

IOWA ALCOHOLIC BEVERAGES COMMISSION

MINUTES

April 23, 2010

Iowa Alcoholic Beverages Division
Boardroom
1918 SE Hulsizer Rd.
Ankeny, IA

Members Present:

Jim Clayton
Rick Hunsaker
Greg Nashleanas

Guests Present: Doni DeNucci

Staff Present: Lynn Walding
Steve Larson
Judy Seib
Tonya Dusold
Shannon Hagge

Call to Order

Chairperson Rick Hunsaker called the meeting to order at 1:44 PM, with a quorum present.

Minutes of Previous Meeting (Available on the website.)

Minutes from the February 25, 2010, commission minutes were approved unanimously.

Introductions

Mr. Steve Larson introduced himself to the commission and stated his previous background information. Mr. Steve Larson will be the Division Administrator effective May 1, 2010.

Administrator Lynn Walding noted that Claire Celsi will be taking over for Gayle Collins effective May 1st as well. Tonya Dusold stated that there will be an open house taking place the afternoon of May 4th.

Recommendations

Mr. Walding stated that it would be helpful to review the recommendations that were brought up from the previous forums to get Mr. Larson up to date on the current issues.

Mr. Walding clarified some information for Steve Larson on Administrators policies to list products in the state of Iowa. Mr. Walding stated that Everclear has already been lowered from 190 to 151 proof as the highest proof that can be listed. Mr. Walding also noted the size limitations on anything over 100 proof. Only one size can be listed per recommendations from the commission. ABD Staff will work with the supplier to decide what size to list in Iowa. Several products have previously been listed in multiple sizes; it is up to staff and supplier to decide what sizes they will eliminate.

Mr. Walding noted several products that have been turned away due to the over 100 proof trend that is currently taking place in the market.

Neck Bottle Labels

Tonya Dusold provided copies of the neck cuff design for the commissioners. Ms. Dusold has some questions for the commissioners regarding design and type of information that should be included on the neck cuffs.

Mr. Walding asked who they would like to have put the neck cuffs on the bottle. Mr. Walding stated that the supplier or licensee could put the neck cuffs on the bottle or, ABD could put them on and charge an additional fee. Mr. Walding stated that DISCUS has a national effort to place educational information on individual bottles of alcohol.

Commissioner Hunsaker asked how the color selection came into play. Ms. Dusold responded that it needed to be bright in order to avoid getting tossed right away. Commissioner Hunsaker stated that it might be better to put the informational facts on the outside and the drink comparison on the other side so it is not so bold and is more likely to be read.

Ms. Dusold stated that there are two products that are packaged in containers that would require the package to be opened so the necker can be placed. How do we decide which items may be excluded from the neckers? Commissioner Nashleanas feels that the necker should be visible from the shelf. Commissioner Nashleanas stated that product should have something blatant on the outside to show that it is over 100 proof. The commission agrees that version #2 is easier to read. Commissioner Clayton asked if the consumer will know what one drink means, maybe it should read a standard drink. Commissioner Clayton also recommends putting the warning on both sides. Ms. Dusold and Mr. Walding both feel that this may pose stocking issues while covering the label too much. The commission prefers the terminology of the standard drink. Mr. Walding stated that the idea of the necker is to give a brief description to the consumer and refer them onto the website for more information.

Ms. Dusold stated that either ABD could print these and/or have the supplier place an order for them. Mr. Walding recommended that the commission try this for a year and review its progress. Ms. Dusold stated we can make an order based on how many bottles of 100 proof products are ordered in a year. Mr. Walding stated that alternatively an outright ban is a possibility, so this may help.

Mr. Walding informed Mr. Larson how the limitations of listing a product come into play. Mr. Walding stated that the Administrator has the final say if a product is going to be listed within the state.

Mr. Walding asked the commissioners if ABD staff should move forward with the neck label with the approved corrections or where should we go from here. The Commissioners would like to see more educational programs in place that work with this new neck label and present it to enforcement and

college campuses. Ms. Dusold stated that we could create a poster, Power Point, flyer etc. and make available on the website for printing purposes. We could also make it so that it could be downloaded and printed instead of the Division printing the materials at our cost.

Mr. Walding stated that we could also work with distributors. Commissioner Hunsaker noted if a supplier wanted to provide funds they could give to a national substance abuse partner for production and distribution purposes.

Product Registration

Mr. Walding stated that staff tried to come up with multiple scenarios on how this would/wouldn't work and why. Mr. Walding explained the current keg process and product registration would potentially work for individual bottles. Commissioner Hunsaker stated that the recommendation states this would be implemented for all products over 100 proof not just Everclear.

Commissioner Hunsaker and Mr. Walding provided two contradictory scenarios. Mr. Walding's argument is that a bottle is more difficult to track because it can be tossed or destroyed, thus eliminating anything to track. Commissioner Hunsaker then stated that we could track anything over 130 proof or a higher to minimize the burden on retailers.

Mr. Walding noted that HCA registration would take a legislative change, if the commission wants to go in that direction then start with the legislature and get a response to see where we can go from there. Commissioner Clayton stated to let the issue go for now if something happens again in the futures with overconsumptions of HCA then bring this up as a potential idea. Mr. Walding also noted that in the next legislative session the commission could rally for the different taxation on HCA.

Item to discuss at next meeting, follow up on the neck label and an enforcement program

Commissioner Hunsaker asked what topics the commission would like to discuss in the future. One topic that was previously discussed was minimum pricing, so that the cost of spirits is not being driven down due to volumes and proof size. Commissioner Clayton asked if we could make changes on minimum pricing or would this take legislative action? Mr. Walding responded that the commission may cover more by taking this to the legislation for review. It might take some legislative action if you are trying to do several changes.

Mr. Walding noted some of the issues that the commission has discussed in the past; there have been at least 6 topics and forums that let others know we are out there and that everyone is welcome to attend. Future areas for opportunity may be dram shop revisions that we addressed 6 years ago. Minimum pricing, there are a few legislators that are lobbying for this issue. Substance abuse funding, the law says that a specific amount is to be going towards substance abuse, the Division is contributing more and more funds to that program every year. Certain communities struggle with the underage consumption issue what can the commission do to support college towns and areas of high consumption.

Commissioner Nashleanas stated that he would like to speak about dram shop first. Mr. Walding stated it is a tough issue because there are several items to focus on. Ms. Judy Seib stated that over 100 companies are writing dram in Iowa as of right now, and that 71% of the policies out there are compliant.

Mr. Larson suggested a strategic planning meeting on or around July 1 to gain some direction on immediate issues so that the commission can decide on how we want to proceed.

Old Business

None at this time.

New Business

Commissioner Hunsaker asked about all of the retirements that will be taking place in ABD and how this will affect the Division. Mr. Larson stated that the official date June 24th, the true impact will be known July 1st. Mr. Larson stated that moving forward the commission should discuss what we would like to see on emerging issues and what we would like to focus on in the upcoming legislative session.

Schedule of Upcoming Meetings.

To be announced. Annual commission meeting should take place on or around July 1, 2010.

Adjournment

Motion: It was moved and seconded that the meeting be adjourned. The motion carried unanimously.

Meeting was adjourned at 2:41 P.M.

GREG NASHLEANAS
Secretary