

ABL WEEKLY

Policy, Industry & Business News for Beverage Retailers

Friday, January 11, 2019

Issue 365

MEETINGS & EVENTS

[January 15 - SDLBDGA Annual Meeting & Legislative Hog Roast | Pierre, SD](#)
[February 24-26 - RHI Sociable City Summit | Philadelphia, PA](#)
[March 15-18 - Wine & Spirits Guild Spring Meeting | Destin, FL](#)
[March 19 - TLW Annual Legislative Day | Madison, WI](#)
[March 20 - ILBA Lobby Day & Legislative Reception | Springfield, IL](#)
[March 24-26 - 2019 ABL Annual Meeting | Las Vegas, NV](#)
[March 31-April 3 - WSWA 76th Annual Convention & Exposition | Orlando, FL](#)
[April 1-4 - TLW Spring Conference & Trade Show | Appleton, WI](#)
[April 7-10 - NBWA Legislative Conference | Washington, DC](#)
[May 5 - MBDAPA 83rd Annual Convention & Trade Show | Pocono Manor, PA](#)
[June 3 - ILBA Annual Golf Outing | Springfield, IL](#)
[June 10-12 - Beverage Alcohol Retailers Conference | Louisville, KY](#)
[September 9-11 - MTA Annual Convention & Trade Show | Sidney, MT](#)
[September 12 - IABR Fall Golf Outing | Indianapolis, IN](#)
[September 15-17 - ILBA Annual Convention & Trade Show | LaSalle, IL](#)
[October 10 - IABR Annual Meeting & Board of Directors Meeting | Indianapolis, IN](#)

ABL & PUBLIC POLICY News

[Lobbying for Spots on the Music Modernization Act's Licensing Collective Heats Up](#): The newly-passed Music Modernization Act calls for the creation of a music licensing collective (MLC) -- and the competition is heating up over who should sit on the collective's board. On Dec. 21 in the Federal Register, the U.S. Copyright Office put out a request for applications to form the MLC that will administer the blanket mechanical license -- providing one-stop shopping for a license for all music compositions, instead of trying to get licenses from each publisher for each song.

[What the New Congress Looks Like](#): Lawmakers gathered Thursday on Capitol Hill for the start of the 116th Congress, officially kicking off a two-year period of divided government in Washington. With the unusually large freshman class -- the result in part of a wave of retirements -- comes a change in party leadership in the House of Representatives, as well as generational and demographic shifts. Here's how this year's freshman congressional class compares to those before it.

[Government Shutdown Puts Pressure on Operators](#): The foodservice impact of the partial federal shutdown, which began Dec. 22 over a funding impasse between Congress and the president, has been heightened as it persists into the new year. "We've got some restaurant operators just sitting on their hands and waiting," said David T. Denney of the Dallas-based Denney Law Group, which specializes in hospitality issues. Other impacts include restaurant closures at many federal park museums, such as the 17 Smithsonian locations, and human resources departments being unable to check potential employee eligibility through the government's E-Verify system.

[Changing Marijuana Laws May Mean it's Time to Review Drug Testing Policy](#): The legalization of marijuana in some states, both medically and recreationally, is complicating the drug testing process. Kathryn Russo, attorney at Jackson Lewis, P.C., a workplace law firm, shared some drug testing best practices with

NationalLease members at a recent meeting. She suggested you start by reviewing your drug testing policies as they apply to both medical and recreational marijuana.

U.S. Restaurants and Bars Added 40,000 Jobs in December: The restaurant industry in the U.S. added 40,000 jobs in December, doubling the amount of jobs added to the industry in the previous month, according to data released from the U.S. Bureau of Labor Statistics. Across the entire year, the industry added 235,000 jobs. (In 2017, the industry added 261,000 jobs.) According to restaurant owners and operators, recruiting and retaining talent is the number one challenge in the industry, and increasingly so with a growing economy and more competitive labor market.

Study Finds Significant Number of People Admit to Driving While High: Some concerning news when it comes to driving under the influence: a new study from the University of Michigan finds that a significant number of people who use medical marijuana say they have driven while high. Michigan is second only to California in terms of the number of residents who use medical marijuana.

House Introduces Congressional Marijuana Bill H.R. 420: Given the rise of states approving medical and recreational marijuana, government regulation of the plant seems to be a natural next step. A bill that was introduced in the U.S. House of Representatives could drastically change rules surrounding marijuana's controlled substances standing and have it be regulated similarly to alcohol.

Gift Tax in 2019: How Much Can You Give Before Having to Pay?: The holiday season is a huge time for gifts, but it isn't often until after New Year's Day that the bills start coming due. In addition to having to make sure you pay off any big credit card balances you rang up, you'll also want to pay close attention to figure out whether there's any possibility you'll have to pay gift tax to the Internal Revenue Service. Gift taxes can be exceedingly high, with current federal rates of as much as 40%.

Canada Legalized Pot in October. But its Black Market Is Still Going Strong: The legal cannabis stores that opened here last fall still look pristine. Curious customers file in, but the shelves they peruse are often bare. Supplies are so short the stores are shuttered three days a week. A few blocks from one outlet, though, a longtime pot dealer was receiving a stream of text alerts one afternoon this winter, a sign of booming business. When the government launched Canada's official recreational-pot market on Oct. 17, it was banking on the idea that many users would prefer to buy legally and that the black market would quickly begin to fade.

INDUSTRY News

3x3 Insights

[Retail Untapped Episode 9: What to Watch in 2019](#)

Alcohol Law Review

[Final Briefs Submitted, Argument Time Divided and Supreme Court Oral Argument Set for January 16th in Tennessee Retailers Association Case](#)

Distilled Spirits Council

[Recreational Marijuana Sales Might Not Be Hurting the Alcohol Industry After All](#)

Food & Wine

[Is 2019 the Year of Non-Alcoholic Beer?](#)

Law360

[States Get Argument Time in Supreme Court Liquor Law Case](#)

Mothers Against Drunk Driving

[MADD Names Tennessee Alcohol Commission 2018 Outstanding Department](#)

National Alcohol Beverage Control Association

[NABCA Launches Online Contacts Directory](#)

NACS

[Organic Sales Driven by Millennials and Hispanics](#)

SevenFifty Daily

[Enhancing Your Bar Program with Plant-Based Ingredients](#)

Sky Ranch Foundation

[Foundation Awards Grants to the Orange Duffel Bag Initiative and Foster Adventure](#)

Wine-Searcher

[Impending Supreme Court Hearing Could Open Doors](#)

STATE & LOCAL News

[Alabama: Could Sports Betting & Marijuana Be Good Funding Sources for State?](#) The Retirement Systems of Alabama hopes state lawmakers look at new sources of funding to run state government. The Advisor of RSA newsletter suggests lawmakers should look at sports betting and taxing marijuana. The RSA released the following statement to WBRC: "If we are unwilling to support any form of tax increase, then we must start discussing alternative sources of revenue.

[Maryland: Task Force Recommends Removing Comptroller's Alcohol Oversight](#): A state task force has recommended removing Comptroller Peter V.R. Franchot's oversight of the alcohol industry, which the comptroller has sought to shake up in recent years by advocating looser restrictions on homegrown breweries. The Task Force to Study State Alcohol Regulation, Enforcement, Safety, and Public Health voted 13-7 on Monday to remove the comptroller's oversight of alcohol as well as motor fuel and tobacco, the two other industries under the supervision of the comptroller's Field Enforcement Division.

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[Massachusetts: Stoned Drivers' Test Likely to Face Challenges](#): Drug testing of drivers will be challenged in court and will be hard to enforce, attorneys and advocates say — while the ACLU vowed to fight such the legislation — though cops insist such measures are the best way to get stoned drivers off the road. A mandatory drug test — under threat of license suspension — is the lynchpin recommendation for new laws on stoned driving from the Legislature's Special Commission on Operating Under the Influence and Impaired Driving.

[Massachusetts: Judge Updates Use of Alcohol Breath Tests](#): A Massachusetts district court judge has ruled that alcohol breath tests will continue to be excluded as evidence from most drunken driving cases until the state police's troubled Office of Alcohol Testing is nationally accredited. Exceptions include OUI cases in which there was death or serious injury and in cases where the defendant is facing a fifth or subsequent OUI offense.

[Michigan: State Issues First Marijuana Recall, Saying Products Were Not Tested](#): For the first time since the state began regulating medical marijuana last year, a recall of infused products has been announced. The marijuana-infused products, including transdermal patches and tinctures made by Choice Labs of Jackson and sold under the brand name of Mary's, are not necessarily dangerous. They just got into the medical marijuana market without being tested.

[Minnesota: Minneapolis Restaurants Optimistic About New Full Liquor Menus](#): On 38th and Nicollet in south Minneapolis, Black Bird Café has been a cornerstone in the community for years. The café currently serves American cuisine along with wine and beer, but in the coming months something new will be added to the menu - hard liquor. "Getting a liquor license is going to change our logistics on how we do things now," said Gene Jirard with Black Bird Cafe.

Montana: Legislature Faces Important Measures to Combat State's Substance Abuse Crisis: As legislators gather in Helena, from every corner of Montana they bring their constituents' voices and concerns. They will debate issues that impact all of us, and though they will work amidst a national political climate racked by rancor and division, here at home they have opportunities to come together and address Montana's substance abuse crisis. Montana has one of the highest substance abuse rates among the states.

New York: NYC's Former Top Cop Calls Marijuana Legalization a Mistake: New York City's former police commissioner, Bill Bratton, fears that voices like his are too few to stop the legalization of marijuana, which he perceives as a Pandora's box. Bratton told a morning news radio team, "I still strongly oppose it. I think there are too many unanswered questions. We still don't have effective capabilities [in] law enforcement to deal with the issue of driving while impaired by the use of marijuana.

Ohio: Investigative Unit and Ohio Liquor Control Cracking Down on Secondary Market Liquor Sales: In December, agents with the Ohio Investigative Unit (OIU) teamed up with Ohio Liquor Control (OHLQ), charging five people throughout Ohio after an investigation into secondary market liquor sales. Secondary market liquor sales often take place on web sites, such as Craigslist and Facebook groups and Marketplace. An example of secondary sales is when sellers go to other states, purchase bottles of liquor not found or difficult to find in Ohio and turn around to resell them.

Oregon: Gov. Kate Brown Backs Bill to Strengthen Drunk Driving Limits: Gov. Kate Brown threw her support on Thursday behind a proposal to make Oregon's drunken driving laws some of the toughest in the nation. Brown said a proposal floated by Senate President Peter Courtney last week to lower the state's legal blood alcohol limit from .08 to .05 "sounds like the right way to go." The recently re-elected Democratic governor made the comments in a conference call with reporters. Utah on Sunday became the first state to lower its legal limit from .08 or higher to .05.

Oregon: Oregon Interest Group Seeks Legalization of On-Premise Marijuana Use: A public interest group in Oregon called the New Revenue Coalition is seeking to persuade state lawmakers to legalize cannabis smoking in some licensed public places, including cafés. Currently, Oregon only allows people to smoke marijuana in private. Under the proposed plan, cities and counties would opt into a system that would provide waivers to the state's Indoor Clean Air Act, enabling licensed businesses to permit marijuana use, according to New Revenue Coalition co-director Anthony Johnson.

Oregon: State Preparing Bill to Allow Cannabis Export to Other States: Americans may soon be consuming cannabis products from Oregon, if a new bill gets passed in the state. A new bill is reportedly being introduced in the state's legislature that will allow wholesalers to export the substance to other states in the U.S. where cannabis is legal. According to a report by Marijuana Moment, Oregon is set to introduce a new bill in 2019 that will allow the state to export dried cannabis to other states where the substance has already been declared legal.

Texas: TABC Approves TIPS Online Alcohol Server and Seller Training Program: Health Communications, Inc. (HCI) today announced that eTIPS, an online responsible alcohol server and seller training program, is approved by and meets the requirements of the Texas Alcoholic Beverage Commission (TABC). While not required by law, the TABC encourages sellers, servers, and managers to be trained so they are better able to identify and prevent sales of alcoholic beverages to minors and intoxicated persons.

Virginia: Could Changes Be Coming to State's Alcohol Laws?: For years, restaurant owners have struggled through the tangled bureaucracy of getting and keeping state permission to serve liquor. Virginia Mercury reports that the commonwealth's alcohol control laws – from its decision to keep retail liquor sales under the state's purview and the liquor ratio rule that effectively bans bars – are relics of the post-Prohibition era.

Washington: State Regulators Talk Marijuana Ahead of 5-Year Anniversary of Sales: Nearly five years on, regulators of Washington state's legal marijuana industry say there's more work to be done on keeping pot out of the hands of children and assisting growers facing falling revenues due to a glut of product. "We need to be well-positioned for an eventual national legalization, and what does that require," said Jane Rushford, who

chairs the three-member policy-making arm of the Liquor and Cannabis Board, in an interview Monday recorded for The Spokesman-Review's Newsmakers podcast.

Wisconsin: Proposed Legislation Looks to Make First-Offense OWI a Crime: Wisconsin is the only state where first-offense drunk driving is a civil violation, not a crime. Something two Republican legislators in Madison hope to change. The package of bills including the OWI legislation currently circulates the capitol in search of co-sponsorship. The proposed law would make first-time offenses misdemeanors punishable by up to \$500 in fines and 30 days in jail.

Wisconsin: Milwaukee Bucks Fans Have a Beer Button Now: On top of being ranked first in the NBA Eastern Conference, Milwaukee Bucks fans have yet another reason to celebrate: Last week, the team and its arena unveiled the Beer Button, the latest innovation in the realm of sports-related alcohol consumption. Per Sports Illustrated, it allows spectators at Fiserv Forum to have beers delivered directly to their seats.

Wisconsin: Wholesaler Defends State Franchise Law: You may recall, late last year Pernod filed a lawsuit asking the District Court of the Western District of Wisconsin to weigh in on whether or not its relationship with its wholesaler in the state, Saratoga Liquor Co., is subject to the state's franchise law. We covered Pernod's position, now Saratoga has provided its counter argument. In its motion to dismiss filed in November, Saratoga says this is the second time Pernod has looked to move its business from Saratoga to a competing wholesaler in Wisconsin.

BUSINESS & LIFESTYLE News

Can Marijuana Stop Beer Sales from Falling?: As more states legalize marijuana, speculation has grown about the potential for it to be the catalyst that finally reverses the years-long decline in the beer industry. Yet as Anheuser-Busch InBev becomes the latest brewer to partner with a marijuana producer, investors ought to step back, ignore the buzz, and ask themselves whether this is more fad than trend.

Where Does Cannabis Stand in the Alcoholic Beverage Market?: As the laws governing the use of cannabis continue to broaden in the US and other countries, beverage brands are increasingly investigating using the ingredient in products. During 2018 alone, investments in the North American cannabis market topped \$10 billion, and that number is expected to grow even higher this year, AP reports.

Cannabis & Millennial Wine Consumption: Following the 2012 initiatives in Colorado and Washington that legalized the recreational use of marijuana, questions started to be asked around the wine business about the substitution effect of pot and wine. Even more interesting to me is to think through, why the wine industry would even ask the question? The reason the question is being asked is everyone in the wine industry has been feeling uncomfortable with sales trends for some time, and we are all trying to pin down the root causes for the changes.

These States Drink the Most Wine Per Capita: Some states would seem more conducive for consuming wine than others: There's a reason the movie Sideways was set in California and not in Iowa (though a sequel set in Iowa might be an interesting departure!). But does the amount of wine a state produces correlate with how much wine a state consumes? The site VinePair recently broke down which states drink the most wine - both in pure volume and per capita - based on info from the National Institutes of Health, and the results aren't always so cut and dry.

Do Two Texas Brewery Closures Signal Trouble for the Craft Beer Industry?: For years, there's been talk about the growth of the craft beer business. Breweries have been popping up all over Texas to fill a thirst for locally made suds. But it's worth wondering whether we've reached a saturation point. In December, Big Bend Brewing announced it was suspending its operations and Noble Rey Brewing in Dallas just filed for bankruptcy protection. Justin Kendall is the assistant editor at Brewbound, an industry trade publication.

The Kind of Beer You Drink Reveals a Lot About Your Personality, According to Recent Study: If you're staying in this Saturday, enjoy a documentary, and value arts over sports, then chances are you're an ale drinker, according to new research. A new study of 1,000 beer drinkers found that the type of beer you prefer

may actually reveal a lot more than you think about your personality. The survey, conducted by OnePoll on behalf of Founders Brewing Company, pitted the two factions of beer against each other and found that lager drinkers - or easygoing beer drinkers who prefer something less hoppy - also tend to be more goal-oriented and sociable.