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| *October 13, 2006* |

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**[I. NATIONAL NEWS.](#I)**

**1. Absolut vodka**

Published: October 6 2006 13:31 | Last updated: October 6 2006 13:31
*Source: London Financial Times*

Foreign hedonists wanting to sample a little Swedish culture often settle for slumping in a sauna trying to sweat out the vodka they downed from a voguish bottle the night before.

Still, Swedes can feel proud about the international success of Absolut vodka. Vin & Sprit, which distills it, looks set to be sold at some point by Sweden's new-broom government. There are good reasons to sell sooner rather than later. With Absolut, V&S pioneered the North American market for premium vodka. These days, though, the US has a surfeit of new vodka brands (many in fancy bottles of their own). Although V&S's net profits have increased almost ten-fold over the past decade, sales growth has slowed sharply since 2002.

Patriotism may demand a flotation in Stockholm. But a trade sale makes more sense. Despite diversification, V&S remains dependent on Absolut and the US drinker. That would make V&S a risky standalone stock, and warrant a discount for investors. Based on previous acquisitions in the sector, V&S might command 20 times earnings before interest and tax: SKr41bn ($5.7bn) on last year's numbers.

In a consolidating global spirits industry struggling to find profitable growth, Absolut has scarcity value. Pernod Ricard's decision to seek shareholder approval for poison pill defences next month suggests that established spirits brands with good resale potential could also attract non-trade buyers. Patriotism aside, Swedes should remember that loaded foreigners looking for a shot of excitement often make the best buyers.

[https://registration.ft.com/registration](https://registration.ft.com/registration/barrier?referer=http://search.ft.com/searchResults?queryText=vodka&javascriptEnabled=true&location=http%3A//www.ft.com/cms/s/7ef377ae-550d-11db-acba-0000779e2340.html)

**2. Is This Bud for You?**

**Anheuser's Dependence on U.S., Beer Threatens Returns, but Reach Is Improving**

*Source: WSJ*

By STEPHEN GROCER
October 11, 2006

Anheuser-Busch Cos.' leadership is back in family hands at a seminal moment in its history. August A. Busch IV becomes the fifth generation of his family to ascend to the helm of the St. Louis-based company during stiff headwinds from a sluggish domestic beer market, increased popularity of wine and spirits and growing competition. Yet shares, which hit a 52-week high of $50 on Aug. 29, are up nearly 15% this year. The bears see a company too reliant on a stagnant beer market and too slow to grasp growth opportunities overseas. The bulls say the U.S. beer market will rebound and Anheuser-Busch's dominant position should allow it to continue to post solid returns. **Tuesday, a rumor that the company could be a target for a leveraged buyout sent shares up nearly 2%,** but so far analysts have cast doubt on its merit and the company hasn't commented.

**The Bull Case**

Strong Position: Anheuser-Busch's share of the U.S. beer market is almost 50% and it outsells by volume its nearest competitor by 2.5 times -- giving new meaning to Budweiser's slogan, "King of Beers." Its dominant position provides "not only cost efficiencies in production and an unparalleled distribution system, but also a significant competitive advantage in marketing, on-premise merchandising, and advertising," writes Zacks analyst Steven Ralston. The company is also gaining momentum in key areas. Domestic beer volume rose 2.2% in the second quarter, compared with a 3.7% slide in the second quarter of 2005. And after a brutal pricing war with SABMiller PLC last summer, Anheuser-Busch's domestic pricing was up 0.9% in the quarter. Deutsche Bank's Marc Greenberg says he expects it to increase by 2% in the third quarter, compared with 3.5% decline in the 2005 period. Longer term, the company should benefit from a growing number of 21 to 28-year-olds. The age group is a crucial driver for the beer industry, and is pegged to grow by four million between 2003 and 2010, according to Zacks.

Global Growth: Through an "astute acquisition strategy," Anheuser-Busch has increased its overseas presence, particularly in China. In the second quarter, the company saw more than 20% volume growth there, helped by its Harbin Brewery Group, which itself saw a 20% increase in volume, writes Davenport & Co.'s Ann H. Gurkin. Total international volume rose 18.5% in the second quarter. Anheuser-Busch is also reaping benefits from investments in breweries around the world, most notably its 50.2% stake in Mexico's Grupo Modelo. Volume growth at Mexico's largest brewer contributed to Anheuser's equity income increasing 24% to $33 million. In January, Modelo will begin a joint venture with Constellation Brands Inc. to import and market brands such as Corona in the U.S., which is expected to boost importing profits significantly, writes UBS's Kaumil S. Gajrawala. Anheuser's 50% stake in Modelo "will likely out-earn Molson Coors this year," Mr. Greenberg points out.

Change at the Top: Anheuser-Busch should become "a more proactive and nimble" company under Mr. Busch, Mr. Gajrawala says. One of the company's biggest challenges is heightened demand for wine and spirits. Mr. Busch has made clear that the company will consider expanding into the sector should the trend continue. Recently, speculation has swirled around the Swedish government's possible auction of Vin & Sprit AB, maker of Absolut vodka. Banc of America's Bryan Spillane says that Anheuser-Busch "is the one beer company we could envision contemplating the strategic fit." And while many potential acquirers could end up struggling under the debt that might be needed for such a deal, Mr. Spillane said Anheuser-Busch (or Diageo PLC) could absorb debt from a deal, while maintaining an investment-grade debt rating. Anheuser-Busch has declined to comment on the issue.

**The Bear Case**

Trouble at Home: While the run-up in Anheuser-Busch's share price this year suggests that some believe that a turnaround has taken hold, many analysts remain skeptical. After struggling in 2005, Citigroup's Bonnie Herzog points out, the company is beating comparisons that were already low, and those comparisons won't be there in 2007. Anheuser-Busch's performance is heavily tied to the U.S., from which it derives 76% of its revenue. Yet the domestic beer market has struggled during the past five years. "The image of domestic beer is still weak and we believe it will take time and money to fix," Ms. Herzog continues. What's more, 2006 sales trends suggest similar patterns to previous years. Sales to retailers grew 1.8% during the first half of the year, but slipped to 0.5% in July and August. Stifel Nicolaus's Mark Swartzberg says that "year-to-date trends repeat a common intra-year pattern of two steps forward and 1.95 steps back."

TOP 10 BREWERS WORLDWIDE

InBev Belgium 172.2 13.3%

Anheuser-Busch U.S. 148.3 11.5

SABMiller U.K. 143.6 11.1

Heineken NV Netherlands 101.1 7.8

Carlsberg Breweries A/S Denmark 58.7 4.6

Scottish Courage U.K. 46.0 3.6

Grupo Modelo Mexico 38.8 3.0

Molson Coors Brewing Co. U.S. 36.1 2.8

Baltic Beverages Holding Russia 35.3 2.7

Tsingtao Brewery Corp. China 34.8 2.7

From Anheuser-Busch's Web site

Source: IMPACT: Global News and Research for the Drinks Executive, Vol. 36, No. 18, September 15, 2006.Narrow Market: Anheuser-Busch has too little exposure to the fastest-growing segments of the alcoholic beverage industry. In the U.S., imports, crafts and light beers represent the three growth areas, yet Anheuser-Busch really only has meaningful operations in light beer, points out Bear Stern's Carlos Laboy. Although Mr. Laboy is upbeat on distribution agreements that brought in Grolsch and Tiger, he says Anheuser-Busch needs to acquire larger brands if it wants growth. The company also has little exposure to wine and spirits, which has swiped significant market share from beer over the last 10 years. "The great question still remains: 'is this trend here to stay'? We believe it is," writes A.G. Edwards's Christopher R. Growe. Anheuser-Busch has experimented with joint ventures to produce flavored malt beverages and formed a new unit to develop distilled spirits. But "to really move the needle [Anheuser-Busch] would likely have to make an acquisition," says Morgan Stanley's William Pecoriello.

Developing Problems: Anheuser-Busch has largely stayed on the sidelines during the consolidation frenzy that has gripped the industry during the past five years. And that decision has come at a price, writes Mr. Laboy, as it trails rivals SABMiller and InBev S.A. in tapping growth in emerging markets. In particular, Anheuser-Busch passed up several opportunities in Latin America where its rivals got involved. Last year SABMiller gained a controlling interest in Latin America's second largest brewer, Grupo Empresarial Bavaria, and InBev increased its stake in Brazil's largest brewer, Quinsa, to 91%. Now there are few attractive assets left, adds Mr. Laboy. Meanwhile, in China where Anheuser-Busch has made significant investments, competition is growing. SABMiller quickly reacted to Anheuser-Busch's acquisition of Harbin by announcing that its Chinese associate CR Snow, which recently became the No. 1 brewer in China, will build a brewery in Harbin City.

**3. Crashes May Rise When Alcohol Sales Ban Is Lifted**

NICHOLAS BAKALAR

*The New York Times*

October 10, 2006

States that repeal blue laws prohibiting the sale of packaged alcohol on Sundays may find themselves subject to a sharp increase in alcohol-related vehicle crashes and fatalities on that day of the week, a new study has found.

Many state legislatures have repealed Sunday sales laws in recent years. Advocates have argued that the elimination of the restrictions would actually reduce alcohol-related fatalities, since people could drink at home and would not risk driving after drinking in a bar or restaurant.

But a study published in the November issue of The American Journal of Public Health does not support that view, citing the results of an analysis carried out in New Mexico, where it was illegal to sell packaged liquor on Sundays until July 1, 1995.

“Based on our investigation, we would anticipate that if states were to lift bans, you could anticipate an increase in crashes and fatalities,” said Garnett McMillan, the lead author of the study and a researcher at the Pacific Institute for Research and Evaluation, a nonprofit public health research organization.

Alcohol sales regulations vary widely by state and locality, and some jurisdictions have different sales rules for wine, beer and hard liquor. According to the National Institute on Alcohol Abuse and Alcoholism, only 15 states still retain complete bans on Sunday package sales.

The researchers analyzed all alcohol-related automobile crashes in New Mexico from July 1, 1990, to June 30, 2000, using police and toxicology reports. Of the 492,396 crashes during the observation period, 45,596 were alcohol related. Although less than 10 percent of all accidents, they accounted for 2,341 of the 4,620 fatalities.

Then the scientists looked at the daily data, comparing Sundays before and after the repeal of the package sales laws. For Sundays alone, they found a 29 percent increase in alcohol-related crash rates and a 42 percent increase in alcohol-related fatalities. No other day of the week showed a statistically significant change in either crashes or fatalities.

“That there was no change on any other day of the week,” Dr. McMillan said, “is really the most compelling evidence.”

David M. Ozgo, chief economist for the Distilled Spirits Council, a trade group, disputed the findings, saying there has been a steady decline in New Mexico both in alcohol consumption and alcohol-related fatalities. By 2005, he wrote in an e-mail message, the percentage of alcohol-related fatalities as a percentage of all fatalities declined to under 40 percent from 65 percent in 1990. Per capita alcohol consumption also declined to a little more than 1.72 gallons a year, from 1.82 gallons in 1991.

“They’re making progress on drunk driving, and alcohol consumption is going down,” Mr. Ozgo said in a telephone interview. “So where exactly is the harm? When we look at declining consumption and declining fatalities, their correlation just doesn’t lead anyone to any logical conclusion about causality.”

Mr. Ozgo also questioned at least one of the study’s underlying assumptions. “There’s no good evidence that people drink packaged alcohol as soon as they buy it,” he said.

Dr. McMillan and his co-author, Dr. Sandra Lapham, acknowledge that the determination of which nonfatal accidents are alcohol related depends partly on subjective observations by police officers at the scene. But that would not apply to fatal crashes, for which alcohol involvement is determined by tests for blood alcohol concentration, they said.

<http://www.nytimes.com/2006/10/10/health/10drin.html?_r=1&adxnnl=1&oref=slogin&ref=health&adxnnlx=1160484349-ZWEwWteha2ujme/iDBd5Kw>


# 4. US: Miller Brewing Launches Chocolate Beer

12 October 2006
*just-drinks.com editorial team*

[SABMiller](http://www.just-drinks.com/factsheet.aspx?id=4) has continued to develop its specialist beer portfolio with the launch of a chocolate beer. The beer is brewed with six different malts, including a dark chocolate malt.

Under the name ‘Frederick Miller Classic Chocolate Lager’, the beer has been developed after research by SABMiller’s US subsidiary, Miller Brewing Company, and will launch in the US in time for the Christmas season.

Dr David Ryder, who is vice president of brewing, research and quality assurance for the Miller Brewing Company, said: “Given that chocolate can have literally hundreds of flavour nuances, to develop a beer which bursts with chocolate flavour is incredibly difficult. We believe this lager has the most complex chocolate taste currently on the market. Its intense flavour, without the heaviness of other dark beers, is also a distinctive feature which will appeal to both men and women alike.”

**5. Miller to Import More Brands**

*St. Louis Business Journal*3:02 PM CDT Monday
by The Business Journal of Milwaukee

Miller Brewing Co. will begin importing SABMiller plc's top brands from Europe and South America into the United States next year in an effort to capitalize on the growth of imports.

Beginning next January, Milwaukee-based Miller will begin importing Águila, Colombia's top-selling lager; and two Peruvian brands, the best-selling local beer, Cristal; and the premium beer Cusqueña, which originates from the Inca city of Cuzco. All three brands will target South American populations in areas such as Florida and New York.

Miller will also expand the distribution of Polish brew Tyskie, targeting the brand at the estimated 6 million Polish-Americans located in areas such as Chicago and New York City.

All of the brands are part of London-based SABMiller's international portfolio of about 150 beer brands. Miller Brewing now imports Australian brew Foster's, Italian beer Peroni Nastro Azzurro and Czech product Pilsner Urquell.

SABMiller said it is looking to tap into a U.S. beer market that's becoming more fragmented because of increasing social diversity in the United States and growing interest from retailers in world beers. The global brewer cited data from The Beer Institute, Washington, D.C., that indicate that imports have grown 11.3 percent in the 12 months ended July 2006.

In 2005, the U.S. imported beer category grew by 7.2 percent to represent approximately 12.4 percent of the total U.S. beer market, selling 25.6 million barrels.

London-based SABMiller, the parent company of Miwaukee-based Miller Brewing Co., is the second-largest brewery in the world.

St. Louis-based Anheuser-Busch Cos. Inc. (NYSE: BUD), the largest domestic brewer, manufactures and recycles aluminum cans and operates theme parks.

**6. Diageo Market Share Rises In US Spirits**

Tuesday, October 10, 2006 8:47:44 AM ET
*Dow Jones Newswires*

The ACNielsen US Spirits volumes in the four weeks to September 23 show that "pricing strength continues market-wide," says Credit Suisse. Notes Diageo's (DEO) market share is up, and volumes rose 4.7% compared with a 0.7% drop at Pernod Ricard (12069.FR). Says Diageo remains its preferred spirits player, with a view that the Allied Domecq integration will continue to constrain both top-line growth and operating leverage for the next 12 months at Pernod. Diageo -0.2% at 947.5p, Pernod +0.6% at EUR164.10. (PBA)


# 7. FTC Asked To Tread Lightly in Ad Space

JOHN EGGERTON

*Broadcasting & Cable*

October 5, 2006

The advertising industry is concerned about a push by state Attorneys General to get the Federal Trade Commission to crack down on alcohol advertising.

Back in March, the FTC asked for comment on what kind of marketing information it should seek from the industry in its effort to gauge compliance with self-regulations prohibiting alcohol ads in media with an audience of more than 30% viewers 20 years old or younger, i.e. under the legal drinking age.

In a paper (insert paper) being published by the Washington Legal Foundation, American Association of Advertising Agencies Counsel Adonis Hoffman, joined by attorney David Versfelt, warn that "opponents of alcohol advertising are readying their troops to transform the commission's recent request for data in to tighter ad restrictions by reducing that audience figure.

They cite a filing by attorney's general saying the industry needed to do more to reduct underage drinking. Most public interest groups want the industry to ban alcohol ads from shows with audiences of 15% or viewers 20 or under.

Advising the government to tread lightly given the First Amendment protections of truthful, non-misleading ads for legal products, Hoffman and Versfelt argue the industry is already taking steps to curb underage drinking, that there are less restrictive means to the government's goal of restricting it, and that it is too soon to tighten the 30% prohibition to 15%, saying that the ban has been in effect for less than two years and it is too early to rule on its effectiveness.

They also point to several studies they say 1) undermine the assertion that alcohol ads entice kids to drink and 2) point to alternative factors such as peer pressure, parents and their environment.

<http://www.broadcastingcable.com/article/CA6378462.html?display=Breaking+News>

[**II. IOWA NEWS.**](#II)

# ****8. Group Wants Moves Against Risky Drinking****

### Mark Magoon *The Daily Iowan*October 10, 2006

Concerned Iowa City residents want to shake perceptions that alcohol is the blood running through the city's veins.

To do so, a panel composed of local officials and other prominent citizens on Monday released a series of recommendations to curb binge and underage drinking that included implementing a 21-ordinance - a proposal that has incited controversy in recent years.

"We need to get people to realize that underage drinking is a huge problem," said Janet Lyness, the assistant Johnson County attorney. Iowa head football coach Kirk Ferentz, UI Hospitals and Clinics CEO Donna Katen-Bahensky, and Johnson County Supervisor Sally Stutsman are also members of the panel.

The group called for local schools to intensify alcohol education and develop nonalcoholic venues for young adults. Increased enforcement of house parties, possible keg ordinances, and the 21-ordinance are among the other recommendations.

The panel - officially, the Alcohol Awareness Group - was formed two years ago, and its mission is to coordinate community members to reduce the harm caused by underage and excessive alcohol consumption.

Monday's press conference allowed the group to release recommendations for strategies to decrease underage drinking - a problem that Stutsman said affects the entire county.

The 21-ordinance has been an oft-debated issue for the Iowa City City Council in recent years. The seven-member council had approved the current 19-ordinance in 2003, after it first mulled a mandatory entrance age of 21.

"A friend from Pittsburgh was visiting last weekend, and he was shocked to learn that 19-year-olds were allowed in the bar," Ferentz said. "And he's a bar owner."

The coach also said he realizes that a change would take time, but it is necessary. He stressed that the panel needs to work to broaden alcohol awareness, especially among young people.

Iowa City statistics support the panel's call for change. The UI's rate of binge drinking among teens and young adults is among the highest in the nation, and nearly one-eighth of the school's freshmen fail to return for their second year, according to the Wechsler Study, which is conducted at 140 universities nationwide.

"We have a community that is incredibly intelligent," Rev. Mark Martin of St. Andrews Presbyterian Church said. "We just need to move forward with this issue with common sense."

http://www.dailyiowan.com/media/storage/paper599/news/2006/10/10/Metro/Group.Wants.Moves.Against.Risky.Drinking-2340845.shtml?norewrite200610111705&sourcedomain=www.dailyiowan.com&mkey=433542


## 9. Vito's settles suit for $450,000

#### Kelsey Beltramea *The Daily Iowan*

A popular downtown Iowa City bar/restaurant will pay the family of a former UI student nearly $450,000 to settle a lawsuit that accused the establishment of providing the student's killer with too much alcohol.

Paul Kearney, the father of former UI student Michael Kearney, contended that employees at Vito's, 118 E. College St., and the Union Bar, 121 E. College St., served Daniel Howard Corbett enough alcohol to the point that they should have known Corbett would become drunk.

After drinking, Corbett assaulted Michael Kearney near a downtown gas station, which eventually resulted in Kearney's death.

Vito's reached a settlement with Paul Kearney that was approved by 6th District Judge Mitchell Turner on Wednesday. The bar will pay $448,013.83 plus a yearly interest rate of 7.08 percent to the victim's estate.

The Union Bar was dismissed from the suit last March.

Kearney and Corbett got into a altercation at roughly 2 a.m. in the Kum & Go parking lot, 323 E. Burlington St., on the day before New Year's Eve 2004. Authorities said Corbett punched Kearney, then a 23-year-old UI senior, and slammed his head into a concrete wall.

Witnesses told police that Kearney "had done nothing to provoke Corbett," according to police reports, but Corbett told the court during his sentencing that Kearney's group of friends chased and confronted him.

After the scuffle, Kearney's friends took him back to his apartment. A few hours later, they found him unconscious, and he was taken to the UI Hospitals and Clinics, where he died as a result of his injuries on Jan. 10, 2004.

An autopsy report from the state medical examiner concluded that Kearney had suffered blunt force head injuries of a fractured skull and severe head trauma.

Corbett, an Illinois native, was finally linked to the crime by DNA evidence and witness testimony in June 2004, and he turned himself in to police.

The following May, Corbett pleaded guilty to voluntary manslaughter - a lesser charge than the second-degree murder of which he was originally charged - but he maintained the death was accidental.

In court, Corbett said the results of the night were "an accident I must take responsibility for."

Corbett was sentenced for up to 10 years in prison and, according to the state Department of Corrections, will remain in the Fort Dodge Correctional Facility until early 2010.

<http://www.dailyiowan.com/media/storage/paper599/news/2006/10/12/Metro/Vitos.Settles.Suit.For.450000-2345992.shtml?norewrite200610121439&sourcedomain=www.dailyiowan.com&mkey=433542>


## 10. Fired Teacher to Have License Suspended

An Edgewood-Colesburg teacher fired after four teens who had been drinking alcohol on her property were killed in a car accident will see her teaching license suspended for sixth months.

The Iowa Board of Educational Examiners voted Friday to approve a settlement with Carol Walthart that resulted in the license suspension.

Walthart had worked 18 years at in the district. Local school board members moved to fire her from her job as an elementary teacher after the accident in 2000.

Students from the school district, including Walthart’s son, had been camping on a hayfield on Walthart’s rural Colesburg property, where a number of the students had been drinking.

During the evening, four of the teens left to buy more beer. But on their way to town, the driver hit a tree, killing all four teens in the car. At the time of the accident, the driver, 18-year-old Nathan Chopard, had a blood-alcohol level of .380, more than four times the current legal limit.

Walthart has maintained she didn’t know the teens were drinking, and collected keys from the drivers so they would not drive in a field with sinkholes or damage crops.

Iowa Assistant Attorney General Christie Scase said the board sent a message with the suspension.

“It’s a statement from the board that they took this as a serious issue, but recognizing that she’s already been out of the classroom for six years. It’s a relatively short suspension,” she said.

The violations cited by the board included furnishing alcohol to a student or knowingly allowing a student to consume it and failing to make reasonable efforts to protect the health and safety of a student.

The written settlement order said the sanction was appropriate in light of the absence of evidence that Walthart provided alcohol.

Her challenge of the disciplinary action taken by the board will be dismissed with Friday’s settlement. The Iowa Supreme Court already has upheld Walthart’s firing.

Wahlert has not been employed as a teacher since the termination of her contract with the district.

<http://www.qctimes.com/articles/2006/10/07/news/state/doc45273a56c987c449568601.txt>

11. Liquor-Sale Limits get First Okay
North Liberty official calls move proactive

*Iowa City Press Citizen*October 11, 2006

NORTH LIBERTY -- In what one councilor called a proactive rather than reactive measure, the City Council approved the first consideration of an ordinance Tuesday that adds limitations to the sale of alcoholic beverages in the city.

Councilors Jim Wozniak, Gerry Kuhl and James Moody voted in favor of the ordinance, with Tom Salm and Matt Bahl against.

The rules of the ordinance state that it would be against the law for businesses with liquor, wine or beer licenses to:

• Sell, offer or provide two or more servings for the price of one alcoholic drink.

• Sell, offer or provide an unlimited number of servings of alcohol for free or a fixed price.

• Increase the volume of alcohol contained in a drink without increasing the price charged for the drink.

• Serve more than two glasses or cups of alcohol to one person at one time.

• Encourage or allow any game, contest or tournament that involves drinking alcohol or awarding alcohol as a prize.

• Pour or otherwise dispense alcohol directly into someone's mouth.

The alcohol sales limitation ordinance combines aspects of similar measures in Iowa City, Ames and Windsor Heights, assistant city administrator/city clerk Tracey Mulcahey said.

The restrictions, however, would not be enforced in two situations:

• When alcohol is served as part of a hotel or motel package that includes an overnight stay.

• At private parties where guests could be charged a fixed price, but offered unlimited drinks.

"Neighborhood pubs are great," North Liberty Mayor Dave Franker said. "Downtown Iowa City establishments are not what (North Liberty) is trying to do."

Moody, Bahl and Salm questioned how the rules will be enforced and if any of the alcohol-serving businesses offer specials other than two drinks for the price of one.

"I'm kind of curious how well these work," Bahl said. "I'm hesitant to start throwing ordinances out there just to make us feel good."

City Administrator Brian James said these rules could be enforced during the bar inspections the city already has in place.

"We can at least be as restrictive as Iowa City and Ames," since those two Iowa cities are college towns, Wozniak said.

The council will vote on this ordinance two more times before it would be enacted. The next vote will be at the Oct. 24 City Council meeting.

In other North Liberty City Council business:

• Councilors said they would like to see action as soon as possible about reducing the speed limit on Highway 965. Currently, cars can travel 45 mph on the north-south roadway through town and 55 mph on the stretches north and south of town.

"If we can do something immediately, we should do it," Moody said.

James said he has some recommendations from the Johnson County Council of Governments for some areas of Highway 965. City staff will look into the issue to give a recommendation to council before a vote is taken.

<http://www.press-citizen.com/apps/pbcs.dll/article?AID=/20061011/NEWS01/610110334&SearchID=73259748385308>

[**III. OTHER STATE NEWS.**](#III)

# 12. Kentucky Wants to Ban Inhaling Alcohol (Kentucky)

*The Associated Press*

October 5, 2006

FRANKFORT, Kentucky -- Kentuckians sip their bourbon, and have also been known to cook with it. But inhale it?

The very idea of bypassing the taste buds seems sacrilegious in a state that claims to produce the world's best bourbon, generating more than $1 billion a year in sales.

State officials in the land of Old Grand-Dad, Jim Beam and Wild Turkey are pushing to ban a device that vaporizes liquor and allows people to inhale the intoxicating fumes for a quick high without the burn of hard liquor.

Teresa Barton, head of the Kentucky Office of Drug Control Policy, said banning alcohol vaporizers is a matter of public safety, not preserving the state's sipping whiskey industry. She said such devices could become "a real deadly trap" because they have "no purpose other than to get you drunk."

So far, 17 states have banned them, including California, New York, Florida, Illinois, Pennsylvania and Ohio, and several others are considering doing so, said Sherry Green, executive director of the National Alliance for Model State Drug Laws. Tennessee, the home of Jack Daniels, already prohibits the vaporizers.

"When you inhale alcohol right into the lung tissue, that gets drawn right into the blood supply immediately, so it's a very rapid onset of the intoxicating effect, and so has obviously very high abuse potential," said Robert Walker, an assistant professor at the University of Kentucky Center on Drug and Alcohol Research.

Official: Current law doesn't ban 'underage inhaling'

Walker said alcohol vaporizers bypass altogether the tactile pleasures of drinking wine with a fine meal or a cold beer with a pizza: "You're going strictly to the intoxicating effect of alcohol."

In addition, Green warned that the devices could provide a dangerous legal loophole for teenagers in states where current law forbids only "underage drinking," not "underage inhaling."

Kevin Morse, president of Spirit Partners Inc. in Greensboro, North Carolina, which markets the Alcohol Without Liquid, or AWOL, devices, said they are harmless.

"At the end of the day, it's just a new way for adults to enjoy alcohol in a different manner," said Morse, who sells single-user devices over the Internet for $299 each or multi-user devices for $2,500 each.

The devices, which resemble asthma inhalers, can be used for just about any kind of alcohol, including wine, vodka, even martinis.

Morse said attempts to ban the devices have been great for business. "We haven't spent the first dime on advertising," he said. "When these legislators start repeating these rumors, then we start selling them like crazy."

Neither the liquor industry nor anti-drinking groups take credit for the bans on the devices.

"Legislators are basically banning this on their own," said Amy George, spokeswoman for Mothers Against Drunk Driving. George said MADD has not taken an official position on the issue in any of the states that instituted bans because, she said, not enough research has been done to show that they are necessary.

One of the world's largest distributors of alcoholic beverages, London-based Diageo, with brands including Smirnoff and Crown Royal, has pushed for the bans, saying the vaporizers "could encourage alcohol abuse and drunk driving."

Ed O'Daniel, president of the Kentucky Distillers' Association, said he, too, supports a prohibition on the devices. A ban died in a state Senate committee in February, but O'Daniel said he believes it will pass in the next session.

Greg Brooks, a private investigator from North Carolina, said he tried the AWOL device in a New York bar a couple of years ago.

"You get a mild euphoria," he said. "It's like having one drink, maybe. It dissipates quickly. If you like getting drunk or getting a real heavy buzz, this isn't the thing for you."

<http://edition.cnn.com/2006/US/10/05/alcohol.inhalers.ap/>


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# 13. Cabbies, Culture Clash at Minneapolis Airport (Minnesota)

*OREN DORELL*

*USA TODAY*

October 11, 2006

Scores of Muslim cabdrivers in Minneapolis who say their faith prohibits them from driving passengers with alcohol have sparked a debate over how far a government must go to accommodate Islamic law.

Muslim cabdrivers at the Minneapolis-St. Paul International Airport have been refusing to take passengers who carry wine or spirits from duty-free stores or who are loaded down with bottles after visiting wine country.

They've also asked dispatchers not to call them to pick up passengers heading to liquor stores and bars.

The drivers, whose beliefs are not shared by all Muslims, say the airport should accommodate a deeply held religious tenet. Others say the Muslims are discriminating against people of other faiths and attempting to impose Islamic law.

"These taxi cab drivers basically think they're living in they're own countries where it's OK to impose your religious beliefs upon others," says Kamal Nawash, president of the Free Muslims Coalition, which advocates separation of religion and government.

For two years the Metropolitan Airports Commission, which regulates taxi service at the airport, had been in discussions with drivers about how to accommodate them.

The commission said it had agreed to let cabbies use lights on top of the cabs to identify drivers who won't transport alcohol so airport employees could direct passengers with alcohol to a willing driver.

The proposal created a public "backlash," says Patrick Hogan, spokesman for the commission. The commission received 400 e-mails and phone calls, almost all of them opposed to the proposal, he said.

On Tuesday, the commission rejected the proposal. That means the current policy stays. The policy says drivers who will not transport alcohol must go to the back of the taxi line.

That can force a cabbie to wait another three hours for a fare, says Abdisalam Hashim, a Muslim from Somalia who manages Bloomington Taxi.

"When I'm American, I have freedom to practice my religion and freedom to work anyplace I want to work," Hashim says. "This is the way we address Islam. ... We have the right to say this is how we do it."

More than half the airport's taxi drivers are Somali Muslims, and customers have reported being turned away by four taxis before finding a ride.

Not all Muslims agree that cab drivers are prohibited from transporting alcohol. Mahmoud Ayoub, an Islamic scholar at Temple University, says the main ban is against drinking.

"I know many Muslims who own gas stations (where beer is sold) and sell ham sandwiches," even though pork is also prohibited, Ayoub says.

"They justify it and I think rightly so (saying) that they have to make a living."

One driving force behind the move to accommodate the drivers' beliefs is the Minnesota Chapter of the Muslim American Society.

MAS was founded by U.S. members of the Muslim Brotherhood, which promotes the spread of Islamic influence through political parties and militant groups in the Middle East. MAS members say they do not promote violence.

Hassan Mohamud, vice president of MAS of Minnesota says the Airports Commission decision will not help customers or taxi drivers.

"More than half the taxi drivers are Muslim and ignoring the sensibilities of that community at the airport I think is not fair," he says.

<http://www.usatoday.com/news/nation/2006-10-10-cabbies-culture_x.htm>

**14. More Convenience Stores Want Beer-Selling Permits (Indiana)**

*The Associated Press*

October 8, 2006

More Indiana convenience stores are seeking permits to sell beer and wine - a move the store owners say will help them expand sales, but the package liquor industry says could essentially deregulate the sale of wine and beer.

So far this year, 142 convenience stores in Indiana sought grocery store permits that allow beer and wine sales. Only 46 stores sought beer and wine permits from the Indiana Alcohol and Tobacco Commission in 2005.

Some convenience store owners may want to get permits now in case the legislature tries to limit such permits during future sessions of the General Assembly.

"It could be that some convenience store operators who fear future legislative action are taking steps now to get a permit," said Scott Imus, of the Indiana Petroleum Marketers and Convenience Store Association.

But officials with the package liquor industry say the industry should be tightly regulated, and selling beer at every corner store would not help those efforts.

"If we have thousands of new outlets selling alcohol, we've essentially deregulated how alcohol is sold," said John Livengood, who represents the Indiana Association of Beverage Retailers.

Livengood also said that if more convenience stores are allowed to sell beer and wine, they may eventually push the legislature to allow them to sell cold beer, which currently can only be sold at liquor stores and bars.

"They know if they have cold beer, they would put the package stores out of business, and that's what they want," Livengood said. "The Krogers and Meijers are selling gas below cost and it's killing convenience stores. Their argument is, 'Put liquor stores out of business to save us.'"

But Imus said that's not a valid argument.

"In states where convenience stores can sell beer, we're the only state without cold beer sales," he said. "But we have not advocated cold sales legislation. I don't think anybody is talking at this point about introducing cold beer into that debate."

<http://www.fortwayne.com/mld/newssentinel/news/local/15711403.htm>

**15. In Oregon, the Alcohol Industry Runs the Show (Oregon)**

Tuesday, October 10, 2006
*The Oregonian*

The last time Oregon raised its tax on beer, gasoline prices averaged 59 cents a gallon, a new Plymouth Arrow cost $3,175 and you could buy a six-pack of Pabst on sale for under a dollar.

That was 1976, the year this state's beer tax rose to $2.60 a barrel. Today, 30 years later, it's still $2.60 a barrel, less than a penny a drink and just about the lowest in the nation, thanks to the magical spell cast by lobbyist money on Oregon lawmakers.

Actually, there's nothing magical about it at all, as a team of reporters for The Oregonian made clear in Sunday's editions. The front-page story by Richard Read, Janie Har and Bill Graves ("Beer, wine lobby has lock on law") outlined in depressing detail how Oregon's beer and wine distributors have bought themselves a Legislature by showering it with money.

In the past four years alone, the distributors have spent $1.2 million wining and dining legislators, paying their way to fancy Maui resorts and contributing to the campaigns of those willing to do their bidding. Years and years of such spending has paid off, enabling the group's lobbyist to write much of the law governing beer distribution, and blocking every attempt to raise beer and wine taxes to pay for prevention and treatment of alcoholism.

Fortunately, not every Oregon legislator has been co-opted by the beer and wine influence peddlers. Sen. Bill Morrisette, D-Springfield, and Rep. Jackie Dingfelder, D-Portland, don't receive a penny from the distributors and don't get invited on any of the junkets to Hawaii "business conferences."

The reason is obvious: The two tried to raise beer taxes in the 2003 legislative session. They tried again in 2005. And they'll try again in 2007.

Their legislation addresses what Morrisette calls "the biggest cost shift in our state." He refers to Oregon's glaringly inadequate resources to deal with alcohol-related social ills "that are largely responsible for filling our emergency rooms, jails and prisons, as well as contributing to the breakup of many families."

The Morrisette-Dingfelder bill would raise the wholesale tax on beer to $32 a barrel, or about 10 cents a drink. The resulting revenue, amplified by federal matching money, would be distributed to Oregon counties and cities for mental health and addiction treatment programs, prevention work, drug courts and enforcement of laws relating to driving under the influence of intoxicants.

It's to Oregon's shame that state support for such programs has been allowed to atrophy for three decades while the tax on alcohol has remained frozen at the 1976 level. This has resulted, as Morrisette points out, in the tremendous cost of dealing with alcoholism being borne not by the industry and its consumers but by Oregon's taxpayers.

**16. Richardson and Irving Consider Beer & Wine Sales (Texas)**

Bud Gillett
Reporting
*CBS 11 News*

IRVING The November 7th election will decide more than the political futures of political candidates. In Dallas County, the cities of Richardson and Irving will also determine whether to allow beer and wine sales at supermarket and convenience stores.

"We are supportive of allowing our customers to buy beer and wine at a supermarket," says Gary Huddleston, of Kroger Stores. "We think it's a convenience for our customers to be able to come into a supermarket atmosphere and purchase beer and wine."

Kroger officials say it has recent experience in cites like Arlington and Keller, where new beer and wine sales have been without unpopular drawbacks, but opponents disagree.

"It's not a good mix. It actually deters positive economic growth and it promotes crime,' said Mark Dyer, Irving First.

Irving First is an association of community groups opposing the alcohol sales.

On Thursday, some three dozen of them rallied at Irving City Hall, citing not only quality of life arguments, but also a claim the city could not legally control a proliferation of drive-thru beer halls, such as exist in Dallas.

That in turn, they say, will hamper economic revitalization in central and south Irving. "It hamstrings our localities from limiting the number, or the concentration, of alcohol outlets, or the types of beer barns or beer windows," Dyer said.

Kroger, though, says its' history of beer and wine sales is just the opposite.

"Our experience has not been. it creates any sort of adverse effect I the marketplace," Huddleston said.

Kroger is not alone in its support for beer and wine sales. Albertson's, Wal-Mart, and QuikTrip, a chain based in Tulsa, Oklahoma, also support the beer and wine initiative.


## 17. Liquor Agents Crack Down At State Line Michigan Alcohol Stores Under Surveillance By Ohio (Ohio)Ohio Law Requires Alcohol Consumed In Ohio To Be Purchased Inside The State.

LORI KING

ROBIN ERB

BLADE STAFF WRITER

October 13, 2006

An impromptu kegger might sound appealing to some this weekend, but those who plan to imbibe should keep the state line in mind.

Along the Michigan-Ohio border, officers from the Ohio Department of Public Safety's investigative unit - liquor agents - are starting to crack down on motorists bringing beer and liquor south of the divide.

A decades-old Ohio law that harkens back to the Prohibition era and has been revised over the years requires all intoxicating alcohol consumed in the state to be purchased from its licensed establishments.

There are few exceptions to the measure, said Earl Mack, the agent-in-charge of the Ohio Department of Public Safety's Toledo investigative unit.

So agents have begun setting up surveillance near Michigan liquor and beer stores, watching motorists with Ohio plates as they load up kegs and head south.

"When they cross that state line, they're ours," Mr. Mack said.

Mack

The decision by Ohio agents to initiate state line surveillance follows a weekend sting tied to the University of Toledo's homecoming and "Binge Drinking Operation 2006," an effort to curb underage drinking.

Agents spent a hefty part of last weekend breaking up UT student parties and citing adults who provided beer to underage drinkers.

But they also spent time watching places like Flick's Package Liquor Inc., 3320 Sterns Rd., Lambertville - just two miles north of the state line in Bedford Township.

Ohio residents buy kegs there, in large part, because of convenience.

In Ohio, kegs must be purchased from a distributor and Toledo's two main beer distributors close at 5 p.m., Mr. Mack said.

But as soon as Ohio drivers crossed into the Buckeye State last weekend, Toledo police and Ohio Highway Patrol troopers joined public safety agents in pulling over vehicles in search of the telltale kegs.

On Friday and Saturday, they charged 15 people, age 18 to 23, with "illegal transportation of beer or intoxicating liquor." The first-degree misdemeanor is punishable by up to six months in jail and a $1,000 fine.

Patrick Culhane was among them.

The 23-year-old financial services student said he was expecting friends in for the weekend and was returning to the University of Toledo campus with $147 in beer when he was confronted by police.

"It was really scary. They had three undercover cars. I was kind of freaking out," Mr. Culhane said. "They asked me where I got the kegs. I said 'Flicks in Michigan,' and they said, 'You know it's illegal?'•"

Mr. Culhane said he didn't. He wasn't alone.

Colleen Drakage, a 23-year-old student from Cleveland, returned to campus Friday - her weekend likewise interrupted after agents seized two kegs of Natural Light.

"I understand that ignorance of the law is not an acceptable excuse," she conceded. "I guess I go in there [to court] and say, 'I'm very, very sorry. And I didn't mean to offend.'•"

In Michigan, adults may bring up to 312 ounces of alcohol - a case of wine or a bit more than a case of beer - from out of state every 24-hour period, said Julie Wendt, director of licensing for the Michigan Liquor Control Commission.

Messages seeking comment from Flick's were not returned, but Mr. Mack emphasized that it did not appear that Flick's had broken any law when it sold the alcohol to the adults.

Mr. Mack pointed out that agents legally could have seized vehicles last weekend, but they took only the illegal liquor.

"A couple of the kids said they'd rather us take their cars than the kegs," Mr. Mack said, adding after a pause: "I'm hoping they were joking."

