

MINUTES OF THE HOUSE COMMERCE, LABOR AND ECONOMIC DEVELOPMENT
COMMITTEE

The meeting was called to order by Chairperson Mark Hutton at 1:30 pm on Thursday, February 12, 2015, 346-S of the Capitol.

All members were present

Committee staff present:

Reed Holwegner, Legislative Research Department
Linda Herrick, Kansas Legislative Committee Assistant
Jason Thompson, Office of Revisor of Statutes
Chuck Reimer, Office of Revisor of Statutes

Conferees appearing before the Committee:

Jim Howell, Individual, Wichita
Frances Wood, Legislative Director, National Woman's Christian Temperance Union
Tuck Duncan, General Counsel, Kansas Wine and Spirits Wholesalers Association
Whitney Damron, Kansas Association for Responsible Liquor Laws;
Steve Faust, MDL Wine and Spirits, Overland Park
Ron McDowell, Customer, Wichita
Phillis Setchell for Donna Lippoldt, Culture Shield Network, Wichita
Brandon Plaschka, Plaschka and Kramer Liquor, Princeton
Seth Fox, High Plains Distillery, Atchison
Jeff Grantham, Central Wine and Spirits, Wichita
Amy Campbell, Kansas Association of Beverage Retailers, Topeka

Others in attendance:

[See Attached List](#)

Hearing on: (opponents) HB2200 — Alcoholic beverages; expansion of retailer's licenses and the transfer thereof.

Representative Frownfelter, Ranking Majority Leader, announced that today's meeting is being live-streamed.

Chairperson Hutton opened the hearing for the opponents on this bill. Chuck Reimer gave an overview [Attachment 1](#)) and distributed [Attachment 2](#)) the North American Industry Classification System (NAICS). The latter gives a definition of convenience stores, gas stations with convenience stores, supermarkets and other grocery stores, warehouse clubs and supercenters, general merchandise stores, and pharmacies and drug stores.

Jim Howell, Wichita, presented testimony [Attachment 3](#)) representing himself as a citizen of Kansas. He noted that Kansas is no longer a prohibition state and arguments that Kansas has antiquated liquor laws are false. A majority of persons who answered his survey were against this change. This bill is not

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an issue of convenience for one-stop grocery/liquor shopping. This bill is not free market, and moves the state from small liquor stores to a small number of big box retailers and big name convenience stores. Social costs will increase due to medical problems, DUI, DCF, and unemployment will increase. Mr. Howell attached to his testimony a copy of a study produced by the Pacific Institute for Research and Evaluation.

Frances Wood presented testimony ([Attachment 4](#)) and wore a sign with the number 117, which she said is the number of people killed by alcohol related traffic deaths in 2012. She also provided research that indicates that the more locations for alcohol sales will lead to more consumption ("Research from the Center on Alcohol Marketing and Youth" from John Hopkins). She added that selling alcohol is not like selling lettuce and to remember the 117 figure.

Tuck Duncan presented testimony ([Attachment 5](#)) representing the Kansas Wine and Spirits Wholesalers Association. He noted that recently all members of the Legislature received a copy of the pamphlet, "Primer on the Three Tier System." The state functions as the middle tier. He also referred to a book entitled "Toward Liquor Control" by Raymond Fosdick and Albert Scott. This bill, he added, will deconstruct the efficient, safe, orderly market of selling liquor to the general public.

Whitney Damron presented testimony ([Attachment 6](#)) representing the Kansas Association for Responsible Liquor Laws, Inc. (KARLL). This association of 28 Kansas retailers oppose the efforts of the Uncork coalition. A study by Dr. Art Hall indicates more than half of the retail liquor stores would go out of business and more than 1,500 retail jobs would be lost. Uncork will do for the retail liquor store owner what it did to the rural and independent grocery stores, that is, take their market, drive them out of business and export profits back to the corporate office.

Steve Faust, retail liquor store owner in Johnson County, presented testimony ([Attachment 7](#)). He noted that his business investment is his savings and future. In July 2018, Uncork Kansas members will seek out the worst operated and least profitable retail stores in their counties to solicit a sale, and then they will transfer that license to their location and immediately begin competing with the best retailers who invested the most money, took the biggest risk, and made the smart decision to place their store next to the big grocery store. He strongly urged the Committee to vote on this bill.

Ron McDowell presented testimony ([Attachment 8](#)) indicating this bill would close half of the 750 Kansas owned retail liquor stores, could put 3,000 employees out of business, and take \$63 million out of Kansas.

Phillis Setchell presented testimony ([Attachment 9](#)) for Donna Lippoldt. Her testimony indicated this bill would allow 18 year olds to stock and sell hard liquor; those with addiction would be faced several times a week with the temptation; and the connection between alcohol and violence has been clear for a long time and referenced a website.

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Brandon Plaschka presented testimony ([Attachment 10](#)) noting that many of the liquor store owners represent family businesses that are their livelihood and lifetime investment.

Seth Fox presented testimony ([Attachment 11](#)). He owns and operates a family business and the first bottling distillery in Kansas established in 1881. He added that the bill is designed to move the majority of retail liquor sales into corporate chain grocery, convenience, and other retail stores. He opposes the bill and added that if the Kansas retail liquor laws are not broken, don't fix them.

Jeff Grantham presented testimony ([Attachment 12](#)) and noted that his family has invested a majority of their retirement and savings in their Wichita, Kansas business. Every one of the 749 independent liquor stores does business with 10 other local businesses, which amounts to 8,239 small businesses that would be negatively affected by this bill.

Amy Campbell presented testimony ([Attachment 13](#)) for the Kansas Association of Beverage Retailers (KABR) and noted that in addition to family owned liquor stores, also affected are the wine and spirits distributors who sell national and specialty wine and spirits. The number of stores has decreased in recent years and it is anticipated the number may decrease again under the combined system of strong beer and liquor licensing (Class A and Class B). Ms. Campbell directed attention to the fiscal note for this bill that calls for 12 people to be hired for license transfers, enforcement, special investigators, Assistant Attorney General, etc.

Written only opponent testimony was furnished by:

Ronald and Navella Richey, Individuals, Topeka ([Attachment 14](#))

Travis and Lori Horton, Horton's Retail Liquor, Pittsburg ([Attachment 15](#))

Rick Wooderson, Area Manager, Central Region Impact Team ([Attachment 16](#))

Ross Schimmels, Vice President, External Affairs, Standard Beverage Corporation ([Attachment 17](#))

Pamela Fair, Kansas Families Against Liberal Liquor Laws ([Attachment 18](#))

Spencer Duncan, Keep Kansans in Business ([Attachment 19](#))

Jo Wooderson, Individual, Hutchinson ([Attachment 20](#))

Julia Reichert, Manager, First Street Liquor, McPherson
([Attachment 21](#))

Michael Dick, DJ Liquor, Hutchinson ([Attachment 22](#))

Lance and Jennifer Vogel, Rogers Wholesale Liquor, KC, KS ([Attachment 23](#))

Aaron Rosenow, Vern's Retail Liquor, Topeka ([Attachment 24](#))

Bret Birdsong, Brooks Liquor, Salina ([Attachment 25](#))

Tom Jacob, Jacob Liquor Exchange, Wichita ([Attachment 26](#))

Michelle Meyer, Ks. Viticulture and Farm Winery Association ([Attachment 27](#))

Pam Burgardt, Burgardt Retail Liquor, Wichita ([Attachment 28](#))

Shirley Egbert, Egbert Retail Liquor, Hutchinson ([Attachment 29](#))

Dave Dvorak, Flint Hills Wine and Spirits, Andover ([Attachment 30](#))

Claudia Peebler, Individual, Derby ([Attachment 31](#))

Unless specifically noted, the individual remarks recorded herein have not been transcribed verbatim. Individual remarks as reported herein have not been submitted to the individuals appearing before the committee for editing or corrections.

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Matt Jabara, JT's Liquor, Wichita ([Attachment 32](#))
Rod Blackburn, Bright's Liquor Store, El Dorado ([Attachment 33](#))
Stacey Harlow, Twisted H Liquor, Hugoton ([Attachment 34](#))
T. Walton, Harvey County Sheriff, Newton ([Attachment 35](#))
Shane Edward, Lyons Federal Bank, Lyons ([Attachment 36](#))
Jack Matchette, EZ Spirits, Lake Quivira ([Attachment 37](#))
Erna David, David Retail Liquor, Lyons ([Attachment 38](#))
Joyce Jabara, District Court and Liquor Store Owner, Wichita ([Attachment 39](#))
Chris Williams, Montgomery Co. Undersheriff ([Attachment 40](#))
John Stang, Customer and Attorney, Wichita ([Attachment 41](#))
Chad Rolofson, Worldwide Wine & Spirits Distributor ([Attachment 42](#))
Tim Liesman, Customer and Attorney, Topeka ([Attachment 43](#))
Jason Redden, Accountant, Coffeyville ([Attachment 44](#))

The hearing on this bill was closed.

Adjournment

The meeting adjourned at 3:02 p.m.