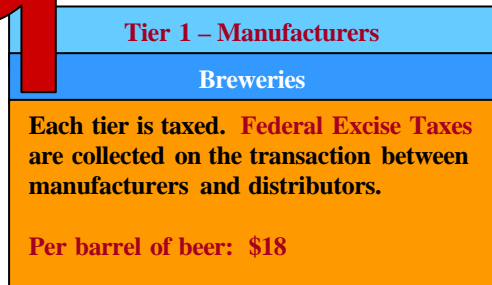


The three-tier system: It's what works

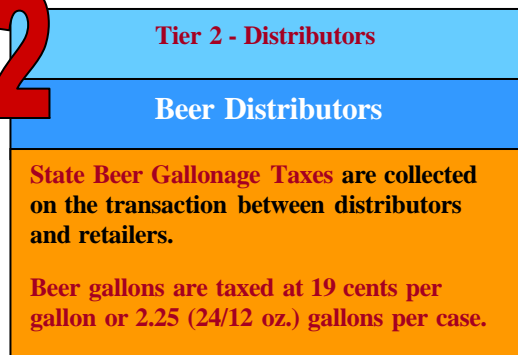
1



Since the repeal of Prohibition in 1933, alcoholic beverages have been controlled by a three-tier regulatory system. Acting like a safety net, the three-tier regulatory system provides for “checks and balances” in the way that alcohol is distributed and sold to retailers as well as consumers. In this way, the three-tier system helps protect Iowa’s communities.

Under the three-tier system, manufacturers sell to licensed beer distributors who sell to licensed retailers – such as restaurants and convenience, grocery and liquor stores – and retailers sell alcoholic beverages to consumers.

2



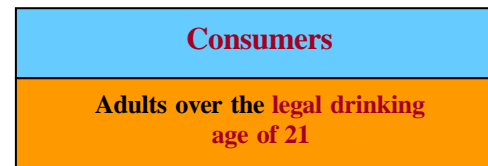
The three-tier system ensures that alcohol is not sold to minors, and it makes certain that wine, beer and spirits are not sold or delivered illegally. In this way, alcohol is delivered responsibly to the people who are licensed to sell it and to those who are of legal age to purchase it.

Licensed beer distributors act in cooperation with the federal and state governments; they help insure that alcohol beverage taxes are reliably collected. If alcohol is sold outside of the three-tier system, Iowa loses revenue from alcohol beverage taxes.

3



Smaller retailers also benefit from the three-tier system because they have access to more products than would be available if manufacturers were able to pick and choose who they sold to. Under the three-tier system, big and small retailers alike can profit and thrive.



The IWBD is a trade association whose purpose is to serve the members and to preserve and protect their common economic, legislative, regulatory and political interests.