



Wholesale Protection 2018

A REPORT ON ALCOHOL WHOLESALER STATE CAMPAIGN CONTRIBUTIONS



Produced by
The National Association of Wine Retailers

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Report Highlights

1. In the past five election cycles alcohol wholesalers have contributed \$107 million to state political campaigns.
2. Wholesaler campaign contributions dwarf the combined contributions of all other sectors of the alcohol industry.
3. Wholesalers have dominated campaign contributions in each of the past five election cycles, with no other individual sector of the industry approaching their level of money spent.
4. State and national wholesaler trade associations do most of the political giving.
5. Of the top 20 campaign contributors from the alcohol wholesale sector, six are either CEOs of individual wholesalers or the individual wholesale company.
6. Over the past five election cycles, candidates in Washington, Texas, Illinois, New York, California, Florida, Indiana, Michigan and Ohio have received the most campaign contributions from wholesalers.
7. Candidates and initiatives in Washington State, Virginia and Illinois received most wholesaler campaign contributions on a per capita basis.
8. Texas governors and leaders of that state's legislature dominate the list of top recipients of wholesaler campaign contributions.

Introduction

How much are alcohol wholesalers be willing to pay to keep in place a government mandated system that guaranteed their business is protected from free market competition, to assure innovations that challenged a protected business model are snuffed out before they can be deployed, or to assure the producers they represent are prevented by law from choosing to give their business to a competitor?

This report answers that question to the tune of \$107 million.

Wholesale Protection 2018 examines the amount and type of campaign contributions American beer, wine and spirit wholesalers have given to state lawmakers over the past five election cycles.

A regulatory system put in place over 80 years ago to address economic conditions in place over 100 years ago can unquestionably be deemed “archaic.” This is the situation in the American alcohol beverage marketplace today. Most states require alcohol producers to use a middleman wholesaler to distribute their products. Most states require retailers to only purchase from middlemen wholesalers. “Franchise Laws” in many states make it nearly impossible for producers to leave one distributor for another. Most states actually ban out-of-state retailers from shipping wine into a state on the premise that such normal commercial activity harms the three-tier system.

All these and many other archaic and unjustified regulations and laws benefit a single sector of the alcohol industry: the middleman wholesaler. It should be no surprise that this “middle tier” of the alcohol beverage industry pays huge sums to lawmakers to keep their competitive advantage in place.

We can assume that alcohol wholesalers don’t make huge contributions to candidates for charitable reasons. And anyone who has ever listened to a state lawmaker, flush with wholesaler money, attempt to defend their votes to sustain the competitive advantage the laws and regulations of the states provide to wholesalers must assume it’s not the strength of the wholesalers’ arguments that tend to win the day.

When the 21st Amendment to the U.S. Constitution repealed national prohibition, it also gave great latitude to the states to regulate the sale and distribution of alcohol. For this reason, nearly all laws and regulations concerning alcohol are made at the state level and not the federal level. Therefore, most campaign contributions and lobbying efforts attempting to impact those laws and regulations occur at the state level.

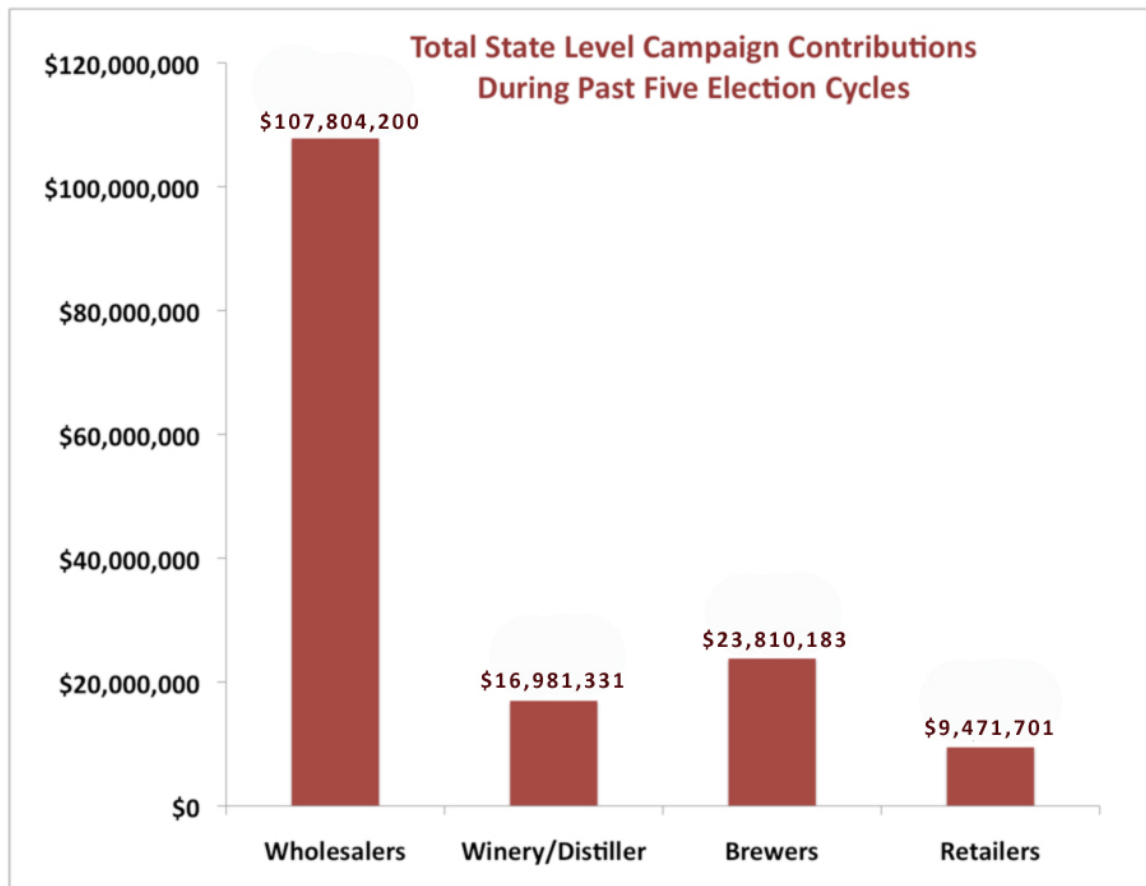
This report examines wholesaler contributions for the past five election cycles: 2007-2008, 2009-2010, 2011-2012, 2013-2014 and 2015-2016.

The data used to compile this report was taken almost entirely from the “Follow The Money” website maintained by The National Institute on Money in State Politics. As noted on the Institute’s website, *“The nonpartisan, nonprofit National Institute on Money in State Politics promotes an accountable democracy by compiling comprehensive campaign-donor, lobbyist, and other information from government disclosure agencies nationwide and making it freely available at FollowTheMoney.org.”*

This report was written and compiled by the National Association of Wine Retailers.

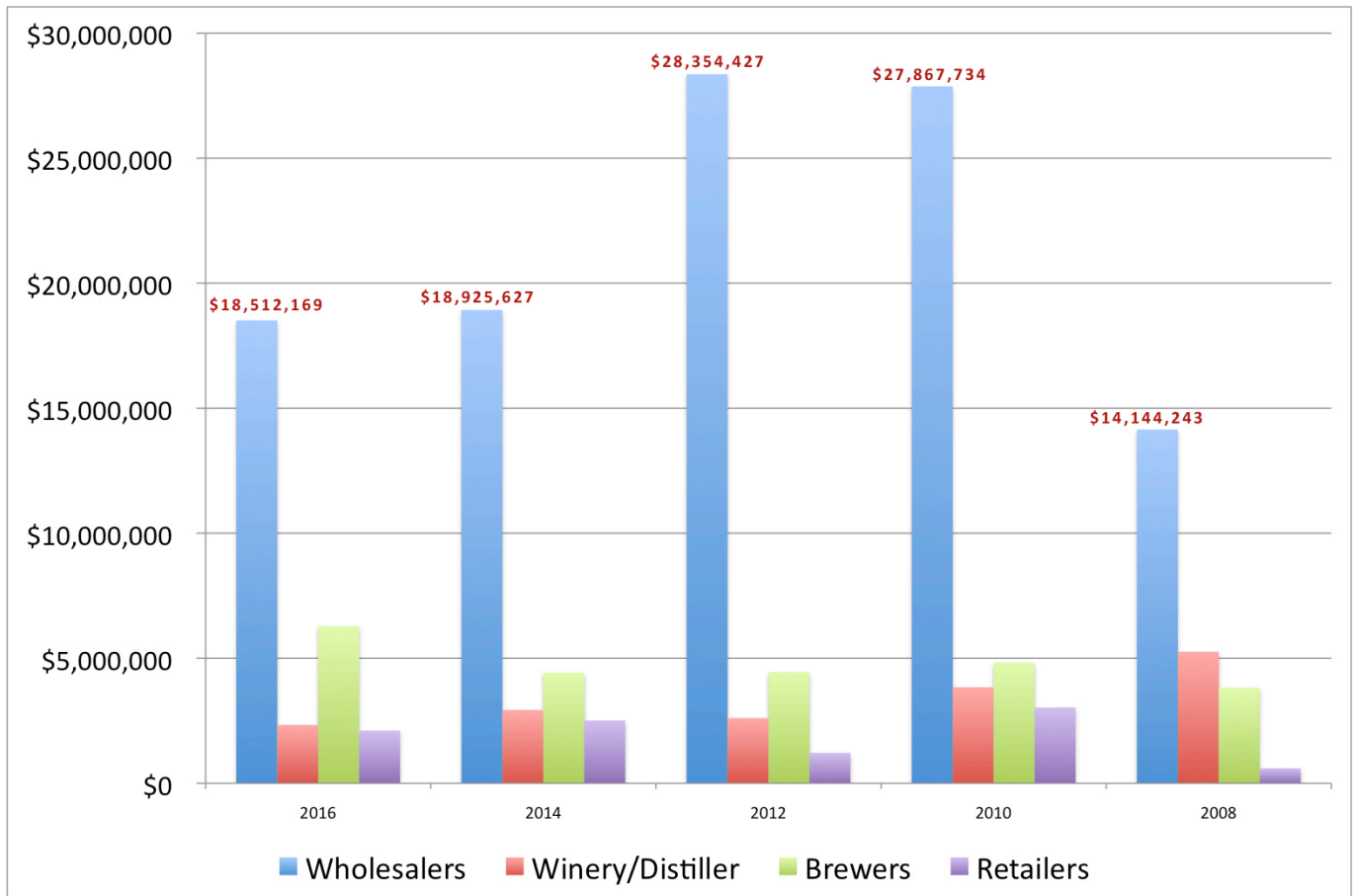
Tom Wark
Executive Director

Total Campaign Contributions by Alcohol Industry Sector (2007-2016)



- During this period, beer, wine and spirit wholesalers have contributed to state political campaigns more than twice the amount contributed by wineries, distillers, brewers and retailers—combined. Their \$107 million in contributions just to state political campaigns does not include contributions to federal political campaigns nor state and federal lobbying expenses—which together amount to many tens of millions more.

Campaign Contributions By Alcohol Industry Sector For the Past Five Election Cycles



- The domination in campaign contributions by wholesalers over the past five election cycles is notable for its consistency. During no election cycle did any of the other alcohol industry sectors come close to competing with the wholesaler sector—either individually or combined.
- The spikes in wholesaler contributions during the 2012 and 2010 election cycles were due to wholesalers contributing millions of dollars in 2010 and 2011 to stop a state ballot proposition instituting alcohol regulatory reforms in Washington State. They failed to stop the proposition. This failure is notable insofar as the ultimate arbiter of whether or not the wholesalers would be protected was the public, not lawmakers.

Top 20 Individual Campaign Contributors Over the Past Five Election Cycles

Top 20 Wholesaler Contributors to State Campaigns - Last 5 Election Cycles

Contributor	Total Contributions
WINE & SPIRIT WHOLESALERS OF AMERICA	\$9,723,740
ASSOCIATED BEER DISTRIBUTORS OF ILLINOIS	\$5,919,878
SOUTHERN WINE & SPIRITS	\$4,007,364
WASHINGTON BEER & WINE DISTRIBUTORS ASSOCIATION	\$3,686,049
NATIONAL BEER WHOLESALER ASSOCIATION	\$3,220,587
NAU III, JOHN LISTON (1)	\$3,182,327
WHOLESALE BEER & WINE ASSOCIATION OF OHIO	\$3,172,885
MICHIGAN BEER & WINE WHOLESALERS ASSOCIATION	\$3,073,680
YOUNGS MARKET CO	\$2,921,222
VIRGINIA BEER WHOLESALERS ASSOCIATION	\$2,526,001
WHOLESALE BEER DISTRIBUTORS OF TEXAS	\$2,471,108
ANDREWS, BARRY G (2)	\$2,082,135
CALIFORNIA BEER & BEVERAGE DISTRIBUTORS	\$1,951,007
VIRGINIA WINE WHOLESALERS ASSOCIATION	\$1,791,858
NEW YORK STATE BEER WHOLESALERS ASSOCIATION	\$1,419,163
OREGON BEER & WINE DISTRIBUTORS ASSOCIATION	\$1,389,587
BEER ALLIANCE OF TEXAS	\$1,336,825
ODOM SOUTHERN HOLDINGS LLC	\$1,274,500
REPUBLIC NATIONAL DISTRIBUTING CO	\$1,082,847
INDIANA BEVERAGE ALLIANCE	\$1,053,400

- Of the top 20 campaign contributors over the past five election cycles, two are national trade associations, 12 are state trade associations, four are individual wholesalers and two are owners of individual wholesalers.
- (1) John Nau III is the President and CEO of Silver Eagle Distributors in Texas, the largest AB-InBev products distributor in Texas.
- (2) Barry Andrews is the founder and CEO of Andrews Distributing, one of the largest Miller/Coors wholesalers in Texas.

To Whom Do Wholesalers Give Campaign Contributions

Partisan Breakdown of Wholesaler Campaign Contributions

REPUBLICAN	60%
DEMOCRATIC	40%

Wholesaler Campaign Contributions By Type of Candidate

INCUMBENT	76%
OPEN SEATS	21%
CHALLENGER	3%

- The breakdown of contributions by party is notable for its relative parity. Wholesaler contributions by type of candidate receiving contributions heavily favor incumbents and are consistent with contribution habits in most other industries.

Wholesaler Contributions By State and Election Cycle

	2016 TOTAL	2014 TOTAL	2012 TOTAL	2010 TOTAL	2008 TOTALS	5-Cycle Totals	Contrib. Per Capita
AK	3,100	5,050	3,800	3,700	1,000	16,650	\$0.02
AL	17,500	253,755	34,931	286,240	12,729	605,155	\$0.12
AR	35,045	249,740	75,491	112,366	49,636	522,277	\$0.17
AZ	45,744	102,804	40,578	106,115	116,219	411,460	\$0.06
CA	663,362	1,239,927	1,101,238	1,266,937	1,111,749	5,383,213	\$0.14
CO	3,809	10,900	17,050	18,855	3,710	54,324	\$0.01
CT	56,550	88,118	23,610	16,179	3,210	187,667	\$0.05
DE	32,850	40,975	38,250	31,025	59,000	202,100	\$0.21
FL	672,887	993,351	921,311	1,335,592	754,448	4,677,589	\$0.23
GA	428,241	965,741	451,607	1,097,937	419,903	3,363,428	\$0.33
HI	1,200	2,575	2,000	1,000	0	6,775	\$0.00
IA	183,275	125,150	161,430	118,215	96,661	684,730	\$0.22
ID	36,300	68,625	34,286	51,225	25,762	216,198	\$0.13
IL	1,678,361	1,599,128	2,093,573	1,396,230	1,689,155	8,456,449	\$0.66
IN	913,687	589,459	710,341	448,474	784,114	3,446,073	\$0.52
KS	203,666	129,115	111,419	70,224	52,720	567,144	\$0.20
KY	117,102	78,800	113,000	80,300	155,794	544,996	\$0.12
LA	522,736	25,387	341,119	43,759	371,599	1,304,601	\$0.28
MA	436,950	339,447	229,730	1,375,652	169,625	2,551,404	\$0.37
MD	113,260	235,503	10,750	217,439	7,340	584,292	\$0.10
ME	44,055	49,950	23,756	55,925	574,518	748,204	\$0.56
MI	752,902	789,969	478,350	722,365	526,841	3,270,427	\$0.33
MN	111,350	56,100	72,430	76,250	38,975	355,105	\$0.06
MO	514,149	291,634	251,246	54,592	150,577	1,262,198	\$0.21
MS	142,050	1,000	104,250	5,250	86,650	339,200	\$0.11
MT	28,210	7,070	25,720	9,250	11,860	82,110	\$0.08
NC	534,711	535,063	655,088	405,494	244,873	2,375,229	\$0.23
ND	9,779	3,300	18,650	2,150	9,770	43,649	\$0.06
NE	102,560	141,657	56,755	140,038	19,870	460,881	\$0.24
NH	45,900	19,500	57,500	41,625	69,600	234,125	\$0.18
NJ	144,743	263,567	418,560	351,157	464,593	1,642,621	\$0.18
NM	50,008	69,904	38,575	91,068	190,089	439,644	\$0.21
NV	574,066	132,050	139,000	211,861	126,888	1,183,865	\$0.40
NY	750,916	1,165,605	1,201,952	1,126,446	263,040	4,507,960	\$0.23
OH	868,531	1,087,244	748,193	888,500	578,488	4,170,955	\$0.36
OK	90,640	140,512	98,851	128,558	44,885	503,446	\$0.13
OR	381,794	183,639	359,362	459,012	300,697	1,684,503	\$0.41
PA	190,100	346,619	146,495	209,442	176,680	1,069,337	\$0.08
RI	32,175	36,625	50,475	50,800	50,925	221,000	\$0.21
SC	213,654	298,763	186,823	190,476	249,755	1,139,471	\$0.23
SD	19,925	21,350	6,550	22,400	10,900	81,125	\$0.09
TN	418,531	436,785	349,939	537,095	297,893	2,040,244	\$0.31
TX	2,817,101	3,425,759	2,797,851	4,020,866	2,082,710	15,144,288	\$0.54
UT	26,525	25,925	24,372	25,125	40,500	142,447	\$0.05
VA	2,562,221	1,334,773	1,493,155	1,391,862	1,239,264	8,021,275	\$0.95
VT	21,750	15,200	18,900	11,131	3,800	70,781	\$0.11
WA	459,330	477,473	11,491,651	8,261,302	134,858	20,824,614	\$2.86
WI	373,169	394,539	399,600	262,883	219,805	1,649,996	\$0.29
WV	65,700	30,500	124,866	34,475	50,565	306,106	\$0.17
WY	0	0	0	2,872	0	2,872	\$0.00

TOTALS	18,512,169	18,925,627	28,354,427	27,867,734	14,144,243	107,804,200
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- What stands out most in the above table is the outsized contributions made to Washington State political campaigns by wholesalers. The enormous \$2.86 per capita contributions is due entirely to the large amounts given by wholesalers to stop a ballot initiative in 2011. That initiative took alcohol sales out of the hands of the state government. Had contributions to Washington State political campaigns during the 2010 and 2012 election cycles only amounted to the highest amount given (\$477K) during the other three election cycles represented here, the per capita contributions would be reduced to \$0.32. This would put Washington State in the top quartile of states for wholesaler contributions.
- The top 10 states for per capita campaign contributions by alcohol wholesalers for the past five election cycles are:

WA	\$2.86
VA	\$0.95
IL	\$0.66
ME	\$0.56
TX	\$0.54
IN	\$0.52
OR	\$0.41
NV	\$0.40
MA	\$0.37
OH	\$0.36

Top 15 Recipients of Alcohol Wholesaler Campaign Contributions During the Past Five Election Cycles

Office Holder	State	Office	Contributions
Rick Perry	Texas	Governor	\$1,577,823
David Dewhurst III	Texas	Lieutenant Governor	\$1,034,053
Joseph Strauss, III	Texas	Speaker of the House	\$879,730
Greg Abbott	Texas	Governor	\$804,412
William Howell	Virginia	Speaker of the House	\$616,585
Jerry Brown	California	Governor	\$407,479
Nathan Deal	Georgia	Governor	\$397,154
Daniel Branch	Texas	Assemblyperson	\$383,255
Richard Saslaw	Virginia	Senate Leader	\$348,874
Andrew Cuomo	New York	Governor	\$321,437
Scott Walker	Wisconsin	Governor	\$283,765
Kay Bailey Hutchinson	Texas	Governor	\$281,700
Robert McConnell	Virginia	Governor	\$272,007
Mitch Daniels	Indiana	Governor	\$259,886
Dan Patrick	Texas	Lieutenant Governor	\$259,292

- Notable here is the extraordinary representation of one state, Texas. Among the top 15 recipients of wholesaler contributions are three Texas Governors, two Lieutenant Governors, and two assembly leaders. Virginia meanwhile contributes three recipients to the top 18 list.
- It is not a surprise, nor unusual, that executive branch office holders dominate this list. The largest contributions generally go to incumbent governors no matter the industry, with top assembly and senate leaders also receiving the most contributions across all industries.

About “The Cost of Keeping Modernity At Bay”

The National Association of Wine Retailers is entirely responsible for the content of this report. Data used to create the report came from The National Institute on Money in State Politics’ *Follow The Money* website (<http://www.followthemoney.org>). The research was done between May 1, 2017 and July 29, 2017.

The data used to estimate contributions per capita was taken from the United States Census Bureau’s Annual Estimates of the Resident Population for the United States (<https://www2.census.gov/programs-surveys/popest/tables/2010-2016/state/totals/nst-est2016-01.xlsx>) and uses estimated state populations for 2016.

About the National Association of Wine Retailers

The National Association of Wine Retailers (NAWR) is a trade organization representing the United States’ progressive wine retailers. Members are located in states across the country. NAWR represents America’s top progressive retailers by advocating for expanded retailer access to the national wine marketplace, modernization of the archaic alcohol regulatory environment across the country, opening of more states for legal retailer to consumer wine shipment and by offering an array of member benefits. NAWR engages in lobbying, litigation, industry education and media relations in order to advance its members’ interests. More information about NAWR can be found at <http://www.nawr.org>

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