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The Iowa Alcoholic Beverage Control Study, [Senate File 516](#) passed during the 2017 legislative session

The study was to focus on issues relating to the three-tier system and Iowa Code section 123.45 (commonly referred to as Iowa's tied house law) as it impacts the ability of manufacturers, wholesalers, and retailers to meet changing marketplace conditions and business opportunities.

The goal was to provide relevant information to help the legislature better understand tied house laws meant to protect the independence of the individual tiers within the three-tier system. [To review this study, click here.](#)

Iowa Alcoholic Beverages Division (ABD), in partnership with the Iowa Department of Administrative Services, has released a Request for Proposals (RFP) to solicit competitive proposals from eligible vendors capable of providing a promotional discount website and reporting database. **Information on the RFP can be found [here](#).** All proposals are due by 3:00 p.m. CST on August 10, 2018. Any interested respondent is encouraged to submit a proposal. Please Tyler Ackerson, (515) 281-7426, ackerson@iowaabd.com.

NABCA HIGHLIGHTS

The Public Health Considerations of Fetal Alcohol Spectrum Disorders (White Paper)

Native American Nations & State Alcohol Policies: An Analysis (White Paper)

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

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

NABCA Survey Database (members only)

Upcoming NABCA Meetings

Statistical Data Reports

www.NABCA.org



LICENSE STATE NEWS

MA: Massachusetts' Only Glass Recycling Plant Closes

WGBH

By Craig LeMoult, Reporter

July 19, 2018

Inside a huge industrial building in Franklin, there are 120 conveyor belts designed to carry broken glass to three stories of giant machines that crush the glass and sort it, to be sent away and be made into new bottles.

But those machines aren't running now.

"I think the plant operated at approximately 80 decibels — glass is banging, machines are running. Yeah it was it was pretty loud here," said Andrew Crowley of Strategic Materials, which owns the plant. Today the plant almost silent inside. "It's kind of sad, it being so quiet," he said.

The plant closed last month because it lost its only big customer — a company called Ardagh, which ran a plant just nine miles away in Milford that turned all that glass back into bottles. That closed down in March. 250 people worked there.

"There are no glass bottlers in New England anymore," Crowley said. "There is no one making bottles in New England." Outside the Franklin recycling plant is a 70-foot-deep pile of broken, five-cent deposit beer bottles. The glass will be trucked to Connecticut, separated by color, and sent by rail to bottlers in Virginia, Florida or North Carolina. But no glass from all of the blue and green recycling bins used in Massachusetts is being turned into bottles anymore.

In a statement, the company that ran the Milford bottling plant blamed the closure on a decline in demand from the beer industry.

Rob Burns, president of Night Shift Brewing in Everett and president of the Massachusetts Brewers Guild, says about 10 years ago, canned beer was viewed as bad or cheap. But not anymore. "Light doesn't get into the product, and the seam on the cans are tighter, which allows less oxygen to interact with the beer so the beer stays fresher longer," he said. So more breweries are skipping bottles.

But there's still plenty of glass that needs to be disposed of, and there's no perfect option for getting rid of it.

After the bottle plant closed, Massachusetts communities and their waste haulers started requesting waivers from the state Department of Environmental Protection to allow them to use landfills for glass. From February to May, the state's two biggest waste haulers dumped nearly 11,000 tons of glass in landfills. Since then, about 2,000 more tons have been dumped.

But they've been looking for other options, and now most of the glass we put in recycling bins is winding up in a massive pile in Raynham, where large machines grind it up.

"It looks like a mess but it comes out pretty good," said Chris Carney, whose company Carney Environmental is getting glass from about 50 towns. Carney said they have ground up 15,000 tons of it into sand. "I take the sand and mix it with asphalt brick and concrete and aggregates and use it for road-based materials," he said.

Carney gives that material away for paving projects, because he makes his money on the other end — charging cities and towns about \$85 per ton to take the glass off their hands. That's a strain for some towns, since they used to pay about 20 dollars per ton for recycling.

Greg Cooper, deputy director of consumer programs at the Massachusetts Department of Environmental Protection, said the state is trying to help communities buy their own equipment to grind up glass, to lower their costs.

"We're providing grants and assistance to both municipalities and to the recycling industry to kind of improve their glass processing, improve product, and develop new products and new markets for that recovered glass," Cooper said.

Some, like Kirstie Pecci, director of the Zero Waste Project at the Conservation Law Foundation, say grinding glass into sand is wasteful and inefficient. The best-case scenario, Pecci said, would be just reusing bottles. Second would be recycling glass to make new ones.

"In this case, we're handling the disposal problem, which is a really good interim solution," Pecci said. "But we are losing all the value of the energy, the resources, the water. Everything it took to harvest the raw materials, make glass out of them, and then make that glass into a bottle."

For now, though, she said it's important for people to keep putting glass in their recycling bins, even if it's going to be ground up, because that's better than filling up landfills. And she's optimistic new customers will come along, and glass recycling will bounce back.

NY: Liquor Authority can make charges when police can not

Poughkeepsie Journal

By Geoffrey Wilson, Poughkeepsie Journal

July 20, 2018

Over the past several months, the State Liquor Authority investigated two City of Poughkeepsie businesses and pulled their liquor licenses after troubling incidents.

The first involved an altercation with a patron and a bouncer at Milo's Cantina on May 31. Caught on a video that went viral, the bouncer appears to put the patron in a choke hold. More recently, multiple allegations were made about the Exempt Firemen's Association social club, including drug sales and gambling, from May through early June.

Both cases have involved law enforcement agencies, but neither case has resulted in criminal charges. Instead, administrative charges were brought by the State Liquor Authority.

Vincent Bradley, chairman of the authority, said the organization can be defined by two main functions.

"We provide liquor licenses for manufacturers, wholesale businesses and retailers in New York, and we ensure compliance of the law by these licensees," Bradley said.

The agency held 589 disciplinary hearings in 2015 for businesses across the state, according to its most recent annual report. Allegations ranged from assault and sale to minors to failure to comply with local regulations. The authority can issue suspensions, cancellations and revocations, as well as impose fines.

A video published to YouTube on June 2 appears to show a bouncer at Milo's putting a customer, Mike Boyce, into a chokehold before slamming him to the ground. The authority approved a plea deal with the bar including a \$7,000 fine and a 60-day liquor license suspension, but owner Jeremy Phillips announced Milo's would not reopen.

The investigation of the Exempt Firemen's Association allegedly found instances of illegal gambling and sale of narcotics at the Poughkeepsie social club, according to the authority. Chris Petsas, alcoholic beverage control officer for the club, was accused of smoking marijuana and running dice games in the agency's charges. Petsas, who also represents Ward 1 on the city Common Council, declined to comment on the administrative charges.

But investigations and charges with the authority are different from criminal procedures.

While the authority often cooperates with local police on investigations, the burden of proof on administrative charges is less than for criminal. Allegations or evidence that support a charge from the authority may not be substantial enough for criminal charges.

Businesses facing charges from the authority have several options for how to address them. But that lesser burden of proof may influence the business to make a plea deal.

Granting a liquor license

The authority offers different licenses for retailers, manufacturers and wholesale businesses. On-premise retail licenses, the kind used by restaurants and bars, are the most common, Bradley said.

The process to obtain this type of license can take one to two months, though the authority can grant a temporary license within two weeks while the review takes place.

The review process for this type of license accounts for the licensee's criminal record and background and the history of the location.

"We also take the local municipality's stance and public comment into account," Bradley said.

The license includes specifications on the scope of the business, meaning it must operate within that scope or risk charges with the authority.

In 2015, the authority reported overseeing 53,000 active licensees and 35,000 permittees, according to its most recent annual report.

The most common violation in 2015 was sale to minors with 1,377 instances, per the report. This was followed by failure to comply to local regulations, with 493 violations, and failure to conform to the application, with 278 violations.

There were 138 assault violations, 91 gambling violations and 34 controlled substance violations for the same year, the report said.

Complaints, investigations and charges

The authority investigates every complaint that reaches the office, Bradley said. Yet there are varying degrees of action the authority can take against a business.

"How we handle it depends on the type of incident, whether there's a trend of complaints and the licensee's history," he said.

A single, anonymous complaint about minor issues, such as a noise complaint, might prompt a warning letter informing the licensee of the complaint and offering advice on how to address it. The agency can also issue fines for more serious infractions, Bradley said.

The agency reported ordering \$6,226,525 in civil penalties and \$296,000 in bond claims in 2015, per its latest report.

The authority can impose three major punishments against a business found guilty of administrative charges, Bradley said.

A license suspension requires the business to stop selling alcohol for a set number of days, usually ranging from a little over a week to a month. A cancellation requires a business to apply for a new liquor license, but this can be done immediately. A license revocation disallows the licensee from applying for a new license for two years, and it revokes any other liquor licenses the person or business holds.

The authority imposed 42 revocations, 292 cancellations and 42 suspensions totaling 1,418 days in 2015, per the agency's latest annual report.

The authority can impose an emergency suspension when charging a business in serious cases. It imposed 19 emergency suspensions in 2015, per the agency's report.

"We resort to emergency suspensions in cases where there's a threat to the public health and safety and community welfare," Bradley said. The two recent Poughkeepsie cases were emergency suspensions.

The authority and local law enforcement have a symbiotic relationship. Police often provide the agency with tips of potential infractions related to criminal investigations.

"If we discover evidence of criminality, we will pass it along to law enforcement, though that's rare," Bradley said. "More often, they inform us of potential allegations."

Trooper Anthony Hicks, public information officer for New York State Police Troop K, said state police will assist in investigations

"If they believe there's a criminal aspect to their investigation, they'll give us a call and brief us for our own investigation," Hicks said.

Hicks said state police typically works with the State Liquor Authority on undercover investigations into bars and liquor stores selling alcohol to minors.

Capt. Steven Minard, of the City of Poughkeepsie Police Department, said the department will send the authority a referral if an investigation may be of interest to the SLA.

"We will notify them if we receive a complaint regarding a pub," Minard said.

INTERNATIONAL NEWS

Russian lawmakers move to ban weapons & alcohol ads on children's TV

RT

July 19, 2018

The Lower House Committee for Information Policy has backed a motion banning advertisers from promoting alcohol, pharmaceuticals, gambling and weapons on kids' radio and TV programs.

Amendments drafted by parliamentary majority party United Russia state that children's shows on radio and television must not contain commercials for alcohol products, medications and medical equipment, food supplements, weapons and military equipment or financial or gambling services, according to the committee's press release.

The same bill also increases the time limit of ad blocks on TV shows from nine minutes to 12 minutes per hour of broadcasting. Commercial breaks in general on any given channel must not exceed 15 percent of the overall daily broadcasting time.

Irish beer exports rise, but earnings fall

Irish Examiner

July 19, 2018

A report from the Irish Brewers Association has shown that beer exports went up slightly by 0.2%, but earnings from sales reduced from €280m in 2016 to €273m last year.

However, Irish beer sales abroad are still up on the 2014 level which stood at €228m.

Meanwhile, the consumption of beer in Ireland fell between 2016 and 2017, according to the Irish Beer Market Report 2017 released today, with most Irish beer exports going to the UK.

This is followed by the United States, France, Canada and Germany.

The report also found that Ireland has around 100 microbreweries in operation.

Production in the craft beer sector grew from 86,000 hectolitres in 2014 to an estimated 238,000 hectolitres in 2017 - a 177% production growth in just four years.

Lager is the most popular type of beer, followed by stout and then ale.

The report found that Ireland's on-trade beer sales continue to outperform off-trade sales by 64.8% to 35.2%. The report notes that no other country in the European Union has a higher percentage of on-trade versus off-trade beer sales.

Alcohol consumption in Ireland has fallen by 25% since 2005, according to the World Health Organisation (WHO).

Also, the latest ESPAD report, showed a significant decline in underage alcohol consumption, with Ireland moving from 8th to 28th out of 33 countries analysed over the course of the study.

Despite a fall in consumption, beer remains Ireland's favourite alcohol beverage, accounting for just under 45% market share of all alcohol consumed in 2017.

In 2017, the excise rate on beer in Ireland was the second highest European Union and the IBA is calling on the Government to reduce excise to benefit both the industry and consumers.

Jonathan McDade, Head of the Irish Brewers Association (IBA) said: "Beer is a significant economic and cultural asset in Ireland.

"Beer drinkers in Ireland must endure the second highest rate of excise tax in the EU and so I call on the Government to reduce the rate of excise on beer in Budget 2019."

Irish beer producers also warned that the labelling measures in the Public Health (Alcohol) Bill, specifically the requirement to add cancer warning labels to alcohol products, could impact future growth and called on the Government to make reasonable amendments to the legislation.

Mr McDade said: "In relation to the Public Health (Alcohol) Bill, we are calling on the Government to remove the requirement for cancer warnings on alcohol products, as it is a disproportionate measure that represents a barrier to trade in the EU amidst Brexit uncertainty.

"Irish beer producers will be required to develop labels specifically for the Irish market and a second set of labels for elsewhere, which will impact on their ability to export.

"It could also impact the growth of Ireland's craft beer sector. It is anticipated that it will cost approximately €50,000 to redesign an entire suite of labelling for a single product line and additional stock control costs will also arise. Smaller producers will be impacted significantly as they will be less able to absorb costs."

Canada: Provinces agree to raise personal exemption for interprovincial booze sales

Individuals could bring 6 cases of beer, 2 cases of wine, 6 litres of spirits across a provincial border

CBC News

By Janyce McGregor

July 20, 2018

The amount of liquor individuals can bring across a provincial boundary for personal use is set to double, following a deal struck at the Council of the Federation meetings late Thursday in Saint Andrews, N.B.

Canada's provinces and territories, which have jurisdiction over the sale of alcohol, formed a working group on alcoholic beverages last year after they were unable to agree on how to liberalize liquor sales before the rest of the text of the Canadian Free Trade Agreement took effect last summer.

That working group reported back earlier this month and made seven recommendations, including the doubling of the personal exemption limit that sets how much beer, wine and spirits an individual can transport across a provincial boundary for his or her own consumption.

Currently, two provinces, Alberta and Manitoba, have no limits whatsoever. The rest have a confusing array of restrictions and limits.

Three jurisdictions — New Brunswick, the Northwest Territories, and Newfoundland and Labrador — have very low limits, making it illegal to cross a provincial boundary with anything but small amounts of liquor.

In the remaining eight jurisdictions, the personal exemption limits are similar, usually:

- Nine litres of wine (or a standard case).
- Three litres of spirits.
- 24.6 litres of beer (or three standard cases of 24).

Under a deal hammered out late Thursday evening between provincial officials, these limits will double, to:

- 18 litres of wine (or two cases).
- six litres of spirits.
- 49.2 litres of beer (six standard cases of 24).

In the three jurisdictions that have lower exemptions to start, their limits will rise to the level of the other eight provinces and territories, meaning the change is more dramatic for those three.

Yukon, Newfoundland and Labrador reluctant

Premiers considered these recommendations during their meetings on economic and trade issues Thursday.

But they were unable to reach a deal during the day. New Brunswick Premier Brian Gallant, the chair and host of this year's summer premiers' meeting, told reporters late afternoon that a deal was close, but more work remained.

That work unfolded through the evening. Sources from at least two provinces have confirmed to CBC News that Yukon and Newfoundland and Labrador were the holdouts.

As a province with a very low limit, Newfoundland and Labrador would be making a large shift to sign on to the doubling proposal.

In Yukon's case, this negotiation came at a difficult time: the territory is in the process of modernizing its liquor act, and it had significant social responsibility concerns that could be exacerbated by making it easier to bring alcohol into the territory.

Some liquor control boards had warned provincial governments of potential lost sales and tax revenue if it becomes easier to shop across provincial and territorial boundaries.

Manitoba, whose premier, Brian Pallister, appeared on CBC News Network Thursday morning holding a can of beer and endorsing change, was insistent that Canada's liquor trade be more free. Pallister wrote to his fellow premiers before the meeting began to lobby for a decision when they met this week.

Gallant was also keen to make a breakthrough this week, in order to be able to show tangible progress on an interprovincial trade issue he'd identified as a priority.

Although New Brunswick took one of its residents all the way to the Supreme Court to argue in favour of its jurisdiction over setting liquor limits, the current Liberal government is not opposed to liquor sales liberalization per se.

Gallant said he has no problem with raising limits, but provincial officials advised proceeding with the court case to defend New Brunswick's jurisdiction to regulate in this area.

Announcement expected Friday

The working group presented another option to the premiers: eliminating all limits whatsoever, as Manitoba and Alberta have already done voluntarily. But this option was not endorsed.

The other six recommendations set to be adopted are neither prescriptive nor controversial, and will have fewer practical consequences for consumers. They concern listing practices, e-commerce portals, and other changes to pricing and sales practices at liquor control boards.

The recommendations do not affect online direct-to-consumer sales, the restrictions for which remain unchanged.

This move also does not apply to businesses with commercial liquor licenses, which have their own separate sets of rules.

In Thursday night's deal, provinces and territories have agreed to amend their necessary legislation or regulations within 18 months, meaning that by 2020 it should be easier for Canadian consumers to browse for booze across interprovincial borders.

It's expected to go to the premiers early in their deliberations on Friday morning for their final approval. An announcement could follow shortly after.

PUBLIC HEALTH NEWS

Alcohol and Diabetes: How Alcohol Affects Diabetes

Diabetes in Control

July 19, 2018

Self-care in diabetes has been explained as an “evolutionary process” where patients continuously work to strengthen their knowledge and awareness of the complex nature of this disease to achieve optimum health. While there are a number of factors that can negatively impact adherence to self-care in a person with diabetes, this article will focus on alcohol and diabetes: specifically, on how alcohol consumption limits this adherence and affects the overall health of people with diabetes.

Alcohol and Diabetes: Limited Self-care

Alcohol consumption among patients with diabetes impairs judgment and contributes to a decreased adherence to a balanced diet, medication, and disease monitoring. When people with diabetes engage in drinking, specifically heavy drinking, they are less likely to consistently check blood sugar levels, adhere to diabetes medications, and lead healthy lifestyles through diet and exercise. According to an article published by the NIH, even moderate drinkers demonstrate poor adherence to the management of their diabetes.

The relationship between alcohol and diabetes self-care in individuals with diabetes was evaluated. In a study of 66,000 patients with diabetes, adherence to six important diabetes self-care behaviors were assessed in relation to the frequency of alcohol consumption. Those behaviors included exercising, smoking, blood glucose self-monitoring, taking diabetes medications, following a healthy diet, and annual Hemoglobin A1c(HbA1c). More than half of these patients in the study identified as drinkers of alcohol. Not surprisingly, results showed that additional morbidity rates were highest among those who were heavy drinkers. Remarkably, though, a significant negative association between alcohol use and diabetes self-care was found. It was indicated that greater alcohol use was associated with poorer diabetes adherence to treatment and management.

Poor glycemic control maintenance has been associated with the consumption of alcohol. Participants from a diabetes treatment clinic sample who claimed that alcohol use was the main reason for poor adherence were more likely to have unchanged high HbA1c levels at a 12-month follow up than those who claimed poor adherence was due to a new diagnosis of diabetes, poor diet, stress, or other medical issues. Participants who said their poor adherence was due to a new diagnosis of diabetes, or other medical and physical issues were seen to have reduced levels of HbA1c levels. This indicates that alcohol is more of a chronic issue and has a prolonged and significant impact on self-care in the management of diabetes.

Alcohol and Diabetes: The Liver

The liver is the largest solid organ in the body. Among important metabolic functions, the liver is responsible for converting the nutrients consumed from food intake into substances that the body can use by storing those substances and supplying the needs of cells when required. The liver plays a critical role in the metabolism of carbohydrates where it ensures that blood glucose levels are staying constant. After a meal is consumed, the liver stores the glucose from that food as glycogen and uses that stored glucose in the event that the body may need it. The liver knows when to do this based on signals from hormones like insulin and glucagon. This delicate process, however, is interrupted in the presence of alcohol and can be especially detrimental for individuals with diabetes.

Alcohol's Impact on Glycemic Control

In addition to storing and releasing glucose, the liver also plays a vital role in the elimination of toxins from the body. When alcohol enters the liver, the liver identifies this substance as a toxin and its response to that alcohol is

to rid it immediately by breaking it down into safe byproducts. This inhibits the liver from storing and releasing glucose. The liver becomes so focused on detoxifying the alcohol that glucose is no longer properly regulated until the alcohol is eliminated. For a person with diabetes, this can lead to a number of complications including hypoglycemia. In the presence of alcohol, blood glucose levels (BGLs) would begin to fall in any healthy person, but in a person who has diabetes, this can be dangerous, especially when insulin or a medication that stimulates the production of insulin is already in effect. Insulin injected into a patient with diabetes meant to lower BGLs will continue working, in addition to the liver doing the same when metabolizing alcohol.

This process typically occurs with hard liquors that contain little carbs and also depends on what BGLs are before, during, and after drinking. According to diabetes.co.uk, hypoglycemia can occur anywhere from a few minutes to 12 hours after the consumption of alcohol. Therefore, it is incredibly important for people with diabetes to frequently check their BGLs when partaking in drinking.

It is important to note that alcohol can easily mask the symptoms of hypoglycemia. Therefore a person who has been drinking may not realize when he or she is dropping into dangerously low levels of blood sugar.

Symptoms of low blood sugar may include:

An irregular heart rhythm

- Fatigue
- Pale skin
- Shakiness
- Anxiety
- Sweating
- Hunger
- Irritability

As low blood sugar becomes worse, confusion and abnormal behavior may begin to develop. Serious symptoms include blurred vision, seizures, loss of consciousness, and even death.

Patients with diabetes can most certainly enjoy alcohol as long as it is consumed in moderation and when their BGLs are well controlled. Educating patients on the relationship between alcohol and diabetes — how alcohol is processed in the body and its effect on diabetes — is crucial for maintaining adherence to self-care while still enjoying life.

INDUSTRY NEWS

Whiskey summit planned in hopes of defusing trade conflicts

The goal is to forge a strategy in making their case to world leaders in promoting free, fair trade.

Herald Business Journal

By Bruce Schreiner / Associated Press

July 20, 2018

FRANKFORT, Ky. — Concerned that global trade disputes could escalate — with Kentucky bourbon makers caught in the crosshairs — the industry has invited whiskey associations from across the world to discuss ways to defuse the conflicts.

Representatives from eight whiskey trade groups will meet next week in Louisville, Kentucky Distillers' Association President Eric Gregory said Thursday. The goal is to forge a united strategy in making their case to world leaders in promoting free and fair trade, he said.

"We're all one big world whiskey family, and it's time for us to ... communicate directly and hopefully we can speak with a unified voice," Gregory told a state legislative panel.

Participants will include groups representing the Irish whiskey and Scotch whisky industries as well as spirits producers in Japan, Canada and Europe, Gregory said in a release. The group will meet July 25 and July 26, he said.

Trade disputes have resulted in tariffs imposed in some key overseas markets for bourbon, including the European Union — where Kentucky spirits producers exported nearly \$200 million of their products in 2017. American whiskey makers also face retaliatory tariffs in Canada, Mexico and China.

EU tariffs targeting American whiskey and many other U.S. products were a response to President Donald Trump's decision to slap tariffs on European steel and aluminum. Those duties amount to a tax, which producers can pass along to consumers through higher prices or absorb at risk of shrinking profits.

Foreign markets have become lucrative for American spirits makers. In the past two decades, U.S. spirits exports surged from \$575 million in 1997 to \$1.64 billion in 2017, according to the Distilled Spirits Council.

Tariffs imposed on American spirits threaten to "seriously impede" what has become a "great American success story" as whiskey exports soared, said Christine LoCascio, the spirits council's senior vice president for international trade.

It's too soon to gauge what impact tariffs will have on demand for Kentucky whiskey, Gregory said in giving an update to state lawmakers.

"We're mainly worried right now about an escalation, and if we get back into this tat-for-tat," he said.

Asked how the bourbon sector is responding, including contingency plans by distillers, Gregory replied: "We never thought we'd be in this position, quite frankly. We're caught in the crosshairs. We're collateral damage."

Distilleries are formulating plans in case the trade conflicts persist, he said, adding that he hasn't seen those plans. But the potential for damage to the state's \$8.5 billion bourbon industry is real, he said.

Kentucky produces about 95 percent of the world's bourbon. Bourbon generates about 17,500 Kentucky jobs with annual payroll topping \$800 million, according to the state distillers' association. The industry is in the midst of a \$1.2 billion building boom, it said. The construction includes expanded production facilities and new tourism centers. More than 6.6 million barrels of Kentucky bourbon are aging in warehouses — the most since 1974.

Distilleries ramped up production as overseas demand surged. Bourbon now reaching liquor stores and bars was crafted years ago.

Some large American distillers gained a short-term cushion from the U.S.-EU dispute by stockpiling supplies in Europe ahead of the tariffs. But if the trade dispute becomes prolonged, they'll be hit, too. Smaller distillers didn't have the luxury of stockpiling. American producers that pass along the tax to European customers risk losing market share. If they absorb the cost, it means smaller profits.

A sudden drop in overseas demand could result in excess bourbon supplies in the U.S. That would likely drive down prices, especially hurting smaller producers.

"This thing has the potential for harm on a number of different fronts," Gregory said in an interview after the legislative hearing. "This is a fight we didn't pick. ... We're pawns in a game of high-stakes chicken."

Spirits body WSWA names new president and CEO

The Spirits Business

By Melita Kiely

July 20, 2018

US trade body the Wine & Spirits Wholesalers of America (WSWA) has appointed Michelle L Korsmo as its new president and chief executive officer.

Korsmo will succeed former CEO Craig Wolf, who left the company at the end of June following an 18-year career with the association.

Korsmo currently holds the position of CEO of the American Land Title Association (ALTA), but will move into her role at the WSWA from mid-September.

Barkley Stuart, WSWA chairman, said: “Michelle’s experience and vision will lead the association and the industry during a pivotal time.

“From our bipartisan team of state and federal advocates and industry-leading Political Action Committee, to our dynamic annual convention and the suite of valuable programmes for the membership, she will increase our influence and effectiveness.”

Before joining ALTA, Korsmo worked as executive vice president of the Americans for Prosperity Foundation and previously held the position of deputy chief of staff at the US Department of Labor.

Korsmo said: “I am also inspired by the industry’s record of accomplishment. Family-owned wholesalers, along with supplier and retailer partners, and state and federal legislators and regulators, have together built the safest, and most well-regulated and enterprising beverage marketplace in the world.

“But there is no denying that it operates in a disruptive economy and the association must be prepared for the future. Finding consumer-facing solutions for these challenges is an opportunity I welcome, and I’m excited about what the future holds.”

DAILY NEWS

Pew study: States shouldn't rely on sin taxes for long-term funding

Charleston Gazette-Mail

By Phil Kabler Staff writer

July 19, 2018

For states still recovering financially from the latest recession, sin taxes — taxes on tobacco, alcohol, gambling and, most recently in some states, marijuana — are an attractive option for legislatures to close budget gaps.

However, a report released Thursday by the Pew Charitable Trusts concludes that sin taxes are a relatively small and comparatively unreliable funding source.

“States should be cautious about relying on sin taxes as longer-term fixes to budget woes,” the report, “Are Sin Taxes Healthy For State Budgets?” concludes.

It notes the paradoxical nature of sin taxes, which are designed to raise revenue, as well as deter detrimental behaviors by consumers.

When sin taxes succeed in curbing unhealthy behavior, they ultimately negate the first goal of raising revenue, the study notes.

Tobacco taxes are a prime example. Since 2000, the study finds that all but nine states have significantly increased tobacco taxes, with a median increase of more than fourfold.

While tax rates have quadrupled, declining consumption has resulted in a more than 1 percent decline in revenue from tobacco taxes nationally, as the smoking rate among adult Americans has dropped from 21 percent to 15 percent.

The study finds a similar trend in states that legalized casino gambling, with “early adopter” states such as West Virginia seeing a downturn in gaming revenue as neighboring states have legalized gambling in hopes of tapping into the new revenue stream.

New casinos, the study finds, poach gambling activity from older casinos, both from within the state and from neighboring states.

During a webinar presentation on the study Wednesday, project director Mary Murphy said it is difficult to forecast potential revenue from legalization of sports betting, but she said it is likely to mirror casino gaming revenue, which tends to decline as competition increases.

“The short answer is, we just don’t know yet, because we’re moving a market that’s illegal into a legal market,” she said of sports betting using bookies or offshore betting sites.

State revenue from sports betting is likely to be small, she said, noting that it provides \$17 million a year in revenue for Nevada, or less than two-tenths of 1 percent of that state’s budget.

While revenue from sin taxes historically declines over time, alcohol is currently bucking those downward trends, with alcohol tax revenue increasing in 35 states from 2012 to 2016, the study notes.

That’s a factor of increased consumption of wine and liquor nationally, since only a handful of states have raised taxes on beer, wine or liquor since 2008, the study says.

However, Pew advises policymakers to take a long-term view, since alcohol consumption tends to be cyclical, most recently peaking in 1981, bottoming out in 1998, and now on its current upswing.

Meanwhile, while states that have legalized recreational marijuana have experienced “strong if volatile” revenue growth, the study suggests the long-term outlook for marijuana tax revenue is “hazy at best,” with the market likely to reach a saturation point as more states legalize the product.

Another point the study raises: “For all the attention they garner, sin taxes typically represent a small portion of state revenue. In 2015, they made up just over 2 percent of total state revenue.”

Those percentages range from 12 percent in Nevada to less than 1 percent in North Dakota, Murphy noted.

Besides Nevada, sin taxes account for more than 8 percent of total revenue in just three states: Rhode Island, West Virginia and Louisiana — states with relatively small populations and with state-sanctioned casino gambling.

“Given the unpredictability of sin tax revenue, states should be cautious about extending what may be effective short-term fallbacks into long-term solutions,” the study concludes.

West Virginia’s PEIA Task Force has discussed increasing taxes on tobacco and/or soft drinks as options to raise additional revenue to fund the state-managed health insurance plan.

Robots Are Ready to Shake (and Stir) Up Bars

Robot bartenders are mostly novelties today. But a group of startups is hoping to bring automation to your neighborhood watering hole—and even your home bar

The Wall Street Journal
By Leigh Kamping-Carder
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There’s no need to tip the mixologist at the Tippy Robot, a glittering bar in Las Vegas where automated arms handle all the shaking, stirring, muddling and garnishing, making up to 120 cocktails an hour.

The silver-and-turquoise lounge, in the Miracle Mile Shops mall on the Strip, has 28 counter-style seats, each equipped with a tablet, facing a bar counter topped with two industrial-grade robotic arms. Patrons can order signature and classic cocktails, or fill a virtual cup with up to 14 ingredients of their choosing. Then the robotic arms go to work, gathering ingredients from a kind of futuristic back-bar automat; reaching up to a lattice of 120 liquor bottles; and tipping the resulting cocktail into a plastic cup proffered by a mechanical dispenser in the counter. Drinks take 60 to 90 seconds to make, and cost \$12 to \$16, said Stephan Mornet, president of Robotic Innovations, Tippy Robot’s parent company.

For its automated bar, Tippy Robot turned to Makr Shkr, an Italian startup that built its first robot bartender for Google I/O, the annual developer conference, in 2013. The company is one of several trying to automate bartending. Its bar counters now sit in the Hard Rock Hotel & Casino in Biloxi, Miss., and on five Royal Caribbean cruise ships. Each one is made to order, and costs over \$1 million, Makr Shkr said.

Today, you'll find robot bartenders mostly in touristy, high-traffic watering holes. But as companies introduce smaller and less expensive models, these automated mixologists are poised to become more widespread. "Your local pub, your local bartender is not in any jeopardy," Mornet said. "But in the future, absolutely."

According to manufacturers, robot bartenders are money savers, cutting down on spillage, eliminating employee theft and ensuring consistency. Another selling point is their ability to collect data on drink orders and, when users create profiles to save custom cocktails, on demographics.

In May, Makr Shagr debuted a mass-market version of its product, the roughly 10-foot-long Makr Shagr 3.0, which can fit into an existing bar space, and costs €99,000 (\$115,000). The company gets three to five purchase requests a day, about half from bar owners around the world, as well as individuals and other business owners, said board member Carlo Ratti.

The Smartender, another automated cocktail dispensing system, aims to replace the back-of-house bartender who pours drinks for servers at chain restaurants, casinos and sports stadiums. The system costs roughly \$30,000 including shipping, installation and training for employees, an expense that Barry Fieldman of Smart Bar USA, the Las Vegas-based manufacturer, said companies quickly recoup by reducing bar staff and waste. (The company also has a portable version, which is available for home use for \$25,000 on Hammacher Schlemmer, though John Pinto, the company's "image and whimsy buyer," said that only a couple have sold in the last three years.)

Other startups are tackling the home market. The \$199 Bibo, which went on sale last fall, operates like a Keurig single-serving coffee maker: Insert a special pouch of mix and add liquor, and the machine dispenses the correct amount of water to make a cocktail. Phoenix-based startup Barbotics plans to sell a \$700 countertop model in a couple of months, which could also be used to upgrade hotel mini bars or bottle service, according to co-founder David Duggan.

Next month, New York-based startup Barsys will launch residential and commercial versions of a microwave-size robot bartender. The home version will cost \$1,050; owners use an app to order from a list of 2,000-plus cocktails, or create their own. Bar owners pay \$2,500 for a machine equipped with a data analytics package.

The matte black Barsys holds five bottles of liquor, which fit into nozzles on the top of the appliance. With a gentle whirr, a track moves a canister under the nozzles as they dispense liquid, while prongs inside the canister mimic the effect of shaking or stirring. "We could have designed a very simple machine, but we wanted to design a pretty cool one, so that's why [we added] the movement element," said CEO and founder Akshet Tewari.

A native of Delhi, Tewari majored in a hybrid engineering field called mechatronics in college. The idea for a robot bartender came to him during his last semester, in 2013, when he was spending nights partying and days in the lab. In December, Barsys launched in India, where it has about 148 units in use making 10,000 cocktails monthly, Tewari said.

Still, Tewari doesn't see his machine putting bartenders out of work. "In most of the bars, the bartender is the biggest crowd puller," he said. "With Barsys it's all about increasing the efficiency of a bar."

Robot bartenders are unlikely to eliminate human bar jobs in the near future, experts say. "The mistake to make is always to think that just because a new piece of automation comes along that the total number of jobs is going to go down," said Andrew McAfee, a principal research scientist at MIT and co-founder of the school's Initiative on the Digital Economy. Crucially, a human needs to be present to verify age and ensure that overly intoxicated patrons are not served.

Facebook and Instagram change to crack down on underage children

Tech Crunch

By Josh Constine

July 19, 2018

Facebook and Instagram will more proactively lock the accounts of users its moderators encounter and suspect are below the age of 13. Its former policy was to only investigate accounts if they were reported specifically for being potentially underage. But Facebook confirmed to TechCrunch that an "operational" change to its policy for

reviewers made this week will see them lock the accounts of any underage user they come across, even if they were reported for something else, such as objectionable content, or are otherwise discovered by reviewers. Facebook will require the users to provide proof that they're over 13, such as a government-issued photo ID, to regain access. The problem stems from Facebook not requiring any proof of age upon signup.

A tougher stance here could reduce Facebook and Instagram's user counts and advertising revenue. The apps' formerly more hands-off approach allowed them to hook young users so by the time they turned 13, they had already invested in building a social graph and history of content that tethers them to the Facebook corporation. While Facebook has lost cache with the youth over time and as their parents joined, Instagram is still wildly popular with them and likely counts many tweens or even younger children as users.

The change comes in response to an undercover documentary report by the U.K.'s Channel 4 and Firecrest Films that saw a journalist become a Facebook content reviewer through a third-party firm called CPL Resources in Dublin, Ireland. A reviewer there claims they were instructed to ignore users who appeared under 13, saying "We have to have an admission that the person is underage. If not, we just like pretend that we are blind and that we don't know what underage looks like." The report also outlined how far-right political groups are subject to different thresholds for deletion than other Pages or accounts if they post hateful content in violation of Facebook's policies.

In response, Facebook published a blog post on July 16 claiming that that high-profile Pages and registered political groups may receive a second layer of review from Facebook employees. But in an update on July 17, Facebook noted that "Since the program, we have been working to update the guidance for reviewers to put a hold on any account they encounter if they have a strong indication it is underage, even if the report was for something else."

Now a Facebook spokesperson confirms to TechCrunch that this is a change to how reviewers are trained to enforce its age policy for both Facebook and Instagram. This does not mean Facebook will begin a broad sweep of its site hunting for underage users, but it will stop ignoring those it comes across. Facebook's spokesperson stressed that its terms of service that already bar underage users remain the same, but the operational guidance given to moderators for enforcing that policy has changed.

Facebook prohibits users under 13 to comply with the U.S. Child Online Privacy Protection Act, which requires parental consent to collect data about children. The change could see more underage users have their accounts terminated. That might in turn reduce the site's utility for their friends over or under age 13, making them less engaged with the social network.

The news comes in contrast to Facebook purposefully trying to attract underage users through its Messenger Kids app that lets children ages 6 to 12 chat with those approved by their parents, which today expanded beyond the U.S. to Mexico, Canada and Peru. With one hand, Facebook is trying to make under-13 users dependent on the social network... while pushing them away with the other.

Child signups lead to problems as users age

A high-ranking source who worked at Facebook in its early days previously told me that one repercussion of a hands-off approach to policing underage users was that as some got older, Facebook would wrongly believe they were over 18 or over 21.

That's problematic because it could make minors improperly eligible to see ads for alcohol, real-money gambling, loans or subscription services. They'd also be able to see potentially offensive content such as graphic violence that only appears to users over 18 and is hidden behind a warning interstitial. Facebook might also expose their contact info, school and birthday in public search results, which it hides for users under 18.

Users who request to change their birth date may have their accounts suspended, deterring users from coming clean about their real age. A Facebook spokesperson confirmed that in the U.S., Canada and EU, if a user listed as over 18 tries to change their age to be under 18 or vice versa, they would be prompted to provide proof of age.

Facebook might be wise to offer an amnesty period to users who want to correct their age without having their accounts suspended. Getting friends to confirm friend requests and building up a profile takes time and social capital that formerly underage users who are now actually over 13 might not want to risk just to be able to display their accurate birth date and protect Facebook. If the company wants to correct the problem, it may need to offer a temporary consequence-free method for users to correct their age. It could then promote this option to its youngest users or those whom algorithms suggest might be under 13 based on their connections.

Facebook doesn't put any real roadblock to sign up in front of underage users beyond a self-certification that they are of age, likely to keep it easy to join the social network and grow its business. It's understandable that some 9- or 11-year-olds would lie to gain access. Blindly believing self-certifications led to the Cambridge Analytica scandal, as the data research firm promised Facebook it had deleted surreptitiously collected user data, but Facebook failed to verify that.

There are plenty of other apps that flout COPPA laws by making it easy for underage children to sign up. Lip-syncing app Musical.ly is particularly notorious for featuring girls under 13 dancing provocatively to modern pop songs in front of audiences of millions — which worryingly include adults. The company's CEO Alex Zhu angrily denied that it violates COPPA when I confronted him with evidence at TechCrunch Disrupt London in 2016.

Facebook's reckoning

The increased scrutiny brought on by the Cambridge Analytica debacle, Russian election interference, screen-time addiction, lack of protections against fake news and lax policy toward conspiracy theorists and dangerous content has triggered a reckoning for Facebook.

Yesterday Facebook announced a content moderation policy update, telling TechCrunch, "There are certain forms of misinformation that have contributed to physical harm, and we are making a policy change which will enable us to take that type of content down. We will begin implementing the policy during the coming months." That comes in response to false rumors spreading through WhatsApp leading to lynch mobs murdering people in countries like India. The policy could impact conspiracy theorists and publications spreading false news on Facebook, some of which claim to be practicing free speech.

Across safety, privacy and truth, Facebook will have to draw the line on how proactively to police its social network. It's left trying to balance its mission to connect the world, its business that thrives on maximizing user counts and engagement, its brand as a family-friendly utility, its responsibility to protect society and democracy from misinformation and its values that endorse free speech and a voice for everyone. Something's got to give.

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