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IWDA 2007-2008 OFFICERS
 President—Rick Bluestein (Buyers Wholesale)
 1st VP—Geoff Stallwood (Krodel Wholesale)
 Treasurer, Brent Shay (Eby-Brown)
 Secretary, John Kaiser Jr. (Kaiser Distributing)

NEXT IWDA BOARD MEETING
 February 8, 2008
 11:30 am



IWDA UPDATE

WINTER-SPRING 2008

LEGISLATIVE REPORT By Steve Beebe and Joe Lackey, IWDA Lobbyists



The legislative session is at the mid-point. Any bill that has not passed its house of origin is dead for the session, but that does not prevent the subject matter of a dead bill from being amended into another bill during the 2nd half of the session.

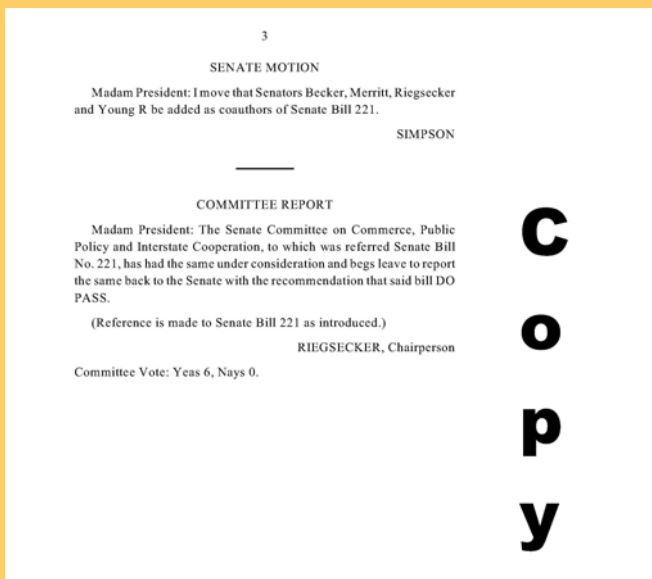
It is unlikely that the language in HB 1268 which would repeal the wholesale portion of the cigarette fair trade law will resurface again this session because it was decisively defeated in the Ways & Means Committee by a vote of 3-13.

At this time there has been no discussion of a weight based tax for OTP products.

HB 1118 remains a major concern but doesn't seem to have much momentum in the Senate at this time. It is still possible Rep. Charlie Brown will use SB 221 to resurrect the smoking ban in public places.

Contact Steve Beebe by emailing sbeebe@thelobbyfirm.com or Joe Lackey at igcsa@ix.netcom.com

SB221



**C
o
p
y**

SB221. This bill would require tobacco vending machines and establishments that sell tobacco to post a notice that: (1) states that smoking by pregnant women may result in fetal injury, premature birth, and low birth weight; and (2) provides a phone number for assistance to quit smoking.

PASSED THE SENATE
NOT YET ASSIGNED TO COMMITTEE
(as of 2.4.08)

See HB 1118 information on page 7

IN THE NEWS...

Indiana Smoking Ban Dies in House Committee (January, 2008)

INDIANAPOLIS – A measure that would have outlawed smoking in most public places died in an Indiana House committee without a vote, the Associated Press reports.

State Rep. Charlie Brown has attempted for years to pass a smoking ban, and he has hopes that he will be more successful in the next legislative session.

Brown said the smoking ban "was a public health issue, and lawmakers should do what they could to protect people from secondhand smoke," writes the AP. "We need to be concerned about the majority," noted Brown, adding, "The majority of people in Indiana do not smoke."

The AP writes that 26 states "and hundreds of municipalities now have strong smoke-free laws that cover either 100 percent of workplaces, restaurants, bars, non-tribal casinos, or combinations of some or all of such places, according to the American Nonsmokers' Rights Foundation."

DANBURY, Conn., Jan. 31 /PRNewswire/ --

Taboca USA Inc., a smokeless tobacco company whose quality products are based on the Swedish smokeless manufacturing process (snus), announced today that it has changed its corporate name to Nordic American Smokeless Inc.

Darren Quinn, President and CEO said, "The name change more closely reflects our Company's core strength in manufacturing smokeless tobacco products based on Swedish snus technology combined with our expertise in marketing smokeless tobacco products to adult American consumers." Quinn also indicated that Nordic American Smokeless Inc. is on track to launch its flagship products early this year.

Nordic American Smokeless Inc. is headquartered in Danbury, CT. The Company is an affiliate of the Norwegian snus company Taboca A/S, headquartered in Oslo, Norway.

This press release was issued through 24-7 PressRelease.com.

For further information, visit <http://www.24-7pressrelease.com>.

Nordic American Smokeless Inc.
CONTACT: Bill Eder,
Media Relations of Nordic American Smokeless Inc.,
+1-203-546-3484,
beder@nordicamerican.com

Associated Press January 31, 2008 NEW YORK

Altria Overseas Tobacco Unit Spinoff Set

Altria Group Inc. said Wednesday that it would spin off its international tobacco business on March 28, freeing it to pursue cigarette sales more aggressively outside the U.S. by separating it from its American counterpart. The two tobacco units each make Marlboros, one of the world's top-selling cigarette brands.

Lausanne, Switzerland-based Philip Morris International has said that it would rank as the biggest non-governmental cigarette-maker in the world, behind the state-owned China National Tobacco. The unit makes Marlboros, L&M and Bond Street cigarettes, while Philip Morris USA makes the Marlboro, Virginia Slims, Parliament and Basic brands for U.S. consumers.

The separation could shield Philip Morris International from U.S. legal and regulatory issues, such as pending legislation to give the Food and Drug Administration authority to restrict tobacco advertising, regulate warning labels and remove hazardous ingredients

Lafayette moves forward to propose smoking ban

Journal and Courier - January 30, 2008

Smokers may not be able to light up for too much longer in certain enclosed public places in Lafayette. Lafayette City Council members discussed a smoking ban for the city at the council caucus meeting tonight. Council member Ron Campbell, D-District 2, said he will propose the ordinance at Monday's council meeting and then ask for it to be tabled so the city can begin the process of approving it.

One of the steps in that process is listening to the public. To do that the city has set up three public meetings during the next two months at which Lafayette residents can comment about the smoking ban. Lafayette Mayor Tony Roswarski said the council is doing the right thing by seeking public comment because the ordinance is significant. "It's important to hear what the public has to say, both pro and con," Roswarski said. "During the campaign, the majority of citizens I talked to were in favor of the city doing something of this nature."

As it's written right now, the proposed ordinance is the exact same as West Lafayette's smoking ban ordinance. During its approval of the ordinance, West Lafayette city officials encountered support from some and opposition from bar and restaurant owners who were worried about losing money.

Campbell said he hopes the ban is voted on at the council's April meeting, but hadn't set a formal date for the ban to take effect. The ordinance, Campbell said, will be introduced at the council meeting Monday night and tabled.

Council member Steve Meyer, D-At large, said in the future he might offer amendments to the proposed ordinance, adding exemptions for certain businesses. Wednesday night he said he didn't have any specific exemptions in mind, but would have some ideas after he hears comment from the public.

(Michael Malik: mmalik@journalandcourier.com)

<http://www.jconline.com/apps/pbcs.dll/article?AID=/20080130/NEWS09/80130029>

Hershey Promises More Marketing to Rally Sales

CHICAGO – Late last week, Hershey Co. pledged to increase its marketing plans to stem share losses and rebuild its brands, Advertising Age reports.

"Our primary goal in 2008 is to stabilize U.S. business marketplace performance," said President-CEO David J. West. "Markedly higher brand-building support, including advertising, quality merchandising, enhanced retail coverage and new chocolate products within the premium and trade-up segments will enable us to achieve this goal."

New products from Hershey include an upscale line under the Starbucks brand, as well as a high-end line under Hershey's Bliss brand, both of which will be introduced in March.

"These additions enhance our premium and trade-up portfolio and will broaden Hershey's participation in faster-growing segments of the category," said West .

Hershey is banking on the new product lines to restore Hershey's market share. "U.S. retail takeaway in the fourth quarter and full year, in channels that account for over 80 percent of our retail business, was up 0.9 percent and 1.3 percent," said West.



SAVE THE DATE



**11TH ANNUAL
TRI-STATE
CONVENTION**

Tobacco and Candy Distributors

AUGUST 14-16, 2008



CAESARS

INDIANA

HOTEL &

CASINO

Elizabeth, IN

MORE INFORMATION

COMING SOON...

THANK YOU!

THANK YOU TO RENEWED MEMBERS TO DATE (we know the others are on their way...)

THE FOLLOWING
MEMBERS HAVE
RENEWED THEIR
MEMBERSHIP FOR
2008

(AS OF 2.1.08)

| | |
|-------------------------------|-----------------------------|
| A.H. Jamra Co., Inc. | Lawrenceville Central Cigar |
| Buyers Wholesale Distributors | Master Distributors |
| Dearborn Wholesale Grocers | McConnell & Sons Inc. |
| Fairley & Company | McLane Midwest |
| H.T. Hackney Co., Inc. | Phillip Morris USA |
| JH Saylor Co., Inc. | S. ABRAHAM & SONS |
| Kaiser Wholesale | Swedish Match |
| Krodel Wholesale | Wiemuth & Sons |
| John Middleton | |

The Confectionery Market - Latest Industry Review



United States Confectionery Market

January 2008



2007-2008 USA Economic Trends

- Economy slowing
- Retail sales growth down
- Unemployment ends year at 5%
 - Up from 4.6% in 2006 but low in historical terms
- Housing market declines affecting job growth
- High oil prices
- Federal Reserve cutting interest rates
- Fears of inflation
- Fear of recession
- Commodity prices higher



Trends - What's **Hot** for 2007/2008

- Dark chocolate sales accelerating - +50% in 2007
- Chocolate experiences
 - Chocolate tastings
 - Chocolate and wine pairings
- Exotic chocolate flavorings: citrus, spice, salt, fruits
- High cocoa content chocolates
- Gourmet chocolate bars
- Gourmet packaging for chocolates
- Single origin chocolates
- Urban names for upscale chocolates

Trends - What's **Hot** for 2007/08

- Sugar Free gum - +13.5% sales
 - Exotic fusion flavors
 - Fortified products
- Theater Box candies
- Event merchandising – theaters, birthday, game nights
- Single-serve seasonal items
- New seasonal offerings

THE FULL REPORT IS AVAILABLE AT http://www.ecandy.com/ecandyfiles/2007_Annual_Review_Jan_08.ppt

INDUSTRY EVENTS & DATES TO REMEMBER

| | |
|-----------------------|---|
| February 20 - 22 | AWMA Real Deal Expo American Wholesale Marketers Association Las Vegas, Nevada Contact: AWMA (800) 482-2962 www.awmanet.org |
| February 28 - March 1 | State of the Industry National Confectioners Association Orlando, Florida Contact: NCA (703) 790-5750 www.ecandy.com |
| March 1 - 4 | SNAXPO Snack Food Association San Antonio, Texas Contact: SFA (703) 836-4500 www.sfa.org |
| April 22 - 24 | Midwest Petroleum and Convenience Store Trade Show Indiana, Illinois, Ohio and Kentucky Petroleum Marketers Associations Indianapolis, Indiana Contact: IPCA (317) 633-4662 www.m-pact.org |
| April 27 - 28 | NAMA Spring Expo National Automatic Merchandising Association Las Vegas, Nevada Contact: NAMA (312) 346-0370 www.vending.org |
| May 7 - 8 | AWMA Day on the Hill American Wholesale Marketers Association Washington, DC Contact: AWMA (800) 482-2962 www.awmanet.org |
| May 20 - 22 | All Candy Expo National Confectioners Association Chicago, Illinois Contact: NCA (703) 790-0750 www.ecandy.com |
| June 11 -14 | SAWD Annual Meeting and Expo Southern Association of Wholesale Distributors Nashville, TN Contact: SAWD (770) 932-5810 www.the-southern.org |
| June ? | IWDA GOLF OUTING Date and Location TBD |
| June 19th | OWMA GOLF CLASSIC Bent Tree Golf Club, Sunbury, Ohio |
| August 14-16 | TRI-STATE TOBACCO & CANDY DISTRIBUTORS CONVENTION Ohio Wholesale Marketers Association - Kentucky Tobacco & Candy Association - Indiana Wholesale Distributors Association Caesars Casino Resort - Indiana www.tobaccocandyconvention.com Includes State Board of Trustees Meetings |
| September 8 - 11 | AWMA Summit American Wholesale Marketers Association Lake Las Vegas, Nevada Contact: AWMA (800) 482-2962 www.awmanet.org |
| October 4 - 7 | The NACS Show 2008 National Association of Convenience Stores Chicago, IL Contact: NACS (703) 684-3600 www.nacsonline.org |
| October 12 - 14 | Convenience Distribution Conference & Expo American Wholesale Marketers Association Pittsburgh, PA Contact: AWMA (800) 482-2962 www.awmanet.org |
| October 15 - 17 | NAMA National Expo National Automatic Merchandising Association St. Louis, MO Contact: NAMA (312) 346-0370 www.vending.org |

Fact Sheet on Indiana Property Taxes and Local Spending



- 55% of homeowners currently pay more than 1% of their home's value in property taxes
- Between 1984-2006, local spending funded by property taxes increased from \$2.1 billion to \$7.9 billion, or **6.1%** per year
- Between 1984-2006, state property tax subsidies increased from \$500 million to \$2.2 Billion, or **6.6%** increase per year
- Between 1984-2006, property taxes for school debt service and capital projects have increased over **8%** per year

- In 2006 24% of property taxes paid are for the payment of debt (over 75% of which is for school obligations)
- Indiana has over 2400 local taxing units
- 1100 local officials are involved in property tax assessment
- Indiana ranked 8th for its 2000-2005 increases in per capita property taxes.

During the same time period, state property taxes subsidies doubled from \$1 billion to \$2 billion.

- Indiana currently has the 17th lowest homeowner property tax burden in the U.S.

The Daniels Plan would give Indiana the 9th lowest homeowner tax burden.

MEMBER ALERT -

BE SURE TO THANK THESE HOUSE MEMBERS THAT VOTED AGAINST HB 1118

Voting NAY:

D - Terri Jo Austin

D - Matt Pierce

R - Cleo Duncan

D - Dennis T. Avery

D - Vern Tincher

R - William C. Friend

D - Dave Crooks

R - Robert W. Behning

R - Timothy Harris

D - John Day

R - Tim Brown

R - Eric Koch

D - Ryan Dvorak

R - Lawrence Lee Buell

R - P. Eric Turner

D - Terry A. Goodin

R - Robert Cherry

R - David Alan Wolkins

D - George Philip Hoy

HB1118, as sponsored by Rep. VanHaaften (D-Mt. Vernon) is titled Alcoholic Beverages. As the title indicates it deals primarily with alcoholic beverage issues (mainly putting Grocery and Convenience stores out of the AB business) but it also changes the Tobacco Certificate to a license and empowers the ATC to suspend or revoke the license for violations. Other changes allow the ATC to search and seize, without warrant, tobacco operations and raises fines to \$1,000.

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IWDA UPDATE

1829 Cunningham Road - PO Box 24167
Indianapolis, IN 46224-0167
Phone: 317-610-5997 - Fax: 317-481-1825
www.iwdanet.org

