

Part I – Agency Profile

Agency Overview

The Idaho State Liquor Division (ISLD) was established by Article III, Section 26 of the Idaho Constitution in 1935 following the repeal of the 18th Amendment to the Constitution of the United States (known as “Prohibition”) as a means of directing the importation, distribution, sale, and consumption of beverage alcohol. Idaho is one of 17 states along with jurisdictions in Alaska, Maryland, Minnesota, and South Dakota that actively manage the sale of distilled spirits. These jurisdictions account for over 25% of the U.S. population and regulate their own retail and/or wholesale distribution of beverage alcohol in their various forms.

Organizationally, the ISLD has been an agency in the Office of the Governor since 1974. Tony Faraca, Interim Director, was appointed by the Governor and has served the Division since 2008.

The ISLD Central Office and Warehouse are located in Boise. All aspects of the business, including purchasing, finance, information technology, human resources, contract administration, and retail management are administered by a staff of 26, along with three district managers. Twenty-nine warehouse personnel - co-located within the central office - receive, store, and distribute 1.4 million nine-liter cases annually over a geographic area of 83,000 square miles. The warehouse typically inventories about 200,000 cases valued at approximately \$18 million, the majority of which is owned by suppliers under a bailment system. An approximately equal amount of product is also inventoried in retail stores operated by the state and private sector retail partners.

As of September 1, 2024, the ISLD operated 175 retail outlets throughout the State. Of those, 68 are state-run liquor stores, leased from the private sector, and staffed by Division employees; 107 are private sector retailers operating under contract with the Division. Each store is stocked and maintained to meet the needs of customers, including licensed liquor-by-the-drink establishments. Retail outlets feature a selection of products designed to appeal to the tastes of the local communities they serve. All products are uniformly and competitively priced throughout the state.

Idaho’s conservative system of liquor distribution provides benefits to all the State’s citizens. Moderation and temperance related to Idaho’s model of spirits distribution generally reduces social costs associated with beverage alcohol consumption. Additionally, Idaho law provides for the distribution of liquor profits to substance abuse prevention and treatment programs, the General Fund, all 44 counties, and 198 cities. Over the previous decade, \$935 million has been distributed to state programs, counties, and cities, including \$118.3 million in FY 2024. The ISLD projects distributions to reach nearly \$1.5 billion over the coming decade.

General economic conditions, demographics, and industry trends impact the Division’s results and ability to successfully deliver on its performance measures. Recent softness in alcohol market conditions provides reason for the ISLD to moderate its sales and profitability outlook. Consequently, the ISLD is projecting a +0.1% sales increase for FY 2025. Distributions for FY 2025 are forecast to increase slightly to approximately \$119 million.

Core Functions/Idaho Code

The Idaho State Liquor Division’s statutory authority is stated in Title 23 of *Idaho Code*. The primary functions of the agency as stated in *Idaho Code 23-203 include but are not limited to:*

- **Regulation of liquor traffic:** to permit, license, inspect, and regulate the manufacture, importation, transportation, storage, sale, and delivery of alcoholic liquor;
- **Traffic in Liquor:** to buy, import, transport, store, sell, and deliver alcoholic liquor;
- **Operation of Liquor Stores:** to establish, maintain, and discontinue warehouses, state liquor stores, and distribution stations [contract liquor stores];
- **Acquisition of Real Estate:** to acquire, buy, and lease real estate, and to improve and equip the same for the conduct of its business;
- **Acquisition of Personal Property:** to acquire, buy, and lease personal property necessary and convenient for the conduct of business;
- **Making Reports:** to report annually to the Governor and at such other times as he may require, concerning the condition, management, and financial transactions of the Division.

Revenue and Expenditures

Revenue	FY 2021	FY 2022	FY 2023	FY 2024
Liquor Control Fund	\$297,169,600	\$306,665,100	\$319,810,900	\$313,714,800
Total	\$297,169,600	\$306,665,100	\$319,810,900	\$313,714,800
Expenditures	FY 2021	FY 2022	FY 2023	FY 2024
Personnel Costs	\$14,162,700	\$15,242,600	\$17,905,700	\$18,758,100
Operating Expenditures	\$6,937,900	\$3,419,900	\$3,560,300	\$3,614,900
Capital Outlay	\$824,400	\$5,007,500	\$5,142,600	\$5,757,800
Continuous Appropriation (COGS)	\$171,593,800	\$170,602,600	\$173,541,000	\$161,477,300
Distributions to Stakeholders	\$114,513,100	\$115,566,200	\$121,036,200	\$118,316,400
Total	\$308,031,900	\$309,838,800	\$321,185,800	\$307,924,500

Profile of Key Services Provided

Cases Managed and/or Key Services Provided	FY 2021	FY 2022	FY 2023	FY 2024
Nine-Liter Cases Sold	1,462,900	1,440,500	1,429,300	1,391,800
Total Dollar Sales	\$297,072,800	\$305,619,200	\$319,850,000	\$319,165,200
Net Income	\$114,069,600	\$114,246,000	\$120,588,000	\$116,637,200
Profit Distributions	\$114,513,100	\$115,556,600	\$121,036,200	\$118,316,400

FY 2024 Performance Highlights

- Consumption/Nine-Liter case sales decreased by 37,400 cases from 1.429 million to 1.392 million – a decline of -2.6%
- Sales decreased slightly by -\$685K, from \$319.8 million to \$319.1 – a decline of -0.2%
- Net Profit decreased -\$4.0 million, from \$120.6 million to \$116.6 million – a decline of -3.2%
- Distributions to State programs, General Fund, Cities and Counties decreased -\$2.7 million, from \$121.0 million to \$118.3 million – down -2.2%

In FY 2024, the ISLD experienced a successful year in terms of sales & profits. The Division returned the second highest level of distributions in its history, even as sales quantities and per-capita consumption declined. Industry innovation and evolving consumer tastes continue to drive market share increases for distilled spirits vs. beer and wine. However, the overall alcohol industry continues to experience sales declines. Additionally, inflationary pressures and supply chain disruptions are ongoing challenges that we continue to address. All of these factors will continue to play prominent roles in the ISLD's sales growth and profitability now and into the future.

Cultivating relationships with organizations that are working toward maintaining healthy communities in Idaho is an important endeavor of the ISLD. In partnership with the National Alcohol Beverage Control Association (NABCA), the ISLD provides resources to aid in the implementation of education programs for Idaho communities through a competitive grant program. This program helps fund a myriad of agencies and coalitions striving to combat the abuse of alcohol and drugs. In FY2024, \$60,000 was awarded amongst 14 different organizations: Idaho Department of Education, Boise State University, Boise Police Department, Caldwell Mayor's Youth Advisory Council, City of Caldwell, Glens Ferry High School, Idaho Office of Drug Policy, Idaho Drug Free Youth, Meridian Anti-Drug Coalition, Meridian Anti-Drug Coalition, Prevention Associates of Caldwell, Salmon Substance Abuse Prevention Coalition, Stonebridge Reentry Services, and the Regents of the University of Idaho. Additionally, the ISLD is committed to responsibly selling our products and in the development of our associates via ongoing education and training. Training in cyber security, respectful workplace, HR compliance, and safe selling are mandatory for all retail associates.

Part II – Performance Measures

Agency Goal

Idaho Statute 23-203 specifies the powers and duties of the Idaho State Liquor Division. Furthermore, the statute directs the Division to “exercise its powers as to curtail the intemperate use of alcoholic beverages. It shall not attempt to stimulate the normal demands of temperate consumers thereof, irrespective of the effect on the revenue...” To this end, the Division has established a benchmark philosophy that is the basis for its strategic and operational planning. The benchmarks aim to ensure the Division responsibly optimizes net revenues without implementing strategies that encourage consumption. Specifically, the Division strives for the following: *Distributions to stakeholders should grow faster than dollar sales; dollar sales should grow faster than 9-liter case sales; 9-liter case sales should grow faster than consumption per capita.*

Performance Measure		FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
1. Low Per Capita Consumption (9-Liter Cases per Adult) <i>Change vs. Prior Year</i>	actual	1.08 +4.9%	1.05 -2.8%	1.03 -1.9%	0.99 -3.9%	0.96 -3.0%
	target	<i>Below +8.5%</i>	<i>Below -1.5%</i>	<i>Below -0.9%</i>	<i>Below -2.6%</i>	<i>Below -2.0%</i>
2. 9-Liter Cases Sold <i>Change vs. Prior Year</i>	actual	1,463,000 +8.5%	1,442,000 -1.4%	1,429,000 -0.9%	1,391,700 -2.6%	1,364,300 -2.0%
	target	<i>Above +6.7%</i>	<i>Above -2.8%</i>	<i>Above -1.9%</i>	<i>Above -3.9%</i>	<i>Above -3.0%</i>
3. Sales (000s) <i>Change vs. Prior Year</i>	actual	\$297,072,800 +14.9%	\$305,619,200 +2.9%	\$319,850,000 +4.6%	\$319,165,200 -0.2%	\$319,500,000 +0.1%
	target	<i>Above +8.5%</i>	<i>Above -1.5%</i>	<i>Above -0.9%</i>	<i>Above -2.6%</i>	<i>Above -2.6%</i>
4. Distributions (000s) <i>Change vs. Prior Year</i>	actual	\$114,513,100 +20.0%	\$115,556,600 +0.9%	\$121,036,100 +4.7%	\$118,316,400 -2.2%	\$118,693,300 +0.3%
	target	<i>Above +14.9%</i>	<i>Above+ 2.9%</i>	<i>Above +4.6%</i>	<i>Above -0.2%</i>	<i>Above +0.1%</i>

Performance Measure Explanatory Notes

The ISLD has an excellent track record of meeting or exceeding its established benchmarks, and FY 2024 was a successful year by most measures. Distributions to our beneficiaries decreased by -2.2%, in light of ongoing declines in volume sales and per capita consumption. The Division was successful in delivering on three of its four measurement areas. However, due to product mix, inflationary factors, and operating expenses rising faster than dollar Sales, distribution payouts to beneficiaries fell short of the target.

For More Information Contact

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