



Associated Wholesale Grocers, Inc.

Kansas City • Springfield • Oklahoma City • Memphis • Nashville • Ft. Worth • Gulf Coast

5000 Kansas Avenue
Kansas City, Kansas 66106
(913) 288-1000 • www.awginc.com

House Commerce, Labor and Economic Development Committee Testimony Relating to HB 2718 Concerning Cereal Malt Beverage Sales

March 11, 2016

Chairman Mark Hutton and members of the Committee,

Thank you for the opportunity to submit written testimony from Associated Wholesale Grocers, Inc. ("AWG") relating to HB 2718 which would provide an opportunity for cereal malt beverage retailers to sell regular strength beer in the event of a reduction in CMB production by 25 percent or more.

AWG is an over 86 year old, member-owned grocery wholesaler headquartered in Kansas City, Kansas. With 577 independent members operating more than 2,300 stores, AWG had over \$8.9 billion in sales last year alone. AWG with its subsidiary currently employs more than 1,200 employees in this State. Fifty-nine of AWG's members, operating 155 stores across Kansas, employ countless more. Many are small, family-owned businesses operating family-run stores. All compete head-to-head with big box, national chain and other independents, alike.

Currently, Kansas is 1 of only 5 states that still retails 3.2% beer. For some time, we have heard comments among those in the alcohol industry that cereal malt beverages would not remain in the market forever because the shrinking market share simply does not support the economics. With anticipated changes in neighboring Oklahoma and Colorado, it is evident that 3.2 products will become increasingly difficult to obtain when these states transition to regular beer. For retail, due to the State's current prohibition, this most likely means the inability to offer beer products due to the inability or difficulty in obtaining the only products permitted.

AWG strongly supports legislation that would allow independent grocery stores and others to provide the full range of beer products that their customers want. That is the reason we support the Kansas Beer Wholesalers Association "trigger" bill. Our members need the peace of mind that their ability to sell beer will not be compromised at just any moment. If enacted, the solution brought forth by the KBWA would mean that our members would not find themselves in a legislatively-imposed Prohibition wherein effectively they could offer no beer products at all.

We greatly appreciate the opportunity to provide this written testimony.

Sincerely,

ASSOCIATED WHOLESALE GROCERS, INC.

James C. Holland
Senior Associate General Counsel