



To: Mark Hutton, Chair, and Members of the House Commerce, Labor & Economic Development Committee

From: Ross Schimmels; Vice President of External Affairs, Standard Beverage

RE: HB 2718

Date: March 11, 2016

Standard Beverage is wholesale distributor of spirits, wine, and **BEER**. I emphasize the latter to note that while we are a beer wholesaler we are adamantly opposed to HB 2718 introduced by the Kansas Beer Wholesalers Association. There are many reasons for our opposition to this bill including economic, social and business.

First this bill is ambiguous. It creates a path to the elimination of 3.2 CMB in Kansas. If the bill's intent is to "trigger" the strong beer license when 3.2 CMB is no longer manufactured in the United States then it should state so, clearly and unequivocally. As written this bill does not do that.

Beer makes up the majority of sales for most retailers and is their major source of cash flow. It has been estimated that up to 300 retailers would lose their businesses and approximately 2000 employees would be out of a job if beer sales were shifted to grocery and convenience stores. These businesses and their employees invest in their local communities. Grocery and convenience stores will not hire new employees. They will simply reallocate existing resources. Furthermore, the lost profits from closed local businesses will no longer be reinvested in the community but sent to corporate headquarters in Bentonville, Des Moines, Cincinnati and Tulsa. As we face struggles with the Kansas economy, this just does not make sense.

There are social consequences as well. This new strong beer license for grocery and convenience stores would also lead to over 2000 new outlets selling this higher alcohol product. Numerous studies have shown that increasing the number of outlets that sell alcoholic beverages, outlet density, leads to increased social problems such as DUI's, theft, and sexually transmitted diseases. And make no mistake, strong beer today is not your father's high point beer. We sell many products which have an ABV (alcohol by the volume) exceeding 10%. These beers can have an alcoholic content several times that of 3.2 CMB. The bill would eliminate the choice Kansans have had for decades when they want to drink a lower alcohol content beer. To compound the problems, HB2718, would allow 18 year olds to sell these higher alcohol beers- that is a recipe for disaster. We believe alcoholic beverages should be sold in a controlled environment by retailer liquor stores with clerks over 21 years of age.

From a business standpoint, we have an obligation to all our suppliers; spirits, wine and beer, to do our best to market their products. That said, we cannot support a bill that will close so many liquor stores and reduce points of purchase for our spirit and wine suppliers.

In conclusion, we have had no beer supplier tell us they planned to stop the production of 3.2 CMB regardless of what happens in Oklahoma or Colorado. And since when is legislation in this body contingent on what the legislature of another state does? As long as other states and sporting venues are selling 3.2 CMB, and there are, it won't go away in Kansas. Finally, what is the rush? Nothing happens, if it happens at all in Oklahoma until October 2018. That is two full legislative sessions to thoughtfully consider if major changes to our system of distribution of alcoholic beverages are needed. This bill was drafted without the input of retail stakeholders, and certainly without input from this beer wholesaler. Standard Beverage respectfully urges you to vote **NO** on HB2718.