



KANSAS ASSOCIATION OF BEVERAGE RETAILERS

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Testimony in support of HB 2170 to House Federal and State Affairs Committee
February 2, 2023

Chairman Carpenter and Members of the House Federal and State Affairs Committee,

Thank you for the opportunity to support HB 2170. The Kansas Association of Beverage Retailers supports the bill to align rules governing how distributors provide sampling to retailers with the federal rules.

What is HB 2170? The practices used by beer wine and spirits distributors for product marketing and education to retailers and clubs and drinking establishments are invisible to the public, but important to retailers for learning about new products. This legislation is not written to apply to the product tasting events hosted by retailers for public consumers.

Kansas Administrative Regulation KAR 14-14-6a was implemented in 2003. Since that time, Kansas statutes have been amended many times relating to the adult beverage industry. As one of the participants in the stakeholder process that made changes to the regulations at that time, I recall our efforts to more closely align state regulations with federal regulations to the best of our ability.

The amendments provided in HB 2170 are copied from federal regulations and provide standard quantities of 3 gallons of malt beverage, 3 liters of wine, and 3 liters of distilled spirits. These are maximum quantities and may or may not represent what a distributor will provide to introduce licensees to new products.

It is our understanding that the current limitations provided in the Kansas regulations that prohibit a retailer selling the sample product will remain in effect and products must be new to the licensee's business – in other words, provided as an introduction to the product, not as an illegal incentive. These limitations are important, as the level playing field enforced by the Division of Alcoholic Beverage Control relies on discouraging advantages that might occur between industry tiers.

HB 2170 is primarily a technical change that should be simple to implement.

The members of KABR are grateful to the Kansas Legislature for listening to their concerns over the years about policies that impact the viability of their locally owned small businesses. Your local retailers continue to work to retain customers following the implementation of the 2019 Beer Law, that shifted a large portion of beer sales to grocery and convenience stores. According to the

January 2023 ABC Report to the Legislature, Kansas has 35 fewer licensed liquor stores than reported in 2017. As you can imagine, retailers are also facing issues relating to hiring and retaining good employees. Please do not hesitate to reach out at any time if you have questions.

Please support HB 2170.

Amy A. Campbell
Executive Director

Article 14.—Manufacturers; Distributors; Nonbeverage Users; Farm Wineries; Microbreweries

14-14-6a. Withdrawal of inventory from the warehouse for sampling. (a) Any distributor may withdraw alcoholic liquor and cereal malt beverage inventory from the distributor's warehouse to provide educational opportunities to any of the following types of licensees in the course of business or at industry seminars:

- (1) Retail liquor stores;
- (2) clubs;
- (3) drinking establishments;
- (4) caterers; or
- (5) hotel drinking establishments.

(b) Any distributor may withdraw alcoholic liquor and cereal malt beverage inventory in the course of business to provide licensees with information on new product lines. Any distributor may provide each licensee with one individual bottle or one individual can from a new product line. The distributor shall provide these samples either on the distributor's licensed premises or on the premises of the recipient licensee.

(c) No licensee that receives an individual bottle or can from a distributor in the course of business shall sell the item received. Licensees and distributors shall comply with all other laws pertaining to the possession and consumption of alcoholic liquor and cereal malt beverages.

(d) Alcoholic liquor and cereal malt beverage inventory withdrawn for use at industry seminars shall be for licensees and their employees to sample the distributor's product lines. Each alcoholic liquor sample and cereal malt beverage sample offered by the distributor shall be consumed only on the seminar premises and in accordance with Kansas law. Each distributor shall notify the director, using a form available from the director, at least seven days before conducting an industry seminar.

(e) Each distributor shall pay the liquor enforcement tax on the alcoholic liquor and cereal malt beverage inventory when the inventory is withdrawn from the distributor's warehouse, based on the current posted bottle price or case price. (Authorized by K.S.A. 41-210; implementing K.S.A. 41-709; effective Jan. 3, 2003.)

