



Associated Wholesale Grocers, Inc.

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

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House Commerce, Labor and Economic Development Committee Testimony Relating to HB 2282
Concerning Beer and Wine Sales in Grocery and C-Stores

February 13, 2017

Chairman Les Mason and members of the Committee,

Thank you for the opportunity to submit written testimony from Associated Wholesale Grocers, Inc. ("AWG") relating to HB 2282 which would provide an opportunity for regular strength beer and wine sales in grocery and convenience stores.

AWG is a 90 year old, member-owned grocery wholesaler headquartered in Kansas City, Kansas. With over 1,000 independent members operating more than 3,800 stores across over 30 states, AWG had \$8.9 billion in sales in 2015 alone. AWG currently employs 1,021 employees in Kansas, 348 of which are union members. Moreover, 132 of AWG's member grocers, operating 210 stores across the State, employ countless more. Many are small, family-owned businesses operating family-run stores. Indeed, over 117 are one- or two-store operators. 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 percent beer, but that number will move to 1 of only 3 in 2019. For some time, we have heard comments among those in the alcohol industry that cereal malt beverages would not remain in the market forever and that message is getting louder and louder because the shrinking market share simply does not support the economics. With recent 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 to obtain the only products allowed.

This is why AWG strongly supports the Uncork Kansas legislation. Your action is needed today so our members have the peace of mind that their ability to sell beer will not be compromised at just any moment. We urge you to pass HB 2282 so our member grocers do not find themselves in a legislatively-imposed prohibition that compromises the viability of their store operations.

We greatly appreciate the opportunity to provide this written testimony.

Sincerely,

ASSOCIATED WHOLESALE GROCERS, INC.

James C. Holland
Executive Director, Compliance
Senior Associate General Counsel