

**Written Proponent Testimony
HB 2137
House Federal & State Affairs
Scott Schneider, Hinkle Law Firm
February 3, 2021**

Mr. Chair and members of the committee I am Scott Schneider representing the Kansas Restaurant & Hospitality Association. Kansas law previously changed the definition of cereal malt beverage and extended the sales of the newly defined products to CMB license holders. We support HB 2137 as a reasonable clean up to the changed language.

As you know, drinking establishments have had more troubles this year with getting rid of product during the pandemic shutdowns than obtaining the new CMB varieties. KRHA will also be presenting several other legislative issues seeking to adjust to the newly created marketplace in which we find ourselves. Our alcohol initiatives will include:

- 1) Making permanent the sale of curbside & carryout of alcohol.
- 2) Allowing for drinking establishments to delivery alcohol.
- 3) Allowing drinking establishments to sell growlers (2020 SB 221).

As background, last year we represented half of every licensed restaurant in the State. Since then, we have suspended association dues, given restaurants free memberships to give access to our resources, suspended insurance premiums for our workers compensation fund participants, and at the same time worked harder than imaginable chasing units of governments around educating them as best as possible on their many novel new ideas. The COVID pandemic has caused chaos in our industry.

According to a recent national survey by the National Restaurant Association, nearly 1 in 6 restaurants (representing nearly 100,000 restaurants) is closed either permanently or long-term; [nearly 3 million employees](#) are still out of work; and the industry is on track to lose \$240 billion in sales through the end of the year.

- Consumer spending in restaurants remained well below normal levels in August. Overall, sales were down 34% on average.
- Association analysis shows that the foodservice industry has lost \$165 billion in revenue March–July and is on track to lose \$240 billion this year.
- Our research estimates that for 2020, at least 100,000 restaurants will close, but the initial scope of closures won't be known until government statistics are released in the months ahead.

KRHA House Financial Testimony
February 3, 2021
Page 2 of 2

- 60% of operators say their restaurant's total operational costs (as a percent of sales) are higher than they were prior to the COVID-19 outbreak.
- On average, restaurant operators say their current staffing levels are only 71% of what they would typically be in the absence of COVID-19.
- In a recent [consumer survey](#), 56% of adults said they are aware of a restaurant in their community that permanently closed during the pandemic.

Customers have changed their habits to conform to the new movement and spacing practices. To the extent state laws are barriers to our ability to provide customers with the service they desire, we would encourage reform. We hope to get these bills in front of the committee at the appropriate time.