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WINE & SPIRITS
WHOLESALE ASSOCIATION

To: House Commerce Committee
From: R.E. "Tuck" Duncan
RE: **Uncorking Kansas by County Option**

May 4, 2015

Allowing sales of wine, spirits and strong beer in grocery stores and strong beer sales in convenience stores **by county option** is nothing more than an effort to breathe new life into HB2200. While it is true that both Sunday Sales and Liquor-by-the-drink were implemented by county option¹, we believe that it is a bad idea for implementation of the Uncork plan, irrespective of whether you support or oppose "uncorking" the Kansas retail liquor system. The county option approach was discussed by the proponents and opponents during a meeting hosted by Commerce Chairman Mark Hutton before this committee worked HB2200. At that time, all parties agreed that county option was not a good idea so it was not included in the amended bill model originally adopted by the committee and sent to the floor. Nothing has changed since then that now makes it a good idea. As of this writing we understand the proponents have a revised county option bill, not the one presented to the Kansas Senate committee, and which differs from HB2200 already considered by this committee.²

Here are just a few of the problems:

1) **Consumer Confusion:** In the case of Sunday Sales and Liquor-by-the-drink, the effect of the local elections did not cause the kind of consumer confusion that will follow if one county approves a HB2200 election and the next county does not. Stores either are or are not open on Sunday. Restaurants and bars either are or are not open to the public. However under local option for the Uncork plan, consumers shopping in a convenience or grocery store on one side of the county boundary will find only 3.2% beer and in a similar store on the other side of the line they will find strong beer. The product labels look very similar or are identical so consumer confusion will be the result.

2) **Distributor Logistics:** For distributors the logistics will be nightmarish. Delivery of the correct product to the appropriately licensed store in the correct county will be a daily challenge. The current system for licensing and distribution is efficient and cost effective.

3) **Increased Cost of Regulation:** Under current laws, all retailers of strong beer, wine and spirits are licensed and regulated by the ABC, while CMB retailers are licensed and regulated by the cities and counties. Under the Uncork plan *with county option*, some convenience stores and grocery stores would be regulated by the ABC, and would collect liquor enforcement tax. Similar stores in other locations would be regulated by the cities and counties and would collect state and local sales taxes. The certain result would be increased cost with less consistent enforcement and government regulation.

The Kansas Wine & Spirits Wholesalers Association does not support the Uncork plan, *nevertheless if Uncork should ever become law the Legislature should not for the reasons set forth "uncork" by county option.*

Thank you for your consideration of this matter.

¹ The Liquor-by-the-drink amendment provided 3 options for voters: dry, sales with 30% food and sales with no food requirement. It was necessitated because the voters had to approve a change to the Kansas Constitution. Sunday sales were initially permitted as a result of a court decision upholding a Wyandotte County Charter Ordinance. Since Charter Ordinances provide for a ballot initiative, when Sunday Sales were added to the Liquor Control Act the ballot initiative was preserved. Otherwise Kansas' liquor laws are uniform and not subject to home rule by design.

² We would like to reserve the opportunity to comment on this new bill as it differs from HB2200 by adding a Class "C" license and perhaps other items for we have not had an opportunity to research before having to file this testimony.