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

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| *March 30, 2007* | |

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

# 1. 2007 Responsible Retailing Forum - Santa Fe, New Mexico

The RRF’s 5th national meeting has been scheduled for Tuesday – Wednesday, May 8 and 9, 2007 in Santa Fe, NM at the El Dorado Hotel and Spa.

Conference information and electronic registration is available now. Please click [here](http://fcpr.fsu.edu/retail/conferences_new_2007.html) for more information.

The RR Forum has become the principal venue for retailers of age-restricted products, and the agencies that regulate and enforce underage sales laws, to interact with academic researchers to investigate Best Practices for preventing underage sales. The RR Forum has also become a mechanism through which diverse stakeholders—public health, regulatory and enforcement agencies; state attorneys general; health foundations and researchers; retailers, distributors and producers—can examine responsible retailing practices and policies at store, community, state and national levels.

**Highlights of 2007 Agenda**

As in prior national meetings, the 2007 RR Forum will address responsible retailing at each of these distinct levels of store, community, state and national policy. What really happens at the point-of-sales?—perspectives on the current retailer environment as it relates to underage sales prevention—will again begin the national meeting, focusing upon current trends in the production and distribution of fake IDs; emerging technologies for detecting them; and a presentation by David Myers—one of the leading international authorities on ID theft—on the connections between age-verification, ID theft and fraud in the realms of retailing and national security.

Since 2003, RRF has been developing and validating a model of RR in which public agencies and private stakeholders assist retailers to identify and implement RR resources and mechanisms (derived from the Report on Best Practices for Responsible Retailing) to improve performance in verifying age and refusing sales to underage and intoxicated customers. The findings of RRF’s community interventions, the lessons learned from these projects and thoughts on statewide performance-based RR systems, will be presented.

As a way of furthering cooperative problem-solving by diverse stakeholders, RRF has launched specific work groups. The Policy Work Group—co-chaired by Lynn Walding of the Iowa ABD and Pam Frantz of Beam Global—has been examining questions related to the new STOP Act (especially the provisions for a

state “Annual Report” on combating underage drinking and state coalitions) and to issues relating to social sources of alcohol and over-service. The Retailer Work Group—chaired by Mike Roman of ExxonMobil—has been examining how Mystery Shopper programs can be conducted and reported to allow improved measurements within and across chains, how Best Practices adopted by national retail chains (in their Assurances of Voluntary Compliance with state attorneys general) can be extended to smaller chains and communities, and emerging research questions. Both the Policy Work Group and the Retailer Work Group will present their examinations and engage the RRF in discussions of these issues. A Community RR Work Group—in which the retail associations, regulators and enforcement agents, distributors and other stakeholders who partner in community coalitions to prevent underage access and use will examine and develop “Best Practices for Communities”—will be launched during the 2007 meeting itself.

**grapes**

**2. Anheuser-Busch is Dipping a Toe Into Distilled Liquor Sales**

**By Jeremiah McWilliams – *St. Louis Post-Dispatch***

**March 28, 2007**

At a national conference of state liquor administrators last June, August A. Busch IV - then the president of Anheuser-Busch Cos.' domestic beer subsidiary - offered grudging respect to distillers who had nibbled away beer's market share for about a decade.

"Liquor companies have been effective not only at targeting beer occasions, beer retail channels and beer advertising outlets like TV, but also at offering consumers more variety and choice," Busch said in a speech. "These efforts have translated into more consumers trying their products."

Now, however, the country's largest brewer quietly is expanding its own 17-month experiment in distilled spirits.

A-B wants to learn how to compete better against distilled spirits, such as vodka, bourbon and rum, and to determine whether to jump into the spirits industry itself.

Last year, A-B began distributing 48-proof Ku Soju in seven California test markets. The vodka-like drink is versatile enough to be used in concoctions ranging from martinis to "Ku screwdrivers," according to Ku Soju Inc. of Laguna Hills, Calif., which introduced the alcoholic beverage in the U.S. A-B plans to distribute Ku Soju in New York this year.

Meanwhile, the company last year sent Jekyll & Hyde - a pair of distilled spirits that can serve as a layered shot - into 56 markets, including Boston, Chicago, Washington, San Antonio and its hometown of St. Louis. The drinks were rolled out in four markets in November 2005.

Analysts credit Busch, who has been A-B's chief executive since December, with pushing the brewer to experiment with distilled spirits, flavor shots and energy drinks in a quest for young adult consumers.

"We are not limited to beer alone," Busch said in a letter to shareholders dated Feb. 1. "We will look at the total beverage landscape for other areas where our competitive advantages can drive sustainable growth, without the constraints of alcohol source, concentration or content."

That's good, because Ku Soju is a beverage distilled from sweet potatoes. It clocks in at 24 percent alcohol by volume - about five times stronger than Budweiser beer. In Korea, where Ku Soju is distilled, the tradition of soju dates back nearly 1,000 years.

One advantage for Ku Soju is its lower alcohol content as compared to vodka or bourbon; Absolut vodka, for example, is 40 percent alcohol by volume. That allows Ku Soju to be sold in California bars that have licenses to sell beer but not spirits.

Spirits are a much lower priority for A-B than the core beers and beer brands that it imports, such as Grolsch, Beck's and Bass.

"We are probing the (spirits) market to better understand it, but we don't have a grand plan that says we want to jump in with both feet," said David Peacock, vice president of business operations at A-B's domestic beer subsidiary. "Right now, we're really in test mode."

The spirits ventures are meant to enlighten A-B on spirits marketing, distribution and consumer preferences.

A-B's interest in spirits has garnered kudos from analysts. They say A-B should look to capitalize on the heady sales growth of spirits in the U.S., which has chipped away at the market share of slower-growing domestic beer.

Distillers' gross revenues hit $17 billion last year - nearly matching A-B's gross sales of $18 billion - and have grown 46 percent since 2000, according to the Distilled Spirits Council of the United States.

Spirits are perceived as more healthy than beer because of their lower calorie content, said Tim Ramey, a vice president of equity research at D.A. Davidson & Co. in Lake Oswego, Ore.

Plus, higher-priced mixed drinks are "aspirational" - meant to project a desired image of cool sophistication when ordering in front of friends.

"Increased cultural acceptance . is a big thing for us," said Peter Cressy, the president and chief executive of the Distilled Spirits Council. "The cocktail culture continues to grow."

However, crashing that party may be difficult for Anheuser-Busch.

Spirits marketing, for example, is geared more toward grass-roots selling in bars, while beer is promoted heavily on national TV, radio and billboard campaigns.

The cost to produce a single serving of distilled spirits is about 3 cents, compared to 19 cents for a beer serving, Busch said last year. And in some states, it is harder to get a license to sell spirits than a license to sell beer.

"It's not radically different from beer, but there are some nuances," said Christopher Growe, an analyst at A.G. Edwards & Sons Inc. in St. Louis.

Analysts also question whether A-B can grow a viable spirits business without buying a well-recognized brand or distiller.

"We would expect the company to learn from its current test-marketing and look for opportunities for acquisitions," said Patrick Schumann, senior consumer analyst with Edward Jones in Des Peres.

Traditionally, however, A-B is cautious about making big acquisitions, preferring to launch distribution or brewing partnerships first to see how relationships with other companies work out.

The brewer appears not to be pursuing the biggest potential spirits acquisition - Absolut vodka, which is controlled by the Swedish government and is said to be coming up for sale.

Some of A-B's competitors have been less reluctant to plunk down cash to broaden their portfolios. Brown-Forman Corp., the maker of Jack Daniel's and Southern Comfort, last August bought a Mexican tequila company for $876 million.

Meanwhile, Constellation Brands, a beer, wine and spirits company in Fairport, N.Y., this month bought Swedish vodka Svedka for $384 million.

"The histories of these companies (including A-B) are different," said Lauren Torres, a New York analyst with HSBC. "But they're headed in the same direction . covering all categories of alcohol."

<http://www.stltoday.com/stltoday/business/stories.nsf/story/839B975F9C629AA6862572AD000DFFCC?OpenDocument>

**grapes**

**3. A-B Shakes Up Wholesalers**

By Jeremiah McWilliams – *St. Louis Post-Dispatch*

March 25, 2007

"Enclosed please find our check in the amount of $13,719,421."

So began the letter from Anheuser-Busch Cos. dated Feb. 23 to Peerless Beverage Co., a beer distributor based in Union, N.J.

Across the Garden State that day, three other wholesale houses received similar hand-delivered letters and checks, ranging from $2.41 million to $5.08 million.

The payments represented the St. Louis brewer's attempt to end the New Jersey wholesalers' right to distribute certain beers from InBev NV of Leuven, Belgium. Advertisement

However, the money was insufficient to smooth the deal. The distributors cried foul and filed suit against Anheuser-Busch and InBev's U.S. division. They accused A-B of using "coercive and abusive" tactics to terminate their contracts without good cause in violation of New Jersey law.

The conflict in New Jersey is only one front in A-B's state-by-state effort to take control of distribution rights for 19 of InBev's premium European beers, including Beck's, Bass Pale Ale and Stella Artois. On Feb. 1, A-B became their exclusive U.S. importer.

The root of the conflict is A-B's desire to funnel all of the brews through its own network of independent wholesalers, so those businesses can benefit from the growing popularity and hefty profit margins of imported beer.

Though some of A-B's wholesalers were distributing those brands before the deal with InBev, more than 80 percent of the volume was handled by other beer wholesalers.

Some of the transitions have been smooth. Major Brands Premium Beverage Distributors of St. Louis earlier this year transferred its right to distribute Bass Pale Ale in the metro area.

"They offered us a fair price and it made sense for them to consolidate with their dealer network," said Todd Epsten, chief executive of Major Brands. "It took a couple of weeks and a handshake."

However, some other InBev distributors want to keep the beers, or receive a hefty payment for giving up the franchise.

Now, the tug of war has spilled into the courts, pitting one-time InBev distributors against A-B and InBev.

In some states, Anheuser-Busch has gone on the offensive. A-B joined InBev to sue distributors in Arizona, Louisiana and Maryland, asking courts to rule that the distributors' contracts to handle the beers are null and void - or, in the alternative, that they must accept money for the brands.

In Rhode Island, InBev distributors responded to such lawsuits by launching their own suit against the brewers and A-B's wholesaler, alleging breach of contract and civil conspiracy. InBev is the world's largest brewer by volume, while A-B is the largest American brewer.

However, the legal battles have not slowed A-B's aggressive efforts to integrate potentially lucrative import beers into its portfolio. If anything, A-B's legal maneuvering may have spurred some InBev distributors to come to the table, said David Peacock, vice president of business operations at A-B's brewing subsidiary.

"We're more than happy with the rate of transfer that (has) occurred," Peacock said.

**Higher profit margins**

About a third of the previous InBev wholesalers have given up the brands, and A-B wholesalers now distribute or have deals pending to distribute about 60 percent of the beers' U.S. volume, up from about 17 percent in January. "We're ahead of where we thought we'd be," Peacock said.

As sales of domestic beer slowed in recent years, many of A-B's approximately 600 independent U.S. wholesalers have clamored for imports to sell to restaurants, bars, convenience stores and supermarkets.

Imports typically are priced higher than domestic beer, and profit margins are fatter.

Anheuser-Busch has responded to the demand, launching five import deals in the last year. The deals included such brands as Dutch beer Grolsch, Singapore's Tiger beer, Czechvar beer from the Czech Republic, and the Harbin brand from A-B's Chinese subsidiary.

InBev promises to be the most lucrative of the deals. Combined sales of Bass, Beck's and Stella Artois rose to $97.5 million, up 18.5 percent, according Information Resources Inc. of Chicago. The figure measures sales in supermarkets, drugstores and mass merchandisers, excluding Wal-Mart Stores Inc.

**Protections vary**

But before the money rolls in, A-B wholesalers must get their hands on the InBev brands. That's harder in some states than in others because franchise protections for beer distributors vary widely.

"Some states do put more roadblocks in the way of suppliers realigning their distribution networks," said Patrick Anderson, a principal at Anderson Economic Group LLC, a consulting firm in East Lansing, Mich., that appraises beer wholesale houses. Some states "are more specific about how much compensation needs to be paid, and whether any compensation has to be paid."

Still, some InBev wholesalers may not accept any amount of money for the brands, said Lauren Torres, an equity analyst with HSBC Bank USA NA in New York. A-B is "going to have to find a way around that."

<http://www.stltoday.com/stltoday/business/stories.nsf/story/84CA9FB1CD770FD4862572A800049A5B?OpenDocument>

**grapes**

**4. Distilled Spirits Industry Issues Fifth Public Report On Advertising and Marketing Complaints***DISCUS*

March 29, 2007

WASHINGTON, DC - The Distilled Spirits Council (DISCUS) today issued its fifth Semi-Annual Report detailing complaints about 16 alcohol advertisements, actions taken by the industry's internal review board and the response by each advertiser. The Report covers Code Review Board actions for the period of July 1, 2006 through December 31, 2006. To view the Report, click here.

Of the 16 advertisements, nine were found in violation by the Code Review Board. Of those nine, only one company found in violation failed to take corrective action.

"While this recent Report continued to show 100 percent compliance by Distilled Spirits Council members with Code Review Board decisions, importantly, there also was overwhelming compliance by non-members," said DISCUS President and CEO Peter Cressy, who noted that of the 7 non-DISCUS member ads found in violation, six were pulled. "These results show that the Code review process continues to have a positive and significant impact in the marketplace and that the industry's self-regulation works," he added.

The Report also consists of a section on recent DISCUS Code Review Board activities. The most significant was the organization and execution of a media buying summit to enhance industry-wide compliance with the 70% 21+ placement provision. The summit

brought together major media research firms such as Arbitron, Nielsen, Mediamark Research Inc. (MRI) and comScore; and spirits industry leaders.

Background

The over 70-year-old DISCUS Code of Responsible Practices for Beverage Alcohol Advertising and Marketing provides for a Code Review Board, comprised of senior member company representatives, that is charged with reviewing complaints about advertising and marketing materials in the marketplace. Additionally, the Code has an advisory board made up of outside independent experts from academia, government and broadcasting.

The distilled spirits industry's approach to self-regulation, pointed to as a model by the Federal Trade Commission, has been commended on numerous occasions by regulators, industry watchdogs and the media. The Semi-Annual Code Report was the recipient of PR News Corporate Social Responsibility award for best Business Ethics Communications, and was a finalist for Best Corporate Social Responsibility Program for the American Business AwardsSM.

<http://www.prnewswire.com/cgi-bin/stories.pl?ACCT=109&STORY=/www/story/03-29-2007/0004556168&EDATE>=

**grapes**

**5. Wine Labeling Pact Doubles**

*Washington Times*

March 26, 2007

# An International Pact Designed to Protect Truth in Wine Labeling Nearly Doubled its Membership Last Week.

The wine regions of Sonoma County and Paso Robles in California; Chianti Classico, Italy; Tokaj, Hungary; and Victoria and Western Australia, Australia, signed on to the joint declaration.

The agreement was put together in 2005 by the Center for Wine Origins, a D.C. campaign financed by the European Union and wine organizations representing Champagne, France, and Port, Portugal. Its goal is to educate consumers on where their wine comes from. They want a bottle of wine with a "Napa Valley" label to actually contain Napa Valley grapes.

"It's all geared toward guaranteeing the consumers what they see on the label is what they get in the bottle," Peter McCrea, president of the board of directors of Napa Valley Vintners, said at a press conference last week.

Original members include wine groups representing the regions of Napa Valley, Calif.; Oregon; Washington state; Walla Walla (Wash.) Valley; Champagne, France; Porto, Portugal; and Jerez, Spain.

The 27-member European Union protects nearly all regional names, called "geographical indication," meaning it won't let a bottle of sparkling wine made outside of Champagne into the European Union with a "Champagne" label. The European Union just extended geographical indication status to Napa Valley wines.

The United States does not have a similar system. But the wine coalition is making strides in protecting wine labels in the United States. In 2005, the California Supreme Court ruled that a wine labeled "Napa Ridge" was required to use Napa Valley grapes or get rid of the label. Last year, California passed a law requiring a bottle of wine with a "Sonoma" label contain at least 75 percent wine made from Sonoma County grapes.

The wine regions also have been involved in educating Congress on the importance of place in wine labeling, with hopes of legislation or trade agreements protecting labels.

<http://bud.bloggingstocks.com/2007/03/26/sin-tax-concept-expands-to-beer/>

**grapes**

**6. 61 Cents Per Pack**

***CSP Daily News***

**March 27, 2007**

**Pending Federal Cigarette tax could raise retail prices 17%**

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| cigarettespic2_35NEW YORK -- A proposed federal tax increase on cigarettes could hurt tobacco companies' profits by an average of 5% if enacted, a Goldman Sachs analyst estimated over the weekend, according to an Associated Press report.    On Friday, the U.S. senate passed by a vote of 59-40 a proposed amendment to the 2008 budget. The amendment, sponsored by Sen. Gordon H. Smith of Oregon, would raise taxes on cigarettes by 61 cents per pack. The tax revenue would finance the State Children's Health Insurance Program, according to the report.    Goldman Sachs analyst Judy E. Hong said the odds the amendment takes effect are uncertain. First the budget has to pass, which is likely, but the amendment also needs to pass as a standalone bill or a provision in another bill. The legislation needs 60 votes to pass, which is one more than the bill received Friday, AP stated.    If the legislation takes effect, Hong said cigarette manufacturers will probably raise their manufacturing list prices to recoup the tax. That could force up retail prices by about 17%, Hong said, which would hurt earnings at Altria Group Inc., Reynolds American Inc. and Carolina Group.    Hong didn't cut her earnings estimates because of the uncertainty the legislation will pass. |

**grapes**

**7. U.S. Consumer Direct Wine Shipments Reach Record $1 Billion in 2006**

*www.fuerteventuradigital*

March 27, 2007

Windsor, CA (PRWeb) March 27, 2007 -- U.S. consumer direct wine shipments reached a record $1 billion in 2006, according to the latest research results published today by wine marketing advisors, VinterActive LLC.

Based on their annual VinQuestT survey of the nation's 3500+ bonded wineries, VinterActive reports that wine club, internet and phone/mail orders increased 58% at U.S. wineries while tasting room and event sales fell 18%, bringing total U.S. consumer direct sales to $2.4 billion in 2006, approximately 10% of total annual wine sales.

With support from major winery associations across the country, more than 230 wineries from 35 U.S. states completed this year's detailed questionnaire from December 2006 through February 2007. Key findings of this year's research reveal:

> Total consumer direct sales by U.S. wineries in 2006: $2.4 Billion

> Value of wine shipped directly to U.S. consumers in 2006: $1 Billion

> 2006 wine club sales at U.S. wineries: $598 Million - Up 66%

> 2006 online sales at U.S. wineries: $197 Million - Up 45%

> 2006 tasting room sales at U.S. wineries: $1.3 Billion - Down 18%

> 2006 event-driven sales at U.S. wineries: $100 Million - Down 30%

> Top barriers to consumer direct wine sales in 2006: compliance with direct shipping regulations & reduced visitor traffic

Explanation for rapidly growing direct wine shipments includes strong consumer demand, a 2005 U.S. Supreme Court decision opening many states to direct wine sales and growing acceptance of wine clubs and winery ecommerce. Falling tasting room and event sales were attributed to higher fuel prices and competition from new wineries - reducing average visitor counts in many wine regions. Airline restrictions on wine as a carry-on item were cited as reducing onsite sales in some regions.

VinQuestT 2007 research also identifies the most effective sales/marketing practices used by consumer direct wineries in all regions and provides a detailed comparison of tasting room, wine club and online direct sales metrics at U.S. wineries of every size.

Complete VinQuestT 2007 Research Results Now Available Highlights from this year's research, including key charts and graphs, are available online free of charge in the VinterActive Wine Marketing Library. (requires registration)

An 8-page summary of VinQuestT 2007 research results, including 19 detailed charts and graphs, is being distributed free of charge to all wineries and winery associations that participated in this year's research project. This summary report is available to purchase from VinterActive for $149.

The complete 70-page VinQuestT 2007 research report including detailed response to all survey questions, best-practices analysis, time-series views and proprietary regional winery performance data is available from VinterActive LLC at a cost of $1495.

About VinQuestT 2007 The VinQuestT 2007 research project was conducted by wine marketing advisors VinterActive LLC with support from a national coalition of wine industry associations in an effort to better understand the size and dynamics of the U.S. consumer direct wine sales channel. Now in its third year, VinQuest has become the largest and most widely used source of consumer direct sales data in the U.S. wine industry.

Participating winery associations include: WineAmerica, Napa Valley Vintners, New York Wine & Grape Foundation, Illinois Wine, Russian River Wine Road, Heart of Sonoma Valley Association, Walla Walla Valley Wine Alliance, Oregon Wine Board, North Carolina Wine & Grape Council, Michigan Grape & Wine Industry Council, Seneca Lake Wine Trail, and the Paso Robles Wine Alliance. Initial guidance and encouragement was provided by the U.S. Federal Trade Commission.

About VinterActive LLC VinterActive LLC is a leader in the research and practice of consumer direct wine marketing and winery ecommerce. Founded in 2001, VinterActive's global team of direct marketing experts, wine sales advisors, and system engineers have identified and developed proprietary techniques for increasing tasting room, wine club and online sales that have proven effective for both large and small wineries seeking to maximize their share of the rapidly growing consumer direct sales channel.

**grapes**

**8. Winemakers Think Inside the Wine Box as Image Shifts With Better Varieties**

**By Lauren Shepherd, *The Associated Press / USA Today***

**March 28, 2007**

NEW YORK - Composer-turned-writer Steph Waller considers herself something of a wine connoisseur.

But she isn't seduced by the sweet smell of cork or the curve of a narrow glass neck. Instead, the California native swoons over a glass poured straight from the box.

Waller is one of a growing group of wine drinkers turning to the box rather than the bottle. With better wine varieties now in boxes, wineries are attempting to give the category a new identity far from drunken fraternity parties that gave box vino its cheap, low-quality image.

The effort seems to be slowly paying off. Box wine is now the fastest-growing wine category. According to data from ACNielsen, volume of 3-liter box wine grew 44% in the past year, compared with a 3% gain in overall table-wine volume.

"It's gaining tremendous acceptance," said Ben Dollard, president of Pacific Wine Partners, a unit of Constellation Brands.

Vintners have been experimenting in the past few years. Wine now even comes in plastic bottles and cans. Although wine has been packaged in a box for some time, the new boxes aren't like the 5-liter jugs of sweet, headache-inducing wines of the past.

Although those are still available, there are now premium varieties with more complexity and hints of berry, apple or oak.

Of course, the premium entries are more expensive. For example, a chardonnay can run $20 for a box that contains the equivalent of four bottles, whereas the lower-quality 5-liter boxes sell for $6 to $10 for more than six bottles of wine. The premium boxes are still a steal, however, since one quality bottle can run $10 to $30 or more.

Box-wine makers can charge less for quality because the packaging materials are much cheaper. Morningstar analyst Matt Reilly said, for example, that bottling a $4 or $5 bottle of wine can cost $1, whereas a box can cost a tenth of that.

And, of course, you can't beat the convenience. You can take a box of wine just about anywhere or leave it at home and not worry that it will go bad. Box wines typically stay fresh as long as four weeks after opening because the vacuum-sealed bag inside prevents the wine from being exposed to air.

"A box just kind of sits in the fridge, and I don't have to think about it," said Waller, who is also writing a book about box wine

Despite the advantages, Wall Street analysts and wine industry experts say it could take some time before Wine Spectator-reading enthusiasts can fully embrace the box.

"People need to feel comfortable that their friends won't make fun of them," said Barbara Insel, managing director and wine researcher at MKF Research.

For now, the new wines are attracting drinkers content with a glass a night at a value price and less sophisticated than the tasting-room aficionados.

Although the wines can now be found in major retailers such as Safeway, Wal-Mart, Kroger and Albertsons, many stores stock it in the same section as the lower-quality box wines of yesterday.

To attract people who'll spend upwards of $15 on wine, premium box wines would ideally be shelved with their bottle counterparts.

"You see that a lot of times with new categories when you try to rebrand something," Reilly said.

<http://www.usatoday.com/money/industries/food/2007-03-27-wine-in-a-box_N.htm>

grapes

**9. Diageo Favors Buying Brands, Will Look at Absolut**

By Amy Wilson and Nigel Stevenson - *Bloomberg*

March 29, 2007

Diageo Plc, the world's largest liquor maker, would rather buy drink brands than make a ``transformational'' acquisition, and is considering bidding for Absolut vodka, Chief Executive Officer Paul Walsh said.

Walsh wouldn't rule out buying Remy Cointreau SA, the maker of Mount Gay rum, which is one-tenth of Diageo's size and whose shares have risen on speculation Diageo may bid. Absolut, made by Vin & Sprit AB, may be sold by Sweden's government.

Buying ``quite large brands could be a possibility,'' Walsh said in a March 27 interview at the company's London headquarters. ``It's still an amazingly fragmented industry. It's hard to conceive any transformational deal.''

The company's last major brand acquisition was in August 2005, when it purchased Bushmills whiskey from Pernod Ricard SA. Buying Absolut would give Diageo, the London-based owner of Smirnoff, the two top-selling premium vodka labels in the world. The biggest liquor takeover in the past 10 years was Pernod's $13 billion takeover of Allied Domecq Plc in 2005.

A broader range of brands would help Diageo's push into developing markets. The company increased its profit forecast last month after increasing sales of Johnnie Walker Scotch whisky and Smirnoff in China, Brazil and Mexico, and created an Asia-Pacific unit in January.

**`Very Closely'**

Walsh said he will look ``very closely'' at Absolut. Sweden's government hasn't yet set a method or timetable for the sale of state assets. Stakes may be sold in initial public offerings, or by direct sales to other companies.

A sale of all of Vin & Sprit may fetch 4.6 billion euros ($6 billion) in a sale, according to JPMorgan Chase & Co. research, and may trigger further combinations in the industry. Pernod and Bacardi Ltd. are considering buying the Swedish distiller. Vin & Sprit also makes Plymouth gin and Cruzan rums.

When asked if he would consider buying Paris-based Remy, Walsh said he ``looks at everything.'' The French company's market value is 2.3 billion euros. Diageo declined to comment on Remy in January, when bid speculation sent Remy's shares surging.

Remy is leaving its Maxxium joint venture in Asia to gain more control over distribution, a step analysts have said may lead Diageo to scrap its own pact with LVMH Moet Hennessy Louis Vuitton SA in the region and make a bid for Remy.

**Remy Cointreau**

``We have a fantastic relationship with Moet Hennessy,'' Walsh said. ``It's hard to conceive we would do anything to disrupt that. If you believe something with Remy would disrupt that, you can draw your own conclusions.''

Shares of Diageo slipped 1.5 pence, or 0.2 percent, to 1010.5 pence at 9:30 a.m. in London. Remy shares added 1 cent to 50.90 euros in Paris.

``He could have said `no, we are not interested in Remy because it would disrupt our relationship with LVMH, but he didn't say that -- he is leaving the back door open,'' said Laetitia Delaye, an analyst at Kepler Equities in Paris. ``It could mean he found a way to keep both LVMH and Remy, though I don't see how that's possible.''

Walsh, 51, took over as chief executive in 2000 from John McGrath after being chief operating officer for eight months. He headed Diageo's Pillsbury Co. baked goods unit for 10 years before that. Pillsbury was sold to General Mills Inc. in 2000.

Shares of Diageo added 19 percent last year, the fourth straight annual gain, compared with an 18 percent gain by Pernod stock. Diageo's market value is about 27 billion pounds ($53 billion), more than double Pernod's 16.2 billion euros.

**Chinese Forecast**

Diageo's most recent purchase was a 43 percent stake in China's Sichuan Chengdu Quanxing Co. in a bet that rising incomes in the world's most populous nation will boost demand.

China won't add to Diageo's earnings for the next couple of years, Walsh said in the interview. The country is likely to have a ``meaningful impact'' on profit in five years if demand grows at the same pace as this year, he said.

Diageo, which doesn't break out sales by specific country, said first-half revenue excluding acquisitions advanced 16 percent at its ``international'' division, which comprises Asia, Africa and Latin America.

The company plans a new distillery in Scotland to meet rising demand for Scotch in emerging markets. Like Pernod, the distiller has sought expansion outside Europe as demand for Guinness stout and premixed Smirnoff drinks slows in the region.

**Europe, North America**

``Europe is tough, but we do see it getting better,'' Walsh said. He expects sales to return to growth in the region.

Spirit brands including Johnny Walker and Bushmills Irish whiskey are ``poised for growth'' as Guinness demand in the British Isles shrinks, he said. Diageo paid 200 million pounds for Bushmills.

In North America, Diageo's most profitable market, Walsh said he sees ``no real sign'' of a slowdown, even as a housing slump weighs on consumer spending. The company sold more Baileys liqueur and raised prices on Captain Morgan rum in the region in its fiscal first half.

``We're seeing a great market,'' Walsh said. ``You've got population growth and you're seeing greater growth in the legal- drinking age and above group. You're seeing more 25- to 35-year- olds adopting spirits.'' The company has a share of about 28 percent of the spirits market in the U.S., he said.

Diageo last month increased its forecast for fiscal year operating profit, excluding acquisitions, to 8 percent from 7 percent. Walsh told Bloomberg he maintains that forecast.

His estimate may be too conservative, according to Dresdner Kleinwort. The company may say profit by that measure rose 10.2 percent, lifted by U.S. demand, analysts including Matthew Jordan said on March 27.

<http://www.bloomberg.com/apps/news?pid=20601205&sid=a4inigaht9fk&refer=consumer>

grapes

**10. What's Really in That Wine? (Excerpt)**

By Corie Brown, Staff Writer - *Los Angeles Times*

March 28, 2007

**New federal labels may tell us more than we want to know.**

EVER wonder what goes into a bottle of wine? The story winemakers love to tell on the bottle label is one of a mystical alchemy of climate, soils, ancient practices and long traditions. Wine labels tend to focus on romance; the small amount of government-mandated information includes the percentage of alcohol, a warning against consuming wine when pregnant or driving, and a disclosure of sulfites.

It might be disenchanting if the label also listed the chicken, fish, milk and wheat products that are often used to process wine. And it would be hard to maintain the notion that wine is an ethereal elixir if, before uncorking, consumers read that their Pinot Noir or Syrah contained Mega Purple (a brand of concentrated wine color), oak chips or such additives as oak gall nuts, grape juice concentrate, tartaric acid, citric acid, dissolved oxygen, copper and water. The mention of bentonite, ammonium phosphate and the wide variety of active enzymes used to make some wines would end the romance.

Federal regulators are considering revamping the rules governing wine labels, and if changes are made, the information revealed may surprise many wine buyers. Additives that supplement what nature failed to provide in an individual wine - tricks of the trade that winemakers rarely talk about - could soon be listed in detail on the labels.

The wine industry, through the Wine Institute, the industry's chief lobbying arm, is opposing the regulatory changes. But could new regulations be good news for consumers?

Wine industry consultants familiar with the subject are divided on the question.

Supporters, such as Leo McCloskey, president of Enologix, a Sonoma, Calif.-based wine consulting company that has analyzed the chemical composition of 70,000 wines, say the best wines don't rely on additives. If ingredients were listed on wine labels, the finer wines would stand out.

"The wine industry is completely unregulated," he says. "It would be so useful to have labels that detail everything in a wine. It would tell the consumer what they are drinking."

But critics of the federal initiatives say ingredients labels would make widely accepted winery practices unnecessarily controversial.

"Why freak out the ignorant when we are adjusting something that is already there in the wine?" says Clark Smith, chairman of Vinovation Inc., a Sebastopol, Calif.-based wine industry "fix-it shop."

<http://www.latimes.com/features/food/la-fo-wine28mar28,0,2778959.story?coll=la-home-headlines>

**grapes**

# 11. A Booze Buzz for Teenyboppers?

By Kari Huus

*MSNBC*

March 30, 2007

## Anheuser-Busch product so adorable it draws fire from alcohol abuse camp

With prom season and all its attendant hazards around the corner, some law enforcers and health advocates are adding one more cause for parents to worry — a new alcoholic beverage called Spykes that is sized, flavored and priced in a way that critics say is aimed at teens.

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Spykes, made by Anheuser-Busch, is a malt beverage with 12 percent alcohol content — about the same as wine. It comes in mango, lime, melon and chocolate flavors and is infused with caffeine as well as the herbs ginseng and guarana. Sold in 2-ounce bottles that go for 75 cents to a dollar apiece, Spykes “gives kick to your beer, flavor to your drink, and is a perfect shot,” according to the promotional Web site, www.spykeme.com.

It’s also cute — about the size of a nail polish bottle — so it can easily slip into the tiniest clutch purse or tuxedo pocket.

“It’s the perfect drink for a child,” lamented Judi Vining, coordinator of the Coalition to Prevent Underage Drinking in Long Beach, N.Y. She has started a campaign to alert parents and law enforcers in her area, and persuade retailers not to carry the product.

“Prom season and graduation season are coming up,” said Vining, who notes how easy it would be to conceal Spykes. “It’s scary. We don’t want to see people die.”

Anheuser-Busch rejects the criticism, saying Spykes is merely its response to “contemporary adult consumers” who it says are “looking for innovative alcohol beverages to match their active lifestyles.” The company’s communications office said no one was available to be interviewed but supplied written comments attributed to vice president of consumer affairs, John Kaestner.

At bars, alcohol hooks up with caffeine

Beer-based Anheuser-Busch is seeking to tap into a larger trend in the market that is seeing consumers veer away from domestic beers toward imported beers and fancier drinks.

At the same time, there is soaring demand for caffeine-fueled energy drinks, which are especially popular among teens. And as it happens, energy drinks have become enormously popular as mixers with alcohol on the bar scene.

“The energy drink market is taking off, with Red Bull as the lead,” said James Mosher, who works on alcohol policy at the Pacific Institute for Research and Evaluation. “A big part of the market is using energy drinks as a mixer with booze with the idea that the caffeine will keep you partying all night.”

Anheuser-Busch is not alone in premixing the stimulant caffeine with the sedative alcohol. In July, competitor Miller Brewing paid $215 million for the company that created Sparks, an orange-flavored drink that has about 6 percent alcohol content along with caffeine, ginseng and guarana.

Another company, Highenergy Holdings, is offering P.I.N.K vodka, which contains caffeine and guarana and is advertised as a “Vodka + Red Bull alternative.”

The 16-ounce Rockstar Energy Drink, with even more caffeine (plus taurine, guarana, ginko and milk thistle) swept the high school and college scenes after its debut in 2001. Now the privately owned company has a new version, Rockstar 21, which contains 6 percent alcohol by volume. That drink has drawn fire because the packaging for its alcoholic version is similar to that of the non-alcoholic drink.

'Reckless at best'

Anheuser-Busch notes that Spykes is clearly marked as containing alcohol. The company also cites its contribution of more than $500 million dollars to programs for preventing alcohol abuse, including underage drinking, since 1982.

“That said, the way to prevent underage drinking is not by limiting product choices for adults,” the company statement said. “Rather, the solution is to prevent youth access to alcohol by training retailers to properly check IDs, supporting law enforcement officials in enforcing underage-drinking laws, and encouraging parents to set rules and consequences for their sons and daughters.”

That argument has done nothing to cool the anger over the introduction of Spykes bubbling away on an Internet mail list for professionals in the drug and alcohol abuse field. Many of these people were already concerned about the impact of alcohol-energy drink blends on teen drinking. But Spykes' size, coloring and exotic flavors make it singularly offensive to them.

“Introducing these products when our country is already so awash in underage and destructive drinking can be considered reckless at best,” wrote a contributor who identified himself as Alan Markwood, prevention projects coordinator at Chestnut Health Systems in Bloomington, Ill. “Hard to imagine the alcohol execs are really that out of touch with the damage they are doing by introducing products like this.”

Law enforcers also are warning of the potential for youth abuse of the product.

“These new products appear to be marketed for young people,” warns a bulletin on Spykes issued in February by the Michigan State Police Tri-County Narcotics Team. It puts officers on alert that Spykes “could/will be easily overlooked by patrol officers, especially in a woman’s purse.”

A blog published by the Oregon Partnership, a non-profit for drug and alcohol awareness, calls on consumers to write Anheuser-Busch in protest.

Teens are believed to make up 12 to 20 percent of the whole market, said Mosher, the alcohol policy expert. And the sooner you start drinking the more likely you are to be a heavy drinker as an adult.

“That’s why we are so alarmed at their market of products so clearly tailored to the youth palate and culture,” he said.

Word-of-mouth marketing

Beyond the design of the product, critics have been unable to produce evidence that Anheuser-Busch is marketing the drink to teens. The company has done virtually no traditional marketing of Spykes since its introduction in 2005. It was only made available nationwide in 2006, and distributors are mainly making the pitch to retailers.

“We know consumers like to discover new things and be the first to share this news with their friends, so we are building interest for Spykes mainly through word-of-mouth,” wrote Suzanne Sierra, communications director of Anheuser Bush Consumer Awareness & Education. “This is by design to help spread the news for this brand.”

As her comment suggests, the Internet is a being used as a primary conduit for the buzz about this buzz. The promotional Web site, www.spykeme.com, specifies that users must be 21 years of age to look at its content.

But then, it’s the Internet. After typing in an appropriate date of birth, users can post messages about Spykes and related topics. A sample of posts gathered early this month indicates that readers are juvenile, though not necessarily underage:

Laura: This stuff is sweeet! It comes in a tiny little bottle you can take with you...so cute!

MurMur6: I wonder if it still tastes good if you heat it up lol

ElNina2000: I agree with Laura... the bottles are adorable

MyTy: I'm gonna try putting one in the microwave...see what happens? lol

Stevie7: Actually this is my girlfriend's favorite too...she takes them in her purse everywhere.

The critics are not waiting to find out if the marketing strategy works.

Mosher of the Pacific Institute says Spykes resembles what he calls the “alco-pops” that came out a decade earlier — hard lemonades, for instance, that masked the flavor of the alcohol. Those, he says, turned out to be enormously popular with 13- and 14-year-old girls. But when that fad hit, he says prevention efforts were behind the curve.

“We didn’t get at this until they were through the distribution system,” he said. “We don’t want to do that with the (alcoholic) energy drinks.”

<http://www.msnbc.msn.com/id/17862137/>

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

**12. Bar Owner’s Woe Sparks Gaming Law Complaint**

By Deb Nicklay – *The Globe Gazette*

March 24, 2007

MITCHELL – Barring any appeals, a Mitchell bar will be without a liquor license for a week during May, a penalty for allegedly conducting an illegal NASCAR gambling pool.

However, at least one county official is questioning the severity of the penalty.

“It’s not fair; it’s just not right,” said Supervisor Stan Walk, who added that lesser penalties were meted out for violations far more severe.

State officials say Mick Comisky, owner of the Town Pump, did not properly post rules of the game or keep the information on a required grid sheet.

The complaint, filed in November, said Comisky knowingly possessed or controlled an illegal gambling device and engaged in illegal gambling. Allthough he had a gaming license for the pool, the rules infractions result in illegal gambling charges.

Walk said the law is wrong and legislators need to change it.

“Convenience stores who sell liquor to minors pay a $500 fine and never get shut down,” he said. “In my mind, that (selling to a minor) would be far worse. These large companies get away with just paying a fine and the small bar owner loses his license for just not having a grid. That makes no sense.”

Walk is a former bar owner who has appeared before the Iowa Alcoholic Beverages Division on different issues. In 2003, he was charged with allowing illegal gambling in the Rock Falls Lounge, which he owned, but the charges were dismissed.

Lynn Walding, administrator of the Iowa Alcoholic Beverages Division, said the law governing sale of alcohol to minors is set by statute. The law governing gambling in bars gives the division more discretion in deciding penalties.

Walding said the administrative law judge departed from regular guidelines by only ordering a seven-day liquor license revocation. Normal suspension of operation is 21 days.

“There are mitigating circumstances present in this case,” wrote Margaret LaMarche, the administrative law judge for the Department of Inspections and Appeals, who heard the case on March 12 and offered her ruling on March 16.

“The licensee had a valid social gambling license and complied with many of the requirements. . .with the noted exceptions of the required grid format and posting the rules.

“Unlike gambling violations involving mechanical or electrical amusement devices, there is no evidence that the licensee realized any monetary profit from offering the NASCAR pool to his customers. Under the circumstances, the 21-day suspension of the liquor license is excessive.”

Still, the ruling could be appealed by Comisky. When contacted Friday, he said he had not decided on an appeal.

Walding also has the authority to modify the judge’s decision on a penalty if he chooses to do so in the next 30 days.

The investigation at the Town Pump was conducted in August 2006 by the Iowa Department of Public Safety. Two Iowa State Patrol troopers conducted the bar check upon the request of the division, which had received an anonymous handwritten complaint.

Sgt. Richard Pierce saw a white bucket which contained matchbooks, each with a number written on it. Comisky said each customer who wanted to enter the pool paid $1 and picked a matchbook. Their names were added to a list. All money was paid back in winnings.

Comisky said during the hearing he had never heard of the requirements regarding a grid and rules posting.

<http://www.globegazette.com/articles/2007/03/24/local/doc46049be26281e367676289.txt>

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**13. Iowa Wine Retailer Sting Demonstrates Need for Out-of-State Retailer Wine Shipments**

Press Release: *SWRA*

March 28, 2007

**Wine Wholesalers Wade Into Controversy With Double Standard Linked to Self Interest**

Sacramento, Calif, A media sting in Iowa carried out by the Daily Iowan last week caught an out of state retailer shipping wine direct to an Iowa college student in violation of that state¹s law prohibiting direct-to-consumer sales by out-of-state retailers. The sting, according to the Specialty Wine Retailers Association, illustrates the need for new permit systems to be put into place around the country for retailer-to-consumer wine shipments. The event also illuminated the double standard wine distributors embrace when it comes to what sort of sales are dangerous.

All states that allow any degree of direct shipment of wine to consumers must have a permit system for in-state and out of state retailers laying out the protocol for safe, effective, consumer delivery. Retailers, not having been faced with any degree of enforcement by state regulators, shipped to states where the laws were unclear. By allowing retailers to ship wine direct to consumers across state lines using the same permit system that wineries current use, states can create a mechanism for better regulating the flow of wine, more effectively protecting minors and collecting taxes.

**PERMITS, ON-LINE AGE VERIFICATION AND ENFORCMENT CREATE SAFE ENVIRONMENT FOR RETAILER-TO-CONSUMER WINE SHIPMENTS**

The media sting also demonstrated how on-line verifications systems, such as the IDology system endorsed by SWRA, combined with stings can foster a safe a well regulated environment in which consumers can obtain the wines they desire that have not been provided by the in-state wholesaler networks. It is noteworthy that both Iowa and Illinois are in a position to punish the violating retailer, which underscores the many methods of enforcement of state alcohol regulations that are available to state alcohol agencies.

Last week¹s sting in Iowa also revealed the double standard employed by the Wine & Spirit Wholesalers Association and wine wholesalers in general when Craig Wolf, the WSWA¹s President, issued a press release following the sting in which he breathlessly claims, "Online retailers are playing fast and loose with alcohol laws -- shipping beer, wine and liquor with no fear of being caught doing something illegal -- including selling to kids."

**WINE WHOLSALERS ISSUE A TEMPER TANTRUM DISGUISED AS PRESS RELEASE**

"Mr. Wolf¹s tantrum, disguised as a press release, begs the question, what interest do wholesalers have in laws regulating retailers," asked SWRA executive director Tom Wark.

"The wholesalers don¹t send out press releases daily when wine is sold illegally to minors at brick and mortar retailers across the nation. Given their near hysterical reaction to this rare instance in which an interstate shipment of wine breaks the law, you¹d expect Mr. Wolf¹s organization to be issuing heart pumping press releases daily explaining how Ofast and loose¹ brick and mortar retailers are playing with the law when they sell to minors on a regular basis. But they don¹t issue these press releases. Why?

"The answer is because the distributors already made a profit on the sale that ended up in minors¹ hands when they originally sold the wine to the brick and mortar retailer in the state where they operate. However, the wine middlemen in states to which a wine is being delivered from an out-of-state retailer don¹t make any money because the product didn¹t first go through their hands. It¹s only when wholesalers don¹t see a profit from a sale that meetings are called, press releases are swiftly issued and righteous indignation drips from their lips.

"When wholesalers start issuing press releases about brick and mortar wine shops making their first, second or even 500th illegal sale to minors, then we¹ll take seriously anything the Wine & Spirit Wholesalers Association has to say. Until then we¹ll write off their self-indulgent tantrums and remind politicians and consumers that the state clearly has successful ways to catch and punish wrong-doers and that retailers, just like wineries, should be permitted to ship direct to consumers under a well-regulated permit system."

More information on Specialty Wine Retailers Association can be found here: \http://www.specialtywineretailers.org

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**14. Bouncer Training Splits Officials**

By Terry McCoy - *The Daily Iowan*

**March 30, 2007**

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| |  | | --- | | http://media.collegepublisher.com/media/paper599/stills/37kv182z.jpg  Media Credit: Wesley Cropp/The Daily Iowan | |

They're big. They're tough. Sometimes, they lack necks.  
  
That rationale has led city officials to decide to not require restraint training for local bouncers, although a state law passed in 2005 empowers them to do so.   
  
And two years later, local authorities haven't changed their minds.  
  
"We need to weigh how much oversight is too much," Iowa City police Sgt. Troy Kelsay said. "I think there would be some good from this, but it does not rise to the level of local government telling businesses what to do."  
  
He said most Iowa City bars have trained their doormen well and need little supervision from police.  
  
But some bouncers undergo virtually no training and are instead handed a manual describing how they should react to explosive situations, said Danny Matthews, a doorman for the Summit, 10 S. Clinton St.  
  
"We didn't go over too much of anything ? I don't think you need to go over that much training," he said. "It would be a waste of time - a fight doesn't break out every night."  
  
Iowa City City Councilor Connie Champion agreed, noting that she has never heard of a downtown bouncer maliciously mishandling a patron.

But one local lawmaker argued that additional safety measures for Iowa bars is always warranted.

"The Iowa City Police Department may not think there is a need for it," said Rep. Dave Jacoby, D-Coralville. "But just because there isn't a problem today doesn't mean that there won't be a problem tomorrow or next year."

He cited an instance seven years ago in Des Moines - one of the few Iowa cities that has adopted the legislation - in which a pair of bouncers overreacted and killed 26-year-old Charles Lovelady.   
  
"If you are a big guy, you can't just pound on someone," the legislator said, adding he fears a similar scenario could erupt in an Iowa City bar.

But cities such as Des Moines are in greater need of such regulation than Iowa City because of their general layout, Jacoby said. Des Moines police officers need to parcel its force into fifths to patrol the city's most bar-laden areas, whereas Iowa City has only one urban district, he said.

Regardless, one local bar owner said restraint training for bouncers is integral to operating a bar.

"I think it is very dangerous, the perception of bouncers in the bars, that they can just beat up people," said Leah Cohen, the owner of Bo-James, 118 E. Washington St.

To battle that perception, she has required her doormen to attend Training in Prevention Servers, a four-hour seminar that teaches prospective bouncers how to react to violence.

"It helps," Bo-James bouncer Ryan Theis said. "They teach you what is smarter. You sometimes see bouncers slamming people into walls, but we are not trying to hurt people."

<http://media.www.dailyiowan.com/media/storage/paper599/news/2007/03/30/Metro/Bouncer.Training.Splits.Officials-2814536.shtml?reffeature=htmlemailedition>

grapes

**15.** **Senate Approves Bill to Register Beer Kegs***Des Moines Register*March 26, 2007

DES MOINES, Iowa (AP) - A bill headed to Governor Culver's desk would help authorities crack down on underage drinking by requiring that all kegs of beer be registered to track the purchaser.

The Senate approved the bill today on a 49 to nothing vote with virtually no debate. Supporters of the proposal say it will discourage adults from buying kegs for minors.

Law enforcement officials complain that when they break up a party where minors are drinking beer from a keg, it's virtually impossible to trace the purchase and determine which adult bought the beer. Heavy pressure for the measure came from college-town lawmakers who warned that keg parties involving minors are common.

Under the measure, an identification tag would be affixed to each keg and the purchaser would have to show photo identification when making he purchase.

The retailer would then keep a record of the purchase for up to 90 days, allowing police to easily trace a keg.

**grapes**

**16. Thieves Swipe $60,000 in Cigarettes**

*Des Moines Register*

March 28, 2007

Boone, Ia (AP). - Investigators are wondering how $60,000 in cigarettes disappeared in a puff of smoke from a trucking company in Boone.

They say it's no coincidence that the apparent theft occurred just after a new $1-per-pack increase in the state's cigarette tax went into effect.

Eleven cases of cigarettes - more than 500 cartons - were discovered missing from Boone Freight Lines on Sunday, officials with the Boone County sheriff's office said.

There was no sign of forced entry.

"The cigarettes themselves were on pallets that were encased in plastic, so it took a little effort," said Kenneth Kendall of the sheriff's office.

The cigarette packs had yet to be marked with the tobacco tax stamp, and deputies believe the missing sticker may help solve the crime.

"I guess we would ask retailers across the state of Iowa to keep an eye out for anyone trying to sell cigarettes that are not taxed," Kendall said.

Investigators and tobacco wholesalers said the new tax increase may be the motive.

"The cigarettes were there. The motive was ... free cigarettes. You're going to make some money off them," Kendall said.

Dan McMullan of Caffrey Wholesale Inc. said cigarette theft could be a problem for both wholesalers and retailers.

"Anytime you have a 278 percent increase overnight on one item, it's going to create a black market, especially on an item like cigarettes," McMullan said.

"We have a pretty sophisticated security system here, and retailers are going to have to beef up their security as well," he said.

<http://desmoinesregister.com/apps/pbcs.dll/article?AID=/20070328/NEWS01/703280368/1001/NEWS>

**grapes**

### 17. Council OKs Restrictions on After-Hours Clubs

*Des Moines Register*

March 27, 2007

Taking a cue from the Des Moines City Council, West Des Moines City Council members voted 5-0 to approve an ordinance that would regulate after-hours clubs.

The new rules apply to establishments that do not have liquor licenses but allow patrons to bring their own alcohol inside after 2 a.m.

The ordinance will force the clubs to operate more like liquor-licensed establishments, subjecting them to police, fire and health inspectors, owner background checks and a licensing process. The clubs must also provide adequate security.

"We haven't had any problems with these establishments. There's been nothing out of the ordinary, but they are fairly new and we want to be able to regulate these businesses as they come in so every one involved is safe," said West Des Moines Police Lt. Jeff Miller. "While we haven't had the problems Des Moines has had, we see it as a win-win situation by being proactive."

Des Moines approved stricter operating rules for after-hours clubs after a Des Moines man was shot in the arm at Club City, 1820 E. Army Post Road.

West Des Moines has two establishments that would be subject to the ordinance: the Boom Boom Room, 3320 Westown Parkway, and Beach Girls, 220 Raccoon River Drive.

<http://www.desmoinesregister.com/apps/pbcs.dll/article?AID=/20070327/NEWS/70326055/1001/RSS01>

**grapes**

**18. 4 Iowa Wineries Bring Home Medals**

*Des Moines Register*

March 30, 2007

Iowa wineries completed against more than 500 winemakers in 30 other states in the first National Women’s Wine Competition, and they were awarded five medals.

The four winning Iowa wineries were:

* Breezy Hills Vineyard of Minden, which won a bronze for its 2006 Vignoles in the white wines division.
* Cedar Ridge Vineyards of Cedar Rapids, which won a bronze for its St. Pepin in the dessert wine division.
* Jasper Winery of Newton, which won a silver for its non-vintage Front Porch Rose Blend in the rose/blush wine division and a bronze for its nonvintage Back Road White Wine Blend in the white wines division.
* Tassel Ridge Winery of Leighton, which won a bronze in the white wines division for a 2005 vintage Tassel Ridge Prelude.

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**III. OTHER STATE NEWS.**

**19. Sunday Liquor Sales March Postponed (Alabama)**

***NBC 13***

March 26, 2007

MONTGOMERY, Ala. -- A statewide show of support for Sunday alcohol sales has been postponed.

People who wanted to see Sunday liquor sales in cities like Tuscaloosa had planned to march on the state capital in Montgomery Tuesday morning.

The rally is being postponed until sometime next week so lawmakers sponsoring the idea can meet with delegations back home.

There are several different forms of the bill, one of which may be introduced to lawmakers tomorrow.

**grapes**

**20. Liquor Tax Bill Approved in Senate Committee (Arkansas)**

***KATV***

March 23, 2007

Little Rock (AP) - A bill placing a 5% tax on liquor sold for off-premises consumption was endorsed Friday by a Senate panel.

The Senate Committee on Revenue and Taxation approved the bill by Democratic Senator Hank Wilkins IV of Pine Bluff. Wilkins amended his bill Friday to exempt all restaurants from the tax.

State estimates show the tax would raise $10 million a year to help fund alcohol and substance abuse treatment programs, domestic violence shelters and the state's child abuse hotline. The bill would not affect liquor sales at private clubs, which had been a concern among some legislators Thursday.

The bill now heads to the Senate floor.

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**21. Governor Signs Bill Allowing Spirits Tastings (Arkansas)**

*DISCUS*

March 27, 2007

Little Rock, AR - Governor Mike Beebe signed into law on Sunday new legislation allowing Arkansas consumers the opportunity to sample distilled spirits products at tasting events held at liquor stores.

"Arkansas consumers will now have the opportunity to responsibly sample the world's finest premium spirits products in a retail setting, just like they do wines," said Dale Szyndrowski, Vice President of the Distilled Spirits Council. "Arkansas is joining a growing list of states modernizing their liquor laws to bring adult consumers more choices and greater convenience."

With the signing of House Bill 2397, Arkansas becomes the 15th state since 2000 to modernize its marketplace by allowing or expanding spirits tastings. Arkansas will become the 40th state to allow spirits tastings in some form, at either on or off-premise establishments. The bill will go into effect 90 days after session adjourns.

"Adult consumers are fascinated by the cocktail culture, and curious about how to discern between the 4,000 distilled spirits products on the market," said Szyndrowski. "Like fine wines, adult consumers want to purchase these fine spirits for their home, but they would like to try them before making their buying decision."

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**22. Arkansas House Okays 1% Sales Tax on Beer (Arkansas)**

*Beverage News Daily*

March 29, 2007

The Arkansas House approved, 51-39, a bill to impose a 1% sales tax on beer. The proposal would send the money to the state's general revenue fund for use in programs to help abused and neglected children. The proposed tax would raise about $3 million a year.

Supporters of the tax said it was needed to implement the findings of a legislative tax force that focused on ways to help abused children throughout the state.

Opponents of the tax said they believed the proposal would unfairly continue a portion of the beer tax that they promised would expire June 30 of this year. A 3% tax on retail beer sales, intended to raise money for pre-kindergarten programs, is set to expire June 30. – (AP)

grapes

**23. Driver in Deadly Crash out on Bail (California)**

By Crystal Carreon and Christina Jewett - Bee Staff Writers

Published 12:00 am PDT Thursday, March 29, 2007

Sonya Murillo, who assisted the family of four people who were killed in a two-vehicle accident on South Land Park Drive, kneels in front of a memorial for the victims on Tuesday.

Sacramento Bee/Hector Amezcua

See additional images

Two miles and 43 years. That is the distance that separates the deadly accident police say Roberto P. Vellanoweth caused Monday while driving drunk, and the 1964 wreck that killed his father.

Both accidents continued to haunt family members Wednesday, the day Vellanoweth bailed out of the Sacramento County jail on a $250,000 bond. Police said his blood-alcohol level measured 0.16 percent, twice the legal limit in California.

Relatives of the three women and a baby killed Monday in the 3:59 p.m. crash expressed outrage that Vellanoweth was allowed to go home while the bodies of the victims were still in the morgue.

"Why is he out so soon?" asked Jonique Green, whose 18-year-old sister, Shanice Carter, was killed. "Is that what her life was worth?

"It makes us feel like our family isn't worth nothing. He hurt a lot of people."

Green said that her sister's injuries were so severe that coroner's officials had to identify her through fingerprints, and that there cannot be an open casket funeral.

"It's upsetting to hear that he's at home with his family when we're here missing our loved ones," said another sister of Carter's, Marisha Williams.

Officials said that Vellanoweth's booking was routine and that the bail amount is predetermined by a formula from the Sacramento Superior Court.

"He wasn't given any special privileges," said Sgt. Matt Young, a police spokesman. "He was treated like anyone else booked into custody on felony manslaughter."

Police have said Vellanoweth was driving south in a 2005 Jeep Cherokee on South Land Park Drive when he crossed the center line and struck a northbound Chrysler LeBaron head-on.

Killed inside the Chrysler were 21-year-old Brizchelle Rice; her 19-month-old son, Kamall Dino Savant Osby; her sister, Brittanya Nash, 17; and Carter, a close family friend.

The condition of a fifth passenger, the sole survivor, was not available Wednesday.

The teenage friend of Nash, whose name has not been released, had been hospitalized with serious injuries and was expected to survive.

It remained unclear if occupants of the Chrysler wore seat belts, but police said the toddler was not in a safety seat.



Marisha Williams said they were on their way to pick up Rice's 4-year-old son at his preschool -- about three minutes away -- when they were killed.

April Rice, the mother of Rice and Nash, inadvertently came upon the fatal accident scene Monday afternoon and saw her daughters' bodies.

In a painful irony, Vellanoweth's younger brother Fernando came upon the accident scene involving his father more than four decades ago.

Roberto P. Vellanoweth

Roberto C. Vellanoweth was killed in November 1964 after his car was struck by a driver who ran a red light at Freeport Boulevard and Florin Road, according to a Bee report at the time.

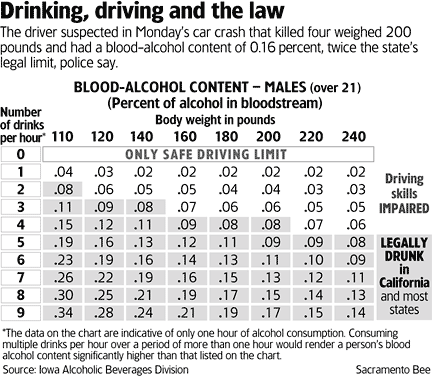
Fernando Vellanoweth was not available for comment Wednesday, but his wife, Peggy, said the Vellanoweth family is heartbroken.

"We are very, very sorry for this family," Peggy Vellanoweth said. "(We're) praying for the family, for the kids who were killed."

She declined to speak further, but said the family planned to speak publicly or release a statement shortly.

Roberto Vellanoweth, 63, left the Sacramento County Main Jail about 6 a.m. Wednesday after posting a $250,000 bond. He had been booked late Tuesday night on suspicion of four counts of gross vehicular manslaughter, felony drunken driving and resisting arrest. He faces arraignment next Tuesday.

Sacramento police declined to elaborate on the charge of resisting arrest, saying only that Vellanoweth was uncooperative.

The double-front doors of Vellanoweth's rustic Greenhaven home were closed Wednesday, the blinds drawn. A family friend who came to offer support was turned away.

Vellanoweth, a prominent Latino Republican leader, was removed from his post on a state optometry board Tuesday by Gov. Arnold Schwarzenegger after the arrest.

Young said police obtained a blood sample from Vellanoweth shortly after the collision that resulted in the 0.16 percent measurement. To reach that level, a 200-pound man -- Vellanoweth's weight -- would have to consume eight or nine drinks in an hour, according to guidelines from the Alcoholic Beverages Division in Iowa.

"Point-one-six is way out of line to be operating a vehicle," said Sgt. Evan Williams of the CHP Valley Division.

At 0.16 percent, Williams said, drivers often suffer impaired coordination, may drive at fluctuating speeds and may even fail to see stop signs or other hazards on the road.

About the writer:

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<http://www.sacbee.com/101/story/146050.html>

grapes

**24. Florida Senate Bans Bars from Kicking Out Designated Drivers (Florida)**Beverage News Daily  
March 30, 2007

The Florida Senate passed and sent to the House a bill requiring bars to allow people to stay in the establishment even if they aren't drinking alcohol, if they are a designated driver for someone who is buying drinks.

The proposal was a response to a lawsuit filed by a man in Pinellas County who was allegedly kicked out of a bar because he wasn't buying drinks. The man said he was there to ferry home his friends who were drinking. – (AP)

grapes

**25. Sunday Alcohol Sales Measure Dead (Georgia)**

By Travis Fain, Staff Writer – *Telegraph*

March 26, 2007

The Sunday alcohol sales issue has been left off the Ga. Senate's debate calendar for Tuesday. That essentially kills the measure for this year.

"The votes weren't there," said Sen. Don Balfour, who chairs the Senate committee on rules, which sets the calendar for the whole Senate.

The bill would have allowed local referendums to decide whether or not alcoholic beverages can be sold in stores on Sundays.

Tuesday is crossover day at the Georgia General Assembly, meaning that, in general, bills must pass either the House or Senate or die for the year.

<http://www.11alive.com/news/article_news.aspx?storyid=94426>

grapes

**26. New Life For Sunday Booze Sales? (Georgia)**

*News 11*

March 29, 2007

Just three days after the measure was declared dead in the state legislature, a bill to legalize Sunday alcohol sales in Georgia may have new life.

Supporters are using some time-honored legislative manoevuers to give the bill a second chance.

The Sunday sales bill never even got a floor vote before Tuesday's deadline for bills to pass at least one chamber. But other alcohol-related bills did pass the Senate.

So, Sunday sales supporters are trying to attach their bill as an amendment to one of those bills, now in the House.

Sen. Seth Harp said he has found a bill in the House that would be a perfect carrier for his -- it would end Georgia's total ban on take-home sales of beer, wine and hard liquor. Harp's bill sets up local elections, so voters could decide if they want legal Sunday sales in their communities.

That is what he will emphasize to House members.

"This is not about Sunday sales," Harp said. "This is about allowing communities, through referendum, to make that decision."

On Monday, the Senate rules committee decided not to even bring the bill to a vote in the full Senate. House leaders are openly unhappy about Harp's plan to uncork the bill as an amendment to another bill in the House. Even if it passed the House, they said, it would still have to go back to the Senate, where it stalled before.

"If they were not going to allow a vote straight up or down on that measure, what makes him think they're going to allow a vote on this particular measure?" asked House Majority Leader, Rep. Jerry Keen.

Harp said he hopes polls showing support for local Sunday sales votes -- particularly in Metro Atlanta -- will sway his House counterparts.

"And frankly, there's more representation from the metropolitan areas in the House than there is in the Senate," Harp said.

Keen suggested that conversation on the measure was certainly possible.

"I'm having trouble getting their cooperation on a lot of things," Keen said. "But we'll certainly talk about it."

grapes

# 27. Opinion: Common-Sense Bill Addresses Alcohol Sales (Indiana) *Indianapolis Star* March 26, 2007

The Indiana House has an opportunity to end years of controversy by enacting common-sense legislation that will responsibly control the sale of alcohol in the state. The House Public Policy Committee is set to consider Senate Bill 339, authored by Sen. Marvin Riegsecker, R-Goshen, which passed the Senate 37-10.

Unlike previous alcohol bills, this one avoids the typical market-share squabbles that have doomed other reform measures. The bill is strongly supported by the Alliance of Responsible Alcohol Retailers, a coalition of trade associations and drug, grocery and convenience stores. Alliance members support the sale of alcohol within a regulatory framework that prevents youth from accessing it, strengthens compliance and fair competition, and provides consumers with real choices, convenience and competitive prices.

SB 339 codifies 20 years of Indiana law by reaffirming the right of convenience stores to sell warm beer and wine. Leading the opposition to this provision is the package liquor store industry, which has tried for years to eliminate convenience stores as a competitor by linking alcohol sales to gas pumps.

It's an absurd argument when you consider that these same liquor stores provide parking lots to accommodate their own customers, who arrive by car to purchase alcohol. SB 339 also drastically reduces the availability of permits for convenience stores and other establishments that currently qualify for grocery store permits. A new, more conservative system would establish a three-tier plan based upon the population of a city. For Indianapolis alone, available permits would be slashed by 70 percent and for the state's 50 largest cities, permits would be reduced by 55 percent.

Equally important is SB 339's provision granting law enforcement the clear authority to conduct compliance checks using underage adults. A compliance check program in Denver, Colo., resulted in reduced sales to minors from 58 percent to 26 percent over a 10-month period. Florida has maintained a compliance rate of 88-90 percent as a result of 20 years of consistent investigations. In total, 26 states and the District of Columbia conduct compliance checks and the time has come for Indiana to join this list.

As responsible retailers, we welcome law enforcement into our businesses to test the effectiveness of training programs. Can the package liquor store industry say the same? Perhaps the fear of compliance checks is the real reason why they oppose SB 339 so vehemently. It's a fair question given that several years ago, a pilot compliance check program was stopped after 15 liquor stores in Evansville filed a lawsuit claiming entrapment.

While SB 339 reduces our opportunities for economic development by drastically reducing alcohol permits, subjects our businesses to additional law enforcement scrutiny and places new requirements on how we display alcohol, we still believe this legislation represents good public policy and deserves support. It is our sincere hope that the House, like the Senate, will reject business as usual and ignore turf battles that have put market share and special interests ahead of sound public policy.

<http://www.indystar.com/apps/pbcs.dll/article?AID=/20070326/OPINION01/703260320/-1/ZONES04>

**grapes**

**28. Three Wineries Seek to Ship Straight to Kentucky Buyers (Kentucky)**By Alex Davis - *The Courier-Journal*March 27, 2007

Kentuckians soon may be able to have wine delivered to their doorsteps, now that the owners of three vineyards -- two in California and one in Southern Indiana -- have applied for new small-farm licenses to sell bottles over the Internet or by telephone.

But two of the wineries' ties to the large Kendall-Jackson operation on the West Coast are drawing criticism from distributors who oppose allowing wineries to ship directly to Kentucky consumers.

"They've found a way to skirt our laws" regarding small-farm wineries, said Daniel Meyer, an attorney for the Wine and Spirits Wholesalers of Kentucky.

The state law creating the out-of-state licenses, which took effect Jan. 1, restricts the permits to small farm wineries that produce no more than 50,000 gallons a year.

According to their license applications, the California wineries, called Atalon and La Jota, each produce less than 20,000 gallons a year. But both are owned by Jess Jackson, the billionaire founder of Kendall-Jackson.

Huber Orchard & Winery of Starlight, Ind., also has applied for the new license.

Tom Fuller, a spokesman for both Atalon and La Jota, said the marketing and management teams at the two California wineries are separate from the rest of the Jackson empire, even though the applications were filled out by the same person and both wineries are listed as subsidiaries of a larger company called Jackson Family Farms LLC.

"They're very individual," Fuller said of the two Napa Valley properties. "They just happen to be owned by the same gentleman."

Kentucky's law doesn't directly address the issue of a large company owning smaller vineyards, and Stephen Humphress, (an attorney for the state Alcoholic Beverage Control office, said he has not yet been asked to review the business structures of the two California wineries.

He added that the applications from the California wineries will likely take a couple of weeks to process. The application from Huber Orchard & Winery is complete, and a final decision on whether to approve the license should be made "very soon," he said.

Huber was the first to challenge Kentucky's shipping regulations in a May 2005 lawsuit, but it dropped out after finding a distributor in Kentucky.

Owner Ted Huber said he's seeking a license now because it will allow him to sell the winery's products at trade shows and events such as the Kentucky Derby Festival.

Each winery license costs $100 a year.

Huber said he didn't have a problem with licenses being awarded to small wineries that are part of larger companies, like those owned by Jackson.

But Meyer, whose group voluntarily joined the Huber lawsuit as a defendant, along with the Kentucky office of Alcoholic Beverage Control, said it won't give up the fight.

The state dropped out of the suit earlier this year, but the distributor group continues to oppose the law in the 6th U.S. Circuit Court of Appeals.

Meyer said he doesn't expect a decision in the case until early next year.

"These people can get their licenses," he said, "but I hope they enjoy it while they can because it's not going to be a long-lived way of doing business."

Bill Lee, a wine enthusiast who lives in Middletown, said he views the wine-shipping applications as a positive sign for collectors, although he doesn't expect them to have a big impact on his buying habits.

All three wineries that have applied for licenses already sell their labels at retail stores in Kentucky through distributors.

Lee, who has about 400 bottles in his collection, said most of the rare vintages he likes to buy are available only through out-of-state dealers and not wineries themselves.

"It's still frustrating," he said of the state law's restrictions on winery size. "There's a certain consumer who wants to buy wines that aren't sold here at the local stores. It's not like we're trying to put anyone out of business."

Jackson, who lives in Healdsburg, Calif., also is active in Kentucky's horse-racing industry and is the owner of Stonestreet Farm in Lexington.

But Fuller said those connections to the state had nothing to do with Atalon and La Jota pursuing wine-shipping licenses here.

"When markets open, it's the smart thing to do," he said "As the laws are being changed, more and more states are opening up direct shipping avenues for wineries to offer their products."

Marilyn Kushner, of Broad Run Vineyards in southeastern Jefferson County, said she didn't think shipments from any of the three wineries would pose a major competitive threat to the business she runs with her husband.

Broad Run has the same ability to ship to customers under the new law, but the bulk of its business still comes from retail sales in liquor stores and public tours.

<http://www.courier-journal.com/apps/pbcs.dll/article?AID=/20070327/NEWS01/703270435> 

**grapes**

**29. Lawmakers Unveil Bipartisan Tax Reform Bill (Maine)**

***WCSH6***

March 22, 2007

A bipartisan plan to overhaul Maine's tax system was unveiled Thursday in Augusta. The plan is the work of two veteran legislators, who are usually on opposite sides. But they're saying it was time to put partisanship aside to solve the tax problem.

Senators Richard Nass and Ethan Strimling say they've been working on the tax reform plan since last summer. The senators say the goal is to reduce the burden of the property and income taxes, and shift it to other taxes where tourists can pick up some of the slack. Nass and Strimling say they both had to give in on a number of issues, and are hoping others will do the same.

"There is stuff we don't like, each of us, but that's how compromise works. It happens in our home lives, it happens in our professional lives and you better believe it's got to happen up here," said Strimling.

"This package has about $130 million of burden reduction spread across all levels and we hope that's the story that will build momentum among both Democrats and Republicans," said Nass.

To pay for the tax reductions, the plan would also expand the sales tax to a number of items and services not currently taxed. It would raise the tax on beer and wine, as well as restaurant meals and hotels. Nass and Strimling also want to change Maine's constitution to make it harder to raise taxes at both the state and local level.

<http://www.wcsh6.com/news/local/article.aspx?storyid=55689>

**grapes**

# 30. Governor Signs Campus Alcohol Enforcement Bill (Mississippi)

*Daily Journal*

March 27, 2007

OXFORD - Liquor and wine could be lawfully consumed in the Grove, the University of Mississippi's legendary football tailgating area, now that Gov. Haley Barbour signed into law Tuesday legislation that clarifies the issue.

It's now up to Ole Miss leaders, as well as those at Mississippi State University, to settle on campus policies.

Barbour signed a bill that authorizes local law enforcement agencies to enforce local option regarding alcohol on public university campuses. The bill, which prohibits all alcohol sales on any state-owned campus, also prohibits its possession at athletic events but does not ban all campus possession.

Ole Miss attorney Lee Tyner said the bill removes the ambiguity of a previous law that could be interpreted as either forbidding or allowing alcohol possession at universities.

Both Ole Miss and MSU face different alcohol consumption laws because they lie partly in their municipalities and partly in their counties.

The new law will be a consideration as Ole Miss leaders shape a comprehensive strategy to combat underage drinking and other abuses of alcohol on campus and among the student body.

"We're committed to following and enforcing the law," said Tyner. "It gives us more flexibility to craft policies and rules that we can aggressively enforce." The new law allows a university to approve stricter laws.

"We're very hopeful that through strong education, through thoughtful policies and through active enforcement, we can improve life for our students and life on campus," Tyner said.

Dr. Bill Kibler, vice president for student affairs at Mississippi State University, is that institution's spokesman on alcohol-related matters. He was not available Tuesday for comment.

Campuses and jurisdictions

- Ole Miss - Lafayette County, wet for liquor, dry for beer; Oxford - wet for both

- Miss. State - Oktibbeha, wet for liquor, dry for beer; Starkville - wet for both

- Itawamba CC - Fulton, Itawamba County - dry for beer and liquor

- Northeast CC - Booneville, Prentiss County - dry for beer and liquor

\* SOURCE: Miss. Alcohol Beverage Control Commission

<http://www.djournal.com/pages/story.asp?ID=239881&pub=1&div=News>

**grapes**

**31. Higher Beer Tax Proposed in Montana (Montana)**

By Sarah Cooke – *Business Week*

March 23, 2007

Anheuser-Busch Cos. joined retailers and distributors from around Montana Friday in opposing a bill to more than double the state excise tax on beer produced by large breweries.

Money raised by the tax hike proposed by Sen. Christine Kaufmann, D-Helena, would pay for drug and alcohol treatment and prevention programs, as well as the State Children's Health Insurance Program.

Her proposal would increase the tax on breweries that produce more than 20,000 barrels of beer a year from $4.30 a barrel to $9 a barrel.

"The tax on a pack of cigarettes is 21 times higher than the tax on a six-pack (of beer)," Kaufmann told the Senate Taxation Committee. "I think it's time for us to do this."

Committee members took no immediate action on the bill.

The beer industry assailed Kaufmann's measure as an unfair tax that will be passed on to Montana consumers, retailers and malt barley growers.

"If you increase taxes you lower consumption, and if you lower consumption you will decrease sales and decrease employment," said Kevin Devine, owner of Devine Bros Distributing Inc. in Great Falls.

David Tweet, regional manager for Busch Agricultural Resources Inc., said higher beer taxes would be "clearly inconsistent" with investments Anheuser-Busch has made in Montana's agricultural economy.

The company contracts with 675 malt barley growers in the state and has storage facilities in Conrad, Fairfield and Sidney and a seed plant in Fairfield that was recently rebuilt.

"I just hate to see anything happen in this state to harm our agricultural industries," Missoula business owner Linda Vap said. "We have so few things going for us. We can't be just a service economy."

Representatives for the Montana Convenience Store Association, the Montana Beer and Wine Distributors Association, the Montana Chamber of Commerce, the Montana Grain Growers Association, the Montana Farm Bureau Federation and the Montana Retail Association also opposed the bill.

Its lone supporter, parent Chris Menard, called the tax a small price to pay for drug and alcohol treatment and prevention and said many treatment centers have waiting lists of people needing help.

"Let the users pay for the costs of the services," she said.

Kaufmann said the state beer tax hasn't been increased since 1987, and added her bill intentionally excludes small breweries.

Microbrewers came out in force against a 2005 bill that would have increased the beer tax by about 5 cents per can across the board to pay for state treatment and prevention efforts. That bill was tabled by the Senate Taxation Committee.

grapes

# 32. House Approves Bill Allowing Bars To Stay Open Later (New Hampshire) *WMUR 9* March 23, 2007

NASHUA, N.H. -- The New Hampshire House overwhelmingly approved a bill that would allow bars to stay open until 2 a.m., an hour later then they currently do.

The bill, sponsored by Rep. Robert Theberge, D-Berlin, passed the House by a vote of 267-89 on Thursday. It now goes to the Senate.

The New Hampshire State Liquor Commission does not support the measure. Eddie Edwards, chief of the bureau of enforcement and licensing, said it would strain the agency and local police departments.

"We're not in favor of the law, but I understand that the law does offer a certain level of control by the commission," Edwards said, referring to a provision added by the House Commerce Committee allowing the liquor commission to restrict bars with liquor violations from serving alcohol past 1 a.m.

Peter Thomson, New Hampshire Highway Safety Agency coordinator, said keeping the bars open later could increase the likelihood of people driving while intoxicated.

"You can absorb more alcohol in that hour, and you're going to be an hour more tired and not as alert," Thomson said.

State Police Capt. Mike Hambrook said if the bill passes, it would be up to the liquor commission and local establishments to control overserving.

"From a law enforcement perspective, I would be more concerned with the overserving than the hours," Hambrook said. "Even if bars were open until 10 p.m., there's the potential to overserve."

Some bar managers were pleased to hear the news.

"Sometimes the nights don't start until really late, and an extra hour would be good," said Brian Winn, manager of 603 Lounge in Nashua. Regarding over-serving, Winn said his bar, like most, has a policy not to serve people who are obviously intoxicated, no matter what time it is.

In Hudson, resident Bob Higgins, 63, who was sipping a beer at T-Bones restaurant, said he agreed with the bill, stating that the law should probably be the same as in Massachusetts, just to keep people in the state.

<http://www.wmur.com/news/11346830/detail.html>

grapes

**33. Supermarket Liquor Sales Proposed (New Jersey)**

**By Meg Huelsman – *Courier-Post***

March 28, 2007

WASHINGTON TWP. A proposal to allow the sale of alcoholic beverages in grocery stores could be put on the ballot in November, despite protests by dozens of residents and liquor store owners recently.

Liquor store owners Joe Matusiak and Bob Wagner adamantly opposed the proposal when it was brought up for a vote at a council meeting last week. They said supermarket sales of liquor would hurt their business and make it more available to minors.

Councilman Bob Timmons was the lone supporter of the ordinance in the 4-1 vote against the proposal on Thursday.

Residents told council the issue was put on the ballot in 1995 and defeated by the public.

"There's a precedent," said Gerald Keer of the Turnersville section of the township. "I really think we should take this back to a public vote."

Council will decide whether to put the matter to a public referendum on April 12, before the evening's regularly scheduled council meeting, council president Frank Scarpato said.

There are currently two liquor licenses for sale in the township -- one distribution license and one retail consumption license. The last license sold last year to the Liquor Hut on the Black Horse Pike for $535,000.

Mayor Paul Moriarty has said that if the license were sold to a larger supermarket chain, like Wegmans, the township could earn upwards of $600,000 per license.

Councilwoman Anita LaPierre, who disapproved of the proposal from the start, said revenue collected from the sale of a license would be a one-shot deal that would compromise the township's youth for many years.

Cindy Snyder, an alcohol and drug abuse counselor, said the sale of alcohol in stores that children frequent sends the wrong message to minors and makes liquor too accessible to them.

Most grocery stores in the state do not allow liquor sales inside the store.

In Burlington County, a Genuardi's grocery store in Evesham has been selling beer, wine and spirits in a partitioned section of the store for the past two years.

<http://www.courierpostonline.com/apps/pbcs.dll/article?AID=/20070328/NEWS01/703280381/1006/RSS01>

grapes

# 34. Authorities See a Rise in Teen Drinking (North Carolina)

*News 14 Carolina*

March 26, 2007

CHARLOTTE -- Teenage drinking is a serious issue, according to government leaders in Washington, D.C., and local alcohol law enforcement agents in the Charlotte area say two separate incidents over the weekend prove it.

The first involved a teenage girl who had been drinking and hit two children on bicycles in Statesville. In the second incident, Saturday night at the Forum nightclub in uptown Charlotte, a bouncer, 39-year-old Matthew Bolick, was arrested on charges that he supplied alcohol to girls as young as 14 and let them inside the club.

Parents Corine Ramos and Pedro Colon say the ramifications of underage drinking can be scary, so they talk to their teens.

“Leave the adult issues for the adults,” Ramos said. “Live your life as a child for as long as you possibly can."

"It's a big problem,” Colon added. “And it seems to me that if you don't target tat situation at all, it will increase."

Alcohol law enforcement supervisor Richard Griffin has made more than 100 arrests this year for underage drinking and has submitted 25 violations to the North Carolina Commission. He also tries to teach teens the importance of staying away from alcohol.

“We go in and talk to the kids,” he said. “We’re not saying ‘no, no, no, no,’ we’re stressing that if you make a bad decision, it could cause grave results.”

According to a national survey on drug use and health, there are 11 million underage drinkers in the United States, and 350,000 in North Carolina.

"It may seem fun but just think about it, step back first, before you do it," Griffin said.

Griffin cites the case of Brock Franklin as an example of how a seemingly innocent party can change a teen’s life forever. Franklin was sentenced to 12 to 15 years in prison following a deadly wrong-way crash after he had been drinking with high school classmates.

"It's going to catch you, and when it catches you, it's no good,” said 17-year-old Perry Woods, who says he has never used alcohol but knows many who do.

<http://www.news14charlotte.com/content/top_stories/default.asp?ArID=135991>

grapes

**35. Grand Jury Investigates Beer, Wine Wholesaler Contributions (North Carolina)**

*Herald Sun*

March 27, 2007

RALEIGH, N.C. -- A federal grand jury that investigated former state House Speaker Jim Black has turned its attention to political donations made by beer and wine wholesalers who lost a special tax break that was later restored.

The tax break, worth roughly $4 million to the wholesalers, was eliminated in 2003 but partially restored a year later. The wholesalers stepped up donations to Black and former Rep. Richard Morgan at a time when the men served as co-speakers of the House and had power over the tax break issue.

Federal authorities haven't commented, but the investigation was confirmed by Dean Plunkett, executive director of the North Carolina Beer & Wine Wholesalers Association.

"We are confident that the investigation will show that all of the (political action committee) contributions were recorded properly," Plunkett said in a written statement. "We are committed to fully cooperating in any way that we can."

The tax break was a 4 percent discount on wholesalers' state excise tax payments and allowed wholesalers to get credit for damaged goods they paid taxes on but couldn't sell.

"When they did away with that, it was a huge hit to the wholesalers," said Worth Harris, chief executive officer of Harris Wholesale in Raleigh.

The change came as a surprise to wholesalers, and it's unclear which lawmaker suggested it. In 2004, a bill giving the wholesalers a 2 percent tax break was signed into law.

During the tax break's hiatus, beer and wine wholesalers and their political action committee gave about $20,000 in political contributions to each Black and Morgan, according to records.

Harris, who also is the director of a wholesalers association, said he doesn't know of any request for political contributions tied to the tax break.

The wholesalers, along with beer manufacturer Anheuser Busch, also gave money to a political group created by Morgan and his allies. The wholesalers contributed to the group a few days after the bill was passed, records show.

The tax break also applied to tobacco wholesalers and retailers that collected excise taxes, but there wasn't an outpouring of political contributions for Black and Morgan from those groups.

Black, a Democrat who had represented Mecklenburg County, resigned from his House seat in February, shortly before making plea agreements to federal and state corruption charges. The charges are related to Black accepting money from chiropractors while pushing legislation they favored.

State and federal investigators have looked into allegations surrounding Black's activities with special interest groups for more than two years.

Morgan, a Republican from Moore County, also is no longer in the Legislature. Morgan testified before the federal grand jury in December but has said he wasn't the target of an investigation.

**grapes**<http://www.heraldsun.com/state/6-833425.cfm>

**36. Effort in Tennessee Would Toughen Open Container Rule (Tennessee)**

*LandLine*

March 22, 2007

A bill in the Tennessee House would prohibit open containers of alcohol in vehicles traveling public roadways in the state. The bill would also free up millions in federal dollars for improving roads.

Tennessee law already prohibits drivers from having an open alcoholic beverage, but passengers 21 years of age or older are free to drink while in vehicles. Supporters say the current rules are difficult to enforce because drivers can just hand an open container to a passenger if pulled over.

Sponsored by Rep. Susan Lynn, R-Mt. Juliet, the bill would eliminate the open container provision in state law. Violators would face up to $50 fines and/or 30 days in jail.

Exceptions would be made for passengers in cabs, limousines and recreational vehicles.

Tennessee is one of about a dozen states that allow open alcohol containers in vehicles. This year, that distinction is expected to force the state to pull 3 percent, or about $15 million, out of the highway construction budget and put it to other uses. The state has diverted about $44 million from roads since fiscal year 2001, The Tennessean reported.

The federal government mandated in 2001 that states either pass open container laws or spend a percentage of federal highway dollars on traffic safety projects such as installing cables to prevent crossover accidents and drunken driving checkpoints.

The bill - HB1396 - is in the House State and Local Government Committee.

<http://www.landlinemag.com/todays_news/Daily/2007/Mar07/031907/032207-09.htm> 

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# 37. Colleges Often Ignore the Drinking Problem (Tennessee)

*Tennessean*

March 26, 2007

It is no surprise that college students have issues with drinking and drug use. Most of American young adults see drinking and drug use as a rite of passage.

College is considered the first major step to adulthood independency and many students, according to National Center on Addiction and Substance Abuse at Columbia University, take advantage of the freedom of leaving home.

Colleges and their surrounding communities often tolerate, ignore, or even facilitate an environment that enables and promotes substance use and abuse among students. This is evidenced by bars in close proximity to universities; store clerks who do not check ID for underage drinking and tobacco products; advertisement that attracts an underage audience to drink; and many of the college party atmospheres just to name a few.

**Advertising shows the culture**

One state college (which shall remain nameless) produced a newsletter targeted at freshmen during orientation week. The newsletter used advertising to underwrite the cost of production. It had overwhelmingly a majority of its advertisement from local bars.

Some of the ads read: "Lady's Night Specials, Two for One Special, Bottomless Wednesday: pay $5 and Drink ALL Night Long" and my favorite: "Volunteer?!?: You've Been Drafted!"

This type of advertising creates a culture that says it's OK to indulge, even over-indulge in risky behavior. All too often it doesn't stop with alcohol and tobacco.

According to "Wasting the Best and the Brightest: Substance Abuse at America's Colleges and Universities," abuse of prescription drugs and marijuana use is also on the rise in the college population. These behaviors also lead to high-risk sexual engagement that drives up the spread of sexually transmitted diseases.

**Use various strategies**

A decade of research shows that comprehensive, environmental management approaches are essential to address the problem of student substance abuse. This includes both college and teenage use.

There are a number of good strategies that could be implemented. Community leaders should investigate state laws, local ordinances, keg registration and community mapping to see the distribution and proximity to universities and colleges.

Communities can enhance enforcement checks to ensure that alcohol and tobacco sales are prohibited to underage populations.

Colleges and secondary schools should use more social marketing techniques to make students aware that "everybody" is not using alcohol and drugs and make students aware of the resources available for help.

That same university (that shall remain nameless) was able to reduce freshman students' exposure to high risks ads in just one year by writing letters to the editor, and paying for well-timed social marketing PSAs that debunked some of the beliefs that excessive drinking and drug use is unacceptable.

<http://www.tennessean.com/apps/pbcs.dll/article?AID=/20070326/OPINION01/703260349/1008>

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# 38. Energy Boosters With Alcohol are Raising Concerns (Utah)

*The Salt Lake Tribune*

March 27, 2007

PROVO - Utah County health experts are worried people are unknowingly getting more than just a caffeine buzz from energy drinks.

“Most people aren't even aware that some energy drink manufacturers are adding alcohol to their beverages,” said Pat Bird, prevention coordinator for Utah County's substance abuse division.

Members of the Utah County Board of Health were surprised to hear the same thing Monday during a presentation by the county's substance abuse division.

Bird and his prevention team say energy drinks combined with alcohol can cause dehydration, risk of seizures and increased alcohol intake.

Prevention specialist Brian Alba told the board that alcohol isn't just the problem. Some energy drinks have nine times as much caffeine as a can of cola.

“Youth are using these to get legal buzzes,” Alba said.

The energy drink market, propelled by popular drinks Red Bull, Monster and Rockstar, is a $3.4 billion industry. It is projected to reach $10 billion by 2010, Alba said.

The drinks not only contain high levels of caffeine, specialists warn, but often contain items unregulated by the FDA - such as guarana, ginkgo and taurine.

Now they're being made with alcohol. Utah County Division of Substance Abuse Director Richard Nance said it is often difficult to discern the alcohol-containing energy drinks from the nonalcoholic ones.

Some are labeled “Malt Beverage” - a name more than half of the people surveyed by the county didn't know meant alcoholic - while others only mention alcohol with the inscription “ALC by weight.”

Tilt, Sparks, 3Sum and Liquid Charge are energy drinks that contain alcohol.

Undercover underage individuals working for Utah County's Eliminate Alcohol Sales to Youth program have even purchased the alcoholic energy drinks and been told by cashiers they don't need to show their ID.

“The clerk didn't know [they were alcoholic] and the police officers [at the stings] didn't know what the products were,” Nance said.

Officers said they felt uncomfortable citing someone for selling an alcoholic drink to a minor when the officer didn't know it was alcoholic, Nance said.

Tim Baggs, president of Liquid Charge manufacturer Charge Beverages Corp., said the labels are clear enough.

“The government has to approve every label,” Baggs said. “They go over it with a fine-toothed comb. Our label already makes more mentions to alcohol than most beers and wine coolers.”

The newest label for Liquid Charge does say “alcohol beverage” right on the front.

Still, Utah County's substance abuse team worries the large majority of the labels are inconspicuous.

Alba showed the Utah County board members photos of energy drinks without alcohol and those with alcohol, noting how alike the labeling was.

“They're hiding the fact that they have alcohol by using the name 'malt beverage,' ” Alba said. “Consumers don't know they are purchasing alcohol.”

Baggs believes appropriate measures are in place.

“You can't produce a product with alcohol in it without full government approval,” he said.

Utah County's team wants to see legislation put in motion to govern the labeling of the drinks as well as the placement of the drinks in retail outlets.

<http://www.sltrib.com/news/ci_5528545>

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# 39. Lake Delton Cites 20 Businesses for Serving Minors (Wisconsin)

By Trevor Kupfer, Dells Events *– WISC News*

March 29, 2007

A compliance check by the Lake Delton Police Department of 35 businesses that sell alcohol led to 20 of them, and their bartenders or clerks, being cited for serving a minor.

It has been more than a couple of years since the police arranged routine compliance enforcement for businesses that serve alcohol, Police Chief Tom Dorner said.

"Apparently, it's not often enough based on the poor results," Dorner said adding that he'll have to arrange checks or send officers into businesses to check IDs more often.

Officer Shawn Posewitz, who led the check between March 3 and  9, asked an anonymous 19 year-old to enter the establishments and ask to be served. The minor carried a cellular telephone, $200 and a driver's license that clearly identified him/her as underage.

For over-the-counter sales, the officer instructed the minor to purchase a six pack of beer. For restaurants and bars, the officer instructed the minor to order a bottle of beer.

Jeff Wimmer, owner and manager of Del-Bar, one of the businesses cited, said checks like these make the bartenders more alert to a potential problem.

"I believe it's a good idea because looks can be deceiving and we just have to be more aware and card more often," Wimmer said.

The department also has compliance checks for tobacco and, with the inception of Sauk County Tobacco-Free Coalition, they check those sales more often, Dorner said. Though the department doesn't have a watchdog organization for alcohol, Dorner said it sometimes receives anonymous tips about specific establishments that may be in violation and that can be a reason that checks like these take place.

"It's not a matter of trying to catch people, which is how some people in the community view it. It's not entrapment or something," Karen Torgeson of Wisconsin Dells Youth Futures Alliance said. "What we're asking sellers to do is obey the law."

Torgeson said she wasn't surprised when she heard that the check had a 57 percent failure rate.

"I find that a very discouraging number. 57 percent failure rate means we have to work harder," she said adding that proper training is the best prevention and protection. "This is a huge responsibility to the general public and also a very difficult one."

The businesses and bartenders who served minors and were cited with a $438 fine were the following: Mark T. Keller from A to Z One Stop; Cheryl L. Degruch from Dam Bar and Grill; Jonathan P. Whitaker from Damon's Restaurant; Laura B. Thiel from Del-Bar; Marlene Henry and Linda Bauernfeind from Dino Stops 1 and 2; Jagroop Benipal from Dells Quick Mart; Mark Brown from Giada's Bar; Agnieszka Wanat from House of Embers; Lee Bradetich from Kahunaville; Larry Culton from Lake Delton Exxon; Evangeline Boyles from Lake Delton Mobil; Chris Virch from Loose Moose Bar and Grill; Amber Ulrich from M&G Travelmart; Shu-Li Ledbetter from Mark's Restaurant and Bar; Corey Borkowski from  Port Vista Bar; Tamara Ancite from River's Edge Bar and Grill; Susanne Chalmers from Springbrook Northwoods Bar and Grill; Kevin Haske from Uno's Pizzeria and Tara Shaw from Wintergreen Bar and Grill.

The establishments that passed the compliance check were: Buffalo Phil's Bar and Grill, Ginza of Tokyo, Houlihan's Restaurant, Marley's Restaurant and Bar, Mr. K's Liquor, Monk's Bar and Grill, Moosejaw Pizza and Brewing Company, Munroe Avenue Shell, Murphy's USA, Ponderosa BP, Thirsty Buffalo at the Wilderness, Treasure Island Tiki Bar, Wal-Mart Superstore, Watering Hole at the Wilderness and Zap's Tap.

<http://www.wiscnews.com/wde/archives/index.php?archAction=arch_read&a_from=browse&a_file=/wde/2007/03/24/125709.php>

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