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The Honorable Les Mason
Chairman, House Commerce, Labor and Economic Development
Capitol, Room 521-E
Topeka, KS 66612

Subject: HB 2282 – Beer and wine sales by grocery stores and convenience stores

Dear Chairman Mason and Committee Members:

I am Brad Smoot, appearing today on behalf of the Distilled Spirits Council to express the Council's concerns about the proposed 100% increase in alcohol enforcement taxes. The Distilled Spirits Council is composed of 150 of America's leading distillers of all sizes, accounting for 70% of the spirits sold in the United States. Our products are sold by retail package stores as well as beverage and food establishments. The availability of our products accounts for 1.2 million jobs in the U.S., including thousands in Kansas, mostly the hardworking employees in the hospitality industry.

To our manufacturers, distributors and most importantly our customers, spirits, wine and beer are all legal products that should be regulated the same by the state. HB 2282 discriminates against our customers and our business. In addition, Kansas is home to successful distilled spirit manufacturers who will also be hurt by this discrimination in marketing opportunities.

Without massive increases in both beer and wine consumption, far from being an economic driver, wine and full strength beer in grocery stores will have a devastating impact on current package stores. Existing package stores are projected to lose an average of \$265,000 in revenue annually, or around 30% of stores revenue. As a result, an estimated 115 stores are projected to go out of business, costing around 300 workers their jobs. Package stores are not likely to become grocery stores. Allowing package stores to trade low margin potato chips for high margin wine will have little or not impact on package store revenues.

We respectfully urge you to reject such market discrimination and regulate the marketing of all alcohol products equally. Thank you for consideration of our views. Please feel free to contact me if you have any questions or concerns.

