



February 13, 2017

Chairman Mason and Members of the Committee:

Several of you recently were visited by our Dillon's associates who brought you postcards signed by customers. I know they were excited to share those with you because it's the best way to reflect how much support there is for Uncork Kansas legislation.

They are fielding questions daily about when they can buy beer and wine in the store - from the young mom with a toddler strapped in the cart to the lady who looks just like my 86-year old grandma. They're asked by the postman. Housewife. Business executive. Teacher. Yoga instructor. Starbucks employee. People like me and people like you ... all wanting the same freedom.

On an issue like this, I recognize there's a lot of noise to cut through – you've got an industry that's singularly operated one way for 60-some years. Of course they don't want to change and adapt like the other folks we've heard here today say they've continually had to do in their businesses.

But in spite of the loud oppositional outcry, it's critical to remember the majority of Kansans want Uncork Kansas legislation to pass and they look to you as their representatives to make that happen. They need you to parse through an uncomfortable issue and err on the side of not favoring one select group, but rather, the state as a whole, and the economic prosperity that stems from good policymaking.

While it's easy to position this as a big box store issue, it's not. It's as much about the viability of our small grocers – whether specialty stores serving a niche population in Overland Park or the singular grocery store in a rural Kansas county. Both need this law to pass.

This is evidenced in the testimony attached from Associated Wholesale Grocers – the wholesale distributor for many small town grocers across the state. In fact, AWG has 117 stores in Kansas where the owners operate only 1 or 2 locations. This is a small business issue and it directly impacts our food suppliers.

AWG supports Uncork Kansas legislation because they know that every tool their grocers have to compete in the marketplace strengthens their ability to make a profit in the low-margin grocery industry. Beer and wine sales enhance the viability of small grocery stores and convenience stores.

As for consumers, they also want this. Two years ago, Tennessee voters went to the polls and every municipality that had a question on the ballot to allow wine in the grocery store, voters said YES! This past election, Oklahomans went to the polls and 66 percent – more than 960,000 Oklahoma voters – said YES to beer and wine in the grocery store. Here in Kansas, we saw four of the remaining ten dry counties vote to allow countywide sales of beer, wine, and spirits.

Consumers in restrictive states are no longer comfortable with lawmakers protecting liquor store interests at their expense.

We urge this committee to give thoughtful consideration to the bill before you. It provides a win for all parties – liquor stores get to exclusively sell liquor, sell other products, and own multiple licenses. Grocery and c-store retailers get to sell regular beer and wine.



We also urge you to consider what happens if action isn't taken. While several of you on this committee are new, many of you have heard the annual testimony of ABC. They've always asked for at least one year to transition to a new system. If we fail to act this year, we will not be able to provide ABC the full year of transition they say they need.

You'll hear tomorrow that the future of 3.2 percent beer isn't in jeopardy. They'll say we're overstating it. We're not. This is a real problem. Oklahoma sells approximately 60 percent of the 3.2 beer market share. Utah is behind them with sales of 29 percent. Even with high percentages of sales in Utah and Oklahoma, 3.2 percent beer only accounts for 1.8 percent of the beer brewed in the United States. When the state that sells 60% of that 1.8 percent market share stops selling 3.2 beer, there will be a sharp decline in availability. No question about it.

In fact, the Utah Beer Wholesalers Association is waging their own battle in Utah similar to ours as they fight to change laws in Utah so their retailers aren't stuck without a product to sale. Association President Jim Olsen recently stated "I've been told by representatives from the larger breweries they're going to have to take a serious look at [low-point] beer to determine it's still worth their time and effort."

This is a real issue and something we can't wait to address.

In the past five years, I've stood before to you advocate for a variety of solutions to solve this problem. You've heard from our opponents that the bill before you is a bad bill. I know several of you are new to the committee and haven't had the benefit of hearing proposals from Uncork Kansas in the past.

Let's quickly review the solutions we've brought to legislators to allow consumers options in the marketplace. In 2013, we offered a two-year license freeze for beer and wine licenses. That wasn't satisfactory to liquor stores. So we offered a 10-year freeze – meaning the only way grocers could buy a license was to purchase from a liquor store owner during that 10-year period. They said they didn't believe we'd really buy a license during that time. We'd just wait it out and get licenses in 10 years.

To show we were serious, we came back the following year with a bill that permanently froze licenses. Rejected again. As was the beer only bill we offered.

Here we are again and you've been hearing for days that liquor stores don't like our proposed bill. There's testimony from one liquor store owner that states this is a bad bill because it doesn't allow current licensees to receive a buyout, like past bills offered. Yet when we presented a bill with a buyout clause, as we did three different years (each year strengthening the buyout provision), they were before this body claiming it was unfair and detrimental to their business.

We believe HB 2282 is an excellent bill – it's just like what passed in Oklahoma – and allows liquor stores exclusivity in liquor sales while giving grocers and c-stores the products desired by their customers – beer and wine. Small grocers don't have to outbid large grocers for licenses and everyone has an opportunity to compete in the marketplace.

That being said, we're open to compromise. We always have been, but our opponents reject these overtures year after year.

Time is running out. We need to move forward on HB 2282 or get serious about working to find a solution to deal with the reduction of cereal malt beverage products. We stand ready to work with you to solve this problem.

Uncork Kansas Legislation History

	2013 Proposal	2014 Proposal	2015 Proposal	2016 Proposal	2017 Proposal
Beer Options	Yes, for grocery, c-store, and liquor stores	Yes, for grocery, c-store, and liquor stores	Yes, for grocery, c-store, and liquor stores	Yes, for grocery, c-store, and liquor stores	Yes, for grocery, c-store, and liquor stores
Wine Options	Yes, for grocery, c-store, and liquor stores	Yes, for grocery and liquor stores. Not c-stores.	Yes, for grocery and liquor stores. Not c-stores.	Yes, for grocery and liquor stores. Not c-stores.	Yes, for grocery, c-store, and liquor stores
Spirits Options	NO. Only liquor stores could sell spirits.	Yes, for grocery and liquor stores. Not c-stores.	Yes, for grocery and liquor stores. Not c-stores.	Yes, for grocery and liquor stores. Not c-stores.	NO. Only liquor stores could sell spirits.
Non-alcoholic items for liquor stores	YES!	YES!	YES!	YES!	YES!
Multiple licenses for liquor stores	YES!	YES!	YES!	YES!	YES!
License Freeze	Yes, for 24 months	Yes, for 10 years	PERMANENT CAP	No.	No.
Option for liquor stores to sell licenses	YES!	YES!	YES! Could even begin selling licenses to other liquor store retailers three years in advance of grocery stores being eligible to buy.	No. Instead, State of Kansas would sell licenses to grocery stores. Nets \$41 million dollars in license fees, plus \$6.5 million annually thereafter in renewals	No.
Other notes about legislation			Also proposed a beer only beer to the Senate.	Kansas Beer Wholesalers introduced "trigger" bill	
Changes in alcohol laws throughtout nation		Tennessee voters approved selling wine in grocery store.			Colorado passed buyout bill. Oklahoma passed beer and wine bill. Hays, Kansas voted YES for Sunday sales. Four Kansas counties went from dry to wet. Only three states, Kansas included, will sell 3.2 beer after 2018.
Liquor Store Position on Legislation	NO!	NO!	NO!	NO!	NO!