

FEBRUARY 8, 2012

THE HONORABLE ANTHONY BROWN, CHAIR AND MEMBERS OF THE HOUSE COMMERCE AND ECONOMIC DEVELOPMENT COMMITTEE:

TESTIMONY ON HB 2532

OPPOSITION

Jacob Liquor Exchange was opened in 1979. Myself, my family and my employees have worked day by day, customer by customer, to build a business that has had relocated five times in order to provide our customers the selection, service and shopping experience they desired. I consider each and every item we sell to be my livelihood, and the livelihood of my family and my forty-two employees and their families. I offer the following in addition to all the testimony you have heard on family owned, brick and mortar stores having to close, jobs lost, more accessibility to underage, etc:

It is inevitable for times to change. We are a society that champions those who push us into the future, who provide technology that allows us access to realms never before known. We move fast, we live fast, and because of this, we do not always have time to stop and appreciate the small things: the friendly smile, the offer to help, the customer service that only a small business can offer. Maybe it would be nice to get everything we need, including alcohol, in just one place: in the grocery store while we shop for our milk and bread, at the convenience store as our as we gas our car. But this so-called "convenience" will come with a price, the elimination of at least 50% of the family owned liquor stores in the state.

I offer the following in addition to all the testimony you have heard on family owned, brick and motor stores having to close, jobs lost, more accessibility to underage, etc: liquor stores consider each and every item they sell (sku's) as livelihood, 'big box' (c-store, grocery store, Walgreens, Wal-Mart, Sam's, etc) considers sku's as a profit center.

A 2 liter of soda (\$1.00) and a 1.75 liter of Jack Daniels (\$40.00) take up the same space on a shelf, 'big box' prices on 10% mark-up, liquor stores require about 21% to make a living, so 'big box' loves the \$3.50 profit versus the 10 cents on the soda when it comes to shelf allocation

Liquor stores receive no co-op advertising dollars, 'big box' advertise with full color , huge variety fliers funded by co-op dollars from all advertisers, a bottle of wine would replace a can of green beans in an ad flier. There is no way for a liquor store to compete in the advertising market.

Tax revenue: if you reduce the enforcement tax base from 21% (liquor store gross profit) to 10% ('big box' gross profit) the state loses at least 25% of its enforcement tax base from alcohol sales from day one of enactment of the bill. No matter what the proponents may say, Kansas consumption will not increase because of the increase outlets that sell. In Kansas there will not an increase of legal age consumers, unlike some states that have a influx of tourists that stay for an extended time, such as California, Florida and Arizona, rent condos and shop at 'big box' for food, etc.

'Big box' says they will offer more selection to the consumer. Research shows that in states that allow 'big box' sales of wine & spirits, the average sku's is 300-400 (Costco only 190 sku's). Jacob liquor offers over 7500 sku's to its customers.

Enacting HB 2532 will force dozens, if not hundreds, of your very own citizens – citizens who have worked and sacrificed to have their own business, to live the American dream – out of business. Do not be fooled by the surface fallacies, by the glossy presentations and the half-hearted answers set forth by non-resident corporate executives and lobbyist of the 'big box'. Remember those who call Kansas *home*. Who believed enough in this state and its leaders to set down roots and stake their livelihoods, and the comfort and protection of their families, in the small business-friendly environment that is Kansas?

Respectfully submitted,

Tom Jacob

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Wichita