



TESTIMONY

TO: The Honorable Mark Hutton, Chair
And Members of the House Commerce, Labor & Economic Development Committee

FROM: Whitney Damron
On behalf of the Kansas Association for Responsible Liquor Laws, Inc.

RE: HB 2200 – Liquor in Grocery Stores/Strong Beer – County Option Amendment

DATE: May 4, 2015

Mr. Chairman and Members of the Committee:

Due to time constraints given for this hearing, I am submitting these remarks for your consideration rather than delivering oral testimony. I am available to respond to questions when committee discussion is held.

As I understand it, the Committee is interested in a discussion of Uncork's "County Option" proposal. I will focus my comments on that subject, but do wish to express disappointment in the fact that the proponents of this legislation continue to proposal radical departures from their original bill that was held for hearings in this Committee that have not been made available to the general public in a timely manner, let alone members of the Kansas Legislature. Changes in the state's liquor laws that will have a profound impact on our state and 750 retailers and their families should be carefully vetted in the public domain with an appropriate amount of time for scrutiny and debate and not brought forth late in the process in a hearing with limited debate held during the final stages of the 2015 legislative session.

After HB 2200 failed to advance to a floor debate, Uncork sought introduction of a new bill in the Senate which provided for a county option of their proposal (SB 298). Hearings were held in the Senate Committee on Federal and State Affairs, but to date the committee has not taken action on the bill. In the absence of progress in the Senate, we now have a new proposal from Uncork for a county option amendment to HB 2200.

We believe it is bad public policy to allow for a patchwork regulatory framework for the sale of intoxicating liquors in our state that is way outside the norm for the sale of such products anywhere else in the country. Consumers will be confused; enforcement will be inconsistent; and, the bill is highly detrimental to responsible retailers who have operated under existing laws for more than sixty years. During Senate hearings on SB 298, an Uncork representative stated their bill was not like any other state's act.

As we noted in testimony to this Committee, 30 states prohibit the sale of spirits in grocery stores, which confirms it is not common practice to allow for the sale of hard liquor in grocery stores and big box retailers. Of note, Kansas liquor laws are very similar to laws found in other states and they are amended every year to address changes requested by Kansans and the liquor industry. They are not antiquated or out-of-date, as suggested by Uncork.

Uncork suggests a local vote is local control. Maybe so, but that doesn't make it good public policy. Take for instance the recent vote in the City of Wichita to reduce penalties for first time marijuana users. While that initiative was approved by the voters, the ordinance has drawn strong criticism from the law enforcement community and others who see this in conflict with the state's role in regulating the use of controlled substances. Like it or not, although not a "controlled substance," the sale of intoxicating liquors since post-prohibition has been restricted by the State of Kansas in regard to its sale, marketing and consumption due to the potential for devastating consequences of misuse and abuse of these adult-only products as well as enforcement of state regulatory and tax laws.

Kansas has a representative form of government. We do not have initiative and referendum. Legislators are elected to make difficult decisions for the betterment of their constituents and the citizens of Kansas. Delegation of the question as to the appropriate venue for the sale of intoxicating liquors effectively gives control over such decisions to Uncork based upon where they see the most financially-beneficial opportunities. No one can seriously believe retailers or local citizens opposed to the sale of liquor products in non-adult only establishments can withstand the onslaught of advertising and get out the vote efforts of the grocery stores and big box retailers, which means Uncork gets what it wants simply through another means than passage of a bill by the Kansas Legislature.

Legislators are not blind to the impact of Uncork's legislative proposals. Hundreds of Kansas retailers who have responsibly partnered with the State of Kansas for more than sixty years for the sale of intoxicating liquors will be put out of business in favor of some of the largest corporations in the world – Kroger/Dillon's, Wal-Mart, Hy-Vee, QuikTrip, Casey's and others. Uncork's own study from 2011 that they still cite today confirms that prediction. And with Uncork's success, we will also see the exportation of millions of dollars in profits, not to mention the impact on Kansas businesses that service the 750 +/- licensed retailers, including attorneys, advertising companies, accountants and service industries.

The State of Kansas has been served well by its existing regulatory framework for the retail sale of intoxicating liquors. Uncork members have decimated the rural and local grocery stores during the past 15-20 years and will do the same to the 750 retailers currently licensed to sell intoxicating liquors if allowed to rewrite state laws in their favor.

Don't be fooled by Uncork's rhetoric of local control electoral choice. Whether the Legislature approves HB 2200 as written or as proposed to be amended, the result will be the same: Hundreds of Kansas retailers will be put out of business in favor of out-of-state interests who will export Kansas dollars to their state of incorporation.

On behalf of the thirty retailers of the Kansas Association for Responsible Liquor Laws, we urge this Committee to reject this legislation brought to you during the final days of the 2015 session when your attention would be best placed upon how to balance the state's budget and adjourn.

Thank you.

WBD