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February 19, 2015

Kansas Legislature
House Standing Committee on Taxation

RE: HB 2306
Opposition of McLane Company, Inc.'s Kansas Employees to HB 2306

Mr. Chairman and Members of the Committee:

I am James Rankin and I represent McLane Company, Inc. Attached to this testimony is an economic impact statement demonstrating my client's corporate presence in Kansas. While McLane Company is not a Kansas based business, my client clearly participates in a most positive fashion in helping support jobs and growth in the Kansas economy. Distribution of alcoholic beverages and tobacco products are a significant portion of McLane's business. Obviously, increasing the excise burden on products from which my client derives its revenue is damaging to its Kansas business. Engendering the growth of Kansas business is of the utmost importance to building our economy. Imposing increased excise taxes on products that Kansas citizens lawfully sell in this state is not the answer to solving the problem of looming state budget deficits. Increasing excise taxes only increases the economic prospects of our neighboring states.

Mr. Chairman and members, I am also responsible for delivering to the Committee, for its consideration, the written testimony of the Presidents of Kansas Candy & Tobacco and Wichita Tobacco and Candy Company. Both of these wholesale businesses are family owned, relatively small, Kansas employers which will suffer direct harm if HB 2306 is enacted. Hopefully, the written testimony that these two Kansas wholesalers have submitted is self-explanatory.

Indeed, all participants in the alcoholic beverage and tobacco product supply chain, from growers and distillers to distributors and retailers, will be harmed by such a targeted economic burden.

I thank the Committee for the opportunity to submit this testimony.

Sincerely,
FOULSTON SIEFKIN LLP

James P. Rankin



McLane Company, Inc.
Kansas Operations

ABOUT McLANE COMPANY

McLane Company, Inc. is a \$44 billion supply chain services leader. We buy, sell and deliver more than 50,000 different consumer products to nearly 90,000 locations across the U.S. The products we manage include: foods, non-alcoholic and alcoholic beverages, tobacco, household items, over-the-counter remedies, health and beauty aids, automotive products and more. McLane is comprised of McLane Grocery Distribution, Inc., McLane Foodservice Distribution, Inc., McLane Beverage Distribution, Inc., Meadowbrook Meat Company, Inc., (MBM), Empire Distributors, Inc., (Alcoholic Beverages) and several other subsidiaries in the food and beverage industry. Headquartered in Temple, Texas, McLane is a wholly owned unit of Berkshire Hathaway, Inc. (NYSE: BRK) and employs more than 20,000 teammates, operates 80 distribution centers and owns one of the nation's largest private fleets.

Specifically, McLane operates two divisions in Kansas - McLane Foodservice Shawnee, a foodservice distribution center in Shawnee, as well as a call center for our foodservice operations, which is located in Wichita.

Jobs and Charitable Contributions, 2014

| | |
|--------------------------|-------------|
| Employee headcount | 225 |
| Charitable Contributions | \$1,691 |
| Gross Wages | \$8,318,971 |

Taxes Paid, 2014

| | |
|----------------------------------|---------------------|
| Annual Cigarette & Tobacco Taxes | \$23,087,188 |
| Annual State Fuel Taxes | \$106,982 |
| Annual Income Taxes (2013) | \$280,000 |
| Annual Sales & Use Taxes | \$347,830 |
| Annual Property Taxes | \$340,107 |
| Annual Payroll Taxes | \$335,048 |
| Total Taxes Paid | \$24,497,155 |

Fixed Assets, 2013

| | |
|----------------|--------------|
| Book Cost | \$37,541,115 |
| (Depreciation) | \$7,279,085 |
| Book Value | \$30,262,030 |