



Testimony for the House Commerce and Labor Committee

Please Oppose HB 2718

March 11, 2016

Brian Davis, KABR President

Dear Chairman Hutton and Members of the Committee,

Hello, my name is Brian Davis. My mother, father and sister all own individual stores in Wichita Kansas. Our family has been selling liquor, wine and beer in Wichita for 40 years. I have been in the business for 22 years; we have been here supporting our state, city, local neighborhoods and our local Kansas Beer Wholesalers.

I have come to Topeka to fight “The Outsiders” (Uncork Kansas) for the past several years. Today is the first time I have come as the President of the Kansas Association of Beverage Retailers, and it is the first time I have come to fight a bill proposed by our industry partners, the Kansas Beer Wholesalers. I was surprised to hear at the end of January that our industry partners were considering a Strong Beer bill. It was even more disappointing when they introduced HB 2718. This is the same group of Kansas Beer Wholesalers who for many years supported the local liquor store owner. The Kansas Beer Wholesalers continue to reap benefits of the local liquor store growing; we are almost 75% of their business. So I ask, why are they so worried about what Oklahoma does?

All Kansas retail liquor store owners are Kansans.

When we heard the Kansas Beer Wholesalers might create a strong beer “trigger” bill, KABR board members started asking questions to our wholesalers. They have said that licenses would change ONLY if Oklahoma changes their liquor laws. They have said that nothing would change unless cereal malt beverage product GOES AWAY. But this is not what HB 2718 actually says. The truth is that this “trigger” language is unclear and no matter what Oklahoma does, the State of Kansas could change its licensing if only two things happen: a beer manufacturer tells Kansas that they will reduce production and it appears the estimated CMB gallonage tax could fall by 25%.

The bill is also confusing because it talks about whether or not CMB is economically viable to be sold “in the original and unopened containers and not for consumption on the licensed premises” which is language to describe off-premise retail stores. It does not talk about the on-premise retailers, the taverns and pizza stores. These licensees operate in both dry counties and wet counties across the state.

The large corporations like Hy-Vee, Dillons, Wal-Mart and Quiktrip continue to see their CMB sales decline; they close stores in small communities and local neighborhoods. As a retailer, I have to wonder if the posters and advertising telling customers that CMB is not “real beer” have helped to reduce their sales.

If reduced CMB sales in those stores is really a problem that the State of Kansas should solve, why would we do that by giving them the sale of all strong beer and malt beverage products? Is that fair? Wouldn't it be better to encourage other beer producers to fill the void by making more products at 3.2% content? That would be the free market solution.

As it is, HB 2718 would allow the sale of strong beer with no limit on alcohol content. Our statutes have a 10% limit on alcohol content for the domestic beer made by microbreweries in Kansas, but not strong beer.

All Kansas retail liquor store owners are Kansans. We take pride in our community and local neighborhoods, we help the churches, support our local sports teams, expand our stores and hire more employees and we do all this without asking for a handout from our state. We take great pride in knowing that the dollar the customer spends with us is being reinvested in our state and local communities four and five times because we spend that money with other local businesses – the banks, insurance agents, contractors, mechanics, and cooler repair.

Over the years the Local Liquor Store owner has not asked for many changes in our state liquor laws, the system for Strong Beer and CMB (3.2% beer) seems to be working really well. The Kansas Beer Wholesalers are thriving, some even have an airplane.

The manufacturers of CMB (3.2% beer) have never said that they will discontinue products, as a matter of fact Utah is about 26% of their nationwide CMB sales and there are many venues in Kansas and other states that sell 3.2% beer – including large stadiums in California. This bill is only in support of the large out of state grocery store chains and does not mention that CMB (3.2% beer) will still be needed for taverns across the state and many municipal golf courses.

This bill is the same as Uncork bills that allow minors (under the age of 21, but over the age of 18) to sell and stock Strong Beer products. The last 22 years I have worked with the Alcohol Beverage Control, the local community and even our Kansas Beer Wholesalers to fight against underage sales. I find this part of the bill really offensive that anyone would think it is a good idea to let under age people stock or sell products that might have the same alcohol content as wine.

I hope you all understand that Strong Beer accounts for 40% to 75% of the sales for most Kansan owned Liquor Stores. If this bill was to pass, I can honestly say that I will be laying off employees and that many Kansan owned Liquor Stores will close. Can we afford to have this happen in our current economic state?

We need to think about the future of Kansas and not what our neighboring states are doing. We need to think about kids and their education, not letting them sell Strong Beer products. We need to think about every Kansan owned small business that could lose out if we have to close our stores. The future of Kansas is something that I think about every day I go to work, I think about my city (Wichita, #ICT), I think about my neighbor as I wave to them. I wake up everyday and I am thankful that I live in Kansas..

Please know that if and when there is an actual crisis in Kansas regarding beer or liquor sales, I and the KABR Board of Directors will be happy to meet with you and any representatives of the liquor industry to develop a unified solution.

I ask that you vote NO to HB 2718; I ask that you vote NO to anything that does NOT improve Kansas.

Thank you for your time
Brian Davis, KABR President
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