



Kim Reynolds *Governor of Iowa*
Adam Gregg *Lieutenant Governor*
Stephen Larson *Administrator*

MEMORANDUM

DATE: January 27, 2021

TO: Members of the Administration and Regulation Budget Subcommittee

FROM: Stephen Larson, Administrator, Alcoholic Beverages Division

RE: Alcoholic Beverages Division's Administration and Regulation Update

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The Iowa Alcoholic Beverages Division (ABD) is responsible for the administration and enforcement of Iowa's alcoholic beverage laws and the wholesale distribution of alcoholic liquor to off-premises retail licensees. As the governing authority on alcohol, ABD strives to provide fair, efficient, and reasonable governance of Iowa's alcoholic beverage marketplace.

Because of the COVID-19 pandemic, there has been increased tension between ABD and the industry we regulate regarding how we should carry out our regulatory responsibilities under the law and the public health emergency proclamations. Ultimately, our regulatory efforts have balanced the need to protect public health and safety with the business needs of an industry financially impacted by the pandemic.

As conversations take place this legislative session on possible economic recovery initiatives, ABD is available to provide information to help in decision making. We also stand ready to implement initiatives that become law. And our ongoing regulatory efforts will continue to protect public health and safety, help maintain a fair and level playing field, and create a competitive business environment which supports industry recovery.

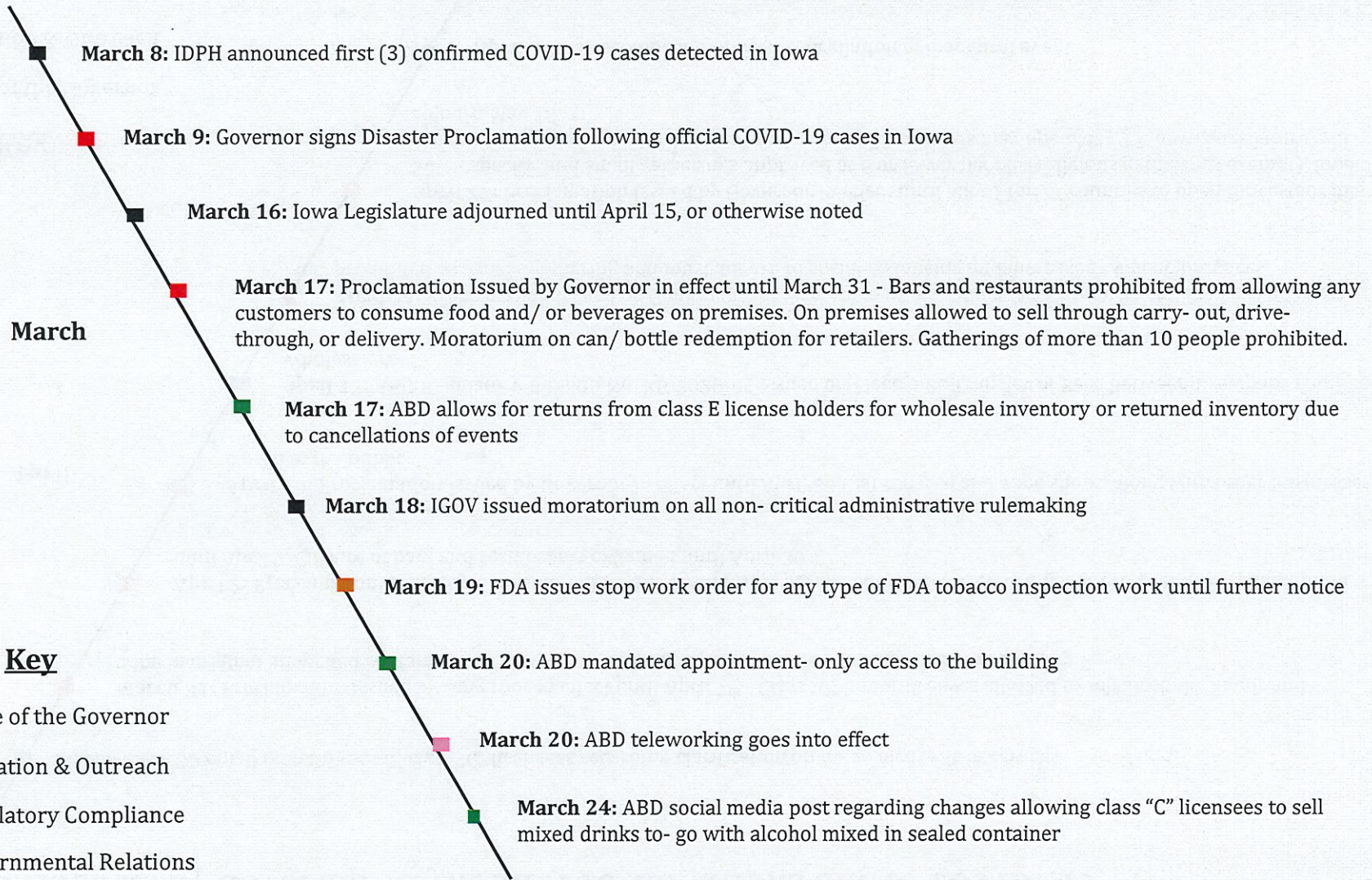
FY2022 BUDGET REQUEST: Status quo General Fund appropriation of \$1,005,461.

FY2020 RESULTS: A record \$367 million in spirit sales and a transfer of over \$133 million to the General Fund. In our partnership with Ruan, there was a 3% decrease of \$94,000 in direct costs for transportation, a .04% increase of \$11,500 in direct costs for warehouse operations, which is a net savings of \$83,000. Those savings don't reflect costs associated with risk management, insurance, future obligations regarding property and casualty payouts, and retirement benefits.

FY2021 EARLY RESULTS: \$211 million in gross liquor sales for the first six months of the fiscal year, a 15.1% increase over last year; 46,666 orders processed, a 20.5% increase; 30,122 deliveries, an 8.17% increase; 1,821 active class “E” licensees; completed 2,811 COVID-19 inspections, and complaints referred to administrative actions were forty-five.

2021 KEY INITIATIVES: Continue working with executive branch agencies and external partners to create integrated e-commerce platforms that will streamline licensing, marketplace governance, and data analytics management. These efforts will assist ABD and the legislature in future decision making. In partnership with Ruan, continue to modernize the wholesale distribution system to achieve sustainable outcomes for the Iowa marketplace.

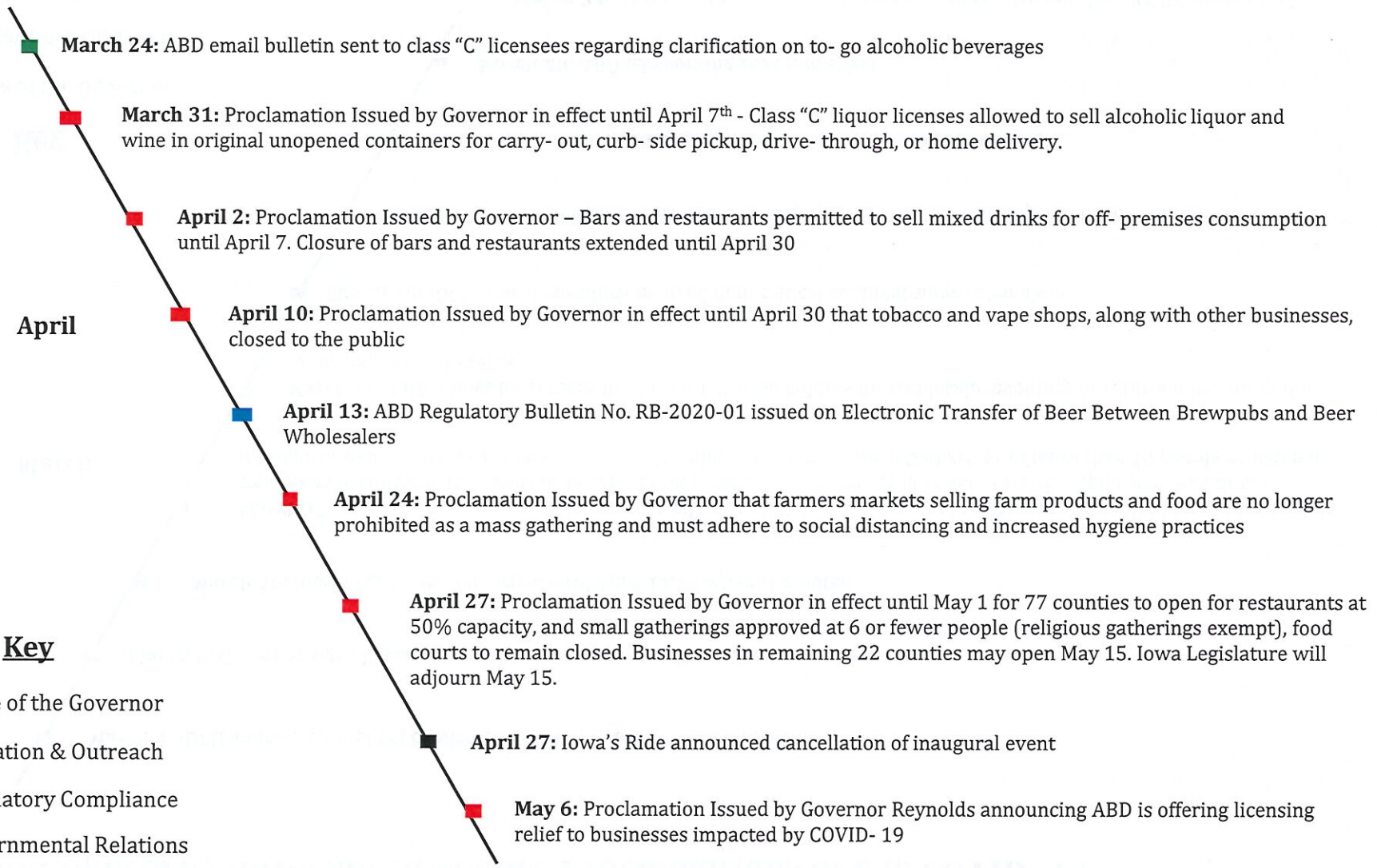
ABD Impacts by Governor Reynolds' Proclamations due to COVID- 19



Key

- Office of the Governor
- Education & Outreach
- Regulatory Compliance
- Governmental Relations
- Tobacco
- External Updates & Communications

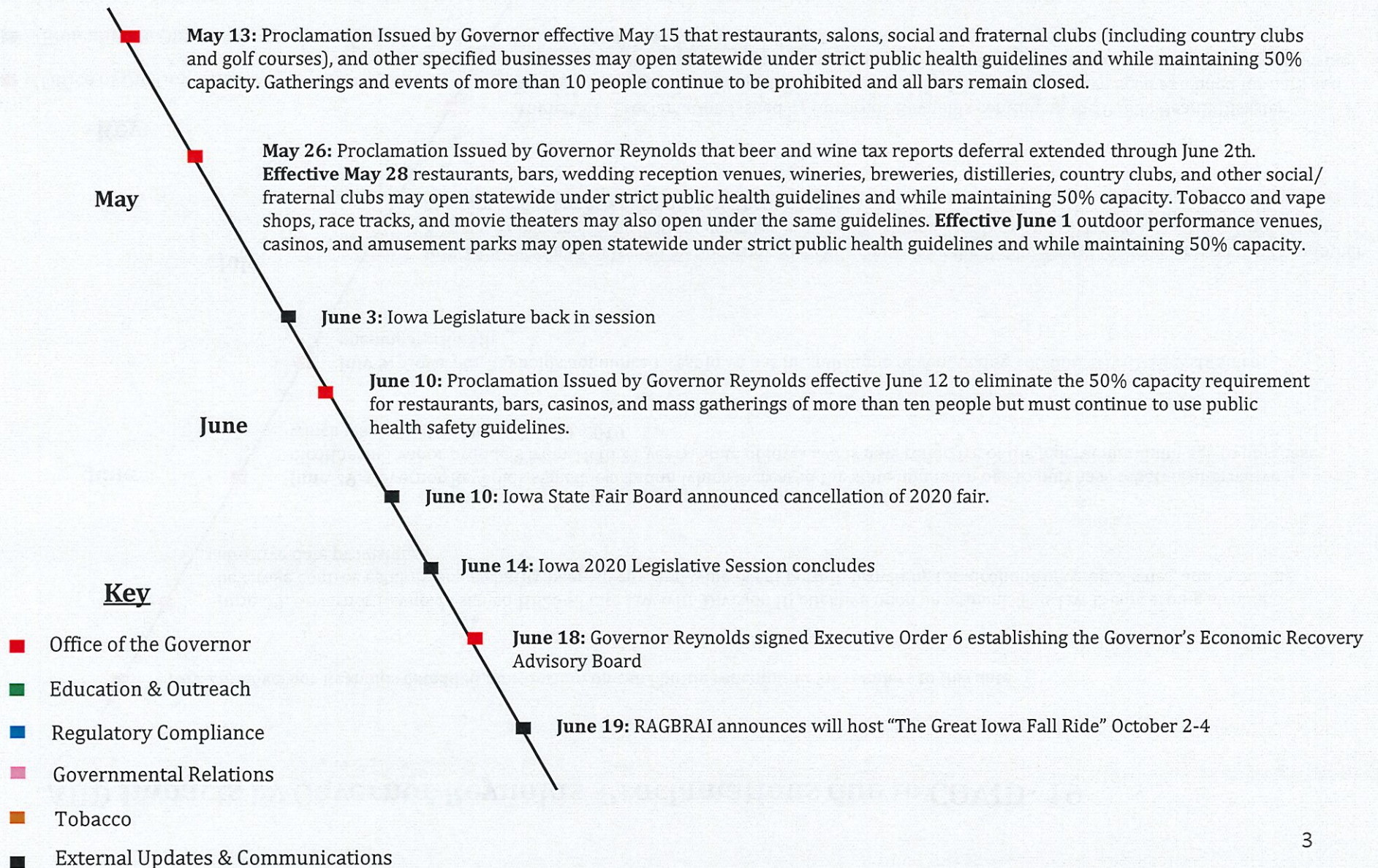
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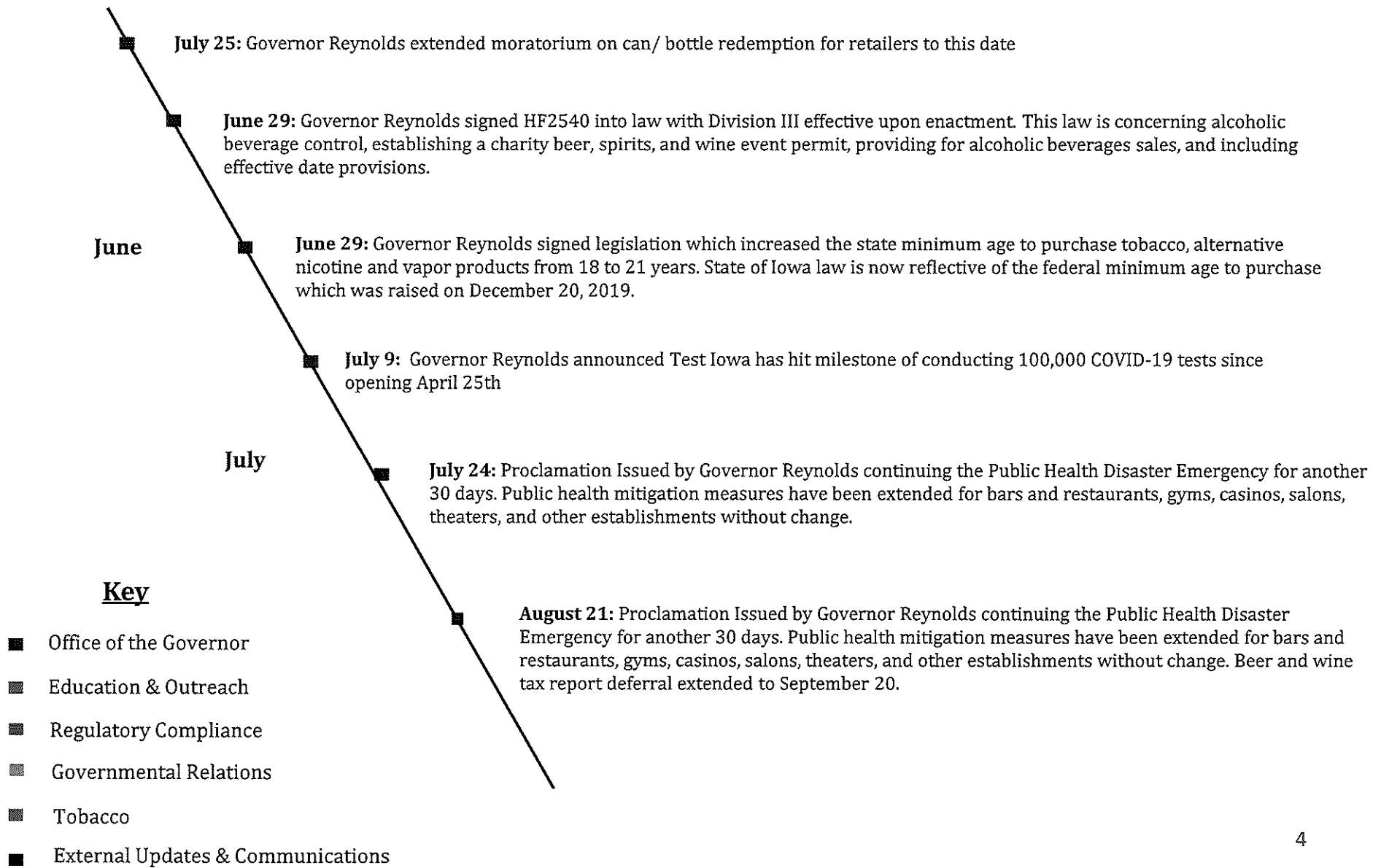
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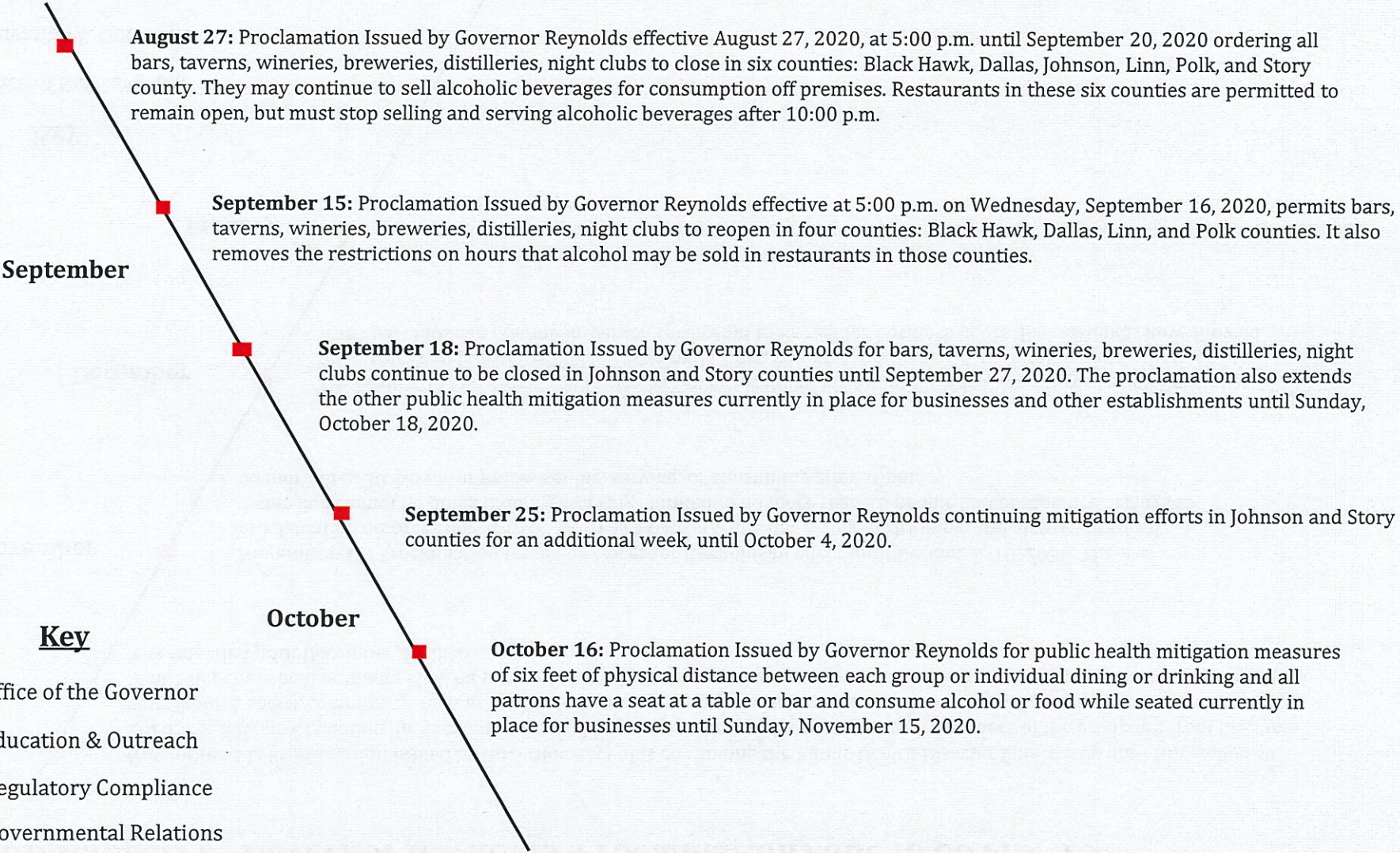
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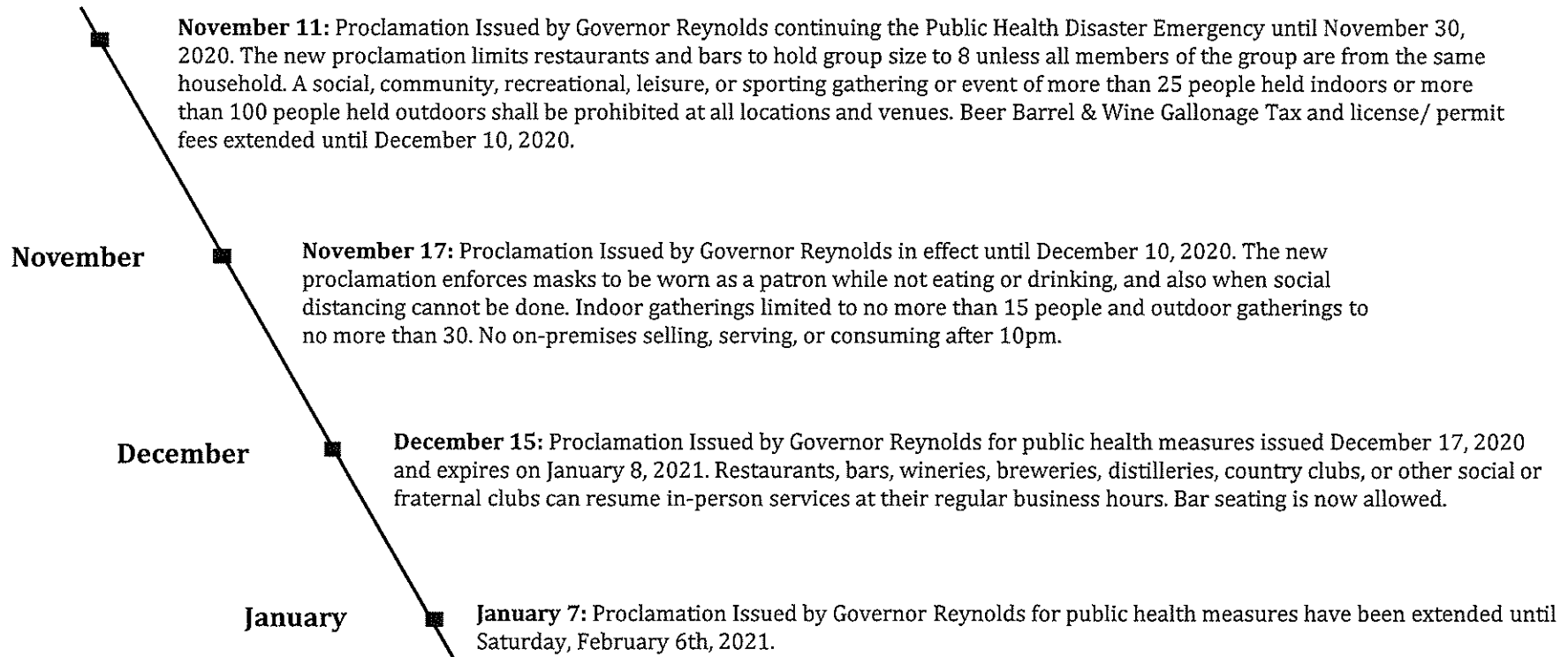
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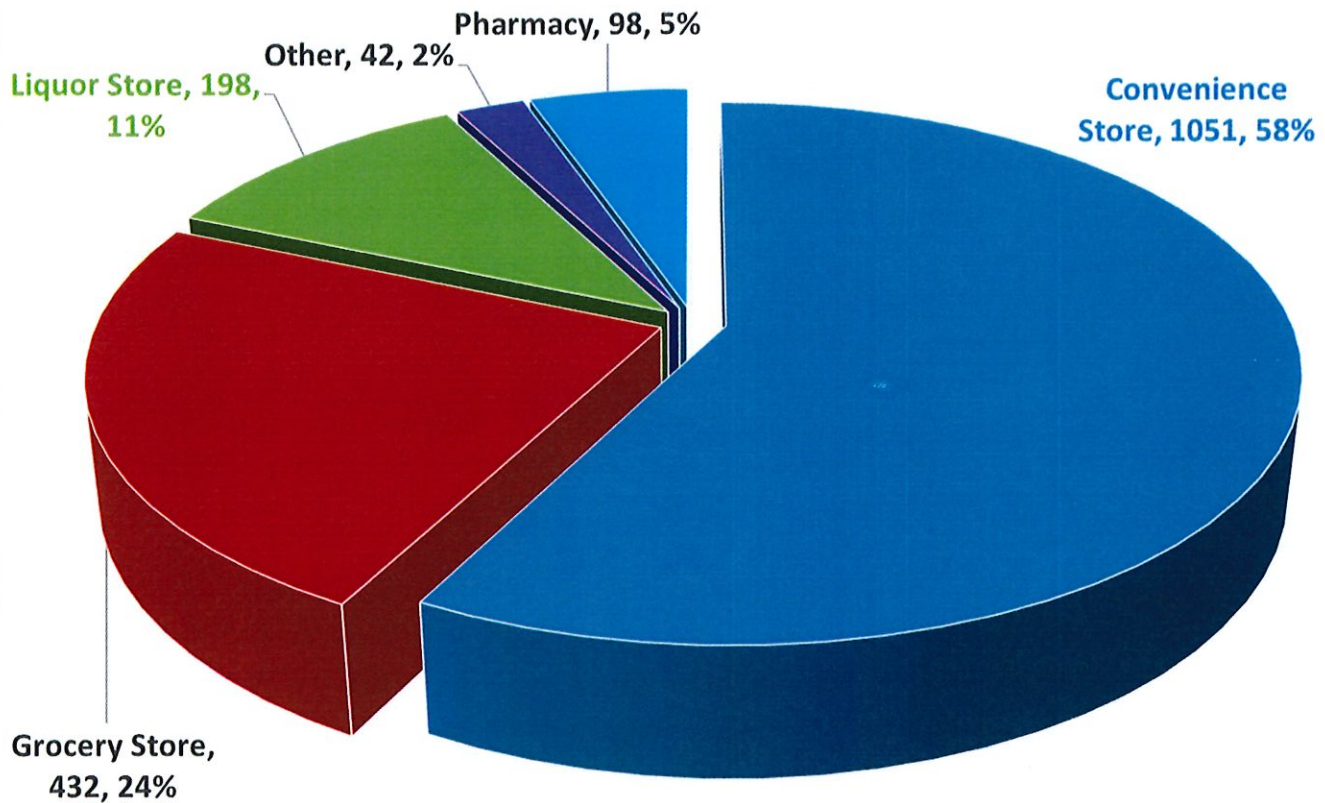
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Class E Licensees as of 12/31/2020

- 1821 active class E licensees
 - 4 aggregate increase from last month
 - 12 Total New LE's
 - 10 Convenience Stores, 2 Liquor Stores
 - 518 (50%) of Convenience Stores are Casey's

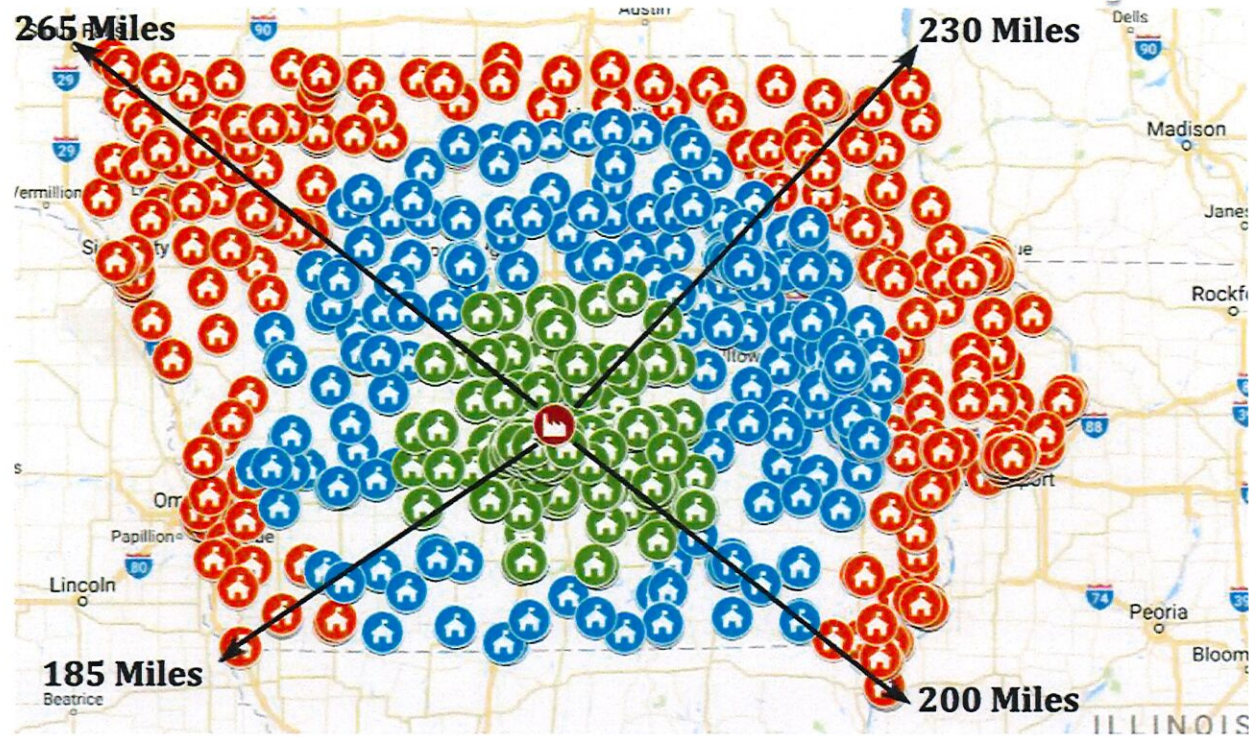
Class E Licenses As of 12/31/2020



Other	
Bar/Tavern	Hotel/Motel
Casino	Redemption Center
Discount Store	Specialty Shop
Excursion Gambling Boat	

- **Grocery Stores** (e.g. Hy-Vee, Walmart, Fareway, Costco)
- **Liquor Store** (e.g. Brothers Market, Smokin' Joe's Tobacco & Liquor Outlet, Central City)
- **Pharmacy** (e.g. CVS & Walgreens)
- **Discount Store** (e.g. Sam's Club)
- **Convenience Store** (e.g. Quik Trip, Casey's, Kum & Go)

2019 vs 2020 Growth Analysis



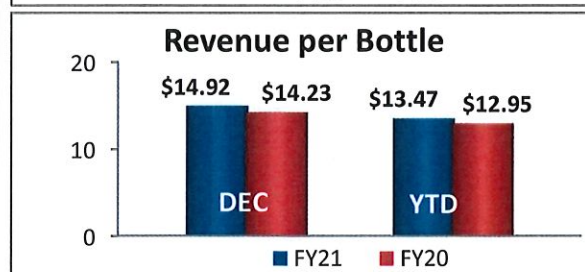
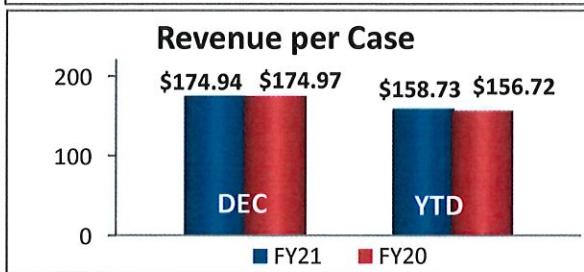
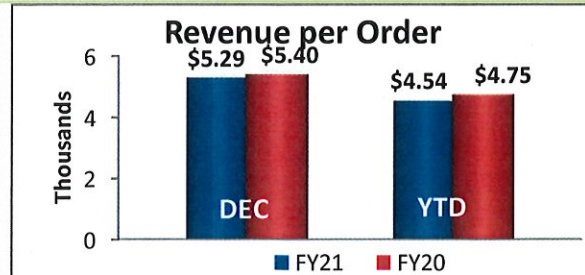
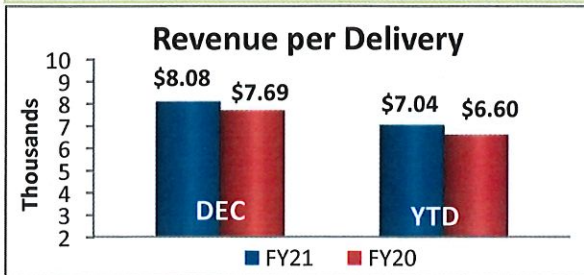
2019 vs 2020 Radius Growth Analysis

		2019	2019 Radius Share	2020	2020 Radius Share	2019 vs 2020 Change
50 Mile	Licenses	462	26%	515	27%	11%
50 Mile	Cases	684,528	32%	797,639	32%	17%
50 Mile	Split Bottles	904,206	29%	1,010,585	30%	12%
50 Mile	Total Bottles	8,167,647	31%	9,305,563	32%	14%
50 Mile	Total Sales	\$108,151,446.13	32%	\$126,904,301.42	33%	17%
100 Mile	Licenses	582	33%	630	33%	8%
100 Mile	Cases	593,210	28%	681,521	28%	15%
100 Mile	Split Bottles	979,972	32%	1,036,128	31%	6%
100 Mile	Total Bottles	7,377,873	28%	8,245,986	28%	12%
100 Mile	Total Sales	\$91,752,695.74	27%	\$105,651,851.14	27%	15%
100+ Mile	Licenses	721	41%	773	40%	7%
100+ Mile	Cases	863,638	40%	981,365	40%	14%
100+ Mile	Split Bottles	1,207,094	39%	1,281,872	39%	6%
100+ Mile	Total Bottles	10,405,368	40%	11,606,184	40%	12%
100+ Mile	Total Sales	\$134,820,974.02	40%	\$152,831,041.48	40%	13%

Iowa Alcoholic Beverages Division

December Sales Comparison Year Over Year - Cash Basis

Category	FY 2021	FY 2020	% Change
Liquor Sales	42,767,399	36,096,513	18.48%
Split Case Fee	172,498	160,369	7.56%
Bottle Dep and Sur	427,844	355,793	20.25%
Total Revenue	43,367,741	36,612,675	18.45%
Deliveries	5,366	4,763	12.66%
Orders	8,192	6,775	20.92%
Cases	247,903	209,248	18.47%
Bottles	2,906,228	2,572,559	12.97%
Picks	581,053	519,870	11.77%



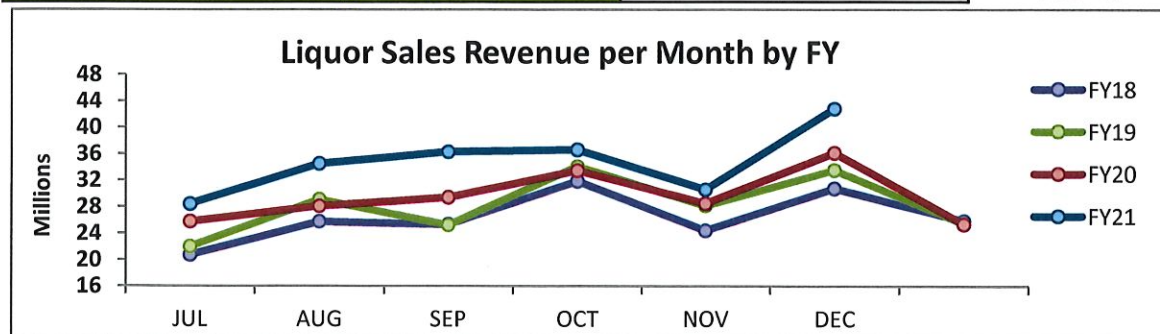
Fiscal Year Sales Comparison Year-to-Date

Category	FY 2021	FY 2020	% Change
Liquor Sales	209,047,358	181,284,493	15.31%
Split Case Fee	825,409	781,142	5.67%
Bottle Dep and Sur	2,122,042	1,804,749	17.58%
Total Revenue	211,994,809	183,870,384	15.30%
Deliveries	30,122	27,847	8.17%
Orders	46,666	38,711	20.55%
Cases	1,335,598	1,173,214	13.84%
Bottles	15,733,027	14,195,567	10.83%
Picks	3,054,838	2,805,639	8.88%

Number of Sales Days Comparison

Even

Dec +1



Iowa Alcoholic Beverages Division

Report on Deferred License Revenue

Calculated through January 8, 2021

Total Estimated Amount Of all Licenses Paid and Unpaid
5,832 \$7,628,649.09

Total Amount on Paid/Refundable Licenses
244 \$ 318,911.03

FY20

Totals FY20	FY20 Deferred	FY20 Collected	Total
On-Premise Licenses(LC)	1,380,583.57	15,414.00	1,395,997.57
All other License Types	171,459.00	25,535.00	196,994.00
TOTAL	1,552,042.57	40,949.00	1,592,991.57

Def FY20	Paid FY21	Total Licenses
881	11	892
318	46	364
1,199	46	1,245

FY21

Totals FY21	FY21 Deferred	FY21 Collected	Total
On-Premise Licenses(LC)	3,243,698.81	253,069.93	3,496,768.74
All other License Types	375,532.00	24,892.10	400,424.10
TOTAL	3,619,230.81	277,962.03	3,897,192.84

Def FY20	Paid FY21	Total Licenses
1,974	157	2,131
600	41	641
2,574	198	2,772

Totals ALL FY	Deferred All	Collected All	Est to be renewed	Est Total All	Def All	Paid All	Est To be Renewed	Total Licenses
On-Premist Licenses(LC)	4,624,282.38	268,483.93	1,884,824.84	6,777,591.15	2,855	168	1,296	4,319
All other License Types	546,991.00	50,427.10	253,639.84	851,057.94	918	87	508	1,513
TOTAL	5,171,273.38	318,911.03	2,138,464.68	7,628,649.09	3,773	244	1,804	5,832