

You Get What You Pay For



California's Alcohol Lobby

A Marin Institute Report

You Get What You Pay For – California’s Alcohol Lobby

Though it doesn’t grab many headlines, the alcohol lobby is one of California’s most potent political forces, spending millions each year to sway legislators on bills affecting the liquor, wine and beer businesses.

From the Wine Institute to Anheuser-Busch, alcohol corporations and industry associations donated more than \$3.5 million to state political candidates in 2006, making the sector one of the most prolific political spenders in California elections. Couple that with roughly \$3 million in lobbying efforts that same year – money spent on influencing policy outcomes – and it’s easy to see how the alcohol industry has become a force to be reckoned with.

Instead of just listing the dollar figures, we examined the benefits the lobbyists are getting for all that money, the return on their investment. This Marin Institute report, based on analysis of public records, details for the first time Big Alcohol’s¹ political spending practices – and what the industry receives in return. Our research has unearthed some particularly noteworthy lobbying of prominent legislators on the Assembly and Senate Committees on Government Organization, and a pattern of pro-industry legislative efforts by key recipients of alcohol money.

Whether it’s staunchly opposing regulation of alcopops (flavored alcoholic malt beverage drinks promoted to young people), or fending off increased liquor excise taxes, or crafting measures to expand their marketing opportunities, the beer, wine and liquor industry lobby has a convincing track record – killing nearly 100% of the bills it opposes, and getting most of its supported measures passed.²

Big Alcohol Spenders in 2006

FEDERAL LOBBYING	FEDERAL CAMPAIGN DONATIONS		CALIFORNIA CAMPAIGN DONATIONS	CALIFORNIA LOBBYING ³
\$15,124,931	\$10,222,038		\$3,516,550	\$2,953,553

Top Five Big Alcohol Campaign Contributors to California Lawmakers in 2006

Anheuser-Busch	Southern Wine and Spirits	E&J Gallo Winery	California Beer and Beverage Distributors	Wine Institute
\$563,362	\$396,775	\$395,430	\$306,414	\$295,572

Top Five Big Alcohol Lobbying Spenders in California in 2006

Wine Institute	SAB Miller	Anheuser-Busch	Wine And Spirits Wholesalers	California Beer and Beverage Distributors
\$554,434	\$397,285	\$288,694	\$288,000	\$ 281,102

Governor's Office Targeted by Big Alcohol

Governor Schwarzenegger's campaign contributions from the alcohol industry have nearly doubled since his 2003 election. In 2003, Governor Schwarzenegger received \$159,790 in campaign contributions from the alcohol industry, while receiving \$370,096 in campaign contributions from Big Alcohol in 2006.

Schwarzenegger's top contributors in 2006 were:

- Anheuser-Busch: \$44,600
- E & J Gallo Winery: \$44,600
- Diageo: \$44,600

- SABMiller: \$44,600
- Constellation Brands: \$44,600

(\$44,600 is the maximum allowed under California law.)

Egregious Big Alcohol Lobbying Gifts

The California Assembly and Senate Committees on Government Organization handle the vast majority of alcohol related legislation. Not surprisingly, these committee members received the most attention from the alcohol lobby.⁴

In the Assembly:

- Miller beer gave GO Committee member Greg Aghazarian \$149.38 worth of tickets and drinks at a Sacramento Kings basketball game. Anheuser-Busch also courted the assemblyman by spending \$272 on a concert for a high level staffer.
- Miller spent more than \$400 on drinks – just drinks – on Bill Emerson’s office.
- Miller treated Governor Schwarzenegger’s staff to \$318 worth of tickets to Sacramento Kings basketball games.
- Kevin McCarthy enjoyed \$300 worth of Lakers tickets courtesy of Anheuser-Busch.

In the Senate:

- GO Committee Vice Chairman Jeff Denham received the most gifts in the Senate. He and his staff enjoyed several Sacramento Kings games and concert tickets worth more than \$600, including drinks at the events.
- Don Perata’s staff attended a concert with tickets worth \$230.
- George Runner attended dinner and Sea World at the expense of Anheuser-Busch for more than \$400.
- GO Committee member Mark Wyland dipped into both Miller and Anheuser-Busch’s coffers for a King’s basketball game and a concert for expenses totaling more than \$300.

Profiles in Payback

Assemblyman Greg Aghazarian, Republican, District 26; member of Select Committee on Wine, former member of Committee on Government Organization

Big Alcohol Campaign Contributions: \$35,796

Top Givers: E&J Gallo Winery, \$6600; Anheuser-Busch, \$6,500

Big Alcohol Lobbying Gifts: An alcohol industry favorite, Aghazarian enjoyed a Sacramento Kings basketball game courtesy of Miller beer, which treated him to \$149.38 worth of tickets and drinks. Anheuser-Busch nurtured good relations by treating a high level Aghazarian staffer to concert tickets worth \$272.

Voting record: Voted with Big Alcohol 45% of the time (5 out of 11 bills).⁵

Legislative Actions:

Authored AB 776 (2007 session; passed both houses, signed by the Governor 9/21/07)

This market-expanding bill, Aghazarian's website explains, "would allow beer and wine distributors and manufacturers to purchase advertising space with the California Cougars at the Stockton Arena." The measure, according to state legislative analysis, "Provides that a beer manufacturer may sponsor or purchase advertising space and time from, or on behalf of, an off-sale retail licensee" at a sports facility in San Joaquin county of 10,000 capacity, written specifically for the sports team in his district to expand liquor sales.⁶

Authored AB 417 (2005 session; passed both houses 9/05, vetoed by Governor).

Sponsored by Anheuser-Busch, California Grocers, California Retailers, Miller Brewing, 7-Eleven, and the Wine Institute, AB 417 proposed changing the definition of beer to "include any alcoholic beverage that qualifies as a malt beverage under a specified federal law" – expanding the definition of beer to include alcopops, those sweet alcoholic drinks marketed intensively to young people. Aghazarian's bill therefore would allow alcopops to be taxed as beer, instead of as distilled spirits.⁷

Authored AB 2878 (2004 session; passed, chaptered into law 9/20/05)

This measure, carried "on behalf of the Anheuser-Busch Brewing Companies," according to state legislative analysis, "adds "filters" to the specified list of alcoholic beverage tapping equipment that can be furnished to an on-sale licensee." In further comments, the legislative analyst explained, "Anheuser Busch is always seeking ways in which to enhance the quality of its products, and they state that the company ensures that the finest ingredients and state of the art processes are used in every step of the brewing process. The company also

wants to make certain the freshest, cleanest dispensing system delivers the best tasting beer to its customers. The company believes that adding this filter to the air line will enhance the quality of their product.”⁸

Assemblyman Alberto Torrico, Democrat, District 20, chairman of the GO Committee

Big Alcohol Campaign Contributions: \$22,650

Top Givers: Young's Market, \$3300; Anheuser-Busch, \$3300; Diageo, \$3000)

Big Alcohol Lobbying Gifts: Torrico enjoyed gifts from the alcohol lobby including a round of golf for his Chief of Staff and Sea World tickets totaling more than \$300 from Miller and Anheuser-Busch.

Legislative Actions:

Authored AB 1245 (2007 session, referred to GO Committee 3/15/07)

This bill would, as the Brewers Association put it, “increase the allowable number of participants to 200 at beer tasting events held by a beer manufacturers’ trade association” – thereby expanding the beer industry’s promotional opportunities.⁹

Authored AB 2398 (2006 session, referred to committee 11/30/06)

This bill, sponsored by the California Beer and Beverage Distributors, “extends the authority for beer and wine wholesalers to sell specific products to off-sale beer and wine licensees (i.e. liquor stores and grocery stores) to on-sale beer and wine licensees (i.e. bars and restaurants),” according to the state legislative analyst.¹⁰

Senator Jeff Denham, Republican, District 12, Vice Chairman of the GO Committee; also sits on Senate Select Committee on California’s Wine Industry

Big Alcohol Campaign Contributions: \$42,400

Top Givers: Diageo, \$6,500; SAB Miller, \$6,300; Anheuser-Busch, \$5,600

Big Alcohol Lobbying Gifts: GO Committee Vice Chairman Jeff Denham received more gifts than any other state senator. He and his staff enjoyed several Sacramento Kings games and concert tickets totaling more than \$600 in tickets and drinks.

Voting record: Supported Big Alcohol position 54% of the time (7 of 13 bills).

Legislative Activities:

Authored SB 344 (2006 session, Returned to Secretary of Senate 1/31/06)

This bill would expand liquor sales by enabling non-profit arts trusts to obtain on-sale general bona fide public eating place licenses, thereby allowing them to “sell and serve alcoholic beverages to the public,” according to the legislative analyst. “A licensee under this section may...directly or indirectly, give or furnish alcoholic beverages to persons at events for consumption on the premises.”¹¹

Senator Patricia Wiggins, Democrat, District 2, Chair of Senate Select Committee on California's Wine Industry, member of GO Committee

Big Alcohol Campaign Contributions: \$24,395 Top Giver: Diageo, \$4,233

Big Alcohol Voting record: Supported Big Alcohol position 69% of the time (22 of 32 bills).

Legislative Activities:

Authored Senate Bill 108 (2007 session, passed, sent to Gov. 9/6/07). This bill, sponsored and supported by Family Winemakers of California, California Association of Winegrape Growers, and the Wine Institute, “modifies an existing provision of law that allows wine orders to be taken at wine tasting events held by specified nonprofit organizations to include three additional types of nonprofit organizations civic leagues, social organizations and voluntary employees' beneficiary associations,” according to the legislative analyst.

“Proponents of this bill emphasize that extending the existing statute will benefit nonprofit groups, consumers and wineries. Additionally, proponents contend that enhancing the attendance at nonprofit fundraisers helps a wide variety of groups, enables consumers to order wine that may not be readily available, and helps wineries build brand awareness.”¹²

REFERENCES

¹ Marin Institute defines Big Alcohol as the largest global alcohol corporations, distributors, and their trade groups.

² Examples include AB 2013 (2006) which would have established a Youth Alcohol Problem Prevention Fund with the funds generated by taxing flavored malt beverages of “alcopops” as distilled spirits and SB 1180, which would have required the Secretary of the Health and Human Services Agency to conduct a study identifying the factors contributing to underage drinking and provide prevention action recommendations to the legislature.

Information concerning California lobbying was compiled from the website maintained by the California Secretary of State at: <http://www.sos.ca.gov/>. Information concerning California campaign donations was compiled from the website: www.followthemoney.org. All California donations and lobbying data obtained from these sources unless otherwise noted. Quotes and data from MAPLight.org available at <http://maplight.org/map/ca/interest/browse/General+Business/Beer%2C+Wine+%2526+Liquor>

³ An aggregate figure for California lobbying was unavailable because the Secretary of State no longer categorizes lobbying dollars by industry. This total for a collection of the biggest players in the industry. See op. cit. 1 for California figures. Information concerning federal campaign finance and lobbying information was compiled from the website: www.opensecrets.org

⁴ <http://www.sos.ca.gov>

⁵ All voting records are according to MapLight.org.

⁶ Aghazarian web site: <http://republican.assembly.ca.gov/members/a26/index.aspx?page=LEG>; legislative analysis: http://www.leginfo.ca.gov/pub/07-08/bill/asm/ab_0751-0800/ab_776_cfa_20070901_161208_asm_floor.html

⁷ Modern Brewery Age, September 12, 2005: http://findarticles.com/p/articles/mi_m3469/is_37_56/ai_n15724477; legislative analysis: http://www.leginfo.ca.gov/pub/05-06/bill/asm/ab_0401-0450/ab_417_cfa_20060207_095145_asm_floor.html;

⁸ California legislative information web site: http://www.leginfo.ca.gov/pub/03-04/bill/asm/ab_2851-2900/ab_2878_cfa_20040825_233715_asm_floor.html

⁹ Brewer's Association web site: http://www.beertown.org/govt_affairs/2007/april.html

¹⁰ http://www.leginfo.ca.gov/pub/05-06/bill/asm/ab_2351-2400/ab_2398_cfa_20060811_101214_sen_floor.html

¹¹ http://www.leginfo.ca.gov/pub/05-06/bill/sen/sb_0301-0350/sb_344_bill_20050216_introduced.pdf

¹² http://www.leginfo.ca.gov/pub/07-08/bill/sen/sb_0101-0150/sb_108_cfa_20070716_171159_asm_floor.html

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