department’s warehouse.

1001.8(4) *Resubmission of a delisted product for listing.* If a product in a permanent listing classification is delisted, a new product quote for the product may be submitted not less than six months after the date the product was removed from the warehouse.

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701—1001.9(123) Barrel programs. A supplier may offer a barrel program, allowing a class “E” retail alcohol licensee to purchase the bottled contents of a barrel-aged product along with the aging barrel.

1001.9(1) Barrel programs must be uniformly offered to all class “E” retail alcohol licensees.

1001.9(2) Suppliers may sample barrel-aged products pursuant to rule 701—1003.7(123).

1001.9(3) Barrel program products shall be classified as special orders.

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 be split between two or more class “E” retail alcohol licensees.

1001.9(5) Aging barrels sold in conjunction with a barrel program must bear conspicuous and substantial advertising matter.

1001.9(6) Bottles from a barrel program may bear customized labels.

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701—1001.10(123) Bailment system. Suppliers are paid for their product once it is sold by the department to class “E” retail alcohol licensees.

1001.10(1) *Bailment agreement.* A supplier shall consent to the department’s bailment system by signing a bailment agreement prior to listing a product for sale in Iowa.

1001.10(2) *Bailment fee.* The department shall charge suppliers a bailment fee in the amount of \$1 per case of product sold or in a corresponding rate for the portion of a case sold.

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These rules are intended to implement Iowa Code sections 123.10(2), 123.10(3), 123.10(6), 123.10(10), and 123.22.

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