



Impact of alcohol wholesalers,
distributors and retailers in
Kentucky

WSWK | KBWA | KMBC | KABR

K.A.B.R.

**Kentucky
Association
of
Beverage
Retailers**



**Wine & Spirits
Wholesalers
of Kentucky**

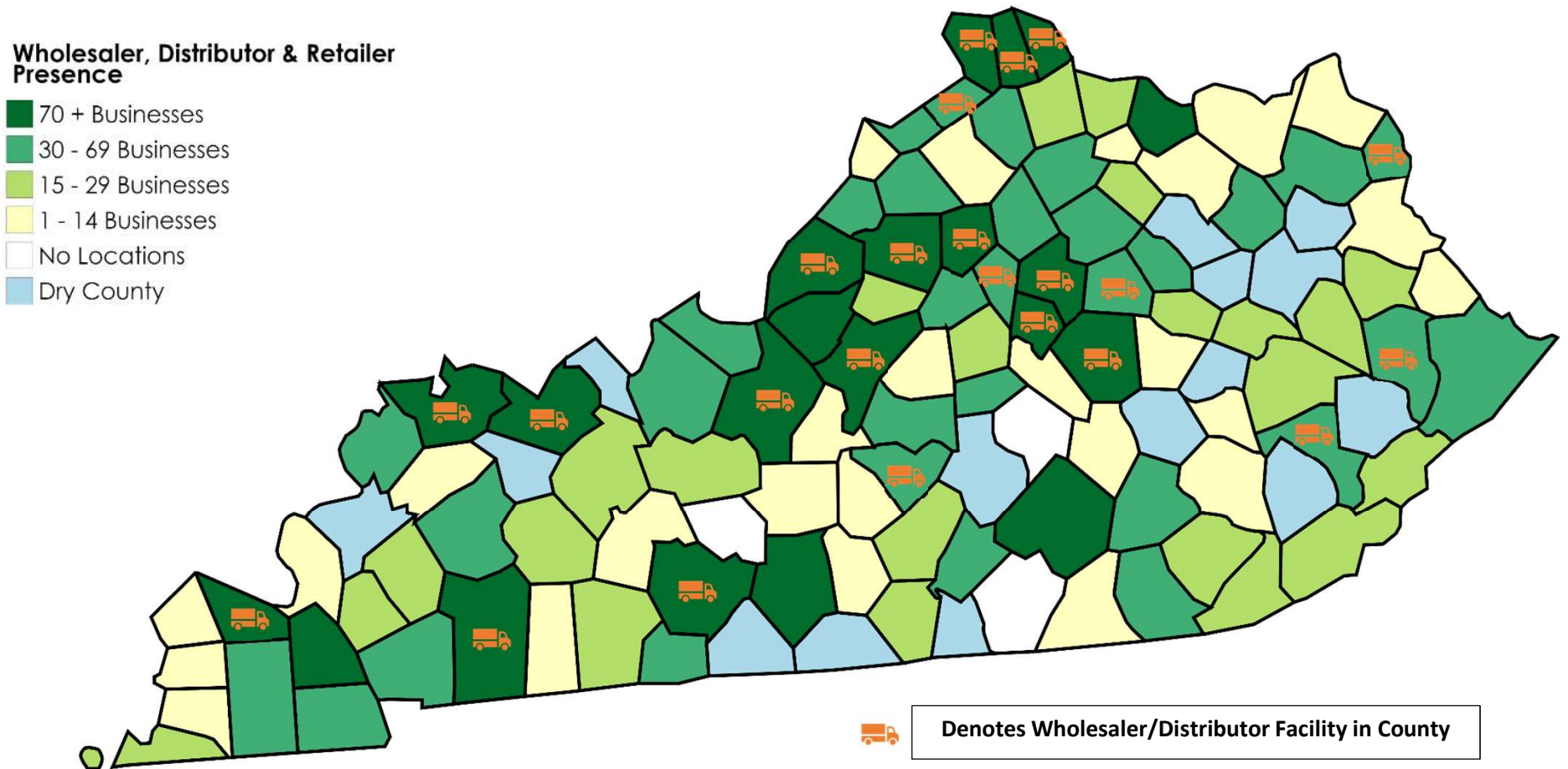


Total impact of alcohol wholesalers, distributors and retailers (Source: Dr. Coomes report)

- 16,400 jobs
- \$496 million in payroll
- 8,000+ businesses
- Community engagement



Creating jobs and delivering consumer choice statewide



Wholesalers/ Distributors



48 wine and spirits wholesalers
and/or beer distributors

2,380 employees

\$64,000 average annual pay

\$176 million total payroll

\$1.2 billion products
distributed

Off-premise Retailers

- Package stores
- Grocery stores
- Pharmacies
- Convenience stores
- General stores

4,002 off-premise
retailers

3,713 employees

\$99.4 million total payroll

\$2 billion products sold

*Data relate to alcohol sales only



Retail Package Stores

- 836 stores licensed to sell liquor by the package
- 2,509 employees
- 85% have fewer than 10 employees
 - Small business, large investment





18th Amendment - 1919



The transportation or importation into any State, Territory, or possession of the United States for delivery or use therein of intoxicating liquors, in violation of the laws thereof, is hereby prohibited.

21st Amendment - 1933

Two Constitutional Amendments

System of Checks and Balances



Beverage alcohol products are produced at **distilleries, breweries and wineries.**



Wholesalers market and deliver beverage alcohol product to hundreds of thousands of retail & on-premise locations throughout the country.



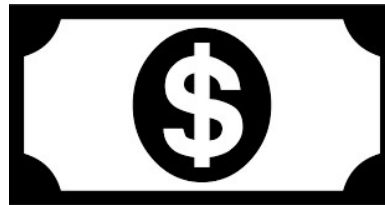
Outlets where Americans purchase beverages:

- **On-Premise** (Bars, Taverns & Restaurants)
- **Off-Premise** (Package Liquor Stores & Retail Stores)

Three Tiers | Three Big Benefits



www.shutterstock.com | 534671241
Consumer
Safety



Tax Collection



Product
Selection

Consumer Safety

- Limit underage access
- Moderate consumption
- Respect dry territories
- Prevent tainted/counterfeit product
- Remove recalled product

25 People Have Now Died From Tainted Alcohol in Costa Rica

BY STACEY LEASCA | AUGUST 26, 2019

Dominican Republic Deaths: 10th American Dies On Vacation, Could Be Linked To Alcohol

By Arthur Villasanta
06/24/19 AT 1:23 AM



Harpers.co.uk
Setting the news agenda for the UK wine & spirits trade

\$100 million of counterfeit wine in circulation

WORLD

MEXICO: 10,000 GALLONS OF ILLEGAL ALCOHOL SEIZED IN OPERATION TO PROTECT TOURISTS' HEALTH

BY SOFIA LOTTO PERSIO ON 8/14/17 AT 12:52 PM

Spanish Counterfeit Wine Ring Produced '\$1.7 Million' Worth of Fake Vega Sicilia and Pingus

words: TIM MCKIRDY
updated: JULY 31ST, 2018

Third of rare Scotch whiskies tested found to be fake

© 20 December 2018 | 📄



Consumer Safety

Tax Collection

- Wholesale tier
 - Wholesale sales (ad valorem) tax – **\$123.1 million (FY19)**
 - 10% (beer and wine), 11% (spirits)
 - Excise (volume) tax – **\$23.8 million (FY19)**
 - \$.08/gallon (beer), \$.50/gallon (wine), \$1.92/gallon (spirits)
- Retail tier
 - Retail sales tax – **\$117 million (projected FY19)**
 - Local regulatory license fee – **Too much**
 - 97 cities and counties; 20,000 in pop. or less

Alcohol taxes collected by wholesalers and retailers generate nearly \$265 million a year in revenue for the Commonwealth*

*Note: A small portion of these taxes are collected by microbreweries

104 canewood center drive, suite 1NS
georgetown, kentucky 40324
phone | 859 551 9119


Sales Receipt

08/10/2019 3:10 pm

Ticket: 220000016830

Register: CW | in store

Employee: walker

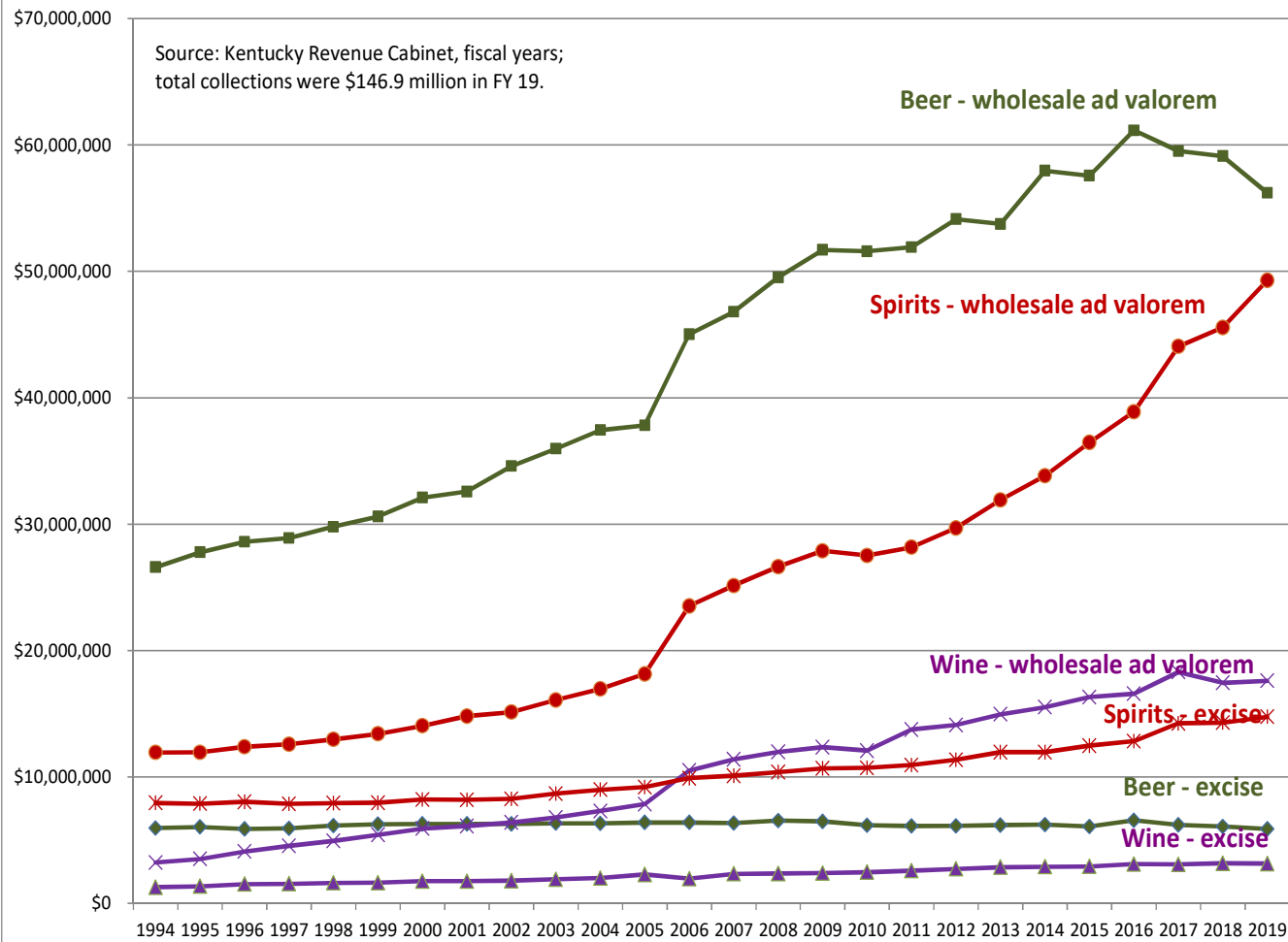
Item	#	Price
country boy - cougar bait 6pk	1	\$9.99
country boy - nacho bait 6pk	1	\$9.99
stemmari pinot noir	1	\$9.99
Subtotal		\$29.97
Tax 1 (\$29.97 @ 6%)		\$1.80
 Tax 2 (\$29.97 @ 7%)		\$2.10
Total Tax		\$3.90
Total		\$33.87

PAYMENTS

Credit Card

Tax Collection

Kentucky Tax Collections, Wholesale Taxes Only, Alcoholic Beverages



Tax Collection

Kentucky's alcohol taxes are among the highest in the country

- Beer – 6th
- Wine – 1st
- Spirits – 17th

A photograph of a liquor store aisle. The shelves are densely packed with various bottles of alcohol, including beer, wine, and spirits. Numerous white price tags are attached to the bottles. The lighting is somewhat dim, and the overall scene is a close-up of the product selection.

Product Selection

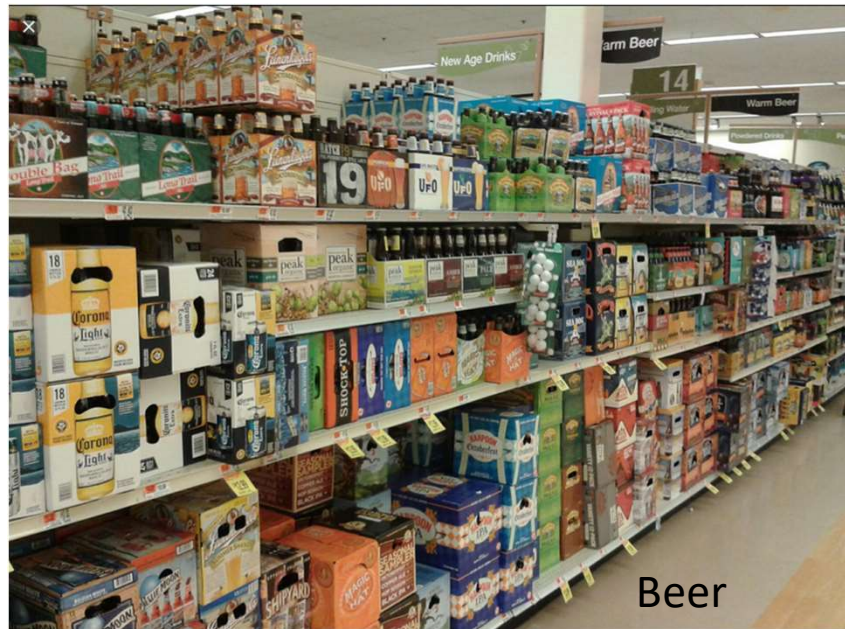
36,400 products of
beer, wine and spirits
currently registered in
Kentucky

Product Selection

No other product in the U.S. matches the variety of alcoholic products available to American consumers



Soda



Beer

Direct-to-consumer (DTC) shipping

- DTC allows a supplier to ship alcohol directly to a consumer, bypassing the wholesaler and retailer
- Level playing field?
 - Liability, taxation, licensure, enforcement
- DTC vs. “olive oil” shipments
 - Alcohol masked as olive oil is often either a gift or a black market sale of a specialty product
 - Kentucky law does not prohibit the personal shipment of alcohol as a gift
- Retailer delivery – three-tier compliant online ordering





Alcohol is meant to be celebrated..



...but it is a serious product that deserves serious treatment.

- 82% of Americans believe alcohol is different than other products and should be regulated differently
- 83% support individual state regulation of alcohol, and 75% support the three-tier system
- 87% satisfied with variety of alcohol products available

Source: Center for Alcohol Policy Survey, 2019