

Trade Spending

TO: Alcoholic Beverages Manufacturers, Wholesalers, and Brokers (Industry Members)

INTRODUCTION

The Iowa Alcoholic Beverages Division (Division) administers and enforces the laws of Iowa concerning beer, wine, and alcoholic liquor. The purpose of this bulletin is to provide clarification on the practice of trade spending. Trade spending is the practice of industry members promoting their brand by purchasing alcoholic beverages for consumers where alcoholic beverages are sold and served for on-premises consumption.

BACKGROUND

Iowa Code section 123.186 mandates that the Division adopt as rules the substance of the federal regulations 27 C.F.R. parts 6, 8, 10, and 11 as they relate to transactions between industry members and retailers, otherwise known as trade practices. The Division is conducting a comprehensive review of the trade practices chapter to update rules and provide clarity to stakeholders. The Division began by reviewing the tasting, sampling, and trade spending rule, which resulted in the adoption of three new separate rules and defining related terms. The new layout provides clarity and explains each subject matter in greater detail.

DISCUSSION

The newly adopted rule on trade spending allows an industry member to purchase alcoholic beverages for consumers at retail locations licensed for on-premises consumption under the following guidelines:

- Trade spending must be unannounced and unpublicized,
- Only one round of alcoholic beverages or nonalcoholic beverages may be purchased for patrons, and
- The industry member must pay the retailer no more than the ordinary retail price for the alcoholic beverage or nonalcoholic beverage.

Record keeping requirements:

- An industry member must keep and maintain records in accordance with 185 Iowa Administrative Code section 16.18.

Violations:

- An industry member who engages in trade spending that is found to be in violation of Iowa laws or rules may be subject to administrative sanctions including, but not limited to civil penalty, license suspension or license revocation.

CONCLUSION

Effective December 30, 2015, industry members shall engage in the practice of trade spending in accordance with this bulletin.

QUESTIONS

If you have any questions concerning this bulletin, please contact Stephanie Strauss, Government Relations, at 515-281-7432 or Strauss@IowaABD.com.



Stephen Larson, Administrator

References and useful information:

State Law: 123.186(1)

State Rules: 185 Iowa Administrative Code chapter 16

Website Links: http://iowaabd.com/alcohol/regulation/alcohol_laws

The Alcoholic Beverages Division was created to administer and enforce the laws of Iowa concerning beer, wine and alcoholic liquor.

*This bulletin does not replace statutes, rules or court decisions.
This bulletin should not be considered legal advice or a substitute for legal counsel.*