

Approved \_\_\_\_\_

Date

3/11/85

MINUTES OF THE SENATE COMMITTEE ON FEDERAL AND STATE AFFAIRS

The meeting was called to order by \_\_\_\_\_ Senator Edward F. Reilly, Jr. \_\_\_\_\_ at  
Chairperson

11:00 a.m./~~xxxx~~ on March 5, 1985 in room 254-E of the Capitol.

All members were present.~~xxxx~~

Committee staff present:

Fred Carman, Assistant Revisor of Statutes  
Russell Mills, Legislative Research  
Emalene Correll, Legislative Research  
June Windscheffel, Committee Secretary

Conferees appearing before the committee:

Senator James L. Francisco  
Jean Oliver Moore, Attorney, Wichita, Kansas  
E. Lael Alkire, Attorney, Wichita, Kansas  
Jim Clark, Kansas County & District Attorney Association  
William W. Sneed, Kansas Tobacco and Candy Distributors and Vendors

Senator Arasmith moved that the Minutes of March 4, 1985, be approved. 2d by Senator Strick. Motion carried.

SB203 - concerning repealing mandatory sentence for use of gun during certain crimes.

Senator Francisco, sponsor of the bill, was introduced by the Chairman. Senator Francisco said he had introduced this legislation after hearing from several judges in the 18th Judicial District in Sedgwick County, that there was a need for this.

The next proponent to appear was Jean Oliver Moore, an attorney from Wichita. Mr. Moore stated that he is Chairman of the Criminal Law Committee of Wichita Bar Association and also Chairman of the National Association of Criminal Defense Lawyers for the State of Kansas, and that he is appearing on behalf of the Wichita Bar and the District Judges Association of Kansas. They are asking that the law be repealed. He stated that every time you pass a law to take away the opportunity for the judge to do his job to sit in judgment you deprive the people of their chance to be heard in the judicial branch of the government, and you substitute the judgment of the legislature for the judgment of the judge. He said he would amend SB203 to say that the mandatory provisions are stricken but make it that the judge "shall consider each of the individual cases on its merits."

Mr. Lael Alkire was the next proponent to appear. He said he had been on a subcommittee of the Judicial Council in which they studied the matter of sentencing. They determined that you address 4 things: 1. Take them out of the setting in society and they won't commit any more crimes, provided they don't escape. 2. You satiate the vindictiveness of society. "He is entitled to be punished." 3. You are going to reform him. 4. It is a deterrent to others. Mr. Alkire said that you are not facing the fact of making things better by mandatory sentence, and you have no statistics to back that up. You are dealing with people who are all different.

Jim Clark, Kansas County & District Attorneys Association, was the next conferee on SB203. His statement is Attachment #1. He spoke in opposition to SB203 and mentioned: gun control, federal approach, sympathetic case v. armed robber, and the conclusion.

The Chairman said this would conclude the hearing on SB203, and the matter will be taken under advisement. He said that he would note that no one was present to represent law enforcement, and that the Kansas Peace Officers will be contacted and their written

Unless specifically noted, the individual remarks recorded herein have not been transcribed verbatim. Individual remarks as reported herein have not been submitted to the individuals appearing before the committee for editing or corrections.

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON FEDERAL AND STATE AFFAIRS,  
 room 254-E, Statehouse, at 11:00 a.m./~~1:00~~ on March 5, 1985

statement will be submitted and that will conclude the hearing on SB203.

There was discussion on proposed legislation concerning a winery bill which is in the process of being drafted by the Revisor's Office. Senator Morris moved to introduce the proposed legislation. 2d by Senator Arasmith. Motion carried.

Bill Sneed appeared for the Kansas Tobacco and Candy Distributors and Vendors. The Chairman stated that Mr. Sneed had sent him a cover letter enclosing a position paper from his client, which is to accompany the proposed amendment to K.S.A. 79-3321. These are Attachments #2, #3 and #4 of these Minutes, and copies have been given Committee. Their industry has suffered financially the last 18 months and they feel this legislation will provide financial solvency to the wholesalers in general. Senator Arasmith moved the proposed legislation be introduced. 2d by Senator Anderson. Motion carried.

The Chairman said that proposed legislation concerning post viable life has been brought to his attention by the groups wishing to have it introduced so there could be a hearing on it. The Chairman said that the matter had been considered on two occasions by Public Health and Welfare. He stated that he had asked Emalene Correll, Staff, to summarize what state law is and to make an explanation of this legislation. Ms. Correll explained the bill. The Chairman said that the 4 church bishops of the State have spoken out that they would like to see the bill introduced. Senator Strick moved the proposed legislation be introduced. 2d by Senator Martin. Motion carried. There is a bill in the House, HB2204, in the Judiciary Committee at this time.

The Chairman said that March 19 is the day scheduled for hearings on HB2135, concerning capital punishment.

The Chairman said there are 2 other measures to be taken up: resolutions to make the insurance commissioner and the state treasurer constitutional officers. He said there is strong public support to make these constitutional offices. Senator Strick moved that 2 separate resolutions be prepared for consideration. 2d by Senator Hoferer. Motion carried.

The Chairman distributed copies of a letter from the Tavern League of Kansas, Attachment #5, and the Kansas Department of Transportation, Attachment #6, and also an addendum to Tuck Duncan's Memorandum of March 4, 1985, Attachment #7. He asked that the Committee review these before tomorrow's meeting, at which time SB46 will be reviewed.

The meeting was adjourned.



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Steven L. Opat, Past-President



DIRECTORS  
Dennis W. Moore  
C. Douglas Wright  
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Linda S. Trigg

*Attachment # 1*

## Kansas County & District Attorneys Association

827 S. Topeka Ave., 2nd Floor • Topeka, Kansas 66612 • (913) 357-6351

EXECUTIVE DIRECTOR • JAMES W. CLARK

### SENATE BILL 203

The Kansas County and District Attorneys Association is opposed to SB 203, which repeals K.S.A. 21-4618, the Kansas Firearms Sentencing Act.

**I. Gun Control.** In response to alarming statistics of crimes committed with a firearm, the Kansas Legislature first passed the Kansas Firearms Sentencing Act in 1977. Instead of restricting, limiting or prohibiting the ownership and legitimate use of firearms, Kansas chose to impose a strict penalty on those who used a firearm in the commission of a crime: if convicted, you were ineligible for probation or parole. (The Legislature later amended the Act to allow good time credits, hence parole eligibility, but the prohibition against bench probation remains).

**II. Federal Approach.** The Kansas approach to gun control was also adopted by the Reagan administration: The Comprehensive Crime Control Act of 1984 establishes a minimum-mandatory 5-year sentence for use of a firearm in Federal crimes of violence.

**III. Sympathetic Case v. Armed Robber.** The message of our strict policy seems to be clear to the criminal element. Armed robbery in general is on the decline, and in a greater percentage of the reported cases, a knife or strong-arm tactics are used instead of a firearm. In a very few cases, however, the policy seems to be heavy-handed. In most of these cases, sympathy is generated because not all the facts are reported. In the truly exceptional case, there is presently the remedy of executive clemency from a compassionate governor.

**IV. Conclusion.** The issue remains: are we willing to allow district judges to grant probation to dangerous armed offenders (which they are doing where no firearm is used) for the sake of a one or two sympathetic cases? If this committee sees fit to answer in the affirmative, we would suggest that you repeal the Act only to certain crimes, such as involuntary manslaughter, which is the approach used in HB 2314.

*Bill Sutter delivered 4/15,  
To me on 11/15/85  
please call him.  
Attachment # 2*

**GEHRT & ROBERTS, CHARTERED**  
ATTORNEYS AT LAW  
3400 VAN BUREN STREET — P.O. BOX 5186  
TOPEKA, KANSAS 66605  
(913) 266-4972  
ID # 48-0685683

FLOYD E. GEHRT  
ROBERT L. ROBERTS  
WILLIAM A. LARSON  
WILLIAM W. SNEED  
SHELDEN P. LE BRON

ASSOCIATED COUNSEL  
HARLAND K. RIEGER  
BEAU WILLIAMS

February 26, 1985

The Honorable Edward F. Reilly  
Senator--Third District  
Second Floor, State Capitol  
Topeka, Kansas 66612

RE: Kansas Tobacco-Candy Distributors & Vendors, Inc.

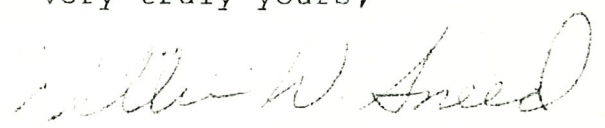
Dear Senator Reilly:

Pursuant to your request, enclosed please find a position paper from my client, the Kanss Tobacco-Candy Distributors & Vendors, Inc. This is to accompany the proposed amendment to K.S.A. 79-3321 which I have already provided you.

I appreciate any help you can provide my client in getting this bill in front of a legislative committee. If you have any questions, please feel free to contact me.

Once again, thank you for your assistance.

Very truly yours,



William W. Sneed  
Legislative Counsel

WWS:kjb  
enc.



# Kansas Tobacco-Candy Distributors & Vendors, Inc.

Harry O'Riley - Executive Secretary

913 / 234-9316

P.O. Box 4352

Topeka, Kansas 66604-0352

February 25, 1985

**President**  
DAVID MINICH  
Overland Park, Kansas

**Vice President**  
GAYLE CYNOVA  
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**Secretary**  
ROBERT PIOTROWSKI  
Fort Scott, Kansas

**Treasurer**  
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RICHARD REGNIER  
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FRED STEVENS  
Wichita, Kansas

CECIL PRIBYL  
Kansas City, Kansas

EARL POY  
Pittsburg, Kansas

MIKE CARSON  
Wichita, Kansas

KENNETH HAGMAN  
Pittsburg, Kansas

RONALD PRIBYL  
Kansas City, Kansas

To secure the continued viability of in-state wholesalers- we, the members of the Kansas Association of Candy - Tobacco Distributors and Vendors recommend adoption of the act prohibiting credit sales of cigarette and tobacco products to retailers. Passage of the act will help address problems of in-state wholesalers in a number of areas.

First, cigarette manufacturers are continuing to reduce the time within which wholesalers have to pay them for their product - recent time decreases were of as much as 30%. Additionally, manufacturers continue to increase the price of their product two to four times per year. Thus, wholesalers are faced with paying for higher priced product in a shorter period of time. This is especially troublesome for smaller, less adequately financed wholesalers.

Second, some wholesalers have been prone to grant excessive credit to retailers because of fierce competition in the marketplace. Much of this competition comes from large wholesalers outside of the State who progressively take a higher percentage share of the market. This coupling of higher cost of inventory and longer credit terms extended to retailers puts all in-state wholesalers into a precarious financial climate. The decrease in the number of distributors and vendors, over the past several years, is indicative of this problem.

Third, the State of Kansas does not give refunds of tax payments to wholesalers resulting from losses on those wholesalers accounts receivable. Wholesalers pay the tax to the State in advance of sale to the retailer. Should that retailer go bankrupt prior to payment then essentially the wholesaler



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Pittsburg, Kansas

RONALD PRIBYL  
Kansas City, Kansas

paid tax to the State which he never collected. Previous experience tells us that over 20% of our accounts receivable losses represented tax dollars paid but never collected.

We believe that it is in the best interest of the State to have solid, financially strong, in-state wholesalers. Not only does this guarantee hundreds of jobs for residents of the State of Kansas, but it also guarantees that the State will continue to have a strong base from which to collect cigarette and tobacco tax revenues. Last year wholesalers collected more than \$40 million of such tax revenue for the State.

We are certain that this legislation will have no damaging effect on Kansas retailers. Presently, 98% of all retail sales of cigarette and tobacco are made in cash. In addition, large supermarket chains such as Associated Grocers and Fleming are already receiving payment in advance for their products.

We, in the Association, are proud of the jobs we provide, tax revenue we collect, and part we play in the distribution of candy and tobacco products to consumers all over the State. We believe this legislation will help ensure that we are able to continue to perform these services in the future.





AN ACT concerning cigarettes and tobacco products; concerning the sale on credit for goods or services; amending K.S.A. 79-3321 and repealing the existing section.

Be it enacted by the Legislature of the State of Kansas:

Section 1. K.S.A. 79-3321 is hereby amended to read as follows:

79-3321. Unlawful acts. It shall be unlawful for any person: (a) To possess, except as otherwise specifically provided by this act, more than two hundred (200) cigarettes without the required tax indicia being affixed as herein provided.

(b) To mutilate or attach to any individual package of cigarettes any stamp that has in any manner been mutilated or that has been heretofore attached to a different individual package of cigarettes or to have in possession any stamps so mutilated.

(c) To prevent the director or any officer or agent authorized by law, to make a full inspection for the purpose of this act, of any place of business and all premises connected thereto where cigarettes are or may be manufactured, sold, distributed, or given away.

(d) To use any artful device or deceptive practice to conceal any violation of this act or to mislead the said director or officer or agent authorized by law in the enforcement of this act.

(e) Who is a dealer to fail to produce on demand of the said director or any officer or agent authorized by law any records or invoices required to be kept by said person.

(f) Knowingly to make, use, or present to said director or agent thereof any falsified invoice or falsely state the nature or quantity of the goods therein invoiced.

(g) Who is a dealer to fail or refuse to keep and preserve for the time and in the manner required herein all the records required by this act to be kept and preserved.

(h) To wholesale cigarettes to any person, other than a duly licensed manufacturer's salesman, retail dealer or wholesaler.

(i) To have in his or her possession any evidence of tax indicia provided for herein not purchased from the director.

(j) To fail or refuse to permit the director or any officer or agent authorized by law to inspect a carrier transporting cigarettes.

(k) To vend small cigars, or any products so wrapped as to be confused with cigarettes, from a machine vending cigarettes, nor shall a vending machine be so built to vend cigarettes, be attached to a cigarette vending machine.

(l) To sell cigarettes to any person under eighteen (18) years of age.

(m) For any person under eighteen (18) years of age to purchase cigarettes.

(n) To sell cigarettes to a retailer or at retail that do not bear Kansas tax indicia or upon which the Kansas cigarette tax has not been paid.

(o) To sell cigarettes without having a license for such sale as provided herein.

(p) To sell cigarette vending machines without having a license as provided herein for sale of vending machines.

(q) No wholesaler dealer licensed under the laws of this state shall sell or furnish cigarettes, as defined in K.S.A. 79-3301 or tobacco products, as defined in K.S.A. 79-3370, to a retail dealer, as defined in K.S.A. 79-3301 or to a retailer, as defined in K.S.A. 79-3371, on credit or on a passbook or order on a store, or in exchange for any goods, wares or merchandise, or in payment for any service rendered or to be rendered, or by any extension of credit of any credit of any kind, type or class.

Section 2. K.S.A. 79-3321 is hereby repealed.

Section 3. This act shall take effect and be in force from and after its publication in the statute book.



# Tavern League of Kansas

*Attachment #5*

719 Massachusetts  
Lawrence, Kansas 66044  
(913) 841-8470

11 FEBRUARY 1985

3330 Randoiph  
Topeka, Kansas 66611  
(913) 267-2514

Christopher S. Edmonds  
Executive Director

The Honorable Edward F. Reilly, Jr.  
State of Kansas Senate -- Third District  
Room 255 East -- State Capitol  
Topeka, Kansas 66612

Dear Senator Reilly:

I would first like to take this opportunity to thank you for your patience, understanding, and consideration of our legislative position to this point in the 1985 legislative session. I certainly understand your lack of time to chat lately. In my years of working with the Kansas legislature, I have never seen a committee as "overworked" as the Senate Federal and State Affairs Committee this year. I am sure you are grateful for the fine staff of your office and committee. June and others are certainly to be commended for their diligence and patience in working with all of us.

I am writing to express our continued concern about the status of cereal malt beverage retailing in the state of Kansas. Unfortunately, I have been unable to sit and chat with you about the status of such legislation. Hence, written communication seemed to be an appropriate method.

The members of the Tavern League of Kansas still espouse the position that any increase in the legal drinking age is a FATAL attempt to solve any of the problems associated with drinking and driving. "21" will kill more than it will save, cause a greater loss of revenue than the highway loss, and destroy the rights of otherwise legal adults.

The data on the safety issue is quite convincing. The NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION released data in December of 1984 that indicated that 10 of the 11 states that saw an age increase also saw an increase in the number of fatalities among the affected age group, 18-20. (See attachment "A") Simply, an age increase will increase the risk of death to our youngsters. KANSAS CAN EXPECT TO FOUR TO EIGHT MORE 18-20 YEAR-OLD ANNUALLY IF "21" IS ADOPTED.

The economic impact also should not go unnoticed -- for it will not go unnoticed by the taxpayers of the state of Kansas. Kansas taverns can expect to lost twenty-five to forty-five percent of their business should "21" be adopted. That is a loss of 45,131,250 in profits and wages for taverns across the state. Such a loss for fair and ethical business people is tragically unfair.

However, the impact to state and local governments is the least understood and the most devastating. THE STATE OF KANSAS CAN EXPECT TO LOSE NINE MILLION PER YEAR SHOULD "21" BE ADOPTED. That is NINE MILLION year in and year out -- each and every year. 90 million in a decade and so forth. Such a loss makes a small 18 million in highway money look insignificant. THIS LOSS REPRESENTS A FOUR DOLLAR LOSS TO EACH AND EVERY TAXPAYER IN THE STATE EACH AND EVERY YEAR.

SENATOR EDWARD F. REILLY, JR. PAGE TWO -- FEBRUARY 11, 1985

Senator, no action is necessary this year. The state of Kansas will not lose a dime should we not act this year. If we are right, action this year could result in MORE, not less, highway carnage and a nine million dollar loss to the state treasury. All for no reason at all.

If we never act, what do we lose? Approximatly eight miles of concrete. Is that worth eighty lives and one-hundred million dollars in one decade. We certainly think not. Furthermore, WE DO NOT FEEL THAT BAD PUBLIC POLICY is inevitable.

We still would propose an alternative. An increase in the CEREAL MALT BEVERAGE AND PRODUCTS TAX (0.18 per gallon) would generate twenty-five million in five years. Of that, eighteen million will replace lost highway revenue. The other seven million would be used to develop a comprehensive alcohol and drug abuse education program for elementary and secondary schools -- the real solution to the problem of teenage alcohol and drug abuse.

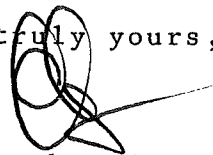
Senator Reilly, we feel-- as in the past -- this is an issue of principle. Regardless of other provisions (e.g. Senate Bill 46) that may make an age increase "inevitable" as a political "tradeoff" or "reality", nothing will change the principal that raising the age is morally wrong, philosophically poor, AND pragmatically dangerous.

Personally, I have a great deal of respect for you as a legislator of very strong principle. Last year you were successful in putting the undemocratic attempts to raise the drinking age to a stop. Once again, such action may be necessary. Federal blackmail or groups giving in to pressure of such is not a reason to change a basic principle. We certainly hope that federal blackmail and "political realities" are not allowed to stand in the way of this engrained democratic principle.

Please, Senator, leave the age alone this year.

As always, my friend, I am,

Very truly yours,

A handwritten signature in black ink, appearing to read 'Chris Edmonds', with a long horizontal line extending to the right.

Christopher S. Edmonds

Enclosures

Attachment # 6

# KANSAS DEPARTMENT OF TRANSPORTATION

STATE OFFICE BUILDING—TOPEKA, KANSAS 66612



JOHN B. KEMP, Secretary of Transportation

JOHN CARLIN, Governor

FEBRUARY 20, 1985

MEMORANDUM TO: Representative Mike Hayden  
Representative Rex Crowell  
Representative Marvin Barkis  
Representative James Braden  
Senator Robert Talkington  
Senator Bill Morris  
Senator Michael Johnston  
Senator Paul Burke

FEB 21 1985

REGARDING: Minimum Drinking Age Legislation

The attached memorandum sets forth four possible scenarios for use in analyzing most drinking age legislation. This information was compiled by the Kansas Department of Transportation's Division of Planning and Development.

*Robert Haley*  
ROBERT HALEY  
DIRECTOR OF ADMINISTRATION

RH-LDM:dc

Attachment

cc: Kirby Stegman, Division of the Budget  
Ed Ahrens, Legislative Research Department  
Bob Stacks, Governor's Office



# Kansas Department of Transportation

February 11, 1985

MEMORANDUM TO: MR. LARRY D. MORLAN, CHIEF  
BUREAU OF MANAGEMENT & BUDGET

FROM: MR. MICHAEL O'KEEFE, ~~SECRETOR~~  
PLANNING AND DEVELOPMENT

REFERENCE: Minimum Drinking Age Legislation

The Uniform Minimum Drinking Age Act of 1984 (PL 98-363) provides for the Secretary of the U.S. Department of Transportation to withhold five percent of certain funds to be apportioned to the states October 1, 1986 from those states that are not in compliance by September 30, 1986 and ten percent of the funds to be apportioned the following year for those still not in compliance by September 30, 1987. To be in compliance, a state must have a minimum drinking age law of 21. Kansas is not currently in compliance. Funds to be withheld are from the federal-aid primary, secondary, interstate, interstate 4R, and urban system funds categories. Bridge funds and other safety funds are not included.

Two bills have been introduced by the Kansas Legislature to change the minimum age. Instead of simply stating the impact of these two bills, this memorandum addresses four possible options that should be useful in the analysis of all such bills and amendments. In the first option, we assume that the state would be in compliance by September 30, 1986 and no funds would be withheld. Under the second and third options, we assume a phase-in with differences in the beginning date. The drinking age is increased each year until it eventually reaches age 21. Senate Bill 46 currently has a phase-in for age 19 beginning July 1, 1985. House Bill 2067, on the other hand, has a phase-in beginning with age 18 July 1, 1985. A phase-in beginning with age 19 this July would put us in compliance by September 30, 1987. Funds would have been withheld from the October 1, 1986 apportionment, but we would be within compliance before the end of that federal fiscal year. A phase-in beginning with age 18 July 1, 1985 would mean that we would not be in compliance until July 1, 1988 and would have five percent of our funds withheld on October 1, 1986 and ten percent withheld on October 1, 1987. We assume that those funds would be released before the end of federal fiscal year 1988.

| Effective Date | Ages |    |
|----------------|------|----|
| July 1, 1985   | 18   | 19 |
| July 1, 1986   | 19   | 20 |
| July 1, 1987   | 20   | 21 |
| July 1, 1988   | 21   |    |

Under the fourth option, we assume that Kansas does not come into compliance until after September 30, 1988. This could be that Kansas never comes into compliance or that it is simply adopts a phase-in at a later period, both of which will have the same results.

The base document for analyzing the impact of these options is the current Five Year Highway Program, FY 1985-89. The impact of the four options on projects by category is shown in Tables 1 through 12 attached.

The table below shows the impact of the four options as projects in the five year program. As you can see, going to age 21 prior to September 30, 1986 would not cause for any projects to be delayed. A phase-in beginning at age 19 July 1, 1985 would cause \$3.6 million dollars in projects scheduled for FY 1987 to be delayed until apportionment was received as a result of coming into compliance on July 1, 1987. While we have sufficient balances in most federal fund categories to cover projects programmed, we do not have any in interstate and primary funds. Withholding of FY 1987 apportionment would not affect other projects programmed.

A phase-in bill under Option Three - one that would not bring us into compliance until July 1, 1988 - would cause an additional \$7.3 million dollars in project delay for FY 1988 in those same two categories with a total project delay over the life of the program of \$10.9 million dollars in the primary and interstate system categories.

Option Four shows a total loss of those funds as a result of never coming into compliance.

| Projects<br>Delay | Age<br>21  | 19-JULY 1, 1985<br>1 Yr. With-<br>holding<br>(Dollars in Thousands) | 18-JULY 1, 1985<br>2 Yr. With-<br>holding | NO 21<br>TOTAL LOSS |
|-------------------|------------|---|---|---------------------|
| Primary           | \$0        | \$2,330   | \$4,661                                   | \$ 6,991            |
| Interstate        | <u>0</u>   | <u>1,302</u>  | <u>2,605</u>                              | <u>3,907</u>        |
| Projects Total    | <u>\$0</u> | <u>\$3,632</u>  | <u>\$7,266</u>                            | <u>\$10,898</u>     |

It is possible that delays in primary and interstate projects could be made up for by substitution of projects in categories for which we have sufficient balances such as bridge, secondary, or interstate 4R projects.

This would likely still cause project delays as new plans must be developed. It will be obligation authority that will create the most impact. As you know, the Congress limits the amount of federal-aid that the states may expend by setting a level or limit on that obligation authority (similar to the expenditure limitations placed on special revenue funds by the Kansas Legislature). Obligation authority is apportioned to the states on the basis of total apportionments. That is, Kansas'

share of the national obligation ceiling is calculated on the basis of the ratio of Kansas' annual apportionments to the total national apportionments to all states (national authorizations). The obligation authority level for Kansas for FY 1984 and 1985 has been approximately 93 percent of our annual apportionment. Programming for program years FY 1986 through FY 1989 is based upon the assumption of 95 percent levels. We have assumed that we will receive obligation authority equal to 95 percent of our annual apportionment.

We have analyzed two scenarios concerning the calculation of obligation authority to Kansas under the four options. The first scenario assumes that obligation authority is calculated on the basis of apportionment before withholding. There would be no additional loss of obligation authority in this scenario. The total effect would be the project delays shown above.

In the second scenario, we assume that Federal Highway Administration would first subtract the withheld apportionment from the Kansas total apportionment before calculating Kansas obligation authority. Under that scenario, there are dramatic losses of obligation authority to the state. These are shown in the table below. As you can see, the loss of obligation authority causes a dramatic increase in projects delayed and possibly lost. While apportionments that are withheld are regained once the state comes into compliance, obligation authority remains lost. The net result would be that even if our apportionments that have been withheld are regained, our ability to use those apportionments is lost.

|                              | Age 21   | 19-JULY 1, 1985<br>1 Yr. With-<br>holding | 18-JULY 1, 1985<br>2 Yr. With-<br>holding | NO 21<br>TOTAL LOSS |
|------------------------------|----------|---|---|---------------------|
|                              |          | (Dollars in Thousands)                    |   |                     |
| State                        | 0        | \$5,030                                   | \$10,061                                  | \$15,091            |
| Local                        | <u>0</u> | <u>811</u>                                | <u>1,622</u>                              | <u>2,433</u>        |
| Federal<br>Authority Lost    | <u>0</u> | <u>\$5,841</u>                            | <u>\$11,683</u>                           | <u>\$17,524</u>     |
| Projects Delayed<br>or Lost* |          | \$7,301                                   | \$14,604                                  | \$21,905            |

\* 80 percent federal participation assumed.

We have no information currently concerning the method of calculation that will be used under the withholding provisions of the law. A federal rule-making in progress should provide information concerning how the law will be implemented; it would be difficult to make definitive statements prior to that rule-making.



TABLE 1  
 FFY 1987, FFY 1988 FEDERAL AID CONSTRUCTION APPORTIONMENTS FOR KANSAS  
 (\$1,000)

| SYSTEM        | STATE :      | LOCAL :     | TOTAL      |
|---------------|--------------|-------------|------------|
| Primary       | \$ 34,959 :  | \$ 0 :      | \$ 34,959  |
| Secondary     | 2,552 :      | 10,473 :    | 13,025     |
| Interstate    | 23,435 :     | 0 :         | 23,435     |
| Interstate 4R | 44,958 :     | 0 :         | 44,958     |
| Urban         | 0 :          | 6,600 :     | 6,600      |
| TOTAL         | \$ 105,904 : | \$ 17,073 : | \$ 122,977 |

TABLE 2  
 FIVE PERCENT WITHHOLDING  
 FFY 1987 FEDERAL AID CONSTRUCTION APPORTIONMENTS FOR KANSAS  
 (\$1,000)

| SYSTEM        | STATE :      | LOCAL :     | TOTAL      |
|---------------|--------------|-------------|------------|
| Primary       | \$ 33,211 :  | \$ 0 :      | \$ 33,211  |
| Secondary     | 2,424 :      | 9,949 :     | 12,374     |
| Interstate    | 22,263 :     | 0 :         | 22,263     |
| Interstate 4R | 42,710 :     | 0 :         | 42,710     |
| Urban         | 0 :          | 6,270 :     | 6,270      |
| TOTAL         | \$ 100,609 : | \$ 16,219 : | \$ 116,828 |

TABLE 3  
 TEN PERCENT WITHHOLDING  
 FFY 1988 FEDERAL AID CONSTRUCTION APPORTIONMENTS FOR KANSAS  
 (\$1,000)

| SYSTEM        | STATE :     | LOCAL :     | TOTAL      |
|---------------|-------------|-------------|------------|
| Primary       | \$ 31,463 : | \$ 0 :      | \$ 31,463  |
| Secondary     | 2,297 :     | 9,426 :     | 11,723     |
| Interstate    | 21,092 :    | 0 :         | 21,092     |
| Interstate 4R | 40,462 :    | 0 :         | 40,462     |
| Urban         | 0 :         | 5,940 :     | 5,940      |
| TOTAL         | \$ 95,314 : | \$ 15,366 : | \$ 110,679 |

TABLE 4  
LOSS DUE TO FIVE PERCENT WITHHOLDING  
FFY 1987 FEDERAL AID CONSTRUCTION APPORTIONMENTS FOR KANSAS  
(\$1,000)

| SYSTEM        | STATE :     | LOCAL :   | TOTAL      |
|---------------|-------------|-----------|------------|
| Primary       | \$ (1,748): | \$ 0 :    | \$ (1,748) |
| Secondary     | (128):      | (524):    | (651)      |
| Interstate    | (1,172):    | 0 :       | (1,172)    |
| Interstate 4R | (2,248):    | 0 :       | (2,248)    |
| Urban         | 0 :         | (330):    | (330)      |
| -----         |             |           |            |
| TOTAL         | \$ (5,295): | \$ (854): | \$ (6,149) |

TABLE 5  
LOSS DUE TO TEN PERCENT WITHHOLDING  
FFY 1988 FEDERAL AID CONSTRUCTION APPORTIONMENTS FOR KANSAS  
(\$1,000)

| SYSTEM        | STATE :      | LOCAL :     | TOTAL       |
|---------------|--------------|-------------|-------------|
| Primary       | \$ (3,496):  | \$ 0 :      | \$ (3,496)  |
| Secondary     | (255):       | (1,047):    | (1,302)     |
| Interstate    | (2,344):     | 0 :         | (2,344)     |
| Interstate 4R | (4,496):     | 0 :         | (4,496)     |
| Urban         | 0 :          | (660):      | (660)       |
| -----         |              |             |             |
| TOTAL         | \$ (10,590): | \$ (1,707): | \$ (12,298) |

TABLE 6

| TOTAL<br>KANSAS<br>APPORTIONMENTS<br>(\$1,000) | TOTAL<br>: U.S. HIGHWAY<br>AUTHORIZATION<br>(\$1,000) | -----KANSAS CEILING RATE----- |                                    |                                   |
|--|---|-------------------------------|------------------------------------|-----------------------------------|
|  |   | NO<br>WITHHOLDING<br>(1)      | FIVE PERCENT<br>WITHHOLDING<br>(2) | TEN PERCENT<br>WITHHOLDING<br>(3) |
| \$183,699                                      | \$15,478,000  | 0.01187                       | 0.01147                            | 0.01107                           |

- (1) Kansas Apportionment/U.S. Authorizations
- (2) (Kansas Apportionment-Five Percent Withholding)/U.S. Authorizations
- (3) (Kansas Apportionment-Ten Percent Withholding)/U.S. Authorizations

TABLE 7

| ESTIMATED<br>FY 1987 U.S.<br>OBLIGATION<br>AUTHORIZATIONS<br>(\$1,000) | -----KANSAS OBLIGATION CEILING-----         |  |   |
|--|---|--|---|
|  | ESTIMATED<br>NO<br>WITHHOLDING<br>(\$1,000) | FIVE PERCENT<br>WITHHOLDING<br>(\$1,000) | TEN PERCENT<br>WITHHOLDING<br>(\$1,000) |
| \$14,704,012   | \$174,513                                   | \$168,671                                | \$162,830                               |

- (1) Ceiling Rate X U.S. Obligation Authorizations



TABLE 8  
FEDERAL FUNDS AVAILABLE FOR FFY 1987  
NO WITHHOLDING

| SYSTEM          | ENDING<br>BALANCE<br>FY 1986<br>(\$1,000) | FFY 1987<br>APPORTIONMENT<br>(\$1,000) | TOTAL<br>AVAILABLE<br>(\$1,000) | PROGRAMMED<br>EXPENDITURES<br>FY 1987<br>(\$1,000) | ENDING<br>BALANCE<br>FY 1987<br>(\$1,000) |
|-----------------|---|--|---------------------------------|--|---|
| *Primary        | 375                                       | 34,959                                 | 35,334                          | 41,222   | (5,888)                                   |
| *Secondary      | 2,048                                     | 2,552                                  | 4,600                           | 2,424  | 2,176                                     |
| Secondary-local | 17,316                                    | 10,473                                 | 27,789                          | 10,206   | 17,583                                    |
| *Interstate     | 4,898                                     | 23,435                                 | 28,333                          | 28,926   | (593)                                     |
| *Interstate 4R  | 17,331                                    | 44,958                                 | 62,289                          | 38,303   | 23,986                                    |
| Urban           | 4,885                                     | 6,600                                  | 11,485                          | 6,270  | 5,215                                     |
| TOTAL           | 46,853                                    | 122,977                                | 169,830                         | 127,351  | 42,479                                    |

\* Information from 6-8-84 Program Summary

TABLE 9  
FEDERAL FUNDS AVAILABLE FOR FFY 1987  
FIVE PERCENT WITHHOLDING

| SYSTEM          | ENDING<br>BALANCE<br>FY 1986<br>(\$1,000) | REVISED<br>FFY 1987<br>APPORTIONMENT<br>(\$1,000) | REVISED<br>TOTAL<br>AVAILABLE<br>(\$1,000) | PROGRAMMED<br>EXPENDITURES<br>FY 1987<br>(\$1,000) | ENDING<br>BALANCE<br>FY 1987<br>(\$1,000) | PROJECT<br>DELAY<br>(\$1,000) |
|-----------------|---|---|--|--|---|-------------------------------|
| *Primary        | 375                                       | 33,211  | 33,586                                     | 41,222   | (7,636)                                   | (1,748)                       |
| *Secondary      | 2,048                                     | 2,424   | 4,472                                      | 2,424  | 2,048                                     |                               |
| Secondary-local | 17,316                                    | 9,949   | 27,265                                     | 10,206   | 17,059                                    |                               |
| *Interstate     | 4,898                                     | 22,263  | 27,161                                     | 28,926   | (1,765)                                   | (1,172)                       |
| *Interstate 4R  | 17,331                                    | 42,710  | 60,041                                     | 38,303   | 21,738                                    |                               |
| Urban           | 4,885                                     | 6,270   | 11,155                                     | 6,270  | 4,885                                     |                               |
| TOTAL           | 46,853                                    | 116,828   | 163,681                                    | 127,351  | 36,330                                    |                               |

\* Information from 6-8-84 Program Summary

TABLE 10  
FEDERAL FUNDS AVAILABLE FOR FFY 1988  
NO WITHHOLDING

| SYSTEM          | ENDING    |               | TOTAL     | PROGRAMMED<br>EXPENDITURES | ENDING    |           |
|-----------------|-----------|---------------|-----------|----------------------------|-----------|-----------|
|                 | BALANCE   | FFY 1988      |           |                            | AVAILABLE | BALANCE   |
|                 | FY 1987   | APPORTIONMENT |           |                            | FY 1988   | FY 1988   |
|                 | (\$1,000) | (\$1,000)     | (\$1,000) | (\$1,000)                  | (\$1,000) | (\$1,000) |
| *Primary        | (1,781)   | 34,959        | 33,178    | 33,792                     | (614)     |           |
| *Secondary      | 258       | 2,552         | 2,810     | 0                          | 2,810     |           |
| Secondary-local | 17,840    | 10,473        | 28,313    | 9,949                      | 18,364    |           |
| *Interstate     | (594)     | 23,435        | 22,841    | 26,268                     | (3,427)   |           |
| *Interstate 4R  | 14,148    | 44,958        | 59,106    | 39,221                     | 19,885    |           |
| Urban           | 5,215     | 6,600         | 11,815    | 6,270                      | 5,545     |           |
| TOTAL           | 35,086    | 122,977       | 158,063   | 115,500                    | 42,563    |           |

\* Information from 6-8-84 Program Summary

TABLE 11  
FEDERAL FUNDS AVAILABLE FOR FFY 1988  
TEN PERCENT WITHHOLDING

| SYSTEM          | ENDING    |               | TOTAL     | PROGRAMMED<br>EXPENDITURES | ENDING    |           | PROJECT<br>DELAY |
|-----------------|-----------|---------------|-----------|----------------------------|-----------|-----------|------------------|
|                 | BALANCE   | FFY 1988      |           |                            | AVAILABLE | BALANCE   |                  |
|                 | FY 1987   | APPORTIONMENT |           |                            | FY 1988   | FY 1988   |                  |
|                 | (\$1,000) | (\$1,000)     | (\$1,000) | (\$1,000)                  | (\$1,000) | (\$1,000) |                  |
| *Primary        | (1,781)   | 31,463        | 29,682    | 33,792                     | (4,110)   | (3,496)   |                  |
| *Secondary      | 258       | 2,297         | 2,555     | 0                          | 2,555     |           |                  |
| Secondary-local | 17,840    | 9,426         | 27,266    | 8,954                      | 18,311    |           |                  |
| *Interstate     | (594)     | 21,092        | 20,498    | 26,268                     | (5,771)   | (2,344)   |                  |
| *Interstate 4R  | 14,148    | 40,462        | 54,610    | 39,221                     | 15,389    |           |                  |
| Urban           | 5,215     | 5,940         | 11,155    | 5,643                      | 5,512     |           |                  |
| TOTAL           | 35,086    | 110,679       | 145,765   | 113,878                    | 31,887    |           |                  |

\* Information from 6-8-84 Program Summary

## PROJECT SELECTION

TABLE 12  
SUMMARY

05-Feb-85

|                          | : | : | 19-JULY 1, 1985 | :       | 18 JULY 1, 1985       | :        | NO 21 =               | :          |
|--------------------------|---|---|-----------------|---------|-----------------------|----------|-----------------------|------------|
|                          | : | : | :NO WITHHOLDING | :       | :(1 Year Withholding) | :        | :(2 Year Withholding) | :          |
|                          | : | : | :               | :       | :                     | :        | :                     | TOTAL LOSS |
| PROJECT DELAY            | : | : | :               | :       | :                     | :        | :                     | :          |
| Primary                  | : | 0 | :               | (1,748) | :                     | (3,496)  | :                     | (5,244)    |
| Secondary-State          | : | 0 | :               | :       | :                     | :        | :                     | 0          |
| Secondary-local          | : | 0 | :               | :       | :                     | :        | :                     | 0          |
| Interstate               | : | 0 | :               | (1,172) | :                     | (2,344)  | :                     | (3,515)    |
| Interstate 4R            | : | 0 | :               | :       | :                     | :        | :                     | 0          |
| Urban                    | : | 0 | :               | :       | :                     | :        | :                     | 0          |
| TOTAL PROJECT DELAY      | : | : | :               | :       | :                     | :        | :                     | :          |
| Subtotal-State           | : | 0 | :               | (2,920) | :                     | (5,839)  | :                     | (8,759)    |
| Subtotal-Local           | : | 0 | :               | 0       | :                     | 0        | :                     | 0          |
| OBLIGATION CEILING LOSS: | : | : | :               | :       | :                     | :        | :                     | :          |
| State-Min                | : | 0 | :               | 0       | :                     | 0        | :                     | 0          |
| State-Max                | : | 0 | :               | (5,030) | :                     | (10,060) | :                     | (15,091)   |
| Local-Min                | : | 0 | :               | 0       | :                     | 0        | :                     | 0          |
| Local-Max                | : | 0 | :               | (811)   | :                     | (1,622)  | :                     | (2,433)    |
| TOTAL-MIN                | : | 0 | :               | 0       | :                     | 0        | :                     | 0          |
| TOTAL-MAX                | : | 0 | :               | (5,841) | :                     | (11,683) | :                     | (17,524)   |



K · A · N · S · A · S  
**WINE & SPIRITS**  
WHOLESALE ASSOCIATION, INC.

*Attachment # 7*

M E M O R A N D U M  
JANUARY 23, 1985

TO: Senate Federal and State Affairs Committee

From: R.E. "Tuck" Duncan, Executive Secretary  
Kansas Wine and Spirits Wholesalers Association

RE: Legislative initiatives proposed in conjunction with the  
issue of raising the drinking age for cereal malt  
beverages to 21 in Kansas. Senate Bill 46.

The purpose of this memorandum is to address certain legislative initiatives that have been proposed for consideration in conjunction with the question of whether or not Kansas should enact a 21 year old drinking age for consumption of cereal malt beverages.

As you are aware, 21 is the current age for consumption of strong beer, spirits and wines in Kansas. Traditionally, the Kansas Wine and Spirits Association has taken no position regarding the question of raising the drinking age to 21 for cereal malt beverages (beer of 3.2% alcohol or less by weight). Again we take no position on that question alone. The members of the association do not sell cereal malt beverages, and thus leave to you the advisability of that action.

Other proposals, however, have been made in conjunction with the prospect of such a raise in the drinking age which will effect all other segments of the alcoholic beverage distribution industry, retail industry and private club industry. For the reasons as set forth herein, many of these proposals are not in the best interests of Kansas, her consumers, and the orderly market which has developed over years of "fine tuning" the laws, rules and regulations which govern alcoholic beverages.

These proposals include (1) redefining all beer as cereal malt beverages, (2) changing the scope of licenses for wholesalers, (3) taxation, (4) days of sales and hours of operation, and (5) enforcement activities.

**REDEFINITION OF ALL BEER AS CEREAL MALT BEVERAGES:** This proposal is legally unconstitutional. When the legislature enacted the cereal malt beverage laws in 1937 the Kansas Constitution prohibited the sale of "intoxicating liquors". CMB was determined in 1937 not to be an intoxicant. All other products since the constitutional amendment to allow the sale of

Attachment 7

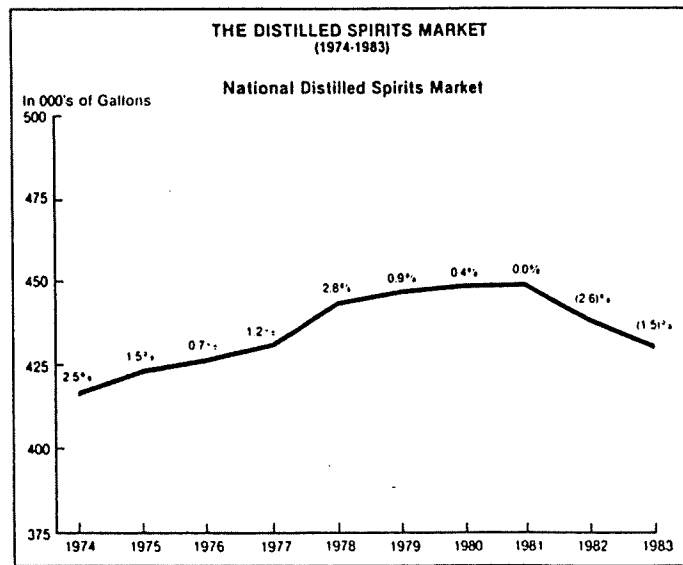
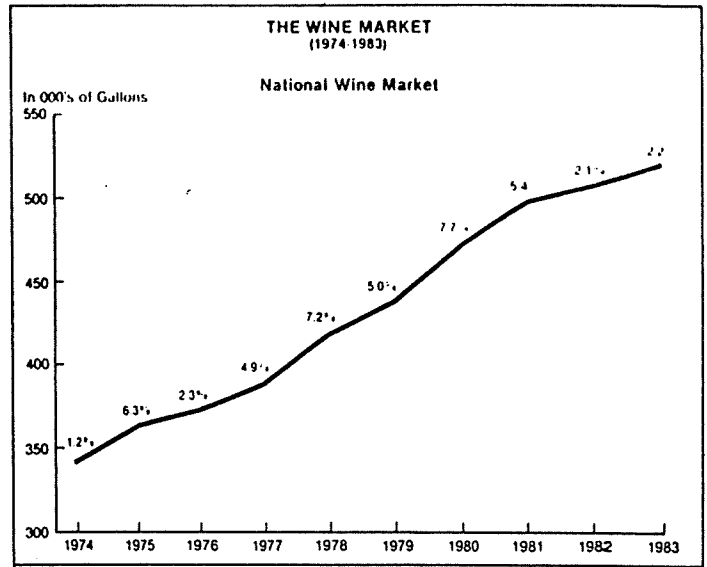
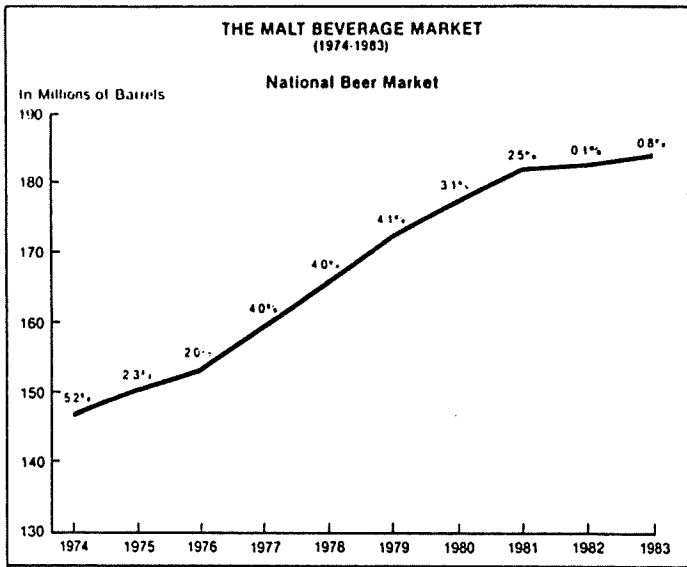
intoxicating liquors (including strong beer) are by definition intoxicants. Therefore, proposed legislation is unconstitutional if it excludes from the definition of "alcoholic liquor" a beverage that is in fact intoxicating and which was understood to be alcoholic by the people of Kansas when they ratified the open saloon prohibition in the Kansas Constitution and when the amendments allow the sale of that beverage to the general public for consumption on the premises where sold.

**WHOLESALE LICENSING:** It is proposed that cereal malt beverage/beer distributors be allowed to sell wine and spirits and conversely that wine/spirits wholesalers be allowed to sell cereal malt beverages. These industries should not be "merged." As a matter of public policy these industries are regulated separately because of the nature of the products they sell. The distribution of cereal malt beverages and spirits are not compatible in a single operation, and may cause a disruption to the orderly market. Cereal Malt Beverages have traditionally been sold "off the truck" while spirits and wine products are "pre-sold." These different practices require different operational methods. Further, cereal malt beverages are sold directly to private clubs, while wine and spirits are not. The Kansas Retail Liquor Dealer has been the source of supply for the private club (acting as a wholesaler under federal law) and that should remain. The market territories are different, and cannot be easily consolidated. While it may be true that some spirits wholesalers sell certain beers (less than 2% of the beer market), these are primarily imports which are "pre-sold" and cannot be sold through C.M.B. retail outlets. Finally, this proposed change will aggravate the pale and stagnant economic condition of spirits and wine wholesalers.

The charts which follow reflect that while the products that CMB/Beer wholesalers have sold have increased in sales, the products that spirits and wine wholesalers sell have remained constant or declined. The "merging" of the two different industries will reduce existing market opportunities for wine and spirits wholesalers to their detriment only to the benefit of others at a time when taxes on spirits will increase by \$2.00 a proof gal. and when sales are anticipated to further decrease. A review of state tax collections in recent fiscal years will confirm this contention.

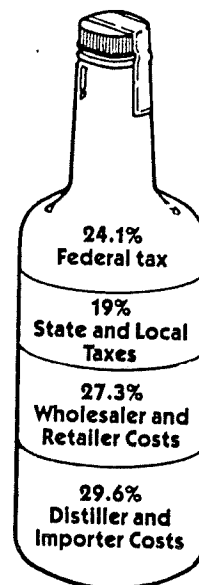
Source: Kansas Tax Facts, 1984 Supplement  
 [Excerpt] TABLE II -STATE TAX REVENUE  
In Thousands

|                      | FY1984 | FY1983 | FY1982 |
|----------------------|--------|--------|--------|
| Cereal Malt Beverage | 5,125  | 4,979  | 5,077  |
| Liquor Gallonage     | 12,173 | 12,288 | 12,837 |





**TAXATION:** Recently the Kansas Legislature increased enforcement taxes on products sold in retail liquor stores from 4% to 8%, and as referenced earlier, the Congress has enacted a \$2.00 per proof gal. tax increase on spirits effective October 1, 1985. Both of these taxes have or will increase the price of spirits products on the shelf. No major revisions in the tax structure should be made until the economic effect of the current increases is determined. To take any action in this area is premature. Any review of taxes should be made with an eye toward parity of taxation among all types of products. Such a review cannot be accomplished absent an in-dept economic study, which is not now available. Retail excise taxes may have reached their point of diminished returns when we consider that the retail trade experienced a reduction in sales from FY1983 of \$222.8 million to \$206.5 million in FY1984 for a reduction of \$16.3 million. [Source: ABC Sales and Revenue Report].



| ESTIMATED EFFECT OF \$2.00 FET INCREASE ON SELECTED BRAND RETAIL PRICES (750 ml. bottle size) |                                |  |                          |
|---|--------------------------------|--|--------------------------|
| Brand   | Estimated Current Retail Price | Estimated Retail Price with FET Increase | Estimated Change Percent |
| BACARDI SILVER  | \$ 6.60                        | \$ 7.19                                  | 8.9%                     |
| SEAGRAM'S 7 CROWN   | 6.79                           | 7.39                                     | 8.8                      |
| SMIRNOFF  | 6.49                           | 7.05                                     | 9.1                      |
| JOHNNIE WALKER BLACK  | 15.70                          | 16.55                                    | 5.4                      |
| BAILEYS   | 12.99                          | 13.19                                    | 1.5                      |
| CANADIAN MIST   | 6.19                           | 6.69                                     | 8.1                      |
| JACK DANIEL'S BLACK   | 9.65                           | 10.29                                    | 6.6                      |
| SEAGRAM'S V.O.  | 8.99                           | 9.55                                     | 6.2                      |
| DEWAR'S   | 10.76                          | 11.35                                    | 5.5                      |
| GRAND MARNIER   | 21.25                          | 21.69                                    | 2.1                      |
| KAHLUA  | 12.21                          | 12.60                                    | 3.2                      |
| STOLICHNAYA   | 9.99                           | 10.55                                    | 5.6                      |
| HENNESSY V.S.   | 15.87                          | 16.39                                    | 3.1                      |
| KAMCHATKA   | \$ 4.57                        | \$ 5.19                                  | 13.6%                    |

Source: IMPACT DATABANK estimates © 1984

**DAYS OF SALES, HOURS OF OPERATIONS, SALES BY MINORS:** The question of days of sales, and hours of operations is a policy determination for the legislature upon which we have no opinion. There may be reason for the legislature to consider uniformity in this area.



**ENFORCEMENT:** The legislative proposals set forth above will have an effect on enforcement of the finely balanced system Kansas now has under the three-tier system of distribution. Any change means increased enforcement to ensure an orderly transition. Enforcement priorities should be established, such as (1) improving collection of existing taxes, (2) ensuring that licensing requirements are met, and (3) preventing sales to minors. When the administrative agencies and the legislature are satisfied that these tasks are being accomplished with the existing available resources, then new tasks might be assigned. We support the Alcoholic Beverage Control's requests for increased manpower, including an education officer, and improved conditions of employment for agents and other personnel. When those issues have been addressed, then the legislature will be postured to determine whether the additional burdens that will accompany the major structural changes that have been proposed can be handled adequately.

**GENERAL OBSERVATIONS:** You may be told that the structural changes that are being proposed will allow for efficiencies in the wholesale houses. There are no studies before you to support this contention. Whether you sell 1000 cases of two products (500 each) or 1000 cases of a single product, you still need the same square footage to store all 1000 cases, the same truck space to transport those 1000 cases, and the personnel to lift, sort, and deliver those orders for the 1000 cases. The concern seems to be the handling of 2 "labels" and yet spirits wholesalers may handle thousands of "labels." The concepts of wanting to reduce types of products on one hand, and yet increase new products lines on the other are incongruous.

Additionally, we understand that a change in the age is alleged to affect 300,000 persons between 18 and 21. The information we have is that 130,000 persons will be effected. That is as of January 1984 the number of persons in Kansas who could be potentially be excluded from the legal drinking age population are 130,000, not 300,000. [Source: The Liquor Handbook, as reported in Liquor Store Magazine, September 1984.]

Are all these major structural changes necessary because of the desire to reduce consumption by 130,000 18 to 21 year olds? Do we truly appreciate the total economic effect, the potential to further increase consumer prices, as well as the potential to

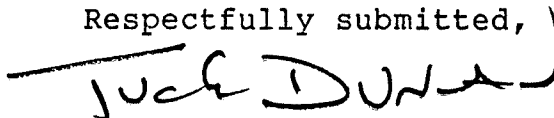
disrupt the orderly market that Kansas has developed over the past 35 years? We would suggest that these changes are not necessary, and perhaps are contrary to the motivation for raising the drinking age. Kansas liquor retailers, club operators and wine and spirit wholesalers will be adversely effected by these proposals, and they are not required in order to increase the drinking age, if that be the decision of the legislature.

In addition to the foregoing, none of these changes should be made without consideration of questions affecting the state's advertising regulations and trade practice regulations. These are matters which will be effected, and should be addressed by the Alcoholic Beverage Control before structural modifications are seriously considered.

In summary, what has been proposed constitutes as great a change as that of the constitutional amendment to allow "liquor-by-the-drink." We sincerely believe that of the two topics, the Legislature should address the latter question first, unencumbered by a variety of other schemes for overhauling the alcoholic beverage distribution industry in Kansas.

We will be pleased to discuss all of these matters with you at anytime. Your attention to and consideration of these matters is most appreciated.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Tuck Duncan", written over a horizontal line.

R.E. "Tuck" Duncan  
Executive Secretary  
Kansas Wine and Spirits  
Wholesalers Association

\* \* \*