STATE OF KANSAS
HOUSE OF REPRESENTATIVES

STATE CAPITOL
300 S.W. TENTH AVENUE
TOPEKA, KS 66612
(785) 296-7640
les.mason@house.ks.gov

DISTRICT OFFICE
108 ARCADIAN CT
McPHERSON, KS 67460
les.jogo@gmail.com

LES MASON
73RD DISTRICT

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What follows is an attempt to create a starting point for possible negotiations between proponents and opponents of HB 2282. While there are credible arguments on both sides, for the purpose of this document, I started with the assumption that has been advanced that brewers may suspend or sharply curtail the production of cereal malt beverage (aka 3.2 beer), in light of recent developments in Oklahoma and Colorado.

If that could be true, I tried to look into the future and envision what would happen if cmb was no longer available in grocery or convenience stores. Consumers would be outraged and would demand immediate action from the legislature. History shows that “immediate action” doesn't always yield the best results.

With that in mind, what follows are some thoughts that I had developed before turnaround, and some additional thoughts I've had since. Many of these would have been included in a balloon amendment had we worked the bill previously. My hope is that all stakeholders will look at these seriously, determine if any common ground exists, and go from there.

New Sec. 1 c – wording to allow liquor stores to provide home and curbside delivery (possibly a drive-thru window) – must be prepaid with a credit card and ordered via smartphone app, or telephone if the app is not available in consumer's community.

Rationale: to provide a competitive advantage for liquor store owners, providing a service that large retailers are not likely to offer. The prepayment would eliminate potential criminal activity.

New Sec. 1 d (6) – A holder of a liquor retailer's license may sell non-liquor products up to 20% of the retailer's total gross sales. The sales volume of cigarettes, cigars, and other tobacco products would not be included in the 20%.

Rationale: this would hopefully be an offset for the volume reduction that new legislation would most likely create.

New Sec. 1 e – Reads “A wine and beer retailer's license also shall be subject to the provisions of... prohibiting the sale of alcoholic liquor at less than the acquisition cost thereof.” Add:

“Notwithstanding the provisions of K.S.A. 41-729, the minimum retail selling price for retail sales made by a the holder of a beer retailer’s license, shall be computed by adding a minimum markup of not less than twenty percent to the wholesale invoice price to them for that product and brand in the same size container.” (or words to that effect)

Rationale: this would eliminate the concern raised of predatory pricing.

New Sec. 2 – Strike "wine and", and (of course) strike all other references to wine.

Rationale: the intent would be to offer either a "liquor retailer's license" or a "beer retailer's license".

Strike New Sec. 2 b (1)&(2). Language, as introduced, would have allowed grocery and convenience stores to resell to caterers and clubs.

Rationale: reserve the ability for club and catering sales to only liquor store owners.

Section 5 c – ""Beer" would be redefined to mean a beverage.... containing more than 3.2% alcohol by weight***, and less than 7.5% by weight***"

Rationale: this would allow c-stores, grocery stores, and big box to carry major volume brands, while reserving craft, IPA, etc. for liquor stores.

Sec. 9 k – The annual license fee for a liquor retailer's license would be $500.00; for an annual beer retailer's license, the following fees based on that square footage of a given store:

Up to 10,000 sq ft – $2500.00

10,001 to 50,000 sq ft – $5000.00

50,001 and over – $10,000

Rationale: two things...to make licensing proportional to potential sales, while providing revenues to the state.

Four possible additional components for discussion:

If wine remains in the bill, then a "convenience fee" could apply to the sale of wine.

Consider a trigger mechanism, similar to that proposed in HB 2718 from the 2016 session -- in the event that brewers discontinue or sharply curtail the production of "3.2 cmb".

If brewers do sharply curtail, but not end, the production of "3.2 cmb", allow holders of either retailer's license to sell those "3.2 cmb" products, plus zero alcohol (O'Doul's, etc.), as well.

To avoid supply line disruption, allow "3.2 cmb" license holders to buy and sell higher point beer (under 7.5%) until such time that ABC can re-license with the new beer retailer's license.