

Kansas Association for Responsible Liquor Laws, Inc.
Kansas Wine & Spirits Wholesalers
Kansas Association of Beverage Retailers
Keep Kansans In Business

An Open Letter to Members of the Kansas Legislature
April 21, 2015

Dear Members of the Kansas Legislature:

The four leading trade associations opposed to Uncork's legislative initiatives to transform the state's regulatory framework for the sale of intoxicating liquors have joined together to provide you with information on legislation that is likely to be brought forth during the Veto Session from Uncork.

Uncork's major effort this year was to seek passage of HB 2200 in the House. That bill would allow grocery stores and big box retailers to sell liquor, wine and spirits after securing a retailer's license as provided for under the bill and allow any entity qualified to sell CMB to sell strong beer, some of which have an alcohol content of more than ten percent (i.e., 3 or 4 times the alcohol content of a single can or bottle of CMB). There are currently 1,775 CMB retailers in Kansas, according to ABC, and under Uncork's bill, 18-year olds can sell these strong beer products. While HB 2200 made it out of committee, the bill languished on G.O. and was eventually referred back to House Commerce.

After threatening to seek amendments to unrelated liquor bills scheduled to run on the Senate floor, Uncork supporters were allowed to introduce a new bill, which was held for hearings in the Senate Committee on Federal and State Affairs (SB 298). The Committee has taken no action on a bill that would allow for Uncork's agenda to be implemented through a county option scheme (i.e., county resolution or petition/vote). SB 298 would allow grocery stores to begin selling liquor products immediately after a resolution were passed by acquiring the license of one of the three closest retailers to their store (i.e., no 3-year waiting period as contained in HB 2200).

We believe it is bad public policy to allow for a patchwork regulatory framework for the sale of intoxicating liquors in our state that is way outside the norm for the sale of such products anywhere else in the country. Consumers will be confused; enforcement will be inconsistent; and, the bill is highly detrimental to responsible retailers who have operated under existing laws for more than sixty years.

As we noted in testimony, 30 states prohibit the sale of spirits in grocery stores, which confirms it is not common practice to allow for the sale of hard liquor in grocery stores and big box retailers. During Senate hearings, an Uncork representative indicated their bill was not like any other state's act. In fact, Kansas liquor laws are very similar to laws found in other states and they are amended every year to address changes requested by Kansans and the liquor industry. They are not antiquated or out-of-date.

Uncork suggests a local vote is local control. Maybe so, but that doesn't make it good public policy. Take for instance the recent vote in the City of Wichita to reduce penalties for first time marijuana users. While that initiative was approved by the voters, the ordinance has drawn strong criticism from the law enforcement community and others who see this in conflict with the state's role in regulating the use of controlled substances. Like it or not, although not a "controlled substance," the sale of intoxicating liquors since post-prohibition has been restricted by the State of Kansas in regard to its sale, marketing and consumption due to the potential for devastating consequences of misuse and abuse of these adult-only products as well as enforcement of state regulatory and tax laws.

Kansas has a representative form of government. We do not have initiative and referendum. Legislators are elected to make difficult decisions for the betterment of their constituents and the citizens of Kansas. Delegation of the question as to the appropriate venue for the sale of intoxicating liquors effectively gives control over such decisions to Uncork based upon where they see the most financially-beneficial opportunities. No one can seriously believe retailers or local citizens opposed to the sale of liquor products in non-adult only establishments can withstand the onslaught of advertising and get out the vote efforts of the grocery stores and big box retailers, which means Uncork gets what it wants simply through another means than passage of a bill by the Kansas Legislature.

Legislators are not blind to the impact of Uncork's legislative proposals. Hundreds of Kansas retailers who have responsibly partnered with the State of Kansas for more than sixty years for the sale of intoxicating liquors will be put out of business in favor of some of the largest corporations in the world – Kroger/Dillon's, Wal-Mart, Hy-Vee, QuikTrip, Casey's and others. Uncork's own study from 2011 that they still cite today confirms that prediction. And with Uncork's success, we will also see the exportation of millions of dollars in profits, not to mention the impact on Kansas businesses that service the 750 +/- licensed retailers, including attorneys, advertising companies, accountants and service industries.

We cannot close our letter without commenting on Uncork's "free market" rhetoric, either. Uncork and their supporters use phrases like, "it's time to end the monopoly on the sale of liquor held by retailers." Nothing could be further from the truth. There are 750 retailers in Kansas competing for customers. No individual can own more than one store, making for a highly competitive marketplace for the sale of such products, which benefits the consumer and state regulators.

So, if Uncork members are allowed to become retailers themselves and others are precluded (i.e., drug stores, Dollar stores, etc.), that suddenly becomes a "free market?" Ridiculous. On top of this, Dillon's, Hy-Vee and Wal-Mart all enjoy millions of dollars in preferential tax treatment at many of their store locations in our state through Tax Increment Financing projects, Community Improvement Districts and issuance of Industrial Revenue Bonds by local units of government. Uncork has an interesting definition of "free market"

The State of Kansas has been served well by its existing regulatory framework for the retail sale of intoxicating liquors. Uncork members have decimated the rural and local grocery stores during the past 15-20 years and will do the same to the 750 retailers currently licensed to sell intoxicating liquors if allowed to rewrite state laws in their favor.

On behalf of our respective clients, we urge you to tell Uncork you are not interested in destroying a proven-effective regulatory system for the sale of adult-only products and will stand with Kansas jobs and its retailers. Please do not hesitate to contact any of us if you have questions about this legislation.

Thank you.

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