
FISCAL UPDATE Article

Fiscal Services Division

May 20, 2020



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ALCOHOLIC BEVERAGES COMMISSION MEETING — MAY 2020

Meeting. The Alcoholic Beverages Commission met via teleconference on Thursday, May 14, 2020.

Administrator's Report. Deputy Director Herb Sutton provided an update on the Alcoholic Beverages Division's (ABD) internal response to the COVID-19 pandemic at the Division's Ankeny headquarters. Director Sutton noted that there is typically a maximum of 7 to 10 employees onsite each day, with social distancing guidelines being followed in the office. However, prior to the public health emergency being declared, employees had the appropriate equipment to work from home and transitioned quickly into teleworking.

The ABD intends to continue to provide flexibility to work from home for the next several months.

Ruan Operational Staff Update. Ruan Transportation provided an update on the organization's response plan, which included guidance from the business continuity team and the Centers for Disease Control and Prevention. The measures taken include frequently disinfecting surfaces, eliminating shared items, providing hand sanitizer, limiting capacity in common areas, and restricting warehouse access to essential personnel only. Due to the increased demand in March and April, staff members have worked overtime. Employees are encouraged to report any symptoms associated with COVID-19.

Hand Sanitizer Distribution. The ABD sent 720 bottles of hand sanitizer to various buildings on the Capitol Complex, the State Emergency Operations Center in Johnston, and the Iowa Lottery headquarters in West Des Moines.

Revenue Data. The Division reported a 6.5% increase in liquor sales in FY 2020 compared to FY 2019, and a 7.5% increase when comparing using an accrual basis of accounting. The increase is due to more liquor deliveries and more cases being sold during the month of March, beyond the volume that is typically attributed to St. Patrick's Day celebrations. April sales briefly tapered off after the initial mixed drink allowance at the beginning of the month, but sales were higher than the February baseline and were comparable to typical October and November liquor sales. An increase in liquor sales following the end of the holiday-driven busy season is typically not seen until May, when liquor purchases are made for graduation season and the Memorial Day holiday. Early data points indicate that the increased revenue from liquor sales is not completely due to price increases by suppliers, as actual consumption is higher compared to FY 2019 consumption and early FY 2020 consumption through February 2020. Authorized liquor returns are captured in the available data.

Liquor Sales Revenue by Month Per Fiscal Year

	FY 2017	FY 2018	FY 2019	FY 2020
February	\$ 22,804,159	\$ 22,403,643	\$ 22,588,927	\$ 25,329,997
March	24,588,551	23,260,973	26,952,007	31,923,179
April	22,551,186	27,087,806	27,928,735	28,667,426

Expense Payments (Can Redemption). The ABD continues to track data on can redemption and is following emerging trends. Currently, can redemption is down, and while causes are not entirely

understood, the decrease may be attributable to the current COVID-19 pandemic. Before the pandemic, approximately \$53,000 was expensed each week. The current amount is closer to \$19,000 weekly.

Beer and Wine Tax Deferral. The collection of beer and wine taxes for February, March, and April was deferred until June 10, 2020. The ABD will collect each month's taxes separately and will seek to collect all taxes for this fiscal year in the current fiscal year, avoiding FY 2020 tax collection in FY 2021. Regular activity reporting will occur on a month-by-month basis. Tax penalties are currently being waived, but licensees are mostly filing on time despite the fact that payments are not due at this time.

Temporary Licenses. The ABD reported approximately \$10,000 in lost fee revenue from temporary licenses due to the COVID-19 pandemic. Polk County was most impacted, with a total of 16 licenses not being granted. The loss of the 2020 RAGBRAI event in July is forecasted to cause a total loss of 90 temporary licenses based on historical data for the event, with overnight and pass-over towns losing 46 licenses, and surrounding towns losing 44 temporary licenses. Permanent license applications and renewals continue to be filed.

Next Meeting. The next Commission meeting will be held in June 2020. The Commission intends to hold all future meetings in 2020 via teleconference.

Additional Information. Additional information can be provided by the LSA upon request.

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