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| *www.IowaABD.com* | *Lynn M. Walding, Administrator* |

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| *March 2, 2006* |

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

1. [Iowa Marks 20 Years of Private Liquor Sales](#One)

2. [Sweden's Message In A Bottle: Absolut Is For Sale](#Two)

3. [More Colleges Banning Smoking](#ThreeAdd)

4. [Logged On and Underage: Buying Alcohol Online](#Three)

5. [Ad Groups Lash Out at Tobacco Legislation](#Four)

6. [Berlin the Only Shop Left in Heineken Review](#Five)

7. [Diageo Seeks Blue Label Niche](#Six)

8. [Heineken to Pour $70 Million Into Premium Light Marketing](#Seven)

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

9. [20 Years of Retail Liquor Sales](#Eight)

10. [Panel: Let Wine Flow Right to Iowans](#Nine)

11. [Fairfield Image to be on Side of Semi Trailer](#Ten)

12. [Beer Keg Measure Gains Momentum](#Eleven)

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

13. [Pennsylvania Reversal (Pennsylvania)](#Twelve)

14. [Keep Beer Sales in Distributors' Hands (Pennsylvania)](#Thirteen)

15. [Terry Poole Appointed Superintendent of the Ohio Division of Liquor Control (Ohio)](#Fourteen)

16. [A Fruitful Year For State's Wine: Oregon Vineyard Production is up 38 Percent From '05 (Oregon)](#Fifteen)

17. [Microbreweries May Get to Sell Directly to Consumers (Texas)](#Sixteen)

18. [New R.I. Bill Could Raise the Price of Beer (Rhode Island)](#Seventeen)

19. [Cell Number Created to Report Drunk Drivers (New Mexico)](#Eighteen)

20. [Grocers Want Wine Tastings, but Sobriety Advocates Find Idea Hard to Swallow (Washington)](#Nineteen)

21. [Wyoming Governor Signs Open Container Ban (Wyoming)](#Twenty)

22. [Bill Seeks to Deter Teen Drinking (New Hampshire)](#Twentyone)

23. [Omaha Considering CWS Alcohol Limit (Nebraska)](#Twentytwo)

24. [South Dakota Senate OKs Daily Check-Ins for DWI Offenders (South Dakota)](#Twentythree)

25. [Court Upholds N.Y. Ban on Dancing in Bars (New York)](#twentyfour)

26. [Kegs For Cash? (Michigan)](#twentyfive)

27. [An Unfair Shot (Michigan)](#twentysix)

28. [Evans Wants ABC to Enforce Wine Labeling Rules (California)](#twentyseven)

29. [Alliance For Responsible Alcohol Retailers Supports Most Substantive Alcohol Legislation in Two Decades (Indiana)](#twentyeight)

30. [Sunday Sales Bill Suffers Setback (Georgia)](#twentynine)

31. [Bills Seek Balance on Wine Laws (Arkansas)](#thirty)

32. [Legislature Making Changes in Agriculture, Liquor Regulation (Excerpt) (Utah)](#thirtyone)

33. [Documentary Highlights Horrors of Teen Drinking (Texas)](#thirtytwo)

34. [Kentucky ABC Office Has Record Year Stopping Underage Drinking (Kentucky)](#thirtythree)

35. [House Agrees to Crack Down on Cigarette Bootleggers (South Dakota)](#thirtyfour)

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

**Iowa Marks 20 Years of Private Liquor Sales**

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

March 1, 2007

**Customer convenience was not a hallmark of the old state-run stores.**

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Twenty years ago today, Iowans toasted farewell to a system of state-owned liquor stores that had been a part of Iowa life since the end of Prohibition.

For all the talk sometimes heard about the good old days, there's been no clamor to go back to the old liquor sales system.

"It's a lot more convenient now," said William Knox, 66, of Des Moines, a retired maintenance worker who is now a teetotaler. "It used to be that on Sunday you couldn't get it, and I used to get mad."

Until March 1, 1987, state government had a monopoly in Iowa on the retail sale of liquor, with the government operating 220 stores that had limited hours and a limited selection of products.

In-Bo Jung, owner of Ingersoll Wine and Spirits,

unwraps bottles in his Des Moines store. The

enterprise got its start in a former state-run liquor store.

Today, liquor is sold at 551 stores throughout Iowa. Only Van Buren County, in southeast Iowa, has no retail sales outlets. You can buy carry-out liquor seven days a week today, and some stores offer huge selections of beer, wine and distilled spirits.

The old system was an anachronism that might have made sense for Iowans in the 1930s and 1940s, but not today, said David Swenson, an economics professor at Iowa State University.

"Most people would say that this is the kind of thing that should be regulated by the state, but the state shouldn't be in the business of retailing it," Swenson said.

The state stores were an unusual part of Iowa history. After Prohibition was repealed on Dec. 5, 1933, most states turned the sale of liquor over to private businesses, but Iowa was among those that decided to control alcohol sales by allowing it to be sold only at state-run stores.

The original idea behind Iowa's liquor stores was to limit consumption. The stores were dark and drab, and liquor was kept out of sight behind a counter. Clerks would retrieve each customer's purchases and record them in a ledger that was a public record. The stores accepted only cash so Iowans wouldn't go into debt to buy alcohol.

As the liquor monopoly became a source of needed income for state government, the stores gradually evolved into modern, self-service outlets. But they still were not open on Sundays; they closed as early as 6 p.m. in some rural towns; they didn't advertise; and they didn't accept credit cards.

The transition from state-run to privately owned liquor stores has meant more locations, easier access, longer hours and the ability to buy alcohol using credit cards, said Lynn Walding, current administrator of the Iowa Alcoholic Beverages Division.

"There's an advantage from the consumer perspective. It is a disadvantage from a control perspective," Walding said. "But overall, I would say customers are probably pretty happy with the way the model works."

Eight states still operate state liquor stores: Alabama, Idaho, New Hampshire, North Carolina, Pennsylvania, Utah, Virginia and Washington.

State government in Iowa still retains a monopoly on the wholesale distribution of liquor through a state-operated liquor warehouse in Ankeny. The state imposes a 50 percent markup on wholesale liquor prices, and that helps the Alcoholic Beverages Division generate an estimated $86 million this budget year for government.

When Iowa began closing its retail liquor stores in March 1987, 600 to 700 full-time workers and about 700 part-time state employees lost their jobs. Today, only about 50 people are employed by the Iowa Alcoholic Beverages Division, although many more people are employed by businesses to handle liquor sales.

Ingersoll Wine & Spirits on Des Moines' west side is a bustling enterprise that got its start in a former state-run liquor store. In-Bo Jung, the company's president, said his sales have increased over the past two decades.

"We're doing pretty well," he said.

In Ames, Cyclone Liquors offers one of Iowa's largest selections of alcoholic beverages in a former state liquor store. The products include 2,300 imported and domestic wines, 600 domestic and imported beers, and 800 varieties of distilled spirits.

"People come here from all over the country knowing that I will have something that they can't find other places," said store owner Denny Gano.

<http://desmoinesregister.com/apps/pbcs.dll/article?AID=/20070301/NEWS10/703010387/1001/NEWS>

**2. Sweden's Message In A Bottle: Absolut Is For Sale**

*Dow Jones Newswires*

March 1, 2007

STOCKHOLM (AP)--Thanks in part to its renowned advertising campaign, a vodka distilled in the southern Swedish town of Ahus has become the world's No. 3 premium spirit and one of the country's most recognizable brands.

So would the owner - the Swedish government - consider selling the crown jewel of Scandinavian liquor to a foreign buyer?

Absolutely.

After 90 years in state hands, Absolut vodka is about to be offered up for sale with its parent company V&S Vin & Sprit AB, along with five other companies in which the government holds significant stakes. **The government is to seek parliamentary approval for the V&S sale on Friday.**

With an estimated price tag of 40 billion kronor ($5.7 billion) potential buyers include market leader Diageo PLC, Pernod Ricard SA and U.S.-based Fortune Brands, which already has a distribution deal with V&S.

"It's the best price that counts," Swedish Financial Markets Minister Mats Odell told The Associated Press.

The state sellout of banking group Nordea AB, telecom TeliaSonera AB, Nordic bourse operator OMX AB, real estate company Vasakronan AB and mortgage lender SBAB to help pay off the country's debt represents the biggest ideological shift since the center-right coalition government ousted the long-ruling Social Democrats in October.

The sale of V&S is especially sensitive, since the company, founded in 1917, has been closely linked with the state's efforts to control alcohol consumption in Sweden. The government has held a monopoly on retail sales of alcohol since the 1850s and Sweden was able to preserve the system even after joining the European Union in 1995, citing reasons of public health.

"We don't think that the state should run businesses on a competitive market," Odell said. "The state shouldn't make, sell or distribute vodka."

Critics say rushing to find buyers for V&S could leave the liquor maker in the hands of a profit-hungry company with no sense of social responsibility.

"Odell must show that another owner would be more restrictive, but I think it will be the opposite where a new owner will be more aggressive," said Thomas Ostros, industry minister in the previous Social Democratic government. "The state, as an owner, has developed one of the most successful brands that Sweden has. That's nothing to be ashamed about."

Selling V&S, however, might help dilute allegations about double standards in Sweden's nanny-state attitude on drinking. The Social Democrats were often criticized for promoting a restrictive alcohol policy at home, including bans on alcohol advertising in domestic media, while supporting multimillion dollar campaigns to market Absolut internationally since 1979.

Artists and designers such as Andy Warhol, Jean-Paul Gaultier and Gianni Versace have lent their talent to the bottle-focused ads that have appeared on billboards and magazines worldwide. American rock star Lenny Kravitz last year wrote a song specifically for an Absolut campaign.

With its range of flavors from peach to blackcurrant, Absolut is established as a luxury vodka - a long journey from the first drops distilled from water and winter-wheat by Swedish entrepreneur Lars Olsson Smith in 1879.

V&S' product range includes other brands, such as Cruzan rum, Plymouth gin, a handful of Scandinavian aquavits and bitters and hundreds of wines. The company, which is not listed, does not release a breakdown of its sales, but Absolut is believed to represent roughly half of the company's sales - $1.48 billion in 2006.

The biggest single market is the U.S., where Absolut is the top imported vodka. It's also growing quickly in Brazil, Canada, the U.K. and Germany.

V&S Chief Executive Bengt Baron, a former Olympic swimming gold medalist, said a fair price for the company would be 35 billion-45 billion kronor ($5 billion-$6.4 billion). He declined to speculate on potential buyers.

"We want a long-term owner that shares our view of the future, which we are very optimistic about," Baron said.

Pierre Pringuet, chief executive of Pernod Ricard, has made no secret of his interest in V&S. But analysts say Fortune Brands is the prime candidate because of its distribution deal. V&S also holds a 10% stake in Jim Beam, the bourbon brand owned by Fortune Brands.

In addition, Absolut would make an attractive target for the Illinois-based company because "vodka, rum and gin categories are relatively weak for Fortune Brands," JP Morgan said in a recent research note.

Analysts at JP Morgan and Credit Suisse said the government likely will favor an auction over a stock exchange listing. Either way, the new owner of V&S is likely to be an international liquor giant.

That did not concern Stockholm bartender Daniel Lundberg, who predicted a new owner would safeguard Absolut's Swedish identity.

"I don't think the brand will change just because it changes hands," said Lundberg, 22, as he mixed a drink with Absolut's new pear flavor in a downtown hotel. "It will still say 'Country of Sweden' on the bottle."



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| **3. More Colleges Banning Smoking** By Emily Bazar, *USA Today* March 1, 2007Colleges are snuffing out smoking everywhere on campus, even in outdoor light-up spots such as main quads and sidewalks. At least 43 campuses from California to New Jersey have gone smoke-free, a trend that is accelerating, according to Americans for Non-smokers' Rights. Most have been community colleges and commuter schools, but more large universities with student housing are debating campus-wide bans, says the group's Bronson Frick. "We want our institution to make a statement about doing the right things when it comes to good health," says Chuck Kupchella, president of the 13,000-student University of North Dakota in Grand Forks. He intends to transform UND into a tobacco-free zone. "Smokers still will have rights, but just not on our campus." Nearly 31% of full-time college students smoke, compared with about 25% of the overall population, according to the federal government's 2005 National Survey on Drug Use and Health. Students form lifelong habits in college, so reducing their exposure to cigarettes may have a lasting effect, says Betsy Foy of the American College Health Association. "If you're not allowed to smoke on campus, if you can't buy tobacco products on campus, it will definitely deter some students from smoking," she says. At Indiana University in Bloomington, some students are opposing a proposal to make all eight IU campuses smoke-free. Two have been since August.Last month, the *Indiana Daily Student* called the proposal an "infringement on personal liberties," especially for students in dorms. Smoking already is prohibited inside and 30 feet around dorms, says IU spokeswoman Susan Williams. A full ban could bar students from smoking in dorm parking lots."I can vote for president of the United States. I can go to war," says sophomore Alex Wukmer, 19, who smokes about a pack a day. "But I can't necessarily smoke a cigarette because they're afraid I'll make a bad choice?"At UND, Kupchella has won support from staff and faculty groups. Last Sunday, the student government voted for his plan. "It seems like it's the right way to go," student body president Nathan Martindale says.Youngstown State University in Ohio implemented a policy in December that allows smoking only in surface parking lots and on sidewalks adjacent to roads.There have been violators, but the school is focused more on informing people than enforcing the policy, says spokesman Ron Cole. "We're not going to have the smoking police out there handcuffing students and employees," he says.At the University of Iowa, a committee of staff, faculty and students recommended in November that the campus go smoke-free as early as July 2009.Susan Johnson, an associate provost, says the 30,000-student school is preparing for an intense debate. "Our goal here is not to coerce individuals to give up smoking," she says. "Our goal is reduce the amount of secondhand smoke everybody is exposed to." |

<http://www.usatoday.com/news/nation/2007-03-01-colleges-smokefree_x.htm?csp=22_dmr>

**4. Logged On and Underage: Buying Alcohol Online**

By Michael Kasiborski, *Medill News Service*

Source: *Chicago Defender*

February 23, 2007

For Tom, a 20-year-old from north suburban Winnetka, buying alcohol while underage has never been a problem.

In high school, Tom, who requested anonymity, said he drank "a pretty good amount." He and his friends were all equipped with fake IDs and they had regular haunts where they knew they could buy booze.

"We'd get an older sibling to buy for us or go to an out-of-the-way liquor store," Tom said. "We'd go to a place where they have bigger things to worry about than fake IDs."

Now parents and legislators have something bigger to worry about than those fake IDs. **The new weapon in the underage arsenal for buying alcohol is the Internet.**

Kids are discovering a plethora of Internet sites with alcohol for sale and little or no age verification requirement. While the Illinois General Assembly is now targeting legislation toward underage drinking, state lawmakers may not be able to do anything about online sales to minors.

According to a study released by Skokie-based Teenage Research Unlimited last summer, more than a third of 14 to 20 year-olds know it's possible to buy alcohol online. Almost half of that group also reported that it would be "easy" to get alcohol online or by phone.

This undercurrent of teen know-how is being overlooked as legislators take aim at other ways to curb underage drinking.

Within the last month, legislators from the Chicago area have introduced or plan to introduce two new bills regarding teen drinking to the Illinois Senate.

One bill would make it a felony for parents to knowingly serve alcohol resulting in bodily harm to a minor. Another piece of legislation currently being drawn up would take on the marketing of "alcopops" - flavored malt beverages - towards teens.

But the ease of Internet access to booze is startling. The lack of attention it gets should alarm the same group of parents and legislators that banded together to work on this legislation in the wake of several high-profile drunk driving accidents.

State Senator Susan Garrett (D-Lake Forest) is sponsoring the bill aimed at parents. Her legislation is designed to deter parents from being lax about alcohol consumption under their watch.

"[The bill is meant] to send a strong message that if they are allowing minors to consume alcohol at their house and there is a critical consequence, that parent will be accountable for it," she said.

But as she attempts to tackle one problem, another one is cropping up from the nebulous Web. Garrett said she wasn't even aware of the availability of alcohol on the Internet - a position many will likely relate to.

"It's going to be hard to crack down on [Internet buying]," she said.

Tom didn't know about buying alcohol on the Internet until a friend told him about it recently. He said it seems weird to him.

"I usually get beer ten minutes before I want to drink," he said. "I don't want to wait, like, 3-5 shipping days."

It's not always that slow. Orders from a grocery store can be filled the next day. And the anonymity and simplicity of ordering from a computer might take some risk out of buying underage. The fear of getting caught by the police or having a fake ID taken away could make a few mouse clicks the desirable way to shop.

The process is remarkably easy. Searching the Web for a brand or type of alcohol will produce thousands of hits. Access to a computer and a credit card is all it takes. No fake IDs and usually the only age verification comes in the form of clicking an additional button to certify the buyer is 21.

Juliana, 18, from the northern suburbs and who also requested anonymity, said she started drinking as a freshman in high school. She's in her first year of college now, but said the combination of fake IDs, older friends and friends' parents that let her drink at their houses enabled her to drink throughout high school.

She has friends that have ordered alcohol online although she's never done so herself. The process was very easy for them. Just place an online order with a grocery story and wait for the delivery. No one ever checked for IDs.

"I think [online buying] is really cool," Juliana said. "But, wow - I'm really surprised that that is allowed."

It's more like these purchases are hard to stop rather than that they are allowed, and everything is online. Wine, beer, hard liquor and even absinthe - which is illegal to distribute in the U.S. - are all out there. The Internet is the world's largest corner liquor store. And you don't have to go out of your way to make a purchase.

Logan Distribution, Inc. delivers absinthe from the Czech Republic - where absinthe is legal to produce and distribute - right to your door. Just place an order on its Web site, which also lists an Albany, N.Y., address as the base of operations for the site.

A spokesman for the company said they rely on customer honesty.

"By placing an order, you agree that you are 21," he said. "Over the Internet, how can you protect [against lying]?"

This kind of trust is ripe for abuse. The burden of age verification is transferred from the seller to the buyer.

The Logan Distribution spokesman even volunteered that more rigorous age screens could still be sidestepped with fake IDs and stolen credit cards.

Garrett recognized the difficulty of policing alcohol purchases on the Net. To begin with, the federal government-not states-has jurisdiction over Internet issues.

"This might be something we cannot even address," she said.

She said she plans on investigating the issue, nonetheless, and will discuss it with her constituents to get them informed.

Tom will be turning 21 soon enough and will be able to buy legally from brick-and-mortar establishments. Fake IDs, older friends and inattentive sales clerks will be a thing of the past. But for Juliana and millions of underage drinkers like her, the Internet may be the future.

**5. Ad Groups Lash Out at Tobacco Legislation**

By Ira Teinowitz – AdAge.com

 February 27, 2007

**ANA, AAF, 4A’s Call Kennedy Proposal Unconstitutional**

WASHINGTON (AdAge.com) -- Ad groups are pinning the "unconstitutional" label on Sen. Edward Kennedy's bid to let the Food and Drug Administration regulate tobacco and to impose a decade-old plan that imposes draconian marketing curbs on tobacco advertising.



Sen. Edward Kennedy

Photo Credit: Mark Murrmann

In an eight-page letter to the Massachusetts Democrat, who chairs the Senate Health Education Labor and Pensions Committee, the groups argue that the ad curbs -- which would limit tobacco makers to black-and-white text ads in most magazine ads and store signs; require additional warning labels; bar outdoor ads within 1,000 feet of schools or playgrounds; and ban giveaways of promotional items like hats or T-shirts -- are unconstitutional.

The ad groups had [two choices](http://adage.com/article?article_id=115065), to do nothing or to wade into what could be a lengthy Supreme Court battle.

**'Massive censorship'**

"While the government has a legitimate interest in fighting the use of tobacco products by minors, the FDA's proposed regulations sweep far too broadly and result in massive censorship of truthful speech aimed at adults," the Association of National Advertisers, the American Advertising Federation and American Association of Advertising Agencies said in the letter, which was sent yesterday.

The ad groups said the Supreme Court has previously rejected in a Massachusetts case the 1,000-foot limit and so-called black-and-white "tombstone" advertising restrictions and that disclosure requirements would "overload" advertisements and likely be unconstitutional.

"Advertising is not free. The multiple disclosure requirements would literally 'seize' a substantial portion of the company's space and conscript it for government-mandated messages," the ad groups wrote.

**Fear for other industries**

The letter makes it clear the ad groups' biggest concern is that the tobacco curbs would extend to food or beverage marketers, including spirits advertisers. "Don't start down this road to content-based censorship of advertising," the letter said.

The letter arrived as the Senate committee today heard calls for greater regulation of tobacco ads at a hearing.

American Cancer Society President Dr. Elmer Huerta said the Master Settlement Agreement tobacco makers signed to resolve state lawsuits didn't go far enough. As other voluntary advertising limits kicked in, tobacco makers have turned more to magazines and to in-store promotion, he said.

"The MSA did not place any restrictions on advertising in magazines," he said, adding that the agreement "did not establish an enforceable set of restrictions that would eliminate advertising that has the greatest effect on children."

**'Right thing to do'**

Mr. Kennedy called his legislation the "right thing to do for America's children."

"If we are serious about reducing youth smoking, FDA must have the power to prevent industry advertising designed to appeal to children wherever it will be seen by children," the senator said.

"This legislation will give FDA the authority to stop tobacco advertising that glamorizes smoking to kids."

The 11-year-old regulations Mr. Kennedy is proposing are back because a court battle over their constitutionality never materialized when they were first proposed. Instead, the Supreme Court set aside the regulations when it ruled the FDA had no authority to regulate tobacco.

<http://adage.com/article?article_id=115218>


**6. Berlin the Only Shop Left in Heineken Review**

By Jeremy Mullman – *AdAge.com*

February 28, 2007

**But Brewer Could Seek Out More Contenders for $100 Million Account**

CHICAGO (AdAge.com) -- Berlin Cameron United, New York, appears to be the last agency standing in the war of attrition for Heineken USA's $100 million-plus creative advertising account.



Wieden & Kennedy dropped out of Heineken's creative review, citing 'a difference in strategic direction' with the brewer.

Whether that means the agency -- which already handles Heineken Premium Light -- won the newly consolidated account, or if Heineken intends to extend the marathon review by seeking additional agencies, remains unclear, as a Heineken spokeswoman didn't immediately return phone calls and Berlin declined to comment.

 The only other finalist, Wieden & Kennedy, Portland, dropped out of the review Wednesday, citing "a difference in strategic direction" with Heineken.

**'Never an easy decision'**

"It is never an easy decision to pull out of a pitch after we have invested such a great deal of energy and resources over the last five months," David Luhr, chief operating officer of Wieden, said in a statement. "Our time is better spent focusing our creative energies on our current client roster."

Wieden entered the review in September, about a month after Heineken announced it was consolidating creative duties for Heineken lager, then handled by Publicis, New York, and Heineken Premium Light. A decision was expected by January, but Heineken instead asked both shops for more information.

If Berlin gets the account, it would dominate the largest ad budget in the fast-growing import-beer space.

**Spending boost on Light**

Berlin handled the wildly successful $55 million launch of Heineken Premium Light last year, which saw the startup brand grow into the No. 9 import, according to *Beer Marketer's Insights*. Heineken recently said it expects to increase Premium Light media spending to $70 million for 2007, believed to be the most ever spent on an import-beer brand.

 Heineken lager, the No. 2 import in sales (behind Corona Extra) and media spending (behind Premium Light), grew by 7.3% last year.

The review did not include Heineken's slumping Amstel Light brand, which is handled by Publicis.

Wieden -- which split with Miller Brewing last summer after an eight-year run that led to the creation of the High Life Man, one of beer advertising's enduring characters -- remains on the beer industry's sidelines.

Through the first nine months of 2006, Heineken and Heineken Premium Light spent a combined $67 million in measured media, according to TNS Media Intelligence.

<http://adage.com/article?article_id=115243>

**7. Diageo Seeks Blue Label Niche**

By Christopher Hinton and Nicole Urbanowicz – *Wall Street Journal*

February 28, 2007; Page B3E

NEW YORK -- Diageo PLC is betting millions that arty, American urbanites can be swayed to put down their martinis and pick up its poshest scotch, the $200-a-bottle Johnnie Walker Blue Label.

The London-based producer of Guinness Stout and Tanqueray Gin is targeting New York City gallery goers in its first concerted push to market Blue Label, hoping the effort will translate into a substantial payoff while polishing the image of the Johnnie Walker brand.

The company currently sponsors about 100 gallery openings and events in New York, as well as private gallery parties in Chicago and Los Angeles, in an effort to court Blue Label's core customer, who is more than 30 years old and earns more than $75,000 a year.

Blue Label sits at the top of the Johnnie Walker range, which also includes Red, Green, Black and Gold labeled bottles, costing between $20 and $200. The campaign to push Blue Label comes amid a surge in demand for high-end spirits.

Last year, sales of super-premium liquors costing $150 or more a bottle were the fastest growing category in the U.S., with revenue rising 18% to $2.19 billion, according to data from the Distilled Spirits Council. However, market growth so far has been dominated by vodka, sales of which grew 43% to $782 million. Super-premium scotch revenues were $117 million in 2006. Whiskey sales in the U.S. totaled $841 million.

Sponsoring gallery openings has quadrupled the Blue Label advertising budget to $4 million. Diageo has also commissioned a series of digitally enhanced ads by Warren du Preez and Nick Thornton-Jones, a London-based artistic team whose past work includes collaborations with Icelandic songstress Björk.

The campaign appears to be working. Sales volumes of Blue Label in the U.S. grew 25% to 30% in December from the same period a year earlier, a company spokeswoman said. The holiday quarter generally accounts for about a third of all Blue Label sales. In New York City, where most of the campaign has taken place, Blue Label volumes in the last two months of the year climbed 49% from a year earlier, although Diageo declined to disclose the amount of total sales.

"The very high end is really hot," said Jonathan Goldstein, vice president of Park Avenue Liquors in New York City, adding there has been new curiosity for Johnnie Walker Blue Label from customers.

High-end scotch, the 37-year-old spirits connoisseur added, is a status symbol of sorts that "you might want to keep a bottle to show off and recommend to people."

Johnnie Walker-brand whiskeys are part of Diageo's "priority spirit brands" that have been driving North American organic operating profit, which grew 11% for the six months ended Dec. 31 from the same period a year earlier. Organic operating profit excludes acquisitions and disposals, and foreign-exchange impacts. Global scotch sales also grew 11%.

The company said these "priority" brands have been key to Diageo's operating margin expansion and growth in overall sales, which were up 1.6% to £4.02 billion ($7.89 billion) in the same period.

Chris Parsons, Diageo's vice president of scotch marketing, said people making less than $100,000 like to do things that make them feel like millionaires, like buying a unique piece of art, or indulging in a super-premium scotch.

"People often think the only folks who drink Blue Label are 60-year-olds and people with loads of money who smoke expensive cigars, but 78% of our drinkers are below the age of 40," Mr. Parsons said.

Morningstar analyst Matthew Reilly said the spirits industry as a whole has benefitted from a change in taste, with many people "trading up" to higher-priced vodka, Scotch whisky and wine, all of which are performing well in the marketplace.

"Having that ultraluxury positioning helps the quality of the brand," Mr. Reilly said.

Diageo is getting it right, the analyst said, by using Blue Label as a niche marketing tool that burnishes the entire Johnny Walker line.

Diageo plans to release additional installments of its artsy Blue Label ads and has recently expanded its efforts by collaborating with the New York Sun newspaper, which lists local art galleries, to offer complementary Blue Label at gallery openings in Manhattan's Tribeca and Chelsea.

Earlier this month, Blue Label was served along with a history lesson and a "how-to" on scotch drinking at an opening at the Brenda Taylor Gallery in Chelsea, as a promotion for buying ads in the Sun.

"In the end, everyone ends up winning," said Aileen Fennessy, the gallery's assistant director, adding attendees seemed to like the event.

**8. Heineken to Pour $70 Million Into Premium Light Marketing**

By Jeremy Mullman – *AdAge.com*

February 26, 2007

**Spending Likely Highest Ever for an Import, Ups Ante in Creative Review**

CHICAGO (AdAge.com) -- In what looks to be an unprecedented marketing investment for an import brew, Heineken will spend $70 million on its fast-growing



Heineken Premium Light will get a $70 million push.

Heineken Premium Light this year -- almost three times Corona's outlay in the first nine months of last year. But which agency will benefit from the largess remains an open question.

**Consolidating accounts**

The brewer has been attempting to consolidate its U.S. creative accounts for flagship Heineken lager and Heineken Premium Light since last summer. A decision was expected in January, but the brewer has since asked the two finalists, independent Wieden & Kennedy, Portland, Ore., and Premium Light incumbent WPP Group's Berlin Cameron United, New York, for more information. Heineken's plan to increase spending for Premium Light raises the stakes considerably in that contest.

 The so-called luxury light brand spent $55 million as it launched last year, and it quickly climbed to the No. 9 import brand in the U.S. Heineken lager, which was supported with $28 million through the first nine months of 2006, according to TNS Media Intelligence, is the No. 2 import; it trails Corona Extra, which spent about $25 million during the same period.

**Record spending budget**

The projected outlay for Premium Light could set a new high-water mark for ad spending by an import. "I don't think any import has ever spent that much," said *Beer Marketer's Insights* Publisher Benj Steinman. "That's megabrands territory-it's an amazingly big bet."

In its earnings announcement last week, Heineken said it's aiming to double the brand's sales during 2007. Since its introduction, the brewer has cultivated a diva-in-a-bottle image created by Berlin for Premium Light. The brand's debut campaign, backed by the Pussycat Dolls' "Don't Cha," highlighted its sleek package. The follow-up effort continued the bottle-in-lights theme, backed this time by Snoop Dogg's "Irresistible."

**Amstel Light decline**

The increased focus on Premium Light doesn't seem to have hurt the base brand, Heineken lager, which grew 7.3% last year. The same cannot be said for the brewer's other light beer, Amstel Light, which saw an 8.6% decline. Concerns about cannibalization of Amstel Light were raised even before Premium Light launched last spring, and it likely will soon surpass Amstel in volume.

 Heineken has said Amstel has an older-skewing target than Heineken Premium Light and, in its most recent earnings release, blamed "the switch of part of its consumer to wine and premium spirits." But the same trading-up trend has also fueled the growth of import brands, which grew 9% last year compared with 1.9% growth for beer overall.

<http://adage.com/article?article_id=115150>

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

**9. 20 Years of Retail Liquor Sales**

By Rod Boshart, *The Cedar Rapids Gazette*

March 1, 2007

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| Enlarge This PhotoPhoto**(Gazette photo collection)****The new liquor department in the Osco Drug store at the Town and Country (Town & Country) shopping center is stocked and ready to go.** |

**DES MOINES -** Even a non-drinker like former Iowa Gov. Terry Branstad can remember the bad old days of Iowa's state-controlled liquor stores.

“The liquor was all behind the counter. They had a list up, and you had to fill out a slip, and you had to give it to the guy that worked in the liquor store.

Then he would go back and get the particular item and bring it out and you would pay for it. It was a very inefficient system,” he said.

But 20 years ago today, that all changed when the state got out of the retail liquor business, closed its 220 stores and threw off one of the last vestiges of a control system that dated back to the repeal of Prohibition in 1933.

Some feared the March 1, 1987, dismantling of the state's retail liquor monopoly would open the floodgates of alcohol consumption in Iowa.

But sales of spirits declined for a time as the state weathered its worst farm credit crisis since the Great Depression and increasingly health-conscious Iowans adjusted to tougher drunken driving laws and a bump in the legal drinking age to 21

However, Lynn Walding, administrator of the state Department of Commerce's alcoholic beverages division, said Iowa's distilled spirits industry is thriving under the two-decade old public-private partnership whereby the state acts as wholesaler to 551 licensed retailers, with current sales posting double-digit increases last year.

“It was a win-win situation in that the consumers won by having greater access … better hours, more locations, greater convenience, etc.,” Walding said. “On the other hand, the state's done quite well since then. We've transferred over $1 billion to the general fund since that time as we remain in the wholesale part of the operation.”

To be more precise, the alcoholic beverages division has transferred $1,121,820,000 to the state general fund since Branstad and the Legislature shifted retail liquor sales to the open market.

The state, as the sole wholesaler, imposed a 50 percent markup to distilled spirits to protect its revenue source.

The current fiscal year state revenue from liquor sales is expected to top $86 million, Walding said.

The decision to end Iowa's retail liquor monopoly was part of a state government reorganization Branstad launched during his first term to adjust to financial and societal changes brought on by the farm credit crisis.

The state already had converted its stores to self-service, customer-oriented facilities in 1985, but elected officials decided it was time to get out of the retail business altogether.

“I looked at it as a golden opportunity for us with the financial problems facing the state to make a change that really was probably long overdue - one that made sense and financially has worked out very well for the state,” said Branstad, whose 16 years as governor spanned four terms that ended in January 1999.

“I didn't think it made a lot of sense for the state to be in the retail liquor business,” he added. “We had state employees manning stores around the state. We had some communities that didn't have stores. We were renting buildings. There was a lot of expense involved in it. It really was kind of an anomaly that held over from the end of Prohibition.

“It was much more expensive than the private sector, so getting out of the retail liquor business saved the state a substantial amount of money,” he said. “I had a number of years there where liquor consumption went down and revenue went up. That's kind of a nice situation for the state. I think it's worked out well.”

<http://gostage.sv.publicus.com/apps/pbcs.dll/article?AID=200770301001>

**10. Panel: Let Wine Flow Right to Iowans**

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

February 24, 2007

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**A commission says residents should be able to buy directly from out-of-state wineries.**

Iowa should allow direct shipment of wine to its residents from wineries in all 50 states, the Iowa Alcoholic Beverages Commission agreed Friday in making recommendations to state lawmakers.

Under Iowa law, an out-of-state winery can ship its products into Iowa if the other state extends the same privileges to Iowa wineries. Twelve states had such agreements, but the number has dwindled to six states and could soon be fewer, said Lynn Walding, administrator of the Iowa Alcoholic Beverages Division.

Wine is shipped into Iowa now from states without the agreements, but legal issues involving those shipments haven't been resolved.

The proposal on wine shipments is aimed at addressing a two-year-old U.S. Supreme Court decision on wine issues and was included with other recommendations aimed at spurring growth of Iowa's fledgling wine industry. The five-member Alcoholic Beverages Commission is expected to formally approve the recommendations within the next few weeks.

In a May 2005 ruling involving cases in Michigan and New York, the Supreme Court concluded that states have the power to regulate alcoholic beverages, including wine, but they must do it in an even-handed fashion, Walding said. States can't discriminate, target, or give advantages to the in-state producers over the out-of-state producers.

Walding told the liquor board Friday at its Ankeny headquarters that 20 states are now facing lawsuits in the wake of the Supreme Court decision. Iowa could soon be facing similar litigation unless it acts soon to address the issues raised in the high court case, he said.

"This is sort of an effort to inoculate ourselves from that lawsuit," Walding said.

Under the panel's proposal, out-of-state wineries could ship wine directly to Iowa residents, but there would have to be a licensing structure and payment of taxes.

Other recommendations were also aimed at addressing the court ruling, as well as resolving disagreements within the state's wine industry over what should be considered a native Iowa wine.

Iowa now has 340 commercial vineyards statewide, plus 68 licensed wineries, representing dramatic growth since the late 1990s, according to Iowa State University's extension service.

The other proposals included:

- Eliminating the $1.75 per gallon state tax for native Iowa wine, but replacing the tax break with other assistance, such as agricultural tax credits or commercial tax credits.

- Establishing three levels of labeling for wine bottles. The top level would be designated as an Iowa "estate" wine that would be fermented by an Iowa winery using only grapes grown within their own vineyards. Second would be a "100 percent native Iowa wine," which would be Iowa-fermented wine that only used Iowa-grown grapes. Third would be "Iowa wine," which would be fermented in Iowa, but could include grape juice from outside of Iowa.

- Continuing to allow native Iowa wineries to ferment, wholesale and retail their products at their wineries.

- Stopping the current practice of designating 5 percent of Iowa's wine tax revenue for use by the Iowa Wine Development board. The 5 percent - which totals about $283,000 annually - would be replaced by direct state appropriations to state economic development and university programs to assist the wine industry.

<http://desmoinesregister.com/apps/pbcs.dll/article?AID=/20070224/NEWS10/702240342/-1/SPORTS01>

**11. Fairfield Image to be on Side of Semi Trailer**

By: Vicki Tillis, News Editor – *Fairfield Ledger*

February 27, 2007

Images of Fairfield will soon be traveling across the state on a 48-foot long Iowa Alcoholic Beverages Division semi trailer as part of the Iowa Great Places program.

Fairfield Iowa Convention and Visitors Bureau executive director Rustin Lippincott said the recently selected Great Places --       Fairfield, Adams County, Dubuque, Guttenberg, Jackson County and Mason City -- each will have its own promotional design on a semi trailer.

"This is a unique opportunity for Fairfield to position itself as a Great Place across Iowa," said Lippincott. "We will seek a design that highlights our unique brand and increases travelers' awareness of Fairfield, and ultimately encourages them to visit us."

Lippincott said the CVB is currently soliciting design proposals, and anyone interested in submitting an idea should call him at 472-2111 for details and "specs."

He said because Fairfield is full of creative talent, the design can be done locally.

He also added the artist will be paid for his or her work.

\Vernon Graphics of Newton will be painting the designs on each of the trailers. The graphics, which are made of an adhesive 3M material, have a life expectancy of seven years and an advertising value of $60,000, added Lippincott.

The Iowa Alcoholic Beverages Division already has trailers featuring the pilot Great Places cities of Clinton, Coon Rapids and Sioux City and plans to apply Great Places graphics to the remainder of its fleet as more Great Places are designated. The trailers are used to deliver alcohol to liquor stores.

<http://www.zwire.com/site/news.cfm?newsid=17904883&BRD=1142&PAG=461&dept_id=567522&rfi=6>

**12. Beer Keg Measure Gains Momentum**

*Des Moines Register*

February 28, 2007

A long-stymied effort to bring beer keg registration to all of Iowa's 99 counties is getting off to a strong start in the Legislature this year.

The House State Government Committee unanimously approved legislation Tuesday that would require keg buyers to fill out forms so store clerks can record the beer purchase.

Keg sellers would have to place a sticker with an identification number on each container of beer containing more than 5 gallons and keep the buyer's name, address and driver's license number on hand for at least 90 days.

The proposed keg registration requirement is aimed at adults who buy beer for teenagers. Supporters of House File 56 say it would give authorities a way to track the buyer if underage drinkers are later found in possession of the keg, or if the beer leads to someone being seriously hurt or killed.

About one-fourth of Iowa's counties already have beer keg registration.

The bill goes to the entire House for more debate.

**III. OTHER STATE NEWS.**

**13**. **Pennsylvania Reversal (Pennsylvania)**

***CSP Daily News***

**February 26, 2007**

***Appeals court rules against takeout beer in Sheetz c-restaurant***

ALTOONA, Pa. -- Pennsylvania alcohol regulators improperly licensed a restaurant located in the same building as a convenience store to sell beer for takeout purposes only, a state appeals court ruled Friday, said an Associated Press report.

Commonwealth Court said a "retail dispenser" license that the Pennsylvania Liquor Control Board (PLCB) issued to the Sheetz Inc. store"which the company calls a “convenience restaurant”"in Altoona requires beer to be consumed on the premises. Sheetz, however, had no intention of allowing customers to drink in its stores.

"An entity that is licensed for on-premises consumption is given the additional benefit of selling beverages for off-premises consumption," wrote Judge Robert Simpson for the majority in the 4 to 3 decision. He said state law "makes the right to conduct sales for off-premises consumption secondary to the primary purpose of selling malt or brewed beverages for on-premises consumption at the eating place."

In the dissent, Judge Renee Cohn Jubelirer said Sheetz should not be required to use the retail dispenser license to its fullest extent, just as stores that are allowed to sell beer until 2 a.m. may close earlier if they wish. "The PLCB notes that it has never required any of its licensees to utilize their individual licenses and permits to the fullest extent, and it provides numerous examples," she wrote.

Beer sales, which started February 1, continued at the store early Friday, Mike Cortez, Sheetz's vice president and general counsel, told AP. "What I have to do is take a look at the decision to figure out what we're going to be doing from here on out," he said. No decision about an appeal has been made, he said.

The store has since ceased sales, posting this notice on its beer coolers: “Sorry we are temporarily unable to sell malt beverages due to the Commonwealth Court of Pa.’s ruling as of 2/23/07.”

Bob Hoffman, a lawyer for the 410-member Malt Beverage Distributors Association (MBDA) of Pennsylvania"which sued to challenge the license"said the association was concerned that Sheetz was essentially operating as a beer distributor. "It will mean that within a matter of days, when they sort it out, that Sheetz will have to stop selling beer, at least until they figure out a way to comply with what the court has required," Hoffman said.

Along with posting the notice, Sheetz issued the following statement regarding the ruling:

*"Unfortunately for our customers…we must suspend the sale of malt beverages at our Convenience Restaurant in Altoona, Pennsylvania due to a challenge by the [MBDA]. The Commonwealth Court today ruled that the [PLCB] should not have approved the transfer of the liquor license.*

 *In our three-year journey to sell beer to our customers in Pennsylvania, this is yet another set back in our effort to provide the freedom to purchase alcoholic beverages in a convenience setting.

Sadly, this decision highlights the complexity of the Commonwealth's current liquor laws and the need for court intervention just to interpret them. We are exploring all options and intend to cooperate in every way possible with the PLCB.*

*It is our intent to get back into the beer business in Pennsylvania as soon as possible. The legal issues involved here are numerous and complicated, and until further analysis is conducted, we are unable to state our plan of action at this time.*

 *The Court's ruling hinges on our previous decision not to allow on-premise consumption. Moving forward with our legal options, we will consider allowing on-premise consumption if it enables us to obtain a malt beverage license."*

The court case has fueled speculation about a potential expansion of retail beer sales in the state, including proposals to allow the sale of six-packs of beer at cafes adjacent to supermarkets.

"This is all part of the battle [over] how beer is going to be sold in Pennsylvania," Hoffman said of the court ruling.

Cortez said it was possible that Sheetz might allow beer drinking inside the restaurant as a way to continue takeout sales. "If the state of Pennsylvania says we have to, then we'd have to reconsider and think about what makes sense," he said.

But concerning that possibility, Mary Lou Hogan, executive secretary of the MBDA, told *The Altoona Mirror*, “Our position is that Sheetz doesn’t have a license.”

The legal wrangling is over the wording of Section 102 of the Pennsylvania Liquor Code, said *The Mirror*. Sheetz does not meet the legal standard of a “retail dispenser,” which must sell alcohol for on-premises consumption, Simpson wrote for the majority.

The MBDA contends that its interpretation of the law is consistent with the established beer distribution system, in which distributors are granted “the market niche” of selling to consumers in bulk for home use. Failure to enforce the on-premises sales requirement effectively turns Sheetz into a beer distributor without the restrictions of a beer distributor license.

“It is sufficient for current purposes to observe a potential consequence of the PLCB’s interpretation is a significant transformation of the character of outlets for the sale of malt or brewed beverages, to include grocery stores, convenience stores and other commercial establishments with some small area for eating. While such a transformation may be in the public interest, it should be based on legislative intent rather than on a strained administrative reading of statutory language,” Simpson wrote.

The three-judge minority, led by Cohn Jubelirer, said the majority’s “reading of the plain language” adds nonexistent requirements to the statute and is read out of context with other provisions of the Liquor Code.

“The plain meaning of this language is simply one who has permission to sell beverages for on-site consumption [by license], and may [by privilege] sell in limited quantities per person for off-site consumption. The majority, however, appears to read a ‘must sell for on-site consumption’ requirement into the language of Section 102 that is simply not there,” Cohn Jubelirer wrote. “The majority does this without citation to statutory authority or precedent.”

[Click here](http://www.courts.state.pa.us/OpPosting/CWealth/out/896CD06_2-23-07.pdf) to view the ruling.

**14. Keep Beer Sales in Distributors' Hands (Pennsylvania)**

*Lebanon Daily News*

February 23, 2007

The Malt Beverage Distributors Association of Pennsylvania is the trade association for Pennsylvania's beer distributors. MBDA is concerned with supermarkets and gas station/convenience stores entering the six-pack-to-go market.

The sale of beer should be left to distributors, who are independent, family-owned businesses licensed by the commonwealth. Yes, there are states that allow supermarkets to sell alcoholic beverages, but no other state has 1,300 distributors, a sufficient number of outlets to satisfy the public's demand for beer. We offer good prices and provide selection and service that you won't find in any mega-store.

Beer distributors support many local and regional breweries that would not get shelf space in supermarkets, which are dominated by the largest national companies. We are also focused on the convenience that consumers want and are hopeful the Legislature will consider reform to allow customers to purchase 12-packs at their local beer distributor.

Our intent is not to curtail the customer's ability to purchase beer, but we want to ensure that it's done according to what is best for our citizens. MBDA takes issue with the fact that many grocery-store cashiers are of high-school age - not of age to sell alcohol - and we are disturbed by the potential for increased rates of underage drinking. Children of every age go into convenience stores; the association is concerned with dramatically expanding access to alcohol by minors.

Alcohol, if not properly controlled, can be dangerous. We're a highly regulated industry, and distributors have years of experience in selling beer. The Pennsylvania Liquor Control Board and the State Police Bureau of Liquor Control Enforcement recognize our excellent record in preventing sales to minors. Unlike supermarkets and convenience stores, we have only one product to sell. We won't jeopardize our license by selling to minors. Beer distributors restrict their hours of operation from 8 a.m. to 11 p.m.; supermarkets and convenience stores can sell beer from 7 a.m. to 2 a.m.

The beer industry's economic contributions to our commonwealth are significant. We employ thousands, providing good wages and benefits. We generate substantial federal, state and local tax dollars. Small business keeps neighborhoods strong because the money spent there stays in the community. Beer distributors are local businesspeople who play a vital role in our communities. We are active in civic and charitable events. Why cater to the whims and greed of giant retailers who have now decided that they want to enter the beer business and risk putting 1,300 beer distributors out of business, resulting in lost jobs and lost tax dollars to Pennsylvania?

**15. Terry Poole Appointed Superintendent of the Ohio Division of Liquor Control (Ohio)**

Source: *Ohio Dept. of Commerce, Division of Liquor Control*

February 26, 2007

Ohio Department of Commerce Director Kimberly A. Zurz appointed Terry Poole Superintendent of the Division of Liquor Control effective Tuesday, February 20, 2007.

Mr. Poole has worked for the Division of Liquor Control for the past 33 years.

For the past 14 years, Mr. Poole served as Chief of the Division's Agency Operations Section. Other positions held by Mr. Poole with the Division of Liquor Control include Chief of Internal Audits from 1988-1992, Assistant Chief of Accounting and Internal Audits from 1981-1988, and Accounting Supervisor from 1973-1981. Prior to his joining Liquor Control, Mr. Poole worked for the Ohio Auditor of State.

Mr. Poole is a graduate of The Ohio State University with a bachelor's degree in Education.

**16. A Fruitful Year For State's Wine: Oregon Vineyard Production is up 38 Percent From '05 (Oregon)**

By Sherri Buri McDonald - *The Register-Guard*

March 1, 2007

Oregon wineries can lift a glass to another record-breaking year of grapes produced and crushed in the state.

Oregon vineyards produced 34,400 tons of wine grapes, valued at $60.2 million in 2006, according to recently released figures from the National Agricultural Statistics Service. Production was up 38 percent compared with 2005, thanks to high yields and an increase in newly producing vines, the service said.

Production in Oregon is expected to continue to rise at a healthy clip because more acreage has been planted that won't produce fruit for several years, growers say.

The huge boost in production in '06 - with more increases on the way - raises the question of whether there will be demand for all this wine, or if Oregon producers will create an oversupply.

**17. Microbreweries May Get to Sell Directly to Consumers (Texas)**

By: *News 8 Austin*

February 28, 2007

AUSTIN, TX -- Beer lovers are getting one step closer to buying their favorite pint directly from small Texas breweries.

Rep. Jessica Ferrar, D-Houston, filed a bill Wednesday called the Texas Microbrewery Free Trade Bill, which would allow microbrewers to sell to consumers.

Right now, the Texas Alcohol and Beverage Code requires microbreweries to sell only to distributors and retailers.

Small Texas breweries believe the law hurts them financially and causes microbreweries to fail.

Just a few years ago, voters approved getting rid of a similar law that prevented Texas wineries from direct sales.



**18. New R.I. Bill Could Raise the Price of Beer (Rhode Island)**

Abe Lubetkin - *Brown Daily Herald*

February 27, 2007

A recently introduced bill would double the state beer tax, raising prices at R.I. stores like Spiritus Fermenti on Meeting Street.

A game of quarters may soon cost a few more pennies.

Rep. Edwin Pacheco, D-Dist. 47, introduced a bill Feb. 1 in the Rhode Island General Assembly that would raise the state beer tax to finance substance abuse treatment programs.

Supporters of the proposal say it would help the state's financially strapped rehab centers, while critics argue the legislation would do nothing more than drive beer-drinking Rhode Islanders to Massachusetts, where alcohol is already less expensive.

**19. Cell Number Created to Report Drunk Drivers (New Mexico)**

By Jim Tiffin – *Cibola County Bureau*

February 24, 2007

**McKinley County near top in DWI arrests and fatalities**

GALLUP — A new four-digit cellular telephone number has been announced to report drunk drivers on roads and highways across the state and the Gallup Police and McKinley Sheriff's departments, as well as the Navajo Nation, have been awarded funds to hire full-time DWI law enforcement officers, said New Mexico DWI Czar Rachel O' Connor.

The initiative to allow cell phone users to call: #394 (#DWI) was announced Thursday and is designed to reduce death and injuries caused by drunk drivers.

The cell phone number connects the caller with state dispatchers. The program includes the cooperation of all cellular telephone providers in New Mexico, including, Alltel, Cingular, Cricket, Plateau, T-Mobile and Verison Wireless.

O' Connor said funding has been awarded to Gallup Police, McKinley County Sheriff's Department and the Navajo Nation in order to allow those agencies to hire, pay and equip full-time law enforcement officers whose sole duty is to enforce DWI laws.

"Currently, the state is sixth in fatalities per 100,000 people and eighth in fatalities per motor vehicle mile," O' Connor said.

Just last week, Gallup Police received $38,000 to provide police coverage for DWIs on "high incidence days," where more DWI accidents occur in Gallup, Wednesdays through Saturdays, she said.

The state has given $300,000 to the McKinley County Sheriff's Department to provide four full-time DWI deputies, she said.

"And, although $150,000 has been awarded to the Navajo Nation for two additional officers to enforce DWI laws, that contract is still going trough the Tribal Council," O' Connor said.

.In the past few years arrests and fatalities have told the story in Gallup, which is of major concern to the state, she said.

Bernalillo County, which has about 1 million people, had 32 fatalities in 2006, and Gallup, which has 30,000 people, had 31 fatalities in 2006, she said.

Fatalities in McKinley County for the past several years are:

* 2005 — 29
* 2004 — 33
* 2003 — 21
* 2002 — 27

"One of the goals of funding these agencies for DWI officers is to reduce the number of deaths and injuries related to DWI accidents," O' Connor said.

DWI arrests for the past five years in McKinley County, compared to Cibola County are below.

 A preliminary number of arrests in McKinley County for 2006 is 1,009. There are no statistics available yet for Cibola County for 2006, O' Connor said.

* 2005 — (Most recent official statistics available) McKinley: 938; Cibola: 396
* 2004 — McKinley: 1,503; Cibola: 443
* 2003 — McKinley: 1,222; Cibola: 559
* 2002 — McKinley: 1,065; Cibola: 276
* 2001 — McKinley: 1,297; Cibola: 357

O' Connor said the state is concerned about the dip in arrests in McKinley County because more arrests means less fatalities and injuries and with less arrests more accidents may occur resulting in more fatalities and injuries.

<http://www.gallupindependent.com/2007/feb/022407jt_cllnmbrdrnkdrvrs.html>


# 20. Grocers Want Wine Tastings, but Sobriety Advocates Find Idea Hard to Swallow (Washington)

*Seattle Post-Intelligencer*

February 26, 2007

OLYMPIA -- Try some wine?

Not in our grocery stores, sobriety advocates say.

A bill to create a wine and beer tasting pilot program in 30 Washington grocery stores may send children the wrong message about alcohol, lobbyists for substance abuse prevention said last week.

The bill would prohibit stores from serving alcohol to anyone under 21 and would limit customers to 4 ounces of beer or wine at any given tasting. Participating stores would not be allowed to hold more than one tasting a month.

But Julie Peterson of the Washington Association for Substance Abuse and Violence Prevention said grocery stores are simply the wrong environment for events that promote alcohol consumption, regardless of the rules they follow.

"The more children and adolescents are given a favorable impression that the community supports alcohol and alcohol use, the more likely they are to engage in behavior like drinking," Peterson said.

"That's just the issue about modeling this in a grocery store. That you're there shopping for family groceries and having a casual attitude about sampling beer is very concerning to us."

Independent grocers and alcohol producers argue that the bill is a great way to promote local beer and wine companies, as well as help customers make informed choices.

"This is a perfect way for small businesses to work together to provide customers with answers about products they're looking for without taking a leap of faith, so to speak, on a product that they don't know anything about," said Bob Broderick of Northwest Grocers, an organization of more than 50 independent retailers.

He said the idea works well in Oregon, where tastings in grocery stores are allowed.

Washington does not allow wine tastings in grocery stores unless the store is also licensed as a beer or specialty shop.

The bill would require the stores to hold the tastings in areas that can be easily monitored to prevent minors from being served.

The state Liquor Control Board would select which stores could participate in the project, and would have to choose a mix of independent stores and larger retailers.

Liquor Control Board spokesman Rick Garza said the board doesn't believe that wine and beer tastings would cause legal problems in grocery-store settings.

"In our conversations with Oregon, we're not aware of compliance issues with respect to these tastings," he said. "Whether or not it should be done, we can let the Legislature decide."

Sen. Karen Keiser, D-Kent, questioned the reasoning of the anti-alcoholism groups that oppose the bill.

"It's conjecture I think to say this will lead to abuse, especially when we have this already functioning in place for some time in other states," Keiser said.

"In Europe, for instance, I find it's really interesting -- they have wine at every table from age 2, I think. There seems to be less of a problem with alcohol there than in the U.S."

The wine and beer tasting pilot project proposed by House Bill 2076 and its companion bill, Senate Bill 5751, would last only one year.

Bill sponsor Rep. Steve Conway, D-Tacoma, proposed a bill two years ago that would have implemented a wine-tasting system like Oregon's, but said he thought this year a pilot project would be better received.

His main goal with the measure is to stimulate interest in Washington wines, he said.

"A lot of our specialty grocery stores would like to do this," he said. "I personally think, given the importance of helping to promote our wine industry, at least we should look into it and see whether or not it causes social problems."

<http://seattlepi.nwsource.com/business/305085_wine26.html>


# 21. Wyoming Governor Signs Open Container Ban (Wyoming)

*Beverage News Daily*

March 1, 2007

Wyoming Gov. Dave Freudenthal yesterday signed a bill that would prohibit open containers of alcohol in moving private vehicles on the state's highways, but the state still may not be in compliance with federal standards, according to John Cox. director, Wyoming Department of Transportation

''The Wyoming law says in essence that while a vehicle is rolling you can't have open containers of alcohol on the highway,'' Cox said.  But he said federal standards do not specify that a vehicle be in motion for an open container law to apply.

Officials with the National Conference of State Legislatures said Wyoming is one of six states that did not meet federal standards for open container laws.


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# 22. Bill Seeks to Deter Teen Drinking (New Hampshire)

*Concord Monitor*

February 27, 2007

In an effort to make it easier for the police to crack down on underage drinking, lawmakers want to make it illegal for anyone under 21 to have consumed alcohol. That would be a significant expansion of current law, which makes it a violation for minors to possess alcohol or be drunk.

Opponents say that change will make it easier for the police to charge people based only on suspicion, and they warn that it will penalize those who walk home from parties instead of getting behind the wheel. Supporters say it will discourage underage drinking.

"It's something we need to do to save lives," said Rep. John Tholl, the bill's primary sponsor. Tholl, a Whitefield Republican, is a retired state police sergeant who serves as part-time police chief in Dalton. "We're having too many young people killed because of alcohol-related offenses - not just drunken driving, but assaults and falling off of buildings and all that kind of stuff."

State law makes it a violation for anyone under 21 to possess alcohol or to be intoxicated. That means when the police break up a high-school party, it's easier to get charges to stick on a teenager who's holding his first beer than on one who's already had a few but doesn't have a beer in his hand. This bill would change that.

Sen. Bob Clegg, a Hudson Republican, called the bill "absolutely outrageous" and said it would be wrong to lower the threshold of evidence needed to convict people under 21 of an alcohol violation.

"We've gone beyond reasonable (doubt) to everyone's guilty until proven innocent," he said. The police "want to be able to arrest people for mere suspicion. They want to be able to walk up and say, 'I think you consumed alcohol. You're under arrest.' "

Possession of alcohol by a person under 21 is a violation punishable by a $300 fine for a first offense, though the court may also impose other penalties, including revoking the violator's driver's license. (The underage-drinking law is separate from the criminal laws covering drunken driving by people under and over 21.) Five years ago, lawmakers voted to add visible "intoxication" to the possession law - informally known as "internal possession," when the alcohol is not in hand.

But "as the law stands right now for the internal possession, it's not helping us," said Bedford Police Chief David Bailey, an advocate for the new bill.

Changing the statute from "intoxication" to "consumption" would make it easier for police officers to charge someone who had alcohol on his or her breath but who was not holding a drink, said Bailey, past president and former legislative chairman for the New Hampshire Association of Police Chiefs, which is lobbying for the bill to pass.

The new bill would net more underage offenders but allow for less severe penalties, he said. A judge could still impose the fine or revoke the driver's license, but the bill would allow the court to first consider community service instead, he said.

That's important, Tholl said. "The issue to me is not trying to make a criminal out of a kid for drinking," he said. "My issue is to keep them alive until they can get to an age when they can use better judgment."

Claire Ebel, executive director of the New Hampshire Civil Liberties Union, criticized the bill as a shortsighted plan to deal with a societal problem through prosecution.

"Instead of using the educational process as a way to deal with the problem, we are using the police to deal with the problem," Ebel said.

Ebel said the new bill would erode those rights by allowing the police to easily argue internal possession without a breathalyzer test or other concrete evidence of alcohol consumption. "The officer's testimony is likely to be that the individual's words were slurred, that the individual smelled of alcohol, that the individual was unsteady on his or her feet, and that testimony in court might be sufficient," she said.

That could encourage underage people to drive instead of walk if they've had a few drinks, to avoid the close scrutiny of a foot patrol, Ebel said. "We are going to wipe out a generation of work to make young people realize that drinking and driving is unacceptable," she said.

Bailey said he understood that argument. "I can't guarantee that some cop isn't going to stop some kid that might be minding his own business and may have made a wise choice and decided to walk, but that's not what we're trying to do," he said. "We're trying to stem illegal drinking."

Clegg said the bill would be an invitation for the police to stop teenagers on foot and could lead to the arrest of a 20-year-old who drank wine at a dinner, or a teenager who had alcohol spilled on his or her clothes at a party. He said the bill was the product of "an overzealous group of chiefs who are drunk with the successes they have in doing good things and (now) just keep looking for more things to do."

Clegg said he was sure the bill would pass, calling this "the year of government control."

"We've already decided people can't smoke cigarettes in restaurants or bars, so why not assume that every child under 21 who might smell like alcohol is guilty," he said. "Maybe they should amend the bill so that any child who smells like tobacco should also be arrested."

<http://www.concordmonitor.com/apps/pbcs.dll/article?AID=/20070227/REPOSITORY/702270386>

**23. Omaha Considering CWS Alcohol Limit (Nebraska)**

*Business Week*

February 27, 2007

Omaha can't afford to lose the College World Series, so the city would be wise to comply with the NCAA's request to limit the amount of alcohol served around Rosenblatt Stadium during the event, a city councilman says.

"I'll jump through hoops of fire to keep the College World Series in Omaha," Jim Vokal said Monday. "That would be a colossal loss for our city."

Vokal said he'll propose an ordinance at Tuesday's City Council meeting that would limit to seven the number of temporary liquor licenses allowed within a half-mile of Rosenblatt Stadium during the CWS. This year's NCAA Division I baseball championship tournament runs June 15 to 24 or 25.

The CWS has been played in Omaha since 1950. The city and the NCAA have a contract to keep the CWS here through 2010.

The alcohol issue was broached in a recent letter from the NCAA to Mayor Mike Fahey.

Seven temporary licenses for beer gardens and beer tents were issued for last year's CWS. Dennis Poppe, NCAA managing director of baseball and football, said he knows of no major problems associated with alcohol.

But if a cap isn't placed on alcohol, Poppe said, there are bound to be problems eventually.

"We're trying to cut it off at the pass before it gets to be a major issue," Poppe said.

While there have been few, if any, alcohol-related incidents reported in the stadium, residents who live nearby have complained about drunken fans and loutish behavior, Poppe said.

Poppe said it's the NCAA's hope that a family friendly atmosphere can be preserved. Ideally, he said, the CWS environment would be alcohol-free.

Vokal said he and three other members of the seven-person council support the license limit.

The CWS has a $40 million to $50 million economic impact on Omaha, Vokal said, in addition to invaluable national exposure.

He said it's likely the alcohol issue will be part of the next round of negotiations with the NCAA.

"I don't want to take the chance of it being a deal-breaker," Vokal said.

Poppe said he's confident the city will act in the best interest of the CWS.

"We've had such a great partnership with the city," he said. "We've always been able to reach a mutual agreement."

<http://www.businessweek.com/ap/financialnews/D8NI5TH00.htm>

**24. South Dakota Senate OKs Daily Check-Ins for DWI Offenders (South Dakota)**

*Beverage News Daily*

February 28, 2007

The South Dakota Senate unanimously passed and sent to the governor a bill expanding statewide a pilot program that requires repeat drunken drivers to check in at jails twice a day for breath testing.  Judges could give those motorists the choice of participating in the program or going to jail. People who fail the breath tests or don't show up are arrested and put in jail.

**25. Court Upholds N.Y. Ban on Dancing in Bars (New York)**

• New York Supreme Court upholds 80-year-old cabaret law

• Law bans dancing in ordinary bars and restaurants in New York City

• Prohibition-era law was enacted to crack down on speakeasies

• Gotham West Coast Swing Club,, others, say ban violates free expression rights

NEW YORK (AP) -- Come and meet those dancing feet, up on 42nd Street -- but only in nightspots with special licenses.

The city's 80-year-old cabaret law banning dancing by patrons in ordinary bars and restaurants is legal, the state Supreme Court's Appellate Division ruled Thursday.

The Gotham West Coast Swing Club and several people had sued, saying the law violated their constitutional right to free expression.

But the appeals court backed the law, which was enacted in the Prohibition era to crack down on speakeasies.

"Recreational dancing is not a form of expression protected by the federal or state constitutions," the court wrote.

City lawyer Norman Corenthal welcomed the court's decision, saying it upheld the city's right to enforce laws that protect residential areas from noise, congestion and safety hazards.

The plaintiffs claimed that in the 1960s, about 1,000 places legally allowed patrons to dance, but fewer than 300 such places exist now. They also had challenged the city's application of zoning laws, arguing it was arbitrary and capricious.

Norman Siegel, a lawyer for the plaintiffs, said he was considering an appeal.


# 26. Kegs For Cash? (Michigan)

*Lansing State Journal*

February 23, 2007

Toting a load: Warehouse manager Bill Pioszak unloads empty kegs from a truck Thursday at M & M Distributors Inc. Many kegs are disappearing to the scrap metal market.

Rising scrap metal prices lead to fewer returns for deposits

Lansing - Larry Bell figures that for every one of his kegs on tap, there are seven of the stainless steel casks waiting somewhere in the wings.

Most are back at his company's main brewery in Comstock, stored in inventory or en route to be refilled. But too often, Bell and other brewers say, kegs are ending up as scrap metal.

That's because rising prices have made kegs worth more for their metal than for their retail return deposit - a state-mandated $10 per keg.

State officials say they're likely a couple of months from finalizing a plan to raise the deposit to $30. That, brewers say, would be enough to thwart the scrap metal market. But it's been 14 months since brewers took their concerns to the state Liquor Control Commission.

"In the meantime, we don't know where our kegs are going," said Bell, president of Bell's Brewery Inc., which delivers to the Lansing area. "I'll bet over the last five years, it's cost us a couple hundred thousand dollars in lost kegs."

It's a problem perplexing brewers big and small. Regional brewer Bell's has been joined by St. Louis-based beer giant Anheuser-Busch Cos. Inc. in leading the charge for a higher keg deposit.

It costs brewers $135 to buy a new half-barrel keg, Bell said. The price has gone up nearly 50 percent in the last year.

Meanwhile, that keg is fetching between $10 and $30 on the scrap market.

"If I had my way, (the deposit) would be 100 bucks," said Bobby Mason, owner of Webberville-based Michigan Brewing Co. "For $10, a lot of people will leave a keg sitting in the basement or give it to their buddy to cut up for a barbecue."

**Recovering kegs**

While an individual bought the beer, that keg, brewers maintain, is theirs.

But getting someone to help recover lost kegs is a challenge. Michigan doesn't require retailers to track who buys or returns them.

Bell said he's tried to get law enforcement help on the keg issue, but to no avail.

And the state Liquor Control Commission doesn't have jurisdiction to step in, spokeswoman Julie Wendt said. The best the commission can do is work through the lengthy process to raise the deposit.

Some kegs have markings, and some don't, depending on the brewer.

That leaves brewers on their own to strike pacts with salvage yards to keep kegs from getting scrapped.

Recycler Friedland Industries Inc. in Lansing has been trying to work with brewers, said John Lancour, vice president of sales and marketing.

A couple of years ago, the company stopped buying good kegs.

"Beat up old kegs" are bought at a flat rate that's less than the scrap price for the metal, Lancour said.

"Since we've done that, we pretty much don't see them anymore," he said.

**Disappearing act**

Yet, kegs still are disappearing. That's leaving beer brewers and wholesalers little alternative but to pursue a deposit increase, said Mike Lashbrook, president of the Michigan Beer & Wine Wholesalers Association.

The trade group's members collectively have about $1.59 billion in sales of beer, wine, mixed spirits and other beverages.

"The industry is fairly united in saying that it's time to raise the (deposit) level to at least be above the scrap value," he said.

Rich McCarius, owner of Tom's Party Store in Meridian Township, said it's an understandable response. He knows all the kegs his store sells aren't getting returned, and a higher deposit shouldn't negatively impact business.

"You get the money back as long as you bring it back," McCarius said.

<http://www.wzzm13.com/news/news_article.aspx?storyid=71406>

**27. An Unfair Shot (Michigan)**

*Grand Rapids Press*

February 23, 2007

Gov. Jennifer Granholm's proposed tax hikes on liquor aren't going down well with liquor sellers, and no wonder. They already are burdened by a Byzantine system of taxes and regulation that doesn't apply to beer and wine. Liquor sales also are subject to far more in overall taxes than are the other beverages.

Before liquor sales are tapped for yet more state revenue, lawmakers had better be aware of the existing inequities and start leveling the bottles. That would have to begin with the beer tax. It was set in 1933, following Prohibition, and was last changed in 1966 -- when it was reduced.

The governor's proposal would increase the profit -- the "markup" -- that the state takes on liquor sales by 10 percentage points, adding roughly 5 percent to the price of a bottle of liquor. Also, she would raise the annual liquor license renewal fees. A bar or restaurant would see its annual fee jump from $600 to $1,800. Although the license fees apply to sales of beer and wine, too, the heaviest add-on costs are for liquor.

The governor's proposed higher markup on liquor sales could be expected to push more Michigan liquor sales into neighboring states, none of which matches Michigan's liquor taxation. Lawmakers inquiring into this issue should be aware that cars moving up highways to Grand Rapids from South Bend and Chicago already commonly are packing loads of bourbon and scotch bought at lower cost.

Currently, more than half of the price a consumer pays for a bottle of liquor in Michigan goes to the state Treasury, not including the sales tax. A report done two years ago by Sen. Gilda Jacobs, D-Oakland County, states that "the purchase price of a bottle of liquor in Michigan is already substantially higher than in any other Great Lakes state, up to 20 percent more per bottle." At a time when Ms. Granholm, rightly, is urging greater promotion of Michigan as a visitor destination, there is a clear contradiction in this proposed new jacking up of prices that are so directly related to the tourism and hospitality industries.

Liquor also pays far more to the Treasury than its alcohol brethren, beer and wine. Last fiscal year, the state took in $41.8 million in beer taxes; $9.3 million on wine taxes; but more than $250 million from assessments on liquor sales. That's even though beer consumption dwarfs liquor. Wine consumption is roughly equivalent. On a sales-counter basis, the buyer of a six-pack of Miller (just over half a gallon) is paying about 14 cents in beer tax. The person buying a fifth (a fifth of a gallon) of Gordon's gin is paying just over $6 in the state markup and liquor taxes.

Michigan's system of liquor purchasing and taxation has been due for an overhaul for many years. The state is the monopoly purchaser of all liquor. The state markup and taxes are on top of the wholesale price, all of which are in addition to the license fees. So, while liquor prices in many other states are allowed to fluctuate with the free market, those in Michigan are captive of state regulators. For the consumer, it means the liquor flows through numerous bureaucratic weirs before being finally poured from bottle to glass.

At the very least now, lawmakers considering Gov. Granholm's plan should try spilling a little equity into the broader subject of alcohol taxes. Meeting with Press editors this week, the governor was candid about the political problems of touching the beer tax. The suggestion was that she was into doing what was possible more than what was right. But, of course, nothing is possible if a leader won't even raise the issue. If liquor taxes are to be increased, then it's also time to check in on beer and wine and rebalance the whole alcohol taxation mix.

The governor's easy shot at liquor alone isn't justified.

**28. Evans Wants ABC to Enforce Wine Labeling Rules (California)**

*Times-Herald*

February 26, 2007

SACRAMENTO - Assemblymember Noreen Evans, D-Santa Rosa, has introduced a bill designed to protect the in-tegrity of California wine.

Assembly Bill 892 would have the state Department of Alcoholic Beverage Control (ABC) enforce the "California Appellation" rule.

American Viticultural Area appellations for Napa, Sonoma and Monterey counties already are enforced by ABC. The "California Appellation," for wines from California grapes, is enforced by the state Department of Health Services.

"Enforcement of our wine labeling laws will improve if one agency is charged with the task," Evans said in a statement.

Violations could cost the license of anyone who produces wine under the California label if it is not made solely from fermented juice derived from California-grown grapes.

<http://www.timesheraldonline.com/ci_5307486>

**29. Alliance For Responsible Alcohol Retailers Supports Most Substantive Alcohol Legislation in Two Decades (Indiana)**

February 28, 2007

PRNewswire-USNewswire/ -- The Alliance for Responsible Alcohol Retailers (ARAR) today announced support for Senate Bill 339, touting it as a true step forward in alcohol legislation and reform.

"We applaud the Senate for enacting sensible and effective measures that put forth a balanced compromise regarding the sale of alcohol beverages" stated Grant Monahan, President Indiana Retail Council. "Our Alliance applauds lawmakers for their common sense approach to good public policy that will hopefully end decades of market share turf battles with the liquor stores."

Major provisions provided in the bill include:

-- Codifying over 20-years of Indiana law on the types of businesses eligible for a grocery store permit. The bill specifically prohibits

gasoline stations from obtaining a permit and does not expand the types of businesses eligible for a permit.

-- Revise the quota for grocery store permits from one permit per 1,500 citizens to a three tiered approach depending on the size of the

incorporated area. For example, in Indianapolis and Fort Wayne, this would mean a 70 percent reduction in the number of available permits.

Every Indiana community over 15,000 residents will experience a sharp reduction in the potential number of alcohol outlets.

-- Require retailers to display liquor in a designated area or agree to adopt additional security measures

-- Grant law enforcement the full authority to undertake compliance checks, similar to the tobacco industry compliance checks currently in place.

-- Establishes civil penalties for employers and employees for underage sales, and directs that such penalties fund the ATC's enforcement activities.

The Alliance for Responsible Alcohol Retailers is a coalition of trade associations and drug, grocery and convenience stores in Indiana that believe alcohol should be sold within a regulatory framework that prevents youth from accessing alcohol; strengthens compliance and fair competition, and provides consumers with real choices, convenience and competitive prices. For additional retail alcohol information and statistics, please visit \http://www.responsibleretailers.org.

**30. Sunday Sales Bill Suffers Setback (Georgia)**

By Alan Riquelmy, Staff Writer - *Ledger Enquirer*

March 1, 2007

**Bill sent to subcommittee, what Harp calls an attempt to kill the legislation**

ATLANTA - A bill in the state Senate designed to allow the off-premise sale of beer, wine and liquor was kicked into a subcommittee Wednesday afternoon -- a move the measure's sponsor calls an attempt to kill the legislation.

Sen. Seth Harp, R-Columbus, spoke before the State Regulated Industries and Utilities Committee about his bill that, if passed, would give local communities the chance to decide whether they want to buy alcohol on Sunday from grocery, convenience and liquor stores. Under current state law, it is illegal to purchase off-premise alcohol in Georgia on Sunday.

"In the days of yore, all businesses were closed on Sunday," Harp told the committee and a room packed with onlookers. "That's not where we are today in the 21st century. That's a reality of the world we live in."

Wednesday's meeting was the first step for the controversial bill that drew several supporters and opponents to the microphone. After nearly two hours of hearing from business and religious leaders, committee Chairman and Sen. David Shafer, R-Duluth, suggested the bill be moved to a subcommittee, so the legislation's language and Harp's intent could be rectified.

Shafer pointed to the wording of the referendum local communities would have to hold before Sunday sales could occur. The current wording states that sales would begin at noon. Shafer questioned whether local governments would have the option to start sales later if they desired.

While Harp said that was possible, Shafer agreed with a suggestion by Sen. Mitch Seabaugh, R-Sharpsburg, that issues such as that could be smoothed over in subcommittee. Shafer appointed himself, Seabaugh and Sen. Regina Thomas, D-Savannah a vocal opponent of the bill -- to that subcommittee.

"I think we'll see what happens," Harp said afterward. "(Shafer) said we'll have a vote, and we'll see that happens. I think the people of Georgia need to talk to their senators. The subcommittee better act soon, or we'll remove it from this committee."

Thomas said she was appalled anyone calling themselves a Christian, which Harp did, would bring a bill such as his to the committee. Opponents of the bill, many of them pastors, said the bill's passage would sully the Sabbath, cause more highway accidents and make alcohol more accessible to those under 21 years old.

"This is the absolute, final assault on the sanctity of the Sabbath," said Jim Beck, president of the Georgia Christian Coalition. "I like to make a buck as much as anybody, but I'm not going to sell my soul for 30 pieces of silver. If this bill passes, lives will be lost because of it."

Pastor Aaron McCullough, with the Troup Baptist Association, suggested those in the retail business talk with Chick-fil-A owner Truett Cathy about Sunday sales. None of the stores Cathy founded are open on Sundays.

"Can you name me one moral value this bill will lift up and magnify?" McCullough asked. "I plead with you to do the right thing and kill this bill now."

Kathy Kuzava, president of the Georgia Food Industry Association, said she spoke in support of the bill because of customer requests. She brought to the meeting several business leaders, who spoke about their own stores' desires to have Sunday sales.

"We are standing here in partnership and asking that Georgia law be changed," Kuzava said.

Jay Hibbert, vice president of the Distilled Spirits Council of the United States, said Sunday sales would increase tax revenue for the state and bring in more money for retailers. He questioned the veracity of his opponents' claims about Sunday sales causing more underage drinking.

"The law says, if you're under 21, you can't buy alcohol," he said.

The General Assembly is scheduled to have a two-week recess starting Friday.



**31. Bills Seek Balance on Wine Laws (Arkansas)**

**By Daniel Nasaw – *Arkansas Democrat***

February 28, 2007

The legislative debate on the future on the state's wine laws began Tuesday with a committee hearing arguments on whether lawmakers should revoke Arkansas wineries' special marketing privileges in order to conform to a U. S. Supreme Court decision.

Discussion in the Senate State Agencies Committee focused on who should be protected: Arkansas wineries that claim to be an important part of the state's agricultural heritage, or the package stores and the three wholesalers that profit from a decades-old marketing structure designed to collect excise tax and keep minors from buying alcohol.

As members file competing bills and special interests and their lobbyists line up support among legislators, Gov. Mike Beebe declines to publicly support one approach over others, but has indicated reluctance to open Arkansas to the direct shipment of wine from outside the state.

One legislator said Beebe persuaded him to remove a clause in a bill that would allow the shipments.

"We don't want folks shipping in such a way that it permits, unduly, the ability of minors to obtain [wine ] through the mail," Beebe said at a news conference, when a reporter asked him to state his view.

Under current state law, wine and other alcoholic beverages from outside Arkansas must be moved through a registered wholesaler that pays excise tax to the state. The wholesaler then distributes the alcohol to restaurants, bars and liquor stores, which sell to consumers.

But the law allows the seven Arkansas wineries to sell directly to grocery stores and to consumers who have visited the wineries. No such privilege is extended to out-of-state wineries, which lawmakers and people in the alcohol industry agree is a problem under a 2005 U. S. Supreme Court ruling.

In the case of Granholm v. Heald, the court ruled unconstitutional a Michigan law prohibiting out-of-state wineries from selling directly to consumers when in-state wineries may do so. The court found that restriction to be a burden on interstate commerce.

Lawmakers and alcohol-law experts say that in order to bring Arkansas into compliance with the decision, either Arkansas wineries must be prohibited from selling directly to consumers or out-of-state wineries must be permitted to do so, or some alternative must be established to treat in-state and out-of-state wineries alike.

A lawsuit pending in federal court by a wine drinker chal- lenges the Arkansas wine laws ' legality. A separate suit in the state Appeals Court seeks to overturn the law giving preference to native wineries. The parties in that case have agreed to pause the legal proceedings until the Legislature can resolve the issue this session.

Five bills related to the issue are pending in the Legislature.

Senate Bill 304, by Sen. Terry Smith, D-Hot Springs, would revoke Arkansas wineries' marketing privileges and force them to sell their products through the three-tier system rather than directly to consumers.

A measure favored by Arkansas wineries, House Bill 1651 by Rep. John Paul Wells, D-Paris, would allow only wineries producing 250, 000 gallons or less to sell to consumers and retail stores. This would apply to wineries inside Arkansas and outside the state. That cap would cover all the Arkansas wineries, while protecting wholesalers' exclusive authority to market the products of larger wineries that Wells said constitute 95 percent of liquor store sales.

Wells' bill won't authorize any wineries to ship directly to the consumer, which is a provision sought by Arkansas wine enthusiasts who maintain they can't purchase favored boutique out-of-state wines in the state's liquor stores.

An earlier version of Wells ' bill would have allowed that, but Wells said he struck it from the final draft after consulting with Beebe.

"He was afraid that college kids and underage kids would be getting wine," Wells said. "I can see the governor's concerns, but my winery people say they have all the proof in the world that there isn't much wine sold to underage children."

As it stands now, Arkansas ' oenophiles are prohibited from ordering wine from out of state because no mechanism exists for consumers to pay excise tax on the bottles. Some wine drinkers break the law, however, and have devised methods of bootlegging shipments into the state.

Two recently introduced bills would allow the state to collect tax on shipments from out of state.

Senate Bill 592 by Sen. Ruth Whitaker would license outof-state wineries to ship to Arkansas consumers. The bill also would levy annually sales and excise taxes on shippers.

Whitaker, a Cedarville Republican, also introduced SB 593, which would allow small out-ofstate wineries to sell directly to retailers.

House Bill 1518 by Rep. David Evans, D-Searcy, would allow consumers who order wine into the state to pay excise taxes directly to the Department of Finance and Administration.

**32. Legislature Making Changes in Agriculture, Liquor Regulation (Excerpt) (Utah)**

*The Salt Lake Tribune*

February 28, 2007

A patchwork of liquor-related laws are now awaiting the governor's signature.

But as the Legislature wound to a close Wednesday, some bills affecting the agriculture industry were hanging in the balance.

LIQUOR

SB205

Passed

   \* Allows the addresses and telephone numbers of state-controlled liquor stores and package agencies at resorts and small towns to be listed in the Business section and Yellow Pages of directories.

    \* Eliminates sales taxes and the 13 percent school lunch tax levied on alcoholic beverages, while marking up Utah's cut from liquor sales from 64.5 percent to 86 percent. The change will not affect prices, but makes it easier for restaurants to calculate taxes on drinks.

    \* Prohibits tavern owners and employees from buying a beer for a patron.

    \* Allows for the suspension of driver licenses of individuals under age 21 who commit an alcohol-related crime.

    \* Ensures exotic dancers are at least three feet away from patrons at private clubs and taverns serving alcohol.


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# 33. Documentary Highlights Horrors of Teen Drinking (Texas)

*News8Austin.com*

February 28, 2007

The Paramount Theater served a purpose Wednesday night other than entertainment.

A scene from Party 101: Consequences

A documentary about teen drinking premiered. Party 101: Consequences graphically describes the horrors teens who abuse alcohol can face. The documentary is the focal point for a campaign aimed at helping families and communities prevent underage drinking.

Party 101: Consequences involved teens in the creation, production and taping and allows viewers to experience some of the real consequences of underage drinking.

The half-hour program is divided into several parts. Each shines a

light on some aspect of the epidemic teen alcohol abuse. The presentation was powerful, but it was the panel of speakers who really made eyes tear.

One panelist lost her son. He was a passenger in a car driven by a drunk teen.

"If I could have been that parent and been more aware of what he was doing, and who he was hanging out with. Because a lot of

stuff I didn't find out until after my son was killed," parent Terri Teague said.

Teenagers were also on the panel, trying to reach other teens in ways only they know how.

"We listen to our peers all the time, whether it be good or whether it be bad. We're influenced by them. So this would serve as a good peer pressure," teen Melessa C. Rodriguez said.

Obtain a copy of the documentary free of charge at the Texas PTA website. You can also schedule a group workshop there as well.

Some teens, though, believe it doesn't matter what you do. They say if a kid is determined to abuse alcohol or drugs, he will.

"Most of the time, parents are strict and everything, and they

just want to get out on their own," teen Izaiah De la Rosa said.

Others say teens take notice when you show them stark reality.

"If they notice what this thing does to them, then they'll definitely steer clear of this kind of destructive activity," teen Christina Mattox said.


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# 34. Kentucky ABC Office Has Record Year Stopping Underage Drinking (Kentucky)

*WTVQ-TV*

March 1, 2007

The Kentucky Office of Alcoholic Beverage Control (ABC) reports it had a record year in 2006 in its ongoing efforts to stop underage drinking.

ABC investigators visited a record 2,021 businesses licensed to sell alcoholic beverages last year.  Investigative aides ranging from 18-to-20 years of age, working undercover for the agency, made 396 buys from ABC-licensed businesses.  In the previous four years, the number of visits varied from 744 to 1,395, with the number of buys ranging from 139-to-245.

"More importantly, we have seen a steady increase in our compliance rate," said Chris Lilly, executive director of ABC.  "The percentage of businesses that had no violations is now about 80% compared to less than 75% in 1998."

In Kentucky, alcohol sales are illegal to anyone under the age of 21.  The ABC attributes much of its success to a program called Operation Zero Tolerance.  The OZT program has found success not only in monitoring illegal sales at retail businesses, but also during special events such as festivals, sporting events and off-campus keg parties.  The office issued 813 citations during such events in 2006.

OZT is underwritten by a federal grant that typically totals $100,000 a year.

35. House Agrees to Crack Down on Cigarette Bootleggers **(South Dakota)**

*Sioux City Journal*

February 28, 2007

PIERRE, S.D. (AP) -- South Dakota needs to crack down on bootleggers who try to avoid the state's substantially increased cigarette tax by bringing in cheap cigarettes from other states, the House of Representatives decided Tuesday.

Voters in November passed a ballot measure raising the state cigarette tax by $1 a pack. The higher tax took effect Jan. 1.

The measure (SB41) that passed Tuesday imposes financial penalties on people who possess cigarettes that lack a South Dakota tax stamp. It also provides criminal penalties for those who possess large amounts of bootlegged cigarettes.

The bill, requested by the state Department of Revenue and Regulation, was passed earlier by the Senate, which now must decide whether to accept changes made by the House.

Rep. Bob Faehn, R-Watertown, said some people have started bringing cigarettes from other states into South Dakota to avoid the new higher tax.

"This is just to try and get out ahead of a problem that we are already experiencing," Faehn said.

The bill provides that anyone caught with up to 10 cartons of untaxed cigarettes would simply have to pay the South Dakota tax. Those caught with more illegal cigarettes would face higher financial penalties.

People caught with 30-70 cartons of untaxed cigarettes could be convicted of a Class 1 misdemeanor carrying a maximum penalty of up to one year in jail and a $2,000 fine. Those caught with more than 70 cartons could be convicted of a Class 4 felony carrying a maximum penalty of up to 10 years in prison and a $20,000 fine.

Rep. Tom Van Norman, D-Eagle Butte, said he believes a felony carrying a 10-year prison term is too severe a punishment for bootlegging cigarettes.

Rep. Jim Bradford, D-Pine Ridge, said the bill could be too harsh on someone who bought a pack of cigarettes in Nebraska or Colorado and brought them back to South Dakota.

But Rep. Garry Moore, D-Yankton, who works in a company that sells cigarettes, said the bill is needed because bootlegging is a problem in areas that border other states. He said the state is losing tax revenue and South Dakota merchants are losing sales.

<http://www.siouxcityjournal.com/articles/2007/02/28/news/south_dakota/69541da914ca4cd48625729000180598.txt>

