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Written Testimony submitted Regarding Senate Bill 298

Dear Chairman and Members of the Committee:

I am an attorney with a private practice in Topeka and I work part time for a neighboring county to Shawnee. This is my third year submitting written testimony on this issue. As you know, Uncork is yet again pushing liquor sale expansion under the guise of free market principles and increased competition. As I pointed out last year, what we see is not deregulation in the name of free markets, but reregulation in the name of big business.

Similar to my previous letters, I want to put the focus on what is a changing trend in conservative politics. No longer are we declaring large companies the winners of the free market and agreeing to their regulatory recommendations without pause. Conservative commentators are becoming aware of some disturbing trends and have now come to a stark realization: big business loves big government. Or at least, they have a very close relationship whereby big business maneuvers to be the least harmed by any government action. The recent banking regulations designed by leftists to punish big banks have actually disproportionately hurt community banks. Recently, Rush Limbaugh identified how the fed money pumping program has exacerbated the wealth disparity in this nation by flooding Wall Street (Walmart and Kroger) with money and capital to everyone else's expense.

Whether intentional or not, almost every regulatory and government action benefits big business or harms big business less than smaller counterparts because at the end of the day, the bigger players will almost always have more ears in positions of power.

Another reason big business tends to benefit (or suffer less) from regulatory changes is because they are market share focused. Family businesses are income focused. A liquor store family needs to make a certain amount of money each year to pay for braces and soccer cleats. A liquor store will focus on making that profit and not on what percentage of the consumer pie it has. A publicly traded company looks at market share long term realizing that market share is the key to building stock value. This allows companies to run losses (as a whole or on some product lines) in order to capture market share long term. Remember when it was easy to find help at the big hardware store back in the 1990's? After they ran losses and drove the smaller hardware stores out of business, they slashed workforce and now we wander the aisles aimlessly looking for a single roll of duct tape. Large companies sometimes do not care as much about the overall market, but rather their position in the market. Thus, they do not detest regulation and taxes as much as we might think. If the current bill passes, it would not surprise me to see the Uncork companies support more tax burdens and regulations on liquor in the future recognizing the disproportionate benefit in market share they would receive.

The big business oligarchies that tend to form in modern industry also lack product selection. I believe you will likely see a speaker eloquently make this point at the hearing.

Written Testimony Submitted Regarding Senate Bill 298

March 30, 2015

Page 2

Consider the additional fact that the lack of product diversity drives many of us to the internet for product searches as the big box stores now fail to meet our needs. Is that the ultimate direction where we want liquor/wine/beer sales to go?

If uncork passes, we can expect grocery stores to initially pack their shelves with a variety comparable to the local liquor stores, but as the smaller stores disappear, the Belgium brewers will take over the aisles. It will not be the result of ill intent, but the natural result of a company with many other types of products sticking with only the highest margin products long term.

Uncork refers to the current structure as protectionist for liquor stores, but how do we label the current system in Wall Street where the federal reserve pumps NYSE companies full of capital and cheap money? This process does nothing for Main Street, yet it artificially inflates the value of these companies, while small business assets tend to devalue even if they increase profits every year.

Our current system is not protectionist for liquor stores; it is like a photograph and the negative. The big box stores sell what the liquor stores cannot and vice versa. Since there is obviously a greater demand for all products not-liquor, and, liquor stores have been limited to one per owner, big box stores have grown larger and more numerous over the years. It is silly to suggest that because the laws have caused big box stores to grow larger and more numerous that they are the ones suffering from protectionism. Uncork wants to show up to a wrestling meet and put everyone in the same weight class and call it fair. The change they suggest needs to take place over a generation: if at all. Is it really that consumer unfriendly to have specialized liquor stores? Is it a bad idea to concentrate liquor sales and enforcement?

The extra company growth, store size, and store numbers that the system has allowed general retail has now positioned the large companies to have a completely unfair advantage if Uncork is passed. If the playing field were to be truly leveled, all companies that want to sell liquor should be broken up into small storefronts with only one owner per store, given stricter hiring standards and limited to one type of product for a period of time. Then, implementing an Uncork style law would be truly fair. Until then, keep it corked.

Sincerely,

/S/ Tim Liesmann
Tim Liesmann