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|  | e - NEWS |
| *January 19, 2007* | |

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

**1. Brown-Forman Completes Casa Herradura Acquisition for $776 Million**

*Business Wire*

January 18, 2006

Louisville, KY -- Brown-Forman Corporation (NYSE: BFA) (NYSE: BFB) and Grupo Industrial Herradura, S.A. de C.V. (Casa Herradura), announced today that Brown-Forman has completed its previously announced acquisition of substantially all of the assets of the Mexican tequila company for $776 million. The purchase price was originally agreed to be $876 million, but was subsequently amended by mutual agreement of the parties. The final price is subject to customary post-closing working capital adjustments.

"We are very excited about this acquisition which gives us two strong brands competing at the super-premium and premium levels in the world's largest tequila markets - the U.S. and Mexico," said Brown-Forman Chief Executive Officer Paul C. Varga. "We believe Herradura, with its rich heritage, is a jewel in the Mexican tequila category. We expect these brands will help us advance our entire business within the growing Hispanic population of the U.S., and that the Casa Herradura infrastructure in Mexico gives Brown-Forman a strong business platform in yet another important international market," stated Varga.

Brown-Forman expects that the earnings dilution as a result of this acquisition will be $0.14 to $0.18 cents per share for Fiscal 2007, which ends on April 30, 2007. This increase over the earlier estimate of $0.08 to $0.12 cents is the result of expected lower profitability of the business in Mexico; higher upfront transition costs, including the purchase of U.S. distributor inventory; and the effect of amortizing the buy-out of U.S. distribution rights for the Tequila Herradura brand over the next five years. These higher costs are anticipated to be partially offset by lower interest expense.



**2. Diageo, LVMH Silent on Split Talk**

***Just-drinks***

January 18, 2007

Diageo has remained tight-lipped on continued speculation that it may pull out of its joint venture with LVMH Moet Hennessy Louis Vuitton.

The drinks giant has been plagued by rumours that it will dissolve its relationship with the French group in order to acquire its rival Rémy Cointreau.

When contacted by just-drinks today (18 January), a spokesperson for Diageo declined to comment: "It is not our policy to comment on speculation," the spokesperson said. A spokesperson for LVMH also declined to comment on the matter.

Diageo owns 34% of LVMH's wines and spirits unit Moet Hennessy and has an option to sell the stake to LVMH at six months notice.

The rumours pushed up Rémy's share price yesterday; at the close, trading had pushed the company's share price up 4.5% to EUR51.4.

The company also posted a slight lift in group turnover for the year so far. In the nine months to 31 December, turnover rose 2.2% to EUR610.5m (US$788.7m). T

he group's Cognac division posted sales for the period of EUR263m, up 6.9% year-on-year, while Rémy's spirits and Champagne divisions both contributed growth - 3.1% and 6.5% respectively.

Late last year, Rémy announced that it was pulling out of Maxxium, its global distribution venture with Beam Global Spirits & Wine, Edrington Group and V&S Group.

The departure, scheduled for 2009, will cost Rémy EUR240m. The move is widely believed to be a precursor to Rémy putting itself up for sale.



**3. Costco Case Update**

*Beer Business Daily*

January 18, 2007

**Costco Appeal in Full Swing**

Both sides file amicus briefs, and the distributors come out with both barrels blaring.

As you'll recall, we last left the Costco case in Washington State with the Ninth Circuit Court of Appeals fast-tracking the appeal process, with oral arguments heard in the first week of March. The hearing will allow both sides to debate first whether court should extend Judge Pechman's stay, which ends May 1, on her decision (which basically dismantles Washington state's liquor laws) or let the decision take effect while the appeals works through the court.

Both sides have now filed amicus briefs with the court out the wazoo.

Incidentally, Costco has also appealed the sole part of the ruling it lost: the ban on retailers selling alcohol to other retailers.

The Washington state wholesalers come out with both barrels charged in their most recent brief:

"Costco's myopic focus on deregulating the alcohol industry, and making beer and wine available as widely and as cheap as possible, is not only repugnant to our historical national experience and to sound public policy, but also runs afoul of long-standing jurisprudence."

Wow. That sums it up, doesn't it?

The brief goes on to make its case that Judge Pechman, in her ruling, made errors in her analysis of previous Supreme Court rulings on antitrust, and that Judge Pechman made a mistake in her analysis of an Oregon case (Miller v. Hedlund), as the Washington laws are "materially different" than the Oregon laws in the Miller case. The brief also argues that Costco, not the state, has the burden of proof on 21st Amendment issue. And the brief states that the court didn't balance the state's interests against the federal interests.



**4. Manfreda Says Budget Freeze Likely to Slow TTB Operations**

*Beverage News Daily*

January 19, 2007

It’s likely to take longer to get your year labels approved, formulas reviewed and permits issued by the Alcohol & tobacco Tax & Trade Bureau this

That’s one fallout the failure last year of the Republican-led 109th Congress to fund the U.S. Government’s for current fiscal year, which ends Sept. 30.

The 110th Congress’s new Democrat leadership decided not to do the Republicans’ work.  Instead, they are simply keeping all agencies’ funding at the same level as in the fiscal year that ended Sept. 30, 2006.

They reasoned that by the time funds for the budget were appropriated, the government would be more than halfway through the current fiscal year.  That would mean less time to scrutinize agency operations and develop a budget reflecting Democratic priorities and fiscal constraints.

Fiscal conservatives applauded the move, because it will help reduce the national deficit.

But John Manfreda, administrator, Alcohol & Tobacco Tax & Trade Bureau, told Beverage News Daily it will pinch federal agencies, including TTB.  That’s because while much of the agencies’ operating costs – such things as salaries, contracts, etc. -- will go up at about the same pace as the cost of living, their budgets will remain frozen at last year’s level.

“We’ll manage,” he said, but it will inevitably lead to “tough calls.”

**Increased Workload**

He noted TTB’s workload has been increasing.  >From 1999 through 2005, there was a 135% increase in the number of new permits issued, and the agency expects a further 38% increase in the next two years.

Likewise, processing of Certificates of Label Approval each year was up 57% from 1999 to 2005, and is expected to rise 32%.

And formula reviews rose 154% from 1999 to 2005 and another are expected to jump another 26% between 2006 and 2009.

Manfreda said he was especially proud that TTB has largely met its standards for processing these items.  For instance, 55% of all COLAs are processed in nine days or less, and 75% of formulas are reviewed within the agency’s announced 21-day standard.

**Audit Schedules Won’t Be Cut**

What he fears, he said, is that with a flat budget this year the agency will won’t do as good a job meeting those standards.  Manfreda made it clear that he won’t cut people, but will look to reducing overtime, which could affect approvals of COLAs, formulas and permits, and travel.

He also expects to implement 23 of 25 recommendations by a consultant on how to more efficiently perform TTB’s “protect the public” mission, which includes label approvals, formulas and permits.  He’s just not sure that improved workflow will offset the erosion of inflation.

He also said TTB’s audit schedule won’t be cut.  Thus far, the audits have found a very high level of compliance by the industry with federal laws, he said.

**2006 ‘A Very Good Year’**

In the interview, Manfreda said 2006 was “a very good year” for TTB.  Among TTB’s major steps forward:

* TTB’s West Coast laboratory was had been housed with the Bureau of Alcohol Tobacco, Firearms & Explosives laboratory in San Francisco was moved to a state-of-the-art facility in Walnut Creek, Calif.  Most of the laboratory’s workload is focused on the wine industry.
* TTB collected $323 in taxes for every $1 it spent on operations.
* It performed 100 audits last year.  Manfreda noted that the top 400 taxpayers account for 98% of the taxes collected by TTB.  “We’ve now audited the top 211 taxpayers and we’re finding there’s no real tax gap.  For the most part, industry is compliant.”  One of those audits resulted in Pernod Ricard USA submitting a $220,000 offer in compromise, which was accepted.  TTB found Pernod Ricard had attributed certain operations at its Lawrenceburg, Ind., brewery to a tenant, when in fact the brewing was performed by Pernod’s staff.

**Serving Facts/Alcohol Facts Rule Expected This Spring**

Manfreda expects the agency to publish a decision this spring on petitions involving whether labels should contain Alcohol Facts and Serving Facts information, and, if they should, what information should be included.

He said he believes effective regulation must balance the needs of consumers with the needs of the industry.

He expects to publish a notice on ingredient labeling toward the end of this year.  “It’s probably the most difficult issue facing us,” he said.  That’s because the key question is whether the label should disclose what goes into the product before it is brewed, distilled or vented, or whether the label should disclose what’s in the bottle after processing.

“We’ll need industry input” to help decide the question, he said, explaining that the Notice of Proposed Rulemaking “gives them a chance to object.  But we need objective information, not just statements that ‘We don’t agree’.”

**What’s Pure?**

Of special interest to distillers, he expects TTB to move this year on defining the pure meaning of “pure.”

In a Global Economy, International Division Critical

Manfreda said a critical TTB mission is to make sure industry gets to play on a level playing field.  While negotiating with foreign governments is a diplomatic function performed by the U.S. Trade Representative, TTB supplies USTR with technical information needed for effective negotiations and insures USTR understands how the industry operates, both domestically and worldwide.

TTB and USTR worked together to insure U.S. wine producers were able to sell their products into Germany.  Prior to TTB’s intervention, German producers were questioning the quality of U.S. wine, actually running TV commercials denigrating the U.S. product.

Manfreda said the World Wine Trade Group agreement will be signed in Australia next week.

**Revising the FAA Act**

TTB is “back in the marketplace after 15 years,” Manfreda said, and its investigators are targeting shelf stocking, exclusive outlets and other “red flag” trade practice items.

But he said the “marketplace has really changed.”  Where violations in the past came from pressure by wholesalers or suppliers, today “some of the driving forces are coming from retailers.”  He said it’s not true that TTB has no jurisdiction over retailers, and told Beverage News Daily the agency is looking at how to deal with the changed marketplace.

Does that mean he’s ready to go the Congress and ask for changes to the Federal Alcohol Administration Act?   Manfreda said the FAA Act, which is more than 70 years old, doesn’t allow the government to tell industry members they are in violation.  He attributed that to the Fedway decision nearly two decades ago.  “Before Fedway, we would say that anything that results in decreased purchases is exclusion.”  That’s no longer possible.

But, he said, he’s not ready to seek amendments to the act.  To some extent, that’s because the entire industry is changing very rapidly, and there’s not a consensus as to how it should be revised.

**Direct Shipping, Grey Market Goods**

We told Manfreda that we had heard grumblings that TTB isn’t actively fighting direct shipping.  Those complaints are barking up the wrong tree, he suggested.  Not only does there have to be a substantial federal interest for TTB to act, but federal law allows TTB to act on direct shipping issues only if a state attorney general asks for help.

Have there been any requests from state attorneys general?  No.  “States can do injunctions,” he said.  “We have limited resources.”

We also said we had heard complaints that TTB wasn’t preventing grey market imports.  “Grey market imports may violate franchise agreements, but they don’t violate U.S. laws,” he said.  “If a product being imported is what it says it is, we have no basis to stop them.”

We asked about settlements obtained by former New York Attorney General Elliott Spitzer against suppliers, retailers and wholesalers.  “A lot of what he uncovered didn’t violate federal laws,” Manfreda said.  But “we’re reviewing what he found” and will act where appropriate.



**5. Grapes, Milk, Fish Guts: Vintners May Have to Label Allergens**

*The Associated Press*

January 14, 2007

SANTA ROSA, Calif. - Vintners have been using byproducts from milk, eggs, wheat and even fish guts in the winemaking processes for centuries.

But a new federal proposal could require American wineries to disclose such unsavory items - used as "fining" agents to remove grit - as ingredients. The proposal, which could be passed by the end of the year, would require companies to redesign the labels on every bottle to protect people who are allergic to certain foods.

Executives at Sonoma and Napa county wineries and their trade groups say few, if any, wine drinkers suffer allergic reactions from fining agents, which are nearly untraceable by the time consumers uncork or unscrew their bottles. They're rallying against the proposal, which they say would make even the biggest oenophiles turn up their noses.

"It's a solution in search of a problem," said Pete Downs, vice president of governmental affairs for Santa Rosa's Kendall-Jackson Wine Estates. "I kind of feel like its Shakespearean in nature. It's much ado about nothing."

Wine industry veterans say the labels could mislead consumers, leading them to believe wine contains milk or fish membranes. Vintners use a milk protein called casein and a substance derived from the inner membrane of the air bladders of sturgeon, called isinglass, to bind with yeast, bacteria and excess tannins that are naturally found in the winemaking process. Thanks to the binding agents, the larger molecules sink to the bottom of the barrel, leaving the wine above it clean.

"It's kind of like sweeping the wine," said Bill Nelson, president of the wine lobby Wine America.

The U.S. Treasury Department's Alcohol and Tobacco Tax and Trade Bureau is expected to publish a final rule on the issue by late 2007. It has received comments from nearly four dozen consumers, trade groups and wine industry veterans.

The FDA adopted the Food Allergen Labeling and Consumer Protection Act in 2004. It requires labels on every food or drink that contains one of eight major food allergens: milk, eggs, fish, crustacean shellfish, tree nuts, peanuts, wheat and soybeans.

The act came after Harvard University scientist Christine Rogers petitioned the government to add an allergen warning to alcoholic drinks. Rogers, who is allergic to eggs, said she would notice reactions whenever she tipped a glass of wine.

Food allergies affected 2 percent to 5 percent of children, send 30,000 people to emergency rooms every year, and kill 150 people annually, according to the FDA. Nine out of 10 allergies are from the eight major groups cited in the law.

Fremont resident Catharine Alvarez supports the proposal. Her 4-year-old son is allergic to eggs, and her 7-year-old daughter is allergic to peanuts.

"There are a lot of people I know who are willing to pay extra for products that they know to be safe," Alvarez said.



**6. Tobacco Regulation Reignites**

By Steve Holtz – *CSP Daily News*

January 17, 2007

**Kennedy expected to revive FDA bill; N.C. senator vows to fight proposal**

WASHINGTON -- In what is becoming a nearly annual event, Democrat Senator Edward Kennedy and his Health, Education, Labor & Pensions (HELP) Committee are expected to revive a bill aimed at giving the Food & Drug Administration (FDA) the authority to regulate the sale, distribution and advertising of tobacco products.

Widely debated and argued in Congress over two of the past three years, senators are already lining up on both sides of the issue.

“Smoking is the No. 1 preventable cause of death in America. Empowering the [FDA] to regulate tobacco products is long overdue,” Kennedy wrote in a list of his priorities for the Senate HELP Committee, of which he is the new chairman. “Effective FDA regulation will help to deter young people from starting to smoke and to assist current smokers in quitting.”

Kennedy authored legislation to give the FDA this authority in the past. It passed the Senate twice"in 2004 and 2005"but was blocked by the House Republican leadership. “Enacting this important public-health legislation should be a top priority for the new Congress,” he wrote in November.

But U.S. Senator Richard Burr of North Carolina said he will actively oppose any plan to give the FDA the power to regulate cigarettes. The Republican is from Winston-Salem, N.C., home to R.J. Reynolds Tobacco. Burr told the Associate Press he would use every legislative tool at his disposal to battle the proposal.

His office confirmed the senator’s stance for *CSP Daily News*. North Carolina is the nation’s top tobacco-producing state.

Meanwhile, Kennedy’s proposal"yet to be submitted to the 110th Congress"has the support of the largest cigarette maker in the country, Philip Morris. In 2004, Philip Morris came out in support of the regulation proposal, noting that such federal regulation could clear the decks for it to introduce reduced-risk tobacco products.

Citigroup Investment Research analyst Bonnie Herzog has said she expects that support to continue. In a recent note she wrote, “We believe this [regulation] would actually increase the barriers to entry in the category, further entrenching the major cigarette manufacturers.”



**7. Study: Number of U.S. Wineries Jumps 83% Since 1989; Industry Contributes $162 Billion to U.S. Economy**

*Beverage News Daily*

January 18, 2007

With the number of bonded wineries in the U.S. increasing 83% since 1999, glowing to 4929, and wholesaler and retailer consolidation continuing, small wineries need direct shipping more than ever.

That’s the gist of a new study released yesterday on Capitol Hill by the Congressional Wine Caucus. The study was sponsored by a number of wine industry trade associations and was conducted by MKF Research. It provides a factual basis for legislative efforts to reduce barriers to direct shipping.

The study says total revenue from U.S. wineries now approaches $11.4 billion, including S707 million in exports. Sales of U.S-produced wine represent 73% of total U.S. wine sales of $23.8 billion.

Wine, grapes, grape products and related business contributed a total of $162 billion to the U.S. economy, the study concluded and added: “The large and growing impact of the grape and wine industries contrasts with the economic situation of many other American industries.” It notes that tobacco farmers are turning to grape production: North Carolina, for instance, has added 1000 acres of vineyards and 44 new wineries as tobacco acreage declined.

Winery employment grew to 33,560 full-time equivalent jobs in 2005 from 25,363 in 2001.

**But There Are Troubles**

But, the study says, the wine industry faces troubles. Many other grape-producing countries who are exporting the grape and vine products into the U.S. have “low-cost land and labor, fewer tax burdens, low or no environmental controls and receive significant government subsidization in production and marketing of grape and wine products.”

It calls for increased funding for viticulture and enology research and education and warns that concerns about a shortage of skilled workers are growing in the industry, whether it be winemaking, vineyard management or vineyard workers. It notes that only five states have full degree programs in viticulture and enology.

Although there is talk about a global winegrape glut, the study said that shortage of quality grapes also remains an issue for wineries in emerging wine regions, as demand for the best grapes outstrips their supply.

**Competitive Market**

“Continued growth of the U.S. wine industry faces increasing challenges as wine’s retail and wholesale channels continue to consolidate, and foreign wine producers target the U.S.  market with growing inventories, government support and saturated home markets,” the study says. It notes the U.S. ranks 38th in per-capita wine consumption, and says the U.S. and Canada are the only markets in which demand is growing for wine priced above $5 per 750 ml bottle.

Imports have risen significantly over the last decade, the study says, and the share of the U.S. wine market represented by U.S.-produced wines fell to 73% in 2005 from 816% in 1998.

Italy remains the No. I exporter to the U.S., but Australia has surpassed France to become the No. 2 exporter to the U.S. “Australian growth has largely been dominated by demand for a single brand — Yellow Tail — which represents 36% of Australia’s exports to the U.S. Australian imports have shown little strength above $10 a bottle,” the study says.

**Impact of Distributor. Retailer Consolidation**

The report notes that from 1990 to 2000, the number of U.S. wine wholesalers and distributors plunged more than 50%, “largely through mergers and acquisitions.

“Distribution consolidation has been paralleled, ad perhaps driven, by retail consolidation as discount and ‘big box” stores take growing shares of wine retail sales, reducing margins for distributors through pressures for price and promotional concessions. The market power of major retail chains is primarily in the mid-price segment, but they have also become major outlets for some of the highest-priced branded wines. Restaurants are also consolidating,” the study says.

**Consolidation Forces Direct Shipping**

“Continuing consolidation in the distribution sector makes it increasingly difficult for smaller wineries to gain access to the market, especially the national market,” the study says. The result: Wineries must increase their own sales and marketing expenses, all of which has highlighted the importance of direct-to-consumer sales strategies for wineries.”

The report says relatively few small wineries have access to distributors or succeed in selling significant volume through the three-tier system. “Distribution businesses are capital intensive” and depend on scale and volume for profitability, the report says.

“Providing distribution for small wineries is often not profitable, given the economics of the distribution industry,” the report says. Although distributors says they carry more wine brands than ever before, “it becomes increasingly difficult and uneconomical for the shrinking number of distributors to give adequate attention to all the brands carried and (it becomes) increasingly unlikely that smaller and emerging brands without substantial marketing budgets will be represented.”

The study concludes that “maintaining winery direct-to-consumer and self-distribution is critical to the survival of America’s small wineries and to the efforts to revitalize many struggling rural communities.”



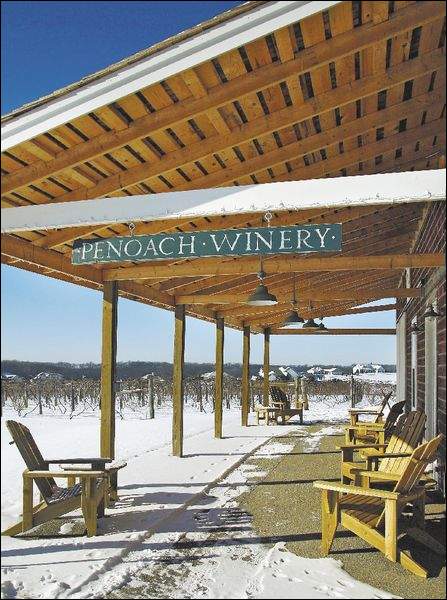
[**II. IOWA NEWS.**](#II)

**8. What's Genuine Iowa Wine, Many Ask**

By William Petroski, Staff Writer – *Des Moines Register*

January 18, 2007

### The state's alcoholic beverages panel has been seeking input before it makes suggestions on laws to the Legislature.

**Minden, Ia. —** What is a native Iowa wine?

If you visit the Breezy Hills Vineyard near Minden, you can sip a glass of fine native wine made from grapes grown in western Iowa's Loess Hills. The varietals include St. Croix, Edelweiss, La Crosse, Vignoles and De Chaunac.

But state officials consider the product a native Iowa wine even when some of the wine is made from grapes grown in Nebraska, New York or other states. The key is that the product is fermented in Iowa, said Lynn Walding, administrator of the Iowa Alcoholic Beverages Division.

There's a growing debate in Iowa's fledgling wine industry over what should be called native Iowa wine. Some Iowa vineyard and winery owners favor rules to keep it as much of an Iowa-made product as possible.

Others endorse a less restrictive, free-market approach aimed at spurring industry growth. They want the option of being able to blend out-of-state wine with Iowa-made wine, something state regulators said isn't allowed now, although some Iowa wine businesses disagree with the state's legal interpretation.

**Justin Hayworth/Register Photos**

**The operator of Penoach Vineyard/Winery/Nursery**

**in Adel opposes more restrictions on Iowa wineries.**

**Stan Olson wants the option to purchase out-of-state**

**grapes and wine in case of crop failures, wine-**

**production problems or other disasters.**

Iowa's wine industry has been growing dramatically, so the definition of native wine could be important to whether the upward trend continues, state officials said. Only about 40 percent to 50 percent of Iowa wine is now made from Iowa-grown grapes and other fruit, said Mike White, a wine specialist for Iowa State University's agricultural Extension service. The rest is shipped into Iowa from other grape-growing states and made into Iowa wine to accommodate production needs.

Ron Mark, owner of Summerset Inn and Winery in Indianola, said he has no plans to use wine from another state, but wants the tool available to help Iowa's newest winery operators succeed in the event of wine-making problems or other troubles.

"The truth is in the bottle. Let the customers know it, and let them see it on the store shelf," Mark said.

About 40 vineyard and winery owners discussed the native wine issue near Minden last week at a forum sponsored by the Iowa Alcoholic Beverages Commission. During the session, Commissioner Gayle Collins of Des Moines pointedly asked whether current rules for native Iowa wine aren't deceptive for consumers.

"This can be an Iowa wine and it can have no grapes from Iowa," Collins said.

Some vineyard and winery owners responded that the issue could be easily addressed by certifying products as 100 percent Iowa wine or a blended Iowa wine. The Iowa Alcoholic Beverages Commission, which has had three regional forums on the native wine issue since last fall, promised to consider their views when it meets again in February to discuss making recommendations to the Iowa Legislature for changes in state wine laws.

Darrell Morse, owner of Breezy Hills Vineyard, urged state regulators to be cautious in making recommendations to lawmakers. He was especially concerned about allowing low-cost, out-of-state wine to be blended with Iowa wine.

Morse told how his customers are thrilled to find wines made from grapes grown in Iowa vineyards. When he does need grapes or juice from outside Iowa to meet wine-production needs, he said, he acquires them only from cold-climate states like Nebraska and New York to maintain the quality of his Iowa-based product.

"We have vineyards popping up all over. What are we going to do to our vineyards if we start importing wine?" Morse said.

Stan Olson, who operates the Penoach Vineyard/Winery/Nursery in Adel, urged regulators to oppose more restrictions on Iowa wineries. He said having an all-Iowa product is his best sales tool, but he wants the option to purchase out-of-state grapes and wine in case of crop failures, wine-production problems or other disasters.

"Iowa is the envy of every other state out there, and the reason is that we are less restrictive than anybody else," Olson said.

Larry Rohatsch of the Loess Hills Vineyard and Winery in Crescent said he's happy with current state wine regulations, but he wouldn't oppose more restrictions. Wine aficionados nationwide are willing to pay a premium price for 100 percent native Iowa wine, he said.

"If you want to sell California wines, get a liquor store," he added.

***Growing Industry***

*1999: About five vineyards and 13 wineries in Iowa.*

*Now: About 340 commercial vineyards statewide, plus 68 licensed wineries (not all have begun operating).*

***Resurgence in Iowa Industry***

*The recent growth of Iowa’s wine industry is actually a rebirth, according to Iowa State University researchers. During the early 1900s, Iowa was the sixth-largest grape producer in the nation. The industry declined because of Prohibition, the demand for corn and soybeans, damage to grapevines from herbicide drift and the historic Armistice Day blizzard of 1940. The resurgence has been sparked by the development of wine-making grapes suitable for Iowa by scientists at the University of Minnesota and Cornell University in Ithaca, N.Y., said Mike White, a wine specialist for Iowa State University’s agricultural Extension service. Iowa wines have begun getting attention nationally, including mention in a Sunday New York Times article last year.*

<http://www.desmoinesregister.com/apps/pbcs.dll/article?AID=/20070118/BUSINESS01/701180382/1029/BUSINESS>



**9. Western Iowa Winery Owners Examine Restrictive Legislation**

By Nicole Weis, Staff Writer – *Southwest Iowa News*

January 17, 2007

MINDEN - Local grape growers and winery owners gathered to voice their concerns about Iowa's native wine laws to the Iowa Alcoholic Beverages Division Commission at a forum held at Breezy Hills Vineyard in Minden Jan. 12.

The purpose of the third and final forum held in the state was to allow stakeholders in Iowa's wine industry to discuss the current wine laws, which could be deemed unconstitutional if challenged, according to the ABD.

Right now, native wineries in Iowa are exempt from paying a $1.75 per gallon excise tax, a benefit not afforded to out-of-state wineries. Five percent of the excise tax collected from out-of-state wineries, or about $5 million, goes back to support Iowa native wineries. The incentive is intended to allow the native wineries to stay competitive with out-of-state wineries that operate at a lower cost.

**Photo courtesy of Derek Lippincott of the Alcoholic**

**Beverages Division** - **Members of the Iowa Alcoholic**

**Beverage Division Commission listen to winery owners**

**and grape growers at the third and final forum held**

**across the state to discuss Iowa’s native wine laws.**

However, the U.S. Supreme Court recently ruled in a Michigan case that providing special privileges to in-state wineries violates the commerce clause, impedes trade and discriminates against out-of-state wineries.

In addition to the hardships Iowa native wineries may face if Iowa's wine laws are deemed unconstitutional, there is currently no law in place to prevent a vintner from opening a winery, importing grapes and grape juice from anywhere in the United States, fermenting and bottling it and calling it an Iowa wine. In fact, even bottling a wine in Iowa fermented elsewhere makes it legally an Iowa wine.

Wineries in any of these cases could receive the aforementioned benefits.

The majority of the discussion at the forum Jan. 12 centered around what should constitute an Iowa wine, whether to allow the blending of wine and what bulk importation would do to the industry.

"Iowa currently has some of the most liberal wine laws in the Midwest," said Shirley Frederiksen of Golden Hills Resource Conservation and Development, Inc. based in Oakland, an organization that has poured thousands of dollars into re-establishing the grape and wine industryFrederiksen said the organization is opposed to allowing blending and importation of California wines.

Many of the Western Iowa Wine Trail winery owners at the forum said their customers and consumers aren't looking for California wines when they shop at wineries in Iowa.

"Why on earth would anybody come to Iowa to buy an orange; they know it's not raised here," said Darrell Morse, co-owner of Breezy Hills Vineyard. "I'm quite happy making Iowa wine with Iowa grapes. Hardly a day goes by when customers don't ask about if the grapes were grown here."

While several local wineries need some supplementation to start and stay in business, most of the winery owners in southwest Iowa only purchase "cold climate" grapes, or grapes that are capable of being grown and produced in this region.

"Our philosophy is, we're going to make wine out of cold climate grapes," Morse said.

Several other southwest Iowa winery owners agreed with Morse. Larry Rohatsch, co-owner of Loess Hills Vineyard and Winery in Crescent, said he would not be against restricting what constitutes an Iowa wine.

"If you want to sell California wines, buy a liquor store," Rohatsch offered, adding that he believes the method of bringing in a fermented wine from out of state and calling it a native Iowa wine is deceitful and unethical.

"It's not what the consumers want," Rohatsch emphasized. "When we say 100 percent (of the wine is produced in Iowa), customers are amazed. It's something different."

However, there are those who disagree with Rohatsch and other southwest Iowa winery owners. John Guinan of Carroll said a shortage of grapes in Iowa and difficulty growing the fruit precludes many from even starting a winery in Iowa.

"I don't need somebody to tell me how to run a business," he said, adding that he would prefer the law allow the blending of out-of-state wines in order to encourage people to enter the business.

"If I need to blend wine in order to provide a certain taste people like, I would like the opportunity to do it. It's my business I'm trying to grow," he said. "You have got to have options to make it work. If it makes sense business wise, you should be able to do it."

Proper labeling may be the biggest issue in order to resolve the dispute. However, several winery owners present at the forum had their doubts that consumers would be able to comprehend and interpret the labels.

Despite the labeling issue, winery owners and grape growers alike fear that the bulk importation of California wine would be devastating to local grape growers and offer them no incentive to grow their crop in Iowa.

"There would be no demand for the product," said Ron Corey, who owns a vineyard in Corning. "It probably means it would drive the price of grapes down and it would not be profitable for me to consider raising grapes."

According to the Lynn Walding, administrator for the Alcoholic Beverages Division Commission, the commission will take the input it has gathered from the forums, draft a resolution based on that feedback and send a recommendation to the Legislature based on the consensus viewpoint within the coming months. The Legislature will then help the commission chart a course of action for possible revisions to the law.

Walding said the forums held prior to the one at Breezy Hills Vineyard offered differing views, some in favor of more restrictions, others for fewer limitations. Walding said he does not foresee a reduction in what the law currently permits happening.

"Realistically," he said. "It's hard to put the genie back in the bottle. I don't know that the Legislature will do that."

Walding is hoping that a legislative bill can satisfy both viewpoints and possibly allow only a small portion of blending.

"Other states do allow it," he said, adding that it helps to meet consumer demand.

"What we absolutely heard throughout the forum," Walding stressed, "is that consumers support Iowa's native wine business. They want to be able to go to a local winery."

But will they be able to if restrictions are not passed?

"There are great expectations in Iowa about the potential future for this industry," Walding said. "We've seen that in the last few years, going from 10 wineries to now about 68 wineries. It has huge potential for economic development."



**10. Simulator Teaches Drivers About the Dangers of Drinking**

By Meghan V. Malloy, Staff Writer, *Des Moines Register*

January 18, 2007

### Machine makes visit to DMACC on Save a Life Tour

Jessica Barrett jumps a curb, nearly hits a road sign, overcorrects her vehicle and is inches away from sideswiping another car.

"Oops," the 19-year-old said.

Luckily for Barrett, the vehicle she is recklessly driving is only a simulator.

The simulator is part of the Save a Life Tour, a nationwide drunken-driving prevention program that travels to hundreds of educational institutions and military bases a year.

**Holly McQueen/Register Photo**

Cameron Claytor, 18, of Des Moines tries to avoid

a bus and other potential hazards while testing out

the drunken-driving simulator on DMACC&apos;s

Urban Campus on Wednesday. The simulator was

on campus as part of the national Save a Life Tour.

"This makes me glad I never drink and drive," Barrett said as she climbed out of the Ford Taurus driver's seat.

Students seat themselves in a portion of a Taurus and try to navigate urban and rural terrain with a pretend maximum blood alcohol content level of .34.

Iowa's legal limit is .08.

Des Moines Police Sgt. Todd Dykstra said 939 people were arrested in Des Moines in 2006 for operating while intoxicated.

Dykstra said he was unsure whether the 939 arrests were higher than in previous years, but said the number could be contributed to a heightened presence of officers cracking down on intoxicated drivers.

"Most people don't know what can happen when they drive drunk until it's too late," said Frank Mitidieri, a sales manager for Kramer Entertainment, creator of the program.

"If we can show them, they'll see the effects firsthand," Mitidieri said.

Originally sponsoring a tour featuring comedians, entertainers and game shows, Kramer Entertainment shifted its focus to education and awareness in the late 1990s, Mitidieri said.

The current program started four years ago.

"For young people like college kids, things can go in one ear and out the other," said Mitidieri. "We didn't want to put anyone on a soapbox."

Hadi Atal, head of the Student Activities Council for the Des Moines Area Community College Urban Campus, said the tour was a natural choice to bring to students.

"We want our students to know what mistakes can happen if they're driving drunk," Atal said of the council's choice to bring Save a Life to campus.

"We wanted to give a heads-up to people before they decide to get behind the wheel," he said.

<http://desmoinesregister.com/apps/pbcs.dll/article?AID=/20070118/NEWS/701180388/1001/NEWS>



**11. Club City Closes With a Bang - and a Fight**

By Jason Pulliam, Staff Writer – *Des Moines Register*

January 11, 2007

**Residents lobbied city officials to take action against the after-hours establishment, which closed to avoid a lawsuit.**

An after-hours club that south-side residents had long spoke out against, closed its doors permanently on New Year's Day to avoid a nuisance lawsuit filed by the city.

Police were called to Club City, 1820 E. Army Post Road, 80 times last year, including after several gunfire reports.

City leaders filed the nuisance lawsuit on Dec. 13 and the settlement was reached on Dec. 20, said assistant city attorney Douglas Philiph.

"It's good for the community because all of the problems caused by that establishment are finished," he said.

Club City representatives could not be reached for comment.

The club's management is in the process of vacating the building and the city plans to dismiss the lawsuit if Club City honors the agreement, Philiph said.

The closure was greeted favorably by many nearby residents.

"It's good news for the neighborhood," said Jim Bollard, president of the Bloomfield Allen Neighborhood Association. "I never like to see a business close, but Club City wasn't doing anything to add positive value to our neighborhood."

Bloomfield Allen residents and several other neighborhood groups lobbied city officials for several months to take action against Club City and other after-hours clubs.

The late-night spot was one of several Des Moines clubs that allow patrons to bring alcohol inside after 2 a.m., when liquor-licensed establishments close.

The City Council passed an ordinance in early December to tighten regulation of such nightclubs. The after-hours clubs are now governed much like bars and restaurants with liquor licenses.

They are subject to police, fire and health inspections and owner background checks.

The future of Club City's former location is unclear.

A new liquor license application for the site is pending with the State of Iowa Alcoholic Beverages Division.

Johnny Hall, address unknown, is listed as the applicant. Hall, who could not be reached for comment, does not have any other liquor licenses in Iowa, according to state records.

Club City's final night of business ended with more of the same incidents that compelled residents and city leadership to push for its shutdown. Police responded to reports of shots fired, a dispute and a fight before Club City's last night expired.

The property that housed Club City is owned by Melody Petry of Council Bluffs.

Joseph Thornton, a Council Bluffs attorney who represents Petry, said the owner wants a tenant who is a "contributing member of the community."

"We don't want to go into detail about it, but the reality is (Club City) is no longer a tenant and that was by mutual agreement," Thornton said.

Residents such as Bollard want the next establishment that opens for business at Club City's former location to be different.

"Hopefully, whatever business goes in there will be a better neighbor," he said.

<http://desmoinesregister.com/apps/pbcs.dll/article?AID=/20070111/NEWS/701110318/1001/NEWS>



**12. WDM Considers After-Hours Club Regulations**

By Jared Strong, Staff Writer – *Des Moines Register*

January 12, 2007

The West Des Moines Police Department is pushing for city leaders to pass an ordinance with more regulations for after-hours nightclubs, similar to one recently passed by the Des Moines City Council.

Police Lt. Jeff Miller said the city’s public safety committee has reviewed Des Moines’ ordinance and supports adopting it in West Des Moines. Two City Council members serve on that committee.

Des Moines passed its ordinance after several violent incidents at an after-hours club on the city’s south side. Such clubs allow patrons to bring their own alcohol after 2 a.m., but do not have liquor licenses. The new rules subject clubs to police fire and health inspections, background checks and licensing processes.

Miller said the city’s legal department will now review the ordinance, and “eventually we hope to have it in front of the city council.”

<http://www.desmoinesregister.com/apps/pbcs.dll/article?AID=200770112045>



# 13. Deny Liquor License, Store's Neighbors Urge

By Jason Clayworth, Staff Writer – *Des Moines Register*  
January 12, 2007

### Downtown residents cite troublesome patrons; the owner suspects racism.

A dispute between residents of a downtown high-rise and the man who runs a convenience store in the building has escalated to accusations of racism and a fight for the immigrant store owner's liquor license.

Some who live at the Plaza condominiums, 300 Walnut St., blame Snehi Yavanam for vomit, human waste and litter left in lobby areas by homeless customers who buy beer and other alcohol from his Plaza Pantry. Tenants and several nearby business owners say Yavanam caters to a down-and-out clientele with individual cans of beer and half-pints of cheap liquor. His customers then congregate in lobbies to harass women, start fights and smash bottles, according to critics who have petitioned City Council members to deny Yavanam's liquor license renewal.

The council this week took the unusual step of asking for a state audit of Yavanam's financial records to determine whether he violates terms of an agreement that licenses Plaza Pantry like a grocery store, where no more than half of all receipts can come from alcohol sales. Stores that surpass the threshold are typically relegated to areas zoned for entertainment. Several other downtown convenience stores also operate under the 50 percent rule. City officials can grant permission to break it.

Officials in the state office agreed to do the audit.

Yavanam says store records and tax returns show that 18 percent of the pantry's total sales are from beer, alcohol and cigarettes. But Councilwoman Christine Hensley, who represents much of the downtown area, said the audit is needed to determine whether the figures are accurate.

"All you've got to do is walk in there; it's a liquor store," she said.

Yavanam, meanwhile, vows to continue the sale of single cans and half-pint bottles, which Plaza tenants have asked him to suspend. Such a move would cut into food sales and hurt the entire business, he said.

"If I have to choose just to satisfy somebody, it defeats the purpose of being an independent owner," he said.

Yavanam, who owns the space where he does business, says he turns away problem customers, ushers some out of the building, and has reduced hours in an attempt to appease neighbors.

The business opened in November 2004.

"I have not broken any laws," he said. "Some people are mad at me, obviously, but I'd say, 'Hey, you have to deal with that.' "

Not everyone at the Plaza is upset with Yavanam.

Steve Person wrote the council to say he is "appalled" by the "vigilante committee" that has taken aim at the store.

"Just because certain residents find some patrons distasteful, I say, 'Big deal!' " Person wrote. "The actions of these people in the building make me ashamed to say that I am a resident of The Plaza."  
  
Attorney Michael Culp, whose law firm is in the Plaza, blamed the pantry's customers for cockroach problems and other filth.

"We have had intoxicated individuals panhandle us and come into our office harassing our staff," Culp wrote in a letter to the city.

Yavanam, who came to the United States from India 10 years ago, believes racism is behind the effort to strip his liquor license.

"Maybe they have a problem with the color of my skin," said Yavanam, who claims one of the petitioners, Frank Fogarty, wants to retaliate for an earlier refusal to grant a 5-cent refund on a broken bottle.

Fogarty said he sometimes returns cans found around the building that he believes originated at Plaza Pantry. He denies the accusation that he threatened Yavanam.

"I'm smarter than that," Fogarty said, adding that his wife is among those who have been verbally harassed by Plaza Pantry customers.

"That, of course, motivated me very quickly," he said.

The council rarely denies liquor license renewals but has on occasion taken action to close problem businesses.

Members passed an ordinance last month to tighten regulation on nightclubs that allow patrons to bring in alcohol after 2 a.m. The council will decide on Yavanam's license after the audit. Yavanam can sell alcohol in the meantime.

Richard Copeland, who lives at the YMCA, shops regularly at Plaza Pantry.

The controversy "just seems to me like a lot of big money people trying to close down a small business," he said "It doesn't seem right."

<http://www.desmoinesregister.com/apps/pbcs.dll/article?AID=2007701120365>



**14. Kum 'n' Go Robber Fights for Wings 'n' Beer**

Staff Report – *Des Moines Register*

January 13, 2007

Des Moines Police are looking for a man who fought a convenience store clerk early Saturday morning for buffalo wings, chocolate and beer.

A store clerk at Kum & Go, 2930 Hickman Road, reported that a black man wearing a hat and black coat came into the store and took two boxes of Friday’s Buffalo Wings, four Nestle Crunch Bars and two 12-packs of Corona bottles.

When the man left without paying, the clerk said he followed him to the door and touched him on the shoulder to tell him to pay. The man turned to punch the clerk, who dodged the swipe, according to the report.

The two fought before the man left. The clerk had a torn shirt, red marks and scratches on his chest from the scuffle.

<http://www.desmoinesregister.com/apps/pbcs.dll/article?AID=200770113002>



**15. New Charges Considered Related To ISU Beer Party Death**

*KCCI*

January 16, 2007

AMES, Iowa -- New charges were considered Tuesday related to the death of an Iowa State University student.

Four former Iowa State students face charges of providing alcohol to Shanda Munn, who at the time was a minor.

Munn, 21, pleaded guilty in October in the hit-and-run death of Kelly Laughery, 20, in the early-morning hours of Dec. 3, 2005.

Earlier, Munn told a judge she had six to eight drinks at a party before getting behind the wheel.

Story County Attorney Steven Holmes said that now that he has wrapped up the case against Munn, he is ready to move forward with more criminal charges in the case.

Jody George, Nicholas Tonelli, Anthony Galante and Kelly Campbell are all accused of providing alcohol to a minor resulting in the death of Kelly Laughery. The charges stem from a party held at an Ames apartment complex in December 2005, and are connected to the case against Shanda Munn.

"Much of the information that was developed against Miss Munn is the investigation or forms the basis of the charge," Holmes said.

Holmes said that includes photos and video from the party later posted on the Web site MySpace.com. Holmes wouldn't comment on the nature of the photos, but others who have closely followed the case said it's clear that Munn wasn't the only minor at the party.

"Other minors were at that party, and they obviously were not thinking of the consequences of providing large amounts of alcohol to minors," said George Belitsos, the director of Youth and Shelter Services in Ames, who continues to push for keg registration legislation at the state level.

There are already 23 counties with some type of keg law. Belitsos believes that cutting down on access is the answer to preventing such tragedies in the future.

<http://www.kcci.com/news/10765210/detail.html>



**16. Polk County Uses Keg Ordinance In Case**

*KCCI*

January 12, 2007

## Altoona Woman Charged With Providing Alcohol

DES MOINES, Iowa --It may be the first time law enforcement officials in Polk County have seen the results of a new county ordinance that tracks beer kegs.

Police said they tracked down an Altoona woman who supplied beer to a group of Southeast Polk High School students.

A vacant house, now on property owned by the Metro Waste Authority in eastern Polk County, is sometimes used by Southeast Polk High School as a classroom.

Police said that on Jan. 2, a small group of Southeast Polk students went to the vacant house for a keg party. A Metro Waste Authority staff member caught wind of the bash, and a deputy crashed the party.

The deputy quickly learned from where the keg came by looking at its sticker. "With that tag on the keg, then he was able to go find out that the keg was bought at the Last Stop Beverage Shop on East University Avenue," said Polk County sheriff's deputy Lt. Dave Knight.

The Last Stop Beverage Shop in Des Moines has a written record of who bought the keg because a county ordinance that took effect last summer requires all liquor stores to document all keg sales.

"I've got to take your driver's license number off it and your address, and what day you bought it," said Jim Swacker of the Last Stop Beverage Shop.

Police said that the information led them to the keg's registered buyer, Julie Grace, 22, of Altoona.

She was charged with providing alcohol to minors.

Polk County authorities said it's the first time they have used the keg ordinance to track someone who supplied a keg to minors.

"When we have accidents, when underage kids are involved and alcohol is there and somebody's hurt, we want to know where it's going and where it's coming from," Knight said.

Supplying alcohol to minors is a serious misdemeanor.

If someone later gets hurt or killed and police trace another buyer as the source of the alcohol, the charge is much more serious.

A deputy's report lists more than a dozen students' names tied to that party.

The sheriff's office sent those names to Southeast Polk school administrators.

<http://www.kcci.com/news/10735893/detail.html>



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

**17. French Quarter Struggles to Regain Its Groove (Louisiana)**

By Cain Burdeau – *Associated Press*

January 18, 2007

**16 months after Hurricane Katrina, the French Quarter is in a funk**

**After Katrina, tourism and fun declined in the iconic New Orleans neighborhood.**

New Orleans, La. - The hookers are back on Bourbon Street. So are the drug dealers, the strippers with names like Rose and Desire, the out-of-town businessmen, the college students getting blitzed on candy-colored cocktails and beer in plastic cups.  
  
But a closer look reveals things are not back to the way they were in the French Quarter. Sixteen months after Hurricane Katrina, New Orleans' liveliest, most exuberant neighborhood is in a funk.

"The money's not the same," said Elizabeth Johnson, a manager and dancer at a Bourbon Street strip club, frowning at another slow night. "I remember when I made $1,200 a night. I know girls who used to never let people touch them, and now they're resorting to prostitution."

The Quarter still has its characters - palm readers, magicians, street musicians, mimes. But the cheap fun is largely confined to the weekends these days, and seven-day-a-week stores, restaurants and clubs such as Preservation Hall are cutting back on their hours. The nonstop party is no more.

**Alex Brandon/Associated Press**

**Even the street signs on Bourbon Street are a little**

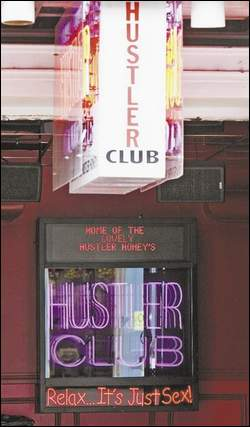
**tipsy in the French Quarter of New Orleans,**

**Wednesday, Jan. 17, 2007. Things are not back to**

**the way they were in the French Quarter – sixteen**

**months after Hurricane Katrina, New Orleans**

**&apos; liveliest, most exuberant neighborhood is in a funk.**

The "cams" - real-time camera footage of Bourbon Street, shown over the Internet - are dull on weekdays. Dixieland bands play to empty barrooms.

"The Quarter rats are drunk and high still, but they're less drunk," bartender Dawn Kesslering said.

In the Lower Quarter, the district's residential half, where people walk poodles and neighbors share clothes lines in galleried courtyards, old-timers do not see as much zest around them.

"It's become far more homogenous, far more middle-class than working-class," said John Dillman, who sells used books.

In 2004, the last full year before Katrina struck, about 10 million visitors came to New Orleans, most of them drawn by the French Quarter. In 2006, just more than 5 million came.

**The Hustler Club is one of the**

**many businesses in the French**

**Quarter of New Orleans, where**

**the liveliness — and the tourist**

**numbers — suffered after Katrina.**

"Every time they'd see CNN, Fox, they'd show flooded streets," said Earl Bernhardt, owner of several Bourbon Street nightspots. "Everybody thought there was nothing to come back to."

In truth, the French Quarter was largely untouched by Katrina's fury. But it suffered financially anyway.

Some nightspots really are gone. O'Flaherty's, an Irish pub known for its soul-warming reels and TVs tuned to World Cup soccer, is gone. So, too, is the 125-year-old Maison Hospitaliere, a nursing home that began as a home for Confederate widows. Bella Luna, La Madeleine and the Old New Orleans Cookery - some of the popular eateries - fell victim to Katrina.

After Katrina, waves of hurricane refugees and looters filled the French Quarter's streets. Then, soldiers in red berets and boots took Bourbon Street by storm. Then came the world's journalism corps, construction workers and prostitutes.

But now it is so quiet, many people feel afraid to walk the streets at night.

"I live by myself with my dog, so I really have to be careful," said Mikal Matton, a saleswoman at a jewelry shop. "That really bothers me."



# 18. Grocery Chains Push to Sell Beer and Wine - Wegmans, Acme Take Different Paths (Pennsylvania)

By Harold Brubaker – *Philadelphia Inquirer*

January 11, 2007

Beer and wine in Pennsylvania supermarkets?

Unlikely as it seems, two Pennsylvania grocery chains are pushing in that direction.

Wegmans Food Markets Inc. plans to buy liquor licenses for its 11 Pennsylvania stores, first selling beer for takeout and eventually beer, wine and spirits to drink in the stores' cafes.

Wegmans' move is not the radical step many Pennsylvania shoppers wish for - namely having beer and wine on the supermarket shelf just like any other packaged good - but it edges closer and has potential to cause a shift in the state's tightly regulated market.

But Acme Markets Inc., the Philadelphia region's largest supermarket chain, would like to go further than Wegmans, saying in Food Trade News last month that a top regulatory issue this year would be a push to sell beer, wine and alcohol at its Pennsylvania stores.

The Malvern company, which has full liquor stores at a couple of sites in New Jersey, did not return calls yesterday seeking comment.

Wegmans, of Rochester, N.Y., has agreements to buy restaurant liquor licenses for five of its stores in the state and is seeking licenses for the Warrington and Downingtown locations, spokeswoman Jo Natale said yesterday.

Weis Markets Inc. has been selling takeout beer since Labor Day at a store in the Poconos and is getting a license for a Lehigh County store, said Dennis Curtin, spokesman for the Sunbury, Pa., company.

"The fact that these are grocery-store chains makes it more like a one-stop-shop situation," said Jay Wiederhold, president of the Pennsylvania Beer Wholesalers Association.

The availability of beer in supermarkets means shoppers who don't drink beer but need to pick some up for guests no longer have to choose between a trip to a bar for a six-pack or the purchase of an entire case at a distributor.

That could hurt distributors, said David Shipula, president of the Malt Beverage Distributors Association of Pennsylvania. "One or two stores won't matter, unless you're right next to them," he said. "If it spreads to 500 stores, sure it will have an impact."

Distributors face tight restrictions on what they are able to sell, said Shipula, whose family has had a license to sell beer in Wilkes-Barre since 1949. Everything they sell needs approval by the Pennsylvania Liquor Control Board.

For decades, supermarkets have not been able to sell beer and other alcoholic beverages under Pennsylvania's convoluted regulatory system, but the shift in food retailing toward huge stores with spacious dining areas has made it possible for supermarkets to obtain restaurant liquor licenses.

At supermarkets, the sit-down cafe - with at least 30 seats and tables - must be separated from the store, and shoppers must pay for the beer at a separate cash register, just as they must do at the state liquor stores that opened in 20 supermarkets since early 2004.

Even so, customers appreciate it, said Curtin. "When you are a supermarket company, that's the name of the game, one-stop shopping."

While Acme has said it would seek changes in the liquor-control laws, Wegmans was more reticent. Natale said the chain would love to sell bottles of wine at its stores in Pennsylvania, as it has done in Virginia and New Jersey, but has "no plans to actively pursue a change in the law."

Getting any change to the liquor code in Pennsylvania is an uphill battle. Gov. Rendell spokeswoman Kate Philips said, "He's not looking to change the law now."

Mike Cortez, vice president and general counsel at Sheetz Inc., a large convenience-store chain based in Altoona, Pa., said business was learning to adapt to Pennsylvania law.

In 2004, Sheetz received LCB approval for a license to sell takeout beer at a superstore with a restaurant in its hometown. The malt-beverage group challenged the approval in court, so the store has not started selling beer there yet, Cortez said.

"We're hopeful that we will be able to sell beer at that location," he said. Sheetz sells beer in Ohio, Maryland, West Virginia, Virginia and North Carolina. "The only state that we don't sell beer in at some locations," Cortez said, "is Pennsylvania."

<http://www.philly.com/mld/inquirer/business/16431322.htm>



**19. Senate Hearing to Examine Liquor Board Hire (Pennsylvania)**

By Tom Barnes, *Post-Gazette* Harrisburg Bureau

January 14, 2007

HARRISBURG, PA -- For years, the state Senate has confirmed gubernatorial nominees to the Pennsylvania Liquor Control Board, which meets once a month and pays its members about $65,000 a year.

But senators didn't have anything to say last month, when one of their own, retired Sen. Joe Conti, R-Bucks, was named to a $150,000 post called chief executive officer of the LCB. It's a hands-on position for day-to-day management of the $1.7 billion-a-year wine and spirits agency, a job that hasn't been filled for 20 years.

The three-member board voted 2-1 to go along with Gov. Ed Rendell's choice of Mr. Conti for the job. Board members Patrick Stapleton and Tom Goldsmith voted for Mr. Conti and then-board Chairman Jonathan Newman voted against.

Not only did Mr. Newman take the unusual step of opposing a gubernatorial choice, he followed it up with the even more unusual action of publicly criticizing the governor for making a "heavy-handed political" move. The governor quickly named Mr. Stapleton, who's been on the board for 10 years, as the chairman.

Because of the upheaval at the LCB, Sen. John Rafferty, R-Montgomery, said the Senate Law and Justice Committee, which he chairs and which oversees liquor issues, would hold a hearing Jan. 23 into how the new boss was chosen and whether politics played a role. As a senator, Mr. Conti had supported some of Mr. Rendell's top priorities, such as raising the personal income tax and legalizing slots casinos.

The hearing also will examine more traditional LCB-related issues such as sales and profits, as well as innovations such as "one-stop" liquor stores in a few supermarkets around Pennsylvania.

Mr. Rafferty said Mr. Stapleton, Mr. Goldsmith, Mr. Newman and officials from Mr. Rendell's staff would be invited to testify at the hearing.

Sen. Sean Logan, D-Monroeville, is the minority chairman of Law and Justice, but he's also a political ally of Mr. Rendell's and didn't want to comment on the Jan. 23 session.

Mr. Newman resigned from the board two weeks ago in protest of the Conti selection, which, he said, board members had no part in and were simply expected to rubber-stamp. Mr. Newman said he didn't think there was a need for a chief executive officer, especially at a salary as high as $150,000 a year.

And even if the state wanted to pick a CEO, he said, the administration should have done a national search to find the best-qualified candidate.

Mr. Conti has declined comment on the matter, but Rendell aides have been unhappy with the news coverage of his selection, which, they complain, has focused on Mr. Newman's remarks and not the reasons a CEO is needed.

Mr. Stapleton and Mr. Goldsmith agree that a CEO has been needed for a while, saying that any business as large as the LCB, with 643 wine and spirits stores and $1.7 billion in revenue each year, requires one person to centralize the various operations of the agency.

"We have many competing needs and requirements" within the LCB, Mr. Stapleton said, such as marketing and advertising, alcohol education (about the dangerous of overuse), new product selection, real estate (for new stores), store hours and operations, labor relations and others.

The LCB had an executive director until the position was abolished in the 1980s under then-Gov. Robert P. Casey.

Since then, Mr. Stapleton said, "There has been no central figure to coordinate all those functions. It was becoming obvious to me that we missed having one person to do that coordination. No other company would operate that way."

Mr. Newman said that he, as chairman, was performing much of that day-to-day oversight at a salary of $65,000, far less than what Mr. Conti will make. Mr. Newman, who is a Republican from suburban Philadelphia, said he feared that, under the new setup, with a powerful CEO, board members might become "a paper tiger" with little to do.

Mr. Goldsmith, who is a Republican from Easton, and Mr. Stapleton, a Democrat from Indiana County, didn't see politics as playing a role in Mr. Conti's selection.

"The governor is a Democrat and Joe Conti is a Republican who has said he won't get back into elective office. What is the political advantage for the governor?" Mr. Goldsmith said.

He said Mr. Conti had chaired the Law and Justice Committee before Mr. Rafferty and, thus, knows about state oversight of liquor stores. He said Mr. Conti's family owned two restaurant/bars in Bucks County and knew about the liquor business from the retail side, too.

"Mr. Conti isn't a political hack. He's an accomplished individual," Mr. Goldsmith said. "When I heard about it, my reaction was that it's a great choice."

Mr. Stapleton said that, while Mr. Newman did much to expand the LCB's wine operations over the past four years, he shouldn't get all the credit for improvements in the state system.

Legislators, the governor, people within the liquor industry and other LCB officials also have made suggestions to make it better, such as "one-stop shops," where liquor stores operate within larger grocery stores, or allowing more state stores to open on Sundays for customer convenience, or selling corkscrews, mixers and other liquor-related products within LCB stores.

"Joe Conti knows the culture and history of the LCB. I think he's a perfect choice," said Mr. Stapleton.



**20. Bill Proposes Sunday Alcohol Sales (Excerpt) (Georgia)**

By Dave Williams – *Gwinnett Daily Post*

January 12, 2007

ATLANTA - Local governments across Georgia could choose to allow Sunday sales of beer and wine in supermarkets and convenience stores under legislation introduced Thursday by a Republican senator.

The bill would authorize city and county elected officials to put Sunday alcohol sales before voters in their communities.

Indeed, local control promises to be a major argument legislative backers will use in trying to sway their colleagues to disregard expected opposition from Christian conservatives and support the measure.

"I believe strongly that we as senators have our first responsibility to the citizens of our respective districts,'' Sen. Seth Harp, R-Midland, the bill's chief sponsor, said Thursday in a speech on the Senate floor. "The opportunity to allow them to make that decision is one of the most fundamental rights that exists in our form of government.''

The General Assembly passed legislation a decade ago allowing local-option Sunday sales of alcoholic beverages in bars and restaurants.

But the legislature has rejected periodic efforts since then to extend the law to retail stores.

<http://www.gwinnettdailypost.com/index.php?s=&url_channel_id=32&url_article_id=23583&url_subchannel_id=&change_well_id=2>



**21. 1939 Idaho Law Banning Booze, Politics Goes Down Harsh for Dispensary Employees (Idaho)**

*Twin-Falls Times News*

January 12, 2007

BOISE -- Since 1939, hard liquor and politics in Idaho haven't mixed -- at least for employees of the state agency whose stores sell spirits.

The head of the state Liquor Dispensary now is trying to get lawmakers to repeal the 67-year-old law forbidding his staff from engaging in partisan politics, including joining a political party, making campaign contributions or even sticking candidate bumper stickers on their cars.

James "Dyke" Nally, dispensary superintendent, says other state agencies aren't governed by similar restrictions, so the law should be changed to make things uniform for all of Idaho's 19,000 state workers.

The statute is another reminder of conservative Idaho's uneasy relationship with alcohol, a throwback to an era when lawmakers feared blending boozing and schmoozing in the liquor dispensary could produce a cocktail too volatile to allow.

Nally says the law probably harks back to those post-Prohibition days when polling places were still located in taverns and voting for candidates, no matter how distasteful, might be washed down with a double on the rocks.

"I think it came from the old days . . . when people would pile everybody into the back of the truck and head down to the saloon to vote," Nally said.

His agency includes 170 full-time employees who oversee some 160 stores across the state.

According to 1939 code, "No officer or employee of the dispensary shall, while holding such office or position, serve on or be a member of any committee of any political party, nor shall he, directly or indirectly, use his influence to induce any other officer or employee to adopt his partisan political views, nor shall he actively engage in or contribute to partisan primary or election campaigns."

This isn't the only teetotaling-related quirk still on Idaho's books.

In Rexburg, a bastion of the alcohol-eschewing Church of Jesus Christ of Latter-day Saints deep in the state's east, cocktail sales have been forbidden since 1947. There isn't a bar for miles, and some national chains, including Applebee's Neighborhood Grill and Bar, have dropped plans for expansion there because of the booze ban.

Also, many towns don't allow liquor sales on Sundays.

Others such as Boise, the state's most-populous, have bellied up to the bar and repealed such prohibitions.

If Nally persuades lawmakers to dump the law affecting dispensary employees, they'd fall under the state personnel act. It forbids them from holding office, using their positions to influence elections or coercing other state employees to contribute to campaigns or participate in politics -- but permits just about everything else.

That includes joining political parties, displaying bumper stickers, political campaign contributions and working on campaigns.



**22. V&S to Fight California Wine Ruling (California)**

***Just-drinks***

**January 11, 2007**

V&S Group has vowed to appeal against a ruling from a Swedish court that said the company had infringed the trademark rights for Californian wine brand Golden Gate.

The state-owned spirits and wine group said it will fight a Stockholm court's decision to award ownership of Golden Gate to California wine company The Wine Group.

The court ruled that Golden Gate, the best-selling white wine in Sweden, belongs to Golden State Vintners, a wine producer bought by The Wine Group in 2004. V&S was ordered to pay unspecified costs to The Wine Group for the trademark infringement.

However, a V&S spokesman told just-drinks today (11 January) that the company would battle on in its quest to gain ownership of Golden Gate.

He said V&S had been selling Californian wine in Sweden since the mid-1990s and in 1998 - with the backing of Golden State Vintners - decided to use the Golden Gate brand name.

"The wine has been sold for eight years under that name. Golden State Vintners had been in full agreement," the spokesman said. He said "the situation changed" after The Wine Group bought Golden State Vintners and the new owners sought to claim ownership of the brand.

The Wine Group CEO David Kent said the company was "pleased" at the court's verdict. "The court's ruling allows us to bring back into Sweden the original Golden Gate wines," he said.

"We have requested that [Swedish alcohol retail monopoly] Systembolaget suspend sales of all counterfeit Golden Gate wine in Sweden until the authentic wines are returned to the market."

Kent added: "We are surprised that the owner of the Absolut vodka brand would tolerate, let alone engage in, the substitution of authentic liquid sold under any brand in export markets."

V&S produces a range of spirits including Absolut vodka and Plymouth Gin. The Wine Group is the world's third-largest wine producer by volume.



**23. Boilermakers Will be Back in Bars if Law Passes (Nebraska)**

By: Johnny Perez

January 16, 2007

The list of specials available in Nebraska's bars, taverns and pubs could expand slightly to include things like Depth Charges or Irish Car Bombs under a new piece of legislation proposed by Sen. John Synowiecki of Omaha.

LB251 aims to repeal a decades-old statute in the Nebraska code that prohibits liquor licensees from serving "boilermakers" - pints of beer that have shots of additional liquor added to them.

This is not the first time a Nebraska senator has tried to take the law off the books.

Based on a statute originally adopted in 1935, no person or liquor licensee in Nebraska is allowed to sell "any beer to which has been added any alcohol," nor can anyone "add any alcohol to any beer on the premises of such person or licensee."

The law's age is the root cause of its impracticality, Synowiecki said, citing a claim that Nebraska was the only state in the United States with such a law still on the books.

Synowiecki also pointed to common drinks served in bars in the state and country that typically include alcohol contents of more than 40 percent - such as the ubiquitous Long Island Iced Tea.

Adding one or two shots of liquor into a glass of beer with a 5 percent alcohol level would not come close to reaching these levels, he said.

"It just doesn't make any sense in terms of the fact that higher alcohol percentage drinks are legal," Synowiecki said.



# 24. Teen Drinking Parties Will Not be Tolerated (Alabama)

*Clarke County Democrat*

January 11, 2007

The Jackson Police Department has received several reports from concerned citizens regarding "open house parties." Open house parties are parties where teenagers gather at a residence and are allowed to consume alcoholic beverages.

"We have received several reports, after the fact, regarding open house parties. We have been told that parents have allowed teenagers to gather at their residences and consume alcoholic beverages with the parents in attendance," said Jackson Police Chief Charles Burge. "Apparently this was quite common during the Christmas break," Burge added.

"Parents need to understand they are putting themselves at tremendous liability if an underage person consumes alcoholic beverages and leaves the party and is involved in an accident," said Burge.

In addition, the parents face criminal charges for "Allowing an Open House Party" is a Class B misdemeanor, punishable by a fine of up to $500. Those convicted could also face a jail sentence of up to six months.

Underage persons attending such a party also face criminal charges. The Jackson Police Department has a "zero tolerance" for underage drinking. "Parents need to understand that if we receive a complaint regarding this type of activity, they are going to be arrested," said Burge.

<http://www.clarkecountydemocrat.com/news/2007/0111/Community/024.html>



# 25. Borough Eyes Per-Drink Tax (Pennsylvania)

*Centre Daily Times*

January 14, 2007

STATE COLLEGE -- If 2006 was the year of the bad drunk, 2007 may well become the year of the backlash.

The Borough Council has begun to consider a per-drink tax on beverages sold at bars and restaurants, council members confirmed last week.

State rules make no provision for local entities to tax alcohol, but council members said they hope to press legislators into changing those rules.

The idea, Councilman Tom Daubert said, is to draw revenue from sectors that put a burden on the borough budget.

"It's to get some money in to take care of some expenses -- primarily police expenses -- that are due to overindulgence in alcohol," Daubert said.

He said the borough may discuss a local tax in the 5 percent range, though some early discussion put the number closer to 10 percent. It's not clear how much revenue such a tax could create.

Pennsylvania already imposes an 18 percent alcohol tax that generates more than $200 million a year for the state budget.

State College restaurateur Dave Fonash said he understands the Borough Council concern with alcohol-related trouble downtown.

But "on the flip side, we don't have a lot of incidents at the establishments we own," said Fonash, a co-owner of Zola New World Bistro and Alto restaurant (located in Lemont). "In that regard, I'm not overly thrilled about the idea. It's hard enough being a business owner, let alone being in the restaurant industry (and facing) additional taxes."

**Numbers and allies**

In the Centre Region, State College police handle about 7,000 to 8,000 alcohol-related calls each year, police Lt. Dana Leonard said. Alcohol is connected to half to two-thirds of total crimes logged in their service area, which includes College and Harris townships.

Last year brought a higher profile to those crimes, as police logged a record 484 DUI arrests. They also investigated a stabbing at a downtown bar, a fatal crash in which the driver may have been drunk, and a hit-and-run pedestrian wreck that may have involved alcohol.

Earlier, from 2001 to 2004, alcohol-related crime increased by 16 percent in the borough alone, according to police statistics.

Borough and university executives, in a closed-door meeting in November, discussed the prospect of a per-drink tax to raise revenue, Council President Cathy Dauler said.

"I think we all agreed that it's something we should work on together," Dauler said. "That's encouraging."

Penn State spokesman Bill Mahon confirmed that the university will support the borough effort. PSU has a lobbying presence in Harrisburg.

"We think it is logical for the businesses that sell the alcohol and their customers to help pay for the public resources that the borough spends to deal with the problems connected to alcohol," Mahon wrote in an e-mail.

The State College Police Department, with a $7.29 million budget for 2007, consumes almost half the borough's general-fund expenses. Police costs have grown about 20 percent in the past four years.

An emergency-and-municipal-services tax, a $52 fee paid by people employed in the borough, yields about $1 million per year for State College. Its fate in the General Assembly, however, is uncertain, Dauler said.

At the same time, the borough is projecting slim revenue increases from its cash cows: the earned-income and property taxes. The trend, in time, could put a squeeze on borough services or force tax rates higher.

But Daubert said the alcohol-tax idea is meant only to shift more fiscal responsibility to a group that commands more police time.

"I don't think it would be a hardship on people who are consuming," he said.

West Chester, home to West Chester University, has lobbied for a similar measure for two years.

"I guess you couldn't say we've had a whole lot of traction in the state legislature," West Chester Borough Manager Ernie McNeely said.

Still, McNeely said, his borough is "very glad our friends in State College are joining us in this effort."

**Tax vs. punitive fees**

A recent economic-impact analysis by the Pennsylvania Economy League suggested an alcohol tax as a fiscal fix for university towns.

The state League of Cities and Municipalities has hosted some early discussion about the idea, deputy executive director Richard Schuettler said.

He said the league soon will review the legislative viability of several new tax ideas, including the alcohol tax. Daubert is a league board member.

Odds for the tax will depend heavily on Centre County legislators and on liquor-industry lobbyists, said Robert Speel, a Penn State professor of political science.

Another key element will be the position of the state Liquor Control Board, he said. An LCB representative could not be reached Friday.

State Sen. Jake Corman, R-Benner Township, said the borough had not yet approached him about the issue. He said he is reserving judgment.

Likewise, state Rep. Scott Conklin, D-Rush Township, has not yet held any discussions with the borough, said his chief of staff, Tor Michaels.

"We're all ears," Michaels said. "Our door is open; our phone lines are open to any member of State College Borough Council any time."

State Rep. Kerry Benninghoff, R-Bellefonte, said he would like to see a proposal. Generally, he said, he would not favor a tax "that hits people broad-base."

"I would prefer punitive charges for those who abuse alcohol, maybe something additional on a citation," Benninghoff said.

Mike Desmond, a partner in the Hotel State College & Co., said he wasn't sure that a local tax would be viable. It could "create an unlevel playing field" for the borough, he said.

Desmond said a comprehensive, statewide review of alcohol taxes could yield a more fair system and make Pennsylvania's liquor stores more competitive with neighboring states.

Like Fonash and Benninghoff, he would prefer to see a punitive approach rather than a broad local tax, he said.

"Taxing the general population for the behavior of very small group in the population -- it just doesn't seem to make sense," Desmond said.

<http://www.centredaily.com/mld/centredaily/16456656.htm>



**26. Bottle Law Awaits Illinois Governor's Signature (Illinois)**

By Kevin McDermott – *Post-Dispatch*

January 15, 2007

SPRINGFIELD, Ill. - When state liquor-control regulators last summer told more than a dozen Chicago nightclubs that their trendy practice of serving entire bottles of hard liquor to patrons for in-house consumption was illegal, the clubs quickly responded.

They called in their lobbyists, made their political contributions, and now are on the verge of getting the law changed.

Legislation to legalize the practice was passed in the final hours of the Illinois Legislature that adjourned Tuesday, and now is awaiting action by Gov. Rod Blagojevich. If he signs it, licensed establishments throughout Illinois will have permission to sell full bottles of vodka and other spirits to patrons for consumption at their tables.

Anti-alcohol activists say the "bottle service" uncorks dangers of over-consumption and underage drinking. They say that's why it has been illegal.



**27. Bill Eyed to Force Drivers in Serious Crashes to Take Alcohol Test (Massachusetts)**

By Ed Baker - *Weymouth News*

January 16, 2007

Vibert died when her 1998 Toyota Camry was stuck from behind by a 2006 Ford Explorer driven by Thomas Griffin, 27, an off duty Boston police officer on the southbound side of the Southeast Expressway at 2:21 a.m. on Aug. 12.

Hynes said his proposed legislation with Wallace will require all drivers who are in a serious motor vehicle accident to have their blood tested for alcohol content.

"The second provision of the bill is that all drivers involved in a crash that involves catastrophic injury or death will be tested for drinking," he said.

The legal department of the House of Representatives is reviewing the legislation for its constitutionality and legalities.

State Sen. Robert Hedlund, R-Weymouth, said the legislation will need some adjusting.

"I was going to be a co-sponsor of the bill, but what we are discovering is the bill as proposed is unconstitutional so it's back to the drawing board," he said.

Hedlund said some legal department members see the requirement for a driver to submit to a blood-alcohol test as self-incriminating.

"That is the advice we have been getting from the counsel," he said. "We are trying to address the issues and iron out the constitutional issues it presents. It's still a bill that is in the works."

Hynes said the proposed legislation is similar to a federal law that requires drivers of commercial trucks to have their blood level tested for alcohol content following a serious motor vehicle accident.

"We are taking that principle and saying anybody who is involved in a passenger vehicle accident which results in a death or catastrophic injury will be tested," he said.

The proposed legislation calls for installing ignition locks on the cars of drivers convicted of drunk driving.

"One of the provisions of the legislation is after a person is convicted of a first drunk driving offense, they will have to have an ignition lock installed in their car," Hynes said. "A driver will have to blow into the device to demonstrate they have not been drinking, and the car won't start if they have been or don't blow into the ignition lock."

He said the proposed legislation is an attempt to keep the momentum going against drunk driving in Massachusetts.



# 28. Small Wineries Need the Ability to Distribute (Virginia)

*Roanoke Times*

January 16, 2007

Manley is owner of West Wind Farm Vineyard and Winery in Max Meadows.

Recently The Roanoke Times published a commentary piece written by James Archer of Blue Ridge Beverage, a distributor in Salem ("Wine solutions should help everyone," Dec. 28). While his piece seemingly took a more reasonable tone than those written previously, it was still chock-full of hyperbole and irrational alarm. Additionally, it generally missed the point.

All that the 110-plus family-owned Virginia wineries have ever sought is access to the same marketplace in which Blue Ridge Beverage and other distributors in the commonwealth operate. No one seeks to dismantle the three-tier system of alcohol distribution or supports chaos reigning in Virginia's beverage market. Barring our participation in the marketplace flies counter to the values of the free market and entrepreneurial spirit that caused many of the Virginia wineries to become established in the first place.

From 1980 until July of this year, Virginia wineries collected the same taxes and filed the same reports as did Virginia distributors. Instead of doing it primarily for companies like Anheuser-Busch and Gallo, we did it for our own small, independent operations.

For 26 years, the system operated with efficiency and was a model for the rest of the United States. The commonwealth worked hard to build its wine industry to one of national renown and respect. Unfortunately in July, Virginia effectively cut the legs out from under the same wine industry that it worked so hard to build.

Returning the ability to self-distribute their own products to Virginia wineries would underscore the importance of free enterprise and small business and return Virginia to its rightful place as a national model for building a state's wine industry. Legislation is being introduced by Del. Chris Saxman of Staunton and Sen. John Watkins of suburban Richmond to address this issue. On the House side, the bill that would allow small farm wineries (under 3,000 cases production) to return to the marketplace is H.B. 2450.

Our winery is located on a fourth-generation farm in rural Wythe County. The importance of a family business is no more evident to anyone than it is to us. We undertook this venture, in part, to protect the integrity of the family farm and its heritage.

We were only open a month before the letter of prohibition came down from Virginia's ABC board this summer that required us to cease off-site sales unless they were first funneled through a distributor. We understand the value of proper control of alcoholic beverage sales and inventory in the commonwealth and do our part every month in reporting sales, inventory and paying our taxes.

Our production ranks us among Virginia's smaller wineries. This is by design. We make small batches of high quality Virginia wine. Economically, it would only make sense to sell through a distributor once our production reached approximately five times our current level. We don't want this to keep us from achieving broader exposure for our product in the local and regional marketplace.

We have been approached by several restaurants and specialty retailers seeking to carry our products. We'd love nothing more than for a nearby restaurant to offer local wine. Or for a fan of our wines in Blacksburg to be able to shop locally so that he or she doesn't have to drive to Fort Chiswell. If we had to sell through a distributor, our product would certainly cost significantly more once it reached a restaurant table or store shelf, resulting in harm to Virginia consumers.

Restoring a right exercised by Virginia wineries for 26 years is not too much to ask. To require small wineries to pass their wine through middlemen and distributors before it reaches the public is too much to ask.

I urge support of legislation this session that works to restore the ability of small Virginia wineries to self-distribute their farm-made products. Our participation in the free market is in perfect concert with the values that families in small business stand for.

<http://www.roanoke.com/editorials/commentary/wb/wb/xp-100276>



# 29. Condos' Eateries May Get to Serve Alcohol (Utah)

*Salt Lake Tribune*

January 16, 2007

Here's another perk only the rich might be able to enjoy.

Private restaurants in exclusive condominiums could be allowed to serve liquor, but the fee would be as high as that of a liquor license at Salt Lake City International Airport - $7,000 to apply and renewal fees of $5,000 annually.

The Alcoholic Beverage Control Commission did throw the less well-heeled a bone. It will ask the Legislature to grant permission to list state-controlled liquor stores in the Yellow Pages or business white pages instead of only in the blue government pages, where many consumers have found them hard to find.

On Tuesday, the commission approved these changes to the state's liquor laws. The proposals must now go before the Utah Legislature before they can become law.

The effort to allow private restaurants to serve liquor required the commission to create a new category of licenses. The change came after managers at the Stag Lodge in Park City asked what license they would need to allow owners and their guests to be served alcohol with meals in the private development's cafe areas.

Turns out that none of the state's myriad licenses would apply, said Earl Dorius, head of licensing and compliance. The commission approved a new slot with higher fees so that most condominium owners could not sell alcohol in kitchens where food is served. The Stag, however, is not any old condominium development. One particularly spacious condo is going for $7 million.

When it comes to listings for liquor stores, consumers must flip through the blue-tipped government section, look under Utah State Government and then search for the Alcoholic Beverage Control Department to find locations and telephone numbers of state liquor and wine stores.

William Christoffersen, president of the Utah Beer Wholesalers Association, has asked the commission to make locations easier to find because the group has been flooded with calls from people at a loss while trying to find a state liquor store.

Commission members had sympathized with Christoffersen but said they could do nothing until state laws forbidding advertising or promoting liquor were tweaked.

On Tuesday, Commissioner Mary Ann Mantes said new listings in White or Yellow Pages would not include display ads or any photographs or drawings of liquor bottles.

"People shouldn't be able to look at pictures," she said. "They should only be able to read."

The proposals are expected to be considered during this year's legislative session, which convened on Monday.

<http://www.sltrib.com/ci_5028332>



**30. Disciplinary Action Taken by State Liquor Authority (New York)**

*NY State Liquor Authority*

January 16, 2007

The Members of the New York State Liquor Authority (SLA) held a regular Full Board meeting on Wednesday, January 10th, 2007. Disciplinary actions taken by the Members of the Board, Chairman Daniel B. Boyle, Commissioner Lawrence J. Gedda and Commissioner Noreen Healey, include the revocation of 11 alcoholic beverage licenses, cancellation of 6, and the suspension of 9 licenses.

“Licensees who do not take the responsibility of holding a liquor license seriously will lose the privilege,” said Chairman Boyle.  “The State Liquor Authority will continue to punish licensees who pose a threat to public safety.”

Under the Alcoholic Beverage Control Law, a Revocation terminates a business’s license and bans the licensee from holding any alcoholic beverage license for a period of two years. A Cancellation also terminates the license, but does not ban the licensee from applying for a license for two years.  A Suspension prohibits the consumption or sale of alcoholic beverages for a designated period.

In addition, Board Members voted to fine 83 licensees $274,000 and claimed 11 bonds for $11,000.  “These penalties send a clear statement to the industry that violations of the ABC Law will not be tolerated,” said Chairman Boyle.  A Civil penalty is a monetary fine levied against the licensee.  A Bond Claim is a claim made against the licensee’s surety bond, which is a requirement for holding a liquor license.



**31. Teen Drinking in Oregon Target of New Legislation (Oregon)**

*The News-Review*

January 17, 2007

http://www.oregonnews.com/graphics/spacer.gifSALEM, Ore. (AP) \_ Minors cited by police for possession of alcohol would face immediate and automatic suspension of their driving privileges under a bill Oregon's first lady, Mary Oberst, says is needed to combat a serious drinking problem among Oregon's young people.

Oberst, Attorney General Hardy Myers and others appeared at a news conference Tuesday to sound the alarm over state statistics showing that one in three eighth-graders in Oregon reported drinking alcohol in the past month.

By 11th grade, almost half the students surveyed reported drinking on one or more occasions in the previous 30 days, and almost 33 percent of them engaged in binge drinking \_ defined as having five or more drinks in a row, Oberst said.

''These statistics are alarmingly high,'' said Oberst, wife of Gov. Ted Kulongoski, who is one of 37 members of the Attorney General's Underage Drinking Task Force.

She and other members said they will push for passage of the new driver suspension law along with several other proposed statutes aimed at discouraging young people from drinking and adults from supplying alcohol to them.

Under the proposed suspension law, once a police officer cites a minor for possession of alcohol, the Oregon Driver and Motor Vehicle Services office would immediately suspend the youth's driver's license \_ 90 days for a first offense and a year for subsequent offenses.

Currently, it takes a court conviction before a minor's license is suspended for an alcohol- or drug-related offense.

Another bill advocated by the task force would revise the current state law that allows adults to serve alcohol to their own children to make it illegal to serve alcohol in amounts that intoxicate children.  
  
Also in the package are bills to make 18- to 20-year-olds subject to the same driver suspension penalties for possessing alcohol as 13- to 17- year-olds are now; and authorize courts to order treatment programs for 13- to 17-year-olds cited for alcohol possession \_ not just 18- to 20- year-olds.

Several lawmakers were on hand for Tuesday's news conference to show their support for the bills aimed at discouraging youth drinking.

Rep. Phil Barnhart, a Eugene Democrat who also is a psychologist, said statistics show that youths who drink on a regular basis have more problems in school than their peers, are more prone to suicide attempts and suffer more traffic-related injuries and deaths.

''Adolescents and children are not miniature adults,'' Barnhart said. ''To parents the message is clear: children and adolescents should not drink.''

<http://www.oregonnews.com/article/20070117/NEWS/70117002/-1/news>



**32. Open-Container Ban Bill Gets First Nod (Wyoming)**

By Jared Miller – *Star-Tribune*

January 18, 2007

CHEYENNE -- A newcomer watching the Wyoming Senate Tuesday might have gotten the impression that a bill to outlaw open alcohol containers in vehicles was no big deal.

Not a single senator spoke against the bill, nor was a single “nay” vote recorded on first reading.

But Sen. Tony Ross, R-Cheyenne, eight-time sponsor of the legislation, knows better than anyone the battle over past efforts to remove legal booze from Wyoming highways.

“Having been through what I've been through with the bill, particularly having it die twice by one vote last year, nothing is for certain in this process,” Ross said after the vote.

The legislation may have received a boost this year from a mention in Gov. Dave Freudenthal's State of the State speech and public opinion polls that show substantial support for the bill.

A new Casper Star-Tribune poll shows 75 percent in favor, 21 percent opposed and 4 percent undecided. The margin of error in the Jan. 9-11 Mason-Dixon survey was 4 percent.

Gail Johnson, an Eden resident who took part in the poll, said she's rooting for the bill.

“It seems like the innocent party always gets killed, the ones that were in the vehicle that weren't drinking, and the other party comes out fine,” said Johnson, who raises two small children and works out of her home.

Peter Reno, manager of a livestock production operation near Gillette, said it's a matter of states' rights.

“So I will continue to oppose the bill because the federal government shouldn't be allowed to put pressure on the states that way,” Reno said.

He added that Wyoming's mineral wealth gives it plenty of money to offset federal highway funds withheld because of Wyoming's refusal to adopted an open-container law.

The Senate supported open-container legislation last year on a 25-5 vote.

This year's bill includes changes to accommodate concerns about buses, limousines and open containers in RVs.

“I think we're ready to move on and get it in statute,” Ross said.

Assuming the bill passes the Senate on final reading, it could reach the House in about three weeks, where its future is less certain.

One-quarter of the House is new this year. And the bill could face amendments making it even more stringent, and probably diminishing its chances, Ross said.

Another concern that could muddy the debate is about vehicle passengers who carry alcohol but don't tell the driver. Ross said the concern is a red herring.

“You can think of all kinds of scenarios, but the fact of the matter is that law enforcement would still have to have probable cause to stop the vehicle, and then you have to have probable cause to search,” Ross said. “So the likelihood of those scenarios occurring is remote.”

House Speaker Roy Cohee, R-Casper, said he expects the bill to be treated with a “comfortable reception” when it reaches the House.

“That bill has been around enough that people are saying ... it's time to just pass it,” Cohee said.



**33. Kansas House Member Charged in Iowa With Drunken Driving (Kansas)**

*Kansas City Star*

January 17, 2007

TOPEKA, Kan. (AP) - Already charged with assaulting an abortion opponent at the Kansas State Fair, a House member has acknowledged being charged in Iowa last month with drunken driving.

Rep. Vaughn Flora, D-Topeka, apologized to his constituents in a statement released Tuesday night, several hours after declining comment to a Topeka Capital-Journal reporter who questioned him about the Iowa case.

Flora, 62, was charged with misdemeanor operating a vehicle while intoxicated and interference with official acts following an incident Dec. 17 in a parking lot in Ames, Iowa.

“I was recently charged with driving under the influence while visiting the state of Iowa,” Flora said in the statement. “I cannot comment on the specifics at this time as the charge is still pending, and my lawyer is reviewing the facts.

“Please know when this incident occurred, I was not driving a motor vehicle and at no time were people in danger. I understand the seriousness of my actions. I apologize to my constituents for this situation.”

In Kansas, Flora faces a jury trial April 30 in Reno County on a misdemeanor battery charge stemming from his alleged actions during a State Fair debate Sept. 9 between Gov. Kathleen Sebelius and state Sen. Jim Barnett, who was the Republican nominee for governor.

An abortion protester wearing a cockroach costume said he sustained a small cut when Flora pulled a mask from his face.

In Iowa, Story County Attorney Stephen Holmes said Ames police officers found Flora behind the steering wheel of a minivan in a convenience story parking lot the evening of Dec. 17.

Flora “had a very strong odor of alcohol,” watery and bloodshot eyes, slurred speech and difficulty with motor skills, according to a police affidavit.

Holmes said Flora failed field sobriety tests, but Flora’s blood-alcohol level couldn’t be determined because he refused to submit to a “chemical test,” meaning he wouldn’t perform a breath test or allow blood to be withdrawn to determine whether he had alcohol in his system.

The interference charge is tied to Flora’s arrest, Holmes said, when he pulled away from arresting officers.

Flora, asked Tuesday if he intended to resign in light of the Iowa charges, emphatically replied, “No.”

House Minority Leader Dennis McKinney, D-Greensburg, called Flora’s arrest “very disappointing,” but said Flora had been “responsible in the past in all the time I’ve spent with him.”

House Speaker Melvin Neufeld, R-Ingalls, said Flora shouldn’t necessarily resign. That question is eventually answered by voters in the legislator’s district, he said.

“That’s the way this place runs,” Neufeld said.

Holmes estimated that Flora next would appear in an Iowa court in late February.

Penalties for a first conviction of drunken driving in Iowa range from at least two days in jail up to one year, a maximum fine of about $1,750 and a possible six-month revocation of a driver’s license. Iowa law presumes that a motorist is legally impaired if his alcohol level is 0.08 percent or higher, Holmes said.

Flora, a real estate asset manager and developer, was re-elected to the Kansas House without opposition in November. He has been a legislator since 1995.

<http://www.kansascity.com/mld/kansascity/news/breaking_news/16481228.htm>



**34. Bill to Stiffen Booze Buying Penalties (North Dakota)**

By Blake Nicholson - *Associated Press*

January 17, 2007

Requiring jail time for people caught buying alcohol for minors would "hamstring" judges, say opponents of legislation that would impose a minimum mandatory sentence for supplying illegal booze to young people.

Sen. Elroy Lindaas, D-Mayville, the bill's primary sponsor, called it a safety measure. His nephew was killed by a drunken driver who was only 13 years old.

"I think that we can all appreciate that alcohol in the hands of young people sometimes has disastrous results," Lindaas told members of the Senate Judiciary Committee on Tuesday.

Under the bill, those caught buying booze for people under the legal age of 21 would pay a fine of at least $250 and spend at least two days in jail on the first offense.

A second offense would bring a fine of at least $500 and 10 days in jail, of which two days must be served consecutively.

Buying alcohol for minors already is a Class A misdemeanor, which carries a maximum sentence of a year in jail and a $2,000 fine. However, people convicted of the crime generally get a much lower fine and no jail time.

Lindaas said requiring time behind bars "leaves no doubt that the delivery of alcohol to minors is a serious mistake."



**35. Panel Gives ‘Do Pass’ to Senate Alcohol Bill (North Dakota)**

*The Forum*  
January 18, 2007

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BISMARCK – Repeat offenders who supply alcohol to minors should face tougher penalties, a committee decided Wednesday.

The Senate Judiciary Committee gave a “do pass” recommendation to Senate Bill 2177, with a few changes.

Anyone who knowingly delivers alcohol to minors will still be guilty of a Class A misdemeanor. However, a first-time offender would not face a minimum penalty like the bill recommends.

Instead, under the revised bill, a minimum sentence of a $250 fine and 48 consecutive hours of imprisonment would apply to a second-time offender. A third or subsequent violation would have a minimum penalty of a $500 fine and 10 days imprisonment, of which 48 hours must be served consecutively.

Committee member Sen. Carolyn Nelson, D-Fargo, said the feeling was that offenders “do need to get their hand slapped a little harder” but one chance should be given first.

Sen. Elroy Lindaas, D-Mayville, the prime sponsor of the bill, said the revised bill was a reasonable compromise.

<http://www.in-forum.com/articles/index.cfm?id=153318>



# 36. Bill Would Allow All-Day Alcohol Specials (South Carolina)

*The Times and Democrat*

January 18, 2007

COLUMBIA, S.C. - "Happy Hour" at bars and restaurants could become "Happy Day" under a bill approved Wednesday in a House subcommittee.

The proposal would let businesses with alcohol licenses choose one day a week, except Sundays, for all-day specials on liquor drinks.

Currently, businesses can sell and advertise liquor drink specials \_ though not less than half-price \_ from 4 p.m. to 8 p.m. only. Breaking the law can be punished by at least three months in jail and a fine of at least $100.

The bill's sponsor, Rep. Doug Smith, said the proposal would legalize what many businesses already do.

The Spartanburg Republican said there is "probably not any harm" in giving bars and restaurants more flexibility.

The proposal is up for debate next Tuesday by the House Judiciary Committee.

<http://www.thetandd.com/articles/2007/01/18/ap-state-sc/d8mn9rk02.txt>



**37. DWI Law Fixes Proposed (New Mexico)**

*KRQE News 13*

January 18, 2007

SANTA FE --While the fate of statewide ban on smoking in public places and businesses is unclear, several bills targeting drunken driving are given a good chance of reaching the governor's desk.

Each session lawmakers work to make it harder for drunk driver's to get away unpunished.

This year expect three main pieces of legislation:

One makes it more difficult for defense attorney's to discredit the results of Breathalyzer tests administered to DWI suspects.

The second provides specific penalties for tampering with an ignition-interlock device used by convicted drunk drivers.

The third forces certain out-of-state DWI offenders to get ignition-interlock devices in New Mexico.

Victims of DWI tragedies and local first responders joined state leaders in the capitol rotunda today to announce the legislation.

Victim's relatives say they want the legislation passed.

“I want all these laws passed,” said Maxine Gonzales who lost family members to a drunken driver.  “I want them to do everything they say they're going to and not change the words in it.”

Lawmakers at the news conference pledged their support saying they will pass anything that will make a difference.

The governor has also budgeted $5 million for community substance abuse programs.

<http://www.krqe.com/expanded.asp?ID=19326>

