



**Kansas
Licensed
Beverage
Association**

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Neutral
Testimony on
HB 2200

February 13, 2015

House Commerce and Economic Development Committee
Chairman Hutton, and Members of the Committee,

I am Philip Bradley representing the Kansas Licensed Beverage Association. The KLBA represents the interests of the men and women in the hospitality industry, who own, manage and work in Kansas bars, breweries, clubs, caterers, hotels, and restaurants. These are the places you frequent and enjoy with the tens of thousands of employees that are glad to serve you. Thank you for the opportunity to speak today and I will be brief.

Although this bill addresses **an issue that we take no position on**, we are concerned and have a vested interest in the laws governing the retail alcohol sales in KS. You have heard extensively about the “3-tier” system for alcohol sales and regulation. What you likely have not heard is that **Kansas is actually a “4-Tiered” state**. The on-premised licensees (places where you buy a drink to have “On-Premise”) are required to purchase most all their alcohol supplies from a retail liquor store. And one that has acquired a federal wholesalers permit. Therefore, that creates the fourth tier (1-supplier, 2-wholesaler, 3-off premise retailer and 4-on premise establishments). Kansas is one of very few states that have this requirement. That and other parts of HB 2200 lead to several questions/concerns we would ask to be resolved satisfactorily before this bill be considered for advancement.

Our first concern is vital to the existence of the on-premise retail licensees;

- 1- We appreciate the redefined off premise retailer licensee is allowed to obtain a federal wholesaler license and then sell to an On-Premise establishment as Liquor stores do now, **we need some assurance that they will**. We are required by KS Statute to purchase through such a retailer and some areas of the state have a dwindling supply. With the acknowledged closing of existing stores this measure would cause, **we are very concerned that this will not only cause further scarcity but also reduce variety and supply**. We ask for your help in assuring that there is an ample supply of places for us to purchase our supplies, and help with a concern over the product mix that will be available to on premise establishments in rural areas of Kansas.
- 2- The newly created “Class A” license for beer only has a concerning clause. On page 2 lines 14-17 read;
“(b) A retailer's class A license shall permit the sale and delivery of beer only on the licensed premises and shall not permit the sale of beer for resale in any form, except that the licensee may sell beer to a temporary permit holder for resale by such temporary permit holder.”
That would mean that we could not acquire supplies from them for our establishments. This seems arbitrary and unnecessary. We would ask that that be stricken from this bill.

The rest of these are in no particular order and of lesser importance but still concerns;

- 3- We now have “Dry” counties where no “alcohol” may be sold only CMB. Will that continue? Will CMB licenses continue to be available in those areas?
- 4- Does a new redefined off premise retailer license be allowed to also hold a caterers or on-premise alcohol license? Will they then be allowed to sell to themselves from the off premise license to the on premise license changing a long held Kansas law that licenses for these two tiers cannot be held by one individual or group. If they are now allowed to, will that lead to unfair competitive advantage on pricing, supply and/or preferential treatment to themselves? Where will they store opened, unsold caterer alcohol inventory?
- 5- It seems delivery fee to On-premise licensees & Caterers is allowed in this bill. Will that be uniform and apply to all? Including, as discussed above, if allowed to sell to themselves?

Again thank you for your attention and consideration. I am available for your questions.
Philip Bradley



**Drink Responsibly.
Drive Responsibly.**