



Dillon Food Stores
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To: The Members of the House Commerce & Economic Development
From: Dave Dillon, Retired Kroger Chairman of the Board
Date: May 4th, 2015

Good afternoon. My name is Dave Dillon. I recently retired as Chairman of Kroger's Board of Directors and am pleased to be settled back in my home state.

You've heard from me before and while I'd eagerly reiterate our position on adopting Uncork Kansas legislation and the multitude of ways it benefits our economy and citizens, I'm here today with a singular emphasis.

Today we're introducing an alteration to HB 2200 that would solely offer the people in each of our 105 counties the opportunity to decide locally how they would like beer, wine and spirits retailed in their hometowns. The components of HB 2200 – which you favorably passed out of this body – don't change. Instead, the addition of county option gives you the benefit of saying to your constituents: "I supported this bill because I believed you should get to cast your vote on how the system works."

You're going to hear that giving the populous the opportunity to decide in county-wide votes where they purchase products would result in detrimental outcomes and great confusion.

This simply isn't true and we have the benefit of history to support the fact that county option changes for alcohol legislation is a reasonable, respected, and merit worthy solution to transitioning the marketplace to a more consumer friendly system.

In fact, one of the most influential pieces of alcohol legislation was the decision to allow liquor by the drink. In 1986, the electorate voted to repeal the prohibition on bars openly selling alcohol. No longer did folks have to belong to dinner clubs to enjoy a drink outside of their home.

This vote prompted the amendment of the Liquor Control Act and left counties the option to approve or reject open saloons.

Nearly thirty years later, most have made the change, but certainly not all. There are ten counties where liquor by the drink is not permitted. This may be an annoyance, but it certainly

isn't problematic or confusing to Kansans. There are five cities that don't allow the sale of any adult beverages. This also has not created problems or negative outcomes.

Most recently, in 2005, the Kansas legislature decided to allow cities to decide if alcohol could be retailed on Sundays. In nearly ten years since this was passed communities have adopted Sunday sales, but many still don't allow it.

That's okay. That was the intent of the law – to let the people decide. While the opposition will claim today that the county option system will create chaos and uncertainty, the reality is that alcohol legislation many liquor stores and industry folks backed applied the same type of implementation we're advocating today.

If it were acceptable to let the people decide if bars and Sunday sales were suitable for their communities, there's no reason to object to allowing them to decide how they want to see adult beverages retailed.

We cannot afford to remain in neutral in regard to state alcohol policy. Change is underway and recent activity in Oklahoma should be shared today. Legislators in Oklahoma showed their commitment to meeting desires of their constituents when they recently passed legislation in the House and Senate in resounding favor to allow grocery and convenience stores to sell "strong" beers (not 3.2 beer) and liquor stores to sell refrigerated beer (currently not allowed). The measure now goes before a conference committee and then to a likely statewide vote, as required by the Oklahoma constitution.

Colorado is also expected to put to a vote a similar referendum in 2016. It's critical the Kansas legislature pass Uncork Kansas legislation that would allow grocery and convenience stores to sell "strong" beer, wine and spirits, while also allowing liquor stores to sell non-alcoholic products and own multiple locations if they so choose.

We all know many liquor store owners don't like this legislation. I understand their anxiety about change. For 60 years, they have enjoyed their government sanctioned industry protections and have never had to worry about new competition, industry developments, or changing customer desires. A more competitive, but still regulated environment will force everyone to up their game and better serve the customer and community.

As the debate changes sides and you hear from opposition today, take note that what you **will not** hear is any kind of advocacy for their customers and your constituents. Entrenched liquor stores are quite content to keep the status quo and squelch the benefits that consumers would realize from a free market; tangible things such as better pricing, an increased product selection and an improved shopping experience.

One of the Kansas values that has stayed with me my whole life is the importance of a strong, free-market economy. That is not a buzzword. It is what makes our entire system work. Our country's success has always been defined by our ability to win in the most competitive

environments. The best businesses – the great ones- are able to face new competition head on, adapt and prosper. The American-- the Kansan-- Way is to believe that we can compete and succeed.

At Dillons we know our customers and we know what matters to them. That is why I am here today, on their behalf, respectfully urging the Kansas legislature to pass a law that lets consumers cast their vote for what they want and to provide a path for them to finally see free market policies established for alcohol sales that benefit the best interests of Kansans.

After all, it's the Kansas customer we should all be focused on satisfying.