



Economic Impact of the Distillery Industry in Iowa

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Report by Fourth Economy



Fourth Economy is a national community and economic development consulting firm. Powered by a vision for an economy that serves the people, our approach is centered on principles of competitiveness, equity, and resilience. We partner with communities and organizations, public and private, who are ready for change to equip them with tools and innovative solutions to build better communities and stronger economies.

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Executive Summary

Fourth Economy, a national community and economic development consulting firm, was hired by the Iowa Economic Development Authority to conduct an economic impact analysis of the beer, wine, and distillery industries in the state. This report focuses on the distillery industry.

The report compares Iowa's distillery industry to other states'. In particular, **Iowa ranks twenty-sixth in terms of number of distilleries**. Fourth Economy's analysis estimates that **Iowa is home to twenty-six native distilleries and eighteen liquor manufacturers**.¹

Iowa distilleries accounted for an economic impact of \$323 million in 2022. Distilleries are primed for growth from 2022 to 2027, with a projected 29 percent increase in output and a 13 percent increase in employment by 2027.

The workforce of the Iowa distillery industry totaled 2,418 employees in 2022 for distillery operations and trade, an increase of 201 employees between 2018 and 2022 (+9 percent).² Average earnings among core and supporting jobs in the distillery industry ranged from \$17,761 for Drinking Place (Alcoholic Beverages) to \$71,310 for Wine and Distilled Alcoholic Beverage Merchant Wholesalers in 2022.³

From a tourism perspective, the beer, wine, and distillery industries play an important role. Based on the number of tourists who visited alcohol establishments, and their expenditures in Iowa for transportation, food, beverages, retail, recreation, and entertainment, visitors to Iowa breweries, distilleries, and wineries spent a total of \$410 million in 2022. **Only a small portion, \$33 million (8.1 percent), was related to tourism at Iowa distilleries.**

Overall, Iowa's distillery industry continues to provide an economic impact to the state through sales, employment, tourism, and taxes and is expected to continue to grow its footprint.

¹ Fourth Economy Analysis of Lightcast™ and Internal Data

² Fourth Economy Analysis of Lightcast™ Data, 2012–22

³ Fourth Economy Analysis of Lightcast™ Data, 2018–22

Introduction and Distillery Industry Overview

Fourth Economy, a national community and economic development consulting firm, was hired by the Iowa Economic Development Authority to conduct an economic impact analysis of the beer, wine, and distillery industries in the state. This report focuses on the distillery industry.

National Industry Overview

The distillery industry is an \$18.2 billion national industry, employing over twenty-three thousand people across the country.⁴ The broader economic impact of the distillery industry is unclear. The volume of distilleries in the country has grown rapidly in recent years, with the industry growing by around 800 percent from 184 distilleries in 2011 to 1,424 in 2021.⁵ Specifically, craft distillers sold \$7.9 billion worth of product in 2023, up 5.3 percent from 2022.⁶ Of these sales, about 47 percent typically occur in the home state of the distillery.

Kentucky and Tennessee, known for their historic production of bourbon and whiskey, lead the nation in total volume of distillery employment, with Texas, California, and New York trailing these powerhouse states. Nationwide metropolitan areas that excel in distillery employment include Louisville, KY; Fort Collins, CO; and Lexington, KY. Des Moines, IA, has the tenth-highest location quotient for distilleries out of all metropolitan areas, a calculation that divides the percent of total employment for an industry at the local level by the percent of total employment in the industry at the national level.

Overview of Industry Leaders, by Producers and State

Distillery Rankings

The lists below depict the top spirits producers as well as states with the most distilleries. While Iowa does not fall in the top ten, it is included in the list for reference.

Top 10 US Spirits Producers by Share of Total Volume⁷

1. Diageo (Norwalk, CT) – 15%
2. Sazerac (Louisville, KY) – 11.8%
3. Spirit of Gallo (Modesto, CA) – 9.7%
4. Beam Suntory (New York, NY) – 8%
5. Bacardi USA (Coral Gables, FL) – 6.5%
6. Pernod Ricard USA (New York, NY) – 5.8%
7. Heaven Hill Brands (Bardstown, KY) – 5.7%
8. Proximo Spirits (Jersey City, NJ) – 4.7%
9. Fifth Generation Inc. (Austin, TX) – 4%

⁴ IBISWorld – [Distilleries in the US](#)

⁵ US Bureau of Labor Statistics – [Number of Distilleries by State, 2021](#)

⁶ American Craft Spirits Association – [2023 Craft Spirits Data Project](#)

⁷ Statista – [Volume Share of the Leading Distilled Spirits Suppliers in the US, 2022](#)

10. Brown-Forman Corp. (Louisville, KY) – 3.7%

Top 10 States by Number of Distilleries⁸ from 2021

*Note that the number of distilleries in Iowa is now up to 32.

1. California – 104
2. Texas – 103
3. New York – 84
4. Kentucky – 82
5. Colorado – 75
6. Florida – 71
7. Illinois – 69
8. Pennsylvania – 64
9. Washington – 59
10. Michigan – 58
26. Iowa – 14

⁸ US Bureau of Labor Statistics – [Number of Distilleries by State, 2021](#)

Iowa Distillery Industry Overview

Fourth Economy’s analysis of data, sourced from, among other locations, Lightcast™ and web scraping, estimates that there are thirty-two distilleries.⁹ Until September 2022, native Iowa distilleries were subject to a manufacturing limit of one hundred thousand proof gallons; following the removal of this limit, native Iowa distilleries saw 199,461 gallons sold in 2023.¹⁰ These sales produce key business revenue, tax revenue, and jobs across the state. Blue Ox Spirits, Dehner Distillery, and Cedar Ridge Distillery produce the most gallons of distilled spirits in the state.

Market Data

Sales by Volume and Market Share

In FY2023, Iowa sold 6,346,133 gallons of liquor, 3.14 percent (199,461) of which was *native liquor*—that is, liquor whose ingredients are sourced from, and production is conducted in, Iowa.

Liquor sales have increased in the state, with total liquor sales increasing in tandem with the number of Class E liquor licenses. In 2022, total liquor sales topped \$431,426,201, compared to \$415,835,178 in 2021 (an increase of +3.75 percent over the previous year). During the same period, the number of Class E licenses in the state increased to 1,927 from 1,840 (an increase of +4.73 percent from 2021). Top Iowa counties by Class E liquor sales include Polk (\$100,355,099), Linn (\$36,594,345), and Scott (\$29,232,985).

Liquor Tax Revenue

The sale of beer, wine, and liquor in the state resulted in \$478,259,852 total revenue earned in FY2023, derived from a combination of liquor sales, license fees, wine gallonage tax, bottle deposit/surcharge, and split-case revenue.¹¹ Sales from native Iowa distillers and manufacturers alone resulted in \$11,714,796 in liquor tax revenue. This does not include other taxes paid as a result of the operations of the distillery industry, which provided nearly \$27 million in state tax revenue (see [Overall Economic Impacts for Distilleries](#)).

Estimated Sales Revenue

Alcohol taxes in Iowa are not based solely on sales, and the estimates of alcohol sales based on available sources vary widely. Lightcast™ provides estimates of detailed industry sales, employment, and gross regional product (or GRP, a state-level equivalent of the national gross domestic product). The sales data is available only for 2022, but historical and forecast data is available for GRP and employment. Fourth Economy estimated the annual sales revenue using annual GRP and employment compared to the 2022 GRP and sales per employee.

⁹ Fourth Economy Analysis of Lightcast™ and Internal Data

¹⁰ Iowa Alcoholic Beverages Division – [Annual Report FY2023](#)

¹¹ Iowa Alcoholic Beverages Division – [Annual Report FY2023](#)

Estimated Annual Sales of Native Iowa Alcohol 2017–23

Year	Distilleries
2023	\$102,842,317
2022	\$100,977,714
2021	\$79,144,590
2020	\$51,504,092
2019	\$38,430,520
2018	\$31,837,471
2017	\$18,892,684

Source: Estimated using Lightcast™ GRP, sales, and employment.

Among native Iowa distillers manufacturers, the highest-volume producers by gallons in 2022 included:

1. Blue Ox Spirits, Inc. – 78,240
2. Dehner Distillery – 28,382
3. Cedar Ridge Distillery – 25,434
4. Mississippi River Distilling – 13,597
5. Iowa Distilling, Dunkel Corporation – 9,872¹²

¹² Iowa Alcoholic Beverages Division – [Annual Report FY2023](#)

Distillery Industry Workforce

In our analysis, we considered the Iowa craft distillery industry as composed of the following NAICS codes to fully capture its extent:

- 312140 – Distilleries
- 424820 – Wine and Distilled Alcoholic Beverage Merchant Wholesalers

In addition, portions of employment from the retail sales of liquor from the following two NAICS codes were included as liquor retailing. The portion for beer, wine, and liquor was allocated based on contributions to gross state product for each industry.

- 445320 – Beer, Wine, and Liquor Retailers
- 722410 – Drinking Places (Alcoholic Beverages)

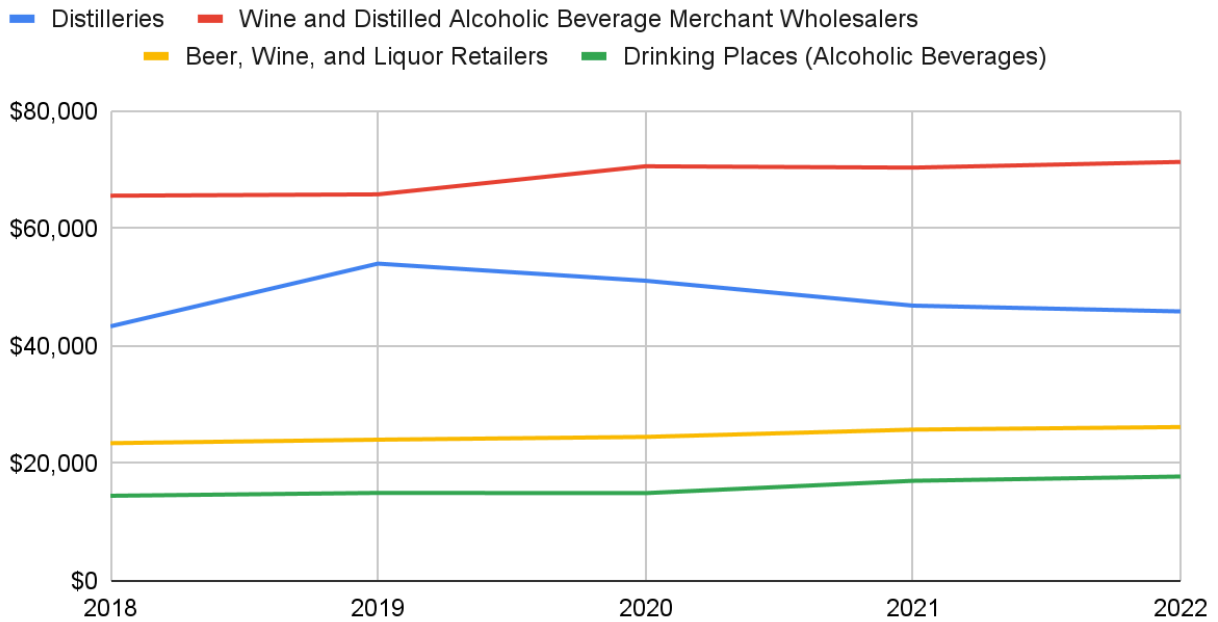
Based on this, the Iowa distillery industry supported 2,418 jobs in 2022, an increase of 201 employees since 2018 (+9 percent).¹³ The 157 jobs added in distillery operations accounted for most of the job growth, but jobs also grew in related retailing, both of which more than offset the losses in distillery wholesaling. This does not include additional employment from the supply chain and distillery-related tourism that is discussed in [Overall Economic Impacts for Distilleries](#).

Distilleries	2018 Jobs	2019 Jobs	2020 Jobs	2021 Jobs	2022 Jobs	2018–22 Change	2018–22 % Change
Distillery Operations	72	87	117	179	229	157	218%
Distillery Wholesaling	310	290	278	285	304	-5	-2%
Distillery Retailing	1,836	1,834	1,522	1,797	1,885	49	3%
Distillery Operations and Trade Total	2,217	2,211	1,917	2,261	2,418	201	9%

Source: Fourth Economy Analysis of Lightcast™ Data, 2018–22

¹³ Fourth Economy Analysis of Lightcast™ Data, 2012–22

Average Annual Wages (PT and FT Workers)



Source: Fourth Economy Analysis of Lightcast™ Data, 2018–22

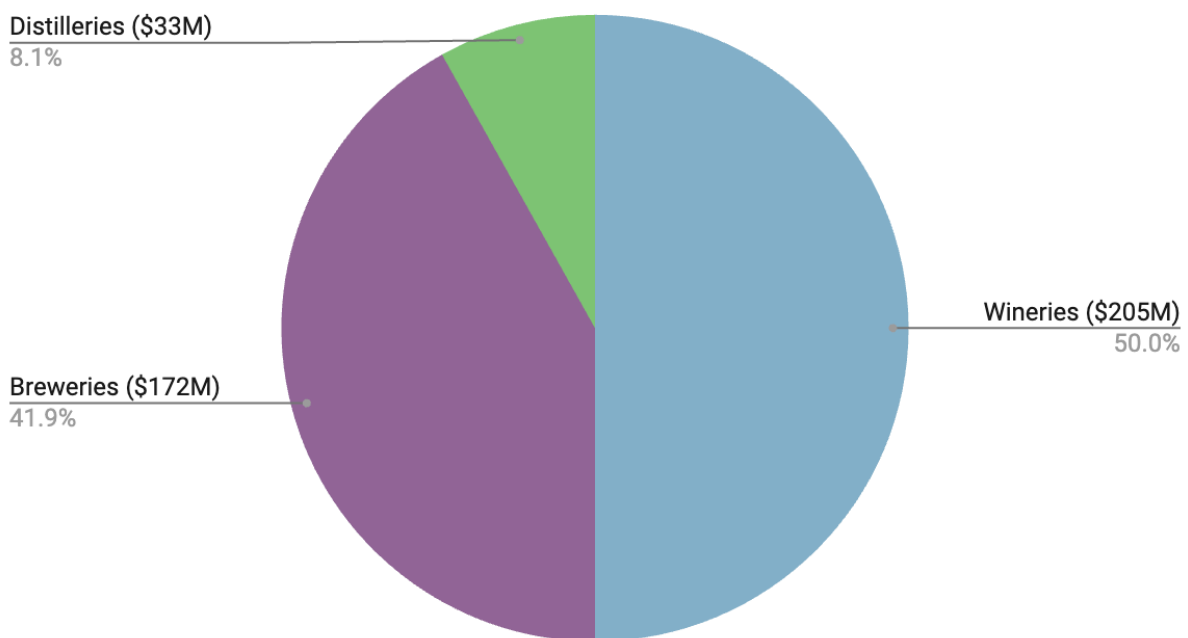
Average earnings for jobs among core and supporting jobs in the distillery industry ranged from \$17,761 for Drinking Place (Alcoholic Beverages) to \$71,310 for Wine and Distilled Alcoholic Beverage Merchant Wholesalers in 2022.¹⁴ Average wage calculations include wages for both full-time and part-time workers.

¹⁴ Fourth Economy Analysis of Lightcast™ Data, 2018–22

Distillery Industry Role in Tourism

In 2022, the Iowa Tourism Office’s annual economic impact report estimated nearly \$7 billion in total visitor spending in Iowa, with \$1.5 billion in total visitor spending for food and beverage, a 11.7 percent growth over the previous year.¹⁵ Based on the number of tourists who visited alcohol establishments, and their expenditures in Iowa for transportation, food, beverages, retail, recreation, and entertainment, visitors to Iowa breweries, distilleries, and wineries spent a total of \$410 million in 2022. Only a small portion of overall visitor spending, \$33 million (8.1 percent), was related to tourism at Iowa distilleries.

\$410 Million in 2022 Visitor Spending



Calculating Tourism Impact

According to the Iowa Tourism Office’s visitor profile research for 2022, wineries and wine tastings are a personal passion or hobby for 25 percent of the tourists visiting Iowa, compared to 22 percent for breweries and distilleries. In terms of what visitors did on their trips to Iowa, 13 percent reported visiting a winery or brewery. Distilleries were not included in the report. Iowa visitors spent nearly \$7 billion in the state in 2022, but counting 13 to 25 percent of that impact would seem to overinflate the benefits that breweries, wineries, and distilleries provide to Iowa. Fourth Economy developed an estimate on the range of activities and the share of visitors who engaged in them to better allocate the tourism impacts to these sectors. This resulted in a more conservative estimate of 3 percent of visitor spending, which was distributed to each sector based on its share of employment.

¹⁵ Iowa Tourism Office – [2022 Economic Impact Report](#)

Events and festivals are a common way for individual craft breweries, wineries, and distilleries as well as industry leaders to promote locally sourced and produced beverages to state residents and tourists alike. With industry trade associations leading the charge of organizing events at which producers can sell their products, the beer and wine industries specifically can excel in leveraging these opportunities for increased sales and brand awareness. The spirits industry has a sparser events calendar due to the lack of a statewide organizing body. Key distillery events include:

Spirits

1. Des Moines Whiskey Festival (Des Moines)
2. Red, White, and Bourbon Music Fest (Cedar Ridge)
3. Bourbon Bash (Des Moines)

Overall Economic Impacts of Distilleries

The economic impact of breweries, wineries, and distilleries is a combination of their operations, wholesale and retail trade activities, and the visitors whom these industries attract for the state's tourism sector.

Distilleries accounted for an economic impact of \$323 million in Iowa in 2022. This impact includes 4,491 jobs, \$180.4 million in earnings impacts, and \$70 million in tax revenue. Local and state governments capture the majority of this tax impact, collecting \$33.5 million and \$26.9 million in tax revenue, respectively. Distilleries are primed for growth for 2027, with a projected increase of nearly 29 percent in output and nearly 14 percent in employment.

Distillery Impact Overview 2022 and Projected 2027

	Distillery	Output (\$M)		Change 2022–27	Total Job Impacts		Change 2022–27
		2022	2027		2022	2027	
Distilleries	Distillery Operations	\$252	\$342	35.6%	683	926	35.6%
Trade	Distillery Trade	\$33	\$37	10.4%	3,286	3,627	10.4%
Tourism	Distillery Tourism	\$38	\$38	0.3%	522	523	0.3%
	Total	\$323	\$417	28.9%	4,491	5,077	13.0%

The 2,422 jobs in distillery operations and trade also supported another 396 jobs in distillery-related tourism for a total direct impact of 2,818 jobs.¹⁶ Indirect jobs in the supply chain accounted for 607 jobs, with another 1,066 jobs from related worker spending, for a total impact of 4,491 jobs in Iowa.

2022 Distillery Job Impacts

	Direct	Indirect	Induced	Total
Distillery Operations	233	95	355	683
Distillery Trade	2,189	457	640	3,286
Distillery Tourism	396	55	71	522
Total	2,818	607	1066	4,491

¹⁶ *Distillery-related tourism* refers to tourism that results when a visitor's primary motivation to travel is to visit a distillery or festival to experience the production process and/or tasting of distilled spirits. See [Calculating Tourism Impact](#) on page 12. Visitor data from the Iowa Tourism Office – [2022 Economic Impact Report](#).

Distillery employment provided nearly \$87.4 million in direct earnings and total earnings of \$180.4 million.

2022 Distillery Earnings Impacts (\$M)

	Direct	Indirect	Induced	Total
Distillery Operations	\$10.6	\$6.0	\$20.7	\$37.3
Distillery Trade	\$67.7	\$25.7	\$33.8	\$127.2
Distillery Tourism	\$9.1	\$3.1	\$3.7	\$15.9
Distillery Total	\$87.4	\$34.8	\$58.1	\$180.4

In addition to the state liquor taxes, other taxes generated by distillery operations, trade, and tourism generated \$33.5 million in local taxes and nearly \$27 million in state taxes out of a total tax impact of nearly \$70 million. These taxes include the gallonage tax on spirits; other business property taxes, licenses, and sales and gross receipts taxes; federal taxes on goods and services from the direct operations; and the broader supply chain (indirect impacts) and worker spending (induced impacts).

2022 Distillery Tax Impacts (\$M)

	Local	State	Federal	Total
Distillery Operations	\$18.3	\$14.7	\$5.2	\$38.2
Distillery Trade	\$14.1	\$11.4	\$4.3	\$29.8
Distillery Tourism	\$1.0	\$0.8	\$0.3	\$2.2
Distillery Total	\$33.5	\$26.9	\$9.9	\$70.2

Economic Impact of the Distillery Industry Supply Chain

Currently, most producers are giving their alcohol production by-products away to other farmers as feed and compost, or to dispose of these by-products completely. With research and experimentation, there is an opportunity to derive further value from these by-products. For example, the Mississippi River Distilling Company has explored drying out spent grain to make room for more waste as a scenario-planning endeavor to better understand business expansion opportunities.

For distilleries, Beverage and Tobacco Product Manufacturing is the leading industry for both total purchases and share of in-state purchases, with 71 percent of purchases occurring in Iowa. Merchant Wholesalers, Nondurable Goods, and Merchant Wholesalers, Durable Goods, also exhibit high rates of in-state purchasing, at 42 percent each.

Purchases from	Total Purchases	In-Region Purchases	Share in State
Beverage and Tobacco Product Manufacturing	\$11,379,905	\$8,089,629	71%
Merchant Wholesalers, Nondurable Goods	\$9,755,803	\$4,134,321	42%
Nonmetallic Mineral Product Manufacturing	\$4,174,459	\$1,163,297	28%
Chemical Manufacturing	\$2,220,283	\$558,466	25%
Merchant Wholesalers, Durable Goods	\$2,179,768	\$918,701	42%
Subtotal Top 5	\$29,710,218	\$14,864,414	50%

National Economic Outlook for Craft Beer, Wine, and Distillery Industries

Total alcoholic beverage sales in the United States stood at \$259.8 billion in 2022, increasing from \$244.9 billion the previous year (+6.1 percent year-over-year growth) after a pandemic-era low of \$215.3 billion.¹⁷ According to the Brewers Association, the overall beer market was worth \$115.4 billion in 2022, of which retail dollar sales for the craft beer market increased 5 percent to \$28.4 billion (24.6 percent of the overall market).¹⁸ However, overall US beer volume sales were down 3 percent in 2022.¹⁹

The wine industry, meanwhile, was worth \$53.3 billion and projected to grow to \$70.5 billion by 2027.²⁰ The US spirits industry experienced year-over-year revenue growth from 2021 to 2022, growing 5.1 percent from \$35.8 billion to \$37.6 billion.²¹ Indeed, over the past twenty years, the spirit industry's average annual growth was 5.4 percent, compared to 75 percent in the past five years.²²

Overall, the sales market share of the alcohol industry in the US, by beverage, was broken down with beer accounting for 41.9 percent, wine accounting for 16 percent, and spirits accounting for 42.1 percent.²³ Beer has had a declining market share since 2000, when it accounted for more than half (55.5 percent) of all sales, while spirits have increased significantly over this period, growing from just 28.7 percent of the market in 2000.²⁴

¹⁷ [Alcoholic beverage sales in the U.S. 2022 | Statista](#)

¹⁸ [National Beer Sales & Production Data – Brewers Association](#)

¹⁹ [National Beer Sales & Production Data – Brewers Association](#)

²⁰ [Wine – United States | Statista Market Forecast](#)

²¹ Distilled Spirits Council of the United States – [Annual Economic Briefing](#)

²² Distilled Spirits Council of the United States – [Annual Economic Briefing](#)

²³ [Alcohol market share by segment U.S. 2022 | Statista](#)

²⁴ [Alcohol market share by segment U.S. 2022 | Statista](#)

Appendix A – Key Stakeholder Interviews

We conducted our interviews as part of a broad study of the impact of breweries, distilleries, and wineries. The full list of interviewees is included below:

Breweries

1. John Martin – Founder, [Confluence Brewing](#)
2. Noreen Otto – Executive Director, [Iowa Brewers Guild](#)
3. Megan McKay – Owner, [Peace Tree Brewing](#)

Distilleries and Orchards

4. Jeff Quint – Owner, [Cedar Ridge Distillery](#)
5. Ryan Burchett – Chief Financial Officer, [Mississippi River Distilling Company](#)
6. Paul Rasch – Owner, [Wilson’s Orchard](#)
7. Benji Deal – Owner, [Deal’s Orchard](#)

Wineries

8. Kevin Fifo – Owner, [Covered Bridges Winery](#)
9. Anne Zwink – Owner, [Soldier Creek Winery](#)
10. Tara Kohlhaas – Founder, [Wijn House](#)
11. Christie Jensen – Executive Director, [Iowa Wine Growers Association](#)
12. Erin Norton – Director, [Iowa State University Midwest Grape & Wine Industry Institute](#)

Public Sector

13. Zhi Chen – Senior Planner, [Des Moines Area Metropolitan Planning Organization](#)
14. Stephen Larson – Director, [Iowa Alcoholic Beverages Division](#)