NEW ORLEANS (AP) - Back when the Crescent City was dubbed "The Brewing Capital of the South," Dixie Brewing Co. wasn't even the biggest beer factory in town.

Now it's the only one, and it's fighting for survival.

In 1951, breweries with names such as Regal, Jax, Falstaff and Dixie reigned king of the hard-drinking, Cain-raising port on the Mississippi. Together they produced 25 million cases of beer annually and captured 80 percent of the Louisiana market.

Today, one plant that thrived after the turn of the century has been remodeled as a paper company, another became the Jackson Brewery shopping mall and a third was boarded up, its glory days scribbled over by graffiti.

Dixie doesn't want to go the way of old breweries — so many have been torn down to make way for progress — parking lots, homes, even a French Quarter motel.

New Orleans residents may say they want the little brewery to thrive. Yet Dixie's share of the local beer market, once topping 20 percent, has fallen to less than 1 percent, surveys show.

As one store manager, Sam Quibly, put it, "Dixie seems like it's a thing of the past now."

Nowadays, Anheuser-Busch Companies Inc. and Miller Brewing Co. dominate the New Orleans market with more than 60 percent of sales.

But Dixie's still kicking, under determined new owner Kendra Elliott and husband Joseph Bruno.

"Part of this was an emotional decision," the 45-year-old Elliott, a...
New Orleans native, who bought Dixie last November.

"We had reason to believe that Dixie was not going to be here much longer," she said. "I felt challenged. We had to come in and give it a try."

The road has been rough.

Earlier this year, state officials cancelled Dixie's exemption from $10-a-barrel beer excise taxes. It had had the exemption since 1974, at a $4.9 million savings, and argued that it needed help to stay alive. Other competitors challenged the tax break as unfair in a lawsuit.

State tax officials have not forced Dixie to pay its full tax bill, giving more time to work out a payment plan. While beer industry observers hope Dixie "would not feel very optimistic if Dixie's sales are "snag just 2 percent of the market, the brewery will be in the black."

Despite such sober numbers, Elliott is enthusiastic. She says Dixie's sales are rising. She won't talk specifics, but she concedes if Dixie can snag just 2 percent of the market, the brewery will be in the black.

200-plus workforce has been cut to 80, and brewing, from 200,000 barrels a year to less than 100,000, sources indicated.

unsurprising quest to knock off Anheuser-Busch as the nation's No. 1 seller.

In June 1975, Dixie put out its infamous "bad batch." Phenol fumes from a new floor in the brewhouse seeped into the brew and drinkers were angered by an iodine-like taste. A federal inquiry followed, the brewmaster was fired.

In the summer of 1983, local beer distributor Neil Kaye Jr. — Dixie's last owner before Elliott — purchased Dixie from 300 shareholders for an undisclosed price. He called Dixie a "Mona Lisa" that was "worth the hearts of the city."

In the last two decades, as Dixie's slice of the local market began sliding, a

survives, they are skeptical.

"I would not feel very optimistic about it (Dixie's future)," said former Dixie president Robert Oertling. "But because of its record of survival, I wouldn't be a bit surprised if it continued to chug along, and certainly hope that it does."

Once a local brewing giant, Dixie is the last survivor from what was once a bustling local brewing industry.

The start of Dixie's downward spiral can be traced, beer experts say, to events in 1969 and 1975 — one national, one local.

In June 1969, Philip Morris Inc., the cash-rich cigarette giant, took over Miller Brewing Co. The result was Miller's never-ending, still-

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