



January 27, 2022

Mr. Chairman and Members of the House Committee on Federal and State Affairs,

On behalf of the Kansas Beer Wholesalers Association, thank you for the opportunity to provide testimony in opposition to H.B. 2502, AN ACT concerning alcoholic beverages; relating to the sale and delivery by retail liquor stores of alcohol and cereal malt beverages to a caterer, public venue, club or drinking establishment located in any county; amending K.S.A. 41-308 and repealing the existing section.

Kansas law currently allows a liquor retailer with a federal wholesale permit to sell and deliver alcoholic liquor and C.M.B. to any caterer, public venue, club, or drinking establishment located within the retailer's county or an adjacent county. The bill before you today strikes the language related to the county and adjacent county of the liquor retailer, thereby permitting a liquor retailer to sell and deliver alcoholic products statewide.

While we understand the intent of the bill and the problem it attempts to solve, we nonetheless must stand opposed to the bill in its current form because it would create serious complications and confusion within the Kansas alcohol marketplace. **In short, this legislation takes an unnecessarily broad approach to amending the statute to address a narrow area of concern.**

In particular, for beer distributors, this legislation would create financial inequities that would be difficult to impossible to resolve. Beer is a perishable product, and beer distributors are required by their suppliers (brewers) to buy back expired products from retailers and on-premise licensees. We provide full refunds, credits, or product exchanges to our customers in our legally filed and defined territories. We must destroy this product and then file paperwork with the Kansas A.B.C. and Department of Revenue. In addition, beer distributors must clean the tap lines and draft systems of on-premises accounts connected to kegs containing the beer brands in their territories. All of this obviously causes costs incurred by the beer distributor – and no one reimburses us. It's simply a cost of doing business, something we are happy to do to serve our customers and ensure the best experience possible.

By way of example, let me demonstrate the challenge H.B 2502 would create in our marketplace. House of Schwan is located in Sedgwick County and sells beer to Jacobs Liquor Store, also in Sedgwick County. By virtue of H.B. 2502 being law, Jacobs then sells a large order of cases and kegs of Bud Light to Duffy's Bar in Ness County. When some of that Bud Light reaches its expiration date, Duffy's calls Western Beverage, the beer wholesaler that covers Ness County for Anheuser Busch brands, and Western Beverage is required to buy back the expired beer – although Western Beverage never sold the beer or received any money. In

addition, Western Beverage is cleaning tap and draft lines at Duffy's, again, despite not selling the product and not receiving any compensation.

Therefore, we oppose H.B. 2502 and urge the Committee to reject its adoption or find a more narrow and equitable approach.

Very truly yours,

A handwritten signature in black ink, reading "Jason P. Watkins". The signature is written in a cursive style with a prominent initial "J".

Jason P. Watkins, Kansas Beer Wholesalers Association