



Neutral

I'm representing Standard Beverage Corporation. Standard Beverage is a full-service distributor of spirits, wine, and beer that serves customers all over the state of Kansas. We were issued the third wholesale license in Kansas in 1949, and it has been our privilege to serve independent Kansas retail liquor stores for the past 67 years. Among all Kansas distributors, we are in a rather unique situation because Standard Beverage provides a full product line of spirits, wine and strong beer to independent retail liquor store customers all over the state.

Standard Beverage believes that the current system of distributing and selling spirits, wine and strong beer is not only supported by a majority of Kansans, but also that this system is truly the best one for all participants, Kansans, and the state of Kansas. As such, we have consistently worked with both independent retailer organizations (the Kansas Association of Beverage Retailers and Kansans for Responsible Liquor Laws) to support the current system. Based on this unified approach as well as the evident benefits for the state of Kansas, the amount of overall structural change to the existing system has been rather minimal during the past several years, especially with respect to the issue of expanding the sale of alcoholic beverages to grocery, convenience and big box stores.

However, based on a number of discussions with the two major independent retailer associations, we understand their view, which has evolved recently, is that the current system unfortunately is no longer tenable. Changes in liquor laws in neighboring states have led them to believe change is necessary in Kansas as well. Thus, the major retailer associations now favor a compromise in how strong beer is sold in the state of Kansas. HB2282 would allow the sale of strong beer wherever 3.2% beer is currently sold, including in grocery, convenience, and big-box stores. In exchange, a memorandum of agreement would be reached so that the grocery, convenience and big-box store retailers would not seek any changes to the distribution of alcoholic beverages in Kansas for a period of 10 years. There are other provisions which, as we understand them, allow independent retailers to sell other products up to 20% of their total sales and place restrictions on the alcoholic content of strong beer. This proposal has caused a split in what was formerly a unified opposition to the sale of strong beer in grocery and convenience stores. There are many different points of view, and from our unique perspective, a number of challenging considerations for legislators and the state to think about. In summary, from Standard Beverage's view, some of our customers are for it, and some of our customers are against it. We're with our customers!

Standard Beverage finds itself in a very difficult position given the many diverse points of view by our customers on the issues and this specific proposal. As a result, Standard Beverage will be neutral on the proposed legislation, as long as both independent retailer organizations continue to support the existing bill in its current form through its passage in the House and Senate. We did not come to this decision lightly, both because of our views on how the proposed bill will affect independent retailers throughout the state and the resulting implications for communities and the state of Kansas. We acknowledge that we expect there will be considerable impacts on our current Standard Beverage business model based on passage of this legislation, but we also plan to make the necessary, significant investment to evolve our distribution model. However, we also have concerns that there will be significant impacts to many independent retailers all over the state of Kansas. We know there are different views on this topic, and thus we believe it is important for the independent retailers and their associations to ultimately make their case for or against the proposed bill. It is then up to the members of the committee and the full House and Senate to determine whether this legislation moves forward this session.

Standard Beverage plans to adapt to whatever system is decided upon, despite whatever challenges may result from the passage of the proposed bill. We only hope that the independent, small business retailers all over the state will successfully be able to as well. In closing, Standard Beverage is also hopeful that through the legislative process, all participants who will be affected by this proposed legislation will not only have the opportunity to express their views but also will choose to do so. We simply want what is best for the state of Kansas.

Ross Schimmels
Vice President of External Affairs
913.710.4210