

Chairman Ostmeyer and members of the committee:

My name is Steve Faust and I have been a retail liquor store owner in Johnson County since 1990. I am here today to speak in opposition to the latest version of Uncork Kansas legislation and its potential impact on Kansas retailers and their families. I am not only representing myself, but also my wife, brother, sister-in-law and my father as we are all retailers in Kansas. We feel that Uncork Kansas legislation would destroy our businesses, business investments, savings, and futures simply to benefit the bottom line of out-of-state multi-billion dollar retailers like Wal-Mart, Hy-Vee, Kroger/Dillons, Quik-Trip and Casey's.

In 2009, I opened a new store, MDL Wine and Spirits next to a Hy-Vee superstore in central Overland Park. I secured financing through a local banker familiar with my business and invested my life savings, pledged all my business and personal assets and guaranteed a 10 year lease on a 23,000 sq. ft. space. When I made the life changing decision to make this investment, I gave significant consideration and weight to the existing state law that limits the sale of liquor, wine and strong beer to retail liquor stores only. By doing so, I was acting in reliance of Kansas liquor laws that date back to 1948. I NEVER would have decided on this location knowing that five years after opening, I would be competing with Hy-Vee, 7-Eleven and Phillips 66, all located at my intersection.

While Uncork Kansas likes to portray their latest bill as a compromise and offers a "soft landing" for existing retailers, nothing could be further from the truth. On the surface, the county option with a 3 year phase-in may seem like a compromise from their previous stance, but the reality is, depending on county elections, Uncork Kansas members could seek out the worst operated and least profitable retail stores in their respective trade area to solicit a sale as early as next year. After securing a license for the lowest price they will transfer that license to their location and immediately begin competing with the best retailers who invested the most money, took the biggest risk and made the smart decision to place their store next to a big box or grocery store because it made the most

economic sense based on Kansas liquor laws. While I can't speak for all 754 retailers statewide, I can say with ALL certainty that since I still have 5 years of debt to service, I will be unable to compete with Hy-Vee. As if losing my business isn't bad enough, I will have the added insult of being sued by my landlord since I also have 5 years remaining on my 23,000 sq. ft. lease. I feel that passage of SB298 in its current or a modified version would be a gross betrayal of the business partnership I made with Kansas and would be unfair.

My family made decisions about the size of our stores and locations based on current Kansas laws and selected sites that are considered A+. But with passage of SB298 they become F- locations, making every decision I have ever made concerning every aspect of my business wrong and leaving me out of business and bankrupt.

In 2013, you, the legislators of Kansas made the decision to dramatically change tax policy to create a business climate that would result in the creation of new small businesses and job growth, the kind of businesses and jobs that we provide. While the jury is still out on how these policies will work, Governor Brownback addressed the resulting revenue shortages and his desire to not change course during his State of the State address and I would like to quote a passage from his speech. Quoting the Governor, "Kansans know the importance of a promise, whether to friends, family or a business". Well, Kansas made a promise, to Kansas families that invested hundreds of millions of dollars in private equity in this industry, a promise that I counted on. My question to you, members of this committee is, "Can we, the small businessmen and women of Kansas in this chamber today, count on that promise, or are we and our businesses somehow worth less than other Kansans and their businesses"?

I feel it is the responsibility of this committee and the entire legislature to ensure that if there is a change to the economic model for the sale of adult beverages that you take into consideration the concerns I have raised. Concerns born, not out of fear of taking a pay cut, but being in the group of 50% of retailers

put out of business by Uncork members. If you are a supporter of Uncork Kansas, I expect you to require them to come forward with a plan that includes a long and fair transition period with reasonable protections included for the hundreds of families whose financial existence depends on this industry. SB298 does not come close to meeting those criteria.

In closing, I would like to point out that only 20 states allow for the sale of distilled spirits in grocery and big box stores. All 20 states have their own set of restrictions on these sales. Some don't allow for separate ingress/egress, others don't allow for the sale of chilled products. SB298 has no limits, making Kansas one of the most liberal states concerning distribution and availability of alcoholic products. SB298 is a Grand Slam bill for Uncork members creating a new business model designed to destroy independent retailers, export profits and jobs out of the state and most alarming, creating an environment where minors will have unlimited access to these products and the subsequent negative social consequences.

I strongly urge you to vote no on any legislation introduced by Uncork Kansas.

Thank you

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