



RESTRICT MINORS.
NOT ADULTS.

March 31, 2015

To: Members of the Senate Federal and State Affairs Committee
From: Jessica Lucas, Uncork Kansas

Uncork Kansas would like to present to the committee several supporting materials that highlight our positions and refute the speculation offered by opposition.

SB 298 is indeed a consumer bill. It can't be ignored that the majority of Kansans desire a change in how adult beverages are retailed. There is a growing movement of vocal supporters of our bill and we're seeing them come out in much stronger support as they grow impatient with the legislature's lack of action on this issue.

Herein a few of your constituents comment about current law:

"Don't let a few speak for many. If this were to go to a vote, Kansans would easily vote to pass a law to Uncork Kansas."

Tiffany P., McPherson

"No proprietor, business owner, or entrepreneur deserves special treatment or consideration. Competition is good for everyone, especially the consumer. Grocery stores in Missouri and Nebraska are able to sell liquor to their customers. They do so safely, legally, and furthermore, economically. I understand the power of the "liquor lobby", and encourage you to do the right thing for ALL your constituents, not just a select group."

Patricia R., Olathe

"Please get Kansas into the competitive world as far as wine and spirits. As a previous liquor license holder for over 14 years, we need change in Kansas."

Eugene O., Emporia

"Please, please, please pass this into law. I am wasting so much time and money buying wine and beer at Costco in Missouri, not to mention the money I spend on food, goods and services there. Im a Caterer and spend close to \$20,000.00 at the MO Costco every year. The liquors stores in KS are just too expensive because they know they have a monopoly...its just not fair, they are gouging us because theres no fair competition and that should be illegal!"

Lorraine G., Prairie Village

"I give Nebraska my money."

Rebecca M., Hoxie



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To put into perspective how widespread support is ...

Facebook – 23,878 supporters

Emails – 3,810 emails generated to legislators since the beginning of session

Cards – 7,096 support cards signed for legislators during a 12-hour period!

Text Messages – 3,764 texts messages generated in favor of Uncork Kansas

To illustrate where support is coming from, we've enclosed a "heat map" that highlights the areas in which Kansans are engaging on this issue through social media platforms.

In November, Tennessee became another state to reform its alcohol laws. Voters in 100 percent of participating municipalities overwhelmingly approved the sale of wine in retail liquor stores. The prevailing theme among customers in every state is "YES! We want consumer choice and free enterprise."

Many states feature far more consumer friendly alcohol laws as you can see on the attached map detailing where beer and wine are retailed in grocery stores across the nation.

Of course a source of frustration over current laws exists in the price discrepancies they notice across state lines. Taxes aside, there is significant savings offered to Kansans who choose to shop in Missouri. The result is an unnecessary bleed of revenue to our neighbor across the river.

The economic advantages to Uncork Kansas are nicely summarized by Art Hall's report which we've included in today's packet.

Additionally, we've spent time researching the outcomes of legislation as it pertains to issues like drunk driving and addiction. Attached are snapshots from our data that clearly depict WHERE a person purchases their alcohol has ZERO implication in how they use the product.

There is no correlation that suggests states that have greater restrictions on where products are sold benefit from fewer DUIs, later onset of first drink of alcohol, or lesser addiction rates. It's simply not okay for the opposition to stand before you and argue otherwise.

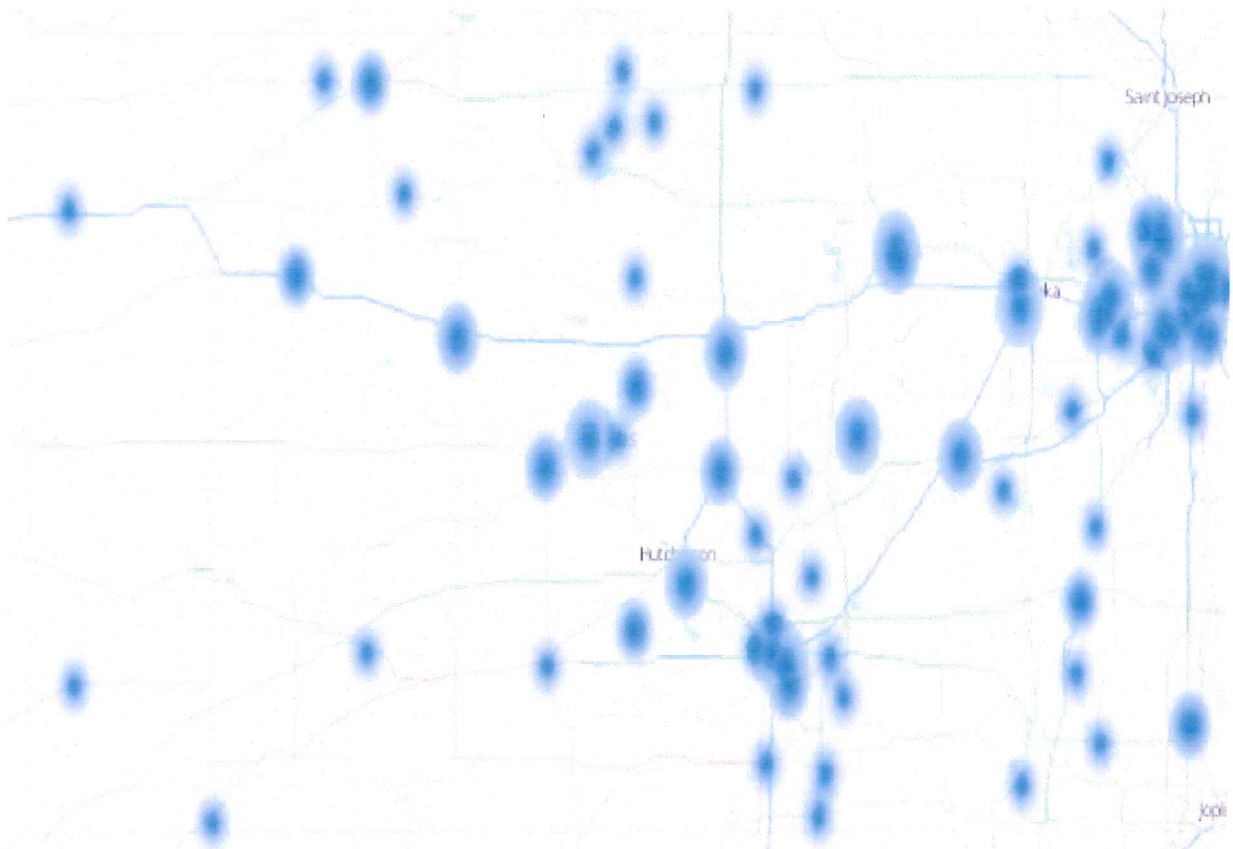
What's provided in your packet is merely a snapshot. Any one on our team is happy to share with you any and all of the data we've collected – it's extensive, but relevant to the discussion.

We also have a video we can share that shows how our stores handle products and the theft prevention in place.

And finally, an overview of just how much Uncork Kansas has evolved in our position since we began a cohesive effort to end liquor store protections in the marketplace. What started as a bill with too little benefit for liquor store owners has led to our sincere efforts with a bill that addresses liquor store desires to have a soft landing and buyout provision. We're presenting such a bill this year and look forward to seeing it advance through the political process and adopted in 2015 for the benefit of our great State.

SUPPORTER ENGAGEMENT ON FACEBOOK

Location Heat Map – Updated (2.10.15)



Top Locations:

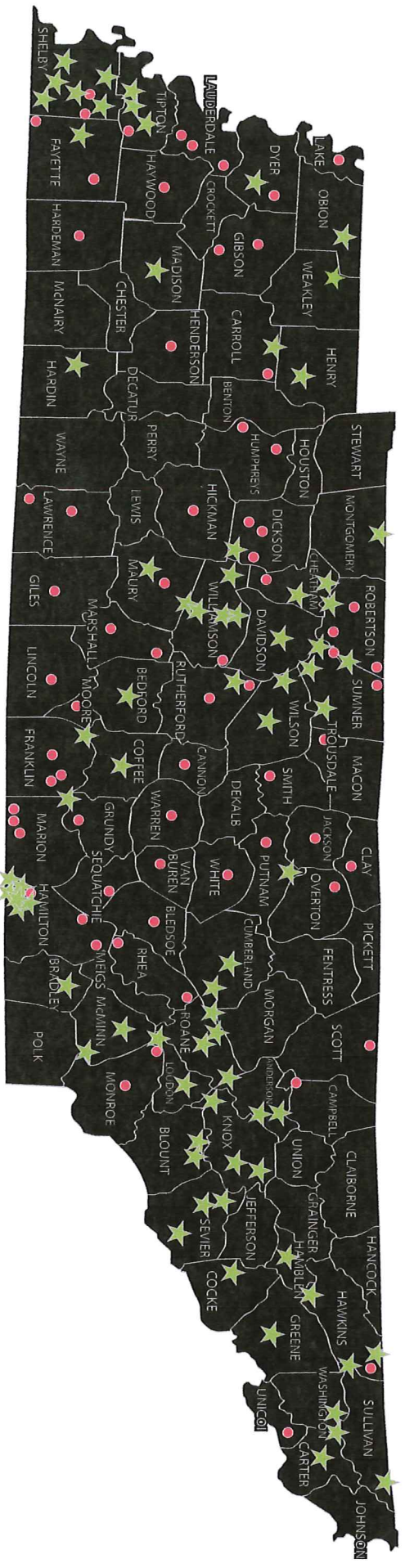
1. Kansas City
2. Lawrence, Kansas
3. Overland Park, Kansas
4. Wichita, Kansas
5. Topeka, Kansas

How did voters in Red State Tennessee vote when asked at the ballot if they wanted wine in retail food stores?

YES!

On Nov. 4, 2014, voters in 100 percent of participating municipalities overwhelmingly approved the sale of wine in retail food stores. Tired of asking "Where's the wine?", folks from each of the 78 urban and rural municipalities said YES! to consumer choice and free enterprise.

We know from our outreach with Kansans that the same level of support exists in our state. Your constituents are eagerly awaiting the disbandment of the liquor store monopoly in favor of free market legislation that offers them improved choice, convenience, and cost savings.



● A red circle indicates municipalities in Tennessee that allow retail package stores, liquor-by-the-drink or both.

★ A green star indicates those communities where the wine in retail food stores referendum was approved by voters.

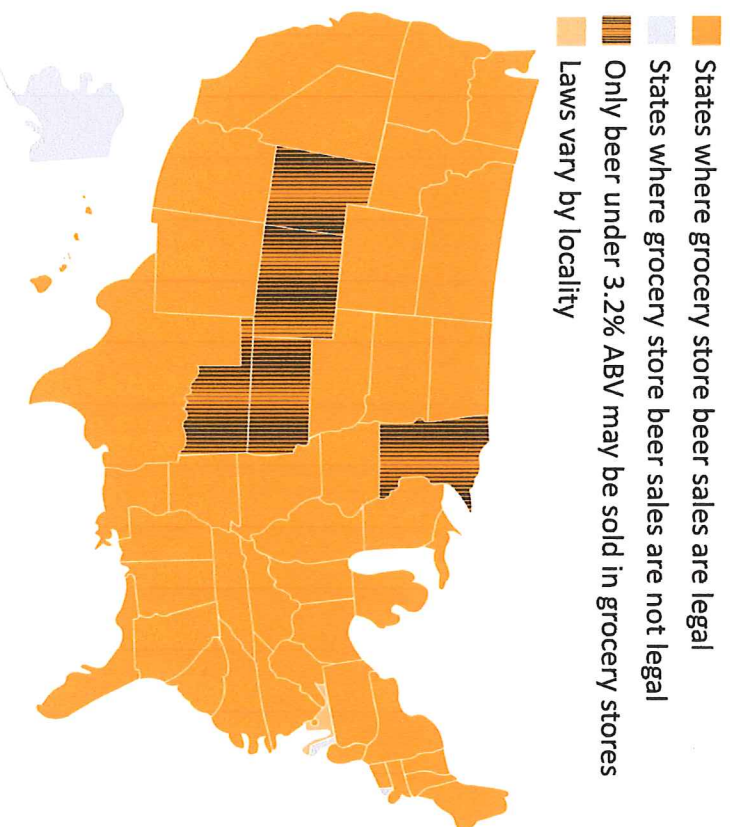
Source: Red White and Food, Tennessee



Kansas is one of the most heavily government-regulated states in the US in regard to the retail sale of legal adult beverages.

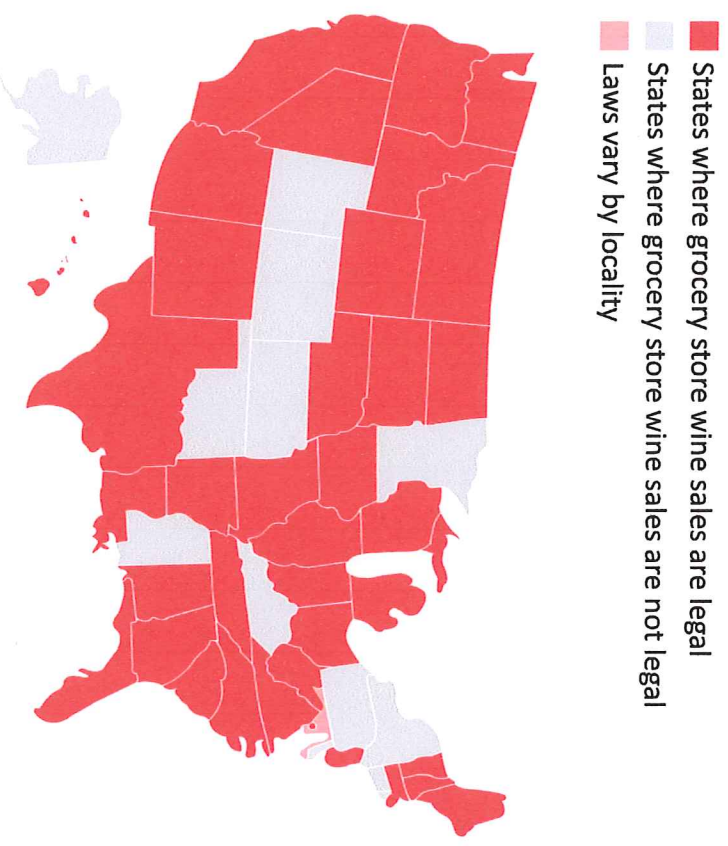
The state's allowance of a liquor store monopoly stifles free enterprise, increases costs for Kansas consumers, results in lost tax dollars and sales to bordering states, and prohibits consumer choice.

Where You Can Buy Beer in Grocery Stores



Note: Laws in some states may vary by locality. In New Jersey, licenses for alcohol sales in grocery stores are limited, so few grocery stores actually sell beer. In Pennsylvania, grocery stores with established restaurant operations with separate entrances may sell alcohol by the glass for on-premises consumption and two six packs of beer to go with a restaurant liquor license.

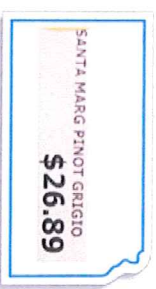
Where You Can Buy Wine in Grocery Stores



Note: Laws in some states may vary by locality. In New Jersey, licenses for alcohol sales in grocery stores are limited, so few grocery stores actually sell wine. Tennessee recently passed a law that will allow wine sales in grocery stores starting in 2016. In Pennsylvania, grocery stores with established restaurant operations with separate entrances may sell alcohol by the glass for on-premises consumption with a restaurant liquor license.

Just How Different Are Prices Across the Border?!

(Snapshots of price variances in Missouri and Kansas.)



Buying in Missouri - \$89.74

Buying in Kansas - \$124.41

Before taxes, a person saves \$34.67 shopping in Missouri over Kansas.

No wonder Kansans are ready to Uncork Kansas!

Average Alcohol Addiction Rate in Kansas and Neighboring States



Source: SAMHSA, Center for Behavioral Health Statistics and Quality, National Survey on Drug Use and Health, 2011 and 2012.
NOTE: Dependence or abuse is based on definitions found in the 4th edition of the Diagnostic and Statistical Manual of Mental Disorders (DSM-IV).

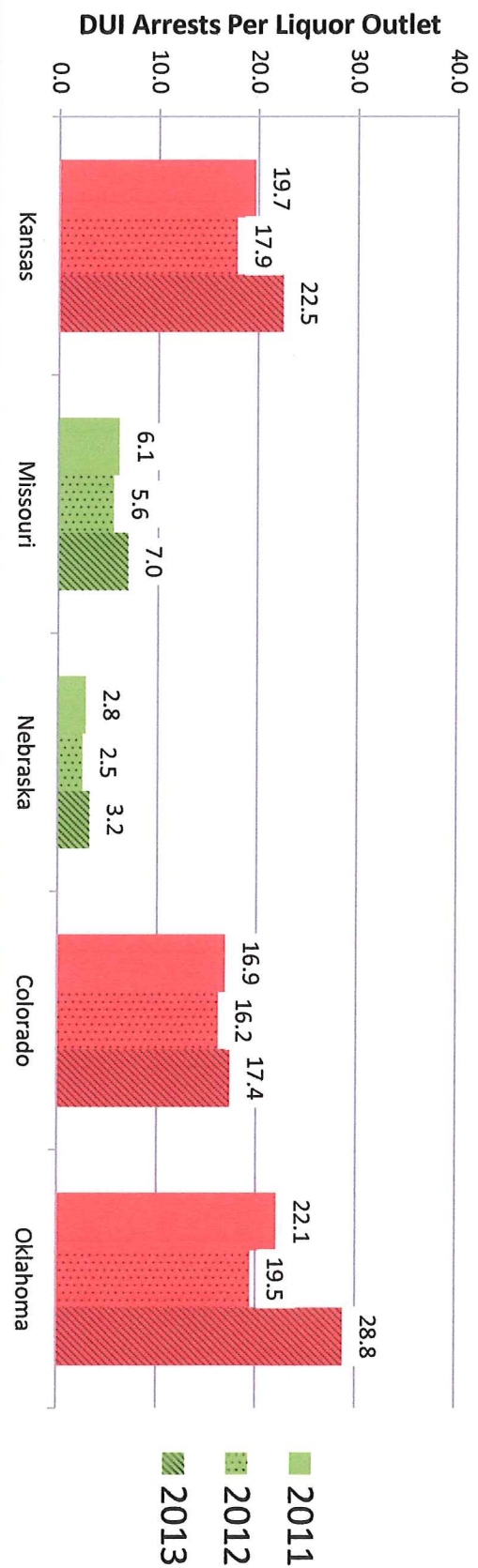
Kansas, Colorado, and Oklahoma have similar restrictive laws, versus Missouri and Nebraska where beer, wine and spirits are sold in grocery and convenience stores.

Average Number of Alcohol Related Traffic Accidents Per 100,000 in Restricted, Moderately Restricted, and Unrestricted States from 2010 to 2012



Source: FBI Uniform Crime Report, Mothers Against Drunk Driving

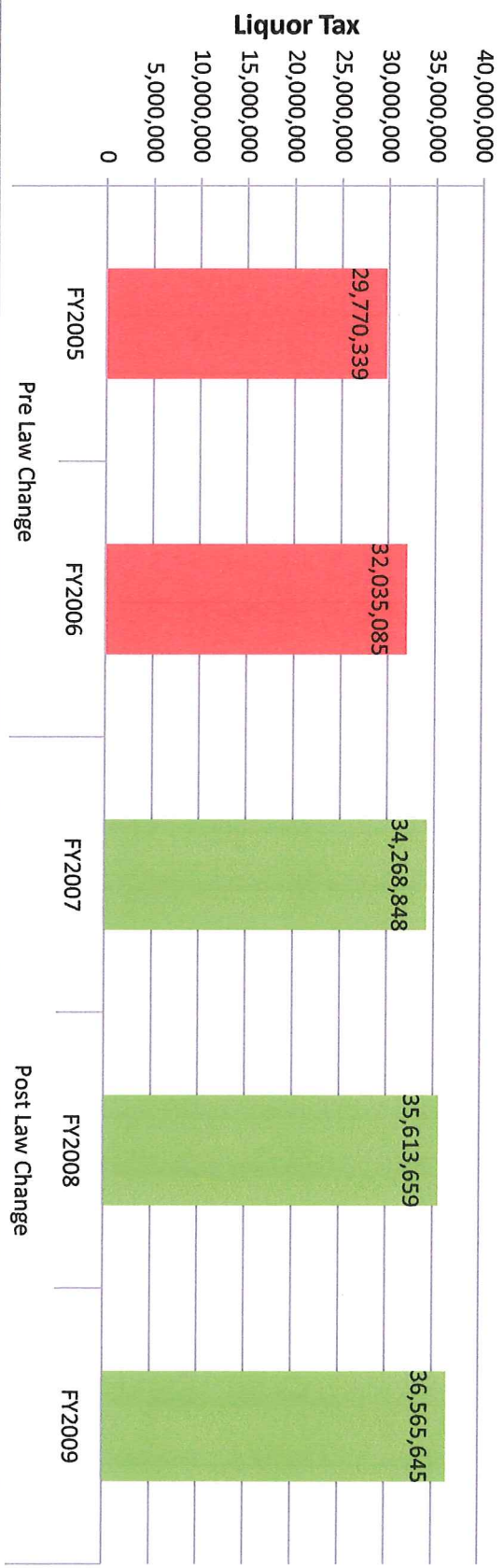
DUI Arrests Per Liquor Outlet in Kansas and Neighboring States From 2011 to 2013 (people per 100,000)



Source: FBI Uniform Crime Report, individual safety agencies

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Liquor Tax in Kansas Before and After Liquor Was Allowed to Be Sold on Sundays



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| | Past Bills | 2015 Bill |
|-------------------------|---|--|
| C-Store Retailing | Could sell beer, wine and spirits | Beer Only. |
| Grocery Store Retailing | Could sell beer, wine and spirits as early as 6-months from law's inception | Beer Only. Must purchase license from existing retailer to sell wine and spirits. |
| Transition Period | As few as 12 months. | Three years before eligible to sell beer or purchase a license for wine and spirits. |
| License Cap | As few as two years. | PERMANENT. |
| Eligible Retailers | Included pharmacies (i.e. Walgreen's, CVS, etc...) | Restricts pharmacies from strong beer. Only permits grocers allowance to purchase license for wine and spirits |

HISTORICAL OVERVIEW OF UNCORK KANSAS PROPOSED LEGISLATION

| | 2011 | 2012 | 2013 | 2014 | 2015 |
|-----------------------------|---|--|---|---|--|
| Product Sales | ABC could issue licenses to sell beer, wine and spirits to grocery and c-stores as long as cap not exceeded | Beer and wine sales available to grocery and c-stores after July 1, 2013. License to sell spirits at grocery or c-store must be purchased from existing retailer. | Beer and Wine only for Grocery and C-stores | Phased in over ten years, grocery and c-stores could sell beer, wine, and spirits | C-stores can sell beer only. Grocery stores can sell beer without license purchase, but would need to buy existing license to sell wine and spirits. |
| Product Restrictions | Liquor stores could not sell non-alcoholic products until Jan. 1, 2017. | Liquor stores could sell non-alcoholic products four years from effective date. | Liquor stores could expand to non-alcoholic product sales three years from inception of law | After six years, could expand sales beyond alcohol and lottery tickets | Liquor stores could expand to non-alcoholic product sales three years from inception of law ... same time as grocery and c-stores could sell non-CMB products. |
| License Cap | Licenses were capped for three years, but increased to five in Senate committee. | Three year cap. | Two year license cap | Ten year license cap | Permanent. |
| Transition period | Cap effective July 1, 2011, and stores eligible to sell as early as January 1, 2012. | Committee altered bill to include provision of license cap through 2020 with allowance of only beer and wine sales to grocery or c-stores purchasing. In 2020, licenses would be available for purchase from ABC for beer and wine only. | 24-months before grocery and c-stores could sell beer and wine | One year from date of bill passing, grocery and c-stores could purchase a license from existing license holder to sell beer, wine and spirits. Alternatively, three years after bill passage, grocery and c-stores could sell beer; six years wine; ten years spirits | Grocery and c-stores would wait three years before they could sell non-CMB beer or grocery stores could purchase license to sell wine and spirits. |