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|  | e - NEWS |
| *December 15, 2006* | |

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

**1. Anheuser-Busch Launches Miller Copycat Product in China**

By Jeremy Mullman – *AdAge.com*

December 4, 2006

**New Budweiser ‘Genuine Draft’ Mirrors 1893 ‘Miller Budweiser’ Incident**

CHICAGO (AdAge.com) -- During the early 1890s, Miller Brewing Co. provoked the ire of Anheuser-Busch by bottling its own "Budweiser," complete with a



Budweiser beat Miller to market when it launched its Budweiser Genuine Draft in China. During the early 1890s, Miller Brewing Co. provoked the ire of Anheuser-Busch by bottling its own "Budweiser," complete with a version of the iconic A-B lager's now-familiar red label. More than a century later, A-B appears to be returning the favor halfway around the globe.

**'Genuine Draft'**

A-B has launched "Budweiser Genuine Draft" in China, the world's largest and fastest-growing beer market. BGD, an unpasteurized lager sold in a clear bottle and meant to taste like it flowed from a tap, strikes some as similar to 20-year-old Miller Genuine Draft, a unpasteurized lager in a clear bottle whose main selling point is its draft-like taste.

While U.S. beer drinkers may scoff at the apparent imitation, in China it was BGD that beat MGD to market -- it launched last summer. Miller's Chinese joint venture last week announced an "agreement in principle" but not a timeline to bring MGD there.

Historian Maureen Ogle, whose recent book "Ambitious Brew" is a history of American beer, said this is reminiscent of how Milwaukee beer drinkers drank Ernest Miller's Budweiser before Adolphus Busch's. "What comes around goes around," Ms. Ogle chuckled. "But the stakes are a lot higher in this case."

**1893 incident**

Indeed, while A-B sued to stop Miller from making its own Budweiser in 1893, it regarded Miller at that time as an "annoying gnat" that was no threat to its larger business, Ms. Ogle said. But there's nothing insignificant about the competition for brewing supremacy in China, where A-B and SABMiller, Miller's South Africa-based parent, are grappling for growth that long ago became impossible in the fading U.S. beer market.

The Chinese beer market surpassed the U.S. in volume during 2003 and has continued to grow at an 8% clip. SAB Miller's Snow is the largest brand, but A-B, which outbid SAB for the Harbin brewery in 2004, has a joint venture with the country's largest brewery, Tsingtao, and brews its trademark brands there, so it has the largest share of the total market.

Both brewers have vowed increased media spending as Chinese consumers increasingly identify with individual brands. And both brewers are growing, too: SABMiller's brands grew 27% in the first half of 2006, while A-B's grew 20% through the first nine months.

**Not 'trademarkable' language**

A Miller Brewing Co. spokesman said A-B would never be able to launch BGD in the U.S. because consumers would see it as an imitation. But Miller does not appear to have any recourse to prevent A-B from using the "genuine draft" label abroad. "As we understand it, those words are descriptive and not trademarkable," he said.

An A-B spokesman said the Genuine Draft name was inspired by the beer's taste, not MGD, since Chinese beer drinkers prefer the taste of draft beer.

<http://adage.com/article?article_id=113561>



# 2. Anheuser's New Chief Faces Challenges

By Greg Edwards – *Wall Street Journal*

December 6, 2006

ST. LOUIS -- August A. Busch IV, as the story goes, received his first taste of the family business when he was a few hours old -- drops of beer on his young lips administered by his mother.

Those drops are culminating in a drenching as he takes the helm at [Anheuser-Busch](http://online.wsj.com/quotes/main.html?type=djn&symbol=BUD) Cos., the largest U.S. brewer, which was founded in the mid-1800s by his great-great-grandfather, Adolphus Busch.

The King of Beers faces declining profits, increasing competition in the U.S. and abroad, lackluster sales, and loss of market share to liquors, wines and craft and import beers. Wall Street is uncertain whether Mr. Busch can return the brewer to its previous levels of earnings growth and whether he will move decisively into other alcoholic products such as liquor.

While the company's shares are up about 11% this year, they have fallen about 5% since hitting a 52-week high of $49.91 Aug. 29 as worries about the St. Louis brewer's U.S. sales outlook have pressured the stock.

The company's price-to-earnings ratio of 18.2 as of Nov. 30 is low compared with the beverage industry's average P/E ratio of 19.71 and 18.98 for the food and beverage sector as a whole.

"As the August Busch IV era begins, A-B is not without options to recapture growth, but it is increasingly apparent to us that the current model is quickly running out of steam," wrote Carlos Laboy, an analyst at Bear Stearns Cos., which has had Anheuser-Busch as a client. "The company's new CEO might act to transform A-B from its current status as a conservative U.S. brewer into a more global provider of beverage alcohol."

Mr. Busch, 42 years old, became president and chief executive Friday. He succeeds Patrick Stokes, 64, who becomes chairman with the retirement of August A. Busch III. The elder Mr. Busch remains on the board. The younger Mr. Busch, who has worked at the company 21 years, has been president of Anheuser-Busch Inc., the U.S. beer subsidiary, since 2002 and retains that position.

He got married four months ago, and his promotion was announced Sept. 27.

He is credited with overseeing Anheuser-Busch's "Whassup," frogs and lizards, and Bud Light "I love you, man" advertising campaigns. But he also has to shoulder some of the blame for domestic beer profits falling from $3.3 billion in 2004 to $2.7 billion in 2005, the same level as in 2001.

Anheuser-Busch, with 49% of U.S. market share, has faced competition from [SABMiller](http://online.wsj.com/quotes/main.html?type=djn&symbol=SAB.JO) PLC and its U.S. subsidiary, Miller Brewing Co., which holds an 18% market share, and from import and craft beers such as [Boston Beer](http://online.wsj.com/quotes/main.html?type=djn&symbol=SAM) Co.'s Sam Adams brands. Furthermore, shifting consumer tastes and increasing sales of liquor and wine have reduced beer's total share of the alcohol market to 55% in 2005 from its peak of 60% in 1995, according to Beer Marketer's Insights, a trade publication.

Anheuser-Busch's dependence on U.S. beer sales worries some observers.

"Having 70% or 80% of your operating profit tied to a market that's largely mature doesn't strike me as a particularly good way to grow the overall company," said analyst Craig Hutson at Gimme Credit, an independent corporate-bond research service.

SABMiller is considered to have a much stronger global presence, although Anheuser-Busch owns 50% of Grupo Modelo SA, brewer of Corona beers.

Anheuser-Busch has had 20% annual sales growth overseas, with a 14% increase in profit from international operations so far in 2006, Chief Financial Officer Randy Baker said recently.

As president of U.S. beer operations, Mr. Busch beefed up the company's portfolio by adding brands to the distribution system, including Grolsch from the Netherlands, Tiger from Southeast Asia, Anheuser-Busch's own Harbin brand from China and numerous seasonal brews. The company also added nonalcoholic energy drinks from Hansen Natural Corp., including Monster.

Many expect Mr. Busch to make a major acquisition to spur growth. He didn't grant a request for an interview, but he told analysts in September that the company is open to diversifying beyond beer, "and will not be constrained by alcohol source or concentration." The company has experimented with liquor on a small scale with its Jekyll & Hyde, a berry and herbal liquor combination.

"Spirits could represent one avenue of faster growth," said Christopher Growe, an analyst at A.G. Edwards Inc., which owns Anheuser-Busch shares. Mr. Growe, who used to work for Mr. Busch in marketing at Anheuser-Busch, predicts the company will be more nimble under the new leadership. "We would not be surprised to see an eventual acquisition," he said.

V&S Group's Absolut vodka, the world's third-largest liquor brand by liters sold, is frequently mentioned as a possible target. The Swedish government, which owns V&S, has said it wants to privatize many of its largest businesses. But a major liquor-company acquisition would present its own complications for Anheuser-Busch.

"This is a double-edge sword if it distracts attention and resources away from beer or if it requires dilutive transactions," said Mr. Laboy, the Bear Stearns analyst. "Additionally, the challenges of putting liquor brands through a beer system are formidable from a regulatory, retail and execution standpoint."

Despite his years in the business and his family heritage, Mr. Busch remains a bit of a mystery as a leader, though he is viewed as outgoing and personable, especially compared with his father, who is regarded as stern and aloof.

"I don't feel I have a good handle on his management style or what his strategic vision is," said Mr. Hutson, the Gimme Credit analyst.

What Wall Street would like to see is the kind of industry leadership PepsiCo Inc. demonstrated when it anticipated the decline of carbonated beverages and made acquisitions such as Quaker Oats Co.

Whatever Mr. Busch decides to do about the challenges facing the company, he is likely to be given plenty of time.

"Short of major value destruction, Mr. Busch IV will be afforded years, not quarters, to develop and execute a rewarding vision," Stifel Nicolaus & Co. analyst Mark Swartzberg said in a note to investors.

<http://online.wsj.com/services/article/SB116538266914342083-search.html?KEYWORDS=liquor&COLLECTION=wsjie/6month>



3. Wine Exports to U.S. Set to Rise

*Just-drinks.com*

December 7, 2006

The value of exports of Italian wine to the US is expected to rise almost 8% this year, according to local reports.

The Italian news agency ANSA cited figures from the country's farmers union Coldiretti that forecast a 7.6% leap in export revenues to around EUR1bn (US$1.3bn).

The figures were based on data from the Italian Food & Wine Institute for the nine months to the end of September, the report added.

Italian wines have a 31% share of the imported wine segment in the US, the report said, just adding out the Australians, who have a 30% share.



**4. STOP Act Heads to Bush for Signature; Industry Applauds Vote**

*Beverage News Daily*

December 8, 2006

Bev/al trade associations and advocacy groups alike applauded passage yesterday of the “STOP (Sober Truth on Preventing) Underage Drinking Act.”  The voice vote in the House sends the measure to President Bush, who is expected to sign it.

When signed into law, the STOP Act will:

\*Authorize millions in grants to fund public-private partnerships aimed at engaging adults and parents in fighting underage drinking.

\*Formally establishes the Interagency Coordinating Committee on Prevention of Underage Drinking;

\*Empower the Secretary of Health & Human Services to report to Congress annually on programs and policies of federal and state agencies charged with preventing underage drinking.

The Beer Institute said this will “add an important layer of accountability to the process.  HHS will focus on the role of states in law enforcement to prevent underage persons from obtaining alcohol from commercial and noncommercial sources, including parents, older siblings and other adult

“Brewers, beer distributors and other industry allies commend the Congress for passing this important legislation,” said August A. Busch IV, chairman, Beer Institute.

“Fighting illegal underage drinking is critically important to our members, both as business leaders and members of society,” said Jeff Becker, Beer Institute president.  “We applaud the efforts of the bill sponsors and our industry allies.  Passing this bill reflects a collaborative effort between the alcohol beverage industry, the advocacy community and legislators of both parties.  We are pleased this bill reinforces the constitutional authority of each state to license and oversee all three tiers of our industry – brewers/importers, wholesales and retailers.”

Peter H. Cressy, president, Distilled Spirits Council of the U.S., said that “while progress has been made, any amount of underage drinking is too much,” and added: “The spirits industry is vehemently opposed to underage drinking and has worked aggressively to combat this serious and complex problem for decades.

“We appreciate the bipartisan effort in Congress,” Cressy said.  “By working together and focusing on effective, comprehensive solutions, we can continue to make progress.”

“Rep. Lucille Roybal-Allard and the House and Senate co-sponsors as well as our industry partners and control advocates worked tirelessly to advance this bill,” said Craig A. Purser, president, national Beer Wholesalers Association.  “We appreciate their hard work and leadership.

“They recognize that alcohol products are unique.  With Wednesday’s vote in the Senate and this vote in the House, Congress has confirmed its commitment to fight underage drinking.  We look forward to the President’s signature on the STOP Underage Drinking Act when this legislation can be put into action.”

Craig Wolf, President/CEO, Wine & Spirits Wholesalers of America, said “Wine and spirits wholesalers believe the first step to preventing underage drinking is restricting and monitoring who has access to alcohol.  It is a unique product and must be managed within the safeguards of the three-tier system.  H.R. 864 affirms the system’s importance and recognizes our members provide a vital line of defense in that effort through a state-based regulatory system for distributing the socially-sensitive product.”

George A. Hacker, director, Alcohol Policies Project, Center for Science in the Public Interest, called passage of the bill “a long-overdue acknowledgement of the need to do more as a nation to address the harm caused by underage drinking.  Unlike illicit drugs, for which we have a comprehensive government-wide strategy, there has been no credible national plan to combat alcohol problems,’ which Hacker called “by far the greater health and safety drag on our nation.”  He said CSPI looks “forward to working with Congress to fully fund and implement the STOP Act’s provisions and to tackle unfinished business.”

Rep. Lucille Roybal-Allard (D-Conn.) said “hard-hitting public service ads funded under the measure” will give “parents a strong and effective message about the dangers of underage drinking.”  Roybal-Allard is the author of the bill, which is based on a 2003 study by the National Institute of Medicine.

“When you consider the full extent of the dangers associated with drinking before age 21, such as car accidents, violent crime and risky sexual activity, the massive extent of this public health crisis and its tragic consequences become clear.

“Despite these startling facts, studies have found most parents are unaware of the prevalence of underage drinking or the risk it poses to their children.



**5. Pernod Closes In on Stolichnaya Buy**

David Karp - *Bloomberg*

December 11, 2006

Pernod considers the acquisition of Stolichnaya, the third-most-popular vodka in the United States, a priority.

PARIS -- Pernod Ricard may acquire the Stolichnaya vodka brand as soon as "a few weeks" from now, the head of its U.S. division said.

Paris-based Pernod, the world's No. 2 liquor producer, acquired distribution rights through 2010 for Stolichnaya, owned by Russia's SPI Group, when it purchased rival Allied Domecq for $13 billion last year.

Managing director Pierre Pringuet has called the acquisition of Stolichnaya a company priority, and started talks with SPI about the brand's future in May.

"We are relatively confident we will be able to acquire the ownership of Stolichnaya," Alain Barbet, president of Pernod Ricard USA, said Friday. "It will probably take a few weeks or months."

Pernod wants to gain a foothold in the U.S. vodka market, which is expected to grow by one-third over the next four years, to about $16.7 billion in 2010, according to Euromonitor, a market-research company.

Stolichnaya is the third-most-popular vodka in the United States after Diageo's Smirnoff and Sweden's Absolut, controlled by state-owned V&S Vin & Sprit. Pernod's Pringuet has said his company will also bid for Absolut, which might come up for sale next year as Sweden's new government plans asset sales.

Pernod is facing a lawsuit brought by Russian billionaire Rustam Tariko, owner of Russky Standart, who claims Stolichnaya is not a Russian vodka because it is filtered, bottled and labeled in a Latvian plant after being distilled in Russia. Pernod called Tariko's assertions an "advertising strategy" aimed at boosting U.S. sales of Imperia, his own brand.



**6. Beer Market: Intense Competition to Slake the Nation's Thirst**

By Mure Dickie - *Financial Times*

December 12 2006

When SABMiller lost a bitter battle with Anheuser-Busch for control of China's Harbin Brewery in 2004, it seemed the London-based global beer group had suffered a heavy setback at the hands of its US arch-rival.

Two years later, things look a little different. Anheuser's $700m bid may have won it ownership of Harbin Brewery, but SABMiller reckons its joint-venture with China REsources is winning the local market high ground.

The venture, China Resources Snow Breweries (CRSB), now boasts the nation's biggest selling beer brand - and Nigel Fairbrass, a SABMiller representative, says it is taking sales share from Harbin Brewery in its home city in north-eastern China's Heilongjiang Province.

"They paid a lot of money for an asset that has come under considerable pressure," Mr Fairbrass says. "We are taking the fight to their heartland."

Anheuser insists Harbin's home town market share is steady, but SABMiller's new found ebulliance and rapid progress made by CRSB in other provinces highlights the rapidity with which the fortunes of both local and foreign companies can wax and wane in a Chinese market that is changing as rapidly as it is growing.

Tough competition is common in many Chinese sectors, but few fickle consumers have been as fiercely fought over as the nation's beer drinkers.

The stakes are high: China is already the world's largest beer market in terms of volume, but relatively low consumption in populous rural areas whispers sweetly of growth potential still unslaked.

China's allure has proved dangerous for foreign brewers in the past: dozens of high-profile investments set up in the 1990s by brewers such as Fosters of Australia and Britain's Bass failed after a few years.

Anheuser and SABMiller were much more successful, however. Anheuser forged an alliance with Tsingtao Brewery, China's most famous beer brand and the only local brew with an international profile. The US group now holds a 27 per cent stake.

Anheuser also established a sprawling plant in the central city of Wuhan to produce Budweiser, which is sold in China as a super premium brew. Ownership of Harbin Brewery, which claims China's most venerable beer-making traditions, has given Anheuser a potentially powerful third brand to exploit.

But while the loss of Harbin was a heavy blow for SABMiller, which had taken a 29.6 stake in the century-old brewer just a year before Anheuser pounced, it at least clarified the global group's China strategy.

SABMiller returned to its previously successful approach of working through its 49 per cent stake in CRSB, which is majority owned by the China Resources Enterprise, the Hong Kong-based arm of a Chinese conglomerate.

CRSB managers are proud of their record in acquiring and turning round struggling local breweries and of expanding in a "T" shaped area along China's wealthy eastern cost and up the trunk of the Yangtze River.

Humor Wang, CRSB general manager, says its strategy is now to expand to cover the whole country while promoting the venture's chosen national brand Snow.

Already, CRSB is China's biggest brewer, with volume of 24.4m hectolitres in the first half of 2006, accounting for about 14.9 per cent of the market, according to industry consultancy Seema International.

Tsingtao's market share was 13.8 per cent and Beijing's Yanjing 10.2, while Harbin accounted for 4.5 per cent.

Even more spectacularly, the previously little known Snow - which was only launched nationally in 1999 - has now surpassed Yanjing and Tsingtao as China's biggest brand by volume as more CRSB breweries put it into production.

Snow has seen its volume grew by more than 30 per cent a year since 2003 and growth has accelerated this year, says Jason Hou, CRSB marketing director.

"This year it will be far, far above the sales volume of Yanjing and Tsingtao," he says.

Yanjing and Tsingtao are hardly standing still - both brands are have been growing fast - but both have recently been working to digest previous acquisitions and improve efficiencies.

Anheuser declines to discuss national market share, but says that in the first nine months of 2006 volumes of its Bud family climbed 20 per cent, Harbin volume was up double digits, and Tsingtao volume was up 9 per cent.

"Anheuser-Busch is best-positioned to capitalise on the substantial long-term growth opportunity in the Chinese beer market," the US company said in a statement.

But Anheuser may have missed a few tricks by being tardy in deciding how to use Harbin.

Nearly a year after the acquisition, Stephen Burrows, chief executive of Anheuser-Busch International, said he wanted to get a "complete understanding" of the company before setting down a strategy for it.

It is also still unclear how Anheuser will handle the desire to take Harbin national without alienating Tsingtao, whose flagship brand has a somewhat similar profile.

"A-B bought Harbin and the Harbin brand flat-lined," says Wayne Hall, SABMiller's China finance director. "Tsingtao and Yanjing had their own issues."

As well as enjoying the sight of growing market share in Harbin city - Harbin Beer's hometown - SABMiller may soon be challenging Anheuser's Budweiser in the premium beer segment too. CRSB's board recently approved "in principle" the introduction of the Miller brand.

The London-based group still faces plenty of challenges, of course. Its minority status in CRSB means it is hardly master of its own fate. Fresh competition is looming in the shape of InBev, the Belgium-based brewer, which this year bought provincial brewer Fujian Sedrin for more than $600m and has signalled that it is keen to expand further.

The battle for Chinese beer drinkers' loyalties is hardly done yet.



**7. Bacardi Offer for 42 Below Accepted**

*TVNZ.co.nz*

December 14, 2006

Bacardi shareholders have accepted its offer to acquire New Zealand spirits company 42 Below.

"Bacardi is thrilled to welcome 42 Below's young and innovative brands into our global portfolio of premium products," said Andreas Gembler, President and Chief Executive Officer of Bacardi Limited.

"With substantial investment, time and nurturing, these brands show long-term potential in the global spirits industry, especially in the growing Asia-Pacific region."

Having reached shareholder acceptance of 90% of shares of 42 Below Limited under its takeover offer, Bacardi intends to begin compulsory acquisition of the shares for which it does not receive acceptances by December 15, 2006.

Bacardi's all-cash offer was for US$91 million (NZ$138 million).

42 Below vodka was launched in 1998 and was judged New Zealand's fastest growing exporter, fastest growing listed company and fastest growing company overall in the Deloitte Unlimited Fast 50 2005.

Known for its innovative, irreverent and entrepreneurial style, 42 Below has earned a robust reputation for authentic New Zealand purity, quality and exceptional taste.

and was judged New Zealand's fastest growing exporter, fastest growing listed company and fastest growing company overall in the Deloitte Unlimited Fast 50 2005.

42 Below vodka is currently distributed in more than 25 countries.



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

**8. Proposed Smoking Restrictions Too Far-Reaching for UI**

Editorial Board *– Daily Iowan*

December 12, 2006

In what is almost becoming a monthly tradition, a UI group has once again sparked the smoking debate across campus. This Editorial Board is no stranger to condemning the profusion of smoking across campus, and we especially applaud the formation of, and work done by, the UI's Smoking Policy Review Committee. However, the committee overstepped its bounds a bit with its most recent recommendation that seeks to put a 25-foot halo around all university property by July 2007, with hopes that two years later, the entire campus will be smoke-free.

It is important to continue advocating smoking restrictions throughout Johnson County and focusing attention on eliminating the haze of smoke inside Iowa City's restaurants. Smoking is indeed harmful, especially in enclosed areas. It can also be quite a bother outside, but problems in jurisdiction logistics with the current recommendation begin to show themselves immediately.

This recommendation is simply too expansive to enforce. Banning smoking within 25 feet of entrances, at the very least, had an exact reference point. An entrance is a high-traffic area, and the billowing smoke stacks made by convening smokers blocked a place where a lot of nonsmokers have to pass through. How is it possible to enforce a plan that seeks to wrap all the way around these buildings? The answer: It isn't.

The placement of our campus in Iowa City is unique among other campuses in the United States - because of how it bobs and weaves through the downtown area. Unfortunately, this fact also makes it nearly impossible to enforce any kind of UI-only, campuswide ban on outside smoking. Enforcing the ban by UI buildings, such as those on the outside corners of the Pentacrest, would be especially difficult. By the time people have walked the sufficient 25 feet, they may be walking on a public sidewalk. The UI itself recently complicated this issue by moving into the majority of the upstairs in the Old Capitol Town Center, blurring the lines even more between public and UI property jurisdiction.

The committee also recommended banning smoking in university-owned apartments by the fall of 2008. This seems more than a bit far-reaching. While the UI may keep its apartment prices within reason, compared with the downtown area, it would be invasive to begin banning smoking in private living spaces.

Again, this Editorial Board is not condemning the work of the UI Smoking Policy Review Committee. We find it refreshing to see people so adamant and committed to working for those in the university community who want to live in a healthier environment. To work on the myriad of issues involving smoking takes dreamers, but some of the new recommendations appear only viable in just that - a dream.

<http://www.dailyiowan.com/media/storage/paper599/news/2006/12/12/Opinions/Proposed.Smoking.Restrictions.Too.FarReaching.For.Ui-2532337.shtml?norewrite200612121003&sourcedomain=www.dailyiowan.com&mkey=433542>



**9. Iowa, Where the Tall Wine Grows**

Bryce Bauer - *The Daily Iowan*

**December 14, 2006**

Next to the Napa Valley's Cabernet Sauvignons and amid bottles of Sonoma Valley's Syrahs and Bordeaux's dry whites, a new wine appellation may soon appear on shelves nationwide.

The Upper Mississippi River Valley American Viticultural Area is under review by the Federal Alcohol Tobacco Tax and Trade Bureau. If approved, the name will be designated exclusively for wines originating from the 60-mile swath of land on either side of the Mississippi River, between the Twin Cities and Interstate 80.

"[The viticulture namings] are value-added designations," said Paul Tabor, a key person pushing for the label. "Just having [the appellation] on the bottle means you can probably charge between $2 or $20 more per bottle."

With grape names such as La Crosse and Catawba, the varieties may be unfamiliar with many wine aficionados, but business has been increasing, officials said.

Tabor is the manager of Tabor Winery, near Baldwin, Iowa, which is located within the proposed appellation. At the winery, business has been increasing steadily, and it now produces more than 10,000 gallons a year, the owner said.

That growth represents a trend in Iowa's viticultural industry, which has seen an explosion of new vineyards in recent years. Between June 2002 and December 2005, annual wine production in the state more than tripled, with an output of 133,728 gallons, according a report from Iowa State University.

Between 1992 and 2002, the number of Iowa acres devoted to grapes also tripled, from 55 to 154 - a number that is still significantly smaller than California's 890,896 acres, according to the U.S. Department of Agriculture.

But those paltry numbers have not always been the case.

"Iowa, at one time, was a major grape-producing state," said Rich Pirog, the marketing and food systems research program leader at the Leopold Center for Sustainable Agriculture. "Iowa was sixth in grape production in the 1920 census, with 12 million pounds of grapes."

Pirog said at the time, the most common grape grown was the ubiquitous Concord, used for everything from wine to jam. And by 1929, grape production had peaked, with 16 million pounds, then began to drop off.

The decrease became even more aggravated after World War II, when corn farmers began to use chemical herbicides in their fields. One particular and drift-prone concoction, known as 2,4-D, proved particularly disastrous, Pirog said.

For wine production, Iowa's extreme and varied climate has also been an obstacle, but new grape hybrids, mostly originating at the University of Minnesota, have overcome that hurdle.

"We may be evaluating 20 or more varieties at a time," Tabor said, adding that a special area of the vineyard is exclusively for the new varieties.

Tabor said research is integral to expanding Iowa's wine industry.

"It's not a new concept," he said. "That's what they do in France. That's what they do in Italy, and that's what they have been doing for 100 years or more."

Other wine experts agreed.

"We need to find out what some of the better grape growing practices are," said Murli Dharmadhikari, an enologist - or winemaking expert - with the ISU Extension service.

In September, the state Board of Regents created the Midwest Grape and Wine Industry Institute. Located at Iowa State, it will help develop more cold-hardy varieties, create a wine quality award program, and establish a team of wine specialists.

Its advice, Tabor said, is much needed.

"I think a lot of these wineries are getting started without enough expertise on the wine-making side," he said. "And that's going to be a problem for the whole industry. If you have a winery making bad wines, it reflects very badly on the whole state."

And with the per-ton value of grapes ranging from $300 to $1,200, wine could be significantly more valuable than Iowa's iconic product - corn.

"It would have a big impact on the economy and especially rural areas," Dharmadhikari said. "Grapes and wine are great value-added commodities."

<http://media.www.dailyiowan.com/media/storage/paper599/news/2006/12/14/Metro/Iowa-Where.The.Tall.Wine.Grows-2551811-page2.shtml?sourcedomain=www.dailyiowan.com&MIIHost=media.collegepublisher.com>



**10. Select Bars Lead in PAULAs**

By Emileigh Barnes -*The Daily Iowan*

December 14, 2006

Students partying at semester's close should expect to share shoulder room with some not-so-celebratory visitors from the Iowa City police.

And just like students, police data show officers favor some establishments more than others, heavily visiting several downtown bars that have a statistical likelihood of catching more than one underage drinker a night.

From October 2005 to October 2006, police handed out 1,453 PAULAs at Iowa City businesses, which adds up to a minimum of $363,250 in fines, assuming each violation was a first-time offense. This is nearly six times the 256 PAULA tickets, or $64,000 minimum in fines, given at non-business locations.

And the most ticketed, most police-visited establishment during this period was the Summit, 10 S. Clinton St., according to records.

During the 12-month run, cops doled out 243 PAULAs inside the bar. During that same period, Summit and 3rd Base, 113 E. College St., were tied for the most police visits - 135 - followed closely by Sports Column, 12 S. Dubuque St., at 125.

"I guess the stats show they do a lot of bar checks, but we do quite a bit of business," said Summit manager Jerad Kilburg, declining further comment.

Iowa City police Sgt. Doug Hart agreed.

"Some establishments have more violations than others," he said. "It has been my experience that anytime you have more persons present in any situation, you are more apt to find violations."

The bar that netted the most tickets during any one of the 12 months was the Sports Column, which had 79 patrons cited during October 2005.

Between January and October, Summit had the highest average of PAULAs given inside any bar: 2.186 tickets on average for each check, ahead of One-Eyed Jakes, 1.881, Union Bar, 1.564, 3rd Base, 1.398, and Et Cetera, 1.09.

Hart said police hold both planned and unplanned bar checks.

"I am unaware of any bar that gets more patrol, compared with others, on a routine basis," Hart said. "If officers observe what appears to be an inordinate amount of violations or an increase in violations for a particular establishment, it would be reasonable and expected that they increase efforts at that establishment."

Numerous businesses did not have any PAULAs issued during police checks between October 2005 and October 2006. These establishments include Iowa City Yacht Club, Joe's Place, Studio 13, Speakeasy, Deadwood, Quinton's Bar & Deli, Piano Lounge, Old Capitol Brew Works, and the Vine Tavern.

Of the bars that were not the site of PAULAs, customers at the Speakeasy, 171 Highway 1 W, survived the most checks unscathed, having pulled through 55 police visits without a single patron receiving a ticket for the offense.

Manager and owner Kevin Grimm said the Speakeasy's strict 21-only policy "probably" contributed to the lack of PAULAs.

The bar generally appeals to older clientele who don't want to deal with underage patrons, he said.

"We have a door guy on Thursdays, Fridays, and Saturdays, so I'm sure that helps, too," Grimm added. "We have a lot of people trying to get in, but we're strict."

<http://www.dailyiowan.com/media/storage/paper599/news/2006/12/14/Metro/Select.Bars.Lead.In.Paulas-2551812.shtml?norewrite200612141117&sourcedomain=www.dailyiowan.com&mkey=433542>



**11. County Enacts Smoking Ban**

By Kelsey Beltramea - *The Daily Iowan*

**December 15, 2006**

The smoking bans continue.

The Johnson County Board of Supervisors unanimously approved a resolution Thursday to prohibit smoking and smokeless tobacco use within 50 feet of county building entrances and exits, as well as eliminate all tobacco use on the premises of county facilities built in the future.

The measure, which will go into effect Jan. 1, doubles the recently initiated UI ban prohibiting smoking within 25 feet of all university building entrances - but some officials say the new measure doesn't go far enough.

"All we're doing is moving smokers away from the doors," Supervisor Rod Sullivan said. "I was in favor of a more far-reaching ordinance."

He noted that some sidewalks exist within each building's 50-foot perimeter.

"There are a couple of places where we can pass ordinances until our heart's content, but there's still city property there," Sullivan said.

Supervisor Terrence Neuzil said the supervisors will next look into creating designated smoking areas outside the banned area, improving upon 1991-implemented sites.

The county's ban is the latest in a number of smoking ordinances: The UI Hospitals and Clinics mandated that its grounds be smoke-free on July 1. The UI's 25-foot ordinance was put into effect on Aug. 14. The Iowa City City Council mandated on Oct. 3 all taxis must be smoke-free, and the Iowa House Hotel in the IMU made all guest rooms smoke-free on Nov. 15.

And unlike the UI ban, the Johnson County prohibition also bars smokeless tobacco use.

Sullivan said the county is unique among its Iowa brethren.

"Let's just say we weren't able to find anybody ahead of us on this," he said, drawing from informal discussions with county supervisors from across the state.

Neuzil agreed, saying Johnson County's will constitute "the most restrictive" tobacco-use policy in Iowa.

Sullivan said while he was pleased all new county properties will be smoke-free, including the new Health and Human Services Building, he hopes to extend bans further in the future.

"This is definitely a step in the right direction, but it's not far enough."

<http://www.dailyiowan.com/media/storage/paper599/news/2006/12/15/Metro/County.Enacts.Smoking.Ban-2598631.shtml?norewrite200612150955&sourcedomain=www.dailyiowan.com&mkey=433542>



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

# 12. Calif. Moves to Crack Down on Sugary Alcohol Drinks (California)

By Nancy Vogel, Staff Writer – *Los Angeles Times*

December 13, 2006

[](http://www.latimes.com/news/local/la-me-alcopop14dec14_gr2zgfke,0,4923538.photo?coll=la-home-headlines)

[**Harder than they look**](http://www.latimes.com/news/local/la-me-alcopop14dec14_gr2zgfke,0,4923538.photo?coll=la-home-headlines)

SACRAMENTO -- Heeding the pleas of teenagers to help curb underage drinking, California authorities Wednesday moved to raise taxes on sugary alcohol beverages and remove them from convenience stores.

Drinks such as Smirnoff Ice, Mike's Hard Lemonade and Bacardi Silver will cost as much as $2 more per six-pack if a state tax board changes its classification of the drinks from beer to distilled spirits

California would be only the second state to treat "alcopops" as hard liquor.

Outgoing Controller Steve Westly, a member of the Board of Equalization, said he is confident that will happen next year after several months of public hearings.

"When you're selling a product that is flavored with distilled spirits, that you're marketing as distilled spirits, I think common sense dictates that it should be taxed as distilled spirits," said Westly. "I see no public policy rationale why we should provide a lower tax rate to companies that are promoting distilled spirits to young people in California."

The board voted to accept a petition drafted by teenagers affiliated with the nonprofit group California Friday Night Live, which aims to prevent injuries and deaths caused by teens driving under the influence of alcohol.

"That's our main goal, just to lessen the accessibility for youth so hopefully it will decrease sales to young people," said petitioner Elianna Yanger, 17, of Folsom.

She said she hears her peers at school talk about the sweet-tasting beverages, which mimic cola, lemonade, iced tea and fruit drinks.

"It's mainly girls who drink them, because they're so flavored," said Yanger, "and the guys drink the beer."

Much is at stake for the alcohol industry. Beer is taxed at 20 cents a gallon, while distilled spirits are taxed at $3.30 a gallon. The tax board estimates that reclassifying the beverages would generate an additional $40 million a year for state coffers.

In addition, the change would remove the products from an estimated 24,000 retailers that hold licenses to sell only beer and wine.

There are also national implications: Only Maine now taxes the beverages as distilled spirits, but attorneys general around the country have been weighing a change.

"If California reclassifies, a number of states will take a careful look at this," said James F. Mosher, a lawyer who directs the nonprofit, research-oriented Center for the Study of Law and Enforcement Policy in Felton.

The tax board's action kicks off a public hearing process that will last at least nine months before staff brings recommendations to the board for a final vote. Makers of alcopops said they welcomed the scrutiny.

"It's a move to gather the facts," said Gary Galanis, vice president of corporate relations for Diageo, owner of the Smirnoff brand.

He argued that the beverages should be classified as beer because they are derived from a malt base. The beer color and taste are stripped away, and distilled spirits added. And federal inquiries have failed to back allegations that the alcohol industry markets alcopops to youngsters, said Galanis.

"We're not happy when underage people drink or attempt to purchase our products," he said.

The three Democrats on the board voted to adopt the teens' petition, with two Republicans opposed. Two new board members will be sworn in next year, but the partisan breakdown will remain 3-2, with Democrats in the majority.

Attorneys for Santa Clara County say that if the Board of Equalization fails to boost taxes on alcopops, they will revive a lawsuit they filed last month. The suit accuses the tax board of failing to enforce a California law that requires a beverage containing any amount of distilled spirits to be regulated as distilled spirits.

"We're holding our litigation in abeyance until they do what they should do," attorney said Scott Dickey.

The issue will likely wind up in the Legislature next year, too, where the alcohol industry lobbies and doles out generous campaign donations.

Board of Equalization member Bill Leonard, a Republican who voted against the move toward reclassification, said the teenagers raised a legitimate technical question about what is beer, wine or distilled spirits.

But the Legislature wrote the laws that define those beverages and set the tax rates, he said, and deciding whether a curb on alcopops would curb underage drinking is social policy, not tax policy.

"We really need to ask the Legislature to help us," said Leonard.

<http://www.latimes.com/news/local/la-me-alcopop14dec14,0,250624.story?coll=la-home-headlines>



**13. Sunday Liquor Limits May Temper Bars on New Year's Eve (Ohio)**

*Dayton Daily News*

December 15, 2006

Ohioans won't have as many places to ring in the New Year as usual since New Year's Eve falls on a Sunday.

Ohio's liquor-control officials are warning restaurants and bars that aren't usually open on Sundays and don't have the required Sunday-sales liquor license that they won't cut them any slack or grant any one-day reprieves just because of the quirk in the calendar.

A spokesman for the Ohio Department of Commerce's Division of Liquor Control said the state's regulators have gotten inquiries from several restaurant owners and nightclub owners asking whether there is any special "holiday exemption" from the no-Sunday-sales rules.

"The answer is no," said liquor-control superintendent Rae Ann Estep in a memo posted on the division's Web site. Restaurants that don't hold the special D-6 permit allowing Sunday sales of intoxicating liquor can't sell on any Sunday — even if it is New Year's Eve.

Some local establishments, including the Oakwood Club, had inquired about the possibility of obtaining a temporary license. But Oakwood Club owner Lance Stewart said he was told those are available only to nonprofit organizations operating charitable events.

So restaurants such as the Oakwood Club and Pine Club will give their staff New Year's Eve off and allow them to enjoy festivities elsewhere — or at home.

Restaurants without Sunday liquor sales could, if they wished, open and serve food and alcohol-free drinks, a liquor-control spokesman said. But that probably wouldn't suffice for some customers, and the inability to serve alcohol would cut severely into any potential profit, restaurant owners said.

So if you're planning on heading out to eat on New Year's Eve, you'd better call ahead to make sure your destination will be open.



**14. Sunday New Years Eve Plays up Liquor Sales Issue (Kentucky)**

*Ledger Independent*

December 13, 2006

Maysville residents and guests will be able to toast the new year in with champagne, or whatever beverage they prefer, despite the holiday falling on a Sunday this year.

With the passage of an ordinance earlier this year by Maysville city commissioners which permitted alcohol sales on Sundays, local businesses are making plans to take advantage of the change.

Norbert Gallenstein, owner of O'Rourke's Pub in downtown Maysville, said his business will not only be open on Sunday, as it has been since the ordinance passed, but will have extended hours until 1 a.m. for those out celebrating on New Year's Eve. Gallenstein said he has been getting calls already inquiring into holiday plans, and expects it to be "a pretty good night."

Gallenstein was one of seven local businesses to approach the city commission earlier this year, requesting an ordinance to permit sale of alcohol on Sundays. The business owners asked they be given the same privileges of surrounding communities -- such as Augusta -- which already had an ordinance in place to permit Sunday sales.

According to Maysville City Manager Ray Young, until the ordinance was passed, a business had to be a restaurant in order to sell alcohol on Sunday. Now sales are permitted at any business with a special license.

"If they want to have a party, they can have a party," Young said.

The ordinance permits alcohol sales from 1 p.m. to 1 a.m. on Sundays.

The last time New Year's Eve fell on a Sunday was in 2000, and Young said the city received special requests then from businesses asking for permission to sell that Sunday.

"We did not have the ability to allow people to sell alcohol on Sunday," he said about the city's decision at the time.

Gallenstein said O'Rourke's Pub did go ahead with a New Year's Eve celebration in 2000 -- it simply was not on New Years Eve. Instead of a party on Dec. 31, they moved the date back to Dec. 30, a Saturday night.

"It just wasn't the same," he said.

Other cities have addressed the issue of Sunday alcohol sales for the holiday as well.

In Augusta, an ordinance was enacted about a year ago to permit alcohol sales on Sunday, according to city attorney Cynthia Thompson. However, city council members will vote on an amendment to that ordinance Wednesday which, if approved, will extend the hours of the sales for the holiday.

Under the current ordinance, businesses meeting the standards of the ordinance (being a hotel, motel or inn with 50 sleeping units and a dining facility for not less than 100 people, or a restaurant open to the general public for not less than 100 people) could sell distilled spirits, wine and malt drinks from 1 to 10:30 p.m. on Sundays, and retailers could sell packaged beverages from 1 to 7 p.m.

If the amendment to the ordinance passes, sales of alcohol could continue through 1 a.m. for both types of businesses. The first reading of the ordinance has already been approved, Thompson said. However, at the second reading, she is going to ask council members if they would like to make the exception a one-time deal, only allowing the extended hours this year, or if they would like it to be a standing ordinance for future instances when New Year's Eve may fall on a Sunday.

Marlene Abbott, one of the owners of Third Street Station in Augusta, said she and her partners are trying to make plans for New Year's Eve, but are hesitant to announce any until the second reading of the ordinance has been approved.

"We do have New Year's plans, assuming that it passes," she said.

According to Abbott, approval of the ordinance will mean a "difference between having a New Year's Eve party, and not."

"It means that we can enjoy New Year's Eve with our regular customers and anybody else who wants to join us," she said about the amendment.

While Maysville is allowing sales, and Augusta seems to be on the track to allow extended hours for sale of alcohol on New Year's Eve, other cities around Kentucky have not wavered to allow businesses to sell alcohol.

In Georgetown, there are normally no sales of alcohol on Sunday, and the city council rejected a change for New Year's Eve.

However, Frankfort, which normally does not allow liquor sales on Sundays, amended their ordinance to allow the sales this New Year's Eve.

In Lexington, package liquor stores and bars are closed on Sundays, though will be permitted open on New Year's Eve until 1 a.m. However, only beer or wine coolers can be served after 11 p.m., meaning anyone who would like to toast with wine or champagne cannot do so -- unless they are in a hotel or convention center, which will be permitted to see all liquor until 2:30 a.m.

Locally, Bracken County declined a request Wednesday from the owner of a bar who asked for a one-time exception for New Year's Eve.



**15. Student Group Calls for Higher Tax on Alcopops (California)**

Editorial Team - *just-drinks.com*

December 14, 2006

California’s Board of Equalization (BOE) has voted to conduct a review of how alcopops are classified and taxed in the state following concerns over underage drinking from high school seniors.

The vote was held after a hearing in Sacramento involving students, public interest groups and representatives from the [alcohol](http://www.just-drinks.com/factsheet.aspx?id=50) industry. Student organisations petitioned the board in November, prompting this week’s hearing.

The students argued that [RTDs](http://www.just-drinks.com/factsheet.aspx?id=94) contain distilled spirits and should therefore be taxed at the higher rate reserved for spirits of US$3.30 a gallon, rather than current rate of US$0.20 a gallon, which is equivalent to the duty on beer.

The young people involved represent California Friday Night Live Partnership, Students Making a Community Change, and California Youth Council, all groups formed to tackle underage drinking.

The BOA said that the vote has prompted a series of public meetings with taxpayers, interested parties, and industry officials to discuss tax rates and product classification, but does not immediately change tax rates or regulations.

BOE board chairman John Chiang said: “I want to make sure these products are being classified and taxed properly under California law. A lot of questions have been raised, including curbing underage drinking and loss of state revenue. I believe that a full, public review is the best way to look into these matters.”

<http://www.just-drinks.com/article.aspx?ID=88756&lk=dm>



**16. Small Beer Distributor's Santa Sets Off Dispute (New York)**

By Lauren Tara Lacapra – *Wall Street Journal*  
December 12, 2006; Page B6

**St. Nick Labels Allowed by State Liquor Authority Following Challenge to Ban**

With the holidays fast approaching, the co-owners of Shelton Brothers specialty-beer distributor in Belchertown, Mass., received a very un-merry phone call from the New York State Liquor Authority.

The agency notified Daniel and William Shelton last month that six holiday beers the entrepreneurs planned to distribute would likely be banned in New York because of their labeling, which the agency said would appeal to underage drinkers. One targeted label, for "Seriously Bad Elf English Double Ale," portrays an elf with a slingshot aimed at Santa and his sleigh.

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| --- |
| [Photo] |
| Six holiday beers that faced a ban by New York state's liquor authority due to their labels, which the agency said would appeal to minors. |

The Shelton brothers, no strangers to battling such restrictions, decided to fight. In recent years, they have faced similar rules in Maine, Connecticut, Ohio, Washington and North Carolina, as well as New York, which they have challenged or are challenging inside and outside of court.

The owners say such labeling restrictions have become increasingly cost prohibitive for small beer companies such as theirs, which often use innovative labeling to stand out among their larger, deep-pocketed competitors. The company is currently waging litigation in New York and Maine, aiming to make specialty-beer distribution easier and less costly for small companies by changing state policies they see as subjective and unfair.

Small Business editor Gwendolyn Bounds looks at how the Shelton Brothers, a small beer distributor, are taking on state liquor authorities by arguing that label regulations unduly hurt small businesses.

The New York State Liquor Authority won't comment on pending cases, but its general counsel, Thomas J. Donohue, says the agency approves labels based on Section 107-a of the Alcoholic Beverage Law, which requires labels to accurately identify the product and promote "national uniformity" for brand labels.

Another set of the liquor authority's rules doesn't allow a label that is "obscene or indecent or which is obnoxious or offensive to the commonly and generally accepted standard of fitness and good taste," among other requirements.

Some advocacy groups and community members support the authority's ability to ban holiday labels as positive, saying children shouldn't be enticed to consume alcohol. The Beer Institute, a lobbying organization supported by major beer companies like Anheuser-Busch, Miller and Coors, has stated that "beer advertising and marketing materials should not depict Santa Claus."

Amy George, spokeswoman for Mothers Against Drunk Driving, says, "It's probably no surprise we think that using Santa Claus on a beer label is inappropriate and irresponsible. Santa Claus is for children's books; he's not for a beer label. And whether it's beer labels or alcohol advertising on television or magazines or products in store displays or whatever, we are against using images and icons like Santa Claus or animals or celebrities that appeal to youth."

For Daniel Shelton, such arguments don't hold up: "Santa Claus doesn't appeal to the kind of teens who want to go out and drink beer."

**Lawsuit Filed**

For their part, the Shelton brothers retained George Carpinello, of the law firm Boies, Schiller & Flexner, who had represented Bad Frog Beer, which was banned in New York among other states in 1996. Bad Frog's label depicted an amphibian making an obscene gesture, and it featured the slogan, "He's Mean, Green and Obscene." In 1998, the Second Circuit Court of Appeals in New York ruled that banning Bad Frog Beer for its label was unconstitutional.

Mr. Carpinello filed suit for Shelton Brothers on Nov. 22 in New York state court, seeking damages, attorney's fees, a reversal of the liquor authority's decision and the repeal of the laws and statutes that allowed the agency to make it. Within a week, the New York State Liquor Authority notified the Sheltons that it wouldn't ban their holiday beers.

The agency's spokesman, William Crowley, says the direction changed after showing the labels to counsel, who deemed them approvable, and that the final decision was unrelated to the Shelton lawsuit.

**Legal Action Continues**

The Sheltons, however, have continued with a suit against the authority, saying that although their beers won't be banned this year, they could face restrictions in the future unless a court strikes down the authority's ability to ban labels based on what the Sheltons consider imprecise and unconstitutional regulations.

The agency's chairman is conducting a review of those policies to ensure that they are lawful, according to Mr. Crowley, the agency's spokesman.

The Sheltons' lawsuit also asks the court to reconsider the $150 fee that New York charges out-of-state distributors for each label they sell in the state, which, the plaintiffs argue, is too burdensome for small companies. Each state's liquor authority can charge distributors a per-label fee, though some do not. In 2005, Shelton Brothers paid more than $30,000 in permit and label fees to the 45 states in which it sells beer.

Tri Valley Beverage, of Westmoreland, N.Y., was also denied an application by the liquor authority for Gritty McDuff's Christmas Ale because of the Santa Claus imagery on its label. The company hasn't appealed the decision, according to the liquor authority. Tri Valley declined to comment.

When it comes to labeling, holiday beers aren't the only ones facing scrutiny. Shelton Brothers also filed a lawsuit in federal court in Portland, Maine, last week, on First Amendment grounds, because the state's liquor authority banned two beers with images of bare-breasted women on their labels. The agency classified them as "undignified and improper," which is against its approval regulations. In this case, the entrepreneurs will be represented by the Maine Civil Liberties Union.

Zachary Heiden, staff attorney for the MCLU, says the Sheltons have a strong First Amendment case, especially because similar labeling has been approved by Maine's liquor authority without a hitch. "We think art deserves the protection of the First Amendment whether it's hanging in a museum or on a beer label," says Mr. Heiden.

<http://online.wsj.com/services/article/SB116589469729847303-search.html?KEYWORDS=Small+Beer+Distributor+Santa&COLLECTION=wsjie/6month>



17. California Wine Adds $103B to U.S. Economy (California)

*Sacramento Business Journal*

December 7, 2006

The California wine industry pumps $51.8 billion in the Golden State's economy, and $103 billion into the U.S. economy, including wine and wine-grape sales, jobs generated, wine tourism, state and federal taxes and other impacts, according to a report released Thursday.

The nearly $52 billion wine contributes to California's economy represents 3.2 percent of the state's overall economic output, said Barbara Insel of MKF Research LLC, the lead author of the report, which was based primarily on 2005 data. "It's become an important part of our economy."

In contrast, wine contributed about $45.4 billion to the state's economy the last time such a study was released, in 2004, she said.

The Wine Institute, which represents 1,002 wine producers and affiliated businesses in California, and the California Association of Winegrape Growers, released the findings at a Dec. 7 press conference at Fort Mason Center in San Francisco.

Wine grapes, "sourced from nearly 500,000 acres of vineyards," are California's top finished agricultural product, said Karen Ross, president of the winegrowers group, which represents growers responsible for about 60 percent of the state's annual grape crush. The state has about 4,600 growers all told, along with 2,275 wineries.

The two trade groups commissioned MKF Research to prepare the study, an update of earlier surveys based on 1998 and 2002 data.

"Despite trade barriers, agricultural pests and the threat of increased taxes and regulations, the state's wine industry is clearly an asset to the economic vitality of California" and the United States, said Robert "Bobby" Koch, the Wine Institute's president and chief executive officer.

Nationwide, the state's Wine-making and wine-grape growing industry created 759,000 jobs, including some 309,000 full-time equivalent jobs in California.

Those Golden State jobs produced $10.1 billion in gross wages, and caused wine industry-related employment in California to jump 37 percent since 2002, according to the report. Nationally, jobs generated by California's wine industry had a total payroll of $20.9 billion, including jobs supported by the sale of the state's wines in restaurants, and by retail sales, distribution and production of wine closures and bottles.

In addition, California garnered $2.9 billion in wine industry taxes, business licenses and fees in 2005, compared to $1.9 billion in 2002, and the California industry contributed $1.8 billion in federal 2005 taxes, for a total of nearly $4.8 billion in cumulative taxes, licenses and fees generated by California's wine industry, broadly defined.

Wine regions in California attracted 19.7 million tourists in 2005, up from 14.8 million three years earlier, and tourism-related expenditures jumped 54 percent, from $1.3 billion to $2 billion during the same period, officials said.

California is the world's fourth-largest wine producer, trailing only France, Italy and Spain. It produced 2.7 billion 750 ml bottles (or 225 million cases) in 2005, selling 185 million cases in the United States and generating an estimated $16.5 billion at the retail level. U.S. wine exports -- 95 percent of them generated in California -- generated an additional $672 million in 2005 revenue.

California's wine industry also accounts for about 90 percent of overall U.S. wine production, according to the study.



**18. Conn. Won't Follow Proposed New York Ban on Train 'Bar Cars' (Connecticut)**

***Boston Globe***

December 9, 2006

STAMFORD, Conn. --Connecticut intends to keep its popular "bar cars" stocked and in service on Metro-North Railroad's New Haven Line despite a proposal to ban liquor sales on some New York commuter lines.

Eugene Colonese, rail administrator for the state Department of Transportation, said the state's agreement with the Metropolitan Transportation Authority -- which runs Metro-North -- gives Connecticut the authority to retain bar cars even if other lines stop the service.

The New Haven Line, which is largely subsidized by Connecticut, is one of the last commuter lines in the country with an on-board bar serving drinks and snacks.

"We recognize how important the bar car is and we plan to continue running it," Colonese said.

The MTA is scheduled to review a proposal later this month from a board member who suggests banning liquor sales on Metro-North and Long Island Rail Road properties.

The proposal came four months after an 18-year-old woman was hit by a LIRR train after she fell through the gap between the platform and the train at the Woodside, N.Y., station.

The New York Public Transportation Safety Board cleared the railroad of blame, but concluded that the woman's blood-alcohol level was .23 percent and might have contributed to her fall and eventual death.

If the MTA authorizes a liquor ban, Connecticut would "have to talk to Metro-North about any legal issues" in selling alcohol on the New Haven Line on New York property, Colonese said.

However, he added that there are ways to resolve those kinds of issues under the state's current agreement with MTA.

Metro-North already has eliminated the bar cars on its New York Hudson and Harlem lines to open more seats for commuters, but the bar cars have remained popular in Connecticut.

The state operates 10 bar cars and plans to replace them when it receives new rail cars as part of its $881 million contract with Kawasaki Rail Cars Inc. of Yonkers, N.Y.

Some bar-car enthusiasts from Connecticut said they are pleased that the service will continue on the New Haven Line, but that they find the New York proposal disconcerting.

"We don't want this to affect us in Connecticut, and this (proposal) made me stop and think of what could happen in the future," said Terri Cronin, a Norwalk commuter and co-vice chairwoman for the Connecticut Rail Commuter Council.



**19. Demand for Liquor Licenses Puts Damper on Business (Massachusetts)**

By Janice O'Leary – *Boston Globe*

December 10, 2006

Before a restaurant in Harvard Square can pour even one martini, its owner may shell out as much as $400,000 for a full liquor license.

Short supply and high demand have driven prices to the stratosphere, and many city leaders would like to see them come down by making more licenses available.

Others worry that raising the cap on the number of liquor licenses issued per district will not only devalue the licenses, but will send Cambridge back to the 1980s when drunken revelers spilled into the streets, brawling and disturbing neighbors.

Last month, the City Council held a round-table discussion with police and the License Commission to urge the commission to raise the cap. After the discussion, the council last Monday referred the issue to a task force for study.

"How do we encourage up-and-coming restaurants to open in Cambridge without the barrier of money?" asked City Councilor Brian Murphy . "How do we make the city more fun? One of the City Council's goals is to increase restaurants and nightlife here."

But Eric Wernsing , owner of Conundrum , a new restaurant in Harvard Square, who recently paid a "high" sum that he declined to disclose for his beer and wine license, said lifting the cap worries him.

"I'm concerned about protecting my investment," he said.

"Restaurant owners have to go find a license because the city can't grant one" because of the cap, said Councilor Marjorie C. Decker .

She told the tale of the owners of one "mom-and-pop" restaurant in Harvard Square who had to mortgage their home to afford the $250,000 beer and wine license they purchased.

Cambridge has the most liquor licenses in the state per capita, according to Richard V. Scali , head of the License Commission.

But Decker said that does not mean the city couldn't benefit from having more licenses.

"People don't think of Cambridge as a drunk city," Decker said.

Scali said that Cambridge is one of only two communities -- Plymouth is the other -- in the Commonwealth that has the freedom to determine the number of liquor licenses it issues, in part because of its tourist industry. All other communities, including Boston, operate under a quota system where the licenses can increase only as populations rise.

Cambridge has 253 liquor licenses in circulation. Scali said if Cambridge operated under the quota system, it would have fewer than half that number. Most Cambridge licenses issued to restaurants and breweries are considered the property of the owner and can be bought and sold, as long as the city has approved the venue to serve alcohol. A limited number of licenses are non transferable.

The City Council cannot force the commission to raise the cap. What is really at issue, said several councilors, are ways to increase economic development and capitalize on the city's 12 million annual visitors without interfering with the clean, quiet living most residents have come to enjoy and expect.

"I'm thankful that the days of watering holes are in the rearview mirror," said Councilor Anthony D. Galluccio . "All the applications I see coming forward are for restaurants and food-based places. We want to help the smaller-place owners."

"Right now we have a problem," Denise Jillson , executive director of the Harvard Square Business Association , said at an October meeting. "Harvard Square is very expensive, and the only restaurants that can afford to locate there are the larger chains. However, we know that what people like and what we want to attract are the small mom-and-pop enterprises."

Mayor Kenneth E. Reeves wants development along the no-man's-land stretch of Mass. Ave. between MIT and Central Square, and an increase of liquor licenses as part of that.

"I'd increase the number of nightclubs," he said. He said he would also like to see more places stay open until 2 a.m.

Councilor Craig A. Kelley said he worrie s that opening nightclubs would make the city like Lansdowne Street in Boston. "I'm not in favor of extending more all-alcohol licenses to 2 a.m., because people out until 2 am are not eating."

Decker dismissed the objection that doing away with the cap on liquor licenses would be unfair to those who paid big money for one.

"We can't protect their real estate interests," she said.

And the licenses, excepting the no-value ones, do become the owner's property, according to city statutes.

"If we focus too much on that issue we'll be locked in concrete," said Murphy.

Elizabeth Lint , executive officer of the License Commission, said she worries how the commission would enforce its policies if the cap were lifted.

The city has only 1.5 investigators who roam from restaurant to restaurant to check compliance.



**20. Alcohol Plans Stir Up Plenty of Heated Debate (Montana)**

*Great Falls Tribune*

December 11, 2006

Plans to serve alcohol at the new Northern Winz casino on the Rocky Boy's Reservation are drawing fire.

Four of Montana's seven reservations are dry: Rocky Boy's, Fort Belknap, Crow and Northern Cheyenne.

The only exception at Rocky Boy's was a brief period when drinks were served at the tribe's ski hill.

Among the most vocal opponents of alcohol at the casino is Chippewa-Cree Tribal Council member and state legislator Jonathan Windy Boy.

"I'm 25 years alcohol-free," Windy Boy said. "I'm opposed and I'll always be opposed and it's not a dead issue with me personally."

The tribal council voted 4-2 to approve alcohol sales at the facility, with Windy Boy and Councilman Rusty Gopher casting the "no" votes.

The tribe's state liquor license application arrived last week at the revenue department's liquor license division.

State law requires the division to advertise the license application in the local paper, in this case the Havre Daily News, once a week for four weeks.

If one protest is filed, the state will hold a hearing in Helena. If three or more protests are filed, a hearing will be held in Hill County, said Jason Wood, unit manager for the liquor license division.

The Department of Revenue hearing examiner would have authority to approve or deny the license.

Wood noted that the liquor license application filed several years ago for the Jitterbugs bar, just south of the reservation in Box Elder, was heavily protested.

In that case the license was granted.

Jitterbugs owner Tony Belcourt said casinos and alcohol go hand-in-hand, and the tribe needs to try new business ventures.

"We've got to diversify and do whatever we can to survive," he said.

Serving alcohol on a reservation should be no different than serving it elsewhere, Belcourt said.

But Windy Boy said alcohol sales could bring a host of problems, including DUIs, accidents and increased patrols by sheriff's deputies and the Highway Patrol that he says could lead to racial profiling.

Pete Sutherland, a counselor at the tribe's White Sky Sobriety Center, also said that alcohol sales would be a step in the wrong direction.

"We were disappointed when the tribe went ahead and approved that," said Sutherland, a recovering alcoholic. "Alcohol is so devastating to our community and Indian Country overall. We just don't think it's going to be good for our reservation."

The casino could be successful without alcohol sales, but it would likely hurt business, said Ray Brown, who is with Noram, the casino's developer and financial backer.

Alcohol, dining, smoking and gambling are all part of the casino experience, Brown said.

"From a purely business perspective I believe it does create a competitive disadvantage," he said.

Brown said the casino is being developed to bring outside money to the reservation, not "as an entertainment outlet to the tribal members."

He added that, at the tribal council's request, the casino will not serve free drinks, as is customary in Las Vegas.

"We don't want to create an environment where it's all about going in there and having free access to the alcohol," he said.



**21. Alcohol and Holidays a Major Issue (Michigan)**

*Escanaba Daily Press*

December 8, 2006

ESCANABA — With the holiday season upon us and a feeling of peace and goodwill circulating among many, alcohol is a major issue. Public Health, Delta and Menominee Counties is addressing this issue.

The first in a series of Public Health’s mocktail demonstrations was held at Escanaba’s Wal-Mart Thursday. Other demos will be held at Elmer’s County Market today from 12-6 p.m. and Super One Foods on Saturday from 12-2 p.m.

Mocktails are a form of punch that is completely alcohol free. Free samples and recipes are available for interested consumers. This year’s samples include Poinsettia Party Punch with pineapple juice and cranberry juice and Christmas Dreamsicle with orange juice, club soda and orange sherbet. Poinsettia Party Punch is also low sugar and appropriate for those with diabetes, according to Ruth Botbyl, Public Health prevention specialist.

Botbyl says Public Health is trying to spread the word on moderate drinking. Moderate drinking can be defined using the 0-1-3 method, according to Botbyl. Zero is the number of drinks a person underage, driving, pregnant or trying to become pregnant, recovering from alcoholism or using certain medications should have. One represents the number of standard drinks people should limit themselves to per hour. Three is the maximum number of standard drinks people should consume in one sitting.

A “standard” drink is also defined.

One standard drink is 12 fluid ounces of beer or wine cooler, five fluid ounces of wine or one mixed drink with 1.5 fluid ounces of 80 proof liquor. According to Botbyl, a normal wine glass filled to the top “would be two to three drinks” following the defined standard. She encourages people to be aware of the amount of each drink in addition to the total number of them.

The mocktails program is sponsored by the Community Violence & Substance Abuse Council along with Public Health. The program has been going on for over 10 years.

Delta County Sheriff Gary Ballweg served mocktails on Thursday with Botbyl. “You need to offer an alternative,” he said of the program. Mocktails offer a non-alcoholic option at parties, according to Ballweg and Botbyl.

Botbyl thinks limiting the amount of alcohol consumed during the holidays is a good idea, especially for those with families. “You might want to look at what memories you make for your children,” she said.

Ballweg agreed. It’s the worst time of year to deliver tragic news, he said. Limiting alcohol consumption also “prevents things from getting out of hand,” he added. Alcohol causes automobile accidents, fights and arguments during the holidays.



**22.** Myths vs. Reality About Underage Drinking Presented at Forum (Maine)

*Wiscasset Newspaper*

December 7, 2006

*Myth: "If we changed the minimum drinking age back to 18 instead of 21, it would reduce problems with underage drinking."*

Reality: Researchers consider the 21 minimum drinking age to be one of the most successful public safety and public health policies in United States history. Since the minimum drinking age was changed to 21 in 1984, deaths from drinking and driving accidents have decreased by thousands, saving an estimated 20,000 lives.

*Myth: "Cracking down on underage drinking will only make kids want to drink more."*

Reality: Even though we tend to think of young people as naturally rebellious, research shows that the great majority of kids respond best to clear rules - both from their parents and society at large. For example, studies show that underage youth are significantly less likely to drink alcohol when they believe they'll get caught by police. They're even less likely to drink alcohol when they believe their parents think it would be "very wrong" for them to do so.

*Myth: "In Europe, youth drink more responsibly than in the U.S."*

Reality: According to data collected from 15- and 16-year-olds in 35 European countries, European kids actually drink more often, drink more heavily and get drunk more often then American teens. Only in Turkey are teen drinking rates lower than in the U.S.

*Myth: "At least alcohol is safer than other drugs."*

Reality : Alcohol kills 6.5 times more youth than all other illegal drugs combined.

*Myth: It's okay as long as they don't drive. Most teen alcohol-related deaths are from drinking and driving."*

Reality: Only one-third of underage drinking deaths involve auto crashes. The remaining two-thirds involve alcohol poisoning, homicides, suicide, and unintentional injuries such as burns, drowning and falls. Taking away the car keys doesn't make underage drinking safe.

*Myth: "If we just educate kids about the dangers, they won't drink."*

Reality: Research shows that scare tactics just don't work, at least not for most people. That's because we all have a natural tendency to think, "That won't happen to me." In addition, research suggests that using scare tactics can actually do more harm than good, because they can normalize or glamorize the risky behavior.

*Myth: "If we just give kids more things to do, they won't drink."*

Reality : Providing youth with positive and fun alternatives can be an important part of a community's strategy to prevent underage drinking - but it's not a cure-all. Research shows that positive community involvement serves as a strong protective factor against substance abuse. But this does not necessarily mean "having more stuff to do." Data shows that kids in urban areas drink just as much as kids in rural areas. And even in the most remote and isolated communities, there are many kids who don't drink at all.

*Myth: "Kids are going to drink anyway - It's a rite of passage."*

Reality: Contrary to popular belief, most kids don't drink. In Maine, anonymous student surveys show that the majority of teens - including 60 percent of 10th graders and 51 percent of 12th graders - have not consumed alcohol during the past 30 days. Research shows that misperceptions that "everybody's doing it" actually make young people more likely to drink alcohol. On the other hand, when these misperceptions are corrected, and kids realize that "NOT everybody's doing it," they are less likely to drink alcohol.

*Myth: "It's better for kids to start drinking young, so that they can learn how to handle it."*

Reality: Alcohol impacts a teenager differently than an adult because the adolescent brain is still developing - especially the part of the brain that deals with decision-making. Drinking before the age of 21 places kids at higher risk for academic failure, depression, suicide, and sexual assault. It also increases their risk for alcohol dependence: Young people who begin drinking before age 17 are twice as likely to develop alcohol dependence than those who begin drinking at age 21. Those who begin by age 15 are more than four times likely to develop dependence.



**23. Push Resumes to Sell Wine in Grocery Stores (Minnesota)**

By Tom Scheck, *Minnesota Public Radio*

December 11, 2006

St. Paul, Minn. - For the past several years, grocery store owners have lobbied state lawmakers to let them line some shelves with wine. The Minnesota Grocers Association has launched a massive public relations campaign aimed at shoppers. Stores have prominent displays and are even printing their campaign slogan "wine with dinner" on grocery bags.

The renewed push follows a state study that found Minnesotans pay more for wine. At this point, grocers are only pushing to sell wine, not beer or liquor.

Opponents"We're hearing convenience is an issue, so this offers them that convenience to be able to pick up their item as they're getting their dinner items," according to Jamie Pfuhl, with the Minnesota Grocers Association. She says 33 other states allow grocery stores to sell wine. "More and more, one-stop shopping is becoming more and more important."

Diane Henning of St. Paul says she'd like that convenience. As she wheeled her cart through the frozen-food section of Kowalski's Market in St. Paul, she noted she can buy soft drinks at the store, but not wine.

"I'm actually quite used to shopping for wine in grocery stores," she said. "For instance, when I go to Phoenix, I mean everything is there so it's a one-stop shot. It saves gas and saves time."

Others, like Russ Peterson of Fridley, say they don't care if the law is changed. In most instances, Peterson says he would continue to buy his wine at larger, upscale wine stores in the Twin Cities.

Jamie Pfuhl"I sit in a groove and I like that kind of thing where I go down to the major place, especially when they have their sales. It would be nice, though, at a place like this, where you come in and looking for something special, to be able to pick up a bottle of this or that. It would be a nice convenient thing," he said.

But that prospect worries some liquor store owners.

"What goes through my mind is my retirement going down the drain," said Bill Cross, who owns Network Liquors in Roseville.

Cross bought his store in 2003 and says he's still trying to make the store profitable. In 2004, Cross says his sales dropped 25 percent when Cub Foods opened a stand-alone liquor store next to the Shoreview grocery store. He says his business would be in even worse shape if grocery stores could sell wine. He says there are two Cub Foods and two Super Targets within driving distance of his store, not to mention the other 11 liquor stores in the area.

Mary Kowalski"If the grocery stores have wine and they put the margins on the wine like they do their food, will I be able sell? Where will my wine sales go? That probably is somewhere in the neighborhood of 45 percent my business is wine. If I lose that, I will need to raise the prices on my beer and my liquor," he said.

Cities that own municipal liquor stores are also worried that their revenues could drop. Paul Kaspszak, with the Minnesota Municipal Beverage Association, says municipal liquor stores generated combined profits of $20 million for 220 cities last year. He says any drop in sales means less money for roads, parks and general city services.

Kaspszak also worries that grocery stores won't just stop at wine sales.

"They may be sincere in saying they only want wine today but if a legislator or another proposal comes through and says, 'let's allow them to sell strong beer, let's allow them sell spirits,' they're not going to be out front saying 'No, no no. We don't want that.' To them it's all about money," said Kaspszak.

Grocery store owners say they would oppose any efforts to go beyond selling wine in their stores. The grocers also point to a report by the Legislative Auditor that says wine prices are 5 to 7 percent higher in Minnesota than in Wisconsin, which allows wine, beer and liquor to be sold in grocery stores.

Mary Kowalski, who owns Kowalski's Grocery Stores, says allowing wine in grocery stores will drive down prices and improve competition. She doesn't buy the argument that liquor stores would close if the law was changed.

"We, as a small market grocery store, have lots of competition," Kowalski said. "When the Wal-Marts moved and all of the Targets started selling groceries and all of that... You just have to do your business well and you'll survive. Thirty-three other states have this and it hasn't proven to be true in those states: that they have shut down small liquor stores."

**While grocery store owners hope that they can get their bill passed this year, it isn't guaranteed. Gov. Pawlenty indicated during his campaign for governor that he would oppose the change.**



**24. N.H. Family Sues Liquor Commission, Homeowner Over Man's Death (New Hampshire)**

By *Associated Press*

December 11, 2006

CONCORD, N.H. - The family of a man killed in a drunken driving crash two years ago is suing the state Liquor Commission and the woman who owns the home where his friends were drinking that night.

Randy Holmes, 24, was a passenger in a friend's car when it crashed in September 2004. The driver, Matthew Kincaid, then 20, was charged with negligent homicide and is scheduled for trial next month.

Holmes' family accuses the state Liquor Commission of illegally selling alcohol to Kincaid. The suit also names Mildred Dore, 83, whose grandson invited the other young men to her home.

According to court records, someone at the state liquor store in Hooksett sold vodka, rum and brandy to Kincaid, which the men drank at Dore's home. Late that night, another relative living in the house woke up Dore to tell her her grandson was having a loud party, leading to a confrontation in which Dore told the men to leave.

With Kincaid driving, the car hit a telephone pole going 53 mph in a 30 mph zone, according to court records.

Attorneys for Dore and the state Liquor Commission are fighting the lawsuit. They dispute allegations that a liquor store employee sold alcohol to Kincaid, and they disagree that Dore should be held responsible for the crash.

In a recent court filing, Dore's lawyer argues that a 24-year-old in the group actually bought the alcohol legally and that since Dore did not invite the men to her home, she had no obligation to protect them. Dore denies that her grandson was living with her and says that he let himself into the home by climbing through a window.

Dore also said she told her grandson to leave because he was with a girl, not because there was a party going on.

Kincaid, who has since graduated from the New Hampshire Technical Institute, has been free on bail.



**25. Commissioners Join Effort on 'Alcopop' Taxes (Nebraska)**

*McCook Daily Gazette*

December 8, 2006

If it looks like a duck, quacks like a duck and walks like a duck, then it must be ... a chicken. That's what the Liquor Control Commission would have us believe.

Following a legislative battle, complete with a slew of amendments by Sen. Ernie Chambers that effectively killed a bill to reclassify flavored alcoholic beverages, the commission waved a wand last July and suddenly, the "alcopops" as they are known by opponents, became "beer."

It's enough to make your head go flat.

After years of trying to decide what to do about the new products, regulators decided in 2003 that alcopops should be classified -- and taxed -- at the "spirits" rate, since most of the alcohol they contained was created not by fermentation like beer, but added after being distilled.

There followed a battle between liquor industry representatives and groups like Project Extra Mile, which fights underage drinking, with LB 563, which would allow alcopops to have up to 49 percent of their alcohol derived from distillation, failing to advance in the last legislative session.

After a July 20 attorney general's opinion that the statute was ambiguous, and that the Nebraska Liquor Control Commission had the authority to do so, the commission reclassified the products as beer on July 31.

The duck was officially a chicken.

But Project Extra Mile doesn't agree, and neither do the Red Willow County Commissioners and many others around the state.

There are fiscal reason the commissioners are in favor of the change: beer is taxed at about 31 cents a gallon, while spirits -- like the alcopops used to be considered -- cost the buyer $3.75 per gallon in taxes. That could mean about $2 million a year in additional income for the state -- income that could help address, for instance, problems created by underage drinking.

But underage drinking is a far more important reason to discourage sale of the beverages.

According to figures compiled by Project Extra Mile, a third of teen girls have tried alcopops, and one out of six have done so in the past six months.

They are particularly attractive to girls, with nearly a third of girls having tried them in the past six months, compared to fewer than 20 percent of the boys. And, 75 percent of eighth grade drinkers had had an alcopop in the past month.

Classifying the drinks as beer makes them available at 1,535 off-premise locations in the state, compared to 718 if they were classified as distilled spirits, making them more easily available to underage drinkers.

Alcohol and young, impressionable minds are a bad combination.

Imposing tighter controls on alcoholic beverages that are especially attractive to such a vulnerable group is only reasonable.



# 26. Alcohol Checks Find 90% Compliance (Michigan)

*The Enquirer*

December 9, 2006

Just more than 90 percent of Calhoun County businesses that sell liquor refused this week to sell to underage buyers.

This week's alcohol compliance check was the best yet, officials said Friday, despite 16 businesses selling alcohol to underage decoys.

"The percentage is the best in three years," said Suzanne Horsfall, executive director of the Substance Abuse Council. "We have been averaging between 70 and 80 percent."

The checks, coordinated by the Substance Abuse Council, the Calhoun County Prosecutor's Office and several law enforcement agencies, were done at 168 businesses across the county on Tuesday and Wednesday, Prosecutor John Hallacy said Friday.

Sixteen businesses in Battle Creek, Marshall, Bedford, Springfield and Albion sold to underage decoys who provided employees with legal identification showing they were younger than 21.

One hundred and fifty-two businesses refused to sell to the decoys for a 90.5 percent compliance rate.

"We checked a very large group," Hallacy said. "This was the largest number of checks. You would like the number (who sold) to be zero and the closest we can get to zero the better.

Clerks who sold alcohol to an underage teenager were ticketed and the business will be cited to the Michigan Liquor Control Commission.

Both officials said decoys were using Michigan's vertical license, which is issued to drivers younger than 21, and Hallacy said he is frustrated that any clerk makes a mistake.

"You wonder what you have to do to have people look at the license and read it," he said. "The information to make the legal decision is right there for you to read."

Horsfall said the compliance checks are part of a plan to educate businesses on preventing sales to underage buyers, and also to educate parents and youngsters about the perils of underage drinking.

"Alcohol-related traffic crashes are one of the leading causes of death and injury among teenagers," Hallacy said. "Alcohol also is associated with teen drug use, truancy, teen pregnancy and violence. As a community, we need to work together on multiple strategies to reduce alcohol use by youth."

Hallacy said more checks are planned before Christmas.



# 27. Law Closes Liquor Stores for Holidays (Indiana)

*Indianapolis Star*

December 11, 2006

MUNSTER, Ind. (AP) -- Liquor stores will be closed this year on a day that is traditionally one of their busiest -- New Year's Eve -- because the holiday falls on a Sunday.

Indiana prohibits all take out liquor sales on Sundays. This year both Christmas Eve and New Year's Eve fall on Sundays, and liquor

stores must also be closed for the Monday holidays of Christmas Day and New Year's Day.

Paul Lukso, of Munster Liquors, said Christmas Eve is a big day for sales, but that New Year's Eve is the busiest day of the year.

"I've got two stores in Illinois, and we never close," he said. "Here, we've got to close Sunday plus Monday. You'd think they'd give you one of the days."

John Livengood, president and chief executive officer of the Indiana Association of Beverage Retailers, said most members of his group generally favor the rule banning Sunday liquor sales.

"This is just one of the unintended consequences of that decision," he said. "No one thought restricting Sunday sales would include New Year's Eve."

The Legislature could have granted an exemption to allow sales on Sunday for New Year's Eve had the issue been brought up, said Rep. Robert Kuzman, D-Crown Point.

"Someone should have considered it and asked us for an exception, and I think something like that would have passed," he said.

Instead, liquor stores will be closed and those hosting holiday parties will have to plan ahead. Lukso said he will put up signs and remind customers about the closings, but predicted people wouldn't remember.

"They'll go right across the border to Illinois," Lukso said.



**28. Mom Sentenced: Teen Raped at Party (Illinois)**

*WFIE-TV*  
December 12, 2006

A Metro East woman who provided alcohol for a teenage party where a girl was raped has been sentenced to a year of probation and 500 dollars in fines on reduced charges.

Mary Ping pleaded guilty yesterday in Madison County, Illinois Circuit Court to permitting a violation of the state Liquor Control Act. The 39-year-old woman admits she provided alcohol to minors in her home on November First, 2003.

Ping had been charged with a felony count of contributing to the criminal delinquency of a minor. A 16-year-old girl who attended the Halloween party awoke in a camping trailer outside the Ping residence in rural Highland and realized she had been sexually assaulted.

Ping's son pleaded guilty to the rape in March 2004. He was paroled in June of last year.

<http://www.14wfie.com/Global/story.asp?S=5803517&nav=3w6o>



**29. City Council Opposing Liquor License Renewals (Ohio)**

By Maureen Kocot – *10TV.com*

December 11, 2006

Several Columbus bars and carry-outs plagued by crimes involving drugs, weapons and even cases of murder are drawing closer scrutiny from authorities and lawmakers.

As a result, Columbus City Council is objecting to the renewal of liquor licenses for at nine establishments around town. Each December, the Ohio Department of Liquor Control gives local communities the chance to voice its concerns about permit holders.

Three bars just north of the Ohio State University campus are getting the most attention.

Seth Golding said he went to City Hall Monday night because he is raising four children, and each one of them has witnessed public urination in front of their house more than once.

Golding and dozens of neighbors like him are taking a stand.

The city is targeting the liquor licenses at three North High Street night spots: Ledo's, Miani's, and the Nut House.

Liquor agents busted one of the bars 26 times for selling alcohol to underage drinkers.

So in August, a university area commissioner up to his ears in complaints armed himself with a camera.

At first, Ian MacConnell thought the night would prove uneventful. But he was very wrong.

We witnessed a person so intoxicated she fell down in the middle lane of High Street, Ian MacConnell recalled. And then later, you see her actually falling back into the flower bed, he said while pointing out the video.

Public urination and flared tempers were all caught on tape.  And imagine waking up to such activity, Golding suggested.

You hear an audible roar that wakes you up, he said of the activity.

Golding and his family live doors down from what he calls the epicenter.

It is amazing how many times in one sentence drunk bar patrons can use the f-word.  It's like, wow, is that even possible?

Columbus City Council is now asking the state to no renew the liquor licenses of all three bars.

Neighbors say a change cannot come soon enough, and it is time to take the Olde North Columbus neighborhood back from the bars.

The city voted late Monday night to targeting a total of nine businesses that sell alcohol. The ones objected to include the Bottoms Cafe' on Cypress Avenue where a man was shot and killed last month. Also included is the Macon on North 20th Street where police say drug deals have gone down frequently.

It is now up to the Ohio Department of Liquor Control to decide what happens to the establishments.

<http://www.10tv.com/?sec=news&story=sites/10tv/content/pool/200612/293826529.html>



**30. $150,000 LCB Post for Retired Legislator Joe Conti Will Become CEO, a New Position (Pennsylvania)**

By Mario F. Cattabiani, Staff Writer - *Inquirer*

December 13, 2006

**The liquor board's chair said he was "very disappointed" by the move.**

HARRISBURG - Out of a job for only two weeks, former State Sen. Joe Conti today will be named chief executive officer of the Pennsylvania Liquor Control Board, a newly created $150,000-a-year post with the nation's largest buyer of wine and spirits.

The Rendell administration pushed the appointment of the Bucks County Republican, calling him perfect for the job. Yet the news was immediately met with outrage by the LCB chairman.

"This is not transparency in public government," said Jonathan Newman, adding that he learned of Conti's hiring when Rendell's office gave him a job description for the new position at 3 p.m. yesterday.

"I'm very disappointed and very concerned that this is what government comes down to."

Conti, who served for 12 years in the House and Senate before retiring at the end of November, will make more than twice the chairman's $65,572 salary and be in charge of day-to-day operations of the agency, which operates 643 state liquor stores.

If a chief executive officer was needed, Newman said, there should have been a nationwide search.

"I do not believe it is appropriate for the LCB to pay an unprecedented salary of $150,000 in the style and manner in which this was done," he said.

Newman said he planned to oppose the appointment this morning, when the board is scheduled to vote on Conti's hiring. He stressed that he had nothing against him personally.

"In fact, he's a nice guy," Newman said.

It appeared that the chairman would be outnumbered this morning. The other members of the board, P.J. Stapleton and Thomas Goldsmith, lauded Conti, as did a Rendell spokeswoman.

They said that the management structure now in place, with three board members trying to oversee most major functions, was antiquated and that there was a dire need for a chief executive.

As CEO, Conti would oversee everything from marketing to procurement to lease arrangements with private businesses and would answer to the board.

Rendell appointed all three members of the board to their current terms, although Stapleton and Newman were holdovers from past administrations.

**LCB oversight**

In the Senate, Conti served as chairman of the Law and Justice Committee, which oversees the LCB, during the time the agency expanded Sunday sales and allowed wine tastings at stores. He formerly ran two of his family's restaurants in the Philadelphia suburbs.

"He can hit the ground running," Goldsmith said. "He is totally familiar with the issues facing us."

Goldsmith also defended Conti's salary. "It's a bargain price. This is a $1.7 billion business," he said. "In the private sector, a CEO would be making $1 million a year."

Stapleton called the salary "peanuts," adding that Conti "is very knowledgable about the operation of the agency. And this isn't an agency that's easy to understand."

Approached yesterday at the Capitol, Conti declined to comment, saying the appointment was not official until the board voted.

In a year-end interview with Capitol reporters Monday, Rendell stressed that he was pleased with the direction of the liquor board. Among other recent changes, the board has expanded selections and opened 20 locations inside supermarkets.

But Rendell said the new position was needed nevertheless.

"We need a day-to-day operator," he said, without elaborating.

**Sought for months**

Kate Philips, Rendell's press secretary, said yesterday that the governor advocated the creation of the position for many months. Last year, expenses grew faster than revenue in what Philips said translated into a $10 million profit drop.

"We think it's absolutely necessary to bring a professional manager in before this trend becomes irreversible," Philips said, "and Joe Conti is the perfect person."

In a move that surprised many, Conti decided in January not to seek another Senate term.

He had taken the controversial legislative pay raise in 2005 and at first refused to voluntarily give it back. Conti's explanation - that he would not return the money because he had spent it on a home water heater - drew widespread criticism, and he later reimbursed the state.

Conti becomes the third known retiring state lawmaker to quickly parlay his legislative career into a lucrative job in state government. Many others in the General Assembly's large outgoing class are trying to do the same.

Last week, Mark McNaughton, a Republican who represented the Harrisburg suburbs in the House for 10 years, was nominated by Speaker John M. Perzel to the Gaming Control Board. He would replace outgoing member Joseph W. "Chip" Marshall III in a job that pays $145,000, more than double the $72,187 McNaughton was making as a legislator when he left office Nov. 30.

Brett Feese, who represented Lycoming County for 12 years in the House, the last two years as the Appropriations Committee chairman, began work as chief counsel to House Republicans Dec. 1, the day after his term ended. He is making $155,000 annually.



**31. Pa. Liquor Board Chairman Vows to Work With CEO he Opposed (Pennsylvania)**

*The Associated Press*

December 14, 2006

HARRISBURG, Pa. - The chairman of the Pennsylvania Liquor Control Board said Thursday he intends to work with a former state senator who became the agency's chief executive even though he voted against the appointment.

Jonathan Newman said he has received expressions of support following the 2-1 vote Wednesday that made Joe Conti the administrative leader of the board, which runs more than 600 liquor stores and licenses more than 20,000 businesses that handle alcoholic beverages.

Conti's appointment was pushed by Gov. Ed Rendell, who said its growing expenses were a problem that Conti's hiring will help address.

"I'm still chairman and I've heard from many legislators telling me that they absolutely want me to stay and that the situation troubles them and that the Legislature wants to look into how this was done and whether it's statutory," Newman said.

Newman voted against Conti's appointment, saying that his salary of $150,000 is too large and that the process by which the job was created - and Conti selected - was not transparent.

"I think I owe it to the commonwealth and to the taxpayers to be there and follow through on my good government initiatives," he said.

Conti was active in running his family's two Bucks County restaurants, and served on legislative committees that deal with Liquor Control Board issues. He decided not to seek another term earlier this year.

The state-owned liquor stores currently do about $1.6 billion in annual sales. The Liquor Control Board has about 4,500 employees and considers itself one of the country's largest buyers of wine and spirits.

Newman was appointed by then-Gov. Tom Ridge in October 1999, named chairman in August 2002, and reappointed by Rendell in July.



**32. A Long Shot at Sunday Booze (Georgia)**

By James Salzer - *The Atlanta Journal-Constitution*

December 12, 2006

Sunday beer and wine sales is the kind of issue Georgia's conservative policy-makers say is dead on arrival when the General Assembly reconvenes next month.

Nobody wants to consider allowing beer and wine sales at stores on Sunday for fear of rousing preachers, teetotalers, and other Georgians who think the Lord's Day shouldn't include a trip to the grocery store for a six-pack of tall boys.

Privately, however, some lawmakers and staffers say the latest push to allow Georgians to buy beer and wine at convenience and grocery stores might just have a shot this session, which begins Jan. 8.

Three developments make them think it possible. The timing - 2007 is not an election year. Supporters have a top-flight lobbying team that includes a former member of Gov. Sonny Perdue's staff. And they say many of the legislators' constituents - especially those who have moved in from other states - want Sunday sales.

"The South has changed, the country has changed," said Jim Tudor, longtime lobbyist for the convenience store industry. "What's driving this is customers. If we didn't think our customers wanted this, why would we go through the aggravation?"

Bars and restaurants can serve beer, wine and liquor on Sundays in Georgia if approved by locals. But Georgia is one of only three states - Indiana and Connecticut are the others - that have a complete ban on the sale of beer and wine for off-premise consumption.

**Liquor stores against it**

On the "pro-sales" side of the debate are the convenience and grocery stores, who say Sunday is one of their busiest shopping days. Publix, for instance, is a backer of the change, according to a company lobbyist. Among those hired to help work with the grocery store lobby: Morgan Perry Cook, a former top staffer for both Perdue and Senate President Pro-tempore Eric Johnson (R-Savannah).

The "anti-sales" side pairs religious conservatives and liquor store owners, who don't figure a change would increase sales much, particularly if hard liquor is excluded.

Supporters aren't ready to say who will sponsor the bill - in part for fear of an early backlash from preachers, or what the legislation will say. However, it's likely to let locals decide if they want to allow Sunday beer and wine sales in their cities and counties.

Tudor said polling done by proponents shows support in the metro area, especially among those who were not born in Georgia. On ajc.com blog sites, the idea of allowing beer and wine sales on Sunday at stores won overwhelming support.

David Sarosi, 41, a process engineer from Tucker, is ready for the change.

He was born and raised in California, so he's used to seven-day-a-week sales. He finds it hypocritical that Georgians can buy a glass of beer or wine on Sundays at restaurants and bars in some parts of the state but can't buy it for home consumption.

"I see a lot of people talking about it from a religious standpoint," Sarosi said. "It's about control. People say, 'I'm not comfortable with this going on and I'm going to use the force of government to make sure it doesn't go on.'

"I find it inappropriate that any group can use the power of government to stop what is basically just free commerce," he said.

Carol Roberts, a full-time substitute teacher from Duluth, doesn't drink but said it wouldn't bother her if Sunday beer and wine sales were approved.

"If it's OK to sell it any other time during the week, it's OK to sell it Sunday," she said.

Aaron McCollough, longtime pastor and associational missionary of the 46-church Troup Baptist Association, disagrees. He said nothing good can come out of Sunday wine and beer sales.

"I don't think it serves the interests of what Sunday is supposed to be," he said. "If people want to drink they have plenty of time to get their drinking in before Sunday. It takes away from the reverence of the day."

Ed McGill, lobbyist for the Georgia Alcohol Dealers Association, which represents liquor stores, said his industry opposes Sunday alcohol sales too.

But, if the proposal gains momentum, his clients would want the law to include hard-liquor sales. Grocery and convenience stores are not allowed to sell hard liquor in Georgia.

"It should be all or nothing," said McGill.

"Our first consideration is just to respect our fellow citizens because a large portion of our fellow citizens don't want to see alcohol sold by the package on Sunday," he said. "This has come up twice on the House floor (in recent years). It hasn't been received well at all.

"I would hope it is not received well at all by the 2007 House," he added.

House Speaker Pro-tempore Mark Burkhalter (R-Alpharetta), doesn't expect Sunday sales to fare any better next year than in the past.

"I'm sure somebody will introduce it," Burkhalter said. "I have not seen any groundswell of movement for Sunday sales, but that doesn't mean somebody doesn't want to have it."

**Experienced lobbyists**

Supporters of the change have a strong lobbying team at the Capitol.

Tudor sets up shop during legislative sessions in a House anteroom, where he feeds lawmakers on everything from doughnuts and cereal in the morning to barbecue and hot dogs in the evening. Representatives get to eat free of change. Senators get similar treatment. The Georgia Food Industry Association and convenience stores foot the bill. Combined, they spent about $7,000 last session, mostly for feeding lawmakers.

If a Sunday sales bill comes to the House floor debate, Tudor will be there, feeding legislators while they are arguing for or against a bill affecting his industry. Kathy Kuzava of the Food Industry Association may be doing the same thing over in the Senate.

Top lawmakers also attended the group's annual conventions this summer, one at Amelia Island and the other in South Carolina. House Ways and Means Chairman Larry O'Neal (R-Warner Robins), was the group's guest at both events, according to lobbyist disclosures.

The groups, and big chains like Publix, also contribute to political campaigns and the state Republican Party. Perdue received $5,000 from Publix and $1,000 from the convenience store association this year, according to campaign finance reports. Casey Cagle, who was elected lieutenant governor, received $2,500 from Publix, $500 from the convenience stories and $1,000 from the Food Industry Association.

Brenda Reid, spokeswoman for Publix, said of the Sunday sales proposal, "It is something we're following very closely. It's not a Publix bill." She added that the company is referring media calls on the proposal to the lobbyist for the food association. Publix is being represented at the statehouse by a team that includes veteran statehouse lobbyists Trip Martin and John Bozeman.

On the other side of the issue, liquor store owners also contribute to candidates. And the Republican majority is extremely sensitive to the wishes of the religious conservative movement, which helped push a constitutional amendment banning gay marriage in 2004 and backed a bill mandating a 24-hour waiting period on abortion in 2005.

Sadie Fields, who leads the Georgia Christian Alliance, has been the top lobbyist for Christian conservatives at the Capitol for years. She said her group will fight Sunday sales "for obvious reasons."

"When you cut six days out for the week to make a purchase, that should be enough," she said. "Sunday is the Sabbath, or day of rest, a day we honor God. I think it needs to be left alone."

Tudor acknowledges Sunday beer and wine sales would have no chance in 2008, when lawmakers are up for re-election. So they're taking their shot next year. Rep. Jeanette Jamieson (D-Toccoa), who has served in the House for 22 years, gives it better than a 50-50 chance of winning approval if metro area Republicans back the bill.

"If it's ever going to have a chance, it will have to be this (next) year because nobody is going to vote for it during an election year," she said.



**33. New Liquor Dept. Head is a Former Detroit Police Chief (Arizona)**

By Howard Fischer - *Capitol Media Services*

December 14, 2006

PHOENIX - The state's new top liquor-enforcement officer is a former Detroit police chief who resigned over an unregistered handgun before going on to his current post as deputy director of an Arizona agency.

Gov. Janet Napolitano on Wednesday named Jerry Oliver Sr. to be director of the state Department of Liquor Licenses and Control.

Oliver, a Phoenix native, is now deputy director of the Arizona Department of Administration. Napolitano said he has "done a fine job there and I believe he will be a very, very good director of the Department of Liquor."

He succeeds Leesa Morrison, whom Napolitano earlier tapped to head the Department of Homeland Security.

Oliver quit his job in Detroit in late 2003 after an incident in which he failed to tell airport officials he had a .25-caliber pistol in his checked luggage. That, in turn, led to a charge of possession of an unlicensed weapon.

He later pleaded no contest to the misdemeanor charge.

Oliver said Wednesday the incident was a technical violation for not filling out the necessary paperwork.

Oliver said the publicity over the incident became "a severe distraction" from his duties, which is why he quit.

Oliver said he'd had that weapon since his days as a Phoenix police officer and was unaware he had to register it separately when he got to Detroit.

Oliver said the charge made no sense because the law required weapons to be registered with the police chief.

His two-year tenure in Detroit also included a controversy over the fact he received $84,355 above and beyond his $140,000 annual salary from a fund set up by civic and business leaders.

Oliver said there was nothing sinister about the payments, saying Detroit could not afford the full cost of his contract. He said the arrangement was not secret.

Napolitano also named Kristin Almquist to be director of her Southern Arizona office, replacing Jan Lesher, who was named earlier this week to head the state Department of Commerce.



# 34. Lawmakers Announce Legislation to Combat Underage Drinking in S.C. (South Carolina)

*Associated Press*

December 12, 2006

COLUMBIA, S.C. - Lawmakers plan to introduce legislation meant to curb underage drinking and make it harder for anyone under age 21 to get alcohol.

Sen. Joel Lourie, D-Columbia, and Rep. Ted Pitts, R-Lexington, announced details Tuesday of proposed law, dubbed The Prevention of Underage Drinking and Access to Alcohol Act of 2007.

The bill, to be prefiled this week for the session that starts Jan. 9, would toughen penalties for minors who attempt to buy, drink or possess alcohol. A "social host" provision would also allow authorities to charge anyone who knowingly allows minors to drink alcohol on their property.

"It's too easy for kids to get their hands on alcohol," Pitts said. "Underage drinking is costing our state too much in terms of lives and resources. It's time to get tough, and it's time for our state's laws to reflect our commitment to solving this problem."

Other key pieces of the legislation would require that minors convicted of alcohol offenses complete an alcohol education program, require that parents be told when a child under age 19 is charged with an alcohol offense, and create a keg registration system.

"As state legislators, we have a responsibility to save lives and promote a healthier generation of young and future South Carolinians," Lourie said.

Tuesday's announcement comes just a few days after a Limestone College freshmen died from an alcohol overdose after a night of partying.

Zachary Donald Dunlevy, 18, was drinking for about four hours at a liquor-only party Saturday and became belligerent, police said. Friends helped him back to his dormitory room and a roommate found Dunlevy, of West Lafayette, Ind., unresponsive early Sunday morning.



**35. Loophole Allows Foreign Wine in American Blends (California)**

By Panos Kakaviatos

December 14, 2006

A loophole in regulations allowing American wines to be blended with out-of-state and foreign grapes is angering local producers in California.

Despite California's record-breaking 2005 harvest, some wineries in the region are continuing to use imported wines to make 'American wine'.

One industry insider said that the Ceres-based Wine Group in the Central Valley, which sells Franzia wines, was one example of a winery that used imported wine in its blends.

They are taking advantage of federal regulations which allow up to 25% of out-of-state or foreign wine in 'American' appellation brands. A 1942 state law, however, requires California appellation wines to be made only from California grapes.

'You would think there was enough California wine to use, but this is a recent phenomenon. You could say we are experiencing the more negative effects of globalisation firsthand,' Karen Ross, president of the CAWG (California Association of Winegrape Growers) told decanter.com.

Bulk table wine imports through May 2006 totalled 2.6m equivalent cases, up 229% from a year ago, according to CAWG statistics.

Imports are on the rise not just because of competitive pricing, said Ross, but also because of the need to fill gaps in supply created by hot consumer demand for varietals like Pinot Noir, Pinot Grigio and Riesling.

CAWG is currently lobbying for a change in the federal regulations.

