

# ABL WEEKLY

## Policy, Industry & Business News for Beverage Retailers

Friday, May 17, 2019

Issue 382

### MEETINGS & EVENTS

[June 3 - ILBA Annual Golf Outing | Springfield, IL](#)

[June 10-12 - Beverage Alcohol Retailers Conference | Louisville, KY](#)

[June 12 - Connecticut Package Stores Association Annual Golf Tournament](#)

[July 9-10 - ABL Summer Board Meeting | Madison, WI](#)

[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](#)

[October 14-17 - TLW 84<sup>th</sup> Annual Fall Convention | Green Bay, WI](#)

[October 21-23 - ABL Fall Board Meeting & Industry Meetings | Washington, DC](#)

### ABL & PUBLIC POLICY News

**[Justice Department Files Brief in Antitrust Case Involving Beer Sales in Canada:](#)** This week the Department of Justice filed a brief as Amicus Curiae in support of neither party in the Mountain Crest v. Anheuser-Busch InBev & Molson Coors litigation. This case is currently before the 7th Circuit and the court asked the Justice Department for their views on this interesting legal matter that bridges both antitrust and international law.

**[Restaurant Operators Challenged by Labor Issues, Jittery Consumers:](#)** A new consumer survey has some unsettling findings for the nation's restaurant operators. Fifty-nine percent of consumers are in favor of raising the minimum wage to \$15 an hour, which is more than double the current federal minimum of \$7.25 per hour and which would undoubtedly cause restaurant operators to rethink business models whose profit margins are already razor-thin.

**[When Two Companies Control 90% of the Market – It's Not a Free Market \(Op-Ed\):](#)** Many self-described free marketeers vociferously oppose antitrust laws: "Antitrust laws also referred to as competition laws, are statutes developed by the U.S. government to protect consumers from predatory business practices. They ensure that fair competition exists in an open-market economy..

**[38 Attorneys General Ask Congress to Bring Marijuana Money Into Banking System:](#)** The attorneys general of 38 states and territories sent a letter to congressional leaders on Wednesday, urging them: Please, let us bank the money generated by the country's booming cannabis business. Most states and several U.S. territories have legalized medical marijuana, and 10 states and the District of Columbia have legalized adult recreational use.

**[Campaign to Raise Minimum Smoking Age to 21 Finds Unlikely Supporter: Big Tobacco:](#)** A movement to raise the smoking age across the U.S. to 21 has an unlikely supporter: Big Tobacco. A dozen states and

more than 450 local governments have already increased the minimum age to 21 from 18. Congress will soon consider a federal ban, with Senate Majority Leader Mitch McConnell planning to introduce a bill and a number of lawmakers already submitting their own legislation.

**[Why Supporters of .05 BAC Laws Are Wrong \(Op-Ed\)](#)**: I don't usually pen back-to-back columns on the same subject matter, but a response op-ed co-authored by National Transportation Safety Board (NTSB) member, Jennifer Homendy, leaves me little choice on a subject of drinking and driving.

**[NTSB Supports Michigan and California .05 BAC Legislation; MADD Supports NTSB .05 Recommendation](#)**: Board members and staff continue to advocate for all states to adopt our recommendations to lower the per se blood alcohol concentration (BAC) limit from .08 to .05 percent (or lower) and enact all-offender ignition interlock laws. Following Utah's adoption of a lower legal BAC limit in December 2018, several more states introduced similar legislation.

**[Majority of U.S. Senators Support Permanent Tax Reform for Brewers, Importers](#)**: A majority of U.S. Senators support making permanent excise tax relief for alcohol producers and importers. The 2019 version of the Craft Beverage Modernization and Tax Reform Act (CBMTRA) added its 52nd supporter in the U.S. Senate today, with Sen. Mazie Hirono (D-HI) becoming a co-sponsor.

**[Marijuana Legalization Hits a Wall: First in New Jersey, Then in New York](#)**: A push to legalize recreational marijuana in New York and New Jersey this year appears all but dead in both states, a dramatic fall for an effort that just over a month ago seemed inevitable. For months, the two states were locked in a race to legalize, vying for millions in tax revenue and progressive bragging rights.

**[The Americans With Disability Act Of 1990 Poses Legal Challenge For Winery Websites Today](#)**: You might ask: what does the Americans with Disability Act (ADA) have to do with selling wine? Plenty, is the answer from Barbara Snider, at Hinman & Carmichael, LLP. According to Snider, "There is an on-going ADA regulations battle being waged against commercial websites."

**[Marijuana Side Effects vs. Alcohol Side Effects](#)**: The side effects of opioids has been long-documented, and we are all pretty familiar with the side effects of alcohol and marijuana, but how do they look side-by-side? What do they have in common and what things could they not be further apart on? Well to find out, we decided to set up a Venn diagram.

**[Weak U.S. Retail Sales, Industrial Output Highlight Slowing Economy](#)**: U.S. retail sales unexpectedly fell in April as households cut back on purchases of motor vehicles and a range of other goods, pointing to a slowdown in economic growth after a temporary boost from exports and inventories in the first quarter.

**[Philadelphia Soda Tax Impacts Consumption](#)**: Soda taxes appear to be an effective weapon in the war on obesity and type 2 diabetes, according to a study published in the recent Journal of the American Medical Association, but experts say it's too early to tell if better health will be the result, U.S. News reports.

## INDUSTRY News

### **Alcohol and Tobacco Tax and Trade Bureau (TTB)**

[TTB Newsletter – Weekly News \(May 17\)](#)

### **3x3 Insights**

[Retail Untapped Episode 26: Cannabis x Alcohol - The State of Play](#)

### **Beer Business Daily**

[A-B's New Business Chief: "Get the Consumer Something They Didn't Know they Needed"](#)

## **Brewbound**

[New Distribution Service Offers Brewers a Chance to Test Markets, Fill Excess Capacity](#)

## **ECRS**

[Doug Rauch, Legendary Former Trader Joe's President Announced as Opening Keynote](#)

## **Healthy Alcohol Marketplace**

[Direct Shipment of Alcohol: Are We There Yet?](#)

## **IWSR**

[Are The Lancet's Alcohol Consumption Forecasts Inflated?](#)

## **National Association of Beverage Importers**

[NABI Testifies Against Retaliatory Tariffs on Imported Wines, Distilled Spirits, and Non-alcoholic Beers in USTR Hearing](#)

## **Restaurant Hospitality**

[The Cultural Appropriation Conundrum](#)

## **SevenFiftyDaily**

[Combating Ageism in the Drinks Industry](#)

## **Shanken News Daily**

[No Longer a Fad, Rosé Wines Are Now In Sustained Growth Mode](#)

## **Wine & Spirits Daily**

[Constellation CFO Talks Recent Headlines, Company Outlook](#)

## **Wine Institute**

[Statement on Latest China Tariff Increase on U.S. Wine](#)

# **AFFILIATE News**

## **Tavern League of Wisconsin**

[History, Politics, Shape Wisconsin's Alcohol Laws](#)

Brian Sammons knows every ingredient in the vodka, gin, rum and liqueur he makes from scratch at his Milwaukee distillery. And he handles almost every aspect of the business. Almost. Sammons, who opened Twisted Path Distillery in 2014, gets his certified organic milled grain from a farm in Dodgeville. He dumps 600 pounds of it into a tank, mixes it with water, then heats it to make what's known as a mash.

# **STATE & LOCAL News**

## **[Alaska: Marijuana Control Board Proposes Regulations on Marijuana Testing Oversight, License Fee:](#)**

The Alaska Marijuana Control Board May 9 proposed regulations dealing with marijuana testing oversight for excise tax purposes. The proposal includes measures to: 1) increase the license fee for marijuana testing facilities; 2) require the board's contractor to examine a marijuana testing facility prior to being issued a license; 3) require compliance with the Marijuana Testing Facility Compliance Document; and 4) require changes to standard operating procedures be submitted to the director and approved by the board's contractor.

**[California: Weaker Than Expected Marijuana Sales Ding California Budget:](#)** California is paying a price for the shaky rollout of its legal marijuana market. State budget documents released Thursday show the Newsom administration is sharply scaling back what it expects to collect in cannabis tax revenue through June 2020 — in all, a \$223 million cut from projections just four months ago.

**California: Beverly Hills Debates First U.S. Tobacco Ban:** Beverly Hills already restricts the sale of menthol cigarettes and other flavored tobacco products. But the City Council is proposing to take it further by outlawing the sale of tobacco products everywhere except for select cigar lounges and luxury hotels, where guests will be permitted to acquire cigarettes through concierge or room service, U.S. News reports.

**Colorado: Should Common Consumption Be Allowed for Alcohol in Denver?:** The city of Denver is considering a proposal to allow common consumption of alcohol in certain places. The idea is to allow a group of businesses, bars or restaurants to come together to seek a license to create an area where people can drink beverages from different establishments together.

**Connecticut: Distillers View 'Streamline' Bill as Last Chance for Local Market:** For the past couple of years, Robert Schulten has spent roughly three days a week outside of area package stores. He spends three hours handing out samples of gins and vodkas —among other products — to hopefully drum up extra business for his company, Asylum Distillery.

**Delaware: Legislation Decriminalizing Underage Drinking Advances to State Senate Floor:** A bill released from a state Senate committee Wednesday would make underage drinking a civil offense. State Sen. Laura Sturgeon (D-Brandywine West) is sponsoring a measure decriminalizing underage alcohol consumption. Under the measure, minors under age 21 caught with alcohol or found under the influence would get their driver's license suspended or face a fine.

**Iowa: Law Will Make Cocktails Easier to Get:** Americans' drinking habits are changing, and Iowa Code is slowly adapting to accommodate new beverages. Gov. Kim Reynolds signed two bills into law last week that will make boozier drinks easier to get. Senate File 323 calls for canned cocktails — premixed drinks served in a metal can, up to 15 percent alcohol by volume — to be regulated like beer.

**Kansas: Bars Can't Be Sued by Victims of Their Drunk Patrons, State Supreme Court Says:** Kansas is one of just a handful of states that doesn't allow a person injured by a drunk driver to sue the retailer who furnished the alcohol. On Friday, the Kansas Supreme Court upheld that 34-year-old rule, saying it was up to the Legislature to change it.

**Louisiana: Beer to Your Front Door? Alcohol Delivery Bills Advance in Legislature:** Two bills that would allow retailers to deliver alcohol to doorsteps are now headed to the Senate floor after a judiciary committee approved the bill Tuesday, May 14. Belle Chasse Republican Chris Leopold's bill would allow grocery and liquor stores to hire their own drivers to deliver alcohol, as long as it comes in a factory-sealed bottle and the recipient does not live on a college campus.

**Maine: Labeling Legislation Signed into Law:** Signed by the Governor, Senate Bill 66 requires that all malt liquor, wine, hard cider and low-alcohol spirits products imported to, exported from or sold in Maine bear a label approved by the United States Department of the Treasury, Alcohol and Tobacco Tax and Trade Bureau unless the malt liquor, wine or low-alcohol spirits products are manufactured in Maine and are not shipped, distributed or sold in interstate commerce.

**Missouri: Bill Proposed to Limit Use of Powdered Alcohol:** Missouri Rep. Patricia Pike, R-Adrian, proposed a bill that would tighten restrictions on powdered alcohol in Missouri. "Over 30 states passed the legislation to ban powdered alcohol," she said in an April 11 House of Representatives debate on powdered alcohol. A former school counselor, Pike said she noticed the issues with powdered alcohol.

**New York: Gov. 'Nervous' About Gathering Votes for Recreational Marijuana Legislation:** Gov. Andrew Cuomo fears legislation to legalize recreational marijuana may be in trouble. The governor said during an interview with Rochester public radio station WXXI Friday that he was "nervous" about lawmakers asking for his assistance. He was asked if he would help gather votes for marijuana before the end of the legislative session.

**North Carolina: Craft Beer Sales Deal OK'd by Senate Panel:** Agreed-to legislation from North Carolina alcohol wholesalers and small breweries over who distributes their product as the beer-makers grow is finding little resistance within the General Assembly. The Senate Commerce and Insurance Committee recommended on Wednesday following little debate the bipartisan legislation sought by the state's largest microbreweries.

**Oklahoma: Stitt Signs Bill on Alcohol Distribution:** Gov. Kevin Stitt signed Senate Bill 608 on Monday, which once again changes the distribution process of alcohol in Oklahoma. The bill will require the top brands of wine and spirits be made available for distribution by all wholesalers in the state.

**Texas: Distributor Group on Board with Beer-to-Go Sales:** One of the final hurdles that Texas brewers faced in their quest to get beer-to-go sales legalized in the state has been removed, just days before a crucial vote in the Texas Senate. The Wholesale Beer Distributors of Texas on Wednesday signed an agreement with the Beer Alliance of Texas and the Texas Craft Brewers Guild giving support for beer-to-go sales at the state's manufacturing breweries.

**Utah: New Coalition Aims to Change State's Beer Laws in 2020:** A local grassroots organization is eyeing the 2020 legislative session for one reason: to change Utah's beer laws. Members of the Utah Consumer Coalition say they feel "disenfranchised by Utah's lawmakers and special interest groups when drafting laws that govern the sale of beer in Utah."

**Washington: Bill Would Extend Wine Tasting for Underage Viticulture Students:** Underage students of enology and viticulture at Walla Walla Community College will be able to taste the fruits of their labor under legislation signed into law last month. A bill sponsored by 16th District Rep. Bill Jenkin, R-Prosser, will help pave the way for the next generation of winemakers by expanding tasting opportunities for those under 21 who are enrolled in viticulture and enology programs.

## BUSINESS & LIFESTYLE News

**What the Boston Beer-Dogfish Head Merger Means for the Future of Craft Beer:** When I paid a visit to Dogfish Head Craft Brewery in early 2016, one of the questions I asked founder Sam Calagione was why so many of his beer peers were selling out to large conglomerates like Anheuser-Busch InBev and Molson Coors. His response: "It was inevitable." "The patriarchs and matriarchs of our [craft] movement are coming to retirement age," said Calagione, as we stood in his brewery in Milton, Delaware.

**For Small and Mid-Size Businesses, it May Be Time to Set Up an Employee Retirement Plan:** With 2019 more than one-third over, small business owners without employee retirement plans may want to consider starting one before more time passes. Businesses get tax deductions for the contributions they make to employee plans, and contributions can be as high as \$56,000 per employee for 2019.

**These Experimental Distilleries Are Using Science to Artificially Age Whiskies:** Something is afoot on the banks of the Kentucky River. In a soot-covered building called Warehouse P, an experiment is taking place: Hundreds of barrels filled with bourbon and whiskey lie in somnolent rows. The temperature is a constantly frigid 45 degrees. And time, it seems, is slowing down.

**Why Retailers May Want to Hit Pause on Speedier Delivery Plans:** Reliability may be more important than speed when it comes to retailers gearing up to compete with Amazon's one-day delivery promise, supply chain experts and analysts say. "A lot of ultrafast last-mile delivery solutions that consumers don't even really ask for ... ultimately are high-cost endeavors that don't necessarily help a retailer's bottom line," said Forrester Research e-commerce analyst Sucharita Kodali.

**What's Fueling the Rapid Growth of Hard Seltzer?:** Spring has arrived in much of the U.S., and if the last few years are any indication, an increasing number of consumers will be packing their coolers with hard seltzers, choosing them as an alternative to wine, beer, and spirits for outdoor activities.

**Tips for Retailers on Selling Low-ABV Drinks:** Health-conscious consumers are reading wine labels as closely as they do food packages. Wine Intelligence's 2019 Global Trends in Wine reports, "a significantly higher proportion of consumers now consider alcohol content levels when choosing wine, correlating with a rise in consciousness around alcohol consumption in general."

**How Ultra-Rare, Premium Spirits Are Cultivating Mass Followings:** Most consumers are aware of the allure that ultra-rare wines offer -- some people will wait years and pay thousands to get their hands on a hard-to-find vintage. But that type of demand isn't restricted solely to wine anymore, and ultra-rare spirits are cultivating followings that match -- or, in some cases, exceed -- those of wine.

**Restaurants Embrace Natural Wine as Demand Surges:** Menus from Los Angeles to Portland, Maine, are featuring natural wines like never before. And just this month, the James Beard Foundation named Frenchette, a New York bistro known for its low-intervention wine list, as Best New Restaurant. But the financial state of the so-called natural wine movement is hard to track.

**Craft Brewers Placing Greater Emphasis on Quality:** Craft brewers increasingly are turning to employees of much larger shops like Anheuser-Busch and MillerCoors to tap their experience in creating beer with a consistent flavor and quality time after time on a large scale. "One of the major things that separate home brewers from professional brewers is being able to not only brew a great beer, but the exact same beer over and over again," said Patrick Murtaugh, co-founder at Hardywood Park Craft Brewery.

**New Canned Beverages Built for Beach Drinking May Not Be Booze at All:** What to drink at the beach? It's a challenging question, one that goes back way before the introduction of the beach blazer. Canned beverages have long ruled the cooler. It's partly out of convenience: They're not as heavy as bottles, and you don't need to remember to bring a corkscrew or bottle opener.

**Eight Beers You Can Drink on the Keto Diet:** Treating yourself to a cold beer when observing the keto diet may seem impossible. However, it's worth mentioning that this idea is actually closer to reality than you may think, as many mass beer brands offer lighter brews which go low on the calories and the carbs. To put a finger on all those keto-safe beers, Insider spoke to an expert about the topic.

**62% of Millennials Say They're Living Paycheck to Paycheck** Almost two-thirds of millennials say they're living paycheck to paycheck and only 38% feel financially stable, according to a new survey from Charles Schwab. Millennials, more than any other generation surveyed by Schwab, feel the most insecure when it comes to their finances.