

KLEAR PRESENTATION – Uncork Kansas January 29, 2012

(NOTE: these are notes – not a transcript. This is the general discussion as we were able to put it in writing. These words should not be considered quotes.)

Dana Knott, Dillon's, Customer Communications Manager

- Lifelong Kansans, 33-year Dillon's employee.
- We believe allowing grocery and convenience stores to sell adult beverages is a free-market issue at its purest level.
- Customers tell us repeatedly they want adult beverages in our stores.
- You must continually change to meet customer demand but the liquor monopoly will not allow us to do that.
- The state of Kansas is mandating a monopoly at the expense of every Kansan who wants a glass of wine with dinner.
- Kansas is only one of a handful of states that limits wine in grocery stores; this can be traced back to the 1800s.
- These laws have been on the books for more than 60 years.
- We see this as an opportunity to expand the market and increase tax revenue.
- Changing the law would allow the liquor store to become a small grocer in rural Kansas.
- There are also rural grocers who can use this product to stay in the market.
- Consumers win when retailer competes – that is the beauty of the free market system KLEAR stands for.
- This goes against the tenants of the free market system.
- Competitors are always courting our customer. Unlike liquor store owners, we face competition from others every day – dollar stores, etc.
- We have had to constantly reinvent ourselves, and they should have to also.
- Based on customer feedback, we believe the majority of consumers want this change.
- Our customers, your constituents, win when this happens.
- We know based on Nebraska and Missouri that people will purchase additional alcohol.
- We pay many taxes (employment, sales, etc) and we spend millions in our investments in our stores and communities in growth. And we support local communities through hundreds of donations to organizations.
- We also contribute millions to the tax rolls.
- This option is much better than raising tax rates; we are looking for ways to fill the hole and instead of raising taxes - ways to increase revenue is a much better alternative.
- In Henderson County, Texas, they allowed grocery stores to sell alcohol and taxes increase by more than 10%.
- We have the ability and technology to regulate; we already sell dry ice, tobacco and prescription drugs. We take this responsibility seriously.
- Many women tell us that they do not feel safe in liquor stores. And mothers don't want to have to take their children into these establishments.
- It's time to modernize liquor laws and change these laws.
- We believe that the consumer should be able to make this choice, not the government.

Rep. DeGraaf: We have a liquor store next to a grocery store, near the mall, etc. I have seen current grocery stores that have asked liquor stores to be next to their store. Why do we need to change traditional laws for the whims of a few?

Knott: I would flip that. My daughter has two children and she has to take them into a separate store, and I don't think she should have to do that. That is not a government decision to make.

Rep. Rubin: Talk about how grocery and convenience stores in border areas are hurt by the ability of Missouri to sell the same product.

Knott: The state loses out on the taxes and revenue when customers cross the border.

Rep. Rubin: Some are concerned about more availability to minors. Can you address that?

Knott: We already sell controlled substances: dry ice, prescription drugs, etc. We have the training and technology to do this, including stops on our registers. People are going to say that it provides access to minors, and we already sell those in Nebraska and Missouri, and we have slim margins. We can't afford to lose inventory, so we have lots of things in place to protect our business as well as prohibit minors and others from getting out of those stores with those products.

Rep. O'Brien: Are you going to make sure the salesperson is over 21, no felony and other regulation?

Knott: We will support however the bill comes out and support whatever those rules and regulations are. We will adhere to those.

Rep. Gonzalez: This will also be open to convenience stores? Are these stores going to do the same thing as you are?

Knott: I can't speak to what those stores are going to do, but I imagine they are going to protect their businesses. They can't afford to have those things walking out of their box.