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Local businesses are the lifeblood of our communities.

Testimony on House Bill 2718 *March 11, 2016*

House Committee on Commerce, Labor and Economic Development

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House Bill 2718 is reactionary legislation under the guise of necessity. More than a solution to a problem that does not exist, its passage contradicts established responsible governing habits of this Legislature while creating market uncertainty for Kansas alcohol retailers, CMB licensees, cities, counties and regulators.

For good reason, it is not the habit of the Kansas Legislature to pass laws addressing what ***"might, possibly, maybe, could"*** happen in other states. If that was the case, governing would be chaotic and Kansas statutes would be filled with confusing, unnecessary and contradictory laws. It is prudent to pass only laws that serve direct purposes and address specific needs. This Legislation does neither.

As you will hear from others, and can read in the news yourself, there is no imminent threat looming from Oklahoma. Any changes that may occur would still provide **at least two legislative sessions** for this Body to address issues related to Cereal Malt Beverage. When time comes the responsible act is to address the issue then and craft legislation specific to the situation.

President Woodrow Wilson defined a reactionary as "one who won't go at all." Passage of HB2718 will create a stagnant economic market of confusion and paralysis for retailers of beer – Strong and CMB.

As written, the "trigger" is based on tax receipts. This creates a marketplace left "Scoreboard Watching" tax receipts and causing market disruptions:

- This discourages anyone into getting in the retail alcohol or CMB market as, if passed, there is no reason to consider opening a new retail alcohol or CMB store in Kansas. HB2718 creates confusion - blurring the lines of a marketplace currently constructed on specific business models defined by active laws, licenses and structure.
- The bill does not address what happens to dry counties or current 3.2 on-premise licensees.
- For current strong beer retailers there is little warning of when the market would radically shift, opening sales to thousands of new retailers without adequate opportunity for current retailers to adjust to a change.
- For cities and counties, there's not adequate time to assess impacts of a change on local sales tax revenue.
- CMB retailers will be unsure of when their license might change and how that impacts general costs such as insurance and cost of goods and issues relating to proximity of schools and churches — not addressed in this legislation.
- It contradicts carefully constructed established laws that determine qualifications for selling strong beer. HB2718 essentially allows individuals who qualify for CMB licenses, but might not qualify for off-premise state licenses, to suddenly be eligible for state licenses. This creates regulatory and compliance issues that need careful consideration.

HB2718 creates problems, not solutions. Vote NO on this bill.

Respectfully Submitted,

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