

KANSAS ASSOCIATION OF BEVERAGE RETAILERS

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Chairman Smith and members of the House Committee on Taxation:

Thank you for the opportunity to speak to you today to support House Bill 2316 on behalf of the Kansas Association of Beverage Retailers.

The Kansas Association of Beverage Retailers was created at the repeal of prohibition in Kansas and is made up of licensed off premise retailers – liquor store owners – across the state of Kansas. Our members are all Kansans, a fact that has been a source of efficient regulation for the Kansas Liquor Control Act since its creation in 1949.

Kansas retail liquor stores are all locally owned small businesses. These businesses support their communities by banking locally, buying local services, and sponsoring local teams and charities. Small businesses are often cited as the backbone of the Kansas economy, but Kansas can do more to support their success.

The relationship between business owners and credit card companies is not always friendly. This is mostly because retailers have few choices in the relationship. It would be impossible to refuse to accept credit cards in a retail business, but the charges and fees associated with this service are enormous.

According to a quick internet search, Kansas is one of four states that currently prohibit surcharges – this means that very small purchases made on a credit card may actually cost the retailer money when it is all said and done. A recent Oklahoma Attorney General’s opinion suggests these prohibitions are unconstitutional. But a March 2017 Supreme Court decision leaves many questions unanswered.

There are two strategies for avoiding the surcharge prohibition – but whether or not they are legal under the statute has been debated over the years.

- Refuse the transaction: A retailer might choose to prohibit small transactions, for example \$5.00, not at all customer friendly.
- Post separate prices: A retailer might choose to post a separate cash price for every product. Because all alcohol prices must be posted, this is a big task.

At the end of the day, our members say they do not want to implement surcharges on all transactions, and instead, would like to offer a choice. They could encourage

customers to add another item to small transactions to avoid a surcharge.

At the very least, this offers the business owner an option.

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 January 2021 ABC Report to the Legislature, Kansas has 35 fewer licensed liquor stores than in 2017. 2020 has provided a temporary boost to some of our stores, as wine and spirits buying has been temporarily shifted, but we fully expect those purchases to shift back to restaurants, bars and entertainment venues when people are again comfortable going out.

Changing this law will provide a benefit to our retailers by giving them options. It will not solve all of the issues associated with the high cost of accepting credit cards and the contract language that goes with it.

Please pass HB 2316.

We appreciate the support we have received from the members of this committee in the past. If you have any questions about this or any other matter relating to our businesses, please do not hesitate to contact us.

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