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January 19, 2018

Please visit NABCA's new website at www.nabca.org

SAVE THE DATE

Registration Is Now Open for the Legal Symposium! Visit www.nabca.org to register.

MARCH 18-20, 2018

25th Annual Symposium on Alcohol Beverage Law & Regulation at the Crystal Gateway Marriott in Arlington, VA.

Join government, legal and industry professionals for a symposium that offers the chance to hear the latest on legal issues related to alcohol beverages. Session topics currently planned include *Here Comes the Judge*, *The Lens of Time: 1st versus 25th NABCA Legal Symposium*, *Trade Practices: A Civil Matter?* plus many others. Watch for registration materials in the coming months! Continuing Legal Education (CLE) credit is available for many states. For more information, go to www.nabca.org.

APRIL 11-13, 2018

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AP18 Registration Now Open!

APRIL 30–MAY 1, 2018

2018 RRForum National Conference - hosted by the Michigan Liquor Control Commission and will be held in Detroit.

MAY 21-24, 2018

81st Annual Conference will be held at the Arizona Biltmore, Phoenix, AZ.

Theme: Bridging Divides; For more information, visit www.nabca.com website.

JUNE 3-5, 2018

2ND Annual Beverage Alcohol Retailers Conference - Denver, Colorado

Registration is open and sponsorship information is available at

www.BevRetailersConference.com.

Secure your early bird rate before prices increase on February 9.

Seating is limited.

JULY 18-20, 2018**8th Biennial Northwest Alcohol & Substance Abuse Conference**

Riverside Hotel, Boise Idaho

The Pre-Conference Sessions are on Wednesday. The official conference kicks off Thursday morning. Visit NorthwestAlcoholConference.org for more information.

NABCA HIGHLIGHTS**Native American Nations & State Alcohol Policies: An Analysis**

Sunday Alcohol Sales (July 2017)

Alcohol Technology in the World of Tomorrow - (White Paper)

The Control State Agency Info Sheets. Please view website for more information.

NABCA Survey Database – now available for members on the website.

www.NABCA.org



LICENSE STATE NEWS

MD: Petitions Aim To Garner 'Craft Beer Tourism' Support For Legislation Changes

The Dispatch

By Bethany Hooper

January 18, 2018

BERLIN – Efforts to reform craft beer regulations in Maryland are in full force along the Eastern Shore, but distributors in the industry are voicing their concerns.

Last year, Comptroller Peter Franchot formed a “Reform on Tap” task force in response to the 2017 passage of House Bill 1283, which imposes certain restrictions on breweries with a class five brewery license.

As a result of that task force, Franchot has introduced the Reform on Tap Act of 2018, which, among other things, would remove limits on beer production and sales and buy-back provisions that require brewers to purchase their beer from distributors if they exceed the 2,000-barrel limit on taproom sales.

Ann Hillyer, founder of Shore Craft Beer, said Franchot’s legislation would improve regulations that limit craft breweries in Maryland.

“There are a bunch of rules that constrain the breweries,” she said.

Hillyer said these regulations limit the economic impact craft breweries could have on the state of Maryland. According to the National Brewers Association, Maryland ranked 47th in economic impact, 36th in the number of breweries and 25th in gallons produced per adult age 21 and over.

“We stack up very poorly,” she said. “The comptroller came out very forcefully and said we need to change to allow the craft breweries to be the economic drivers that it could be.”

Hillyer explained Franchot’s task force and proposed legislation has since drawn criticism and backlash from distributors in the industry. As a result, she said, few breweries have come forward to publicly support the comptroller’s efforts.

“They (breweries) don’t want to make their distributors angry because they fear it will affect their distribution,” she said. “I believe the argument is it’s become the distributors versus the breweries.”

Rob Burke, president of Eastern Shore Distributing, said his company continues to have a good relationship with the national and local craft breweries it represents.

“We work with our craft partners to make sure they succeed,” he said, “because if they don’t succeed, we don’t succeed.”

He argued, however, that Franchot’s task force failed to give distributors, retailers and public health officials equal representation.

“There were 40 individuals on the panel and there were only four wholesalers that were represented and a few retailers that were represented,” he said. “The majority of the people that were on there were craft brewers and legislators.”

Burke argued that the proposed legislation would negatively impact the three-tier alcohol distribution system (made up of producers, distributors and retailers) put in place following the repeal of prohibition to protect consumers and businesses.

“Each individual partner works together to ensure that the system is working properly ...,” he said. “The system works very well, so I would caution against changing it too much.”

Burke said Maryland lawmakers should determine the success of House Bill 1283 before moving forward with new legislation.

“The new regulations that were passed last year in the legislature haven’t really had a chance to work,” he said. “Until you see if they are good or bad, why do you change them?”

Hillyer argued, however, that Franchot’s proposed legislation would benefit both breweries and distributors in the form of tourism. She said the better craft breweries do, the more craft beer distributors will sell.

“Shore Craft Beer is trying to make the shore a top-10 craft beer destination,” she said. “I think what we should be focused on is craft beer tourism.”

She said many local craft beer companies and events draw visitors to the area. She said 75 percent of tickets to craft beer events and festivals on the shore are sold to participants who live more than 100 miles away.

"It brings people here, they stay and it brings in money," Hillyer said.

In an effort to garner public support for craft beer reform legislation, Franchot has begun a petition drive with the goal of collecting 6,541 signatures. That figure represents the total number of jobs the craft beer industry supports in the state of Maryland.

While results of the petition will be released on Feb. 1 in conjunction with the kickoff to "FeBREWary," Hillyer said Shore Craft Beer has created its own petition to change craft beer regulations. The petition, however, has received few signatures. It can be viewed at <https://shorecraftbeer.com/petition/>

To that end, Hillyer has gathered the support of the Ocean City Hotel-Motel-Restaurant Association (OCHMRA) to share the petition amongst its members.

"It's definitely a tourism movement," OCHMRA Executive Director Susan Jones said, "so the more we can help the craft beer industry the more it helps tourism."

Hillyer added, "The shore needs to make a statement because if we don't support the comptroller now it might be harder the next time around," she said. "I think that every Marylander should care."

SD: Craft brewers lobby for updated state alcohol laws

KEVN

By Taylar Perez

January 18, 2018

Rapid City - A hoppy new up-and-coming- bill proposed by the governor is set to be filed late this week or early next.

A new bill is on its way to lawmakers changing alcohol laws related to microbreweries.

The proposed bill would raise the cap on barrel production from 5,000 to 30,000 and also allow breweries to self-distribute their products to other businesses.

Currently breweries must sell their product to a distributor who then sells to businesses who then sells to consumers. Smaller breweries say self-distribution is smarter for their limited productions.

Sam Papendick, co-owner of Hay Camp Brewing Company says, "Most breweries once they grow to a certain limit choose to use these distributors because you no longer want to invest in the trucking warehousing and the networking they have in these markets but getting a brewery to the point where they need to use distribution I think self-distribution is really important for that because it gives you that boost it allows you to understand your local marketplace and really establish your brand somewhere and grow a lot faster so that you then reach the point where you need to use these distributors."

Papendick also says that increasing production would help industries other than brewers such as agriculture.

If it's passed, the boosted barrel limit would also put South Dakota on the same level as the surrounding states.

Jesse Scheitler, Co-founder of Lost Cabin Brewing Company says, "Colorado even Montana, Wyoming have seen a huge growth in craft beer production i think this will put us on even footing with those states to kind of go toe to toe with their brewing industry and expand our products outside of South Dakota."

Another aspect of the proposed bill would allow microbreweries to have multiple licenses. So far local distributors are *opposed* to the possible law changes. We reached out to them for comment but no one was available.

CO: United States: Colorado Liquor Law Working Group Releases Report On Changes To Retail Liquor Licenses

Mondaq

Article by Dietrich Hoefner

January 19, 2018

On December 29, 2017, the SB 16-197 Working Group released its report to the Senate Business, Labor, and Technology Committee and the House Business Affairs and Labor Committee making recommendations on the implementation of the sweeping changes to Colorado Liquor Law that were signed into law by Governor Hickenlooper in 2016. SB-197 addressed the regulation of retail sales of fermented malt beverages, malt liquor, wine, and spirits for off-premises consumption, and unified the definitions of fermented malt beverage and malt liquor, to be effective as of January 1, 2019.

The report is relevant to all parties impacted by SB 16-197, including current licensed retail liquor stores, current liquor-licensed drugstores, and future licensees including supermarkets and convenience stores. While ultimately the General Assembly will be tasked with translating these recommendations into law, the recommendations will be an important starting point as legislators consider how to continue the reform efforts that began in 2016. As is stated in the Working Group Report, the 2016 changes made by SB 16-197 are "the most significant changes to the Colorado Beer and Liquor Codes . . . since their codification in 1935 following the repeal of Prohibition in 1933."

The Working Group was tasked with the following duties:

1. Develop an implementation process for grocery and convenience stores to apply for a license to sell fermented malt beverages and malt liquor containing at least 0.5% alcohol by volume starting January 1, 2019.
2. Analyze the impact that removing the alcohol content limit on fermented malt beverages will have on the alcohol beverage industry as a whole, as well as on current retail licensees.
3. Consider other legislative, regulatory, or administrative changes necessary to promote the three-tiered distribution system in Colorado.
4. Examine and make recommendations regarding laws governing tastings conducted on retail premises licensed under §12-47, C.R.S., and the ability of retail liquor stores licensed under §12-47-407, C.R.S., to sell growlers containing malt liquors.

For each of these items, the Working Group has released one or more recommendations that were voted on by the membership of the Working Group:

(1) Implementation Process for Grocery and Convenience Stores to Apply for a License

- Recommendation 1 suggests a procedure for "grandfathering in" existing licensees but specifies additional requirements for new licenses and those transfers of ownership starting January 2019.
- Recommendation 2 suggests a process for local community members to petition for a local review to be conducted before a grocery or convenience store with a current license is allowed to sell higher-strength beer.
- Recommendation 3 suggests a more extensive application process and requirements for both existing and new licenses.
- Recommendation 4 suggests that no changes are needed for current licensees to sell higher strength beer as of January 1, 2019.

(2) Impact of Removing the Alcohol Content Limit

- Recommendation 5 suggests the simplification of the licensing process within a single tier for manufacturers, wholesalers, and importers that include both FMB and malt liquor in their product lines.
- Recommendation 6 suggests that special attention be given to the effect of any recommendation in this report on the craft brewing industry in Colorado.
- Two recommendations make suggestions regarding regulating the public consumption of FMB and malt liquor:
 - Recommendation 7 suggests that both be prohibited unless a local government specifically allows it, without making any changes to the prohibition of vinous and spirituous liquors.
 - Recommendation 8 suggests that all alcohol beverages, including FMB, malt liquor, vinous and spirituous liquors, be either prohibited or allowed without distinction.

(3) Changes to Promote the Three-Tiered Liquor Distribution System:

- Recommendation 9 suggests defining in the Colorado Liquor Rules when the manufacturing process for an alcohol beverage ends.
- Recommendation 10 suggests implementing a comprehensive set of reporting requirements for carriers shipping alcohol beverage products into Colorado.
- Recommendation 11 suggests an annual briefing to a legislative committee about the state of the three-tiered liquor distribution system in Colorado.

(4) Tastings and Growlers at Retail Liquor Stores:

- Recommendation 12 suggests a number of statutory and rule changes to update and streamline the laws and rules governing tastings at retail liquor stores and liquor-licensed drugstores. The Working Group decided to make no recommendation regarding expanding the sale of growlers to additional licensees than breweries, where these sales are currently allowed.

Interestingly, at first look the voting records of the Working Group may appear to show a less-than-enthusiastic level of support for each of the 12 recommendations. The members of the Working Group were not required to enter a vote for each recommendation. In many cases where a particular recommendation related to an industry sector that didn't apply to a specific group member, that member would abstain from taking a position, which resulted in very few of the recommendations receiving the support of a majority of the full Working Group membership.

The General Assembly is free to respond to the report in any way it sees fit — adopting or rejecting any or all of the 12 recommendations as they deem appropriate. It remains to be seen how much weight the report will carry due to the apparent lack of consensus from Working Group members. Retailers that are currently licensed or potential future licensees will continue to monitor progress on the recommendations and how they are addressed during the legislative session.

INTERNATIONAL NEWS

United Kingdom: Be responsible when it comes to alcohol

Motherwell Times
January 18, 2018

Asda Motherwell and Drinkaware, the UK's leading alcohol education charity, worked together on Friday to provide free information and advice on alcohol to the local community.

The event, which took place at the store, gave customers the opportunity to access friendly advice and ask questions.

Clare Adamson, Motherwell and Wishaw MSP, said: "January is the perfect time to reflect upon your alcohol consumption and make healthier choices in the New Year.

"Drinkaware, through their partnership with Asda, helps people better understand the risks of inappropriate alcohol consumption both through the free products available in store and the online app.

"I would urge people to access these services as part of their positive lifestyle choices."

The 2018 partnership builds on a successful January 2017 pilot which saw Drinkaware engage with more than 2000 Asda customers.

This year saw a particular focus on women, based on Food Standards Agency research which showed that 68 per cent of women said they are responsible for most or all of the household shopping.

Participants were encouraged to complete a quick alcohol assessment using Drinkaware scratch cards and were able to take home a free alcohol unit measuring cup and calorie wheel.

Specific help for parents on how to speak to their kids about alcohol and how to answer the difficult questions that children can ask was also provided.

A long-standing partner of Asda, Drinkaware provides consumers with honest information, advice and tips to help them make informed decisions about alcohol.

Chris Lowe, senior director for Corporate Affairs at Asda, said: "We are pleased to have worked with Drinkaware again this year, as part of our role as a responsible retailer, helping them engage directly with our customers."

Drinkaware chief executive Elaine Hindal added: "With one in five people resolving to lead a healthier lifestyle, Drinkaware's accessible and friendly advice will help people to make positive choices, not just in January, but beyond.

Canada: Sturgeon joins international health policy taskforce

BBC News

January 18, 2018

Nicola Sturgeon has been invited to join an international health taskforce which aims to save "millions of lives".

The 13-strong group was set up by billionaire Michael Bloomberg to promote policies to tackle obesity and alcohol and tobacco consumption.

Other members include the President of Uruguay, a former Prime Minister of New Zealand and Norway's health minister.

A spokeswoman said the first minister was chosen for the role due to her work on policies like minimum unit pricing.

Mr Bloomberg, the 10th richest person in the world, is the World Health Organisation's global ambassador for so-called "noncommunicable diseases" - a set of chronic conditions which includes heart diseases, cancer, respiratory diseases and diabetes which are the leading cause of death in the world.

He said there was "substantial evidence" that tax-based and fiscal policies were "essential" to confronting the "growing crisis" of these diseases, which are a particular issue in low and middle-income countries.

Tobacco use, obesity and "risky" alcohol consumption have been identified as three leading risk factors for the development of these conditions, and Mr Bloomberg said the taskforce would "explore which policies can make the biggest difference and help them spread, saving millions of lives".

Ms Sturgeon said Scotland's work on public health was "world-renowned", and her spokeswoman said it was policies like minimum unit pricing for alcohol which had led to the invitation.

The first minister said: "As part of our public health work, we have often collaborated with other nations and experts across the world, to learn from their approaches and to pass on our learning.

"My experience of this dialogue is that it is both beneficial to Scotland and the nations we have been in discussion with."

Lawrence Summers, a former chief economist of the World Bank who chairs the taskforce alongside Mr Bloomberg, said there was "strong evidence from around the world that raising taxes on products like tobacco, sugar-sweetened beverages and alcohol is highly effective in reducing harmful consumption and saving lives".

Ms Sturgeon is one of two UK representatives on the taskforce, alongside Dame Nemat Shafik, director of the London School of Economics and former deputy director of the Bank of England.

Other members include President Tabaré Vázquez of Uruguay, Norwegian health minister Bent Høie, Masood Ahmed, president of the Centre for Global Development, former New Zealand prime minister Helen Clark, and former WHO director general Margaret Chan.

PUBLIC HEALTH NEWS

Fetal Alcohol Spectrum Disorder. Management and Policy Perspectives of FASD. Health Care and Disease Management – Healthcare, Healthcare Services, Maternal and Neonatal Care Industries

MILTECH

By Radek Sekurski

January 18, 2018

The Fetal Alcohol Spectrum Disorder. Management and Policy Perspectives of FASD. Health Care and Disease Management Report has been published. It provides updated in 2018 year analysis of industries from Healthcare, Healthcare Services, Maternal and Neonatal Care Markets.

Reflecting the recent increased public awareness of the topic, this is the first and most comprehensive resource for over a decade on the molecular basis, prevalence, treatment, options, socioeconomic impact and prevention strategies of Fetal Alcohol Spectrum Disorder (FASD). Edited by world-renowned experts, this compendium includes the latest research results to provide new insights and realistic estimations of FASD frequencies in Western communities.

An invaluable resource for policy makers, and every professional dealing with the diagnosis, prevention and treatment of FASD, from researchers and health professionals to social workers.

Read more and order at Fetal Alcohol Spectrum Disorder. Management and Policy Perspectives of FASD. Health Care and Disease Management

INDUSTRY NEWS

Israel's Wine Industry Grows Better With Age

The Algemeiner

by Eliana Rudee / JNS.org

January 18, 2018

JNS.org – Israeli winemakers say that, just like the beverage they produce, their industry is growing better with age.

More than 50 Israeli wineries, together with international brands, were displayed in the “Sommelier 2018” exhibition from January 15-16 in Tel Aviv. In the past, this gathering — Israel’s largest annual wine event — was only open to professionals in the industry. But this year, it was opened to the public during the evenings.

In the past few years, Israeli exports of wine and spirits have been consistently growing at around 6 percent annually, according to the Israel Export Institute.

“In comparison to how small and young we are, it’s quite amazing to see the accomplishments of Israeli wines,” said Ayala Singer, director of marketing development for the 35-year-old Golan Heights Winery, one of Israel’s veteran wineries.

Singer has seen the winery evolve dramatically during the last decade, on a parallel track with the Israeli wine industry.

“The industry has developed tremendously, and the amount of quality wine is growing year by year,” she told JNS. “Everybody wants to be at the cutting edge of quality and innovation, and is searching for the unique essence of Israeli wine. We like to believe that we have some say in the development of the industry, and are leading the flag of wine culture.”

Most of the industry in Israel uses international grapes from Western Europe, that were brought to the Jewish state by Baron Edmond James de Rothschild from France 150 years ago. But recent wine trends have seen a move towards the use of local Israeli grapes, specifically the ancient Bittuni and Marawi varieties, which flourish in their indigenous climate and soil.

Recanati Winery was the first to restore Marawi and Bitten stocks in the Judean hills of Bethlehem, and Barkan Winery is following suit.

Dr. Shivi Drori, co-owner of Gvaot Winery and head of the Wine Research Center at Ariel University, where he lectures on the indigenous grapes of Israel, said, “To understand the varieties, we are collecting archaeological remains of grapes from archaeological sites around Israel, [and] matching them to existing varieties.”

“Surveying the whole country, we found more than 600 vines, and after analyzing them genetically, we found 80 unique Israeli varieties, which is a huge amount,” said Drori. “We are now characterizing them, trying to find which are suitable for quality wine production. We currently have in our hands 10 varieties that show high wine quality, and make for very interesting, full-bodied wines.”

The local grape varieties have not only found success in entering the Israeli industry — but they are also changing Israel’s wine narrative. Drori said. “Today the story of a wine is as important as it’s quality, if not more important. Part of my job to help the Israeli wine industry make its story, and reconnect to its biblical roots — to the 4,000-year-old story of winemaking.”

He argued that when pricing wine, one must compare 6-year-old and 600-year-old bottles not just on their quality, but also on their story. He hopes that in a few years, every Israeli winery will have at least one wine from local indigenous grape varieties.

“This will bring tourists to Israel,” he said.

“It’s not interesting to come for a cabernet wine, but the ones used 2,000 years ago in the time of King David? This is very interesting. People love the story,” added Drori.

But just as Israel has begun to reclaim its historical connection to the region through wine, proponents of the anti-Israel BDS movement have tried to change the story of the region.

For many wineries in Judea, Samaria and the Golan Heights, the pressure of BDS is real. Singer recounted “a situation in Germany, where for a couple of hours, supermarkets took our wines off their shelves, but apologized hours later. But despite BDS efforts, Golan Heights Winery’s exports are “rising year by year,” she said.

Likewise, Vered Ben Sadon, manager of marketing for Tura Winery in the Samaria region of Mount Gerizim, had sold grapes to wineries that have terminated their partnership with Tura due to political reasons. But Tura has garnered awards in many international wine competitions, as blind tastings help the Israeli wine industry dodge politics.

Ben Sadon and her husband Erez got married 22 years ago; as a young couple, they moved to Samaria to “to settle the land for religious reasons.” She said: “We began the winery in 2003 with 1,200 bottles. Today, we are producing 100,000 bottles a year. Our first wine came out in the market in 2006. We sent it to exhibition and got the first award internationally for our merlot, and today we have more than 50 awards, in the Czech Republic, France, England and in the most important competitions.”

“A big part of what we are trying to do is sell Israel as a product,” Ben Sadon told JNS.

She added: “Every day is like a miracle. We see it with our own eyes. Customers every year say they see a big change in wine quality. We are very proud of what we are doing.”

Australia’s wine complaint taken ‘very seriously’

The Standard

By Allan Benner

January 18, 2018

Canadian wineries including those in Niagara are facing yet another challenge from foreign competitors.

While increased access to Canadian markets for U.S. winemakers is one of the points being discussed at North American Free Trade Agreement renegotiations, Australia winemakers are now complaining about the same thing, filing a complaint with the World Trade Organization.

The issue has left local wine and grape industry representatives questioning the basis of the complaints, because imported wines continue to dominate domestic wine sales.

Wine Council of Ontario president Richard Linley said 76 per cent of wines sales in LCBO stores across the province are imported, while Australian wines account for 10 per cent of sales.

“In contrast, Ontario VQAO wines have about eight per cent market share,” he said.

“In my mind our international trade agreements are working. In fact, it’s to the detriment of the Ontario wine industry. Australian wineries are doing just fine.”

Nevertheless, Australia’s complaint alleges Canada’s grape-growing provinces, including Ontario, British Columbia, Quebec and Nova Scotia, could discriminate against imported wine through “a range of distribution, licensing and sales measures such as product markups, market access and listing policies, as well as duties and taxes on wine applied at the federal and provincial level.”

Linley said Australia did not raise any concerns with the Canadian wine industry or with officials prior to the World Trade Organization complaint.

“It’s caught the industry by surprise,” he said.

After already dealing with challenges from wineries south of the border, he said Australia’s complaint “is a second distraction on the trade front.”

“We take it very seriously, but at the end of the day the data needs to speak for itself.”

Grape Growers of Ontario executive director Debbie Zimmerman said despite differences between the way wines are sold across Canada, the complaints don’t differentiate between provinces.

The U.S. concerns, for instance, are primarily focused on B.C. where wines produced within that province have “an exclusive retail channel” in grocery stores, while in Ontario grocery store wine sales will eventually be expanded to include wines from other countries.

Nevertheless, Zimmerman said the South Pacific country is “really just following in the U.S. footsteps.”

And like U.S., she said Australia’s grape production also dwarfs Canada’s production.

“We’re talking a massive difference in crops. One vineyard is the size of our entire industry in Ontario,” Zimmerman said. “We always chuckle, because we don’t even own the greatest market share compared to the imports in Ontario. We have a long way to go.”

Craft Beer Is the Strangest, Happiest Economic Story in America

Corporate goliaths are taking over the U.S. economy. Yet small breweries are thriving. Why?

The Atlantic

By Derek Thompson

January 19, 2018

The monopolies are coming. In almost every economic sector, including television, books, music, groceries, pharmacies, and advertising, a handful of companies control a prodigious share of the market.

The beer industry has been one of the worst offenders. The refreshing simplicity of Blue Moon, the vanilla smoothness of Boddingtons, the classic brightness of a Pilsner Urquell, and the bourbon-barrel stouts of Goose Island—all are owned by two companies: Anheuser-Busch InBev and MillerCoors. As recently as 2012, this duopoly controlled nearly 90 percent of beer production.

This sort of industry consolidation troubles economists. Research has found that the existence of corporate behemoths stamps out innovation and hurts workers. Indeed, between 2002 and 2007, employment at breweries actually declined in the midst of an economic expansion.

But in the last decade, something strange and extraordinary has happened. Between 2008 and 2016, the number of brewery establishments expanded by a factor of six, and the number of brewery workers grew by 120 percent. Yes, a 200-year-old industry has sextupled its establishments and more than doubled its workforce in less than a decade. Even more incredibly, this has happened during a time when U.S. beer consumption declined.

Preliminary mid-2017 numbers from government data are even better. They count nearly 70,000 brewery employees, nearly three times the figure just 10 years ago. Average beer prices have grown nearly 50 percent. So while Americans are drinking less beer than they did in the 2000s (probably a good thing) they're often paying more for a superior product (another good thing). Meanwhile, the best-selling beers in the country are all in steep decline, as are their producers. Between 2007 and 2016, shipments from five major brewers—Anheuser-Busch, MillerCoors, Heineken, Pabst, and Diageo, which owns Guinness—fell by 14 percent. Goliaths are tumbling, Davids are ascendant, and beer is one of the unambiguously happy stories in the U.S. economy. The same effect is happening at liquor distilleries and wineries. Employment within both groups grew by 70 percent between 2006 and 2016, thanks, in part, to the falling real costs of booze-producing equipment and the ease of advertising local businesses on social media.

When I first came across these statistics, I couldn't quite believe them. Technology and globalization are supposed to make modern industries more efficient, but today's breweries require more people to produce fewer barrels of beer. Moreover, consolidation is supposed to crush innovation and destroy entrepreneurs, but breweries are multiplying, even as sales shrink for each of the four most popular beers: Bud Light, Coors Light, Miller Lite, and Budweiser.

The source of these new jobs and new establishments is no mystery to beer fans. It's the craft-beer revolution, that Cambrian explosion of small-scale breweries that have sprouted across the country. The West is leading the way—cities with the most craft breweries include Portland, Denver, San Diego, Seattle, and Los Angeles—but the trend is nationwide. In Illinois and Idaho, brewing jobs grew by a factor of 10 between 2006 and 2016, according to the Bureau of Labor Statistics. According to a BLS economist that I spoke with, 2016 was likely the best year for job creation at breweries in American history.

But what explains the nature of the craft-beer boom? From several interviews with economists and beer-industry experts, I've gathered that there appear to be two big reasons—a straightforward cause and a more complex and interesting history.

The first cause is something simple yet capricious—consumer tastes. “At the end of the day, the craft-beer movement was driven by consumer demand,” said Bart Watson, the chief economist at the Brewers Association, a trade group. “We've seen three main markers in the rise of craft beer—fuller flavor, greater variety, and more intense support for local businesses.” These factors are hardly unique to the beer industry. One could use the same descriptors to explain the concurrent rise of fast-casual restaurants, like Sweetgreen and Dig Inn, or the growth in expensive coffee from \$5 lattes at Starbucks to a \$55 cup of Esmerelda Geisha. There is, perhaps, a new trendiness to rare beer and expensive coffee that is luring new entrepreneurs into the space.

Craft breweries have focused on tastes that were underrepresented in the hyper-consolidated beer market. Large breweries ignored burgeoning niches, Watson said, particularly hoppy Indian Pale Ales, or IPAs, which constitute a large share of the craft-beer market. It's also significant that the craft beer movement took off during the Great Recession, as joblessness created a generation of “necessity entrepreneurs” who, lacking formal offers, opened small-time breweries.

But the triumph of craft beer is not just about a preference for hops and sours. It's also a story about America's regulatory history, and how a certain combination of rules can make innovation bloom or wilt.

* * *

In the early 20th century, alcohol producers owned or subsidized many bars and saloons. These establishments were known as "tied houses," since the bars were "tied" to the brewers and distillers. Tied houses were mortal enemies of the temperance movement. They were vertical monopolies that pushed down prices, got patrons drunk on cheap booze, and upsold them on gambling, prostitution, and other vices.

At the end of Prohibition, lawmakers felt that smashing these vertical monopolies was critical to promoting safe drinking. After the passage of the 21st Amendment, citizens in all states voted to abolish tied houses by separating the producers, like brewers, from the retailers, like bars. This led to a "three-tier system" in which producers (tier one) sold to independent middlemen that were wholesalers or distributors (tier two), who then sold to retailers (tier three).

By dividing the liquor business into three distinct groups, these state-by-state rules made the alcohol industry deliberately inefficient and hard to monopolize. "The great effervescence in America's beer industry is largely the product of a market structure designed to ensure moral balances, one that relies on independent middlemen to limit the reach and power of the giants," wrote Barry Lynn, the executive director at the Open Markets Institute, a nonprofit that researches antitrust issues.

The modern alcohol sector is specially designed to promote variety, in other ways. So-called "thing of value" laws make it illegal for beer producers to offer gifts to retailers in an attempt to purchase favorable shelf space. Other rules make it illegal for producers to buy shelf space, which saves room for smaller brewers to thrive at supermarkets and liquor stores. Altogether, these rules are designed to check the political and economic power of the largest alcohol companies while creating ample space for upstarts.

If the U.S. had long ago allowed a couple of corporations to take over both the distribution and retailing of wine before the Napa Valley renaissance, Lynn told *The Atlantic* in an interview, Americans would be exclusively sipping three varieties of Gallo table wine. "The reason that didn't happen 50 years ago is because you had this system that was designed to promote deconcentration, to incentivize [retailers] to go out and find the new, the different, the alternatives," he said. "It was effective in achieving that aim."

It was effective. Until it wasn't. After Ronald Reagan's election, the Justice Department relaxed its enforcement of antitrust laws. This kicked off a period of consolidation in various sectors across the economy, including the beer industry. Through a cavalcade of mergers in the last 30 years, 48 major brewers joined to form two super-brewer behemoths—Anheuser-Busch InBev and MillerCoors. Thus, an old system set up to avoid concentration became characterized by extreme consolidation.

But even as federal antitrust enforcement in the last 30 years has shifted to favor conglomerates, a groundswell has created the perfect conditions for the craft-beer revolution—or, more accurately, several distinct craft-beer revolutions. In the early 1980s, a smaller beer boomlet, featuring then-new breweries like Sierra Nevada and Samuel Adams, foreshadowed today's larger craft craze. The timing was no coincidence. In 1978, Congress approved a resolution that legalized home-brewing, unleashing a generation of beer makers who experimented with flavors far more complex than the simplicity of Schlitz, Budweiser, and other basic brews that reigned for decades.

More recently, many states have made exceptions for small craft breweries to sell beer directly to consumers in taprooms. These self-distribution laws are controversial. Technically, they create an exception to the cherished three-tier system in a way that advantages smaller breweries. But economists and beer fans alike often defend these rules, since they can help small firms establish a fanbase and then phase out when a brewer makes it big.

* * *

So, what are the lessons of craft beer's triumph for the rest of the economy? First, just as research shows that gargantuan companies are bad for innovation and job creation, the craft-beer boom shows that the burgeoning of small firms stimulates both product variety and employment. Second, sometimes consumers have their own reasons to turn against monopolies—particularly in taste-driven industries—just as they are moving away from Budweiser and popular light beers toward more flavorful IPAs and stouts produced by smaller breweries.

Third, even in an economy obsessed with efficiency, sometimes it is just as wise to design for inefficiency. Alcohol regulations have long discouraged vertical consolidation, encouraged retailers to leave room for new brands, and more recently made it easier for individuals to introduce their own batch of beer to the market. Those are the aims the country should adopt at the national level, both to make it easier for small firms to grow and to make it harder for large firms to relax.

A phalanx of small businesses doesn't automatically constitute a perfect economy. There are benefits to size. Larger companies can support greater production, and as a result they often pay the highest wages and attract the best talent. But what the U.S.

economy seems to suffer from now isn't a fetish for smallness, but a complacency with enormity. The craft-beer movement is an exception to that rule. It ought to be a model for the country.

EDUCATION NEWS

New MIP law reduces legal consequences

The Michigan Daily

By Maeve O'Brien, Daily Staff Reporter

January 18, 2018

One LSA freshman, who requested to remain anonymous, said he has paid almost \$200, and will pay about another \$400 in courts costs and up to \$1,000 in probation fees. He also has to complete five days of community service, and though the student foresees a judge accepting his plea and giving him six to 12 months of reporting probation, combined with regular drug and breathalyzer tests, the repercussions aren't over.

This student has received two MIPs while attending the University. He grew up in Michigan and noted MIPs were treated differently in his hometown.

"I am from Michigan, and have been dealing with the old laws since I started drinking in high school senior year. In my county, one that hasn't voted a Democrat into office since the 1800s, the consequences of a MIP were much higher than in Washtenaw," he said.

Under previous law, those convicted of a MIP could have faced heavy fines, community service, enrollment in an alcohol education program or jail time if probation is violated. Now, the civil infraction carries a \$100 fine and no court appearance for violators, on par with a traffic ticket.

New Year's Day new laws governing Minor in Possession of Alcohol offenses went into effect in Michigan, changing the crime from a misdemeanor to a civil infraction and reducing the penalties for underage across the state. The legislation first passed the Michigan Senate in the spring of 2016 and was signed by Gov. Rick Snyder in December 2017.

A blood alcohol content of 0.02 or above for anyone under 21 years old constitutes a violation under the law. Though the first offense is now a civil infraction, the second offense remains a misdemeanor punishable by 30 days in jail, a \$200 fine and a driver's license suspension.

The legislation was sponsored by state Sen. Rick Jones, R-Grand Ledge, a former policeman. In an interview with the Detroit Free Press earlier this month, Jones said he wants to give young people a chance to make a mistake without obtaining a criminal history.

"As a former police officer, I would never try to put something in a law that would encourage young people to drink. But when college students go out to drink, they don't think about committing a misdemeanor," Jones said.

College towns consistently rank among the top districts for MIP citations in the state of Michigan. According to the Michigan State Police, 4,408 people were charged with an MIP in 2016. From 2009-2013, a total of 38,499 were charged across the state, with 401 citations originating from Washtenaw County alone.

Enforcement on campus is relatively consistent. According to Diane Brown, University of Michigan Division of Public Safety and Security spokeswoman, DPSS arrested 172 people for MIPs in 2017 and 168 people in 2016.

On campus, Student Legal Services provides University students with free resources and legal assistance as part of their tuition. A comprehensive review of the change in the law is published on their website. Attorney Douglas Lewis, director of Student Legal Services, said they serve many students with MIP charges.

"Under the old law, it was our responsibility to make sure that (the students) left us without having a conviction on their records. That usually meant paying a fine, working through the court's first offender program and the student taking a class called 'basics,' offered by Health Services," Lewis said.

Though the original MIP law included possible jail time for multiple offenses, Lewis said through the Washtenaw County courts, none of his clients ever faced jail time.

"Even on second and third (offenses), I never saw a person sent to jail for a MIP," he said.

That may be unique to Ann Arbor, though. Lewis said the MIP law was being unevenly enforced across counties, and some courts were giving harsher penalties than others.

"The old law read that a court may give (a violator) a first-offender program. A lot of courts that are in the northern counties weren't giving anybody any first offender program. You came in with a MIP, you walked out with a conviction," Lewis said.

He said he believes one motivation behind the new law was to instill more consistency across all county courts.

"The treatment of the law from one county to the next was not necessarily uniform, and I think the new statute changes that. It makes the language much more mandatory for the courts to follow," Lewis said.

Brown echoed Lewis's point that MIP charges in Washtenaw County often got expunged from students' records, so the outcome was effectively like a civil infraction — though this was not the case in all counties.

"In the county, Washtenaw County, the court system had in place some protocols to deal with first-time offenders for alcohol violations that allowed the offender to take a number of steps and then that particular violation often was expunged from their record. So the outcomes for first-time offenders of MIP, in this county, likely aren't going to get a lot different in what happens with them," Brown said.

She recognized such a protocol for getting a misdemeanor expunged was not make available in all counties.

"That kind of active role that the court system played in Washtenaw County wasn't duplicative all across the state," Brown said.

In Ann Arbor, the anonymous student received his first MIP from holding an open container outside of a party, and a second MIP for drinking in his dorm room. He received his second MIP while on probation from the first.

For his first MIP, he had to pay \$405 and received 50 days probation. For his second MIP, he admitted wrongdoing under the Michigan's Holmes Youthful Trainee Act, which is a way for young adults to keep convictions off their record.

He said he thinks the punishments he is facing under the old law are unfair given his offense, saying the punishment he received felt on par with someone who got arrested for driving under the influence.

"After this whole process is done, I will have paid close to two grand, and my chances of getting a government job are completely done. The people I am doing my community service with are there for stuff like felony assault, DUI and home invasion, while I am just a college student looking to have a good time on the weekends," he said.

Ultimately, no one is sure if the change in MIP law will result in more or fewer arrests, or affect student drinking behaviors.

"I don't think (the new law) will lead to more drinking... College students are going to drink no matter what," he said.

Lewis pointed out the effect of the law will still depend on how police choose to enforce it.

"It's going to take time to see what police do with this. The court has come up with a new system of dealing with them. Folks can simply walk in, pay their ticket and leave," Lewis said.

College branding makes beer more salient to underage students

Science Daily

Association for Psychological Science

January 18, 2018

Summary:

Major beer companies have rolled out marketing campaigns and products -- such as 'fan cans,' store displays, and billboard ads - that pair beer with university colors, mascots, and logos. Research shows that such campaigns may enhance the motivational significance of marketed beer brands, especially for students who identify strongly with their university. The researchers conclude that this effect could potentially increase underage students' alcohol consumption.

In recent years, major beer companies have tried to capitalize on the salience of students' university affiliations, unveiling marketing campaigns and products -- such as "fan cans," store displays, and billboard ads -- that pair beer with university colors, mascots, and logos. Research published in the January 2018 issue of Psychological Science, a journal of the Association for Psychological Science, shows that such campaigns may enhance the motivational significance of marketed beer brands, especially for students who identify strongly with their university. The researchers conclude that this effect could potentially increase underage students' alcohol consumption.

Drawing from previous research, psychological scientists Bruce Bartholow (University of Missouri) and colleagues wondered whether the feelings of trust and safety that students associate with their university (an in-group) might transfer to the product being paired with it. This could, in turn, enhance the motivational significance of the product (in this case, beer), implicitly signaling potential social benefits.

Bartholow and colleagues decided to investigate how pairing beer cues and university cues might affect both brain and behavior.

In the first experiment, researchers at two different universities brought underage university students in for an initial lab session and had them complete a follow-up survey 30 days later. In the initial lab session, participants' brain activity was monitored using EEG while they saw a series of images. The images included beer and water brand logos superimposed on graphics associated with their university as well as with a different university. To gauge motivational significance, the researchers focused their EEG analyses on the P3 component of the event-related potential elicited by the beer and water images.

The students also rated their agreement with statements intended to measure the degree to which they saw their university as a meaningful part of their identity (e.g., "Knowing that I am a student at my university tells others a lot about me") and they reported their typical alcohol consumption. At the 30-day follow-up, the students provided further data on their alcohol use and related experiences.

The results showed that both water and beer cues elicited a greater P3 when they were paired with logos representing students' own university relative to a different university. P3 responses to university-beer pairings were especially large among students who reported a strong affiliation with their university. Furthermore, P3 responses to university-beer pairings predicted students' drinking behavior over the subsequent 30 days, even when their previous drinking behavior was taken into account.

To see if these results would hold under more naturalistic conditions, the researchers conducted a second experiment in which students watched actual footage from university basketball games. Beer and water ads appeared throughout the footage, which featured either the students' home team or another university team. After watching the game, the students again viewed beer and water logos while their brain activity was monitored, similar to the first experiment.

Students who watched a home-team game with beer ads later showed greater P3 responses to the beer logo relative to those who saw water ads in a home-team game. P3 responses to beer logos were also greater for those who saw a beer ad during their own team's game compared with those who saw a beer ad during another team's game.

"These findings demonstrate the power of advertising to affect largely unconscious responses to products when those products are affiliated with a valued social group, such as students' university," explains Bartholow.

Exposure to particular ads on campus or during university-related broadcasts may imbue those brands with incentive value for some students -- a potential problem, the researchers note, when that brand represents alcoholic beverages.

"The upshot of all of this is that it could be dangerous to confer feelings of safety to a product that has the potential to cause serious harm, which alcohol is known to do, particularly in this population of underage college students," says Bartholow.

Story Source: Materials provided by Association for Psychological Science. Note: Content may be edited for style and length.

Journal Reference:

1. Bruce D. Bartholow, Chris Loersch, Tiffany A. Ito, Meredith P. Levsen, Hannah I. Volpert-Esmond, Kimberly A. Fleming, Paul Bolls, Brooke K. Carter. University-Affiliated Alcohol Marketing Enhances the Incentive Salience of Alcohol Cues. *Psychological Science*, 2017; 29 (1): 83 DOI: 10.1177/0956797617731367

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DAILY NEWS

Opinion: Cabinet decision to ban women from buying liquor is unconstitutional

Lanka Business Online
 Author LBO | By Verité Research
 January 19, 2018

Women are permitted to purchase liquor. On 10 January 2018, the Minister of Finance and Mass Media issued Excise Notification No. 02/2018 under the Excise Ordinance, No. 8 of 1912 (as amended). The new Notification amends Excise Notification No. 666 of 31 December 1979, and removes the ban on the sale of liquor to women 'within the premises of a tavern'.¹ A tavern is usually defined as 'a place of entertainment...[or] a house for the retailing of liquors to be drunk on the spot'.² Women are therefore entitled to purchase liquor under Sri Lankan law as at 10 January 2018. Moreover, Excise Notification No.666 does not appear to prohibit women from purchasing alcohol in premises that do not constitute a tavern (e.g. supermarkets).

Equality before the law. Article 12(1) of the Constitution states that 'all persons are equal before the law, and are entitled to the equal protection of the law'. Moreover, article 12(2) states that 'no citizen shall be discriminated against on the grounds of...sex.' Therefore, acts that discriminate against women on the grounds of their sex violate their fundamental rights, and are thereby unconstitutional.

Article 16(1) of the Constitution states that 'all existing written law and unwritten law shall be valid and operative notwithstanding any inconsistency with the preceding provisions of this Chapter' (emphasis added). Article 16(1) only applies to written and unwritten law enacted prior to 1978. Thus any law that is enacted today must be compliant with the fundamental rights chapter of the Constitution, and cannot discriminate on the grounds of sex.

Cabinet decision is unconstitutional. On 16 January 2018 the Cabinet of Ministers unanimously decided to withdraw the above Excise Notification No. 02/2018, which removed the prohibition on the sale of liquor to women within the premises of a tavern.³ This decision serves to prohibit women from purchasing liquor in the premises of a tavern by reinstating the previous ban under Excise Notification No.666 of 1979. The Cabinet's decision therefore discriminates against women on the grounds of their sex. The new decision dated 16 January 2018, is not protected under article 16(1) of the Constitution, as it does not fall within the category of 'existing written law or unwritten law' at the time of promulgating the Sri Lankan Constitution of 1978.

There is an imminent infringement of a fundamental right. Article 126(1) affords the Supreme Court the sole and exclusive jurisdiction to 'hear and determine any question relating to the infringement or imminent infringement by executive or administrative action of any fundamental right' (emphasis added). The Cabinet decision dated 16 January 2018 falls within the category of 'executive' action.⁴ Moreover, the decision to withdraw Excise Notification No. 02/2018 amounts to an imminent infringement of article 12(2) of the Constitution, as the decision will directly result in the Minister of Finance and Mass Media withdrawing the said Notification. Such withdrawal will constitute an infringement of women's rights to equality and nondiscrimination guaranteed by articles 12(1) and (2) of the Constitution. Therefore, interested parties anticipating an imminent infringement of their fundamental rights have valid grounds to petition the Supreme Court under article 17 (read with article 126) of the Constitution.

...

¹ Previous clause 11(c) of Excise Notification No. 666 of 31 December 1979.

² Black's Law Dictionary, Revised 4th Edition, 1968. Available at: <http://heimatundrecht.de/sites/default/files/dokumente/Black%27sLaw4th.pdf> [Accessed on: 17 January 2018].

³ 'Cabinet decides to withdraw Gazettes on liquor', Ada Derana, 16 January 2018

⁴ Sugathapala Mendis and Another v Chandrika Kumaratunga and Others (Waters Edge Case) [2008] 2

SLR 339; Perera v University Grants Commission [1978-79-80] 1 SLR 128 at 137-138, per Sharvananda J, 'The expression 'executive or administrative action' embraces executive action of the State or its agencies or instrumentalities exercising Governmental functions. It refers to exertion of State power in all its forms'.

Drizly adds top execs from Apple, Vistaprint, Intelligent.ly

Boston Business Journal

By Kelly J. O'Brien, Technology Reporter

January 19, 2018

Drizly, the Boston-based creator of an online marketplace for alcohol, has added a trio of executives with experience at brand-name companies like Apple, Procter & Gamble, and Vistaprint.

The startup named Joe Grabmeier as its chief financial officer, a role he most recently held at Adelphic Inc., a Waltham-based digital marketing startup that Time Inc. bought a year ago. Before that, Grabmeier was controller of a mobile ad network within Apple called iAd.

Drizly's new chief marketing officer, Scott Braun, was previously the global marketing director for Procter & Gamble's Gillette division and the vice president of marketing at Vistaprint.

Gabriela McManus, the executive director of professional development company Intelligent.ly until it shut down earlier this month, now holds the title at Drizly of "head of people operations."

"Scott, Joe and Gabriela bring precisely the experience and discipline that will set the stage for sustained growth and operational excellence at Drizly," Nick Rellas, CEO and co-founder of Drizly, said in a statement. "At the same time, they bring a big, healthy dose of energy and fresh perspective that help fast-moving technology companies like Drizly thrive."

Founded in 2012, Drizly opened operations in 70 cities in the U.S. and Canada in 2017, and now employs 75 people, mostly in Boston.

Since the fall of 2016, Drizly has been working to get away from its reputation as a speedy, on-demand alcohol delivery service. The app now allows customers to sift through their options based on the criteria most important to them, whether that's delivery speed, price, convenience or brand of liquor.

Drizly was never involved in the deliveries anyway, leaving that aspect up to the liquor stores. And the startup does not take a cut of the transactions that happen through its app, instead charging liquor stores a monthly fee to include their inventories in the Drizly marketplace.

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