

ABL WEEKLY

Policy, Industry & Business News for Beverage Retailers

Friday, February 15, 2019

Issue 370

MEETINGS & EVENTS

[February 21 - Maryland Alcohol Lobby Day, Annapolis MD](#)
[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 & Tradeshow | Appleton, WI](#)
[April 7-10 - NBWA Legislative Conference | Washington, DC](#)
[May 5 - MBDAPA 83rd Annual Convention & Tradeshow | Pocono Manor, PA](#)
[June 3 - ILBA Annual Golf Outing | Springfield, IL](#)
[June 10-12 - Beverage Alcohol Retailers Conference | Louisville, KY](#)
[July 29-31 - ECRS Ignite 19 Retail Success Conference | Nashville, TN](#)
[September 9-11 - MTA Annual Convention & Tradeshow | Sidney, MT](#)
[September 12 - IABR Fall Golf Outing | Indianapolis, IN](#)
[September 15-17 - ILBA Annual Convention & Tradeshow | LaSalle, IL](#)
[October 10 - IABR Annual Meeting & Board of Directors Meeting | Indianapolis, IN](#)

ABL & PUBLIC POLICY News

[Legalized Marijuana Has 'No Impact' on Alcohol Sales: Study](#): Spirits, beer and wine sales have not been affected by legalized recreational marijuana sales in the three US states where marijuana sales are most established, according to industry associations. The key takeaway? 'It's time to stop treating cannabis as a monolithic boogeyman and start analysing it as part of a complex marketplace'.

[Purchases With Plastic Get Costlier for Merchants \(And Consumers\)](#): Credit-card companies are hiking a range of fees that U.S. merchants will pay to process transactions, a move likely to inflame already fractious relations between many businesses and card networks. Visa Inc. and Mastercard Inc., the two biggest U.S. card networks, are preparing increases to certain existing fees that will kick in this April, according to people familiar with the matter. Some of the changes relate to so-called interchange fees.

[The Tennessee Wine Case and the 21st Amendment](#): For We the People listeners enjoying wine this Valentine's Day - we're exploring the still-pending Supreme Court case Tennessee Wine and Spirits Retailers Association v. Blair. This lawsuit was brought by Total Wine & More, a retail liquor giant, and the Ketchums, a family who moved to Tennessee hoping to open a liquor store. Both parties were denied retail liquor licenses because they hadn't resided in Tennessee long enough.

[House Reintroduces Craft Beverage Modernization and Tax Reform Act](#): The Craft Beverage Modernization and Tax Reform Act (CBMTRA) was reintroduced in the U.S. House of Representatives today by Representatives Ron Kind (D-WI) and Mike Kelly (R-PA) with support from 14 original co-sponsors. The legislation was first introduced in 2015 to recalibrate federal excise taxes and streamline regulations on alcohol beverage producers enjoyed broad support in the 115th legislative session with more than half the U.S. Congress (303 representatives and 56 senators) supporting the bill.

[Congress Holds Marijuana Banking Hearing:](#) This week, the House held its first hearing on marijuana, Politico reports. The Financial Services Committee hearing heard from bankers about the difficulties financial firms faced because of current federal restrictions on pot and states that have eased marijuana prohibitions. Because of the murky legalities, lenders have not been not eager to provide legitimate pot businesses with banking services, which forces cannabis sellers to use cash. Cash-only businesses can be more prone to more criminal activities, such as theft and violence.

[Teen Pot Use Fell in States That Legalized Medical Marijuana: Study:](#) Marijuana legalization has been sweeping across the United States, raising concerns that more teens will start toking as pot smoking gains in legitimacy. A new study suggests that's not the case. Researchers actually found fewer teen marijuana users in states that have adopted medical marijuana laws. States with medical marijuana laws had 1.1 percent fewer teenage pot smokers than states without such laws, researchers said.

[Trump's Trade War Leaves American Whiskey on the Rocks:](#) As President Trump's global trade war approaches a pivotal moment, American industry is trying to use Mr. Trump's love of big economic numbers to get him to stand down. Mr. Trump faces a series of decisions over the next several weeks about whether to ratchet up tariffs on Chinese goods, impose new duties on imports of foreign cars and keep metal tariffs on trading partners like Canada and Mexico. While Mr. Trump's economic North Star has long been reducing the trade gap between what America exports and what it imports, industries from soybean farmers to nail manufacturers are trying to convince Mr. Trump that his policies are having the opposite effect — by dampening exports of some of America's most cherished products.

[A Federal Weed Legalization Bill Has Been Introduced In Congress — Here's What Could Happen:](#) On Friday, two Democratic Oregon lawmakers introduced a federal weed legalization bill into the House Ways and Means Committee and Senate Finance Committee as a part of the larger group of bills to start the process of turning marijuana into a fully legal business. Senate Finance Committee Ranking Member Ron Wyden introduced S. 420, the Marijuana Revenue and Regulation Act, to "legalize, tax and regulate marijuana," according to a release. "The federal prohibition of marijuana is wrong, plain and simple.

[U.S. Legislators Unveil "Path to Marijuana Reform" at the Federal Level:](#) Senator Ron Wyden (D-OR) and Congressman Earl Blumenauer (D-OR) have formally introduced a package of legislation that would deschedule and regulate cannabis at the federal level. The legislators' "Path to Marijuana Reform" is composed of three separate bills: the Marijuana Revenue and Regulation Act would deschedule cannabis from the government's list of prohibited substances and regulate it in a way similar to alcohol, while establishing an excise tax scheme that would begin at 10% and ramp up to 25% over five years; the Responsibly Addressing the Marijuana Policy Gap Act invokes Hamiltonian Federalism to defer to state law and remove federal criminal penalties for cannabis; and The Small Business Tax Equity Act repeals the tax penalty that singles out marijuana businesses and bars them from claiming deductions and tax credits.

INDUSTRY News

Alcohol and Tobacco Tax and Trade Bureau (TTB)

[TTB Newsletter - Weekly News \(February 15\)](#)

3x3 Insights

[Retail Untapped - Episode 13: Prosecco vs. Champagne Sales](#)

Alcohol Law Advisor

[House Financial Services Committee to Consider Cannabis Banking Issues](#)

Brewbound

[The Next Major Craft Brewery Acquirer? It's a Cannabis Company](#)

Center for Alcohol Policy

[Essay on State-Level Alcohol Licensing Wins First Place in Center for Alcohol Policy's 11th Annual Essay Contest](#)

JD Supra

[An End to Estate Taxes? Or Just the Beginning?](#)

National Law Journal

[Inside the Alcohol Industry's Lobbying Blitz on Cannabis](#)

National Law Review

[Website Accessibility - Americans with Disabilities Act Impact](#)

Republic National Distributing Company

[RNDC Releases Its 2018 Corporate Social Responsibility Brochure](#)

SevenFifty Daily

[Using Half Bottles to Drive Sales](#)

[Examining Brand Loyalty in the Millennial Era](#)

Shanken News Daily

[As Mezcal Grows, Marketers Battle Supply Issues](#)

Wine & Spirits Wholesalers of America

[#WSWA76 Gears Up for Fourth Annual Brand Battle](#)

Wine Spectator

[How Far Will the Supreme Court Go in Tennessee Wine Retailer Case?](#)

AFFILIATE News

Kentucky Association of Beverage Retailers

[Kentucky Distillers and Retailers at Odds Over "Distillery Exclusive" Whiskies](#)

There's a feud brewing in Kentucky, and it could make the legendary feud between the Hatfields and McCoys look tame. That feud in the years following the Civil War started with a forbidden romance, but this one is all about money - and whiskey. Wednesday, when the Kentucky Distillers Association released its biennial study of the Bourbon industry's economic impact on Kentucky, University of Louisville economists cited the multiplier effect of jobs indirectly linked to the industry such as coopers, truck drivers, and even marketing executives in claiming the industry is responsible for 20,100 jobs.

Montana Tavern Association

[Bill to Extend Small Brewery Hours Falls Flat](#)

A bill that would have let small breweries be open for two more hours, extending their closing time from 8 p.m. to 10 p.m., was killed Friday by a state House panel. Rep. Ed Buttrey, R-Great Falls, offered a motion to table, or kill, House Bill 185, which passed the House Business and Labor Committee 16-3. There was no discussion of the bill sponsored by Rep. Dave Fern, D-Whitefish. It was heard by the committee Tuesday.

STATE & LOCAL News

[Colorado: State Tops \\$6 Billion in Overall Marijuana Sales](#): Turns out the "make it legal and tax it to death" argument holds water. The Colorado Department of Revenue announced that marijuana sales in the state have cracked \$6 billion since 2014, when the state laws legalizing recreational use and sale of marijuana took effect. Those \$6 billion in sales mean that the state is closing in on \$1 billion in taxes, fees, and revenue since the drug was legalized. The Denver Post reports that \$927 million has been collected by the state since 2014.

[Hawaii: Drunken Driving Bill Would Prohibit Alcohol Purchase for 3 Years](#): Hawaii lawmakers have advanced a measure that would allow judges to prohibit people convicted of drunken driving from purchasing or publicly consuming alcohol for three years after their conviction. The measure, introduced by House Judiciary Chairman Chris Lee, has yet to be heard by the House Finance Committee and the Senate.

Idaho: Liquor License Bill Stalls in Senate Committee: A bill to reform Idaho's liquor license laws has stalled in the Senate. The Idaho Statesman reports that the Senate State Affairs Committee on Monday voted to hold onto the bill rather than send it to the full Senate. The committee wants the bill's sponsor, Republican Jim Rice of Caldwell, to work with various interested parties on a compromise bill.

Idaho: Liquor License Reform Bill Draws Local Opposition: Some liquor license-holders in Kootenai County and throughout the state are lining up, along with Sheriff Ben Wolfinger, to oppose a comprehensive liquor license reform bill proposed by Sen. Jim Rice, R-Caldwell. Scheduled for a hearing today by the State Senate Affairs Committee in Boise, Rice's proposal would, among other things, end the state's 70-year-old quota system of issuing liquor licenses and allow cities and counties to issue liquor licenses, if they choose to.

Kansas: House Sets Out to Clarify DUI Laws: Under current law, there are inaccuracies in DUI advisories regarding potential suspension times, provisions that were found unconstitutional, and a penalty for drivers who refuse to be tested. The House Judiciary Committee met last Tuesday for a hearing on a bill that would officially strike legal penalties for drivers who refuse preliminary tests from current DUI legislation. The bill also sets out to further clarify and amend Kansas laws related to driving under the influence.

Maryland: Franchot Takes Aim at Alcohol Regulation Bill, Poole Says 'Refocus': Tensions over how and whether Maryland's alcohol regulations should be reformed – and who should regulate them – have been brewing for a couple of years now. And new legislation on the question pending in the Maryland General Assembly has Comptroller Peter Franchot hopping mad. The bills, introduced by Sen. Ben Kramer, D-Montgomery, would take authority for regulating the alcohol – and motor fuel and tobacco – industries from the comptroller's office, where it now resides, and create a separate agency for that; and would prohibit regulators from accepting contributions of \$100 or more from anyone associated with any of those industries.

Massachusetts: Lawmakers Want More Changes to Pot Law: As the retail marijuana industry takes off in Massachusetts, lawmakers are gearing up to make major changes, again, to the state's voter-approved pot law. Dozens of proposals to expand or restrict the sale and use of retail marijuana were filed ahead of the two-year legislative session that got underway last month. Much of the focus by Beacon Hill leaders aims at giving law enforcement more authority to target people suspected of driving while stoned.

Michigan: Petition Gets Thousands of Signatures to Stop Ban of Alcohol On Parts of 3 Michigan Rivers: A petition has garnered thousands of signatures to stop a ban on bringing alcoholic drinks to parts of three Michigan rivers. Huron-Manistee National Forests said it wants to protect the rivers and address safety concerns with this new order. The new rules would prohibit anyone from bringing alcohol within 200 feet for designated sites of the Ausable River, Manistee River, and Pine River starting May 24 through Sept. 2.

Missouri: State Now Allows CBD-Infused Alcohol: Hogshead Kansas City's executive chef Clark Grant likes to stay ahead of the curve, especially when it comes to the food industry. His latest idea? CBD-infused cocktails. "It's something that our guests want. And the people of Kansas City want," said Grant. He's not alone. Last month, Kansas City's Roasterie launched its signature cold brew with a twist—the drink is infused with CBD oil, extracted from hemp.

Montana: Billings Business Owners Ask Lawmakers to Undo Rule Banning Outdoor Smoking Near Buildings: A group of business owners is leading a push at the Legislature to undo a controversial smoking ban enacted in Billings by the local public health department in late 2017. SB 179, sponsored by Sen. Doug Kary, R-Billings, would put the job of enforcing the Montana Clean Indoor Air Act in the hands of elected officials. The bill represents a second attempt by Billings-area business owners to undo a local rule requiring a 20-foot smoke-free zone outside of public buildings, including restaurants, bars and casinos.

Montana: Highway Patrol Uses "Wet Lab" to Advocate for Proposed DUI Law: The Montana Highway Patrol (MHP) hosted a unique educational event called a "wet lab" at the capitol on Monday. In the wet lab, members of the public and elected officials volunteered to be given alcohol over a period of time and then given standardized field sobriety tests. MHP used the demonstration as a way to dispel misinformation surrounding DUIs and show just how many drinks it would take to reach an impaired status.

New Hampshire: Marijuana Legalization Bill Clears First Legislative Hurdle: Legislation aimed at legalizing and regulating cannabis for adult use received approval by New Mexico's House Health and Human Services Committee Feb. 9, although passage in the Senate may be tougher, according to Marijuana Policy Project (MPP) Legislative Analyst David Boyer. Based on political trends and pressure in neighboring states, however, the bill does have a chance of becoming law this legislative session. Democratic lawmakers introduced House Bill 356 Jan. 24 to regulate and tax recreational marijuana sales for adults 21 and older.

New Mexico: GOP Senator's Bill Calls for State-Run Pot Shops: Republican state senator on Thursday introduced a bill that would legalize recreational marijuana but, unlike a Democratic House bill, would have the state operate retail marijuana stores. Sen. Mark Moores of Albuquerque said in a phone interview Thursday that, considering the number of Western states that have adopted laws treating marijuana more like alcohol, legalization in New Mexico is inevitable. "It's a just matter of how we want to do it," he said. "We should do it in a smart way."

North Carolina: Should State Privatize Liquor Sales? Report Renews Interest in Changing How Alcohol Is Sold in the State: The North Carolina legislature is weighing anew whether changing how liquor sales have been regulated for decades is worth boosting the number of retail outlets selling spirits with what critics call the risks of increased alcohol consumption. The General Assembly's government watchdog agency released a study Monday advising lawmakers on the implications of ending or shifting the state's current liquor operations away from government-run stores and wholesale operations.

North Dakota: HB 1442 Is a Tough Sell: There is a strong principled argument in favor of Rep. Rick Becker's, R-Bismarck, primary sponsorship of HB 1442. HB 1442 would stop law enforcement officers from conducting scheduled DUI checkpoints in which all drivers on the road are stopped for questioning. The principled argument is that DUI checkpoints create concerns about personal liberty and how DUI checkpoints might infringe on the Fourth Amendment.

South Carolina: State Officials, MADD Push Stricter DUI Legislation: South Carolina officials have joined members of Mothers Against Drunk Driving in support of stricter DUI legislation. Gov. Henry McMaster, law enforcement and some members of the General Assembly joined that group Tuesday on the Statehouse grounds in support of an ignition interlock measure to require all first-time DUI offenders with a blood alcohol content level of .08 or greater to install the device in their vehicles.

South Dakota: Senate Bill 122 Moves Past Committee Hearing, Colleges Concerned: The South Dakota Judiciary Committee voted to advance Senate Bill 122 to the Senate floor on Tuesday. SB 122 will "restrict the enactment of policies governing the possession of firearms at a public institution of higher education." Essentially, if passed, this bill will forbid the Board of Regents, South Dakota Board of Technical Education or any institution under their control, to adopt any rules or regulations related to firearms on college campuses.

Texas: Craft Brewers, Wholesalers Reach Compromise on Brewery To-Go Sales: Texas' craft brewers and wholesalers have agreed to a compromise in the years-long debate over to-go beer sales at manufacturing breweries. A "stakeholder agreement" announced Wednesday evening by the Texas Craft Brewers Guild, which represents the state's nearly 300 craft breweries, and the Beer Alliance of Texas, a powerful wholesaler lobbying group, has the potential to finally legalize off-premise sales at the Lone Star State's manufacturing breweries.

Virginia: State Goes Wet with Nary a Whimper: It has only been a century since Prohibition was approved with ratification of the Eighteenth Amendment in 1919. Is it finally over in Virginia? For Virginia, a century is but a moment. Are we rushing this? A bill is sitting on Governor Ralph Northam's desk that would not have been successful ten years ago, would have been political suicide fifty years ago and even now deserves attention. It makes all Virginia localities wet, allowing ABC stories and mixed drinks in restaurants within their boundaries.

West Virginia: Senate Committees Changes and Then Passes Sunday Liquor Bill: Sunday liquor sales moved another step closer to reality on Tuesday. Senate Judiciary amended and approved HB 2481, the bill to permit Sunday liquor sales after 1 p.m. The Senate amendment wraps in a separate section of state code not included

in the original that deals with criminal penalties for Sunday sales. Current code forbids liquor sales on Christmas Day, and the amendment clarifies that this still applies if Christmas falls on a Sunday.

BUSINESS & LIFESTYLE News

Restaurants Rethink Third-Party Delivery Partnerships: As off-premise dining continues to grow across restaurant segments from quick-service to fine dining, operators can't ignore the importance of making their menu available for takeout and delivery. Digital orders have grown at an average yearly rate of 23% since 2013 and will triple in volume by the end of next year, according to the findings of The NPD Group's recently released Delivering Digital Convenience report. Delivery offers customers the convenience they crave and drives higher checks but getting food to diners' doors can be a costly proposition.

Scientists Are Racing to Make Weed As Easy to Drink as Beer: People who drink alcohol typically learn the hard way how much is too much—usually in their teens or early 20s. As adults, they're not interested in learning the same hard-knocks lesson about cannabis. This is the challenge for an industry seeking to win over new or inexperienced users as legalization spreads through North America and around the world. It's a particularly daunting one for makers of cannabis-infused beverages, which are keen to participate in a category that researcher Canaccord Genuity Group Inc. expects will be worth \$600 million in the U.S. by 2022.

Liquor Sales Hit Record Highs in 2018, But Exports Suffered Thanks to Tariffs: The Distilled Spirits Council reported its ninth straight year of record spirits sales and volumes on Tuesday. Supplier sales were up over 5.1 percent, rising \$1.3 billion to a total of \$27.5 billion, while volumes rose 2.2 percent to 231 million cases, up 5.0 million cases from the prior year. Liquor sales also gained market share in 2018 over beer and wine. Sales rose 7/10ths of a point, to 37.4% of the total alcoholic beverage market.

Anheuser-Busch, MillerCoors Fight to Save Expiring Tax Breaks: A coalition of alcohol producers, including Anheuser-Busch and MillerCoors, are turning up the heat on Congress to make permanent new tax cuts they won as part of the 2017 tax overhaul. The 2017 law gave beer, wine, and spirits producers a two-year federal excise tax reduction worth \$4.2 billion—with the deepest cuts going to small domestic brewers, whose tax rates were halved to \$3.50 from \$7 per barrel on the first 60,000 barrels.

5 Trends Shaping the On-Premise Market in 2019: Adult beverages play a huge part in attracting customers and the on-premise channel is vital to an alcohol brand's success. Technomic's On-Premise Intelligence Report, developed with Beverage Marketing Corporation, examines trends in the on-premise market as consumers' demands for quality, variety and authenticity increase and their flavor preferences shift. This report acts as a guide for on-premise operators and adult beverage brand marketers to better understand consumer attitudes, behaviors and usage.

A New Study Offers Key Insights About Flavor Modulators Market for the Forecast 2018-2028: Flavor modulators are food ingredients that help mask the taste, aroma, and feel of the finished product in order to make it tasty and flavorful. Flavor modulators are gaining traction from consumers belonging to different age groups. However, these aren't a new concept. Flavor modulators such as vanilla, have been used for many years now. In the beer industry, maltsters have been using malts incorporated with certain hops to mask the end note of the beer and enhance the character.

On-Premise Strength Drives Rapid Gains for Mezcal: While mezcal remains tiny compared to its better-known cousin, Tequila, its consumption has risen dramatically over the past five years, with 288,000 cases depleted in the U.S. in 2018, according to Impact Databank—up from just 65,000 cases in 2013. That torrid growth looks set to continue this year, as new brands and increased investment bolster excitement and awareness. Much of the growth in mezcal is coming from the on-premise, which accounts for the majority of the business for prominent brands like Sombra, marketed by Davos Brands, and Illegal, handled by Bacardi.

Bud Light's and Coors Light's Corn-Syrup Battle Reveals a Dark Reality for the Beer Industry: Bud Light is battling with Coors Light and Miller Lite after Bud Light ran a Super Bowl ad bashing MillerCoors brands for using corn syrup in beer. Many iconic light beer brands are struggling to win over drinkers - Bud Light sales dropped by 5.5% in 2018, Coors Light sales fell by 3.9%, and Miller Lite sales dropped by 1.3%. Americans are

increasingly ditching beer and buying more expensive brews if they do drink, leaving iconic beer brands scrambling for solutions.

The New Face of the Average Whiskey Drinker: Young, Pierced, and Female: As recently as 25 years ago, you'd have been hard-pressed to find any comprehensive demographic data about whiskey drinkers. The internet was in its nascent stages, and besides, few if any websites back then were devoted to analyzing the adult beverage industry. Organizations such as the Distilled Spirits Council of the United States (DISCUS) weren't collecting much whiskey consumer data in the 1990s because, frankly, there was no need - as far as anyone knew or cared, the majority of whiskey drinkers were old white guys with red noses.

Heineken Thinks the U.S. Is a Promising Market for Non-Alcoholic Beer: The world's second-largest brewer, Heineken, is fizzing. Today, the company posted a solid profit for 2018, up 12% versus the previous year. The volume of beer sold under the flagship Heineken brand also jumped nearly 8% for the year, the fastest pace in more than a decade. This was driven, in part, by demand for Heineken 0.0, a non-alcoholic beer launched in May 2017. The company's bumper earnings caused the beer-maker's stock to surge by more than 7% during trading, the largest single-day gain in more than four years.

The Wines You Should Buy in 2019, According to Critic Robert Parker: We are living in a golden age for wine. When I started tasting in the late 1970s and early '80s, probably 60 percent of the wines I tried were substandard. They were either diluted, made from underripe fruits, or tasted like some sort of vegetable juice. Today, there's so much competition and so many critics looking on, wines have to be good. And they are. Ninety-five percent of the famous appellations in the world are producing bottles of high quality. Which is great news for drinkers and collectors.