ALCOHOLIC BEVERAGES DIVISION
State of Iowa

Terry E. Branstad *Governor of Iowa*
Kim Reynolds *Lieutenant Governor*

Stephen Larson *Administrator*

M E M O R A N D U M

TO: Members of Administration & Regulations Budget Subcommittee

FROM: Stephen Larson, Administrator

DATE: January 23, 2013

RE: FY2015 Budget Request

FY2013 Results – Record Revenues

In fiscal year 2013, the Iowa Alcoholic Beverages Division experienced another record-breaking year in sales and funds generated for the State. Total spirit sales were nearly $256 million, a 5.6% increase over the previous year. In addition to revenue from spirits profits, funds generated by excise taxes on wine and beer, license fees and civil penalties translated into a general fund transfer of $119.5 million.

FY2014 First Quarter Results

The increased trend in sales has continued into fiscal year 2014. Gross liquor sales are $59.4 million which equates to a 4.4% increase or $2.5 million for the first four months over last year.

- Net profit for the first quarter is $21.3 million which is up 13.9% over last year.
- Net income for the first quarter is $9.3 million.

The Division processed 12,476 orders and picked 5.4 million bottles in first quarter fiscal year 2014.

- Freight cost per order has decreased by an average of $3.22.
- Freight cost per bottle has decreased by an average $ .01.

FY2014 Additional Funds – Tobacco Enforcement

The Division received a transfer of $453,067 from Iowa Department of Public Health to conduct retail tobacco compliance inspections pursuant to Iowa Code § 453.A.2.

The Division contracted with the Federal Food and Drug Administration to conduct retail tobacco compliance inspections pursuant to the Family Smoking Prevention and Control Act of 2009. In fiscal year 2013, the Division was reimbursed for actual expenses of $312,190 by the FDA.

FY2015 Budget Request

The Division requests a **status quo General Fund appropriation of $1,220,391** for fiscal year 2015.

ABD AT A GLANCE

Headquarters: Ankeny, Iowa

Oversight of:

- Approximately 15,000 holders of licenses and permits to manufacture, transport and/or sell beer, wine and spirits.

- Approximately 11,000 retailers that sell alcohol for consumption on premises (restaurants, bars, clubs) and off premises (grocery stores, convenience stores, liquor stores, retail shops).

- One central warehouse of 175,000 square feet, which receives and stores all spirits to be sold in the state until it is shipped and purchased by privately owned licensees and permitees.

- $256 million in liquor sales during fiscal year 2013.

- $119.5 million in total funds generated by the ABD during fiscal year 2013. Distributions benefit the State General Fund, local cities and councils where licenses are issued, substance abuse programs and Iowa beer and wine promotion.

- $14.7 million collected by ABD from license and permit fees.

- $13.8 million collected from excise tax on beer and $7.7 million collected from excise tax on wine during fiscal year 2013, $288,00690 of which benefits the promotion of Iowa wine and beer.

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