



MEMORANDUM

TO: Dawson Hobbs  
 FROM: John Dunham  
 DATE: April 14, 2020  
 RE: Additional Impacts from COVID-19

As governments across the country order restaurants, taverns, hotels and other venues closed in response to the COVID-19 virus, millions of Americans will see their jobs disappear. In addition, many if not most, of these establishments, will have their cash-flow interrupted and will not be able to pay their utilities, their rent, and their suppliers.

To date, 47 states and the District of Columbia, have ordered a total, or near total shutdown of hospitality venues, including those that serve alcoholic beverages. In addition, starting in the middle of March, most on-premise establishments (including hotels, bars, taverns, nightclubs, restaurants, etc.) saw their customers vanish and their sales disappear. This was true even in states that did not enforce mandatory closures. Thirty-one states allow for credit sales of beverage alcohol products from wholesalers to retailers. The lack of cash-flow for hospitality venues in these states put payments to wine and spirits wholesalers far down on the pecking order. This could lead to further job losses as wholesalers become unable to collect for products that they have already distributed.

Table 1 below outlines the potential accounts receivable (AR) nightmare that wholesalers might face.

**Table 1  
 Potential Uncollectable Receivables due to COVID-19 Shutdowns**

State	February Sales			Est. March Sales			At Risk Receivables		
	Wine	Spirits	Total	Wine	Spirits	Total	Wine	Spirits	Total
AK	\$ 1,483,383	\$ 2,687,127	\$ 4,170,509	\$ 396,451	\$ 1,190,858	\$ 1,587,309	\$ 1,503,867	\$ 3,102,388	\$ 4,606,255
CA	\$ 51,937,697	\$ 84,506,503	\$ 136,444,201	\$ 13,880,930	\$ 37,450,887	\$ 51,331,817	\$ 52,654,902	\$ 97,565,913	\$ 150,220,815
CO	\$ 9,782,008	\$ 21,481,373	\$ 31,263,382	\$ 2,614,351	\$ 9,519,936	\$ 12,134,287	\$ 9,917,087	\$ 24,801,047	\$ 34,718,135
CT	\$ 4,974,416	\$ 9,969,878	\$ 14,944,294	\$ 1,329,468	\$ 4,418,367	\$ 5,747,835	\$ 5,043,107	\$ 11,510,596	\$ 16,553,703
DE	\$ 1,861,099	\$ 4,436,633	\$ 6,297,732	\$ 497,400	\$ 1,966,190	\$ 2,463,590	\$ 1,886,799	\$ 5,122,259	\$ 7,009,058
DC	\$ 3,045,541	\$ 6,561,247	\$ 9,606,788	\$ 813,955	\$ 2,907,759	\$ 3,721,713	\$ 3,087,597	\$ 7,575,204	\$ 10,662,801
FL	\$ 27,777,103	\$ 82,682,413	\$ 110,459,515	\$ 7,423,741	\$ 36,642,502	\$ 44,066,243	\$ 28,160,675	\$ 95,459,932	\$ 123,620,607
HI	\$ 2,953,615	\$ 4,757,350	\$ 7,710,965	\$ 789,387	\$ 2,108,323	\$ 2,897,709	\$ 2,994,401	\$ 5,492,538	\$ 8,486,939
IL	\$ 14,771,712	\$ 28,830,900	\$ 43,602,612	\$ 3,947,905	\$ 12,777,038	\$ 16,724,943	\$ 14,975,694	\$ 33,286,350	\$ 48,262,044
IA	\$ 1,818,166	\$ 7,144,871	\$ 8,963,037	\$ 485,925	\$ 3,166,404	\$ 3,652,330	\$ 1,843,273	\$ -	\$ 1,843,273
IN	\$ 4,997,635	\$ 11,345,976	\$ 16,343,610	\$ 1,335,674	\$ 5,028,215	\$ 6,363,889	\$ 5,066,647	\$ 13,099,352	\$ 18,165,999
KY	\$ 3,354,383	\$ 7,987,361	\$ 11,341,744	\$ 896,496	\$ 3,539,772	\$ 4,436,268	\$ 3,400,704	\$ 9,221,706	\$ 12,622,410
LA	\$ 3,770,656	\$ 9,071,843	\$ 12,842,499	\$ 1,007,750	\$ 4,020,384	\$ 5,028,134	\$ 3,822,725	\$ 10,473,782	\$ 14,296,506
ME	\$ 1,771,919	\$ 4,255,733	\$ 6,027,652	\$ 473,565	\$ 1,886,020	\$ 2,359,585	\$ 1,796,388	\$ -	\$ 1,796,388
MD	\$ 6,710,100	\$ 14,851,365	\$ 21,561,465	\$ 1,793,349	\$ 6,581,704	\$ 8,375,053	\$ 6,802,759	\$ 17,146,455	\$ 23,949,214
MA	\$ 11,995,231	\$ 21,310,891	\$ 33,306,122	\$ 3,205,860	\$ 9,444,383	\$ 12,650,242	\$ 12,160,872	\$ 24,604,219	\$ 36,765,091
MI	\$ 8,799,362	\$ 22,552,350	\$ 31,351,712	\$ 2,351,728	\$ 9,994,562	\$ 12,346,290	\$ 8,920,872	\$ -	\$ 8,920,872
MN	\$ 4,537,508	\$ 19,378,037	\$ 23,915,545	\$ 1,212,700	\$ 8,587,797	\$ 9,800,497	\$ 4,600,166	\$ 22,372,667	\$ 26,972,833
MO	\$ 5,477,119	\$ 12,327,391	\$ 17,804,510	\$ 1,463,821	\$ 5,463,150	\$ 6,926,972	\$ 5,552,752	\$ 14,232,433	\$ 19,785,185
MT	\$ 1,288,648	\$ 3,672,982	\$ 4,961,630	\$ 344,405	\$ 1,627,762	\$ 1,972,167	\$ 1,306,442	\$ -	\$ 1,306,442
NE	\$ 1,482,239	\$ 3,776,404	\$ 5,258,642	\$ 396,145	\$ 1,673,595	\$ 2,069,740	\$ 1,502,707	\$ 4,359,999	\$ 5,862,706
NV	\$ 12,580,060	\$ 23,391,015	\$ 35,971,075	\$ 3,362,162	\$ 10,366,235	\$ 13,728,397	\$ 12,753,777	\$ 27,005,800	\$ 39,759,577
NJ	\$ 11,637,203	\$ 23,598,294	\$ 35,235,497	\$ 3,110,173	\$ 10,458,095	\$ 13,568,268	\$ 11,797,901	\$ 27,245,111	\$ 39,043,012
NM	\$ 1,686,235	\$ 3,721,701	\$ 5,407,937	\$ 450,665	\$ 1,649,353	\$ 2,100,018	\$ 1,709,520	\$ 4,296,843	\$ 6,006,364
NY	\$ 34,682,106	\$ 59,528,018	\$ 94,210,124	\$ 9,269,181	\$ 26,381,130	\$ 35,650,311	\$ 35,161,030	\$ 68,727,319	\$ 103,888,348
ND	\$ 1,051,210	\$ 2,736,463	\$ 3,787,673	\$ 280,948	\$ 1,212,723	\$ 1,493,670	\$ 1,065,726	\$ 3,159,349	\$ 4,225,075
RI	\$ 2,341,074	\$ 4,067,469	\$ 6,408,543	\$ 625,678	\$ 1,802,587	\$ 2,428,265	\$ 2,373,402	\$ 4,696,045	\$ 7,069,446
SD	\$ 1,034,849	\$ 2,864,172	\$ 3,899,021	\$ 276,575	\$ 1,269,320	\$ 1,545,895	\$ 1,049,139	\$ 3,306,793	\$ 4,355,932
TN	\$ 5,559,467	\$ 13,330,976	\$ 18,890,442	\$ 1,485,830	\$ 5,907,911	\$ 7,393,740	\$ 5,636,237	\$ 15,391,109	\$ 21,027,346
TX	\$ 23,799,743	\$ 59,186,367	\$ 82,986,110	\$ 6,360,747	\$ 26,229,720	\$ 32,590,468	\$ 24,128,392	\$ 68,332,870	\$ 92,461,262
WI	\$ 6,748,559	\$ 17,562,782	\$ 24,311,341	\$ 1,803,628	\$ 7,783,327	\$ 9,586,955	\$ 6,841,750	\$ 20,276,887	\$ 27,118,637
Total	\$ 275,710,044	\$ 593,575,885	\$ 869,285,929	\$ 73,686,592	\$ 263,056,008	\$ 336,742,600	\$ 279,517,309	\$ 641,864,967	\$ 921,382,276

Based on an estimate of sales to on-premise establishments hospitality establishments, wine and spirits wholesalers can expect to see a total of nearly \$921.4 million in uncollectable, or difficult to collect

receivables.<sup>1</sup> This is equal to roughly 56.4 percent of all on-premise sales estimated to have been made during the period, and 76.4 percent of the on-premise sales in the 31 states that allow sales of alcohol to retailers on credit. All told, it is estimated that the \$921.4 million in receivables would be equal to about 11.2 percent of all sales (both on- and off-premise) made by wine and spirits wholesalers during this 3-month period.

---

<sup>1</sup> Assumes only 25 percent of normal sales are made in “closed” states in March and 25 percent of normal sales are made in states that “close” in April. The model also assumes that 80 percent of sales are made on credit in those states that allow for it.