

State Political Campaign Spending Jumps by Wine/Spirits Wholesalers

2000-06 Contributions Likely Doubled from Prior Period of the '90s

Wine and spirits wholesalers have outspent wine and spirits producers in state-level political campaign contributions by a margin of more than 3-1 over the last seven years, concludes a new analysis by a group representing wine producers and retailers.

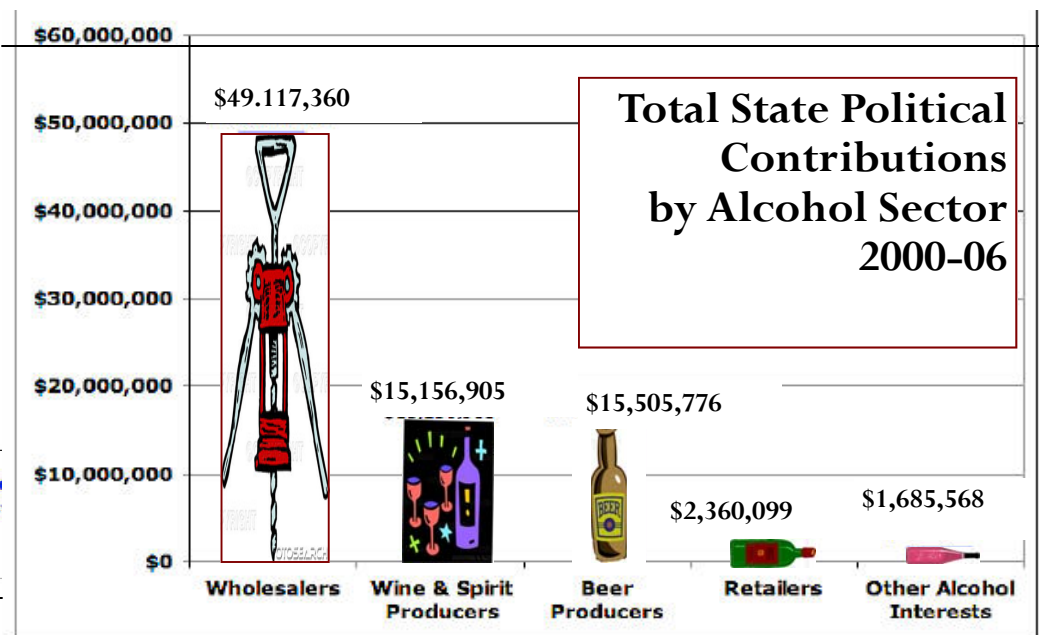
The 15-page special report—*Wholesale Protection: Alcohol Wholesalers' Control and Weakening of the American Wine Market*—tabulated and produced by the national Specialty Wine Retailers Association states that political campaign spending by distributors of nearly all of the nation's leading wine and spirits brands totaled \$49.1 million between 2000 and 2006 at the state level. That figure represents nearly 60 percent of all political campaign contributions by wine wholesalers, wine and spirits producers, beer producers, retailers and others. Wine and spirits wholesalers contributed another \$19 million at the national level.

And while exact figures comparing the dollars raised and spent in the prior seven

-year period—i.e. 1993-1999—are not presented, *WMR's* own internal estimates suggests that the current political spending levels have at least doubled, driven specifically by alcohol wholesalers' concerns over two modern mega-trends—namely, the emergence of the Internet and its direct-sales capabilities and the growing power of retailers.

The **Wine and Spirits Wholesalers of America**, a decades-old national trade association, dismissed the report as “creative arithmetic” from a nemesis it accused of try-

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ing to undermine wholesalers' success in "creating the most vibrant, diverse and consumer-friendly marketplace in the world" for beverage alcohol.

"It is a fact of life that it requires considerable resources to help defend prudent alcohol regulation against litigious attacks from special interests like SWRA, who seek nothing less than the total deregulation of alcohol distribution in this country," said a statement issued today by Craig Wolf, president of Washington D.C.-based WSWA.

The SWRA is politically aligned with wine producers and wine retailers in ongoing legal and legislative battles over liberalization of direct-to-consumer wine sales and shipping laws in various states. And while not suggesting there is anything illegal about wholesalers' political contributions, the group nonetheless alleges that the sheer size of the spending raises concerns that state and national lawmakers are being unduly influenced by what the retailers contend are anti-consumer and anti-competitive stances by "monopolistic" private enterprises that have outlived their original and historical value.

"[Wholesalers] have become among the largest contributors to political campaigns in America, often dwarfing the amounts other, larger industries give in individual states," states the report's introduction. "The result has been laws passed in nearly every state that protect the shrinking number of wholesalers from competition, prevent consumer access to the thousands upon thousands of wines now available in the United States and serve to severely impede the growth of the American wine market."

To be fair, the jump in spending by U.S. beverage alcohol wholesalers almost certainly reflects their rising anxiety over the intactness of the so-called three-tier system, which was implemented by three-quarters of the states following Repeal some seventy years ago to create an "orderly market," provide for the efficient collection of excise taxes and allow new approaches to temperance to be enacted. Couching their state-level political actions in concern over the three-tier system gives

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— WSWA

wholesalers a legitimacy that, without a smoking gun revealing other motives, cannot be simply brushed aside in the political arena.

In large part, wine and spirits wholesalers' spending jump also has a simple, practical and personal explanation, and even one with a face—that of Juanita Duggan, who in the early 1990s was named to head WSWA.

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After having been led by decades by so-called "ol' skool" lobbyists, WSWA replaced its executive leadership with a Reagan-era politico who boasted both White House and tobacco industry experience (President George W. Bush and Philip Morris). Duggan quietly made an increase in PAC spending a top priority for wholesalers and a hallmark of her tenure.

Measured in terms of election cycles, wholesaler spending increased from \$6.6 million in the 2000-election cycle to \$19.3 million in the 2006-election cycle.

In today's statement, WSWA said it is engaged in nothing nefarious.

"America's wine and spirits wholesalers are proud to participate in the democratic process, as is our right and the right of those who disagree with us," said

Wolf. "We have strongly supported the right of states under the 21st Amendment to effectively regulate the sale of alcohol, and we have openly—and transparently—backed lawmakers and candidates who have championed responsible alcohol practices and important social responsibility efforts such as the Federal Trade Commission's "We Don't Serve Teens" campaign."

Wolf said WSWA is operating openly with full public disclosure, and alleged it is SWRA that is the secretive player in the direct shipping controversy.

I would add that while WSWA's membership is an open book, and while the political activities of WSWA and its membership are publicly available on the Web, the same cannot be said of SWRA. The public has no way to discern the true nature of SWRA's membership or who is providing it with financial support. While we find it curious that SWRA feels it necessary to hide that information, we do not dwell on it. Nor do we feel it necessary to repudiate SWRA's creative arithmetic, or give a line-by-line refutation of its many gross inaccuracies concerning the history of alcohol regulation in this country and the central role wholesalers have played in creating the most vibrant, diverse and consumer-friendly marketplace in the world. Our time, resources and energy are better spent supporting policies—and policymakers—that preserve the safe and effective distribution of alcohol in this country.

SWRA sees a correlation between the states with the highest political campaign donations by wholesalers and those with the greatest levels of what it calls legislatively enacted "competitive advantage and protection" measures. SWRA says wholesalers in 10 states represented 73 percent of all contributions in the time period. *[wmr]*

e-XTRA! To obtain a copy of the report, email Tom Wark at twark@specialtywineretailers.org or email WMR.

Political Campaign Contributions by Wine and Spirits Wholesalers by State

State	State 2006 CC	State 2004 CC	State 2002 CC	State 2000 CC	Total
Alabama	\$363,505.00	\$30,448.00	\$440,700.00	\$10,800.00	\$845,453.00
Alaska	\$2,734.00	\$5,370.00	\$21,944.00	\$2,460.00	\$32,508.00
Arizona	\$126,101.00	\$32,460.00	\$50,450.00	\$45,462.00	\$254,473.00
Arkansas	\$62,260.00	\$34,914.00	\$31,217.00	\$38,665.00	\$167,056.00
California	\$1,039,278.00	\$1,673,542.00	\$1,053,694.00	\$529,790.00	\$4,296,304.00
Colorado	\$27,907.00	\$7,800.00	\$44,062.00	\$5,325.00	\$85,094.00
Connecticut	\$79,814.00	\$40,650.00	\$116,530.00	\$68,342.00	\$305,336.00
Delaware	\$39,384.00	\$109,050.00	\$58,001.00	\$13,310.00	\$219,745.00
Florida	\$1,367,331.00	\$539,035.00	\$721,921.00	\$555,741.00	\$3,184,028.00
Georgia	\$1,151,646.00	\$609,221.00	\$945,860.00	\$365,930.00	\$3,072,657.00
Hawaii	\$3,307.00	\$14,646.00	\$19,715.00	\$514.00	\$38,182.00
Idaho	\$14,375.00	\$19,450.00	\$19,460.00	\$11,416.00	\$64,701.00
Illinois	\$1,527,393.00	\$1,324,861.00	\$1,821,537.00	\$1,057,985.00	\$5,731,776.00
Indiana	\$203,803.00	\$678,389.00	\$449,963.00	\$239,408.00	\$1,571,563.00
Iowa	\$160,250.00	\$86,800.00	\$67,025.00	\$41,825.00	\$355,900.00
Kansas	\$60,593.00	\$51,772.00	\$44,290.00	\$38,381.00	\$195,036.00
Kentucky	\$116,300.00	\$90,121.00	\$73,800.00	\$46,275.00	\$326,496.00
Louisiana	\$65,119.00	\$238,362.00	\$17,572.00	\$0.00	\$321,053.00
Maine	\$39,050.00	\$17,959.00	\$18,525.00	\$7,200.00	\$82,734.00
Maryland	\$43,134.00	\$61,162.00	\$57,471.00	\$0.00	\$161,767.00
Massachusetts	\$4,269,895.00	\$168,635.00	\$184,865.00	\$109,700.00	\$4,733,095.00
Michigan	\$613,442.00	\$453,142.00	\$610,155.00	\$422,580.00	\$2,099,319.00
Minnesota	\$48,000.00	\$18,900.00	\$16,850.00	\$14,337.00	\$98,087.00
Mississippi	\$7,150.00	\$25,600.00	\$0.00	\$0.00	\$32,750.00
Missouri	\$22,525.00	\$75,720.00	\$40,914.00	\$72,105.00	\$211,264.00
Montana	\$6,110.00	\$11,172.00	\$8,360.00	\$5,425.00	\$31,067.00
Nebraska	\$20,388.00	\$4,472.00	\$8,671.00	\$14,041.00	\$47,572.00
Nevada	\$131,834.00	\$124,258.00	\$159,450.00	\$224,500.00	\$640,042.00
New Hampshire	\$1,400.00	\$16,150.00	\$13,910.00	\$46,425.00	\$77,885.00
New Jersey	\$218,113.00	\$105,233.00	\$185,045.00	\$113,433.00	\$621,824.00
New Mexico	\$107,668.00	\$97,197.00	\$187,226.00	\$58,275.00	\$450,366.00
New York	\$325,980.00	\$481,698.00	\$373,680.00	\$222,134.00	\$1,403,492.00
North Carolina	\$140,367.00	\$292,511.00	\$156,337.00	\$192,825.00	\$782,040.00
North Dakota	\$4,625.00	\$15,875.00	\$8,500.00	\$10,750.00	\$39,750.00
Ohio	\$675,137.00	\$464,779.00	\$363,783.00	\$312,478.00	\$1,816,177.00
Oklahoma	\$39,323.00	\$58,345.00	\$34,737.00	\$35,160.00	\$167,565.00
Oregon	\$449,581.00	\$427,594.00	\$281,693.00	\$188,131.00	\$1,346,999.00
Pennsylvania	\$140,399.00	\$89,780.00	\$114,350.00	\$92,865.00	\$437,394.00
Rhode Island	\$58,355.00	\$56,170.00	\$32,275.00	\$10,325.00	\$157,125.00
South Carolina	\$189,146.00	\$127,672.00	\$172,668.00	\$171,130.00	\$660,616.00
South Dakota	\$20,085.00	\$12,000.00	\$8,900.00	\$5,550.00	\$46,535.00
Tennessee	\$217,647.00	\$182,602.00	\$270,240.00	\$142,147.00	\$812,636.00
Texas	\$3,551,002.00	\$1,588,484.00	\$1,316,110.00	\$520,508.00	\$6,976,104.00
Utah	\$28,825.00	\$36,050.00	\$45,065.00	\$35,760.00	\$145,700.00
Vermont	\$6,000.00	\$10,000.00	\$10,150.00	\$8,150.00	\$34,300.00
Virginia	\$1,176,127.00	\$519,687.00	\$669,386.00	\$214,961.00	\$2,580,161.00
Washington	\$103,675.00	\$117,862.00	\$68,225.00	\$87,120.00	\$376,882.00
West Virginia	\$45,650.00	\$105,200.00	\$52,700.00	\$107,200.00	\$310,750.00
Wisconsin	\$186,733.00	\$187,326.00	\$208,523.00	\$97,757.00	\$680,339.00
Wyoming	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Totals	\$19,298,466.00	\$11,540,126.00	\$11,676,505.00	\$6,614,601.00	\$49,129,698.00