To: House Committee on Commerce, Labor and Economic Development
From: Ross W. Schimmels
Vice President, External Affairs
RE: HB 2200

February 12, 2015

As you reach a determination on whether to expand the outlets selling alcoholic beverages in Kansas, HB 2200, please consider the following:

Alcohol is different than other consumer products. It is the only consumer product mentioned in the U.S. Constitution both from the time of Prohibition and to its repeal. After repeal, the sale of alcohol was specifically left for the states to regulate. Kansas chose to allow local retailers, familiar with and responsible to their local communities, to be the ones to sell alcoholic beverages. By allowing them to sell only alcoholic beverages the market effectively regulates the number of those stores, which currently stands at 750 retailers. These retailers support other business in the local communities. They made significant investments in their businesses based on our current Kansas laws.

If Uncork Kansas were to have its way and allow the sale of liquor, wine, and beer in grocery stores and strong beer in convenience stores, by its own estimates 300-400 local businesses would close shop. This would put approximately 2000 people out of a job. Grocery stores and convenience stores will not create new jobs, they will just reallocate resources. In addition, they will not reinvest to the extent retailers do in their local communities. Profits instead will flow to these big, out-of-state corporations. As a reminder, Kroger/Dillons is based in Cincinnati, Hy-Vee in Des Moines, Wal-Mart in Bentonville, QuikTrip in Tulsa, etc. Given the current budget problems facing Kansas do we really want to destroy small businesses, kill jobs, and send our dollars out of state? When Uncork Kansas uses the term "convenience" what they are really saying is 'we want the convenience of shipping Kansas money out of state".

Aside from the negative economic impact to the state and local communities, there is an even more compelling reason to oppose HB 2200 – public health and safety. HB 2200 will dramatically increase the number of outlets selling alcoholic beverages. Proponents will argue the bills place a cap on the number of licenses selling liquor, wine, and beer. That is true. But there is no cap on the number of convenience stores selling strong beer. There are currently 1775 CMB off-premise licenses that could be converted to a Strong Beer license.

Make no mistake. Today's craft beers are not the same when it comes to alcoholic strength as a traditional Bud, Coors, or Miller Lite. Many of these beers contain alcohol by volume (ABV) greater than 10%. Standard Beverage currently carries twenty-five strong beers over 10% ABV and one that clocks in at 15.2% ABV. And we are just one

of the thirty-five beer distributors. These beers are 300-500% stronger than 3.2 CMB. One beer is roughly equivalent to three or four beers. Allowing access to these stronger beers by increasing the number of alcohol outlets presents a danger to our youth. And to make matters worse, HB 2200 allows 18-year-olds to sell these stronger beers. That is a recipe for disaster.

The expansion of strong beer into convenience stores is one of the most troubling aspects of HB 2200. Greater outlet density of businesses selling alcoholic beverages has shown repeatedly in study after study to increase violent crime, domestic violence, DUIs, theft, underage drinking, and a host of many other social ills. Our own Kansas Health Institute in its May 2014 report, "Potential Health Effects of Expanding Liquor Licenses to Grocery and Convenience Stores", states "Increased density off-premise alcohol may lead to some increase in alcohol for the general population. *However, youth consumption is projected to increase substantially."* (Emphasis added, p.27.) The report continues, "This increased consumption could result in more DUI arrests and alcohol-related vehicle accidents and deaths."(p. 36) Continuing, the report states, "An increase in availability in grocery and convenience stores may increase theft of alcohol products, especially by youth."(p. 39)

Please recall, our self-regulating market that makes it possible for 750 retail businesses to exist selling only alcoholic beverages. Convenience stores sell many other items and they are surviving today without selling strong beer. Why would we want to expand that number to thousands of outlets selling alcoholic beverages when the social costs are so high? And who is going to pay those social costs?

HB 2200 is not good economically for Kansas. The redistribution of profits from Kansas retailers to big, out-of-state corporations as our state looks to solve its budget problems, does not make sense. Responsible social policy should dictate that we must resist the urge to expand outlets selling alcoholic beverages and the problems that expansion would create.

I respectfully ask you not to pass HB 2200.

Respectfully submitted,

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Standard Beverage Corporation.