

Economic & Rural Development and Policy Committee Meeting

October 15th, 2024

Alcoholic Beverages Industry Wholesaler Update

Alan Markey, Regional Vice President
– Premier Distributing Company

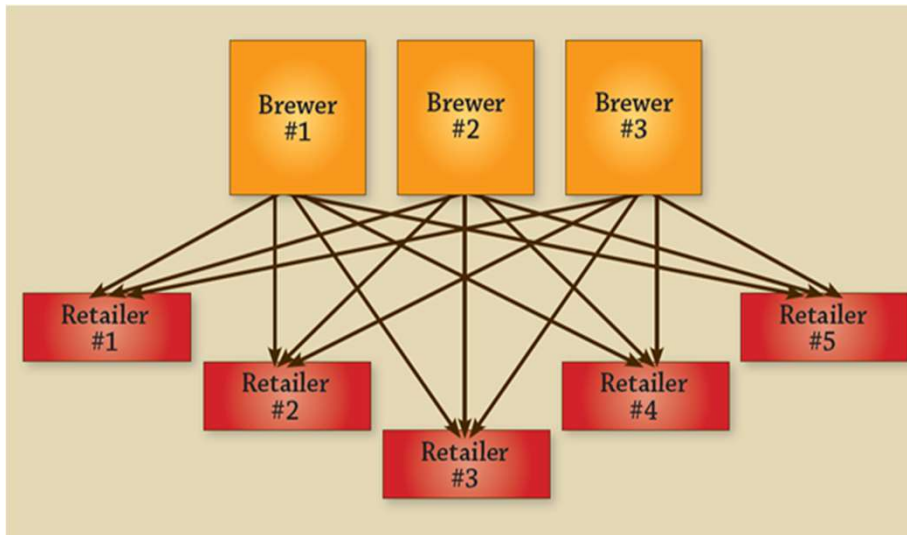
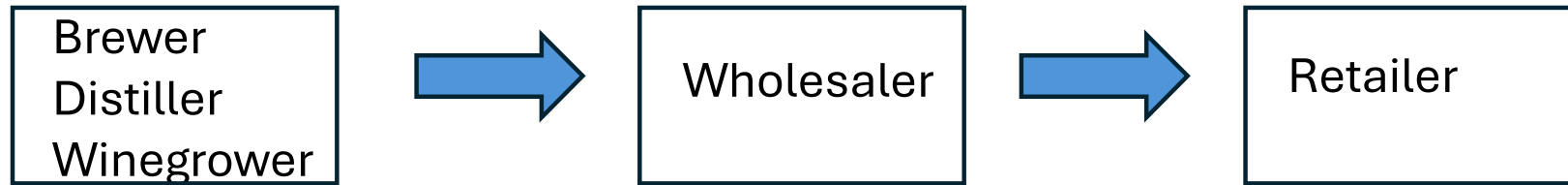
Primary New Mexico Beer, Wine, & Spirits Wholesalers

- Admiral Beverage Company – Beer, non-alcoholic, & spirits
- Premier Distributing Company – Beer, non-alcoholic, & spirits
- Republic National Distributing Company – Beer, wine, & spirits
- Southern Glazer’s Wine & Spirits – Wine & spirits
- L&F Distributors – Beer, non-alcoholic, wine, & spirits

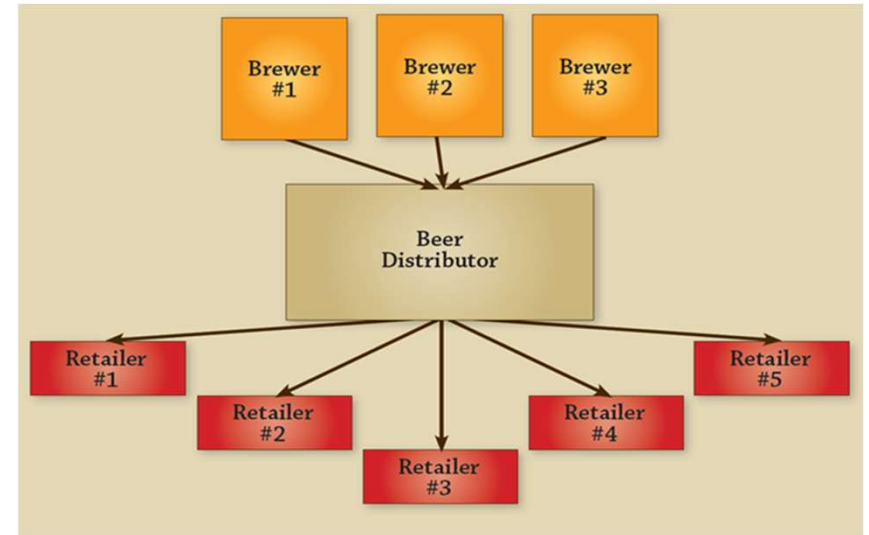


Beer, Wine & Spirits Wholesalers

- Repeal of Prohibition – Alcohol’s 3-Tier System



Inefficient Distribution Without a Wholesaler Tier



Efficient Distribution With a Wholesaler Tier

Beer, Wine, & Spirits Wholesalers - Three Tier System Benefits

Regulatory

- Facilitates state and local control within licensed system
- Orderly markets for alcohol
- Responsible competition

Economic

- Efficient and timely tax collection
- Business growth with growing number of brewers, distillers, and winegrowers
- Wholesaler economic impact

Commercial

- Equal access to the market - a level playing field
- Retailer has enormous selection
- Consumer has vast choice

Economic Contribution

– Wholesaler Employment

- Combined wholesaler employment provides **1,300** *New Mexican jobs*.
- Full-time benefits include health, dental & vision insurance, 401(k), paid vacation, life insurance.
- Non-college degreed long-term career paths.



Economic Contribution

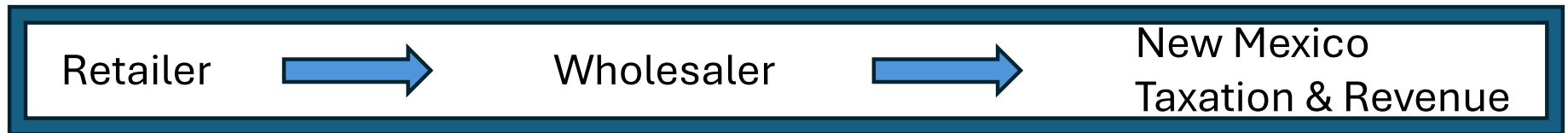
– Taxes Paid

- New Mexico annual payroll taxes remitted: **\$3.8M***
- County annual real estate & personal property taxes: **\$500K+***
- Other New Mexico taxes paid:
 - Diesel and gasoline taxes
 - Heavy vehicle mileage-based tax
 - Gross receipts taxes on services and non-resale products we buy locally
 - Compensating tax on services and non-resale products we buy out of state

*Data includes Admiral Beverage, Premier Distributing, Republic National Distributing, and L&F Distributors only.

Alcohol Excise Taxes

- Alcohol excise taxes are levied by volume sold by wholesalers by most states since Prohibition was repealed in 1933.
- Alcohol excise tax is a *tax on consumers*, not on wholesalers, and impacts *consumers' cost of living*.
- Wholesalers' role is tax collection and timely remittance to New Mexico Taxation & Revenue by the 25th of the month following sale.

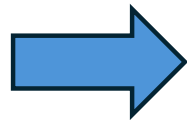


- Wholesalers are efficient, reliable, and timely tax collectors and remitters.

Alcohol Excise Tax

– “Cents per Drink”

- Recent legislative sessions – a \$0.25 per drink increase has been proposed.



- Real impact of that on New Mexican consumers:
 - New Mexico off-premise beer retail leading volume package size is the 30-pack of 12 oz. beer.
 - $\$0.25 \times 30 \text{ 12 oz. beers} = \7.50 tax increase
 - Average off-premise retailer gross margin is approximately 25%.
 - Price to consumers will increase by about $\$10.00 + \text{GRT}$ per 30-pack purchase.
 - That's an average of **30-37% retail price increase at the register** to the consumer.

Alcohol Excise Tax

– “No Increase in 30 Years”

- New Mexicans’ personal income per capita is one of the lowest regionally.
- Our alcohol taxes are the highest regionally, taking a disproportionately higher share of New Mexicans’ lower disposable income.

	Personal Per Capita Income (2023)*	Spirits Tax per Gallon (2023)**	Wine Tax per Gallon (2023)**	Beer Tax per Gallon (2023)**
New Mexico	\$ 55,343	\$ 6.06	\$ 1.70	\$ 0.41
Arizona	\$ 62,543	\$ 3.00	\$ 0.84	\$ 0.16
Colorado	\$ 80,068	\$ 2.28	\$ 0.28	\$ 0.08
Oklahoma	\$ 60,545	\$ 5.56	\$ 0.72	\$ 0.40
Texas	\$ 66,252	\$ 2.40	\$ 0.20	\$ 0.19
Utah***	\$ 64,175	n.a	n.a	\$ 0.41

* Source: 2023, Release Tables: Per Capita Personal Income by State, Annual | FRED | St. Louis Fed (stlouisfed.org)

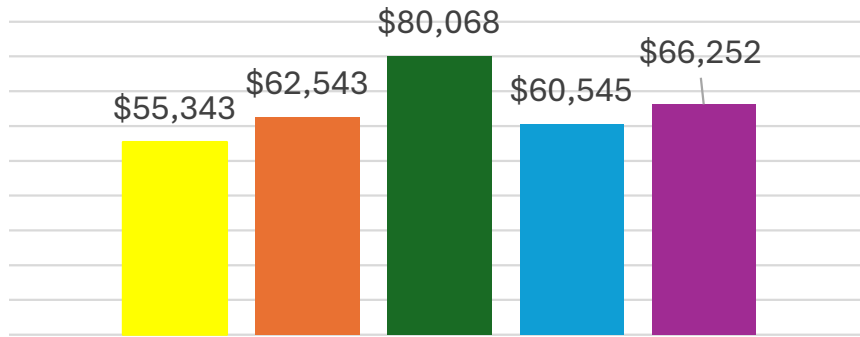
** Source: Tax Policy Center - Urban Institute & Brookings Institution

*** Utah is a control state where all wine and spirits are sold in state-owned stores.

Alcohol Excise Tax

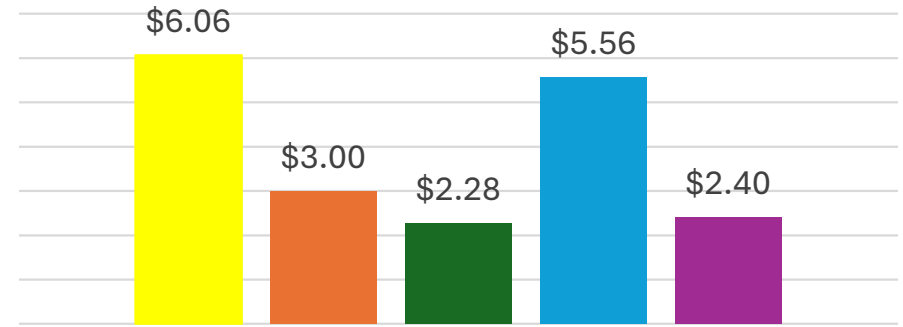
– “No Increase in 30 Years”

Per Capita Personal Income (2023)



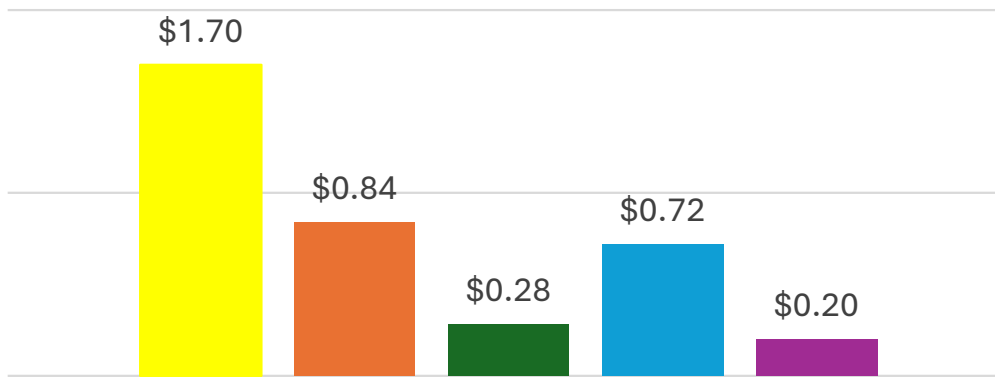
■ New Mexico ■ Arizona ■ Colorado ■ Oklahoma ■ Texas

Spirits Tax per Gallon (2023)



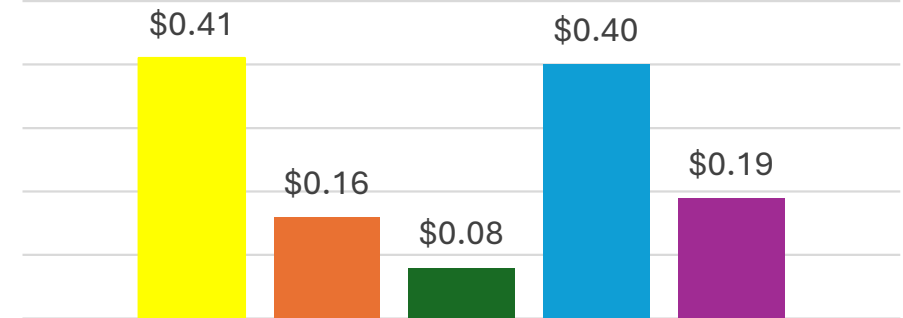
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Wine Tax per Gallon (2023)



■ New Mexico ■ Arizona ■ Colorado ■ Oklahoma ■ Texas

Beer Tax per Gallon (2023)

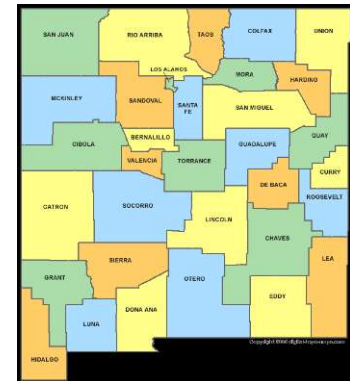


■ New Mexico ■ Arizona ■ Colorado ■ Oklahoma ■ Texas

Economic Contribution

– Wholesaler Employment Across New Mexico

Community	Employees	Community	Employees	Community	Employees	Community	Employees
Alamogordo	13	Dixon	1	Las Vegas	6	Roswell	132
Albuquerque	441	Edgewood	6	Los Lunas	24	Ruidoso	5
Amarillo	1	El Prado	1	Los Ojos	1	Ruidoso Downs	1
Anthony	3	Espanola	10	Los Ranchos	3	Sandia Park	1
Artesia	1	Fairacres	1	Lovington	3	Santa Clara	1
Aztec	8	Farmington	22	Lubbock	1	Santa Fe	63
Bayfield	1	Farwell	1	Mesilla Park	1	Serafina	2
Belen	6	Flora Vista	2	Milan	1	Shiprock	3
Bernalillo	7	Fruitland	2	Moriarty	3	Silver City	5
Bloomfield	4	Gallup	17	Nogal	1	Socorro	2
Carlsbad	6	Glorieta	1	Pagosa Springs	1	Stanley	1
Chambers	1	Grants	6	Pena Blanca	1	Taos	5
Church Rock	1	Hagerman	1	Peralta	2	Thoreau	1
Cimarron	1	Hanover	1	Placitas	2	Tijeras	3
Clovis	20	Hatch	1	Ponderosa	1	Tohajiilee	2
Cordova	1	Hobbs	18	Portales	5	Tucumcari	3
Corrales	2	Hurley	2	Questa	2	Veguita	2
Cortez	1	Jarales	1	Ranchos De Taos	4	Williamsburg	1
Crownpoint	1	Kirtland	5	Raton	5	Zuni	3
Deming	3	Laguna	1	Ribera	1		
Dexter	5	Las Cruces	127	Rio Rancho	59		



Data includes Admiral Beverage, Premier Distributing, Republic National Distributing, and L&F Distributors only.

Economic Contribution

– Wholesaler Employment Careers

- Non-college degreed long-term career paths.
- Internal training and development resources.
- Employee and family sustaining careers.



Economic Contribution – New Mexico Producers – Brewers, Distillers, & Winegrowers

- New Mexico Wholesalers purchased **\$27.5M*** of beer, wine, & spirits from New Mexico brewers, distillers, and winegrowers in the most recent 12 months.
- We provide cost efficient access to independent and chain on- and off-premise licensed retailer markets.
- Wholesalers have contributed to the significant expansion of local products available to consumers in the marketplace.



*Data includes Admiral Beverage, Premier Distributing, Republic National Distributing, and L&F Distributors only.

Community Contribution – Charitable Giving

- We donated **\$770K*** to national and local charities and community organizations since 2020. Additionally, we donate product. Here’s a sampling of New Mexico organizations we supported.

Albuquerque Public Schools	NMRA Hospitality Industry Education Foundation
American Cancer Society	NMSU
APS Education Foundation	Paws & Stripes
Barrett Foundation	Pink Warrior House
Bernalillo Country Parks & Recreation	Red Cross
CASA	Rio Rancho Public Schools
Casa de Peregrinos	Roadrunner Food Bank
CNM Foundation	Ronald McDonald House Charities New Mexico
Community Foundation Southern New Mexico	Roswell Boys and Girls Club
Folds of Honor	Roswell Community Kitchen
Gallup Rotary Club	Salvation Army
Girl Scouts of New Mexico	Storehouse New Mexico
IncredAble MMA Gym	The Food Depot
Make a Wish New Mexico	Toys for Tots
Mandy's Farm	United Way of Chaves County
Mesilla Valley Casa	UNM
National Hispanic Cultural Center Foundation	UNM Children's Hospital
New Mexico Military Institute	WNMU Foundation

- We donate water to communities affected by fire disasters and to volunteer fire departments working through the National Volunteer Fire Council.

*Data includes Admiral Beverage, Premier Distributing, Republic National Distributing, and L&F Distributors only. 14

Thank you for listening, and for your public service to New Mexico

