CONTROL STATE NEWS

OH: Ohio pursuing hemp as new cash crop

Times Reporter
By Anna Staver
By January 5, 2020

The Buckeye State is among the first to receive federal approval for a statewide program to cultivate hemp.

Drive through southern Ohio next summer and you might be surprised to see acres of cannabis plants swaying in the breeze.

These bushy annuals won’t be the kind that produce marijuana. Farmers are hoping to grow hemp, and industry experts think a few thousand acres could be in the ground by springtime.

“It’s crazy and exciting and confusing and the whole bit, but I think that comes anytime you start planting a new crop,” Ohio Farm Bureau Federation spokesman Ty Higgins said.

Hemp has been around for thousands of years, but the federal government classified it as a Schedule 1 drug alongside its psychoactive cousin, marijuana, until the December 2018 farm bill. That law re-defined cannabis with less than 0.3% THC (the compound that makes people feel high) as an ordinary agricultural commodity.

State lawmakers and regulators moved surprisingly fast after that, said Ohio Hemp Association Vice President Tom Haren.

Republican Gov. Mike DeWine signed a bill into law to create a hemp licensing program this summer. Then, the Ohio Department of Agriculture drafted rules and submitted them to U.S. Department of Agriculture for approval, which was received just as 2019 came to close. All that’s left before the state starts issuing licenses to farmers is for state lawmakers to sign off on the regulations at a meeting on Jan. 16.

“There was candidly a lot of concern that Ohio would lose out on the 2020 growing season just by how long it takes to put rules in place. This is a real testament to the hard work the folks at ODA did,” Haren said. “They really set Ohio up to be what we hope it will be, which is a leader in the hemp industry.”

Most of the U.S. hemp market today centers on products that include a non-psychoactive compound found in cannabis plants called cannabidiol, or CBD. People use it to treat everything from epilepsy and autism to chronic pain and anxiety. (The Food and Drug Administration has only approved one CBD-based drug, Epidiolex, for the treatment of certain seizures.)

Still, the CBD market is booming, and Brightfield Group, which tracks cannabis markets, predicts it will reach $22 billion by 2022.

Haren said he didn’t know whether CBD products would remain popular long-term. He thinks industrial hemp is the future for Ohio farmers and processors.

Hemp can be used to make rope, clothing, outdoor gear, paper products, cosmetics and even biodegradable plastic alternatives.

“Look at all the plastic bag bans. Why not make an alternative out of hemp,” Haren said. “Every day, I’ve got cardboard boxes outside my door. Why not hemp boxes? It takes weeks to mature versus trees that take years.”

And it’s more profitable to grow.
Hemp can be up to four times more profitable than corn or soybeans, which is why Higgins said you can’t go to a meeting of Ohio farmers without the subject coming up.

Still, he said, farmers are cautious about saving more than a few acres of their fields for the new crop.

“We don’t know how it grows in Ohio. We don’t know where our market is yet,” Higgins said. “That’s one thing that’s a little different than corn or soybeans.”

Ohio grows about 10 million acres of corn, soybeans and wheat that gets shipped out across the globe, but hemp is different.

The market is emerging — especially in America — and processors are still figuring out which varieties of hemp work best for which purposes.

“There’s going to be a lot of trial and error this first year,” Higgins said. “I tell them they should only invest what they are willing to lose when it comes to the 2020 planting season.”

Farmers planting hemp this spring are going to be test cases both for cultivation and regulatory enforcement.

“This is new territory for every state in the nation,” ODA Director Dorothy Pelanda said.

Ohio, she said, is giving its farmers: a license to grow hemp and a database entry that will prove to anyone who pulls them over that the cannabis plants in the back of their truck are, in fact, hemp.

“From the start we have been working very closely with law enforcement,” Pelanda said. “They’ve traveled to other states so they can learn along with us.”

One idea from Colorado that Pelanda said she’s considering is mandating hemp processors be bonded. Another idea was to create a list of legal seeds rather than a list of illegal ones.

Julie Doran, founder of the Ohio Hemp Farmers Cooperative, said the list of allowable seeds is probably going to be too short.

Marijuana and hemp both contain THC, but Hemp can’t legally have more than 0.3% THC on a dry weight basis. It’s like a bottle of non-alcoholic beer. O’Doul’s, for example, contains 0.4% alcohol.

Marijuana has an average THC content of about 9.3%, according to tests by the National Institute for Health on confiscated cannabis samples from around the country. But states like Colorado where recreational marijuana is legal have reported strains testing as high as 28%.

Only a handful of cannabis seeds, she said, produce plants with a THC content that meets both state and federal legal limits for hemp.

“You’re also talking about a plant where you can’t completely control the outcome,” Doran said. “Plants grown in the same field could have different THC contents. Maybe one gets flooded or gets stressed. That THC content could ‘run hot’ (go higher than the legal limit).”

And anything that tests above the 0.3% limit has to be destroyed.

Doran would like to see a measurement of uncertainty passed by USDA that would let some plants test up to 1%.

Haren’s concerns were about the 15-day harvest window. The law says farmers have 15 days to get all their hemp out of the ground once its tested. The THC content of cannabis plants varies over time, so federal regulators created this window to make sure levels don’t change.

But it might be too short given that the time period includes the days spent waiting on test results.

“You may not want to go through the process and harvest all that product before you’ve got your numbers,” Haren said. “From an industry standpoint, there’s a lot of interest in a longer window.”

The USDA is asking for comment on the 15-day rule though, so Haren’s optimistic it could change.

“We’re building a new industry,” he said. “Every decision you make leads to about 20 other questions.”

NY:  Cuomo aims to expand alcohol options at New York movie theaters
The proposal would allow the sale of beer, wine, cider and mead at movie theaters.
WGRZ 2
Author Leanne Stuck
January 5, 2020

NEW YORK — New York’s governor wants to make it easier for movie theaters to serve beer, wine and other alcoholic drinks.

Gov. Andrew Cuomo on Friday proposed making a change to the state’s Alcoholic Beverage Control law. The change would make it easier to allow beer and wine sales
at movie theaters, along with the sale of cider, mead and spirits, according to his office.

Lynn Kinsella owns the Aurora Theatre on Main street in the Village of East Aurora. She has been wanting to serve alcohol to her customers for more than five years.

"People have asked, 'Do you serve beer or wine?' because they've been to other locations or other states where they’ve had that opportunity," Kinsella said.

Movie theaters under current law can only sell alcohol if they have full kitchens and tables inside screening rooms, according to Cuomo’s office. His office says the change would give craft producers more retail outlets and provide more revenue for theaters.

"In light of people not coming to the movies, rising costs of being in business, to try to have an additional revenue resource, especially for special events," Kinsella said.

Under Governor Cuomo’s proposal, adults with tickets to PG-13 rated movies or higher can purchase alcohol. You can only purchase one drink at a time.

"I'm always really apprehensive. Until it happens, I don't get too excited," Kinsella said. "Our theater is 95 years old this year and we just want to make sure this theater remains open for 95 more years."

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**HI: New law allows Maui police to tow vehicles in DUI cases**

Star Advertiser  
By Associated Press  
January 5, 2020

WAILUKU, Maui >> Hawaii authorities will start towing vehicles operated by people in Maui who are arrested for driving under the influence of alcohol or drugs.

Maui County Council passed the DUI tow regulation and Mayor Michael Victorino signed it into law in December, The Maui News reports.

Maui Police Department officials expect to implement the new law by the end of the month, authorities said.

“We’re trying to change behavior to prevent drunk driving,” said Lt. William Hankins, commander of the police Traffic Section. “The overall intent behind this law is to target people driving impaired.”

The law allows police to tow vehicles operated by drivers who are arrested for driving under the influence, driving without a license or driving after their license is suspended or revoked for impaired driving, authorities said.

The registered owner of the vehicle would be responsible for paying the towing and storage fees, which could range from $300 to $600 depending on how long the vehicle is held and when it was towed, police said.

Drivers will be given the opportunity to choose one of 10 listed towing companies, authorities said.

Police won't tow a vehicle when a passenger is sober, has a driver’s license and is willing to assume the responsibility of driving the vehicle away, authorities said.

“Having this tool is going to take a weapon away from offenders, and it's going to keep the roads clear and make it safer for everybody else,” Hankins said.

The new law does not generate money for the county, authorities said.

Last year, at least 15 of the 23 traffic deaths in Maui County were alcohol- or drug-related, police said.

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**INTERNATIONAL NEWS**

**Scotland: Scottish brewer BrewDog opens world's first alcohol-free beer bar in London**

The Herald  
By Brian Donnelly, Business Correspondent  
January 6, 2020

SCOTTISH brewer BrewDog is opening the world’s first alcohol-free beer bar today.

The Ellon-based company said the London Old Street bar will offer 15 taps of draft alcohol-free craft beer.

BrewDog said it is also expanding its core range of alcohol-free beers.

James Watt, of BrewDog, said: "Drinkers opting for low or no alcohol are in danger of compromising on quality, taste and experience."

"And that’s just the beer - forget about places in which to enjoy it."

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**Asia: Imported Beer Losing Competitiveness Due to Liquor Tax Reform**

The Korea Bizwire  
January 6, 2020
SEOUL, Jan. 6 (Korea Bizwire) — Starting in the new year, the standard for levying liquor taxes on beer and raw rice wine has changed from a price-based “ad valorem” duty to forwarding volume-based “specific commercial duty” for the first time in 52 years.

In a related move, the National Tax Service (NTS) said Sunday that while this week’s tax reform will lower the store prices of canned beer in Korea, the tax burden of imported beer will increase.

An ad valorem duty is based on the price of alcoholic beverages at the time a liquor manufacturer ships its products, or the price of liquor at the time when a liquor importer reports its products, by multiplying the tax rate by the type of alcohol.

However, for the new specific commercial duty, which is applied to beer and raw rice wine, the amount of liquor shipped is multiplied by the tax rate of each alcoholic beverage.

In other words, even if the price of alcoholic beverages is different, the same level of taxes will be imposed if the type of alcohol and the amount of shipments are the same.

The NTS expects this week’s reform of the tax code to address the “reverse discrimination” issue of imported beer, which has been constantly raised by the local manufacturing beer industry.

Under the new tax system, the price of Korean beer, which includes all manufacturing costs, sales management expenses and profit margins, was set as “taxable standard” at the time of shipment.

In the case of imported beer, on the other hand, the price at the time of the import declaration, which includes only the import price and customs duties, has become the standard for taxation.

As such, beer importers could secure enough money to cut prices and actually launch aggressive promotions such as “four cans for 10,000 won (US$8.56)” at convenience stores.

However, if both domestic and imported beers are taxed according to their shipments, this controversy over “unfair” and “reverse discrimination” is expected to be greatly reduced.

“The price competitiveness of imported beer, which was advantageous under the ad valorem duty tax system, will fall due to the new tax,” an NTS official said.

PUBLIC HEALTH NEWS

Cannabis edibles present novel health risks

News Release
By the Canadian Medical Association Journal
January 6, 2020

With the recent legalization of cannabis edibles in Canada, physicians and the public must be aware of the novel risks of cannabis edibles, argue authors in a commentary in CMAJ (Canadian Medical Association Journal):

"Although edibles are commonly viewed as a safer and more desirable alternative to smoked or vaped cannabis, physicians and the public should be aware of several risks related to the use of cannabis edibles," write Drs. Jasleen Grewal and Lawrence Loh from the University of Toronto, Toronto, Ontario.

Cannabis edibles take on average four hours longer to produce noticeable effects in comparison to inhaled cannabis, which can increase the risk of overconsumption. With effects lasting up to 8 hours, edibles can also lead to a longer period of impairment compared to inhaled cannabis. While federal regulations have standardized the presentation of dosing information, the authors warn that "individuals' responses to different products may vary and overdosing may still occur, with cannabis-naive individuals particularly at risk."

At particular risk are children and pets as many edibles look like candy and other appetizing food and drink. Other vulnerable groups include older people and youth; of note, a recent Canadian report found that youth believe cannabis edibles have positive effects on sleep, mood and anxiety, which actually runs counter to what is seen in evidence.

"Physicians should routinely question patients who ask about cannabis about their use or intended use of edible cannabis products so that they can counsel these patients regarding child safety, potential for accidental overconsumption and delayed effects, and potential for interactions with other substances such as alcohol, benzodiazepines, sleeping aids and opioids," caution the authors.

Population-level monitoring, and evaluation of the effects of legalized edibles will ensure that regulations are best able to protect children, youth, seniors and
other age groups from health effects related to the consumption of cannabis edibles.

**INDUSTRY NEWS**

Craft breweries embrace sustainability along with remarkable growth (excerpt)

*Maine’s craft breweries have seen a 32 percent surge over the past five years, but the industry has committed to sustainability measures to protect products and profits.*

Press Herald
By Peter McGuire, Staff Writer
January 5, 2020

Maine’s craft brewing industry is known for nationally sought-after beers, hip design and rapid growth. Less appreciated is how brewers have been able to pursue what in many manufacturing industries are contrasting ideas: sustainability and profits.

Maine brewers annually consume millions of pounds of grains and hops shipped from hundreds of miles away. Tens of millions of gallons of water a year are pumped into breweries and millions more are discharged into public sewage plants. Thousands of pounds of spent grain are disposed of every year.

But overall, Maine’s craft breweries have embraced sustainable management of their breweries, to reduce or reuse waste and limit pollution. The state’s biggest brewery, Portland’s Allagash Brewing Co., has adopted practices so it uses only 4 gallons of water to make a gallon of beer – about half the national average.

“The type of person who decides to get into craft beer, there is a high likelihood they care about their community and the earth,” said Allagash head brewer Jason Perkins.

But it’s not just an environmental ethos that drives craft brewers to adopt “green” practices. It often also makes sound financial sense.

“I’m really weary of making sustainability a political statement, because it is really not, it is a fundamental business fact,” said Sean Sullivan, executive director of the Maine Brewers’ Guild.

The guild’s newest strategic plan highlights preserving Maine’s environment and natural resources, especially its wealth of fresh water.

“The simple truth is that we need great water to have great beer,” Sullivan said. “It is not a political statement, it is a business necessity, and what is going to allow the business to thrive here.”

Craft Beer Boom Linked to Record Number of US States Growing Hops

*The findings suggest that as more craft breweries emerge around the country, so may new opportunities for farmers*

LAB Manager
By Penn State
January 6, 2020

Craft breweries aren’t just a fun place to meet up with friends. They may be fueling an unprecedented geographic expansion of hop production across the US, according to researchers at Penn State and the University of Toledo. Their findings suggest that as more craft breweries emerge around the country, so may new opportunities for farmers.

Hops are a key ingredient in beer production, providing aroma and bittering characteristics. Before 2007, hop production in the US was limited to only three Pacific Northwest states—Oregon, Washington, and Idaho—according to Claudia Schmidt, assistant professor of agricultural economics in Penn State’s College of Agricultural Sciences. Citing a report released this year by the Hop Growers of America, she said that 29 states are now engaging in hop production.

"Our study is the first to systematically show that the number of hop farms in a state is related to the number of craft breweries," said Schmidt. "It suggests that in areas where hop production is possible and not cost-prohibitive, breweries are expanding markets for farmers and providing an opportunity to diversify farm income."

Using data from the U.S. Census of Agriculture and ReferenceUSA, the researchers found that from 2007 to 2017, the number of breweries in the US more than quadrupled from 992 to more than 4,000, and that the number of breweries in a state is associated with more hop farms and hop acres five years later. The number of hop farms grew from 68 to 817, and hop acreage expanded from 31,145 to 59,429 acres.

"This growth has not only led to interesting changes in the locations of hop farms across the US, but it has positioned the U.S. as the largest producer of hops globally, both in terms of acreage and production," said Elizabeth Dobis, a postdoctoral scholar at the Penn State-based Northeast Regional Center for Rural Development, and lead author of the study.
Working with farm, brewery, and climate data, the researchers developed a statistical model to determine whether new craft breweries in a state between 2007 and 2017 resulted in a larger number of hop producers and hop acres planted, by both new and existing growers in that state. They built a time-lag into their model to identify the effect of new breweries over time. They also controlled for other variables that may influence farmers to start growing hops, such as average farm size, average net farm income, and climate.

Their findings, which were published recently in the Journal of Wine Economics, are correlational and do not point to a clear cause-and-effect. However, the time-lag built into the model indicates that the growth in breweries preceded the growth in hop farms, said Dobis.

One possible explanation for the trend is that the growing consumer demand for locally sourced food and beverages encourages craft brewers to seek out locally grown ingredients, said Schmidt.

"While most craft breweries serve a local market, they haven't always sourced local ingredients for their beers," Schmidt said. "But if you're a brewer looking to differentiate yourself in an increasingly crowded market, sourcing ingredients locally is an approach that some brewers have found to be effective."

For example, in a project unrelated to this study, Penn State Extension's Kristy Borrelli and Maria Graziani conducted focus groups with Pennsylvania craft brewers, who reported that sourcing ingredients locally helps them connect with their customers' sense of place and preference for a flavor profile that is unique to the region.

If more brewers are looking for hops grown nearby, then more farmers may be willing to try growing them, even if only on a small scale. For instance, in Pennsylvania only 17 farms reported hop production in 2017, and their combined acreage is small—only 21 acres in all, according to the U.S. Census of Agriculture.

Looking forward, the researchers said that they will collaborate with Penn State Extension to identify the specific attributes and price points that Pennsylvania craft brewers are looking for in order to help inform farmers' production decisions.

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**EDUCATION NEWS**

**Michigan State University marketing campaign reduces high-risk drinking among students**

WILX
By Alexis Ware
January 5, 2020

LANSONG, MI (WILX.) Michigan State University released a recent study and marketing campaign they say has reduced high-risk drinking and harmful outcomes.

MSU says the campaign was created to educate students about actual drinking behavior on campus.

Michigan State University students say the drinking environment on campus is pretty good. "I would confidently say that most people drink responsibly at MSU," says Travis Stegall, a junior at MSU.

And Stegall would not be wrong.

According to the university study, most people assume that college students drink and make questionable decisions, but the majority of students who decide to drink do so responsibly.

"It's nothing wrong with going out and drinking and being a social drinker. Like today, I'm out having a good time, I've had one drink," said Sean Gardner, a MSU Senior.

Like Gardner, most students seemed to have the same idea.

The study showed that drinking intensity and frequency has actually declined in recent years.

Students say it’s just not worth it to drink and drive or do other crazy things while intoxicated.

"It's just not worth it. You know. It costs much less to get an Uber or a Lyft than get a DUI," said Daniela Garca.

Students are being more aware of their drinking habits overall, but it also helps that local MSU bars keep an eye out as well.

"We do a limit. We don't let anyone drink over that limit. We keep an eye out for signs and tells of impairment," said Jessica Kirkpatrick, a dining room manager at Spartan Hall of Fame Cafe.

Kirkpatrick says the cafe serves two to three drinks per customer and then has a manager check the state of their customer before serving anymore, but parents say it's all about how students handle their decisions.
"I think it's a strong indicator of maturity and being able to make the important decisions in their life," said Angie Lineberry, a parent of an MSU student.

The study says powerful messages including protective behavior strategies have made impacts on reducing negative alcohol-related incidents.

**DAILY NEWS**

**Alcohol Consumers’ Interest In Health And Wellness Will Continue To Increase, Says Nielsen**

Forbes  
By Thomas Pellechia, Contributor  
January 5, 2020

In liquor, grocery and big stores (off-premise) for 2020 Nielsen CGA expects the younger generation will lead the health and wellness charge and that will make an impact on which beverage alcohol is preferred and at which quantity of consumption. These same consumers are expected to seek “transparency in labeling” and “product innovations.”

Nielsen predicts spirit sales will grow the most at liquor stores and other outlets in 2020: whiskey, tequila, cognac, ready-to-drink/prepared cocktails and vodka, especially the top-selling Tito’s Handmade Vodka. Premium and ultra premium segments will lead. At the same time, however, the data company says a large segment of consumers will be looking for less alcohol by volume (ABV) (how spirits producers in the high-end category can accommodate that is a mystery).

Low alcohol beer is expected to be in greater demand in 2020, right down to no-alcohol at all. Nielsen predicts a flood of alternative beverages, like seltzers, many which will offer low sugar and no carbohydrates. Nielsen also believes the heated hard seltzer market of last year will heat up even more this year—it will double. Therefore, for 2020 the beer industry is expected to focus on everything but beer: more big beer company acquisitions, including in spirits and in a select group of growing wine segments. The expectation is that brewers of all sizes will invest in ready-to-drink cocktails and other spirits in 2020. Hemp infusions are on the horizon too.

According to Nielsen, table wine sales will decline, especially in the lower-priced wine category, but only as long as the economy remains strong. Growth in wine will continue in Prosecco and Rosé, but not by double digits. New Zealand and Oregon, as well as Eastern European wines may provide the buzz for 2020, and cans and other alternative packaging (aluminum resealable bottles) will grow. Nielsen sees a good year ahead for canned wine spritzers and wine cocktails. Finally, the health and wellness as well as low ABV trend will hit wine as well, so we should expect more wine-based products making those claims.

Much of the same trends predicted for off-premise retailers are expected to guide beverage alcohol sales in restaurants, bars and hotels (on-premise). Because it falls right into both the spirits and the mixed drinks trend, Gin and Tonic may make a splashing comeback at the bar in 2020, alongside sugar free flavored vodka to quench the wellness thirst. Further, growth in on-premise low or no-alcohol cocktails appears on the horizon. The data company also expects product innovations in the whiskey category for 2020.

Local beer will be in demand on-premise, but Millennials are expected to move into hard seltzers. As it is off-premise, on-premise demand for table wine is expected to decline; in response to that decline, Nielsen expects a wave of wine-based products with innovative packaging and marketing aimed at newly minted legal drinking age consumers, Generation Z.

How else will the industry appeal to Generation Z? From a press release regarding the Nielsen 2020 predictions: “Game bars, authentic experiences from other global regions, seasonal activities and elevated hotel bars will continue to attract and engage American bar goers.” as will “…iPad menus, more seamless, tech-driven payment options and even educational experiences through augmented reality.”

As beverage alcohol e-commerce continues to grow, Nielsen predicts 2020 will represent a turning point in the beverage alcohol distribution industry. Taking advantage of shifting state alcohol regulations to address online shopping for alcohol, and noticing that impulse purchasing is declining at off-premise locations, beverage alcohol distributors will invest heavily in marketing on the Internet.

What could upset these predictions? Perhaps the economy turns south; perhaps trade wars; perhaps shooting wars; perhaps something else. The point being, these are predictions based on the past year’s experience and current trends—but in this technology-driven universe, what happens in one year can be like a lifetime of changes.
2020 Tax Return and Operational Report Due Dates

As a TTB-regulated industry member, you may be responsible for paying federal excise taxes and filing operational reports. Your obligations will depend on your circumstances and business type. See the 2020 due date information below for your business situation.

You can also subscribe to receive automated email reminders when it's time to file!

Alcohol and Tobacco Excise Tax Returns
- Annual Filers
- Quarterly Filers
- Semi-Monthly Filers

Alcohol and Tobacco Operational Reports
- Operational Report Due Dates

Alcohol and Tobacco Export Documentation
- Export Documentation Due Dates

Firearms and Ammunition Excise Tax Returns
- FAET Tax Return Due Dates

Conference Season Is Here – Where Will You Find TTB?

Our Outreach Program page is a one-stop shop for you to stay informed about upcoming opportunities to learn from TTB employees and to get your questions answered. Each year we partner with many organizations to make educational presentations or answer questions at industry events. The Outreach Program page lists future events where we’ll be in attendance.

If you can't make an event, you can always view the presentations we've made on our TTB Presentations page.

Interested in having TTB attend your event? Submit a Speaker Request Form. Although we can't accept every invitation, the Speaker Request Form helps us evaluate and prioritize the requests we receive.

Education and outreach are priorities for us, and we hope you'll bookmark the Outreach Program page and take advantage of opportunities to meet and learn from TTB employees.