

BEER | Wholesalers are the life of politicians' parties

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for the party room. The PAC also gave another \$175,000 in contributions to some of the lawmakers.

Pat Laughlin, the wholesalers' chief lobbyist, said the group is simply exercising its rights to lobby for its cause.

"What we're doing is making a contribution to legally pay for a fund-raiser, where we feel we have a relationship with somebody and we feel that they're honest and willing to sit down and talk to us and understand our business," he said. "These people have to make decisions that affect our livelihoods and the livelihoods of our employees."

Although hosting fund-raisers is not illegal, campaign watchdogs say it creates the impression that the wholesalers and lawmakers are trading favors.

"It should raise in the public's mind what" the wholesalers "are getting in return for this special relationship that they're developing," said Ed Bender, executive director of the Institute on Money in State Politics, a nonpartisan campaign watchdog group based in Helena, Mont. "It's a special relationship they are working very hard to develop."

For years, the legendary reception room at the wholesalers' headquarters was known as the Rathskeller. But the Rathskeller disappeared when the wholesalers tore down their building in 2003 and replaced it last year at a cost of \$1.8 million. The new 1933 Room, with its polished wood bar, is named for the year Prohibition was repealed.

No matter the name, the reputation is the same.

"It's part of the culture of the Lansing environment," said state Rep. Leon Drolet, R-Clinton Township, who has attended fund-raisers paid for by the wholesalers but has never held one for himself at the headquarters. "You get used to thinking of the wholesalers in a positive manner — they're nice, they provided the room, they paid for the food, the bar tab."

A tradition

State Sen. Burton Leland, a Detroit Democrat, likes the arrangement at the wholesalers' headquarters so much that he has staged an annual fund-raiser with them as the hosts almost since he started in the Legislature 24 years ago.

"That's the advantage of having it there, because they're going to make a nice contribution to my campaign," said Leland, who is in his final term in the Senate and will leave the Legislature next year. The association's new building makes things just that much more special.

"It's convenient," Leland said. "Now they've got a real nice place."

Mike Lashbrook, president of the wholesalers association, said the group hosts 50 to 65 fund-raisers a year for legislators.

The money raised by lawmakers is important in several ways. They use it to get re-elected. And those seeking leadership positions in the Legislature often give some of their PAC money to other legislators in a bid to raise their profile.

As a state representative from Bay City, Democrat Joseph Rivet had six fund-raisers with the wholesalers as his hosts during six years in the House.

"They're just extraordinarily accommodating," Rivet said. "You don't have to do anything."

The building's location, new and old, adds to the allure, said Rivet, who was term-limited last year and elected Bay County drain commissioner.

"Honestly, if you're trying to have a fund-raiser more than three blocks from the Capitol, attendance is impacted," Rivet said.

Sal Rocca, a Sterling Heights Republican who served 11 terms in the House before term limits forced his departure in 2004, said he had fund-raisers at the wholesalers' building because "it's nearby."

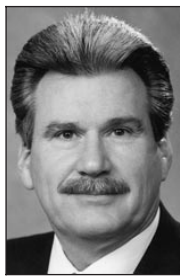
"You just have it where it's most convenient," Rocca said. "It happens to be the most convenient. It's down the street, it's simple."

On Sept. 21, the wholesalers threw a party to celebrate the opening of their new building.

Lt. Gov. John Cherry Jr., who gets 300 to 400 requests every month for his time, made time for this ribbon cutting.

"This grand opening represents the beginning of a new era for wholesalers in our state capital," declared Cherry, whose campaign and political action committees have collected \$40,600 from the wholesalers' PAC since 1997.

"This new headquarters build-



Raymond Basham



Nancy Cassis



Irma Clark-Coleman



Craig DeRoche



Alan Sanborn



Mary Waters

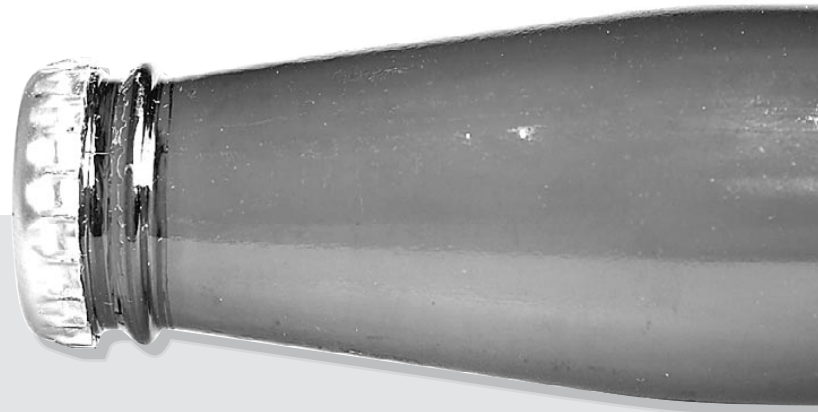
Spreading the money

PAYING FOR FUND-RAISERS. The Michigan Beer & Wine Wholesalers Association's political action committee and individual wholesalers picked up the costs for metro Detroit legislators to stage at least 83 fund-raising parties from 2001 to 2004. Candidates raised more than \$441,000 at the parties and received an additional \$175,000 in PAC contributions. Here's the breakdown:

Legislator	Hometown	Fund-raisers	Party tab paid by the PAC	How much legislators raised	Additional donation from the PAC
Rep. Frank Acciavitti (R)	Eastpointe	1	\$492.68	\$3,567.68	\$4,465.00
Rep. Fran Amos (R)	Waterford	1	485.46	3,485.46	3,550.00
Rep. Glenn Anderson (D)	Westland	1	1,114.69	6,664.69	2,018.64
Sen. Raymond Basham (D)	Taylor	2	1,955.05	12,555.05	3,750.00
Rep.* Bob Brown (D)	Dearborn Heights	2	980.98	5,980.98	0
Sen. Nancy Cassis (R)	Novi	3	2,325.43	23,631.72	3,850.00
Rep. Marsha Cheeks (D)	Detroit	1	1,248.24	3,465.00	5,457.88
Sen. Irma Clark-Coleman (D)	Detroit	3	2,947.06	18,730.85	5,218.87
Sen. Hansen Clarke (D)	Detroit	1	536.13	1,875.00	5,059.55
Rep.* Kenneth Daniels (D)	Detroit	2	1,989.31	6,250.00	5,124.59
Rep. Barbara Farrah (D)	Southgate	1	579.46	4,979.46	4,335.92
Rep. Edward Gaffney (R)	Grosse Pointe Farms	1	986.19	13,136.19	6,063.00
Rep.* Belda Garza (D)	Detroit	3	2,019.25	10,539.25	2,025.00
Rep.* Patricia Godchaux (R)	Birmingham	2	1,260.02	10,135.02	0
Sen.* George Hart (D)	Dearborn	2	1,389.37	8,464.38	1,125.00
Rep. Hoon-Yung Hopgood (D)	Taylor	2	1,384.77	14,634.77	5,360.00
Rep. Tupac Hunter (D)	Detroit	2	1,431.50	6,250.00	3,650.00
Sen. Shirley Johnson (R)	Royal Oak	2	1,258.81	11,650.00	5,600.00
Rep. Philip LaJoy (R)	Canton	1	936.33	5,161.33	6,165.00
Rep. Kathleen Law (D)	Gibraltar	2	843.88	5,049.00	2,150.00
Sen. Burton Leland (D)	Detroit	2	2,246.55	46,931.55	6,010.12
Rep.* George Mans (D)	Trenton	1	824.68	2,624.68	50.00
Rep. Bill McConico (D)	Detroit	1	796.48	1,850.00	8,958.28
Rep.* Bill O'Neil (D)	Allen Park	1	779.87	4,829.87	3,012.82
Rep.* Daniel Paletko (D)	Dearborn Heights	1	739.37	6,489.37	0
Sen.* Gary Peters (D)	Bloomfield Twp.	2	1,554.45	23,079.45	5,250.00
Rep. Clarence Phillips (D)	Pontiac	2	1,849.15	4,125.00	3,450.00
Rep. Jim Plakas (D)	Garden City	2	1,148.61	9,073.61	3,300.00
Rep.* Nancy Quarles (D)	Southfield	3	2,418.70**	7,135.31	0
Rep.* Andrew Richner (R)	Grosse Pointe Park	2	1,650.40	2,475.28	100.00
Rep.* Sal Rocca (R)	Sterling Heights	2	1,439.88	18,225.00	4,983.00
Sen. Alan Sanborn (R)	Richmond	2	1,604.91	12,350.00	12,125.00
Rep.* Gloria Schermesser (D)	Lincoln Park	3	1,696.30	10,566.00	40.00
Sen. Martha Scott (D)	Highland Park	3	1,537.61	11,762.61	6,719.38
Rep.* Judith Scranton (R)	Brighton	1	745.22	4,150.00	718.87
Rep.* Alma Stallworth (D)	Detroit	1	1,079.38	4,376.00	4,435.24
Sen. Michael Switalski (D)	Roseville	2	1,633.35	17,398.35	4,825.00
Rep. Shelley Taub (R)	Bloomfield Hills	1	826.00	4,200.00	5,700.00
Rep.* Artina Tinsley-Hardman (D)	Detroit	4	3,255.05	12,504.68	2,700.00
Rep. Chris Ward (R)	Brighton	1	988.42	6,250.00	5,150.00
Rep. Mary Waters (D)	Detroit	4	3,039.11	22,014.37	7,134.15
Rep. Lisa Wojno (D)	Warren	3	2,078.69	18,116.21	7,900.00
Rep.* Paul Wojno (D)	Warren	2	1,490.72	7,000.00	2,335.03
Rep.* Dave Woodward (R)	Royal Oak	1	777.76	1,577.46	2,650.00
Rep.* Gary Woronchak (R)	Dearborn	1	687.41	6,287.41	2,450.00
TOTAL			\$63,052.68	\$441,598.04	\$174,965.34

Sources: Michigan Campaign Finance Disclosure Statements; data analysis by VICTORIA TURK/Detroit Free Press

* Served in former legislative session. ** Received a check for a 2002 fund-raiser for \$771.37. The check was never cashed and was subsequently voided.



OTHER RECIPIENTS. Some metro Detroit legislators did not have fund-raisers paid for by the PAC. But they weren't left out — they also received contributions.

Legislator	Hometown	Contributions from the PAC
Rep. Dan Acciavitti (R)	Chesterfield Twp.	\$2,600.00
Rep. Steve Bieda (D)	Warren	4,075.00
Sen. Mike Bishop (R)	Rochester	2,793.49
Rep. Jack Brandenburg (R)	Harrison Twp.	3,325.00
Sen.* Bill Bullard Jr. (R)	Highland Twp.	1,817.11
Rep.* William Callahan (D)	St. Clair Shores	150.00
Rep. Ed Clemente (D)	Lincoln Park	3,000.00
Rep. Paul Condino (D)	Southfield	275.00
Sen.* Ken DeBeaussaert (D)	Chesterfield Twp.	125.00
Rep. Craig DeRoche (R)	Novi	7,950.00
Rep. Andy Dillon (D)	Redford Twp.	100.00
Sen.* Christopher Dingell (D)	Trenton	725.00
Rep. Leon Drolet (R)	Clinton Twp.	150.00
Rep.* Jennifer Faunce (R)	Warren	756.76
Rep. John Garfield (R)	Rochester Hills	4,400.00
Rep.* Paul Gielegghem (D)	Clinton Twp.	2,963.51
Rep.* Derrick Hale (D)	Detroit	300.00
Rep. Morris Hood III (D)	Detroit	450.00
Sen. Gilda Jacobs (D)	Huntington Woods	1,800.00
Rep.* Ruth Johnson (R)	Holly	3,000.00
Rep.* Mike Kowall (R)	White Lake Twp.	3,950.00
Rep. David Law (R)	Commerce Twp.	3,300.00
Rep. Gabe Leland (D)	Detroit	4,540.73
Rep. Lamar Lemmons III (D)	Detroit	4,705.57
Rep. Lamar Lemmons Jr. (D)	Detroit	1,000.00
Rep. Jim Marleau (R)	Lake Orion	4,000.00
Sen.* Thaddeus McCotter (R)	Livonia	625.00
Rep. Andy Meisner (D)	Ferndale	3,250.00
Sen.* Raymond Murphy (D)	Detroit	2,300.00
Sen. Dennis Olshove (D)	Warren	4,475.00
Rep. Brian Palmer (R)	Romeo	550.00
Rep.* John Pappageorge (R)	Troy	1,300.00
Rep. John Pastor (R)	Livonia	4,600.00
Sen. Bruce Patterson (R)	Canton	9,975.00
Rep.* Andrew Raczkowski (R)	Farmington Hills	994.86
Rep. Tory Rocca (R)	Sterling Heights	4,878.92
Rep.* Marc Shulman (R)	West Bloomfield	2,800.00
Rep. Virgil Smith (D)	Detroit	4,777.70
Rep. John Stakoe (R)	Highland	5,481.82
Rep.* Keith Stallworth (D)	Detroit	250.00
Rep. John Stewart (R)	Plymouth	875.00
Sen. Buzz Thomas (D)	Detroit	4,859.01
Rep. Steve Tobocman (D)	Detroit	725.00
Sen. Laura Toy (R)	Livonia	6,400.00
Rep. Aldo Vagnozzi (D)	Farmington Hills	525.00
Sen.* Joseph Young Jr. (D)	Detroit	100.00
TOTAL		\$121,994.48

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ing in the heart of the state capital positions this association well for future involvement in the legislative and political process."

At 7 a.m. the next day, the wholesalers opened the doors for the first fund-raiser in the 1933 Room. The guest of honor was then-House Speaker Rick Johnson.

His fund-raising take from the occasion: \$7,000.

Unrivaled clout

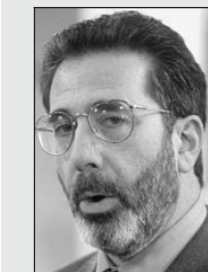
All the money and attention bring results. For example, the wholesalers say their PAC spending has helped keep a lid on beer and wine taxes.

Howard Wolpin, a former association chairman, noted in a speech at the group's convention last summer that the association's PAC had raised record amounts in 2002 and 2003 — \$376,000 and \$383,000.

"There is no better proof of the impact of our PAC efforts than to look at the budget debates that have occurred in our state over the last two years" as Michigan coped with a budget crisis, said Wolpin, an Anheuser-Busch distributor in Detroit. "Despite our facing a combined \$2-billion budget deficit over the last two years, our products have not been targeted for a tax increase. Nearly every other state facing similar budget challenges have zeroed in on beer and wine, and it has taken tremendous efforts and expenses on the part of wholesalers and suppliers to try to hold the line."

Last year, when Gov. Jennifer Granholm and the Legislature wrestled with a \$1.3-billion budget shortfall, she proposed raising the state's markup on spirits, such as whiskey and rum.

But there wasn't a whisper about raising the state excise, or commodity, tax on beer — untouched since 1966 when the tax fell slightly to just under 12 cents for a six-pack. The state's wine excise tax has been virtually un-



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SEN. BURTON LELAND, talking about why he likes having the wholesalers host his campaign fund-raisers. Over the years, the Detroit Democrat, whose term expires next year, has become a regular at the Beer & Wine Wholesalers Association headquarters.

changed since 1937 and remains at about a dime a bottle. Those taxes generate about \$50 million a year for the state and are separate from sales taxes. Neighboring states have similar excise tax rates on beer and wine. Taxes on a six-pack of beer amount to about a dime in Illinois and Ohio, and less than 7 cents in Indiana. Taxes on a bottle of wine are about 9 cents in Indiana, about 14 cents in Illinois, and about 6 cents in Ohio.

"People are scared to even men-

tion the possibility of raising beer and wine taxes," said John Taylor, associate professor of marketing and logistics at the Seidman College of Business at Grand Valley State University in Grand Rapids. "There's no better indication of their clout than that."

No end to the party

Even when their new headquarters was under construction, the wholesalers found a way to host legislators' fund-raisers.

They simply changed the location to a restaurant called Leo's Outpost in Lansing, where the décor leans toward knotty pine, mounted game and other stuffed animals — a bear, squirrels and a raccoon with a cigarette dangling from its mouth.

In picking up the party costs, the wholesalers take a roundabout path.

After the fund-raisers, the wholesalers bill the lawmaker for the cost of the event — room rental, food and beverage, and the caterer's fee. The legislator then reimburses the association for the bill.

Then, the wholesalers' PAC sends the legislator's political action or campaign committee a check, typically for the same amount. The figure may be less than the actual bill if the wholesalers' PAC is close to reaching its legal contribution limit for that person.

The wholesalers acknowledge that this is how they handle the dealings.

Laughlin, the wholesalers' lobbyist, said there's a reason for it: The association can't pick up the costs directly because the law bars direct contributions to politicians by corporations. So the association reimburses the lawmakers through its political action committee after the legislators pay the bill.

"If we did it any other way, it would not be legal," Laughlin said.

Other rooms for rent

In Lansing, other trade associations and lobbyists also make reception rooms at their headquarters available for fund-raising receptions. But they generally bill the candidates for the costs and leave it at that.

Popular locations include the Governors Room at Karoub Associates, a multienter lobbying firm; the Michigan Chamber of Commerce offices, and the Michigan Health & Hospital Association of-

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ED BENDER of the Institute on Money in State Politics

fices.

The Health & Hospital Association, which represents Michigan hospitals and health systems, charges legislators \$50 to rent a room in a building it occupies near the Capitol. Legislators must line up their own caterer.

The Michigan chamber charges \$150 for fund-raising events, and guests are responsible for the food and drinks. The chamber's headquarters, 5 blocks from the Capitol, is the site of almost one fund-raiser a week during an election year. The group does not reimburse candidates for party expenses.

Karoub bills for its room and the caterer separately, and also does not reimburse candidates for those costs later.

The Michigan Association of Realtors rents out a room in its building 7 blocks from the Capitol for fund-raisers. Legislators must line up their own caterer.

"We might reimburse as a campaign contribution" through its PAC, said Rob Campau, vice president of public policy for the group. The association, however, has hosted just eight or nine fund-raisers in the past two to three years.

Last year, as the wholesalers association was changing homes, Lashbrook eulogized the old headquarters in a column in a June-July newsletter, paying tribute to its place in Lansing lore.

"It was tough saying good-bye to the old house office building and especially that Lansing institution known as the 'Rathskeller,' where legislators and constituents interacted almost daily while in session and much of the business of state was accomplished," Lashbrook wrote.

"But the new offices and new function space will only build on this tradition as we move forward in the 21st Century."

Contact JENNIFER DIXON at 313-223-4410 or dixon@freepress.com.



In 2000, \$1 was spent on alcohol for every \$8 spent on food at homes nationwide.

Sources: Monthly Labor Review, U.S. Department of Agriculture