



# KANSAS ASSOCIATION OF BEVERAGE RETAILERS

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Testimony to the House Federal and State Affairs Committee  
Oppose HB 2502  
January 27, 2022

Chairman Barker, Ranking Minority Member Ruiz and Members of the Committee,

Thank you for the opportunity to speak to you today on behalf of the Kansas Association of Beverage Retailers.

HB 2502 appears simple but would be a significant change for retailers who hold a federal wholesale permit for the sale of beer, wine and spirits to on-premise licensees. KABR does not support HB 2502 as written. We do support cooperative solutions for clearly defined problems.

The problem to be solved by this legislation has not been clearly defined. Is there a statewide problem? We have only been made aware of a single issue where an on-premise licensee thought that they had only one option for buying product with no competition. This didn't sound right, so we reached out to the Director to clarify that this was not the case – the adjacent counties where the licensee could purchase product included more than just the adjacent counties with straight borders, including counties adjacent by a corner. As far as we know, this provided opportunities to work with additional retailers for more access to products and additional competition among retail wholesalers.

The current statutory definition of adjacent counties seems to provide reasonable options for on-premise licensees. If not, we are happy to discuss how these areas can be expanded to provide for options but also to reasonably limit disruption to the rest of the state.

Removing all regional boundaries for these transactions creates complicated issues as it relates to the transactions, deliveries and returns that might be expected between the multiple tiers of the industry in a given area. Retailers with a federal wholesale permit sell and deliver product to on-premise licensees – often in communication with industry members of other tiers of the industry. A supplier or winery might communicate with the restaurant and retailer to have their featured products on the menu. A retail liquor store purchases beer and cereal malt beverage products from a beer wholesaler that operates in a territory and sells that product to restaurants also within that territory. We are not sure what obligations occur if the beer or cereal malt beverage is sold into a different beer wholesaler's territory. It also isn't clear what delivery obligations are anticipated

when removing boundaries. How would the product legally be transported to reach a destination across the state, and would rules need to change for that product to be legally returned?

If the problem to be resolved is in an area that is mostly rural or frontier, please be aware that retailers can be as near as down the street, across the county line, the neighboring town, or further. It is important to consider unintended consequences of legislation that could make it more difficult for retailers to survive in these areas.

If that is the case, we would support an administrative solution to avoid unintended consequences – for instance, allowing exemptions from the adjacent county rule where necessary for access to products or competition.

Every change to our statutes has an effect on current liquor store owners and their business viability. Please remember that our Kansas liquor store owners are still dealing with the aftermath of the 2019 Beer Law. That law shifted a significant portion of beer sales to grocery and convenience stores. According to the Division of Alcoholic Beverage Control website, Kansas has 38 fewer licensed liquor stores than in 2017 (759 - 721). 2020 provided a temporary boost to some of our stores, as wine and spirits buying was shifted away from restaurants and bars but overall consumption remained strong. This summer, those purchases steadily shifted back to restaurants, bars and entertainment venues as people once again were comfortable going out.

Our retailers support reasonable business-friendly regulation of the sale of spirits, wine and beer to the public. The actions of the Kansas Legislature have a direct impact on the viability of these small businesses and that is why KABR is interested in all aspects of public policy relating to our industry.

### **Thank You for Supporting our Small Businesses**

Kansas liquor stores are always looking for ways to improve service to their customers, but we ask that you recognize the upheaval that has occurred in the industry in the past 4 years. Retailers appreciate the adoption of Growler sales, earlier Sunday sales hours and maintaining the separation of licenses for the sale of stronger beer, wine and spirits. The Kansas Legislature has historically been responsive to our industry concerns, especially when we come to you in cooperation with the rest of the industry.

Please oppose HB 2502. If the Committee determines there is a significant problem to be resolved, we recommend convening interested parties to recommend a reasonable targeted solution.

We would be happy to answer questions.

Thank you,

Amy A. Campbell  
Executive Director