



RESTRICT MINORS.
NOT ADULTS.

HB 2556 Commerce Hearing

Proponents Oral Testimony

Representative Jon Rubin

Thomas Willmon, Kansan and Uncork Kansas supporter

Dave Dillon, Chairman and Retired CEO, The Kroger Co.

Mike Moon, Moon's Hometown Market – Osawatomie, LaCygne, Humboldt

Curt Wright, Vice President – Operations, Taylor Oil

Jessica Lucas, Uncork Kansas Representative

Tom Palace, Executive Director, PMCA of Kansas

Proponents Written Testimony

Jeff Glendening, Americans for Prosperity

J. Kent Eckles, Kansas Chamber of Commerce

Robert E. Queen, Liberty Liquor - Hutchinson

Jon Johnson, Blue Diamond Liquor - Dexter

Robert Melcher, Halftime Liquor - Shawnee

Barry Queen, Price Chopper - Paola

Kim Rounsley, Mr. K's Food Store - Plainville

Jeff Kraus, Kraus Foods - Colwich

Oleg Grimberg, European Delights – Overland Park

Dwight Gooch, Gooch's Foods - Tribune

Mike Thornbrugh, QuikTrip

Marty Klenda, Fast Stop Convenience Stores

Gratz Peters, Pump'n Pete's - Parsons

Gary Krueger, Krueger BP and Gary's BP – Overland Park and KCMO

Amy Conner, Constituent

Mary Theresa Madill, Constituent

David Lindstrom, Constituent

For more information on contacting the above, copies of testimony, or other questions:

Jessica Lucas

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620-931-7161



RESTRICT MINORS.
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HB 2556 ORAL TESTIMONY
Bill Proponents
February 19, 2014

Hello,

I am a veteran who has had the privilege of serving and now I'd like better choices as to where I have the ability to purchase a bottle of wine with dinner.

I have lived in a few other states and all of those states had much more reasonable laws with regards to alcohol availability. Even states that I know to be much less friendly to the workings of the free market allowed a greater range of choice than that available here.

The present set of laws our state is burdened with in regards to alcohol hampers the ability of free markets to work for both consumers and retailers.

The concerns of the owners of liquor stores who perceive that their sales will plummet with competition from retail grocers are overstated. I would ask why liquor store owners specifically deserve long-standing special protections from the market competition that nearly every other business is subject to.

Retail grocers provide more jobs and generate more economic activity than liquor stores, and I know that certain grocery retailers already in the Topeka area have suspended plans to expand their operations here until these laws change. A great deal of economic growth hinges on the ability of our state government to make a sound and rational choice...

Choose Well and Thanks,

Thomas Willmon



Dillon Food Stores
2700 East Fourth
Hutchinson, Kansas 67501

To: The Members of the House Commerce & Economic Development
From: David B. Dillon, Chairman and Retired CEO, The Kroger Co.
Date: February 19, 2014

Good afternoon. My name is Dave Dillon. I retired as CEO of The Kroger Co. last month and I'm currently the Chairman of Kroger's Board of Directors. I grew up in Hutchinson, Kansas, and at the end of this year, my wife and I will be moving home to Kansas City, Kansas, to be with our three children and six grandchildren. No matter where I've lived, Kansas has always been my home, and so it is an honor for me personally to be here with you in our Capitol today.

When my great-grandfather, J.S. Dillon, opened his first grocery store in Hutchinson more than 100 years ago, he set out to build a business that provided a convenient shopping experience for Kansas families.

Today with more than 10,000 associates, Dillon's is one of the largest employers in Kansas. Our loyal Kansas shoppers have trusted us with their business and loyalty, and in return, we have reinvested hundreds of millions of dollars back in our Kansas communities. We have created countless jobs by investing in stores through renovations and new construction. And we have helped our neighbors in need by donating both cash and products to hundreds of organizations throughout the state.

When Dillon's merged with Kroger, way back in 1983, we knew we would be successful because we stayed local. Dillon's is still run by a President who lives in Hutch. Many Kansans became Kroger stockholders, and that's benefitted the local economy. The success of our company has meant secure pensions, good jobs, and valuable investments for our friends and neighbors right here in the Sunflower State. You can't get more local than that.

Our stores have changed since that first store in Hutchinson. We have evolved from selling basic grocery items to include pharmacies, floral shops, bakeries, and banking services. We learned to grow by listening closely to what our customers wanted and adapting.

More than a century later, we're still listening. And there's one request we hear over and over again from our customers. They want the freedom to purchase full-strength beer, wine and spirits in their local grocery store. And if it were solely up to us, we'd scrap the monopoly that exists and honor our customers' request.

We hear this request from moms who want a quick bottle of wine with their dinner, but don't want to bring their toddler into the liquor store. We hear it from our shoppers who value local, and who want to buy beers from great Kansas microbreweries like Free State in Lawrence or Gellas in Hays. We hear it from rural families, who live in counties that have liquor stores but no grocery stores. We hear it from customers who just think government shouldn't pick winners and losers in the marketplace. And you know what? We are also hearing from liquor store owners, like Bob Queen in Hutchinson, who want to sell their license at a profit so they can retire comfortably with their families.

They all agree. The time has come to fix the monopoly that governs the sale of a legal product in Kansas.

As you know, Kansas is just one of a few states where grocery stores don't currently sell full-strength beer and wine. It's definitely not a red-state or blue-state issue. I've been to stores in Georgia where an independent liquor store purposefully locates right next to our grocery store because he benefits from the increased traffic. Both sell wine—and both are thriving. In Cincinnati, one of our busiest Kroger stores sells beer, wine and spirits. Within a mile, there are four other independent retailers that sell beer, wine or spirits at retail. And in Nebraska, our Baker's customers who visit our stores for beer, wine and spirits, wonder what all the fuss is about down here in Kansas.

One of the Kansas values that has stayed with me my whole life is the importance of a strong, free-market economy. It's not a buzzword. It's what makes our entire system work. Our country's success has always been defined by our ability to win in the most competitive environments. The best businesses—the great ones—were able to take on new competition head on, adapt, and prosper. The Kansan—the American—Way is to believe that we can compete and succeed. Without that core belief, we wouldn't be the country we are today.

In my career at Dillons and then at Kroger, I watched as non-traditional retailers added groceries to their shelves. You can buy groceries at convenience stores, drug stores, big-box stores, and even home improvement stores! But you know what? As painful as new competition can be to our business, Competition Makes Us Better. We got better at serving our customers and found ways to increase our traffic and give our customers a different experience. No one at Dillons ever suggested passing protectionist laws that prevented big-box stores from selling groceries. Our opponents today simply don't want new competition. That's not the American way.

Speaking of protectionism, you may have heard from distributors who don't like this legislation because it adds costs to their business by increasing the number of spots requiring delivery. Frankly, I don't have a lot of sympathy for a distributor who has had years of a legally constrained monopoly and who makes large profits without needing to reinvest in the market. At Dillons, we work hard to earn a profit with razor thin margins, and reinvest a significant portion of those profits back into this state in improved stores and in more jobs.

Something else that's important to me personally is safety. It's one of our company's six core values. And it's important in this debate too. We take our responsibility to sell alcoholic beverages as seriously as anything we do. In Kansas, we responsibly sell pharmaceuticals, tobacco products, dry ice and beer. Like all of you, we have worked very hard to earn the respect and trust of our consumers. We take these compliance issues seriously and just like we do in other states where we sell full-strength beer, wine and spirits, we'll train our associates

and use technology to ensure that all of these products are sold safely. Don't be fooled by their talking points: we have the experience to sell this product safely. It's just that simple.

If you remember one thing from my testimony, remember this: Grocery retailers are willing to compromise. We think liquor stores should be able to increase their product lines to sell products that they are currently prohibited from selling. And we think it makes sense to phase-in the change so that existing liquor store owners have time to adapt and improve. Later today, you'll hear from the opponents of this legislation all the reasons that this won't work. Yet this works in dozens of other states, where independent liquor stores and grocery stores thrive, and where wholesalers and distributors still have very successful business models that serve a more free market. We're willing to compromise, but we need a dance partner. The truth is, they're just afraid of having the conversation.

At Dillons, we know our customers. And we know that this matters to them. That's why we're here today, respectfully urging the Kansas legislature to pass a law that Kansas customers want, that creates jobs, that benefits our local economies, and that most of all, values the free-market.

On behalf of Dillons, our associates, and most importantly, our customers, we thank you for your time today and urge you to pass legislation to Uncork Kansas.



701 6th Street Osawatomie, Kansas 66064 (913) 755-2635; fax (913) 755-2545

HB 2556

February 19, 2014

My name is Mike Moon. My wife and I own and operate 3 grocery stores in Kansas. Moon's Hometown Market in LaCygne, Humboldt, and in Osawatomie, where I live.

I believe that modern realities and modern consumers demand modern liquor laws. Instead, Kansas enjoys the distinction of having some of the most antiquated liquor laws in the nation. We are one of the few states that still prohibit the sale of full-strength beer, wine and spirits in grocery and convenience stores. It's time to change that.

Here's something you may not know about rural grocery stores; there are a lot fewer of us than there used to be. Since 2006, nearly 40 percent of Kansas' grocers in towns of less than 2,500 have closed their doors. And the rest of us are struggling to survive. That's bad news for us; that goes without saying. But what people often don't realize is what bad news that is for the communities we serve.

But where does our business go? Many people think we operate in a recession-proof business model, after all, "Everybody has to eat". While that statement is true, they don't have to buy it from us. There is more competition for the food dollar today than ever before. You can purchase pop, milk, and bread at any convenience store. In small towns, "dollar" stores take away our paper, household, and cleaning aisles, and are getting deeper daily into crackers, snacks, canned goods and frozen foods. A few are experimenting with fresh meat and produce. And the oft-acknowledged threat from the mass merchants and big box retailers is greater than ever. As our sales base erodes, we fight back with hotter prices and promotions, which impact profit margins at a time when expenses are rising at an unprecedented pace. This is a slippery slope which many cannot recover from.

Without small-town grocery stores, entire counties can become "food deserts": areas where healthy food is hard to come by. Residents are forced to drive long distances to shop, or must settle for convenience foods or other, less-healthy options. The elderly and disabled are especially at risk.

But that's only part of the story. Grocery stores represent much more to their communities than simply a place to buy food. They serve as meeting places. They drive local economies. They generate significant sales and property tax revenues. And, they represent a key element in attracting new residents. In short, they are part of the glue that holds a community together. So, when a town loses its grocery store, it's a huge blow with far-reaching effects.

Modernizing Kansas' liquor laws will be good for rural grocery stores. First of all, the ability to sell adult beverages will boost sagging profits by allowing us to add new products lines and increase revenues. It will also attract new businesses and economic development to our communities and surrounding communities, instead of driving them away as current laws do. Contrary to what some may say, small businesses thrive in an environment with robust development.

Let's face it: adult beverages are really food items. Making them available in grocery stores, alongside other food items, makes perfect sense. Even the State of Kansas recognized that fact in 1986, when it relaxed on-premise liquor consumption by allowing it in restaurants and bars that derive 30% of their receipts from food. And, it provides a clean, wholesome place for consumers to shop for adult beverages, which is what our customers tell us they want.

And, we haven't forgotten about minors. We fully realize we have a responsibility to keep alcohol out of the hands of our children, and have proven our reliability over decades of restricting the underage sale of beer, tobacco and lottery tickets. And, the State of Kansas as well as local law enforcement conducts regular compliance checks to confirm that we continually do our job well.

When the opponents of this bill speak, their major point will be that this change in legislation will put their personal investment out at risk. Like many liquor stores, small-town grocery stores are small, locally owned business. Like them, we have made significant personal investments to keep our stores running efficiently. And, like them, we compete every day for our customers. But rules, regulations and the needs of the consumer often change, and we—like *other* retailers—are prepared to adjust quickly when they do.

Consider this: If I asked you at a legislative breakfast or other public gathering if you would support new legislation that would protect small business owners and their investment by restricting other businesses from selling competing items in their communities, my guess is your answer would be an emphatic “no”. This would stifle development and would be extremely bad for consumers. Every economic development director, city manager, and chamber of commerce in the state would strongly oppose the idea. There would be no new Wal-Mart, Pamida, Alco, Menards, “dollar”, or countless other merchants allowed to expand in the state, development that is considered essential for our communities. But isn't that what current legislation provides for the liquor industry?

Granting liquor stores the exclusive right to sell adult beverages, *an acknowledged food commodity*, puts small-town grocers in Kansas at a disadvantage and limits our ability to compete in a free marketplace. We believe that one type of store shouldn't be given an advantage over another, and we are asking the state legislature to level the playing field. Give grocers the right to sell alcoholic beverages. And, give liquor stores the ability to sell food items. I am not interested in running anyone out of business, nor would I rejoice upon seeing the closure of a single liquor store. I am interested in every business having every open-market advantage possible.

As a small-town, local grocery store owner, I urge you to support the Uncork Kansas bill that your committee is considering. I believe it is good for small businesses, for consumers and for our state. And, I know it will benefit small-town grocery stores, which are the very lifeblood of the communities they serve.

Thank you for your consideration.

TAYLOR OIL, INC.

504 Main, PO Box 581, Wellsville, KS 66092 – Phone: (785) 883-2072

Mr. Chairman,

Thank you for allowing me to submit testimony to you and your committee concerning House Bill 2556.

My name is Curt Wright. I am the Vice President of Operations for Taylor Oil, Inc. based in Wellsville, Kan. We operate convenience stores in Lyndon, Ottawa, Emporia, and Spring Hill. Our business was started by my father-in-law in 1970 as a petroleum product distributor primarily delivering to the farm community and a few full service gas stations in eastern Kansas. During the last 40 years our business has evolved as competition and new marketing strategies have developed. We have adjusted our business model as we have seen the advent of self-service gasoline, convenience stores, and the latest trend of large retailers selling gas. Each of these changes has made us a better business. We have adjusted the product lines we sell and the services we provide to ensure our customers receive the value from us they expect.

In regards to the specific issue of adult beverages we have also worked through the changes in drinking age in the 80's and more currently the Kansas Supreme Court and Wyandotte County home rule ruling about 10 years ago. The "home rule" ruling caused great damage to one of my stores. At the time of the ruling Franklin County was a dry county and my store in Ottawa sold between 350 to 400 cases of beer most weeks, and 2 of our beer distributors told us we were the largest cereal malt beverage outlet in their territory. Within months of the Kansas Supreme Court ruling the town of Princeton voted to allow liquor stores and one was opened 6 miles south of my store. A year later I was only selling 100 to 125 cases per week. The City of Ottawa voted to allow liquor stores a year or so later and that continued to erode my beer sales. Along with the loss of beer sales were significant losses in the sale of chips, ice, and other products. Our company has persevered and found other product lines to market and promote our business, such as our car wash and quality gasoline products. We have been more visible in the community, advertised more locally and continue to adjust every day.

The message I would like the committee to take away today is that when you are in business, rules and competition change all the time for almost all of us. Good business owners adjust their model, get better at what they do and move forward and ultimately the Kansas consumer, your constituent, is the benefactor. The Kansas liquor laws have shielded the industry from what every other business deals with daily – a rapidly changing and evolving marketplace.

Competition makes good business people better.

Thanks you for your consideration of HB 2556.

Sincerely,

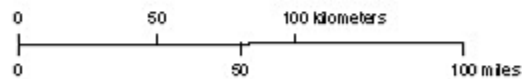
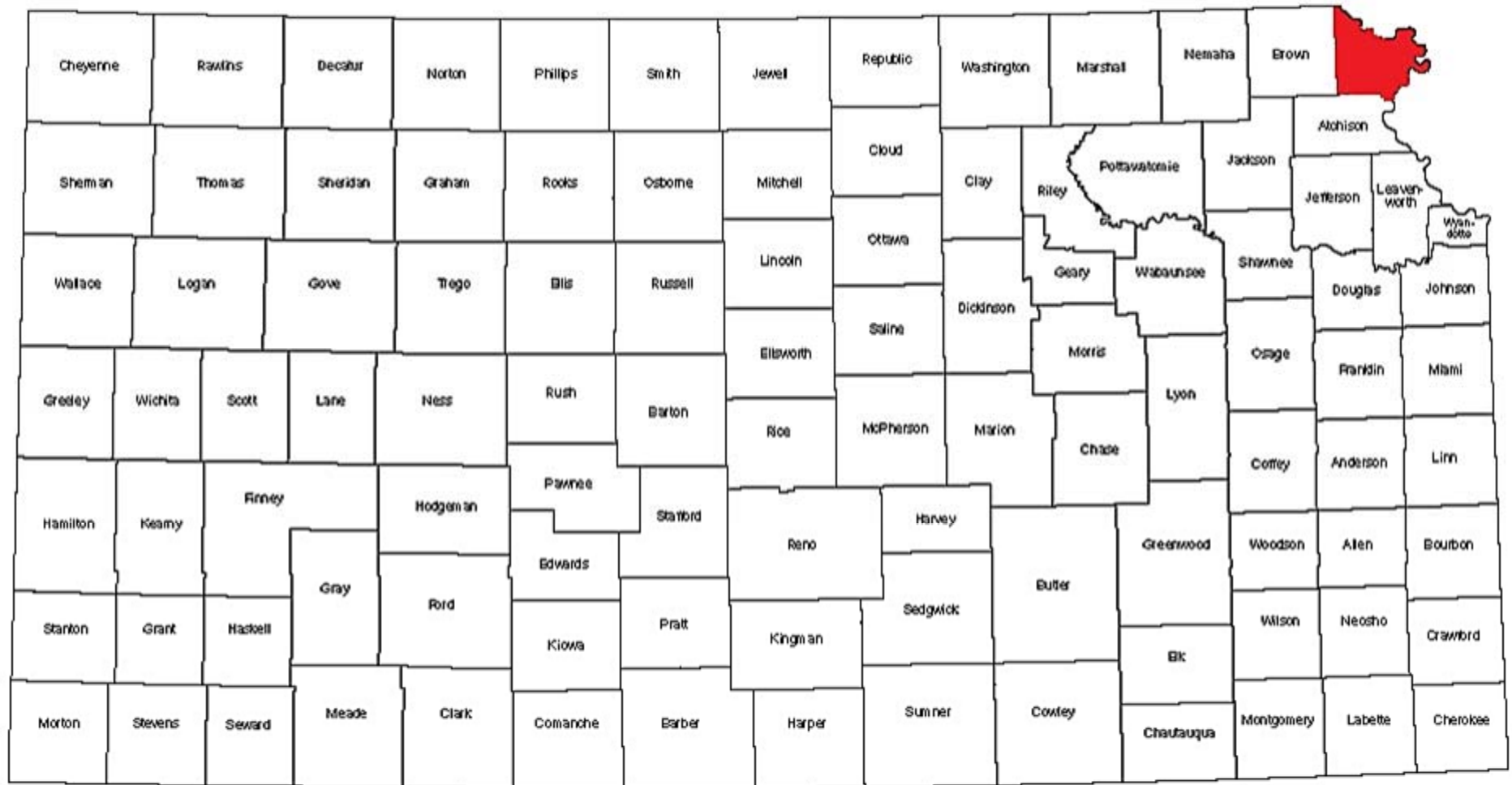


Curt Wright
Vice President - Operations

County	# of Retail Liquor licenses	County	# of Retail Liquor licenses	County	# of Retail Liquor licenses
Allen	5	Kearny	1	Stafford	1
Anderson	3	Kingman	4	Stanton	1
Atchison	2	Kiowa	1	Stevens	1
Barber	4	Labette	8	Sumner	7
Barton	9	Lane	2	Thomas	3
Bourbon	3	Leavenwor	17	Trego	2
Brown	6	Lincoln	1	Wabaunse	1
Butler	13	Linn	3	Wallace	1
Chase	1	Logan	1	Washingto	2
Chautauqua	1	Lyon	12	Wichita	1
Cherokee	4	Marion	4	Wilson	3
Cheyenne	1	Marshall	4	Woodson	1
Clark	1	McPhersor	7	Wyandotte	39
Clay	3	Meade	3		
Cloud	3	Miami	11		
Coffey	3	Mitchell	4		
Comanche	1	Montgome	13		
Cowley	9	Morris	3		
Crawford	11	Morton	2		
Decatur	2	Nemaha	3		
Dickinson	8	Neosho	7		
Doniphan	0	Ness	2		
Douglas	31	Norton	2		
Edwards	2	Osage	8		
Elk	2	Osborne	2		
Ellis	10	Ottawa	2		
Ellsworth	2	Pawnee	2		
Finney	15	Phillips	3		
Ford	9	Pottawator	9		
Franklin	8	Pratt	3		
Geary	7	Rawlins	2		
Gove	3	Reno	10		
Graham	2	Republic	1		
Grant	3	Rice	3		
Gray	2	Riley	15		
Greeley	1	Rooks	4		
Greenwood	3	Rush	2		
Hamilton	1	Russell	4		
Harper	2	Saline	15		
Harvey	7	Scott	2		
Haskell	1	Sedgwick	121		
Hodgerman	1	Seward	5		
Jackson	4	Shawnee	42		
Jefferson	5	Sheridan	1		
Jewell	1	Sherman	3		
Johnson	100	Smith	1		

Data taken from ABC Website
on February 18, 2014.

KANSAS



Good afternoon. My name is Jessica Lucas and I work for Uncork Kansas. I'm not a familiar face here in Topeka; you don't pass me often in the Capitol corridors like you may Gavin or Tom or the other guys working so hard to eliminate our anti-consumer liquor laws.

While sometimes I feel like I'm missing out, not getting to engage with all of you on a daily basis, I admit I love the role that I get to play in helping bring this important legislation to fruition in Kansas.

The work I do? Well, I work with your constituents. I get to meet the people.

It was me who took the hundreds of photos that you see on our banners and here on these cards.

The idea for capturing photos of your constituents became a priority of mine after spending one afternoon in a Dillons store. I couldn't believe the response I had sitting behind a table asking people if they'd like the opportunity to buy adult beverages in the grocery store. It was everyone. The young mom with a toddler strapped in the cart to the lady who looked just like my 83-year old grandma.

There was the postman. Housewife. Business executive. Teacher. Yoga instructor. Starbucks employee. People like me and people like you ... all wanting the same freedom.

Honestly, it was eye opening. Yes, I knew Uncork was proposing sensible legislation and there were folks in favor, but I didn't expect the response that I got in the store that day. It became important to me that I capture for you the wellspring of support for this issue among your constituents. I wanted a way to showcase that snapshot in time so I could come and convey it to you. Taking photos seemed the best vehicle.

But would it work, I asked myself? Would people really stop – fill out a card and let me take their picture?

Almost unbelievably, and obvious to you now, because here I am with the cards, they did. I'd spend a few hours at a store and leave with 100 cards.

I heard a lot of predictable things – Yes! It would be so convenient ... I can't believe this hasn't passed yet ... The government just needs to get out of our business. They tell us enough of what to do. ... I lived in _____ and we could there. It was so weird when we moved here. I asked the clerk where the wine was and she said 'we can't sell you that.'

I even heard "I want this to pass, but don't tell my buddy I said that. He owns a liquor store."

It wasn't just folks who enjoy a glass of wine with dinner or a beer on their deck after mowing the lawn. Even teetotalers would tell me they were in favor. "I don't drink, but I don't think we should tell people where they can buy it."

In hindsight, I shouldn't have been surprised by the eagerness of Kansans to express their long held desire to purchase beer, wine, and spirits in locations outside of the liquor store.

Free enterprise - less government regulation. Those are Kansas held values. Absolutely they support this legislation!!

On an issue like this, I recognize there's a lot of noise to cut through – you've got an industry that's singularly operated one way for 60-some years. Of course they don't want to change and adapt like the other folks we've heard here today say they've continually had to do in their businesses.

But in spite of the loud oppositional outcry, it's critical to remember the majority of Kansans want Uncork Kansas legislation to pass and they look to you as their representatives to do the hard work. To parse through an uncomfortable issue and err on the side of not favoring one select group, but rather, the state as whole, and the economic prosperity that stems from good policymaking.

In the interest of time, I will just briefly share that I've continued to have conversations with small grocers throughout the past year. Some are here today, some have written testimony, others are simply waiting to hear how things go and hoping this will be the year we get something on the books.

While it's easy to position this as a big box store issue, it's not. It's as much about the viability of our small grocers – whether specialty stores serving a niche population in Overland Park or the singular grocery store in a rural Kansas county. Both need this law to pass.

I look forward to sharing more of these conversations and stories with you as we advance this legislation. I also plan to share with you the interactions I've had with liquor store owners. I can honestly attest that not everyone with a liquor license stands one hundred percent opposed to Uncork Kansas legislation. Some have shared testimony, but most tell me they're not comfortable speaking out publically. I certainly understand their fear of backlash and respect their position.

The work you do here is difficult. It's not easy and you can't please everyone. But this much I know is true. Kansans stand behind Uncork Kansas legislation. Your constituents want laws passed that foster the growth and prosperity of the state, as a whole, from border to border.

Thank you.

Jessica Lucas
Uncork Kansas Representative

February 19, 2014

Memorandum:

To: House Commerce, Labor and Economic Development Committee
From: Thomas M. Palace Executive Director PMCA of Kansas
Re: Testimony Supporting HB 2556

Mr. Chairman and Members of the House Commerce, Labor and Economic Development Committee:

My name is Tom Palace. I am the Executive Director of the Petroleum Marketers and Convenience Store Association of Kansas (PMCA of Kansas), a statewide trade association representing over 300 independent Kansas petroleum distribution companies and convenience store owners throughout Kansas.

We stand before you as a proponent of HB 2556.

What this bill does:

- Freezes retail liquor licenses for 10 years. An individual that wants to own and operate a liquor store may do so but would be required to purchase a license from an existing license holder.
- The transfer of a liquor license shall be located in the same county as the licensed premises.
- Any licensee holding a valid retailer's class C license may transfer their license to any person qualified to hold a liquor license under the Kansas Liquor Control Act.
- On or after July 1, 2017, the ABC Director may issue to a qualified applicant a retailer's Class A license to sell beer.
- On and after July 1, 2020 the ABC Director may issue to a qualified applicant a retailer's Class B license to sell beer and wine.
- On and after July 1, 2024 the licensing freeze is lifted.
- Allows corporations to own a liquor license. Each store must have a liquor license to sell adult beverages.
- Identifies convenience, grocery and liquor stores by using the North American Industry Classification codes, NAICS. The bill offers legislative intent defining convenience store and grocery store.
- Class C licensees can sell alcohol products to clubs and restaurants.

- Allows employees to be under the age of 21 to sell alcoholic liquor as long as someone 21 or older is on site. Convenience stores and grocery stores are major employers of young adults in Kansas.
- Liquor store owners can own multiple liquor stores.
- 3% of the liquor enforcement excise tax is remitted to cities and counties. We are attempting to make up lost revenue from sale of CMB.
- *Does not* allow for volume discounts and liquor cannot be sold under cost.
- *Liquor stores cannot sell other products until 2020.* Last year the liquor industry stated that they were not interested in selling other products.

Changing the liquor laws to allow convenience and grocery stores to sell adult beverages has created a lot of discussion around the statehouse. Legislators told us that they want a transition period for liquor store owners to adjust to the changes in the law. HB 2556 establishes a transition period with a 10 year freeze on new liquor licenses. Is it ideal...probably not but it does offer liquor store owners that want to sell their license the opportunity to do so.

There have been some comments made that section 13 (d) (1) of the bill could potentially open up the gaming laws. The bill allows the holders of Class C licenses the ability to put in pin ball machines, bowling machines, games of chance only because convenience stores have these games today. If the committee feels this section needs to be removed due to some underlying fear that it opens gaming laws, we would support striking this language or prohibiting anyone with a Class C license to have any such games.

HB 2556 allows for individuals under the age of 21 to work in businesses that sell alcohol as long as they are being supervised by someone that is 21 or older. In my opinion this provision is no different than the 19 year old waitress working at Olive Garden that checks identification at the table and brings me a mixed drink. Convenience and grocery stores are major employers of young adults and without this provision it would make it difficult to staff a store.

This bill allows corporations to have liquor licenses. PMCA represents both the “mom and pop” and corporate convenience stores. Using the same example above, Kansas allows corporations to have multiple “on premise” licenses but corporate convenience stores are prohibited from having an “off premise” license. We fail to see why one type of corporation can own a liquor license and another corporation cannot.

Changes to laws and regulations occur every day. You will hear that a liquor store was started by “playing by the rules.” Convenience stores also were established playing by the rules and we have also had to modify our business model because the rules changed. For example:

- The Federal Government changed the drinking age from 18-21 in the 1980’s. Because of this action by the government Cereal Malt Beverage (CMB) market share went from 45% to less than 20%. CMB was then and is now viewed as an inferior beer.
- In 2000 big box retailers got into the petroleum business selling gasoline, the No. 1 product that equal 60-65% of gross sales. Fuel retailers that have millions of dollars in brick and mortar have had to find ways to continue to compete with big box retailers that offer huge discounts for their gas.

- Tobacco products are the No.1 in-store selling product for C-Stores and today we compete with many retail outlets including smoke shops for customers and the field continues to grow.

Regulatory compliance and proper sales techniques are very important to convenience and grocery stores. To help offset the mistakes that can be made by the human element many retailers have purchased software that assists the clerk in sales that require age verification.

During our discussion today you may hear that HB 2556 allows for felons to work at a facility that has liquor. I am sure that when rules and regulations are being discussed with the ABC that this issue can be addressed.

Competition is the consumers' best friend. Competition keeps a price check on products and forces the retailer to be very good at what they do or they do not stay in business. HB 2556 is consumer friendly and offers products and services that our customers want.

Mr. Chairman, we have spoken to many legislators, proponents and opponents and they say the same thing, "it's going to happen." I hope today the members of this committee say the same thing "pass this bill out!"

Thank You



RESTRICT MINORS.
NOT ADULTS.

HB 2556 WRITTEN TESTIMONY
Bill Proponents
February 19, 2014

**Written Testimony before House Commerce, Labor &
Economic Development Committee
House Bill 2556
Submitted by J. Kent Eckles, Vice President of Government Affairs**

Wednesday, February 19th, 2014

The Kansas Chamber of Commerce appreciates the opportunity to submit testimony in favor of House Bill 2556.

Economic development

Our existing liquor laws need updating to conform to current consumer demands and expectations. Modernized liquor laws will bring back Kansas dollars that are currently being siphoned off to neighboring states. They will also attract more business to the state, which will create jobs and more growth. This means more money pumped into local economies.

QuikTrip and HyVee are just two examples of our member companies that have stated they will not expand in Kansas until liquor laws are modernized. As some of you may recall, QuikTrip even razed one of its Kansas stores a few years ago, and rebuilt it just a few feet east, in a state with more modern liquor laws and lower taxes. More than 1,700 businesses support this bill because they know it is good for business and for the economy. These businesses alone represent more than 35,000 jobs and contribute in excess of \$200 million in state and local revenue.

Free enterprise, fairness and competition

Modernized liquor laws support free enterprise and encourage competition, both of which are basic tenets of our economic system. Lifting restrictions on liquor sales for grocery and convenience stores—and on food sales for existing liquor stores—creates a level playing field and an environment where all businesses large and small play by the same rules. The Chamber is seeking a true “win-win” for all businesses involved.

Expanded business opportunities

Modernized liquor laws will increase opportunities for grocery and convenience stores by allowing them to sell adult beverages. They will also create new growth opportunities for liquor stores by permitting them to sell food items that were previously prohibited. In states where restrictions have been lifted, liquor stores have continued to prosper. In fact, national statistics show that of the five cities with the most liquor stores per capita, four allow wine sales in grocery stores.

Small business development

Bringing more business into our state will only help grow small business. More economic development is always good for small business and provides an environment in which they can thrive and grow.

We believe that modernized liquor laws would be a boost to the Kansas economy, creating business opportunities and taking back revenues that are flowing to our border states. It would also stimulate free enterprise and small business growth. Uncork Kansas is good for business, and it's good for our state.

We urge the committee to pass favorably HB 2556.

The Kansas Chamber, with headquarters in Topeka, is the leading statewide pro-business advocacy group moving Kansas towards becoming the best state in America to do business. The Chamber represents small, medium and large employers all across Kansas.



LIBERTY LIQUOR

2101 E. 4TH, HUTCHINSON, KANSAS 67501 - 820-882-7051

February 19, 2014

Members of the Commerce, Labor, and Economic Development Committee,

As a 73-year old, small liquor store owner in Hutchinson, I'm submitting this testimony in favor of supporting the Uncork Kansas bill, HB 2556.

Liquor store lobbyists claim their efforts are for small stores like mine, but they're truly advocating for the large liquor stores in Wichita and Kansas City. They've never come to talk to me or ask me what would be best for my business.

As Kansas legislators who care about small business owners, it makes sense to support HB 2556 as it helps ensure liquor stores have a fair buyout option. This is more helpful to me and fellow small liquor store owners than continuing to take no action on the issue.

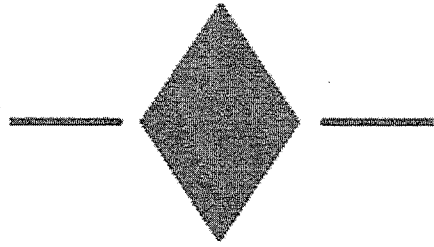
For fifteen years I've owned Liberty Liquor and have a lot invested in it. I'm ready to retire, yet I'm stuck. No one wants to purchase a liquor store until this issue is resolved and it won't be resolved until the Kansas legislature changes the law.

Legislative inaction leaves me with a profitable business, yet no buyer. Surely that's not what you and your colleagues intended to do to Kansas business owners?

Sincerely,



Robert "Bob" Queen
Liberty Liquor
2101 E. 4th
Hutchinson, KS 67501



BLUE DIAMOND
LIQUOR
DEXTER, KANSAS

February 18, 2014

Dear Chairman Carlson and Honorable Members of the Commerce Committee,

My wife and I own and operate a small liquor store in Dexter, Kansas, and we believe that HB 2556 will be best for our business in the long run.

We welcome the opportunity to increase our cash flow by being able to expand our inventory to include non-alcoholic items. Government regulations that restrict us from selling other products to our customers limits our income stream and affects our store's long-term viability.

We feel that that this bill has taken inconsideration many of the concerns that we have had in the past. By having a ten year moratorium on additional licenses we feel that this will allow other store owners to transition out of the Liquor business if they would like. However we are not in favor to limiting the transfer of those licenses to the county they were issued in. In Cowley County where we operate, there are currently 10 licenses. We're over boozed. By permitting the sale of licenses outside of the county, I think the system will balance out on its own, putting liquor where it's wanted without oversaturating a market. Meanwhile, sales and tax revenues will increase, creating a net gain for all involved.

Dexter is a small community. A bill like HB 2556 could make a true difference in our store's ability to meet the needs of the community while generating enough profit to justify our existence.

Respectfully,

Jon Johnson
620-660-0725

HALFTIME LIQUOR

15810-D Shawnee Mission Pkwy, Shawnee, KS 66217

February 19, 2014

Chairman Kleeb and Honorable Members of the Commerce Committee:

I'm a liquor store owner in Johnson County Kansas *in favor of the reasonable legislation proposed by Uncork Kansas.*

I've been a liquor store owner for ten years. It's a great benefit to me that proposed legislation includes a ten-year license freeze. I like knowing that if this bill passes, I can sell my liquor license and walk away from the business if that's what I deem best for me and my family. It is getting harder every year to complete in this business as a liquor store because of so much competition which makes it very difficult for the smaller Liquor stores to remain in business and make a decent living.

Not everyone who owns a liquor store shares my view. I'm very aware of the threat many view this legislation. But if you really step back and look at what Uncork has proposed, it's hard to argue this is a bad bill to the majority. Existing owners can expand to own multiple locations, or choose to sell their license. Meanwhile, we have a few years to prepare for competition from convenience and grocery stores on beer sales, several more for wine, and an entire decade before Kansans could go to one store for all of their needs (save for the existing licensees at the end of June 2014).

I hope you'll each take into consideration the sensible nature of HB 2556. It's a fair compromise on an issue that Kansas has long needed to address. And will allow those who want out of the business an opportunity to be bought out.

Sincerely,



Robert Melcher
Halftime Liquor
Shawnee, KS 66217

QUEEN'S HEADQUARTERS



8 W. Peoria St. Paola, KS 66071
Phone: 913.557.6860 Fax 913.557.5664



February 19, 2014

To Members of the Commerce, Labor, and Economic Development Committee

Price Chopper is a family-owned business that, like every one of our many competitors, never stops thinking about what's next or how we can improve or where we might need to make a capital investment. Change happens continually in our business and it's what's enabled us to evolve into one of the Kansas City metro areas largest independent grocery store chains.

Today's families want a full-service shopping experience. The grocery store is no longer merely a place for buying bread and milk. Our customers want a broad range of products and services, and the ability to purchase alcoholic beverages ranks highest on their wish lists.

The knowledge that the government has prohibited our industry from selling these products, while our competitors across the river gladly cash Kansas checks for alcohol purchases, is of significant concern to all in this business as well as those who shop in our stores.

We don't like telling our patrons we can't accommodate their shopping needs because the government won't let us. Few people besides liquor store owners find the government's restriction of alcohol sales in grocery and convenience stores a reasonable law. The model doesn't fit with the lifestyle of today's Kansan. Service, convenience, competitive pricing, and choice are the expectation of the 2014 consumer. It's time we enact reasonable legislation that accommodates those needs and provides equal footing to all players in the market.

A handwritten signature in cursive script, appearing to read "Bay Quinn".

February 19, 2014

To Chairman Kleeb and Honorable Members of the Commerce Committee:

Grocery stores, liquor stores, and convenience stores ... we're all in the same boat trying to survive and compete in an ever changing market.

I've managed Mr. K's Food Town in Plainville, Kan., for 25 years. The only constant in our business has been change. We're constantly evolving to better compete and attract shoppers so we can remain a viable business in the Plainville region.

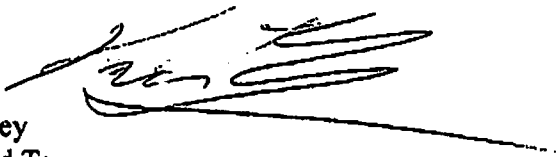
My goal is always to take better care of my employees. Any gains we achieve enable me to improve our business and reward those who devote their time to it.

Seeing this bill passed would give my store the chance to sell a product our customers tell us they want the opportunity to buy. We add and eliminate products frequently; these decisions are often based primarily on their feedback. That I can't determine for our store what legal adult beverages we'll offer because of government prohibitions is a disservice to the free market principles that have allowed grocery stores to operate in the improved fashion they do today and fails to acknowledge the shopping expectations of the Kansas people.

I like that HB 2556 gives liquor stores time to adjust. This is an important and fair measure. I urge this body to pass Uncork Kansas legislation because it offers liquor stores a soft landing in a changing market, while finally granting convenience and grocery stores the chance to sell items customers have long advocated to see on our shelves.

Thank you for your service to our state.

Sincerely,



Kim Rounsley
Mr. K's Food Town
Plainville, Kansas

Kansas State Capitol
300 SW 10th Street
Topeka, KS 66612

Dear Senator:

Dear Chairman Kleeb and Honorable Members of the Commerce Committee,

I'm a third generation owner with my parents of Kraus Foods, founded by my grandfather and located in Colwich, Kansas, a community of 1,300 people. My life's work has been dedicated to serving the people of this area. It's a full-time job and I'm here each day we're open.

Business is getting increasingly harder. Any time we have the chance to put products on our shelves that our customers want to buy, we do it. However, throughout the lifetime of our business, we've been restricted to selling only cereal malt beverages ... but my customers want to purchase full strength beer and wine at Kraus Foods.

As a businessman, I'm always looking for ways to improve services, cut costs, and ultimately, increase sales. The more we can offer our customers, the more sales we generate. In a business where the profit margins are continually shrinking, expanding to include alcohol products in our store will undoubtedly strengthen our bottom line.

With your support of HB 25566, I can fulfill my customers' requests and better position my store for the future.

I appreciate your consideration of my view and welcome you to our store any time.

Respectfully,

Jeff Kraus
Manager and Co-owner

February 19, 2014

Dear Chairman Kleeb and Honorable Members of the Commerce Committee:

My wife and I have owned European Delights in Overland Park, Kansas for more than ten years. We're a specialty grocery store that provides products and services similar to those found in European markets. Our store is more than a grocery store; it's a shared space for people to connect. People come to our store to gather together and talk about their families, their interests, their home country, the Olympics!

We strongly stand behind House Bill 2556 as we believe we should have equal opportunities to sell beer, wine, and spirit. Everyday we watch our customers leave our store and travel less than three miles to Royal Liquor, just across the state line. There they select from the wide array of European adult beverages.

I could be selling them their favorite Russian vodka or Italian wine, except our government tells us we can't. Meanwhile, those in the Kansas City metro area are shopping in Missouri for products we would sell if only you, members of the Kansas legislature, would lift the monopolistic protection enjoyed by Kansas liquor store owners. Missouri and Nebraska are the only benefactors of our prohibition era law.

It's time we stop the border leakage and give grocery, convenience, AND liquor stores the chance to capture the sale of alcohol products (and the ancillary items they purchase across the state line). There is no more reasonable solution than the current bill.

Your support is appreciated,

Oleg Grimberg
European Delights
Overland Park, KS

February 19, 2014

Dear Chairman Kleeb and Honorable Members of the Commerce Committee,

Gooch's Foods has been our family business for 65 years. Today my son and I work alongside each other to continue to meet the needs of the people in Tribune, Kansas, a small community far west, in case you're not familiar.

In a small community, everything helps. When you have a leak – in this case a product people can't buy at our store, thus sending them elsewhere to buy – it erodes the tax base of the community. In a grocery store environment, selling adult beverages is a good fit.

Having the products in our stores that our customers want to buy is what keeps us in business. We support HB 2556 and look forward to the day we can provide our customers a selection of adult beverages for purchase.

Respectfully,

Dwight Gooch
Owner, Gooch's Foods
Tribune, Kansas



To: The Members of the House Commerce, Labor and Economic Development

From Mike Thornbrugh, QuikTrip

Date. February 19, 2014

Mr Chairman and members of the Committee, with all due respect, everyone on the committee fully understands the issue before you I see no reason to change my testimony from last year The only difference is. Since 2012, QuikTrip's store count growth has increased by 73 total stores, 2 of which were in the state of Kansas and we have completed our 3rd store on State Line Road, which is located in the state of Missouri

My name is Mike Thornbrugh and I am employed by and represent the QuikTrip Corporation. QuikTrip is a privately-held corporation that was founded in 1958 We currently own and operate 38 locations in Wichita and 24 in Kansas City, KS. We currently have over 1,000 employees at these various locations. QuikTrip would like to grow our presence in Kansas but current antiquated liquor laws and an un-level playing field inhibit us from major growth

Recently, QuikTrip in Kansas City, Kansas moved one of their million dollar stores a hundred feet into Missouri. The new location in Missouri is a multi-million-dollar building that created new jobs for local contractors, more choices for our customers and better opportunities for our employees. This Missouri location has averaged about a 65 percent increase on inside sales and nearly 80 percent on outside sales. Consumer reaction has been so favorable that QuikTrip is operating a second location on State Line road to help relieve consumer pressure on the first store. We are currently building our 3rd location on state line.

I'm here to tell you that current Kansas liquor laws are preventing business expansion in Kansas. By changing antiquated laws and listening to consumer demand, Kansas has the opportunity to give businesses, large and small, the opportunity to grow and expand instead of pushing business across the border to Missouri.

Because of our long history in Kansas, our ongoing desire to meet customer expectations and our experience in other states, I feel I'm in a unique position to address some of the myths that you may have heard concerning updating Kansas liquor laws.

Myth #1 – Youth will have more access to alcohol and it will be easier to attain.

You may hear some say that grocery and convenience stores will not properly police sales to minors. The truth is adult beverages are responsibly sold almost everywhere. All forms of retailers sell adult beverages restaurant, sporting venues, entertainment venues, etc. You can even get a mixed drink at Disney World. QuikTrip operates in 11 states and in nine of those, we are allowed to sell same strength beer and wine. Age requirements to sell alcohol products vary in these states. In Arizona, Georgia, Iowa, Oklahoma, North Carolina, South Carolina and Texas, our store team employees must be 16 years of age. In Missouri, Illinois and Kansas employees under 18 years old may not ring up sales. In Nebraska, employees must be 19 years of age to sell beer, wine and spirits.

We've been in business for 53 years and despite the age variance by state in allowing employees to sell adult beverages, we are recognized as one of the most responsible retailers of age-sensitive items in the country by our industry, law enforcement, members of the media, public officials and most importantly by our customers.

We continue to find ways to enhance our reputation as a responsible retailer and give our employees more tools.

- We ID anyone who appears to be under the age of 40 for both tobacco and adult beverage sales
- We have signage that notifies the consumer
- We employ technology that eliminates mathematical mistakes
- We use mystery shoppers who provide compliance checks
- All employees are trained and sign documents that they have been made aware of the laws, as well as QuikTrip's expectations and consequences. This training is ongoing through one's career with our corporation.
- We participate with local law enforcement on third party sales. If you frequent QuikTrip you have noticed that law enforcement officers are at our stores 24 hours a day. Law enforcement officers are great customers.
- We are already monitoring sale of beer in Kansas and contrary to what some want you to believe, beer is no different than full strength beer as stated by Judge Herb Rohleder. That statement is included as part of my written submission.
-

I think it's clear QuikTrip is serious about controlling sales to minors. Regardless of age, our employees know the rules and consequences and they follow them.

Myth #2 – There is a huge difference in alcohol content of domestic beers and so they should be sold and controlled differently

According to the Kansas State Bureau of Investigation and a statement rendered by Judge Herb Rohleder, this is completely inaccurate. There is little difference in the alcoholic content of 3.2 beer and "strong" beer. There should be no distinction made.

between strengths of beer. If you are going to allow a retailer to sell beer, it shouldn't make a difference if it is 3.2 or full strength beer. The two are for all practical purposes the same.

Myth #3 – An updated law will harm small business and put their investment at risk

Nothing is stagnant in business. Federal and state laws have the potential to change every session. Counties and cities enact new ordinances every time they meet. Traffic patterns dictate change. Consumer habits and preferences are in constant flux. Existing competition and new competition get better. To survive in business you must constantly change and look for ways to expand your business and meet consumer expectations. QuikTrip would love to be protected from competition by the government, and force the consumer to make purchases at select locations, but that is not how the free market works.

There are tens of thousands of small businesses in Kansas that succeed in the marketplace without any form of government protection from competition. If allowing people to choose where they buy products puts some businesses out of business, it's only because consumers freely choose to favor their competitor. It's called free enterprise.

Myth #4 – All revenues will go out of state

This is simply not true. Every retailer that supports modernizing Kansas' antiquated liquor laws contributes significantly to the state and local economy.

- Any company that does business in Kansas is subject to corporate income tax
- We pay real estate taxes – we collect and remit all applicable excise and sales tax.
- We purchase the proper permits
- We give charitable contributions to our communities
- Our employees pay state income tax, sales tax & property tax
- Our employees purchase homes, autos and shop in Kansas
- We create much needed jobs.

All of these resources would not be available to the state of Kansas if QuikTrip and tens of thousands of other businesses did not have a presence in Kansas. Does it really make sense to inhibit the expansion of these companies by holding onto outdated laws when these resources are desperately needed in Kansas' communities?

I find it rather ironic that one of the major financial supporters to those that oppose the modernization to adult beverage comes from Glazers, an out-of-state corporation that is based in Texas. Some of you may recall that Glazers wholesale drug company, aka Glazers of Kansas, sued the state of Kansas in the year 2000.

The basis of that lawsuit was the prohibition on a non-resident person or entity such as Glazers from obtaining a license to do business in Kansas as a wholesale distributor of beer, wine and distilled spirits. I find their opposition the height of hypocrisy

I ask you to support modernizing Kansas' adult beverage laws and by doing so endorse consumer choice, free enterprise and economic development. Thank you for your time and consideration.

Appendix A
Comparison of Strong Beer and Cereal Malt Beverage by Alcohol Content

RESULTS OF EXAMINATION
by K.B.I. LAB

% ETHANOL (Alcohol)
BY WEIGHT

1 - One 12 oz. can Bud Light (strong)	3.5
2 - One 12 oz. can Bud Light (3.2)	<u>2.8</u> - .7
3 - One 12 oz. can Busch (strong)	3.9
4 - One 12 oz. can Busch (3.2)	<u>3.2</u> - .7
5 - One 12 oz. can Budweiser (strong)	3.9
6 - One 12 oz. can Budweiser (3.2)	<u>3.1</u> - .8
7 - One 12 oz. can Coors (strong)	<u>3.8</u> ✓
8 - One 12 oz. can Coors (3.2)	<u>3.2</u> ✓ - .6
9 - One 12 oz. bottle Miller (strong)	3.8
10 - One 12 oz. bottle Miller (3.2)	<u>3.1</u> ✓ - .7
11 - One 12 oz. bottle Michelob (strong)	4.1 ✓
12 - One 12 oz. bottle Michelob (3.2)	<u>3.2</u> ✓ - .9
13 - One 12 oz. can Old Milwaukee (strong)	3.9
14 - One 12 oz. bottle Wiedemann (strong)	3.7
15 - One 16 oz. can Colt 45 (strong)	4.1 ✓
16 - One 12 oz. bottle Corona (Mexican, strong)	3.6
17 - One 7 oz. bottle Little King (3.2)	3.2 ✓

K.S.A. 41-102 (C) defines "beer" when its meaning is not enlarged, modified, or limited by other words, means a beverage containing more than 3.2% alcohol by weight, obtained by alcoholic fermentation of an infusion or concoction of barley, or other grain, malt and hops in water and includes beer, ale, stout, lager beer, porter and similar beverages having such alcoholic content.

K.S.A. 41-2701 (a) defines "Cereal Malt Beverage" as any fermented but undistilled liquor brewed or made from malt or a mixture of malt or malt substitute, but does not include any such liquor which is more than three and two-tenths percent (3.2%) alcohol by weight.

Statement by Judge Herb Rohleder

The failure of the Commission to recommend elimination of the distinction between cereal malt beverage and so-called strong beer is disappointing. I disagree with the recommendation to maintain the hypocritical distinction. Maintaining the arbitrary distinction serves only to perpetuate a myth that is not grounded in reality. Current law is inconsistent in that it incorrectly defines 3.2 beer as non-intoxicating, and places many more restrictions on "strong" beer, despite the fact that tests prove there is little difference in the alcoholic content of 3.2 beer and "strong" beer. There should be no distinction made between strengths of beer. All strengths of beer should be permitted to be sold at current CMB outlets as well as retail liquor stores.

Limit on Number of Liquor Retailers

Recommendation — There should be no limit placed on the number of CMB or retail liquor licenses issued.

Why recommendation was made — The economics of the liquor industry should determine the "appropriate" number of retail liquor stores or other establishments. Limiting the number of licenses would create an artificial value on owning licenses and would also lead to implementation problems.

Sale of Non-Liquor Products at Retail Liquor Stores

Recommendation — Retail liquor stores should be permitted to sell lottery tickets, mixes and drink-related items in addition to liquor.

Why recommendation was made — Permitting retail liquor stores to sell drink-related items would give the retailer an opportunity to enhance its products without the need for a "party shop" Customers would no longer need to make an extra trip to another store to pick up drink-related items to go with liquor purchases.

Use of Credit Cards for Purchase at Retail Liquor Stores

Recommendation — Liquor retailers should be allowed to accept credit cards from customers.

Why recommendation was made — Allowing customers to use credit cards enhances convenience and modernizes a long-standing restrictive law. Payment by credit card is more reliable than by check and is not seen as a stimulant to consumption.

And my favorite was:

(6) The regulation prohibiting blinking lights except during the Christmas season should be repealed for liquor stores.





Corporate Office

5114 Bristol
Kansas City, MO 64129

(816) 861-3333 Office
(816) 861-5555 Fax

Written Testimony before House Commerce, Labor and Economic Development Committee
House Bill 2556

Wednesday, February 19, 2014

As a small business owner, I am submitting this testimony to impress on you the importance of passing legislation to allow convenience and grocery stores the opportunity to sell legal adult beverages.

Presently, I own 2 liquor stores and 10 convenience stores in Missouri, each carries beer, wine, and spirits. I also own 1 convenience store in Kansas, but we discontinued our cereal malt beverage license because the product doesn't move.

In Missouri, one of my convenience stores sits next to one of my liquor stores. Both do well ... yes, a well-stocked liquor store and a well-stocked convenience store with alcohol next to each other and they both are profitable.

My partner and I have owned convenience and liquor stores since 1990. When determining our expansion, **we're consistently selecting Missouri based sites in the Kansas City metro area.**

We're responsible vendors of a legal product and people are purchasing it from our stores. Many are Kansans.

Would I like to sell in Kansas and expand in Kansas? Absolutely. Kansas is my home state. But until this body of government modernizes our laws to give Kansas an equal playing field, I, along with other investors like me, will continue to expand on the Missouri side, draining Kansas tax dollars from our state's revenue pool.

As legislators, your job is to craft responsible legislation that protects Kansans without stifling business. It's to foster growth and increase tax revenues, not restrict expansion and development.

Kansans overwhelmingly desire free market legislation. I trust this is the year you'll reverse the outdated and prohibitive adult beverage laws that have long denied Kansans their right to determine where they shop.

Respectfully,

Marty Klenda
Co-owner
Fast Stop Convenience Stores

February 19, 2014

To: Members of the House Commerce, Labor & Economic Development Committee
From: Gratz Peters

Mr. Chairman and Members of the House Commerce Committee

My name is Gratz Peters and I am the owner of Pump'n Pete's Convenience Stores with our home office in Parsons, Kansas. I am a lifelong Kansan and a career long convenience store retailer. I also serve as President on the Board of Directors for the Petroleum Marketers and Convenience Store Association of Kansas (PMCA), representing its members throughout Kansas, two-thirds of whom are single store mom-and-pop operators.

My submission is not an attack on liquor store owners themselves but rather on the laws that restrict competition on legal adult beverages. Today's price savvy and convenience demanding customer desires free enterprise and fair competition which ultimately works to their benefit through lower prices paid for consumables. Simply put, Kansas customers are the real losers as a result of current Kansas liquor laws.

These laws restrict licenses to one per individual and that individual is required to be involved in the day to day operations of that one liquor store that is restricted to selling only items with an alcohol content, lottery tickets being an exception. These restrictions limit a liquor stores ability to engage in consumer friendly competition therefore costing their customers more for their purchases. Let us suppose that these same restrictive laws applied to any other consumable. Let's take milk for example: Now Kansas milk laws restrict milk to be sold at a store limited to one milk store per individual and that individual is required to be involved in the day to day operations of that one milk store that is restricted to selling only milk. Maybe we let them sell cheese and butter and even lottery tickets. Would milk prices then be favorable to consumers? The answer is obvious.

We convenience store retailers have experienced more than our fair share of attacks on our business model. When non-traditional fueling outlets came into our markets there were no laws protecting us from that new competition. When smoke shops came into our markets there were no laws protecting us from that new competition. When dollar stores popped up in markets that we serve there were no laws protecting us from that new competition.

Have you been to a Home Depot or Lowe's lately? Yes, they too have a snack and beverage selection for their customer's convenience. Even Staples and Office Max have snack and beverage options for their customers to purchase.

After stating all of that, I am happy to say we are not here asking for protection from new competition. Instead, quite the contrary. We strongly support fair competition and the ability to tweak our business models accordingly to meet new competition. We'll do this for the betterment of our customers. The effort to reform Kansas liquor laws offers an opportunity for our opponents to tweak their business model in the best interest of their customers as well.

As any of my peers in the convenience store can attest, we all get better with competition.

Finally, I want to point out that grocery and convenience stores are very serious about restricting sales to minors. We don't take this responsibility lightly. Between ongoing training and technological advances, we're well equipped to shut down illegal underage purchase attempts in our stores. Our high industry compliance ratings on all age-restricted items are proof of our continued commitment to keep products from those underage.

I appreciate your continued support of free and fair competition and implore you to vote out of committee a reasonable, fair HB 2556.

Thank you.

Gratz Peters

To: The Members of the House Commerce, Labor & Economic Development Committee
From: Gary Krueger
Date: February 19, 2014



Gary Krueger
18700 Metcalf Ave.
Stilwell, KS 66085

Dear Members,

I am writing this letter to express my support for modernizing Kansas liquor laws.

My wife, Lee, and I own and operate Gary's BP at 130th and State Line Road in Kansas City, MO. We also own Krueger BP at 151st Highway 69 in Overland Park, Kansas – about four miles west and two miles south of Gary's BP. Both stores have been operating in the very competitive convenience store category since March 1999.

We do not sell liquor in either of our stores. That includes 3.2 beer in Kansas. However, because our stores are so close geographically and on either side of the Kansas-Missouri border, we have witnessed, firsthand, the dramatic effects of tax disparities between the two states. My stores have been a case study of business flowing from Kansas to Missouri, an issue I'm sure you're aware.

In 2002, when tobacco taxes increased, I lost \$52,000 a year in tobacco sales that went across the state to Missouri. My Kansas daily customer count dropped 22 percent in just one year. About the same time, several large, multi-state grocers started selling gasoline nearby. *I don't recall anyone being concerned about the possibility that new taxes or grocers selling gasoline would force our stores out of business.*

Our response to these challenges was to "reinvent" the way we did business, including enhanced customer service and significant capital improvements. As a result, we continue to be a viable taxing employer in the State of Kansas and Missouri.

The point of all this is that competition is part of our free enterprise society. It enhances the quality of the products and services we offer and it hones our skills as entrepreneurs and business owners. When the government passes laws – or continues outdated laws, such as our current liquor laws – it is tinkering with our capitalistic society to the detriment of its people.

Modernizing our antiquated, anti-consumer liquor laws would level the playing field by putting all retailers under the same set of rules when it comes to selling alcoholic beverages. This would help small Kansas convenience stores, especially those that have to compete with border state stores that operate under more modern liquor laws. Small Kansas convenience stores are struggling and many have already closed. Allowing us to sell full-strength beer, wine and spirits would enable many of them to increase revenues and compete more effectively.

Modernized liquor laws would also give our customers more choice and convenience and keep their dollars in Kansas. They want liquor laws that make sense in today's world, not remnant of 1920s prohibition. They want to make alcoholic beverage purchases where it's convenience for them, not where the government tells them to.

I'm confident that convenience stores will do a good job of policing underage purchases. We enforce age-restricted purchases on lottery tickets, 3.2 beer and tobacco on a daily basis. And, in other states with more modern liquor laws, convenience stores have proven their ability to keep alcohol out of the hands of minors.

Updating Kansas' liquor laws doesn't mean the end of liquor stores. It simply means they will join the majority of small Kansas business owners who must compete in a free market place. Under the proposed

2'

bill, liquor stores can benefit too, from being able to sell food products that are currently prohibited. So, they can grow their businesses as well. It is always the innovative owners of well-constructed and operated businesses that succeed in the free market.

I know I speak for many Kansas convenience store operators in urging you to support modernizing Kansas liquor laws. It will end unnecessary government regulation, bolster competition and create equitable liquor laws that create a level playing field for all retailers.

Thank you for your consideration of this critical legislation.

**Gary Krueger
Krueger BP, Overland Park, Kansas
Gary's BP, Kansas City, Missouri**

2/19/2014

Dear Chairman Kleeb and Honorable Members of the House Commerce, Labor and Economic Development Committee:

As a constituent who votes, I am writing in support of HB 2556. We are finding grocery stores to be a way of life these days. The grocery store is more than just a place to buy groceries. We can now buy coffee from a fancy café, eat a meal, rent a movie, do our banking, and fill our prescriptions, all within the confines of a single store. So it makes sense to me that we should be able to add another service to grocery store offerings: a selection of alcoholic beverages.

Are we as consumers just becoming more lazy? Possibly. But I also believe everyone is simply busy, and if we can attend to our personal business in a more efficient manner, we will. I am a mother of three children ages 8 and under, and I work full time, while my husband also works full time and attends school.

I tend to do most of my grocery shopping while alone on the weekends and I generally enjoy taking the time to stop in the liquor store to peruse their offerings. But the weeknight is an entirely different matter. If I'm running into the store to pick up something to complete my planned meal for that night, it would be wonderful to be able to make a quick stop by the wine aisle for a bottle of red in the same store while I already have my kids out of the car.

Notice how I said I enjoy visiting a nice liquor store. I like to talk with the employees and experts there to see what they recommend or to discover if there is anything new to try. I would not expect the same level of customer service at a grocery store, and that is fine. But I do think there is still a place for liquor stores and that they will continue to thrive in Kansas if HB 2556 is passed. In fact, I grew up in Illinois and still visit there frequently. I am always amazed by the selection of spirits available in Illinois grocery stores (including brands exclusive to grocery stores such as Trader Joe's and Aldi, which are simply unavailable to Kansas consumers). And it's interesting that for as long as I can remember, it has been possible to buy any kind of liquor at the grocery store in Illinois, yet there is no shortage of thriving liquor stores there.

Thank you for your consideration.

Sincerely,



Amy Conner
Manhattan, Kansas



Jessica Lucas <jessicajo@gmail.com>

HB 2556 Hearing

Don and Mary-Theresa Madill <dmadill@kc.rr.com>

Sat, Feb 15, 2014 at 9:40 AM

To: jessica@uncorkkansas.com

Cc: Melanie Meier <meiermel@hotmail.com>

Hi,

The people of Kansas need to be able to purchase wine in our own **grocery stores**. As it is, everyone we know goes into **Missouri** to buy wine, because it is so much cheaper! Kansas is losing a LOT of revenue in this way. We need a bill right away, not in 2020!

Thank you!

Mary-Theresa Madill

February 13, 2014

Chairman, Representative Marvin Kleeb
House Commerce Committee,
State Capitol
West 10th Street
Topeka, Kansas. 66612

Re: Kansas HB 2556

Chairman Kleeb:

As a resident, community volunteer, public servant and business owner in Johnson County, economic development is a central focus of service. Competitive advantages of neighboring states in business recruitment and retention is often discussed, as is the loss of tax dollars across the border.

One need only look across the borders where in nearby Nebraska and Missouri, liquor stores are still part of the community footprint, even while sales of beer, wine, and spirits are permissible in grocery and convenience stores.

I respectfully encourage consumers and our lawmakers to aggressively work toward such change for the critical purpose of stopping the leakage of millions of retail dollars to Nebraska and Missouri. We know there are too many Kansans living along the border who take advantage of the convenience of shopping for groceries and their adult beverages in one store.

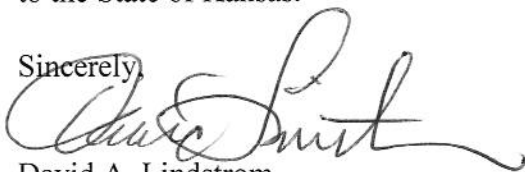
Every day you find Kansas tags in the parking lots of the grocery stores of our neighboring states. That's lost tax dollars for the state and local communities, and lost revenue for the store owner.

We can retain more Kansas dollars in our state by selling adult beverages in Kansas grocery and convenience stores. It is certainly an economic option and convenience that today's consumers strongly favor; hence the conscious decision they make to travel across state lines for that privilege.

We cannot prevent all border leakage, but we can enact legislation that puts us on equal ground with neighboring states. In a state that values free market principles, it is time we adopt legislation that reflects a business owner's right to responsibly sell the products they deem most appropriate for their store.

Thank you to for your consideration, for your leadership and most importantly, for your service to the State of Kansas.

Sincerely,



David A. Lindstrom