KANSAS ASSOCIATION OF BEVERAGE RETAILERS

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WE SUPPORT KANSAS BUSINESSES

Kansas' more than 750 liquor stores are owned by Kansans. Every liquor store in your community is owned by a neighbor. The fact is – Main Street businesses do business with other main street businesses. When asked, local retail liquor store owners can share a list of Kansas businesses supported by their store. Typically, liquor stores bank locally, use local insurance agents, accountants and contractors. As the foundation of the Kansas economy, small businesses need each other.

The following are important facts about Main Street businesses that will be closed if Big Box Liquor Legislation is passed by the Kansas Legislature.

- **Current System Keeps Dollars in Kansas**

  Locally-owned businesses generate 70% more local economic impact per square foot than chain stores. *(Andersonville Study of Retail Economics)*

  3 times as much money stays in the local economy when you buy goods and services from locally owned businesses instead of large chain stores. *(Economic Impact of Locally Owned Businesses vs. Chains)*

- **Passage of Big Box Liquor legislation will close more than 40% of the locally owned liquor stores.**

  According to one Fiscal Analysis developed by the Distilled Spirits Council of the United States, the loss in beer and spirits sales would put many Kansas-owned stores out of business:

  "...grocery and convenience stores will be able to sell comparatively low volumes of ...beer profitably."

  "Accounting for both the lost spirits sales and the lost beer sales, total package store revenues would decline from $461.3 million to $254.6 million - a 45% reduction."

  "Clearly, not all businesses could withstand a 46% decline in revenues. As a result, we would expect a decline in the number of package stores...The $254.6 million in total package sales would support a total of 509 package stores. Thus, 217 package stores are projected to go out of business. Naturally, as the number of package stores declines, the availability of spirits declines as well."

  A Colorado study predicted 40% of the liquor stores would go out of business in the first three years. (Summit Economics, Colorado Springs) This was a study that examined the impact of deregulating the sale of Strong Beer only – and did not consider the impact of putting wine and spirits on the Big Box shelves.

- **Kansas should not pull the rug out from Kansas businesses that have made their investments based on the current rules.**

  Kansas' current retail liquor system has been in place since its creation in the late 1940s. The current system is very competitive. Every Kansan who has invested in a retail liquor store has done so with a promise from the state that they were investing in a highly regulated business operating under rules established by the state. Dramatic change to the current system undermines these investments. Kansas should continue to respect - and appreciate - that investment. All independent businesses must adapt to change – but the proposed legislation will effectively change wise investments into ruin. For many owners, the liquor store is their nest egg, their retirement. For many, this change would dramatically decrease the value of those businesses virtually overnight.

- **Kansas liquor laws are not out of touch, nor are we out of date.**

  Every state has different retail liquor laws, and each system is different. Many states differentiate between the sale of alcohol by packaged stores vs. convenience and grocery stores.

  Some states do not allow the sale of refrigerated alcoholic beverages in retail outlets. These are control states - which only allow the state to sell spirits and/or wine. It is not correct to paint Kansas as the most regulated of states and it is certainly not correct to call Kansas' liquor laws outdated.

  Kansas has a model system: it has found a balance between the desires of those who would expand access and availability versus those who would prefer a model closer to a return to prohibition.

- **Main Street Can't Compete Against the Big-Box stores - A Practical Reason Why**

  The average liquor store in Kansas is 3,000 square feet or less. Big Box proponents say they would allow current liquor store owners to sell other products. **BUT WHERE WILL THEY PUT THEM?**

  Many of these stores are landlocked or in areas where zoning and permitting make it impossible to expand. It's not about not wanting to compete – it's about not being able to compete!

  Big-box stores will simply clear off a few shelves and add liquor to their regular inventory, with no concerns about space.

  If a current liquor store owner wants to move or expand, lending to small businesses is at record lows. Especially in rural communities! And upon passage of this legislation, the state of Kansas is telling every banker in Kansas half of these stores are going out-of-business, making them a poor investment.

  Having the ability to sell other products is not the issue. Having nowhere to put them - and no lending options to expand - is a practical problem this legislation ignores.

- **Kansans First**

  

  It is the function of a legislature to look out for its citizens - including small business owners. Allowing out-of-state companies to unnecessarily put Kansans out of business is contrary to the function of state government.

  It is the job of the legislature to ensure hundreds of small businesses stay in business and thousands of Kansans do not lose their higher-wage jobs.

  It is the job of the legislature to ensure that locally-owned businesses continue to succeed because more of their money stays in our economy, compared to out-of-state chain stores which ship dollars out of state.

  There is nothing wrong with the Legislature sending the message that it supports the current system - a system which is 100% operated by Kansans and keeps dollars at home.

KABR appreciates the broad support we have enjoyed from our neighbors, vendors and friends. In addition to the devastating effects of this type of legislation on locally owned liquor stores, the bill will reduce sales tax income and licensing income to cities and counties, require a budget increase for the Division of ABC, increase costs of liquor distribution and reduce enforcement of underage access laws. Representatives of many other Kansas owned businesses have stepped up to oppose the bill – including Kansas wineries and craft distillers, bankers and insurance agents. We are happy to share information with anyone who is interested in becoming more educated about the negative impacts of Big Box Liquor. Please do not hesitate to contact us to discuss this or any other issues.