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July 3, 2017

Orland G. McPherson, Chairperson
State Liquor and Lottery Commission
8 State House Station
August, Maine 04333

EMAIL DELIVERY TO:
Tammy.L.Miller@maine.gov

Re: Written Request to provide Oral Comment at Public Hearing to consider the recommendation of the Bureau of Alcoholic Beverages and Lottery Operations that all 50 milliliter sized spirits products currently listed by the Commission be de-listed.

Dear Tammy:

Our firm and Irwin, Tardy and Morris jointly represent the Sazerac organization. On behalf of Sazerac, we submit the following individuals who wish to provide oral comment at the July 11, 2017 public hearing. We recognize and acknowledge that if a Government shutdown lasts beyond Tuesday, July 4, the deadlines will be amended and the public hearing will be held on August 8, 2017.

1. Mark Brown, President and CEO, Sazerac, Louisville, Kentucky
2. Gerry Reid, Director, Business Development, Sazerac, Northport, Maine
3. Mary Tortorice, Chief Compliance Officer, Sazerac, Louisville, Kentucky
4. Andy Muschinski, Plant Manager, Boston Brands of Maine, Lewiston, Maine
5. Jake Wenz, Chief Operating Officer, Sazerac, Louisville, Kentucky
6. Elizabeth Wise, Vice President Government Relations, Sazerac, Washington, DC
7. Steve Wyant, Vice President Sales and Marketing, Sazerac, Dallas, Texas
8. Edmond Bearor, Legal Counsel, Rudman Winchell
9. Josh Tardy, Legal Counsel, Irwin, Tardy & Morris
10. Dana Conners, President, Maine State Chamber of Commerce
11. Representative Jared F. Golden, Lewiston, Maine
12. Senator Nate Libby, Senate District 21
13. Senator Garrett Mason, Senate District 22
14. Representative Susan M. W. Austin, Gray, Maine
15. Rebecca Swanson Conrad, Lewiston Auburn Chamber of Commerce
16. Mayor Bob MacDonald, Lewiston, Maine

Also enclosed is Sazerac's written comment submission with attachments in support of Sazerac's position.

Thank you.

Sincerely,

Edmond Bearor

Edmond J. Bearor
Rudman Winchell

Joshua Tardy

Joshua A. Tardy
Irwin, Tardy & Morris

EJB/leb
Enclosures (11)

cc: Andrew Black
Michelle Robert
Mark Brown, Sazerac

On June 23, 2017 the Bureau of Alcoholic Beverages and Lottery Operations (hereinafter, “the Bureau”) recommended that the State Liquor & Lottery Commission (hereinafter, “the Commission”) de-list all 50 mL spirits products.

The following written comment supports Sazerac’s position in opposition to the proposed de-listing of 50 mL spirits. Sazerac presently employs 2,200 workers and has operations in Kentucky, Louisiana, Illinois, South Carolina, Virginia, California, Maryland, New Hampshire, Tennessee and Maine. Over the last 35 years, the organization has doubled in size every five years. Sazerac employs 130 workers at a bottling facility in Lewiston, Maine and is committed to providing steady jobs for the employees in this region.

Administration of the Spirits Business by the Bureau

The administration and organization of the State Liquor and Lottery Commission is governed by Title 28-A M.R.S.A. §§81 *et seq.* The commission shall monitor the operation of the bureau in its administration of the laws relating to the sale of spirits. 28-A M.R.S.A. §81 (1). This statute provides a procedural process by which the bureau shall establish policies and rules and propose legislation concerning the administration of the spirits business laws. Pursuant to 28-A M.R.S.A. §83-C (4), the bureau shall: “[c]arry out a continuous study and investigation of the sale of spirits throughout the State and the operation and administration of state activities regarding the sale of spirits and recommend to the commissioner any changes in the laws or rules and methods of operation that are in the best interest of the State.”

The Bureau’s recommendation has not conformed to the statutory requirements that apply to the administration of the spirits business. The recommendation is politically motivated, unsupported by relevant empirical data, and not consistent with the statutory requirements that call for a continuous study. If the Bureau is concerned that a spike in OUI convictions has occurred in the state, it would best serve Maine consumers to conduct a continuous study that illuminates the issue and allows all interested parties to understand the factual basis and evidence that supports this decision. The Bureau has done none of these things, and the result is a rushed conclusion that will undermine consumer choice in Maine, reduce state revenue, and eliminate jobs from the state. The Bureau’s rush to judgment tells us nothing about whether there is a correlation between the sale of 50 mL spirits and the increase in OUI convictions, and its failure to procure any support for its conclusion from law enforcement is telling.

The recommendation came on the heels of the public comment regarding L.D. 56. The sole purpose of L.D. 56 and the testimony presented at the hearings and submitted by the Bureau in conjunction with this effort is directed at litter eradication. There is no testimony, no research, and no evidence to support the theory that this issue is correlated with an increase in drunk driving. During the public hearing testimony and in the sections submitted by the Bureau, the sole “support” for the Bureau’s positions is anecdotal and speculative. This is an insufficient basis to implement a wholesale policy change directed at a single product category favored by Maine citizens for entirely legitimate reasons discussed below.

The Purpose of L.D. 56 was Litter Eradication

The testimony submitted by the Bureau in conjunction with this recommendation does not connect to or support the conclusion that “nips” or “minis” are contributing to an increase in drinking and driving in Maine. The Bureau submitted four excerpts¹ of hearing testimony in support of the recommendation. Rep Anne-Marie Mastraccio, a Democrat from Sanford, acknowledged that the sole purpose of the bill was litter eradication: “I have proposed this bill because many communities have seen a noticeable increase over the last few years in nip and other small bottles along the roadways all over Maine. Maine’s bottle deposit program has been instrumental in reducing discarded waste from beverage containers since its implementation in 1978.” (Bureau Attachment 1 at 1.)

Representative Susan M. W. Austin a Republican from Gray, provided similar anecdotal information and again emphasized that the purpose of this bill was to address an alleged litter problem, not an increase in OUI convictions. Representative Austin stated: “[p]rior to deciding to work on this issue, I conducted my own study of bottles, cans and nips. I started collecting and counting what I brought home from my workout. I kept track of it by date for a year at both my home and our cottage. In bottles/cans, I brought in \$36.10. Had the nips had a deposit, I probably would have garnered another \$40 to \$50. It is possible, however, that I would not have had to pick them up at all, because someone else would have taken them to redeem before I came along.” (Bureau Attachment 1 at 4.)

Critically, not a shred of persuasive evidence has been submitted in any forum to establish or support a correlation between drunk driving and the presence of “nips” on Maine roadways. The anecdotal information in the public record suggests only that 50 mL bottles have been found on the roadway – along with many other types and sizes of alcohol products, soda bottles and cans, and other litter – but the Bureau has provided no meaningful evidence to establish that 50 mL containers are a contributing factor to increased drinking and driving in Maine. With regard to the eradication of litter and the stated purpose of L.D. 56, Sazerac recognizes and understands the challenges that the 50 mL size presents with regard to litter in Maine and has committed to partnering with the Bureau to absorb the cost of implementing a bottle deposit², without passing the cost along to consumers³.

No Evidence Suggests Increased Drinking While Driving

The Bureau purports to put forth “substantial evidence of increased drinking while driving,” stating that, “the increasing multitudes of discarded 50 mL spirits containers are not just unsightly litter; they are concrete evidence of widespread drinking while driving . . . more troubling, however, is that these 50 mL containers are more than evidence; they appear to be a

¹ Selected written testimony from February 1, 2017 Public Hearing on L.D. 56 before the Joint Standing Committee on Environment and Natural Resources was submitted as Attachment 1 to the Bureau’s Written Recommendation submitted June 23, 2017.

² The 50 mL container is the only size that does not have a bottle deposit or redemption value in Maine. All other containers of Liquor, Wine and Beer offer a redemption value, as shown by Attachment 1.

³ Attached is a copy of the Iowa policies related to bottle deposits on 50 mL bottles. We believe that manufacturers can easily incorporate the deposit amount on the label at little to no cost or operational disruption and have provided Iowa as an example, *See* Attachment 2.

contributing factor to increased drinking and driving in Maine.” (Bureau Recc. at 2.) This argument fails to explore any other potential cause for the increase in OUI convictions.

Sazerac does not discount the seriousness of OUI convictions and has actively supported and championed tough OUI laws, enforcement and education. Sazerac believes that OUI prevention is best addressed by policies and programs that directly address the issue. The recommendation from the Bureau does not provide testimony or evidence from the Maine State Police or local law enforcement officials regarding the supposed correlation between consumption of 50 mL products and increased OUI convictions. In addition, the recommendation from the Bureau does not provide testimony or evidence from public health officials regarding the State’s efforts to educate the citizens of Maine on the dangers and unlawfulness of drunk driving. In direct contrast, a study released in 2015 provides that, “liquor law violations and OUIs have been decreasing among Maine residents over the past several years⁴.”

In 2014 there were 3,462 OUI convictions and in 2016 there were 3,735. The Bureau described this modest increase as a “spike.” However, during the same time period, the sale of 50 mL spirits significantly increased. In 2014, there were 3,479,895 50 mL bottles sold and in 2016 there were 8,420,669 50 mL bottles sold. The significant increase in the number of 50 mL spirits sold and the slight increase in the number of OUI convictions undermines the Bureau’s position. If the correlation were as the Bureau contends, then the number of OUIs during this time period would have risen dramatically alongside the large increase in 50 mL sales. This did not happen. Moreover, the Bureau did not study other factors that may be contributing to the increase in the number of OUI convictions.

The Bureau also argues that “[m]any consumers who now purchase their favorite spirits in 50 mL containers are not likely to simply give up drinking those beverages when the 50 mL containers are no longer available. Instead, they will likely transition to a larger container, moving from one revenue generating product to another revenue generating product, thereby eliminating, or at least substantially mitigating, any loss of revenues.” The Bureau has not provided any evidence to support the theory that the only time a consumer of alcohol with a propensity to break the law will drink and drive is when a 50 mL bottle is available to him or her. No evidence has been put forth that connects even one specific OUI conviction to the consumption of 50 mL spirits. Liquor sales in Maine are growing in a number of sizes, beyond just the sale of 50 mL spirits.⁵

Contrary to the Bureau’s unsupported speculation, there is data available to show that consumption of a 50 mL spirit is unlikely to cause an uptick in OUI behavior, and in fact no more likely to do so than consumption of a single drink at a local restaurant. The National Highway Transportation Safety Administration (hereinafter, “NHTSA”) provides statistical information and chart data concerning Blood Alcohol Content. The following information relates to a 50 mL Fireball bottle:

⁴ Attached is the “Executive Summary” portion of a report generated in 2015 entitled, “Substance Abuse Trends in Maine State Epidemiological Profile 2015” – this report states that, [r]ates for liquor law violations and OUIs have been decreasing among Maine residents over the past several years. The summary is attached as Attachment 3.

⁵ See attachment 4, a chart showing the ongoing growth in the sale of liquor in Maine.

- One 50 mL of Fireball contains less than 1 standard drink, as defined by NHTSA.
- A 100lb woman would likely have a Blood Alcohol Content of less 0.05 after consuming one 50 mL of Fireball.⁶

The evidence presented by the Bureau does not support the conclusion that the 50 mL spirits are a contributing factor to the increase in OUI convictions in Maine. The above applies the information provided by NHTSA to the consumption of a Fireball 50 mL container and shows that the consumption of one 50 mL container would not bring the average person even close to the legal limit. We would ask that the Bureau comply with the statutory requirements when considering investigating and recommending changes to the methods of operations that are in the best interest of the State, as articulated in 28-A M.R.S.A. §83-C (4).

Economic Impacts of De-Listing 50 mL Spirits

In a statement issued by Governor Paul R. LePage in response to the Legislature's initial votes on L.D. 56⁷ he stated, "this is yet another anti-business vote that threatens jobs, increases costs to do business and puts the state's financial health at risk." We ask the commission to consider the potential economic impact that the decision to de-list 50 mL spirits will have on Maine. The de-listing of 50 mL spirits will do all of the things that Governor LePage identified as criticisms of L.D. 56. It will threaten jobs and it will put the state's financial health at risk. The Sazerac organization estimates that the economic loss to the state of Maine over the next thirteen years will amount to an estimated \$280 million dollars. The State will eliminate \$696.0 million dollars worth of projected retail sales of 50 mL spirits over the same time period; a move that will undoubtedly impact retail stores and retail employment. The lost revenue for the state of Maine is substantial if the 50 mL size is de-listed, all at a time of increasing budget shortfalls.⁸

An examination of the sales figures over the last several years show that the 50 mL market has been almost entirely incremental. Consumers in Maine have shown a desire to have this size spirit available for purchase. Removing the 50 mL products from the Maine market will not eliminate the purchase of 50 mL products. It will force Maine consumers to purchase 50 mL containers outside the state and will remove revenue from Maine that would otherwise flow into the Maine economy and support the Maine workforce.

Our Lewiston, Maine facility is poised to convert 31 part-time jobs to full-time positions, as well as investing \$1.0 million into our physical plant. If 50 mL spirits are de-listed in Maine, the workforce at our Lewiston facility will undoubtedly be impacted. However, de-listing 50 mL bottles will force the organization to reconsider investing in the growth of the Lewiston facility.⁹

⁶ Safety in Numbers allows us to estimate the approximate Blood Alcohol Content (BAC) by body weight for each drink for men and women. This document was produced by the National Highway Traffic Safety Administration and is attached hereto as Attachment 5. Attachment 6 is a chart that includes sales by size in Maine, including the number of OUI convictions in Maine.

⁷ A copy of the statement is attached hereto as Attachment 7.

⁸ A chart outlining the projected sale of 50 mL bottles, the percentage of growth and the estimated profit to the state of Maine is attached hereto as Attachment 8. Also included is a summary of the 50 mL business attached hereto as Attachment 9.

⁹ A copy of a letter addressed to Maine Senate President, Michael Thibodeau is attached hereto as Attachment 10.

De-listing 50 mL Containers is Not Supported by the Presented Facts and Evidence

As its statutory mandate makes clear, it is critical to the State that the Bureau and the Commission take more time to continuously study and closely examine these issues. This has not occurred. Instead, the Bureau has hastily pulled together anecdotal “facts” in an effort to suggest a correlation between the sale of 50 mL spirits and an increase in OUI convictions. The Bureau has failed to establish this correlation, and it has failed to show that the shift in emphasis away from litter eradication is anything but a political maneuver designed to achieve a political result. Moreover, it is self-evident that the de-listing of 50 mL spirits will threaten good jobs in this state, as well as economic development and revenue that is critically needed. This makes no sense, especially when the alleged public policy behind the jobs-killing initiative is unsupported by empirical data or law enforcement statements.

The Sazerac story in Lewiston is one that ought to be celebrated. The company took a plant slated for closure, kept it open, modernized it, and added good jobs to the region. But, the company is now caught in the middle of a political battle that threatens its future in the state and the jobs it provides. This is not in the best interest of the state, nor is purporting to solve a public policy problem with adequate study and evidence.

Finally, we emphasize that Sazerac is committed to working with the State to address the litter concern that brought this issue to the forefront. The company is a good corporate citizen and it is even willing to absorb the cost of a redemption program for 50 mL products. This does not change the fact, however, that the present recommendation is unsupported by sound factual data or evidence. The Bureau has not provided evidence of any public safety reports, concerns or a connection to the availability of 50 mL spirits. The Bureau openly acknowledges that consumers will still purchase spirits – meaning they will just buy more in bigger bottles – leaving open the serious question of whether such increased consumption will in fact lead to an increase in OUI convictions because consumers will be deprived of the smaller choice.

In summary, the available evidence does not establish a correlation between the increase in sale of 50 mL bottles an increase in OUI convictions. We respectfully request that the Bureau comply with the statutory requirements when considering investigating and recommending changes to the methods of operations that are in the best interest of the State, as articulated in 28-A M.R.S.A. §83-C (4). At a minimum, the current de-listing recommendation should be rejected based on all of the circumstances described above.

Size	Liquor	Wine	Beer
4 Liters		\$0.15	
3 Liters		\$0.15	
1.75L	\$0.15		
1.5L		\$0.15	
Liter	\$0.15	\$0.15	
750ml	\$0.15	\$0.15	
22 ounce			\$0.05
16 ounce			\$0.05
375ml	\$0.15	\$0.15	\$0.05
200ml	\$0.15		
187ml		\$0.15	
100ml	\$0.15	\$0.15	
50ml			



LISTING *Iowa Alcoholic Beverages Division* MANUAL

listing your product in the state of Iowa



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Section One - Listing

Listing Process

The administrator has the authority to determine "the class, varieties, and brands of alcoholic liquors to be kept in state warehouses" pursuant to Iowa Code section 123.21(3). The determination as to class, varieties, and brands of alcoholic liquors begins with the listing process. The process begins when an actively licensed broker or distiller presents a product to the Iowa Alcoholic Beverages Division (Division) for listing consideration. The product management team takes into consideration the product, packaging, category trends, innovation, saturation, social responsibility, marketing and taste profile when determining whether or not to make the product available to Iowa consumers.

Listing Liquor Products

- o All listing presentation requests shall be submitted to the administrator or their designee.
- o Listing presentations will be conducted via telephone or video conferencing. Any exceptions will need to be approved by the Bureau Chief of Spirits and Distribution.
- o Quote forms and listing criteria forms must be submitted electronically for all products presented. Required information on the quote form includes but is not limited to, the NABCA code, bottle weight, bottle dimensions, UPC, SCC, cases per pallet, cases per layer, total invoice cost per case and the representative for the state at the time of presentation. Inaccurate information on quote forms and listing criteria forms may result in accessorial charges to the supplier.
- o All requests for new items will be answered no later than 14 days following the presentation date.
- o The Administrator or the Administrator's Designee reserve the right to deny or limit the number of permanent product listing requests. Suppliers with more than 3 percent of listed products out of stock may not be allowed a listing meeting at the discretion of the Division.
- o Currently, non-traditional spirits products that are not in liquid form are not eligible for listing presentations.
- o To list a product in Iowa, please contact the Division's product services specialist.

Licensing Requirements

Before product can be shipped to the Division, the supplier must have a valid license to manufacture and/or import their product. Out of state suppliers must have a Distiller's Certificate of Compliance (CD), also known as an Importer's License. Iowa supplier must have either a Liquor Manufacturer's License (CM) or a Microdistiller's License (MD). Any questions regarding licensing requirements may be directed to the Bureau Chief of Licensing and Regulation.

Section One - Listing

Image & Description Submission – Newly Listed Items

When a product is listed in Iowa, suppliers must submit a verbose description and image to be used for the customer facing ecommerce site.

Verbose descriptions for each product will be displayed on individual product pages. Suppliers have up to 500 characters to describe the product for customers. Do not include any information that will be displayed in other ways such as UPC code, pack size, price, etc. Sample verbose description: "Iowa Whiskey sets the standard with layers of flavor from hand-selected, rare casks from across the Midwest. Its flavors are influenced by the rich soil of Iowa and the sweet corn that is grown locally."

Images must meet the below requirements:

File Format:

- Preferred: JPG
- Acceptable: PNG, GIF

File Resolution Requirements:

- 72 dpi
- 200-300 pixel width
- 450-550 pixel height

File Size:

- Maximum 200k

Color Mode:

- RGB Color

File Name:

- NABCAcode.extension
Ex: 017745.jpg, 062134.png
- Use the 6 digit NABCA code for the file name. Remove the prefix and suffix numbers.
- Each listed item size must have its own image. Do not use a single image for multiple sizes.
- Groupings of items packaged together and sold as one item, (Ex: 10 pack of 50ml bottles, 4 pack of cans) should feature the pack or sleeve, not the single container.

Image Background:

- Preferred: Clipped out, solid white or transparent background.

Section One - Listing

- Acceptable: Solid color background.
- Required: Backgrounds cannot have patterns, gradients, accompanying items or text/graphic overlays.

Highly Allocated Products

- Highly allocated products are products that are brought in on a very temporary basis, are not listed products and are highly limited in supply. These products are not solely driven by a customer request but by the Division accepting or declining the low allocation from the supplier.
- Highly allocated products are not available via special order by Class E licensees.
- Highly allocated products may be subjected to a lottery for distribution to Class E licensees.
- Allocations to the Division should be communicated to the Bureau Chief of Spirits and Distribution as soon as the supplier is aware of the timing and quantities associated with those products.
- To have your product included in the Division's highly allocated product program please contact the Bureau Chief of Spirits and Distribution.

Size Extensions

- The Division's general policy requires listed size(s) must achieve and maintain significant annual sales of \$60,000 in revenue or 480 cases before and after a listing of additional sizes.
- The Division retains discretionary authority when making decisions on new multiple size listing requests whether the revenue and case thresholds are met or not.

Listing Status

- Upon approval of the listing, the item will be assigned a status of a regular bailment or special order listing.
- Special order brands received into the warehouse are to fill a wholesale or retail customer request.

Label Approval & Product Code Number

Alcohol and Tobacco Tax and Trade Bureau (TTB) Label Approval must be obtained prior to any product being listed in Iowa. Once label approval has been obtained, an application must be submitted to the National Alcohol Beverage Control Association (NABCA) (703.578.4200) for a Control State Code Number (CSC). Each case shall display the CSC, Universal Price Code (UPC) and Shipping Container Code (SCC) numbers and bar-codes.

Section One - Listing

Product Availability

- o All products listed must be available to all licensees. This includes all permanent, temporary and special order items as stated in Iowa Code chapter 123.22 and 123.24 (1).
- o Any products presold must not cover the entire supply available to the State of Iowa; every attempt should be made to have product available that is not presold for other licensees in the state.
- o The division makes no guarantees to suppliers or brokers that presales will be honored or that customers will receive the requested amount of product presold to them.

Trading Product

- o Items that are under the revenue criteria to be delisted may be traded out for new permanently listed products.
- o The new product that is proposed must have a formal listing presentation.
- o A supplier may choose to trade out a product from their portfolio to list another product. This trade needs to be acknowledged at the time of the listing meeting. The division retains discretionary authority as to whether to accept or decline the new product that is traded out for.
- o Products that are already acknowledged as delisted cannot be traded out; trading out must be done before the product has been delisted by the Division. Products traded in must meet and follow the size extension requirements.
- o Any product traded out of the supplier's portfolio will be delisted; all remaining inventory will need to be picked up from of the Division's warehouse before the new product is brought in. (Dates will be outlined in the listing letter.) Traded out product will not be assessed accessorial fees for pickup and handling unless the product is not picked up by the deadline given in the listing letter.

Value Added Packs

- o If the value added pack item has a different bottle-per-case count and is different than the regular product (without promotional item), the package must have a UPC and SCC number that is unique to the value added pack and placed so that it can easily be scanned. The Division's decision to approve any value added packs will be based on the quality of the premium item, its relationship to the specific product, and the sales potential of the package.
- o The Division must approve the value added packs prior to presales occurring with licensees.
- o Value added packs may be broken down and the liquor products placed with other regular priced bottles at the discretion of the Division. The supplier will be charged an accessorial fee for this procedure.
- o Code conversion disposition of promotional items are at the Division's discretion. The supplier will be charged an accessorial fee for this procedure.
- o Any value added packs left after 90 days shall be picked up by the supplier following the dates listed in the letter or notification sent, with an incidental charge assessed .

Section One - Listing

- o Value added packs sent in without correct case coding, improper packaging or UPC labeling may be returned to supplier at the Division's discretion irregardless of pre-sales.

Temporary Listings

- o The Division's decision to approve any temporary products will be based on the quality of the product and the sales potential of the product.
- o Temporary products that are accepted are listed for 90 days. Temporary items may be extended past 90 days at the discretion of the Division.
- o Any temporary products left after 90 days shall be picked up by the supplier following the dates listed in the letter or notification sent, with an incidental charge assessed. If the supplier fails to pick up unsold inventory by the deadline date, an accessorial fee for storage will be assessed.

Temporary to Permanent Listings (Temp to Perm)

- o The Division reserves the right to accept a product for a 6 month temporary or probational period rather than permanently listing the product.
- o If the Division chooses to grant the product permanent listing status at the end of the six month period, this will be communicated to supplier/broker in a listing letter.
- o If the Division chooses not to permanently list the temp to perm item, the product must be picked up within 30 days of notification by the Division. This notification will occur in a listing/delisting letter. Any product not picked up by the deadline outlined in the notification letter will be assessed an accessorial fee for storage.

Permanent Price Changes

- o Suppliers are eligible to change the total invoice cost per case of products quarterly.
- o Permanent price changes are effective the first of February, May, August and November and must be submitted electronically no later than 60 days prior to effective date.
- o Updated quote forms with the new case cost listed must be submitted electronically to be eligible for the upcoming permanent price change. All information on the quote form is required including last/previous quoted price, case cost increase/decrease, cost per bottle and wholesale price per bottle.

Temporary Price Reductions

- o Suppliers are eligible to temporarily change the total invoice cost per case of products monthly.
- o Temporary price reductions are done effective the first of any month and must be submitted electronically no later than 30 days prior to effective date.
- o Effective month, NABCA code, item description, item size, item pack size and price off of case cost must all

Section One - Listing

be submitted electronically to be eligible for a temporary price reduction.

- o All price changes should be divisible down to the unit level (bottle, sleeve, etc.) without rounding. Price changes should be based on the unit rather than the case. For example, if offering a \$12.00 per case price allowance, this is divisible down to \$1.00 per 12 pack case and is acceptable. An example of an unacceptable price change for a 12 pack case is \$8.00 because the bottle reduction is not an even number (.666 cents per bottle). This price reduction could be submitted at \$8.40 per case (.70 cents per bottle) or \$7.80 per case (.65 cents per bottle).

Monthly Promos Newsletter

- o For new items to be included as a 'New Code' in the ABD Promos Newsletter, inventory must be in place in the Division warehouse by the 15th of the prior month to ensure availability on the first of the month. Inventory that is received after this date will be listed in the following month's newsletter as a 'New Code'.
- o The Division retains discretionary authority as to the acceptance of promotional deals. For example, a promotional deal may be declined for chronic out of stock issues or for regulatory compliance
- o If new codes are listed in the ABD Promos Newsletter under a marketing deal, inventory of the product must be in place in the Division warehouse by the 15th of the prior month to ensure availability on the first of the month. If a marketing deal is submitted for a new code that is not in the warehouse by the 15th of the prior month, the product will be pulled from the monthly promos newsletter and the broker will be notified.
- o All licensee requests for products contained in the monthly promos must be honored by the supplier. In the event that the product becomes out of stock, these requests will be honored when the product is replenished, even if the TPR is over, and the price adjustment will be passed on to the licensee and those adjustments will be passed on to the supplier at bailment.

Change of Vendor or Broker

- o Change of vendor or broker must be effective on the first of a month. Changes to vendor or broker cannot be made in the middle of a month or in the past.
- o In the event a vendor or broker of a product is changed, updated quote forms with the new vendor and broker information must be submitted electronically to the Division.
- o A letter stating the products that will be affected with updated quote forms must be sent to the products services specialist at least two weeks prior to the change of vendor or broker effective date by email.

Supplier to Consumer Discounting

Mail-in manufacturer rebates and coupons for liquor products are allowable, provided they meet federal regulations found in 27 C.F.R, parts 6, 8, and 11. It is the burden of the supplier to ensure compliance with federal and state laws in regards to mail-in rebates and coupons.

Section One - Listing

Listing Appeal Process

- o The product to be listed will be presented to the Division following the guidelines set under Section One.
- o If the Division rejects the product, the broker and/or supplier may appeal the decision within 30 days to the administrator. If the product is still denied, the supplier has the option of appealing to the Iowa Alcoholic Beverages Commission. The supplier must notify the Division and the Iowa Alcoholic Beverages Commission of intent to appeal within 30 days of denial by the administrator.
- o The Commission may decide whether or not to hear the appeal. If the Commission chooses to hear the appeal, it will be conducted at a regularly scheduled Commission meeting.

Inventory Management

- o It is the responsibility of the supplier to ensure appropriate inventory of product is available in the Division warehouse. The supplier is responsible for ensuring that inventory doesn't fall under the minimum inventory level or over the maximum inventory level set for each product. Products shipped in over maximum inventory levels may be returned to supplier and a fee will be imposed.
- o Maximum inventory levels are adjusted frequently and suppliers are encouraged to review their levels and consult with the Bureau Chief of Spirits and Distribution to ensure that they are set appropriately based on programming, marketing and demand shifts.
- o In the event that a temporary spike in demand is expected, an over max exception may be granted to a supplier by the Bureau Chief of Spirits and Distribution. Any request to ship over maximum inventory levels should be sent electronically on the over maximum exception form prior to scheduling a PO. Products shipped in over maximum inventory levels without approval on this form will be returned to supplier and a fee imposed.
- o Currently, the Division does not impose an out of stock fee but reserves the right to assess a fee in the future.
- o The division reserves the right to deactivate a product that is out of stock more than 30 days. In the event the product is deactivated, a supplier must re-present the product to have it become a permanently listed item.

Section Two – Social Responsibility

Division's Responsibilities

The Division is responsible for “the protection of the welfare, health, peace, morals and safety of the people of the state.” Iowa Code § 123.1. The Division’s mission includes “responsible regulation” and “promoting health.” The Division strives to ensure that products listed do not contradict those directives.

Socially Responsible Practices

The Division has the authority to refuse a product if it does not meet the standards for which the Division is accountable. The Division follows DISCUS (Distilled Spirits Council of the United States) and its “Code of Responsible Practices” when it comes to advertising and marketing responsibly which includes brand advertising, consumer communications, promotional events, packaging, labels and distribution, sales materials and print and electronic media including the internet and webpages (“Code of Responsible Practices” 2).

The Division also follows ICAP (International Center for Alcohol Policies) and its Corporate Social Responsibility policy which states social responsibility involves not just the products that a company manufactures, but also the basic values, policies, and practices of a company’s business. Through company’s association with organizations, their social responsibility activities contribute to a wider development of alcohol policies, promote responsible drinking patterns, and target alcohol misuse. The beverage alcohol industry must recognize that good corporate citizenship includes ensuring that its products are used safely and responsibly (“Corporate Social Responsibility”). Therefore, the Division will follow the social responsibility practices outlined in this section of the Listing Manual.

- Responsible Placement
 - Adult Audiences/Underage Persons
 - Beverage alcohol advertising and marketing materials are intended for adults of legal purchase age who choose to drink.
 - Beverage alcohol should not be advertised or marketed in any manner directed or primarily appealing to persons below the legal purchase age.
- Beverage alcohol advertising and marketing should be placed in broadcast, cable, radio, print, internet/digital communications and advertising and marketing materials only where at least 71.6 percent of the audience is reasonably expected to be of legal purchase age.
- Responsible Content
 - Adult Audiences/Underage Persons
 - The content of beverage alcohol advertising and marketing materials should not primarily appeal to individuals below the legal purchase age.
 - Beverage alcohol advertising and marketing materials should not depict a child or portray objects,

Section Two – Social Responsibility

images or cartoon figures that primarily appeal to persons below the legal purchase age. Advertising or marketing material is considered to “primarily appeal” to persons below the legal purchase age if it has special attractiveness to such persons beyond the general attractiveness it has for persons of legal purchase age.

- o Beverage alcohol products should not be advertised or promoted in a manner associated with the attainment of adulthood or the “rite of passage” to adulthood.
- o Beverage alcohol products should not be advertised or promoted by any person who is below the legal purchase age or who is made to appear to be below the legal purchase age.
- o No brand identification, including logos, trademarks or names, should be used or licensed for use on clothing, toys, games or game equipment or other items intended for use primarily by persons below the legal purchase age.

– Websites

- o Age affirmation mechanisms, utilizing month, day and year, should be employed for beverage alcohol advertising and marketing websites. They also should contain a reminder of the legal purchase age.
- o Websites that contain downloadable advertising or marketing content should include instructions to individuals downloading the content that they should not forward these materials to individuals below the legal purchase age and also should include on the downloadable content a responsible drinking statement where practicable.

– Social Responsibility

- o Beverage alcohol advertising and marketing materials should portray beverage alcohol products and drinkers in a responsible manner. Beverage alcohol products and drinkers may be portrayed as part of responsible personal and social experiences and activities.
- o Beverage alcohol advertising and marketing materials should not depict situations where beverage alcohol is being consumed excessively or in an irresponsible manner.
- o Beverage alcohol advertising and marketing materials should not imply illegal activity of any kind.
- o Beverage alcohol advertising and marketing materials should not portray, encourage or condone driving any motor vehicle while intoxicated.

– Good Taste

- o Beverage alcohol advertising and marketing materials should reflect generally accepted contemporary standards of good taste.
- o Beverage alcohol advertising and marketing materials should not degrade the image, form, or status of women, men, or of any ethnic, minority, sexually-oriented, religious, or other group.
- o Beverage alcohol advertising and marketing materials should not contain any lewd or indecent images or language.

Section Two – Social Responsibility

- Sexual Prowess and Sexual Success
 - o Beverage alcohol advertising and marketing materials may depict affection or other amorous gestures or other attributes associated with sociability and friendship. Beverage alcohol advertising and marketing materials should not rely upon sexual prowess or sexual success as a selling point for the brand. Advertising and marketing materials should not contain or depict graphic or gratuitous nudity, overt sexual activity, promiscuity or sexually lewd or indecent images or language.
 - o Promotional Events Supplier sampling should ensure that appropriate measures are employed to safeguard against underage drinking, including ensuring that individuals conducting the sampling on behalf of the supplier are of legal purchase age.
 - o Alcohol Content Beverage alcohol advertising and marketing materials should not refer to the alcohol content of a beverage alcohol product except in a straightforward and factual manner or promote the potency of a beverage alcohol product.
- Social Responsibility Statements
 - o Responsible drinking statements should be included in beverage alcohol advertising, marketing materials and promotional events where practicable.

("Code of Responsible Practices" 3-10).

Section Three - Delisting

Delisting Liquor Products

- o In order to maintain an assortment of liquor products that reflect customer demand and inventory productivity, the Division conducts delisting product reviews quarterly.
- o The cycle is a 12 month case sales report from a date determined by the Division.

Criteria for Delisting

- o Less than \$18,000 in revenue and less than 144 cases in the past rolling 12 months.
 - Other considerations:**
 - 25 percent or more sales increase in the last year
 - Transferability of the consumer to another like item in the same segment
- o Transferability of the consumer to another like item in the same segment
- o Brokers and/or suppliers will be notified of delisted products via email to delisting. At this point there are 30 days to appeal the decision to the product services specialist.
- o Brokers and/or suppliers may choose to pick up delisted product or sell it at a discounted price for one month at a minimum of 40 percent off the regular invoice cost per case. All remaining product must be picked up following the dates listed in the letter or notification sent.
- o Any delisted product remaining in the warehouse after the pick up deadline will be assessed an accessorial fee .
- o Items delisted may be presented again after one year from delisted date.

Section Four - Bailment

Bailment Inventory System

The term "Bailment" means delivery of personal property by a bailor (supplier) to a bailee (the Division) for specific purposes under an express or implied agreement of both parties. When those purposes are accomplished, the property will either be returned to the bailor, held by bailee until the bailor reclaims it, or disposed of according to the agreement.

Suppliers ship listed products into the Division warehouse; the Division sells products to retailers, then pays suppliers for products and provides accurate accounting of the inventory¹. The State of Iowa is the sole wholesaler of all distilled spirits in Iowa. Suppliers may not sell directly to retailers or consumers.

Suppliers are requested to furnish the Division with the name, address and phone number of a bailment contact person using the "Bailment Contact Information" form. The contact person will represent the supplier in all dealings with the Division regarding bailment inventory.

A "Bailment Authorization Form" granting the Division authority to effect the removal of the supplier's product from bailment by the Division through shipment on a continuing basis will be requested from the supplier's designee or agent. The "Bailment Authorization Form" will be provided to each supplier by the Division and should be returned prior to the supplier's product being added to the bailment inventory.

The Division requires that an authorized representative of the supplier execute a "Bailment Hold Harmless Agreement" which states the company will hold the Division harmless for losses incurred due to fire, water, or other damage by the elements while the supplier's inventory is stored at the Division warehouse. The Division will not cover costs or carry insurance for such losses.

¹Bailment is not to be confused with "consignment sales" as consignment sales are illegal as specified by the TTB.

Attached:

Bailment Contact Information, page 28

Bailment Authorization Form, page 29

Bailment Hold Harmless Agreement, page 30

Bailment Policies

Vendors must furnish the Division with a "Standard Quotation and Specification Form" for each active item code carried by the Division. New quotation forms must show the Freight on Board (FOB) Point as Ankeny, Iowa. Quotations must list the "Net Cost FOB Ship Point" case cost (line 28) and "US Freight" (line 29)¹ as separate items. The total case cost paid to suppliers will be the FOB delivered price, or "Total Net Invoice Cost per Case" (line 31). Payments to suppliers will be adjusted for incidental charges or ownership shifts to the Division during

Section Four – Bailment

the bailment period.

The Division will provide suppliers with a current “Stock Status Report” at a minimum of twice per week. The report will reflect current Division inventory and on-order quantities for each item and will assist suppliers in determining bailment inventory orders. The Division will establish inventory levels based on forecasted sales.

¹Including a \$1.00 bailment fee on line 30.

Attached:

Stock Status Report, page 31

Ordering Merchandise

Suppliers are responsible for determining quantities of merchandise delivered to the Division warehouse for storage and must maintain inventory levels below the forecasted maximum inventory level for each product.

The Division requests supplier’s notification of incoming product quantities (by code) to be delivered to the Division warehouse. The Division will then provide the supplier with an unloading reference number, or release number. Suppliers will furnish the carrier with the release number.

The Division requires carriers contact the Division purchase order assistant to obtain an unloading appointment time. The carrier should indicate the supplier and the Division unloading reference number when scheduling the appointment. Trucks arriving without appointments and reference numbers will be assessed an incidental fee.

Special Orders

While the Division maintains a diverse selection of listed liquor products, occasionally customers request products not currently listed in Iowa. Such requests are referred to as special orders. Special orders are non-listed products not stocked in the warehouse or listed in the Division price book for order on demand. As the Division cannot store products that are unique but infrequently requested, they can be obtained on an individual basis through the special order program. The Division will contact suppliers regarding special order products for customers on an as needed basis.

Section Four - Bailment

New Vendor Checklist

- o Certificate of Compliance
- o Bailment Authorization Form
- o Bailment Contact Information
- o Hold Harmless Agreement
- o Control State Code (CSC)
- o Five Cent (5¢) Refund Information
- o SCC Label on the Case
- o Bailment Fee on the Price Quote

Section Five – Shipping

Case Code Label Instructions

- o The size of the case code label is 4" x 6".
 - o Case code labels should be printed on white stock paper with black lettering unless otherwise approved
- Case code labels shall include the following:**
- Product description with size
 - Control State Code (CSC)
 - o The three-digit prefix that identifies class and type
 - o The unique CSC number omitting all leading zeros
 - o The two digit suffix identifying the size
- The CSC number should measure 7/8" to 1" vertically. The prefix and suffix number should measure 1/4" to 1/2" vertically.
- o Universal Price Code (UPC) Symbology should be located in the lower left-hand corner of the case code label
 - o The label should be located on an end panel

Shipping Container Code

All merchandise shall have a 14-digit shipping container code (SCC-14). The bar code shall be readable by Division warehouse scanning equipment.

Application Standard for Shipping Container Codes

- o Minimum print quality grade is 1.5(C)
- o Measurement aperture is 0.01" (0.254 mm)
- o Inspection wavelength is 670 nm + 10 nm
- o NOTE: The minimally acceptable grade of 1.5/10/670 applies to the final symbol at its point of use. It is appropriate to strive for a higher symbol grade at the point of printing to allow for process variations and possible degradation from packaging, storage, shipping and handling. Wherever practical, it is recommended that the symbol grade as printed should equal or exceed 2.5/10/670.

SCC Content

A SCC-14 number consists of 14-digits starting with an indicated digit and ending with a check digit. The check digit is calculated according to the UCC/EAN algorithm (same as UPC/EAN check digit).

N¹ N²N³ N⁴N⁵N⁶N⁷N⁸ N⁹N¹⁰N¹¹N¹²N¹³ N¹⁴

A SCC-14 number contains the following information:

¹ Package indicator (PI)

^{2,3} UPC numbering system/EAN country prefix

Section Five – Shipping

⁴⁻⁸ Manufacturer code

⁹⁻¹³ Item identification number

¹⁴ Check digit

The first digit, Package Indicator (PI), indicates package variants. For example, you package the same product into two different cases with 1 case containing 10 items and another containing 12. You assign 1 for the first case and 2 for the second. However, there is no standard mandating how many items should be placed in the case for PI=1. The quantity is checked against the database.

In two scenarios you may assign PI=0. The first instance is to indicate the item number identifying a container is different from the item number on the units inside the container. The second instance is when the container contains one unit of the item. When stored in the database, a 12-digit UPC or 13-digit EAN code is stored into a 14-digit numeric format. The 14-digit is identical to the SCC-14 with PI=0.

Print Contrast and Tolerances

These two concepts have been used historically to evaluate the quality of printed bar code symbols. Printers may wish to continue using print contrast or tolerances in setting up their processes, although neither of these measures is explicitly part of this standard.

Symbol contrast using the ANSI X3.182 method will typically be somewhat more lenient than the reflectance and PCS requirements given by the ANSI/USS-3, U.P.C. Shipping Container Code and Symbol Specification Manual, which has been replaced by this document.

Similarly, decidability will always be more lenient than the previously published tolerances. Bar and space dimensions of Interleaved 2-of-5 are not as critical as when the old specifications were established.

Symbol Location

All bar codes (UPC, EAN, SCC-14 and other AIs & Data) shall be printed and placed in a vertical bar configuration (picket fence). Placement of bar codes is independent of print technology and symbology employed.

Transport Packages Less than 39 Inches (1m)

For transport packages 39 inches (1m) or less in height including cases, placement of the symbol shall comply with the following specifications:

- The bottom edge of the bar code that contains the SCC-14 or the SSCC-18 should be located $1.25'' + 0.125''$ from the container's natural bottom. It shall appear on a minimum of one side and should appear on two adjacent sides. Symbol location requirements vary by industry and throughout the supply chain. Adjacent side placement resolves these requirements. Therefore, one side placement should be chosen cautiously, and only with a complete understanding of all supply chain trading partner requirements.
- The outer edge of the quiet zone shall be no closer than 0.75" to the edge of the vertical face. It is

Section Five – Shipping

recommended the outermost bar (excluding the bearer bar) be no closer than 1.25" to the edge of the vertical face.

- o It is important to maintain these locations to ensure scanning in automated environments and to prevent damage of the bar code due to edge crush. Placement specifications are independent of print technology and symbology.

Avoid Red Ink

Avoid using red ink for the SCC. Black generally provides the greatest contrast.

Ensure White Space

If the SCC is enclosed within a border, ensure that there is at least 1/4" of white space between the border and the first and last vertical bars of the SCC.

Maximum Contrast

Maximum contrast between the SCC and the background will produce maximum readability.

SCC Placement

Do not place the SCC to the immediate right or left of the UPC as the scanner may read only the UPC or may try to read both.

Notification

Notify the Division's products manager in advance of any changes to UPC or SCC by email or phone.

Universal Product Code (UPC) & Global Trade Item Numbers (GTINs)

Valid and unique UPC or GTINs product codes are a standard requirement in most retail stores. These codes are comprised of a company prefix which is followed by additional digits that represent each unique product manufactured by the company. The last digit of the UPC code typically represents a check digit which is a calculation of the previous digits.

A product is considered unique by type, size, category, brand, etc. Thus, different sizes of the same product will require a unique identification number. Outer packages that are intended to pass to the consumer without alteration should carry a unique code separate from the UPC or GTIN on the enclosed contents.

*The Division **requires** submission of the entire product code including the check digit when quoting or updating products. A penalty may be assessed upon submission of invalid codes.*

Barcode symbology is widely used for point of sale and inventory replenishment. Failure to conform to

Section Five – Shipping

product code standards may limit the ability of products to be sold in retail settings.

To learn more about product codes or to register your company, please contact GS1 directly.

GS1 phone: 609.630.0200 Website: <http://www.gs1us.org> Email: info@gs1us.org

Shipping Merchandise

- o All merchandise arriving at the Division warehouse shall be on a #1, 40" x 48" hardwood pallet. Trucks arriving with merchandise not on the hardwood pallet as noted above will be assessed an incidental fee.
- o Pallets that are straight-stacked (no cross-tie of cases) are not allowed overhang on the pallet.
- o Pallets that are cross-tied and shrink-wrapped are allowed up to a maximum of four inches of overhang on the pallet.
- o When mixed product is received on one pallet, each product must be separated by an additional pallet. Suppliers will be assessed an incidental fee to re-palletize product.
- o Merchandise must be shrink-wrapped with one layer.
- o Reference the incidental fee worksheet for all warehouse charges.

Iowa Bottle Deposit Policy

- o The phrase "Iowa Refund 5¢" or "IA 5¢" must be displayed on all spirit containers as stated in Iowa Code chapter 455C.
- o The wording must be placed on top of a metal container and must be noticeable on a glass or plastic container. The wording is not allowed on the bottom of a container.
- o The wording must be 1/8" if the notice is embossed on the bottle or 1/4" if otherwise attached to the bottle.
- o The wording may be embossed, incised, printed in a high contrasting color, stamped or labeled, or any other method that is approved by the Iowa Department of Natural Resources (DNR).
- o Rubber stamps or ink that will smudge or that can be wiped off may not be used.
- o The requirements include all brands and sizes carried by the Division.

Stickers are produced and are for sale to suppliers to be affixed to each bottle prior to shipment to the Division. Suppliers will be billed for these stickers and postage/shipping charges. Stickers may be requested from the Division's public service assistant. Once the supplier receives the initial supply of stickers, subsequent shipments of product must arrive at the Division with the stickers affixed or "Iowa Refund 5¢" displayed on each bottle.

The phrase "Iowa Refund 5¢" or "IA 5¢" must be displayed on each individual 50ml bottle in each sleeve. If 50ml bottles are not stickered, a 50ml deposit exemption 'Certification of Beverage Container Exemption' must be filed with the Iowa DNR.

Section Five - Shipping

Stickers may be placed anywhere on the container except for the cap or the bottom of the container.

Product arriving at the Division without stickers affixed to each bottle will be stickered by warehouse personnel and the supplier will be assessed an incidental fee.

Attached:

Application for Beverage Container Label Exemption, page 32

Bibliography

- o "Code of Responsible Practices for Beverage Alcohol Advertising and Marketing." Distilled Spirits Council of the United States (DISCUS) [Washington D.C.] 26 May 2011: 2-10.
- o "Corporate Social Responsibility." International Center for Alcohol Policies. N.p., n.d. Web. 26 Sept. 2012. <http://www.icap.org/AboutICAP/PolicyApproach/Partnerships/CorporateSocialResponsibilityCSR/tabid/190/Default.aspx>

Glossary

Accessorial Fee - A supplementary charge for service provided in addition to normally included service.

Bailment Authorization Form - This document allows the Division to remove inventory of the supplier's product from bailment at the Division warehouse on an ongoing basis.

Bailment Hold Harmless Agreement - Page 2 of the Bailment Authorization which releases the state of Iowa from liability for loss due to fire, storm, flood or other Acts of God while products are stored at the Division.

Bailment Inventory System - A system that allows suppliers to retain ownership of all spirits delivered into Iowa while remaining under the control of the Division until purchased by a licensee.

Bottle Deposit Exemption - Exempt from the requirement of having the words "Iowa Refund 5¢" or "IA 5¢" indicated on the container.

Bottle Deposit Labeling - Must have "Iowa Refund 5¢" or "IA 5¢" indicated on the container.

Broker - A independent agent charged with representing or promoting the product(s) for one or more supplier of spirits to the state of Iowa

Case Code - A unique product identifier affixed to every case of liquor delivered by the Division.

Code Conversion - The process of transferring a product from one NABCA code to another, or converting between a special order product code and the underlying NABCA code.

Control State Code - A three digit prefix that identifies the class and type of liquor. A part of the case code.

Delisted - Products that are eliminated from the Division portfolio on a quarterly basis due to failure to meet revenue criteria.

Distiller's Certificate of Compliance - Allows for the importation of liquor to the Iowa Alcoholic Beverages Division

FOB - FOB Destination. All payments to suppliers will be total net cost per case.

GTIN - Global Trade Item Number (GTIN) is an identifier for trade items developed by GS1.

Highly Allocated Products - Products that are not regularly listed products or special order products and are temporarily available in very limited quantities to the Division. These products are allocated to the Division by the supplier and the allocation is accepted by the Division to distribute to Class E licensees. These products are subject to a lottery as needed to ensure a fair and level playing field for licensees.

Liquor Manufacturer's License - Manufacture, rectify, store, and sell liquor to Iowa Alcoholic Beverages Division and customers outside of Iowa.

Listed Product - Products that are considered permanently listed and are a regular part of the Division product portfolio.

Listing Meeting - A meeting required before a product can be granted permanent listing status by the Division. The product is presented in the meeting by the supplier or their agent for consideration by the Division. Upon receipt of all paperwork and information required by supplier, the Division has 14 days to make a decision whether or not to list the product.

Maximum Inventory Levels - The maximum number of cases of a product the Division will accept in the warehouse.

Microdistiller's License - Sell or offer for sale micro-distilled spirits. Sales may be made at retail for off-premises consumption when sold on the premises of the micro-distillery that manufactures micro-distilled

Glossary

spirits. All sales shall be made through the state's wholesale distribution system.

Minimum Inventory Levels - The minimum number of cases of a product the Division expects suppliers to maintain in the warehouse.

Monthly Promos Newsletter - A monthly publication highlighting special offers and pricing deals by suppliers to Iowa's class E licensees.

NABCA - The national association representing the Control State Systems - those jurisdictions that directly control the distribution and sale of beverage alcohol within their borders.

Non-traditional product - Any alcoholic product that is not in liquid form or is not immediately recognizable as alcohol.

Permanent Price Change - A permanent increase or decrease in the price of a product sold to Iowa licensees, as determined by the supplier. Permanent price changes occur quarterly effective on the first of the month of February, May, August and November and must be submitted at least 60 days prior to effective date.

Permanent Products - Any product that is permanently listed in Iowa and published regularly as part of the Division portfolio. Permanently listed products are reviewed quarterly to ensure they are meeting revenue guidelines and are potentially subjected to delisting.

Presales - When a supplier/broker solicits potential purchases of a non-listed product from Iowa licensees prior to sending the product to the Division warehouse for the Division to fulfill the orders. Presales are honored at the discretion of the Division.

Probational Period - The six month period granted to a temporary to permanent product to evaluate its performance and determine whether to grant permanent listing.

Product Breakdown - Product that requires a packaging change by the Division warehouse personnel for sale to licensees. Occurs most frequently when a VAP is broken down by the Division to separate 50ml riders or promotional items to return salable liquor products to inventory.

Quote form - Required form to be submitted by suppliers to the Division that contains information necessary to list and receive products. This information includes the NABCA code, vendor name, product name, size, pack size, UPC, SCC, price, cases per pallet, cases per layer, and other fields that relate to the specific product. Each product must have a quote form on file that has up to date information. The supplier must resubmit a new quote form when changes are made to the product set up (vendor, pack size, UPC, SCC, etc).

Return to Supplier - The process of returning product to a supplier for a number of reasons, including but not limited to: delisting, incorrect packaging, quality control issues, overshipment, requires rework to meet standards, product traded out, or voluntary return originated by a supplier request.

Size Extension - An extension to the number of sizes of a product available to Iowa licensees. Size extensions are accepted at the discretion of the Division and must meet revenue criteria.

Social Responsibility - The obligation of an organization's management towards the welfare and interests of the society in which it operates.

Special Order Products - Products that are not available as a permanently listed items in the Division portfolio and are not part of the highly allocated products program. Typically, special order sales are driven by a customer requesting the product through their Class E licensee.

Glossary

Temporary Price Reductions (TPR) - A temporary reduction in the price of a product sold to Iowa licensees, as determined by the supplier. Temporary price reductions (also known as Special Price Allowance (SPA)) occur monthly effective on the first of each month and must be submitted at least 30 days prior to effective date.

Temporary Products - Products that are not permanently listed but are added to the Division portfolio for a limited time. Temporary products are typically available for 90 days unless they have been granted temporary to permanent product status. Temporary products include holiday items, 50ml "introductory" products and seasonal items.

Temporary to Permanent Products - Products that are not granted permanent listing status but may be eligible for permanent listing after a six month probational period. After the six month probational period, the product will be evaluated based on revenue criteria and may be granted permanent listing status.

Traded Out Product - Product that is voluntarily removed by a supplier from the Division portfolio in order to bring in a new product for permanent listing, at the discretion of the Division. Traded out products are the only products not subjected to a return to supplier fee for pickup.

UPC Code - A UPC Code is a method used by manufacturers to identify products quickly. UPC stands for "Universal Product Code."

Value Added Products - A regularly listed product that is temporarily packaged differently than the norm. This includes gift sets with glassware, a special gift box, regular product that includes a 50ml hitchhiker or non-alcoholic mix or juice or any temporary package that adds value to the regular product. Value added products are usually brought in as a 90 day temporary product and are often brought in for holiday sales.

Vendor - For use in this listing manual a vendor is any supplier who provides spirits to the state of Iowa.

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BAILMENT CONTACT INFORMATION

SUPPLIER NAME: _____

BAILMENT CONTACT PERSON

NAME: _____

TITLE: _____

MAILING ADDRESS: _____

TELEPHONE NUMBER: _____

FAX NUMBER: _____

EMAIL ADDRESS: _____

ORDER ACCEPTANCE INDIVIDUAL OR AGENT

NAME: _____

TITLE: _____

MAILING ADDRESS: _____

TELEPHONE NUMBER: _____

FAX NUMBER: _____

EMAIL ADDRESS: _____



BAILMENT AUTHORIZATION FORM

DATE

I, _____, am the agent or individual
designated by _____ of

NAME SUPPLIER

ADDRESS | CITY | STATE | ZIP CODE

to accept orders from the Iowa Alcoholic Beverages Division (Division) of
the Iowa Department of Commerce for products stored by said supplier in
bailment at any designated Division warehouse within the State of Iowa. This
document will serve as authorization for the Division warehouse to effect all
shipments of bailment products dated _____ through
_____ from aforementioned supplier to the Division.

It is the supplier's responsibility to inform the Division of ownership changes.

SIGNATURE

DATE



BAILMENT HOLD HARMLESS AGREEMENT

SUPPLIER NAME: _____

ADDRESS | CITY | STATE | ZIP CODE

TELEPHONE NUMBER

AUTHORIZED REPRESENTATIVE

TITLE

Supplier agrees to hold harmless the Iowa Alcoholic Beverages Division (Division) of the Iowa Department of Commerce, its officers, employees and the State of Iowa for losses to the supplier's inventory stored at any designated Division warehouse within the State of Iowa as a result of fire, storm, flood or other acts of God, and does hereby release the Division and the State of Iowa from liability from such inventory losses.

SIGNATURE

DATE



STOCK STATUS REPORT

Iowa Alcoholic Beverages Division
Weekly Stock Status

12/01/2012 through 12/31/2012														Page 1 of 1		
Vendor: 9876 SUPPLIER1																
Item Code	Brand Name	Size	Pack	Beg. Cases	Recv.	Ship.	ABD Buys	Adj.	Vend. Owned	ABD Owned	On Order	Avail.	Max.	Warn	Min.	
99991	Product1	0.750	12	17	0	12	0	0	4	0	0	4	28	16	16	Under Minimum
99992	Product2	0.375	24	197	588	412	0	0	373	0	0	541	777	333	333	



APPLICATION FOR BEVERAGE CONTAINER LABEL EXEMPTION

Iowa Administrative Code [567] sections 107.3(7),(8)&(9) provide for the manufacturer of a beverage whose container is covered by the Beverage Containers Control law, Iowa Code Chapter 455C, to apply for an exemption from the requirement of having the words "Iowa Refund 5¢" or "IA 5¢" indicated on the container. The manufacturer is to fill out this Form, and submit it with all required additional items including container example(s) (which can be photographic images) to the Iowa Dept. of Natural Resources for determination of whether the exemption will be granted.

A. Applicant Information:

Name of beverage manufacturer: _____

Name of authorized manufacturer official: _____

Title: _____

Address: _____

City: _____ State: _____ Zip: _____

Telephone Number: _____

B. The refund value of the container(s) is (check one): 5¢ Other _____

C. The Applicant's beverage container can be readily and permanently identified by consumers as subject to a deposit because (check one):

consumers regularly purchase 50 milliliter bottles of _____ (beverage product name; also please attach list of additional product names if the manufacturer is applying for more than one exemption) and are commonly and reasonably familiar with it as an alcoholic liquor, and that because all liquor bottles in Iowa have been subject to a deposit since 1979, consumers effectively presume that a deposit will be paid at purchase and then refunded when the empty bottle is presented for redemption.

other _____

D. As the official named in Section A. above, I affirm that the information and statements made in this Application are true to the best of my knowledge. I also affirm that an example or examples of the of the container(s) for which the exemption(s) is/are being requested has been sent in with this Application as required; this can include photographic images.

Accordingly, _____ (name of beverage manufacturer) hereby applies to be exempt from the requirement of having the words "Iowa Refund 5¢" or "IA 5¢" indicated on the container(s) of (check one):

50 milliliter bottles of _____ (beverage product name, and including additional product names on attached list).

other _____

Signed: _____ Date: _____

Please submit this completed Form with all required items either by –

mailing to:

Or e-mailing scanned copies to:

Or Faxing to:

Bill Blum
Iowa Dept. of Natural Resources
Wallace State Office Building
502 E. 9th Street
Des Moines, IA 50319

bill.blum@dnr.iowa.gov

(515) 281-8895
Attention – Bill Blum
(515) 281-8176



STANDARD QUOTATION AND SPECIFICATION FORM

IOWA ALCOHOLIC BEVERAGES DIVISION

* WITH SHIPMENTS ON AND AFTER

STATE **IOWA** NABCA CODE:

VENDOR NAME: EMAIL: DATE SUBMITTED:

BRAND NAME: EFFECTIVE DATE:*

BAILMENT SPECIAL ORDER PURCHASE STATE STOCK

TYPE: CLASS:

AGE/VINTAGE: PROOF ALCOHOL: DOMESTIC IMPORT

DISTILLER/PRODUCER: ADDRESS:

BOTTLER: ADDRESS:

SOLD UNDER ANY OTHER LABEL? NO YES PROOF: AGE: EXPLAIN:

PRIMARY SHIP POINT: FOB POINT: **ANKENY IA** FRT. PER CWT:

OTHER SHIP POINTS: 2. 3.

NEW ITEM CASE COST CHANGE PACK CHANGE

AGE/PROOF/VINTAGE CHANGE VENDOR CHANGE OTHER

SCC/UPC CHANGE PALLET/TIER/WEIGHT CHANGE

MINI BOTTLE PACKS

BOTTLE SIZE	1.75 L	Liter	750 ml	375 ml	200 ml	100 ml	50 ml	Btl per Sleeve
OUNCES PER BOTTLE	59.2	33.8	25.4	12.7	6.8	6.8	1.7	
UNIT PACK (SLEEVES PER CASE FOR MINIS)	6	12	12	24	24	48	24	
VENDOR NO. UPC (COMPANY - 0-00000)								
VENDOR NO. UPC (PRODUCT - 00000-0)								
SHIP CONTAINER CODE SCC (FIRST - 000-00000)								
SHIP CONTAINER CODE SCC (LAST - 00000-0)								
NABCA CODE								
CASES PER PALLET								
CASES PER LAYER/TIE								
BOTTLE WEIGHT (LBS)								
NET COST FOB SHIP POINT								
U.S. FREIGHT								
BAILMENT CHARGE	1.00	1.00	1.00	1.00	1.00	1.00	1.00	
TOTAL NET INVOICE COST PER CASE	1.00	1.00	1.00	1.00	1.00	1.00	1.00	
(IN BOND) YES <input type="checkbox"/> NO <input type="checkbox"/>								
BOTTLE DIMENSIONS (LxWxH) (INCHES)								
MIN. SHIPPING QUANTITY								
LAST/PREVIOUS QUOTED PRICE								
DATE OF LAST/PREVIOUS QUOTE								
CASE COST INCREASE (DECREASE)	1.00	1.00	1.00	1.00	1.00	1.00	1.00	
COST PER BOTTLE /SELLING UNIT/SLEEVE	0.17	0.09	0.09	0.05	0.05	0.03	0.05	
WHOLESALE PRICE PER BOTTLE/UNIT/SLEEVE	0.26	0.14	0.14	0.08	0.08	0.05	0.08	

REMARKS:

TERMS (DISCOUNT)

ARE THE ABOVE PRICES THE LOWEST QUOTED TO ANY OTHER CUSTOMER? YES NO

ABD BOARD USE ONLY

REPRESENTATIVE FOR THE STATE

Name:

Email:

Address:

City: State: Zip:

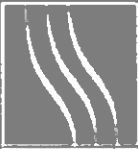
Phone: Fax:

WE CERTIFY THAT THE FOREGOING IS CORRECT

FED ID # :

BY:

TITLE:



IOWA ALCOHOLIC BEVERAGES DIVISION

PRODUCT LISTING CRITERIA WORK SHEET

REPRESENTATIVE:		EMAIL:	
VENDOR NAME:		DATE SUBMITTED:	
PRODUCT NAME:		BROKER:	
TYPE:	CLASS:	LITER:	
PROOF ALCOHOL:	AGE:	DOMESTIC	IMPORT

SALES / MARKETING INFORMATION

FACEBOOK FRIENDS #:	0	PREMISE
TWITTER FOLLOWERS #:	0	OFF PREMISE

PRICING (3 ALLOWED PER CATEGORY)

PRICE POINT \$	YES	NO
IOWA MARKETING \$	ULTRA PREMIUM:	
NATIONAL MARKETING \$	PREMIUM:	
IOWA SAMPLES \$	MID-POINT:	
TEMPORARY PRICE REDUCTION \$	VALUE:	
SPECIAL REBATE/PROMOTION \$	PER	0
	CASE(S)	BOTTLE(S) OTHER *

* IF OTHER, DESCRIBE	PRODUCT(S) TO REMOVE FROM YOUR IOWA PORTFOLIO
PREVIOUS 12 MONTH SALES HISTORY	CODE DESCRIPTION
NATIONAL BRAND SALES TREND %	
IOWA CATEGORY SALES TREND %	

SPECIAL ORDER DOLLAR SALES \$	1ST YEAR CASE GOAL
	INITIAL DISTRIBUTION
CASE SALES BY STATE	ALLOCATION

BORDERING	CONTROL		ADD USE ONLY	
			YES	NO
IL	AL	OH	NEW PRODUCT/INNOVATION:	
KS	ID	OR	ADDED VALUE:	
MN	ME	PA	TACTICAL BRAND/TRADING DOWN:	
MO	MD	UT		
NE	MI	VT		
SD	MN	VA	REASONS TO LIST	REASONS NOT TO LIST
WI	MS	WA	1	1
TOTAL	0	MT		
		NH	2	2
		WV		
		WY		
		NC		
		TOTAL	0	3
			3	3



ALCOHOLIC
BEVERAGES
DIVISION
State of Iowa

DIVISION CONTACT INFORMATION

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515.281.7416 (phone)
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Executive Summary

This report takes into account the primary objectives of the Office of Substance Abuse and Mental Health Services (SAMHS): to identify substance abuse patterns in defined geographical areas, establish substance abuse trends, detect emerging substances, and provide information for policy development and program planning. It also highlights all the prevention priorities identified in the SAMHS strategic prevention plan: underage drinking, high-risk drinking among 18-25 year olds, misuse of prescription drugs among 18-25 year olds, and marijuana use in 12-25 year olds; as well as monitors the progress being made to address these priorities. This report includes data available through December 2014.

Key findings of this report include:

Consumption of Substances

- The proportion of high school students in Maine who reported consuming any alcohol in the past month decreased notably from 2009 to 2013.
- From 2009 to 2013, the proportion of high school students who reported binge drinking within the past month decreased.
- In 2012-13, among underage adults (18 to 20), about two in five reported any alcohol use in the past month while almost one in five had engaged in binge drinking at least once within the past month.
- In 2012-13, 18 to 25 year olds appeared to be at greatest risk from heavy alcohol use, with about one in ten reporting that they consumed at least one alcoholic drink per day in the past 30 days.
- In 2012-13, the highest binge drinking rates were found among 18 to 25 year olds (32%) and 26 to 35 year olds (30%). Rates of binge drinking have remained fairly stable over time.
- The use of cigarettes by high school students has been decreasing steadily since 2009. In 2013, more than one in ten students reported either having smoked a cigarette or cigar within the past 30 days.
- During 2012-13, one in five Mainers 18 and older reported smoking at least one cigarette within the past 30 days. Adults between the ages of 26 and 35 were the most likely to smoke cigarettes, with almost one in three having smoked at least one cigarette within the past 30 days.
- In 2013, more than one out of ten high school students reported misusing a prescription drug in their lifetime. Among high school students, the rates for lifetime as well as past month misuse of prescription drugs decreased from 2009 to 2013.
- Non-medical use of prescription pain relievers is more likely among young adults between the ages of 18 and 25 compared to adults age 26 and older. Nearly one in ten 18 to 25 year olds reported having misused pain relievers in the past year although this has been decreasing over time.

- During 2012-13, the highest rate of lifetime prescription drug misuse was observed among adults between the ages of 18 and 35; seven percent reported misusing prescription drugs within their lifetime.
- In 2013, more than one in five high school students reported using marijuana within the past month; similar rates are seen within the young adult (18 to 25) population. Rates of marijuana use among Mainers have remained stable over time. In 2013, one fifth of high school users started before the age of 13.
- Among adults, those between the ages of 18 to 25 reported higher rates of cocaine use in the past year than adults 26 and older. The proportion of high school students who used cocaine in their lifetime is low and decreased slightly from 2011 (7%) to 2013 (6%).
- In 2013, about one in ten high school students reported using an inhalant during their lifetime. Rates of inhalant use have continued to decrease over the past several years.

Consequences Resulting from Substance Use and Abuse

- In 2012, more than one in five pregnant women reported smoking in the last trimester, and eight percent reported drinking alcohol. The rates of alcohol consumption during the last trimester were slightly higher for pregnant women age 35 or older, and among pregnant women with higher incomes.
- In 2014, almost three percent of all adult women admitted to substance abuse treatment were pregnant. Recently, the proportion of admissions primarily due to synthetic opioids has decreased while the proportion related to heroin has substantially increased.
- In 2014, there were 961 reports to Child Protective Services regarding infants born affected by substance abuse. Reports have been rising steadily since 2010.
- More adult arrests related to alcohol came from OUIs than from violations of liquor laws, whereas alcohol-related arrests among juveniles show the opposite pattern. Rates for liquor law violations and OUIs have been decreasing among Maine residents (both juveniles and adults) over the past several years. Liquor law violations are most prevalent among 18 to 20 year olds whereas OUIs are observed most among Mainers ages 21 to 29.
- Most drug-related offenses in 2013 were for possession rather than sale and manufacturing. Since 2009, it appears that adult arrests related to drugs have remained stable, while juvenile arrests have generally declined. Six out of ten drug offense arrests for possession are for marijuana.
- In 2013, the vast majority of drug related offense arrests made by local law enforcement agencies (not the Maine DEA) for possession were for marijuana (2,769), followed by other dangerous non-narcotics (*e.g.* barbiturates, Benzedrine) at 656, opium/cocaine derivatives (*e.g.* morphine, heroin, codeine) at 563, and synthetic narcotics (*e.g.* Demerol, methadone) at 371.
- In 2014, about one in three Maine DEA drug offense arrests involved heroin. The number of drug offense arrests related to heroin quadrupled from 2010 to 2014.

- After observing a steady increase in pharmacy robberies from 2010 to 2012, Maine saw a dramatic decrease in 2013. In 2014, there were 20 pharmacy robberies in Maine.
- Both the number and proportion of alcohol-related motor vehicle crashes have observed an overall decrease within the past several years.
- In 2014, nearly one in four (24%) of fatal motor vehicle crashes involved alcohol.
- In 2014, drivers between the ages of 21 and 24 had the highest alcohol-related crash rates, followed by drivers between the ages of 25 to 34 as well as drivers ages 16 to 20. Rates among 21 to 24 year olds have been generally increasing since 2011.
- In 2012-14, the rates of alcohol-related motor vehicle crash fatalities were highest among 21 to 24 year olds, followed by 16 to 20 year olds. Rates among these age groups have observed general increases since 2008-10.
- In 2014, about one out of 20 calls to the poison center were related to substance abuse while almost one in seven poisonings were suspected as suicide attempts.
- In 2014, over half of overdose responses were related to drugs or medications. Drug/medication overdoses are most common among those between the ages 26 and 35 while alcohol-related overdose responses are most common among those who are between 46 and 55 years old.
- In 2014, a total of 829 patients received naloxone administrations from Maine EMS responders. Six out of ten patients receiving naloxone administrations were male and four out of ten patients were between the ages of 25 and 54.
- In 2014, there were 208 overdose deaths due to substance use in Maine; representing an 18 percent increase since 2013. In 2014, the vast majority of overdose deaths were related to pharmaceutical drugs. A dramatic increase (340%) in the number of illicit drug related overdose deaths was observed from 2011 to 2014.
- In 2014, nearly seven out of ten overdose deaths involved an opiate or opioid. More than one in three overdose deaths involved benzodiazepines while more than one in four involved heroin/morphine. In addition, one in five drug overdose deaths involved oxycodone or fentanyl. Since 2012, the number of deaths involving benzodiazepines or heroin/morphine has more than doubled.
- Adults between the ages of 30 to 34 had the highest rate of death due to substance abuse or overdose during 2014. Overdose deaths due to substance abuse have increased 39 percent from 2012 to 2014.
- Ischemic cerebrovascular (stroke) diseases were more prevalent among Mainers in 2014 than cardiovascular diseases and alcoholic cirrhosis. Cirrhosis and liver disease related to alcohol were almost three times more likely among men than women.
- In Maine, suicides are more prevalent than homicides. Rates of suicides have gradually increased since 2010 while homicide rates have remained stable. Suicides are more than four times as likely among men compared to women, and most prevalent among middle aged adults. Deaths due to homicide are almost twice as likely among men; rates are highest among younger adults between the ages of 21 and 29.

Factors Contributing to Substance Use and Abuse

- Overall, about two out of three high school students think it would be easy to obtain alcohol; this represents a slight decrease since 2009.
- Social access appears to be a primary way that underage youth obtain alcohol. Of those students who obtained alcohol, more than a third reported that someone had given it to them.
- Half of parents of youth in 7th through 12th grade felt it was possible for their child to access alcohol purchased by the parent without their parents' knowledge. This has increased steadily since 2011.
- More than a third (35%) of parents felt that, at home, their child would be able to access prescription medications that were not prescribed to the child, without their parents' knowledge.
- In 2013, over half of high school students believed that marijuana is easy to obtain. This decreased slightly from 2009.
- More than one in five high school students were sold, offered or given an illegal drug on school property; this rate decreased slightly from 2011.
- From 2013 to 2014, the number of prescriptions for narcotics observed an eight percent increase due in part to some changes in data collection (see note on page 75). Since 2011, the number of prescriptions for stimulants has increased by 12 percent. The number of pills per capita for narcotics increased from 56 pills per person in 2009 to 60 pills per person in 2014.
- Most calls to the Poison Center requesting substance verification in 2014 involved opioids, followed by benzodiazepines. The numbers of requests for verification for opioids and benzodiazepines have decreased substantially since 2010.
- Although most high school students think there is moderate to great risk of harm from drinking alcohol regularly, almost two out of five students in 2013 did not think regular use was risky. Perception of harm from regular alcohol use decreased slightly from 2009 to 2013.
- The perception of risk of harm from binge drinking among high school students increased significantly from 2009 to 2013. While perceptions that binge drinking a few times a week posed a moderate to great risk of harm increased, more than seven out of ten young adults thought that binge drinking a few times a week was not risky.
- Perception of risk of harm from regular marijuana use decreased dramatically from 2009 to 2013 among high school students. In 2013, over half of students felt smoking marijuana on a regular basis was not risky. Rates of perception of risk from regular marijuana use have been declining steadily among adults as well. In 2012-13, nearly nine in ten 18 to 25 year olds did not perceive smoking marijuana at least once per month as risky.
- High school students think they are more likely to be caught by their parents for drinking alcohol than by the police. Perceptions of not getting caught by parents steadily decreased from 2009 to 2013.

- The majority of high school students do not think they will be caught by police for smoking marijuana. Less than one in four students felt kids in their community would be caught by the police for smoking marijuana in 2013.
- In 2013, six out of ten high school students thought they would be seen as at least a little “cool” if drank alcohol or smoked marijuana. Rates have remained relatively stable since 2009.
- High school students generally believe that their parents and adults in their community think it would be wrong for them to drink alcohol. The perception of disapproval increased in both parents and adults in community from 2009 to 2013.
- Although high school students generally believe that their parents think it would be wrong for them to smoke marijuana, perceptions of disapproval decreased slightly from 2009 to 2013.
- In 2015, about one in six parents felt it would be okay if their teen used marijuana as long as they had a written certificate from a doctor. In 2015, conversely, one in three parents felt that it was never okay for their teen to use marijuana; this rate decreased substantially since 2013.
- Almost nine in ten high school students in Maine report that their family has clear rules around alcohol and drug use.
- About one in four parents of high school students felt that their youth had ever consumed alcohol. Only three percent of parents thought their child had used within the past 30 days.

Mental Health, Suicide and Co-occurring Disorders

- About one in five adults in Maine report experiencing any mental illness in the past year while one in 20 report experiencing serious mental illness in the same time-frame. Major depressive episodes are most prevalent among 18 to 25 year olds with one in ten experiencing at least one episode within the past year.
- Nearly one in four adults in Maine reported having ever been diagnosed with depression compared to one in five reporting to have been diagnosed with anxiety. Adults ages 26 to 35 reported the highest rates of both depression and anxiety.
- In 2013, almost a quarter of high school students reported feeling sad or helpless during the past year.
- The proportion of students who reported seriously considering or planning suicide increased from 2011 to 2013. In 2013, about one in seven high school students in Maine had either seriously considered suicide or made a plan for suicide.
- In 2013, students who reported they had considered suicide seriously were about twice as likely to report they consumed alcohol within the past 30 days.
- In 2014, over half (58%) of all substance abuse treatment admissions also involved a mental health disorder; this rate has been increasing steadily over the past several years. Nearly one-third had received outpatient mental health services in the past year while one in ten had a psychiatric admission in the past two years.

- In 2014, Maine 211 referral calls related to mental health services surpassed the number of calls related to housing/shelter, representing an eight percent increase from 2013.

Treatment Admissions for Substance Abuse

- In 2012-13, about one in seven 18 to 25 year olds needed but did not receive treatment for alcohol; nearly one in ten needed but did not receive treatment for illicit drug use. Young adults were about three times as likely to be perceived as needing but not receiving treatment for alcohol compared to those who were 26 and older.
- Alcohol continues to be the most frequent substance for which Mainers seek treatment, although the number of treatment admissions for alcohol has decreased since 2010. Since 2010, alcohol has accounted for a declining proportion of primary admissions.
- In 2014, one in four of all primary and secondary admissions was related to synthetic opiates. The proportion of primary treatment admissions involving synthetic opiates has steadily decreased since 2012.
- Marijuana tends to be listed as a secondary or tertiary substance for which treatment is sought. Almost one in three secondary and tertiary admissions is related to marijuana.
- Total treatment admissions for heroin or morphine have been steadily increasing since 2010. About one in four primary admissions and one in ten secondary admissions were due to heroin or morphine in 2014.
- The numbers as well as proportions of primary, secondary, and tertiary admissions in which treatment for crack or cocaine was sought have remained stable since 2010. About one in ten secondary and one in seven tertiary admissions were related to crack or cocaine.
- In 2014, about one in 20 (5%) of primary, secondary, and tertiary treatment admissions are due to methadone. Rates have remained relatively stable since 2010.
- Both the number and proportion of total treatment admissions involving benzodiazepines have remained relatively stable since 2010. Seven percent of tertiary admissions are related to benzodiazepines.
- There were 127 total treatment admissions related to bath salts in 2014; this was almost six times as many admissions as there were in 2011.



[Maine](#) ▾ [Rolling 12 Months Current](#) ▾ [All Vendors](#) ▾ [All Classes](#) ▾ [All Brands](#) ▾ [All Proofs](#) ▾ [All Sizes](#) ▾ [All Broke](#)

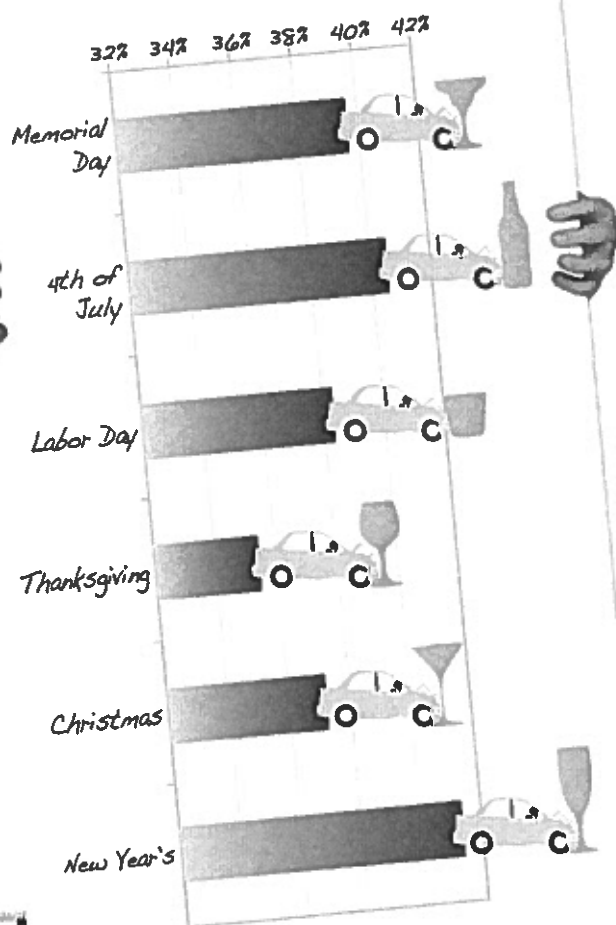
Dep/9 Liter as Values	Rolling 12 Months Current LY	Rolling 12 Months Current LY	Rolling 12 Months Current Diff	Rolling 12 Months Current Per
<u>1.75 LTR</u>	590,706	568,466	22,240	3.9%
<u>750 ML</u>	293,254	287,223	6,032	2.1%
<u>1.0 LTR</u>	134,519	133,987	532	0.4%
<u>750 ML TRY</u>	76,044	68,552	7,492	10.9%
<u>50 ML</u>	53,196	35,233	17,963	51.0%
<u>375 ML</u>	42,436	40,742	1,694	4.2%
<u>200 ML</u>	2,848	2,251	597	26.5%
<u>100 ML</u>	241	188	54	28.8%
All Sizes	1,193,245	1,136,641	56,604	5.0%

SAFETY

IN NUMBERS

Sober Driving During the Holidays

Percentage of fatalities that are alcohol-related on 6 holidays, 10-year average, NCSA.



Of all the people who died in motor vehicle crashes during 2012, 31 percent died in crashes involving a drunk driver, and this percentage remains unchanged for the past 10 years. During the six major holiday periods, however, 40 percent of motor vehicle crash fatalities involve a drunk driver. In just the few days surrounding Christmas and New Year's Eve, an average of 304 people die in drunk-driving crashes.

The three to four days around each holiday generally find more people on the roads, many attending and returning home from celebrations of one sort or another. There are more motor vehicle deaths during these times and the proportion of drivers and motorcycle riders who are legally drunk* exceeds the annual average.

Many people try to calculate their blood alcohol concentrations (BACs) after drinking – it's not so simple. It involves the number of drinks consumed, and the type of drink, the size of the glass, your body weight and gender, the elapsed time, the amount and kind of food in your stomach, and health conditions you may have. Driving with a BAC at zero is the only absolute safe level. The best advice is not to drive after drinking.

*Drivers are considered alcohol-impaired when their BACs are .08 g/dL or higher, the illegal per se alcohol limit in every State. Drivers under 21 may not drive after consuming any alcohol because of Zero Tolerance Laws. An officer who has probable cause to suspect an impaired driver based on driving behavior may arrest or cite any driver at BACs below .08 in every State.

For more information, visit:

www.TrafficSafetyMarketing.gov/HolidaySeason2013



U.S. Department of Transportation
National Highway Traffic Safety
Administration



THE PROBLEM

Container SIZE & TYPE of beverage matter

1 Standard Drink = 0.6 oz of alcohol

(about 14 grams of pure alcohol)



The number of standard drinks in 12 oz of each of these beverages.

BEER (12 oz)
5% ABV

MALT LIQUOR (12 oz)
10% ABV

Malt liquor is about 7% alcohol (12 oz equals about 1.4 standard drinks).

WINE (12 oz)
12-18% ABV

Wine is about 12-14% alcohol (12 oz equals about 2.9 standard drinks; white = 12%, red = 14%, fortified = 18%).

80-proof SPIRITS (12 oz)
40% ABV

ABV = Alcohol by volume

What data tells us

- BAC is the amount of alcohol in a person's body, measured by the weight of the alcohol (ethyl alcohol or ethanol) in a certain volume of blood – the blood alcohol concentration.
- Alcohol travels quickly in the body and will show up when measured in your blood or breath in as little as a half hour after you had the drink, and continues to rise for about an hour after the last drink.
- Alcohol affects the central nervous system and interferes with sensory information processing. These effects show up as slurred speech, blurred vision, loss of balance, and loss of judgment.
- More drinks lead to higher BACs. Alcohol consumed quickly will lead to higher BACs compared to the same number of drinks spaced over a longer period of time.
- It takes the body about one hour on average to reduce the BAC by .015 and there is no way to speed the rate your body metabolizes the alcohol. The liver handles about 90 percent of the alcohol; urine, breath, and perspiration dispel the rest.
- Women, who typically weigh less than men, reach higher BACs with the same number of drinks as men. Women's bodies generally have less water and more body fat, so more alcohol remains in the blood of women.
- Drugs – prescription, over-the-counter, and illegal – can impair perception, judgment, motor skills, and memory. While drugs will not change your BAC, combining drugs with alcohol may increase your level of impairment and affect your ability to perform driving tasks safely (www.drugabuse.gov/publications/drugfacts/drugged-driving).

Myths and misconceptions about alcohol

A cup of coffee or a cold shower will sober you up. Only time will reduce the alcohol in your body as your liver takes time to metabolize it. Caffeine and cold showers may wake you up, but they won't undo any of the effects of alcohol.

Alcohol is a stimulant. Actually, alcohol is a depressant and, at high levels, can paralyze the respiratory system and cause death. At low levels, alcohol causes drowsiness, reduces inhibitions, and affects your vigilance, balance, coordination, and reaction time, among other things, all of which affect your ability to drive safely.

I know when I'm too drunk to drive. Your perception of your own physical state and your judgment are two of the first things alcohol impairs, starting at a BAC of .02. Your risk of being in a crash increases after the first drink, and is highest among underage and young adult drivers. Young males 21 to 34 account for almost half (45%) of drinking drivers with BAC levels at .08 g/dL or higher.

If I don't have anything to drink in the last hour before I drive home, I'll be okay. Well, that depends on what your BAC is. Each hour, your BAC will go down about .015 (not one drink per hour). It may take longer than an hour to clear your system.

I can't be convicted for driving under .08 BAC. Officers in every State can arrest or cite you for impaired driving at any BAC level, which can lead to a drunk-driving conviction on your driving record.

I drive more carefully after I've been drinking. You are the only one who believes that. Just ask your friends. Remember that alcohol affects your judgment. Officers pick up cues impaired drivers give while driving – like driving too slowly or too fast, stopping too far back from stop signs or stoplights, and weaving. These and other behaviors give an officer probable cause to make a stop and give you a Standardized Field Sobriety Test.

THE FACTS

Typical Effects and Predictable Effects of BAC on Driving

The ABCs of BAC: A Guide to Understanding Blood Alcohol Concentration and Alcohol Impairment (www.nhtsa.gov/links/sid/ABCsBACWeb/index.htm)

Blood Alcohol Concentration	Typical Effects	Predictable Effects on Driving
.02%	<ul style="list-style-type: none"> • Some loss of judgment • Relaxation • Slight body warmth • Altered mood 	<ul style="list-style-type: none"> • Decline in visual functions (rapid tracking of a moving target) • Decline in ability to perform two tasks at the same time (divided attention)
.05%	<ul style="list-style-type: none"> • Exaggerated behavior • May have loss of small-muscle control (focusing your eyes) • Impaired judgment • Usually good feeling • Lowered alertness • Release of inhibition 	<ul style="list-style-type: none"> • Reduced coordination • Reduced ability to track moving objects • Difficulty steering • Reduced response to emergency driving situations
.08%	<ul style="list-style-type: none"> • Muscle coordination becomes poor (balance, speech, vision, reaction time, and hearing) • Harder to detect danger • Judgment, self-control, reasoning, and memory are impaired 	<ul style="list-style-type: none"> • Reduced concentration • Short-term memory loss • Speed control • Reduced information processing capability (signal detection, visual search) • Impaired perception
.10%	<ul style="list-style-type: none"> • Clear deterioration of reaction time and control • Slurred speech, poor coordination, and slowed thinking 	<ul style="list-style-type: none"> • Reduced ability to maintain lane position, and brake appropriately
.15%	<ul style="list-style-type: none"> • Far less muscle control than normal • Vomiting may occur • Major loss of balance 	<ul style="list-style-type: none"> • Substantial impairment in vehicle control, attention to driving task, and in necessary visual and auditory information processing

Approximate blood alcohol concentration by body weight for each drink for men and women (sometimes called BAC Estimators). Because people vary so much, it is difficult to state precisely what a person's BAC will be after a certain number of standard drinks. These tables are general estimates based on gender and weight. BAC will be higher if drinks are consumed quickly, lower if stretched out over several hours. No matter what you do, the body clears alcohol from your system at a rate that lowers your BAC about .015 BAC per hour, not drink per hour.



Approximate Blood Alcohol Concentration by Body Weight (in pounds) for Adult Men

Drinks	100	120	140	160	180	200	220	240	
0	.00	.00	.00	.00	.00	.00	.00	.00	Only Safe Driving Limit
1	.04	.03	.03	.02	.02	.02	.02	.02	Impairment Begins
2	.08	.06	.05	.05	.04	.04	.03	.03	
3	.11	.09	.08	.07	.06	.06	.05	.05	Driving Skills Significantly Affected
4	.15	.12	.11	.09	.08	.08	.07	.06	
5	.19	.16	.13	.12	.11	.09	.09	.08	Illegal Per Se (.08+ BAC) in All States
6	.23	.19	.16	.14	.13	.11	.10	.09	
7	.26	.22	.19	.16	.15	.13	.12	.11	Alcohol Poisoning Possible
8	.30	.25	.21	.19	.17	.15	.14	.13	
9	.34	.28	.24	.21	.19	.17	.15	.14	



Approximate Blood Alcohol Concentration by Body Weight (in pounds) for Adult Women

Drinks	100	120	140	160	180	200	220	240	
0	.00	.00	.00	.00	.00	.00	.00	.00	Only Safe Driving Limit
1	.05	.04	.03	.03	.02	.02	.02	.02	Impairment Begins
2	.09	.08	.07	.06	.05	.05	.04	.04	Driving Skills Significantly Affected
3	.14	.11	.10	.09	.08	.07	.06	.06	
4	.18	.15	.13	.11	.10	.09	.08	.08	Illegal Per Se (.08+ BAC) in All States
5	.23	.19	.16	.14	.13	.11	.10	.09	
6	.27	.23	.19	.17	.15	.14	.12	.11	Alcohol Poisoning Possible
7	.32	.27	.23	.20	.18	.16	.14	.13	
8	.36	.30	.26	.23	.20	.18	.17	.15	
9	.41	.34	.29	.26	.23	.20	.19	.17	

Subtract .01 BAC for each 40 minutes of drinking, or about .015 BAC per hour (adapted from an NIAAA link)

WHAT YOU CAN DO

We know what works

NHTSA's *Countermeasures That Work* recommends effective actions that communities can take to reduce alcohol-impaired driving (www.nhtsa.gov/staticfiles/nti/pdf/811727.pdf).

Drivers and passengers can

- Make a plan before the drinking begins so you do not exceed your limit. Alternate alcoholic and non-alcoholic beverages or water. Eat something before and during the evening because food slows your body's absorption of alcohol (but does not "soak it up"). Food does not absorb alcohol but keeps it longer in your stomach, where enzymes go to work on it. Alcohol is absorbed faster into your blood stream when it reaches the small intestines. Keep in mind that a woman's BAC will be higher with the same number of drinks as a man of the same weight.
- Designate a sober driver, enter taxi company numbers into your cell phone in case you need a ride home, know your public transportation options, arrange to stay at a friend's house, or book a hotel before the event.
- Designate a sober friend to accompany you home if you will be walking or bicycling impaired.
- Never accept a ride with an impaired driver and don't let your friends drive drunk.

- Wear your seat belt; it is your best defense in a crash. Be alert for impaired drivers at night and on weekends.
- Be aware that law enforcement will be stepping up alcohol enforcement during the holidays. Report drunk drivers to your local police.

Hosts can

- Take action to prevent guests from driving after drinking too much – serve plenty of food, non-alcoholic beverages, and less alcohol, collect car keys, designate sober drivers, stop serving alcohol an hour before the party ends, and be prepared to call a taxi, provide sleeping accommodations, or drive them home yourself.
- Remember that social host liability laws may hold you responsible for parties where underage people drink, regardless of who furnishes the alcohol and you may be held legally responsible for your guests' behavior after they leave your party.
- Consider holding parties at a restaurant or facility with professional alcohol servers who can deal with people who may have had too much to drink. Take steps to limit your liability.

Retailers can

- Make sure that wait staff and retail store clerks have completed alcohol server training. Post your establishment's policy and State's

laws in a conspicuous place with each employee's signature on it.

- Use separate types of glassware to tell alcoholic drinks from non-alcoholic drinks. When an underage patron moves from one station to another, servers should alert each other.
- Require ID of anyone who appears to be under 30 and post educational material reminding customers not to drive if they are impaired.
- Be aware of alternative transportation options and make them available to your customers.
- Provide rewards to your employees who engage in efforts to ensure safety.

States and communities can

- Implement a Designated Driver program. See *Designated Driver/ Safe Ride Program* (www.nhtsa.gov/people/injury/alcohol/DesignatedDriver/index.html).
- Conduct No Refusal Weekends; see *No Refusal Weekend Toolkit* for suggestions (www.trafficsafetymarketing.gov/CAMPAIGNS/Drunk+Driving/Drive+Sober+or+Get+Pulled+Over/No+Refusal+Toolkit).
- Expand the use of ignition interlock devices. See www.nhtsa.gov/staticfiles/nti/pdf/811594.pdf.

For more information, visit:

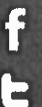
www.TrafficSafetyMarketing.gov/HolidaySeason2013

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www.nhtsa.gov
1200 New Jersey Avenue SE
Washington, DC 20590
1-888-327-4236





	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Bottles Sold										
50ML	511,331	557,248	715,182	970,311	1,215,159	1,733,864	2,382,303	3,479,895	5,534,059	8,420,669
100ML	14,810	16,546	16,150	14,224	15,386	18,497	18,435	16,167	16,048	19,715
200ML	44,247	50,367	55,031	65,875	73,693	85,036	107,436	88,385	92,897	119,135
250ML						963	2,994	2,538	1,836	1,188
375ML	775,004	803,777	838,694	861,240	872,604	906,427	902,808	914,866	960,513	1,008,866
750ML	3,089,615	3,074,121	3,125,049	3,245,328	3,417,229	3,651,948	3,914,910	4,000,748	4,232,503	4,376,882
Liter	1,423,920	1,427,071	1,410,755	1,376,523	1,323,718	1,309,272	1,277,101	1,232,734	1,209,175	1,201,444
1.75L	2,387,131	2,459,433	2,547,234	2,627,181	2,741,565	2,746,210	2,827,864	2,850,116	2,936,339	3,009,828
TOTAL	8,246,058	8,388,563	8,708,095	9,160,682	9,659,354	10,452,217	11,433,851	12,585,449	14,983,370	18,157,727
50ML	\$695,035	\$862,372	\$1,100,429	\$1,452,061	\$1,790,658	\$2,419,897	\$3,098,109	\$4,143,610	\$6,134,233	\$8,783,374
100ML	\$36,766	\$38,708	\$41,510	\$39,266	\$43,650	\$54,648	\$54,261	\$49,520	\$49,485	\$61,482
200ML	\$201,779	\$234,637	\$258,297	\$302,858	\$352,991	\$421,254	\$472,152	\$452,760	\$478,072	\$594,428
250ML				\$8,708	\$8,708	\$25,796	\$25,796	\$21,377	\$15,423	\$10,238
375ML	\$5,026,007	\$5,413,708	\$5,790,352	\$5,956,818	\$6,128,192	\$6,499,541	\$6,631,175	\$6,752,842	\$7,186,506	\$7,577,621
750ML	\$42,615,545	\$43,354,257	\$44,435,702	\$46,146,910	\$49,198,513	\$52,843,975	\$57,683,315	\$59,544,939	\$64,296,223	\$67,184,520
Liter	\$18,728,523	\$19,382,251	\$19,564,843	\$19,142,048	\$18,658,926	\$18,655,201	\$18,336,942	\$17,966,230	\$17,661,524	\$17,793,521
1.75L	\$45,346,915	\$47,678,152	\$49,638,640	\$51,106,106	\$53,373,085	\$54,163,324	\$56,386,813	\$56,377,869	\$58,155,640	\$59,124,291
TOTAL	\$112,650,571	\$116,964,085	\$120,829,772	\$124,146,068	\$129,546,015	\$135,066,548	\$142,688,563	\$145,309,148	\$153,977,105	\$161,129,474
DUI Convictions	5,336	4,983	4,770	4,347	3,989	3,898	3,876	3,462	3,539	3,735
Change		(353)	(213)	(423)	(358)	(91)	(22)	(414)	77	196
Incremental 50ML		45,917	157,934	255,129	244,848	518,705	648,439	1,097,592	2,054,164	2,886,610
Incremental 100ML		1,736	(396)	(1,926)	1,162	3,111	(62)	(2,268)	(1,119)	3,667
Incremental 200ML		6,120	4,664	10,844	7,818	11,343	22,100	(19,051)	4,512	26,238
Incremental 250ML						963	2,031	(456)	(702)	(648)
Incremental 375ML		28,773	34,917	22,546	11,364	33,823	(3,619)	12,058	45,647	48,353
Incremental 750ML		(15,494)	50,928	120,279	171,901	234,719	262,962	85,838	231,755	144,379
Incremental Liter		3,151	(16,316)	(34,232)	(52,805)	(14,446)	(32,171)	(44,367)	(23,559)	(7,731)
Incremental 1.75L		72,302	87,801	79,947	114,384	4,645	81,654	22,252	86,223	73,489



Statement of Governor on Bill to Require Deposit on Nip Bottles

May 16, 2017

Governor Paul R. LePage issued a statement today in response to the Legislature's initial votes on LD 56, "An Act To Include 50 Milliliter and Smaller Liquor Bottles in the Laws Governing Returnable Containers."

"Legislators say they want to prevent the littering of empty 'nip' bottles, but they do not care if it cuts funding to other state programs or increases costs for companies that do business here," said Governor LePage. "Senator Saviello said he would call my bluff that I would delist 50-milliliter 'nip' bottles if this bill passes. A Maine legislator should know better than that. If this bill is passed, I will veto the bill, and I will instruct the Bureau of Alcoholic Beverages & Lottery Operations to begin working immediately with the Liquor and Lottery Commission to delist all nips from sale in Maine. I do so with regret, but the severe impact of this bill leaves me no choice."

BABLO has already informed Agency Liquor Stores that delisting of nips could likely result from the passage of this bill. "If the Legislature is really concerned about litter, delisting nips will ensure that they are not sold in Maine, and fewer of them end up as litter," said the Governor. "We will also then know that discarded nip bottles are coming in from out of state."

Governor LePage pointed out that supporters of this bill dishonestly exempted it from going to the Appropriations table to hide the true cost of the bill. Implementation of this bill is estimated to cost the State of Maine \$1 million a year. However, the legislature did not appropriate funds to cover the cost. Instead, the bill's sponsor took the cost from revenue in the state's liquor contract, proceeds of which are used to fund drinking water programs and roads and bridges, as provided in statute.

"This is yet another anti-business vote that threatens jobs, increases costs to do business and puts the state's financial health at risk," said Governor LePage. "Unfortunately, this kind of secretive backroom deal that burdens the taxpayers is what I've come to expect."

Summary of 50ML Business
Sales reported from 5/29/16 through 5/27/17
Prepared by BABLO and Pine State Spirits



52 Week Sales (5/29/16-5/27/17) for 50ml Bottles*

- Case Sales – 84,864 - 51% increase over previous 52 week period
- Bottle Sales – 9,838,471 – 52% increase over previous 52 week period
- Dollar Sales - \$10,088,636 – 44% increase over previous year 52 week period
- State Gross Profit - \$4,070,663- 44% increase over previous year 52 week period
- Breakdown of Bottle Retail Prices
 - \$.99 = 197 SKUs
 - \$1.00 to \$1.99 = 91 SKUs
 - \$2.00 to \$2.99 = 52 SKUs
 - \$3.00 and higher = 64 SKUs
- 35 suppliers provided the 404 SKUs referenced on this report

*These sales are based on 404 SKUs which were active codes at the time of this report. 71 of which are no longer listed in Maine.

Percent of Total Spirits Business

	% of Total Cases	% of Total Dollars	% of Total Gross Profit
50ML	7.37%	6.10%	6.63%
100ML	0.04%	0.04%	0.05%
200ML	0.26%	0.39%	0.42%
250ML	0.01%	0.01%	0.01%
375ML	4.00%	4.62%	5.15%
750ML	34.90%	41.52%	42.56%
1L	9.11%	10.83%	10.43%
1.75L	44.30%	36.49%	34.76%
TOTAL	100.00%	100.00%	100.00%

Top Five 50MLs

	Description	Total Cases	% of Total Cases		Description	Total Dollars	% of Total Dollars
1	Fireball Cinnamon Whisky	34,923.20	41.2%	1	Fireball Cinnamon Whisky	\$3,604,075.10	35.7%
2	Dr. McGillicuddy's Menthol	7,130.27	8.4%	2	Dr. McGillicuddy's Menthol	\$735,887.05	7.3%
3	Pinnacle Vodka	3,218.88	3.8%	3	Pinnacle Vodka	\$332,187.04	3.3%
4	Black Velvet	2,407.99	2.8%	4	Absolut Vodka	\$328,000.44	3.3%
5	Pinnacle Whipped Vodka	2,041.35	2.4%	5	Black Velvet	\$248,504.74	2.5%

Top 5 SKUs represent 58.6% of total case sales.

Top 5 SKUs represent 52.1% of total dollar sales.

Summary of 50ML Business
Sales reported from 5/29/16 through 5/27/17
Prepared by BABLO and Pine State Spirits

Estimated Cost to Implement and Maintain Redemption on 50mls

There is a cost associated with the implementation of bottle deposit on 50ml bottles. Bottle deposit for all other sizes was included in the current contract with Pine State Spirits. The costs estimated below represent the additional funds required to implement and maintain the process. Maine is the only state to require bottle redemption on the 50ml bottle. Because 50ml bottles are most often packaged in a “sleeve”, equipment is necessary for Pine State to repackage bottles after placing the redemption sticker on each bottle. The Legislature did not appropriate any funds for this process, so the cost will be funded by BABLO. The figures below are estimated, based on a proportional increase in the sales of 50ml bottles in Maine. This fiscal impact assumes that BABLO, through Pine State, will be required to sticker all 50ml bottles.

FY18 Cost –Implementation Preparation	
Equipment Cost	\$ 580,000
Additional staffing at Pine State	\$ 80,000
Warehouse alterations	\$ 100,000
Total	\$ 760,000
FY19 Cost (1/1/19 to 6/30/19- 1/2 year)	
Handling cost at Redemption	\$ 539,148
Additional staffing at Pine State	\$ 84,000
Fraudulent Redemption costs	\$ 205,706
Equipment Maintenance	\$ 50,000
Total	\$ 878,854
FY20 Cost (7/1/19-6/30/20)	
Handling cost at Redemption	\$ 1,477,266
Additional staffing at Pine State	\$ 88,200
Equipment Maintenance	\$ 50,000
Total	\$ 1,615,466



Maine State Senate President, The Honorable Michael Thibodeau

3 State House Station

Augusta, Maine 04333

May 15, 2017

Dear President Thibodeau:

My name is Mark Brown and I am the CEO of the Sazerac Company. Presently, we proudly own and operate the Sazerac of Maine facility in Lewiston, Maine. I would like to express our opposition to LD 56. Sazerac employs 130 people at our Boston Brands Lewiston facility, formerly known as the White Rock distillery. The average salary there is \$50,000.00

Our Boston Brands of Maine facility finishes and bottles Fireball whiskey, including bottling Fireball in 50-milliliter bottles otherwise known as "nips." This homegrown product has created numerous jobs that LD 56 is now attempting to target and inadvertently diminish. In fact, the sale of Fireball 50ml bottles account for roughly 50% of all "nip" sales in Maine.

Like you, we are concerned about the apparent littering problem as it pertains to the 50 mls. In fact, in the spirit of being a good corporate citizen, we reached a compromise with Senator Tom Saviello. Under that compromise, we concluded that we could incorporate the 5 cent deposit into our costs without passing it on to the consumer and without negatively impacting any of the 130 jobs in Lewiston. Unfortunately, the situation in Augusta has changed and it has caused us to reevaluate our position.

When we first heard that Governor LePage might delist 50 mls if LD 56 passed, we became concerned about its impact on our operations in Maine. I have since confirmed with the Governor that his position on delisting is very real. While we could have lived with a 5 cent redemption sticker if the state really thought that would solve the littering problem, we can no longer support the legislation while under the threat of having 50 mls delisted. Such a move would be detrimental to the state's finances as this is one of the fastest growing sectors in Maine. In fact, at present growth rates, 50mls of spirits will eventually generate \$8.4 million dollars a year for the state, and become a 200,000 case business. That equates to 15% of the state's sale of spirits.

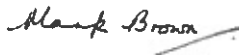
Not only would the state lose the profits from the sale of the products, it would also shift business to neighboring states who would certainly see their sales of 50 mls rise. It would negatively impact the

finances of Maine corporate resident Sazerac, the largest producer of 50 mls in Maine. As a result, we cannot support LD 56 or any other legislation that would have such a drastic impact on our company and our employees

Sazerac is an American, independent and family-owned company. We are the largest distiller in the United States and the fifth largest in the world. We presently have 2,200 employees and have operations in Kentucky, Louisiana, South Carolina, Virginia, California, Maryland, New Hampshire and Maine. Over the last 35 years, we have doubled in size every five years. We are proud to be on this journey with Maine as our partner, unfortunately we see LD 56 as a threat to the goodwill we have come to expect from our relationship. We urge you to help defeat this issue.

If you or your colleagues have any questions regarding our position or our operations in Lewiston, please feel free to reach out to me directly at mbrown@sazerac.com. My number is 502. 696-5978 or call our Jason Underwood at 502.376.3100. Thank you for letting us register our concerns and we look forward to moving forward and growing our business in Maine.

Respectfully,



Mark Brown

CEO, Sazerac