

KANSAS ASSOCIATION OF BEVERAGE RETAILERS

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February 13, 2017
Senate Assessment and Taxation Committee

Chair Tyson and Committee Members:

Thank you for the opportunity to speak to you today regarding the Governor's Revenue Proposal to increase the liquor enforcement tax rate from 8% to 16%. The Kansas Association of Beverage Retailers opposes this proposal.

All of our members of Kansas taxpaying citizens. Many of our members are lifelong residents of Kansas. We appreciate the challenges facing the state today and understand the need to make tough decisions regarding the budget. However, the enforcement tax increase proposal would be damaging, not only to us personally, but to the industry as a whole, especially in the counties bordering on Missouri.

The revenue estimate in the Governor's Budget Report assumes that doubling the enforcement tax will cause the loss of sales – either to Missouri or to consumers selecting less expensive products. The predicted revenue increase assumes we would lose \$95 million in sales at the retail liquor store level in 2018. We are unable to comprehend the logic of giving away \$95 million in sales to gain \$52.3 million in taxes. This will be especially devastating to the retailers and their employees within driving distance of Missouri, but it will also affect stores statewide. Depending on how you view the numbers, that \$95 million could represent 50 to 100 jobs.

Kansas taxes liquor products three times. The gallonage tax is paid at the wholesale level, the liquor enforcement tax is paid at the off-premise retail level (liquor stores), and the liquor drink tax is paid at the on-premise level – at our restaurants, bars, and events. Because Kansas consumers pay a tax on a tax on a tax, there is an exponential increase at the end of the line. Every glass of wine enjoyed at a restaurant, every beer enjoyed at Sporting KC, and every cocktail enjoyed at the Legends pays the 10% drink tax calculated on top of the 8% liquor enforcement tax, calculated on top of the gallonage tax. How can we compare to neighboring states who simply add a sales tax on top of a gallonage tax?

Statistically, 50% of the off-premise liquor sold in Kansas is sold within 80 miles of the Missouri state line. See chart. This has been a reliable stable source of revenue to Kansas - revenue that consistently comes in at predicted numbers. This means that

there are Kansans willing to ignore the lower tax rates in Missouri and buy their beer, wine and spirits in Kansas, but we must be conscious of the risk.

The larger the disparity in prices becomes between Missouri and Kansas, the more customers will migrate across the state line. The Kansas resident, even the many who want to support their local businesses, will drive the short distance for what could be a considerable savings. Missouri offers lower taxes on liquor, on food, on fuel, and on tobacco products. Missouri retailers are thrilled with this proposal.

I am here to speak on behalf of the 761 Kansas owned independent small businesses licensed to sell packaged liquor, but ultimately, this bill is about our customers.

The cost of increased taxes will be paid by our customers, those who choose to remain loyal to Kansas businesses. It is for them and all of the thousands of people in the state of Kansas that rely on our industry for their livelihood, we ask you to oppose the liquor enforcement tax increase.

Respectfully submitted by Aaron Rosenow, KABR Board of Directors
 Vern's Retail Liquor, Topeka, rosenowad@gmail.com
 Or contact Amy Campbell, Executive Director at campbell525@sbcglobal.net

County	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
Allen	\$ 187,145.25	\$ 195,940.28	\$ 205,098.42	\$ 210,619.86	\$ 225,304.33
Anderson	\$ 107,500.94	\$ 107,360.49	\$ 107,390.64	\$ 117,942.10	\$ 127,708.66
Atchison	\$ 105,942.85	\$ 106,369.13	\$ 153,495.03	\$ 116,237.91	\$ 111,928.56
Barber	\$ 94,289.07	\$ 103,140.50	\$ 123,651.65	\$ 140,221.58	\$ 144,243.23
Barton	\$ 462,947.03	\$ 486,366.67	\$ 494,923.72	\$ 529,152.06	\$ 529,433.87
Bourbon	\$ 165,551.98	\$ 166,771.81	\$ 167,348.70	\$ 172,913.06	\$ 177,154.19
Brown	\$ 172,684.27	\$ 170,682.17	\$ 184,549.01	\$ 188,419.65	\$ 195,921.77
Butler	\$ 836,639.50	\$ 878,717.98	\$ 874,957.43	\$ 898,446.09	\$ 910,869.98
Chase	\$ 36,499.49	\$ 38,236.28	\$ 44,041.07	\$ 48,959.93	\$ 50,881.88
Chautauqua	\$ 36,768.89	\$ 33,702.58	\$ 37,374.85	\$ 36,196.57	\$ 35,974.43
Cherokee	\$ 179,775.89	\$ 196,717.48	\$ 180,523.90	\$ 156,981.43	\$ 175,682.12
Cheyenne	\$ 31,459.62	\$ 34,028.16	\$ 38,085.28	\$ 41,900.50	\$ 43,098.42
Clark	\$ 19,085.00	\$ 17,858.00	\$ 20,398.00	\$ 20,825.00	\$ 19,449.81
Clay	\$ 128,163.60	\$ 134,841.29	\$ 133,825.70	\$ 132,603.39	\$ 130,981.48
Cloud	\$ 133,155.21	\$ 138,308.92	\$ 144,096.10	\$ 148,947.36	\$ 147,159.46
Coffey	\$ 96,776.76	\$ 105,685.36	\$ 105,183.23	\$ 117,109.76	\$ 128,881.32
Comanche	\$ 13,587.74	\$ 15,061.16	\$ 8,549.50	\$ 34,017.82	\$ 34,642.72
Cowley	\$ 587,817.82	\$ 624,261.04	\$ 627,844.44	\$ 674,375.55	\$ 673,309.85
Crawford	\$ 667,708.70	\$ 685,066.06	\$ 733,438.56	\$ 750,105.66	\$ 757,356.53
Decatur	\$ 40,088.57	\$ 42,116.07	\$ 44,431.55	\$ 46,425.02	\$ 48,071.21
Dickinson	\$ 316,153.89	\$ 339,723.28	\$ 349,344.72	\$ 351,357.91	\$ 358,300.61
Doniphan	\$ -	\$ -	\$ -	\$ -	\$ -
Douglas	\$ 3,380,775.90	\$ 3,485,537.09	\$ 3,652,108.96	\$ 3,716,270.90	\$ 3,852,957.68
Edwards	\$ 51,010.23	\$ 52,730.24	\$ 57,372.79	\$ 59,968.96	\$ 60,829.00
Elk	\$ 10,408.06	\$ 14,673.07	\$ 19,434.60	\$ 17,797.31	\$ 21,313.59
Ellis	\$ 730,681.54	\$ 796,092.07	\$ 839,780.31	\$ 875,068.49	\$ 874,972.39
Ellsworth	\$ 92,140.21	\$ 94,769.95	\$ 99,238.49	\$ 94,643.84	\$ 98,828.50
Finney	\$ 682,098.92	\$ 732,733.72	\$ 787,473.37	\$ 807,986.26	\$ 848,806.91
Ford	\$ 802,833.59	\$ 833,950.20	\$ 857,577.67	\$ 880,498.51	\$ 912,025.96
Franklin	\$ 378,510.22	\$ 388,218.53	\$ 416,847.57	\$ 432,729.52	\$ 456,826.87

Geary	\$ 580,146.82	\$ 566,888.79	\$ 634,245.71	\$ 580,029.14	\$ 564,590.64
Gove	\$ 25,720.03	\$ 26,731.63	\$ 28,972.16	\$ 33,850.01	\$ 37,080.97
Graham	\$ 42,776.23	\$ 43,220.24	\$ 44,692.17	\$ 45,849.10	\$ 48,787.95
Grant	\$ 150,463.18	\$ 145,547.69	\$ 139,018.94	\$ 138,214.28	\$ 145,709.75
Gray	\$ 36,542.32	\$ 41,692.91	\$ 48,529.56	\$ 55,164.03	\$ 61,778.16
Greeley	\$ 16,970.39	\$ 16,283.17	\$ 18,708.06	\$ 20,817.49	\$ 23,266.57
Greenwood	\$ 95,131.12	\$ 88,806.09	\$ 102,291.39	\$ 104,021.96	\$ 111,950.16
Hamilton	\$ 39,618.88	\$ 42,957.01	\$ 44,120.65	\$ 47,494.66	\$ 51,878.07
Harper	\$ 105,726.24	\$ 111,074.01	\$ 122,559.17	\$ 136,349.29	\$ 136,312.61
Harvey	\$ 416,792.14	\$ 432,190.52	\$ 468,690.55	\$ 515,505.42	\$ 540,786.64
Haskell	\$ 47,516.73	\$ 51,073.93	\$ 52,909.87	\$ 53,374.89	\$ 52,756.59
Hodgeman	\$ -	\$ 2,405.68	\$ 16,069.53	\$ 16,731.98	\$ 13,083.37
Jackson	\$ 149,502.53	\$ 142,577.32	\$ 144,529.96	\$ 139,578.62	\$ 134,319.88
Jefferson	\$ 204,764.69	\$ 221,825.82	\$ 230,608.38	\$ 230,542.92	\$ 240,282.73
Jewell	\$ 10,677.17	\$ 19,418.83	\$ 24,259.72	\$ 25,126.91	\$ 26,022.86
Johnson	\$ 11,571,747.64	\$ 12,010,169.03	\$ 12,171,179.17	\$ 13,004,024.09	\$ 13,884,608.16
Kearny	\$ 49,230.76	\$ 49,151.56	\$ 50,949.36	\$ 51,800.33	\$ 52,965.83
Kingman	\$ 89,607.48	\$ 92,003.01	\$ 97,054.88	\$ 110,531.80	\$ 111,978.84
Kiowa	\$ 26,556.83	\$ 25,142.96	\$ 31,194.12	\$ 30,769.64	\$ 31,930.99
Labette	\$ 329,571.89	\$ 286,985.68	\$ 283,522.74	\$ 293,355.05	\$ 295,433.47
Lane	\$ 36,991.64	\$ 38,978.18	\$ 36,937.33	\$ 41,292.61	\$ 43,786.18
Leavenworth	\$ 789,396.25	\$ 817,026.37	\$ 816,324.17	\$ 879,857.31	\$ 970,437.12
Lincoln	\$ 44,169.58	\$ 45,625.90	\$ 46,492.13	\$ 44,938.41	\$ 46,242.56
Linn	\$ 83,329.59	\$ 81,931.03	\$ 89,716.88	\$ 103,756.70	\$ 111,504.74
Logan	\$ 45,952.88	\$ 49,928.82	\$ 56,318.80	\$ 57,986.98	\$ 54,913.67
Lyon	\$ 542,397.43	\$ 563,718.84	\$ 568,996.75	\$ 604,345.12	\$ 630,493.23
Marion	\$ 122,558.97	\$ 129,937.87	\$ 137,882.73	\$ 144,093.12	\$ 143,777.52
Marshall	\$ 141,037.27	\$ 145,396.95	\$ 161,642.36	\$ 159,880.84	\$ 165,393.52
McPherson	\$ 387,854.28	\$ 414,294.41	\$ 417,337.37	\$ 444,115.89	\$ 495,079.99
Meade	\$ 27,013.37	\$ 33,051.82	\$ 46,038.32	\$ 62,192.38	\$ 68,016.38
Miami	\$ 445,254.16	\$ 457,444.20	\$ 467,400.92	\$ 493,582.65	\$ 530,150.34
Mitchell	\$ 159,160.10	\$ 158,896.41	\$ 163,310.29	\$ 168,851.07	\$ 184,625.54
Montgomery	\$ 729,600.06	\$ 748,678.47	\$ 765,762.81	\$ 791,939.00	\$ 803,209.28
Morris	\$ 98,643.95	\$ 100,157.81	\$ 100,067.64	\$ 96,873.48	\$ 97,584.80
Morton	\$ 55,352.14	\$ 64,482.14	\$ 63,573.72	\$ 67,304.72	\$ 70,265.02
Nemaha	\$ 164,554.04	\$ 168,515.38	\$ 177,356.20	\$ 180,085.43	\$ 200,464.67
Neosho	\$ 220,961.09	\$ 230,099.90	\$ 241,586.82	\$ 254,956.29	\$ 273,506.94
Ness	\$ 29,888.51	\$ 35,081.02	\$ 37,182.03	\$ 40,978.67	\$ 41,749.09
Norton	\$ 88,561.87	\$ 75,348.65	\$ 81,504.21	\$ 86,636.16	\$ 89,162.59
Osage	\$ 248,332.78	\$ 260,471.10	\$ 276,157.98	\$ 287,785.13	\$ 295,109.06
Osborne	\$ 55,350.95	\$ 60,389.35	\$ 64,045.92	\$ 70,817.69	\$ 75,886.70
Ottawa	\$ 45,679.55	\$ 49,853.61	\$ 53,889.10	\$ 55,019.28	\$ 58,667.57
Pawnee	\$ 74,369.07	\$ 86,408.51	\$ 91,038.00	\$ 101,119.57	\$ 100,679.49
Phillips	\$ 81,415.01	\$ 83,396.84	\$ 89,363.87	\$ 92,957.56	\$ 93,684.18
Pottawatomie	\$ 431,194.33	\$ 476,467.21	\$ 517,422.74	\$ 546,952.79	\$ 569,329.95
Pratt	\$ 183,580.18	\$ 191,463.92	\$ 211,235.23	\$ 221,052.51	\$ 233,709.44
Rawlins	\$ 43,760.16	\$ 41,961.44	\$ 43,306.85	\$ 45,891.31	\$ 46,895.88
Reno	\$ 945,896.28	\$ 1,071,227.98	\$ 1,119,818.23	\$ 1,139,681.59	\$ 1,156,904.06
Republic	\$ 67,025.80	\$ 69,114.27	\$ 70,618.03	\$ 68,870.79	\$ 71,508.34
Rice	\$ 120,525.42	\$ 129,800.24	\$ 128,419.82	\$ 136,585.80	\$ 136,772.73
Riley	\$ 1,554,190.34	\$ 1,598,255.13	\$ 1,554,775.84	\$ 1,647,286.63	\$ 1,722,070.49
Rooks	\$ 104,865.22	\$ 108,832.88	\$ 117,207.59	\$ 116,876.91	\$ 119,943.00
Rush	\$ 43,209.17	\$ 42,230.56	\$ 46,013.37	\$ 48,692.78	\$ 50,704.52
Russell	\$ 125,751.89	\$ 138,992.98	\$ 147,092.54	\$ 157,973.40	\$ 162,867.96
Saline	\$ 1,312,585.19	\$ 1,323,334.45	\$ 1,383,172.93	\$ 1,368,385.98	\$ 1,422,801.89
Scott	\$ 94,686.73	\$ 97,583.50	\$ 106,298.01	\$ 108,989.44	\$ 111,267.25

Sedgwick	\$ 11,275,633.99	\$ 11,448,005.67	\$ 11,773,466.80	\$ 12,543,801.03	\$ 13,061,132.55
Seward	\$ 444,957.80	\$ 468,322.02	\$ 497,874.81	\$ 507,947.25	\$ 517,400.49
Shawnee	\$ 4,042,110.54	\$ 4,153,049.44	\$ 4,273,587.83	\$ 4,347,040.84	\$ 4,479,979.61
Sheridan	\$ 28,138.26	\$ 28,738.35	\$ 29,157.27	\$ 35,684.28	\$ 35,020.37
Sherman	\$ 112,319.52	\$ 117,727.59	\$ 126,831.44	\$ 126,187.38	\$ 132,386.43
Smith	\$ 48,327.61	\$ 47,769.01	\$ 46,790.36	\$ 48,795.47	\$ 47,446.07
Stafford	\$ 34,064.26	\$ 36,555.82	\$ 37,184.65	\$ 39,942.69	\$ 41,306.20
Stanton	\$ -	\$ -	\$ -	\$ -	\$ -
Stevens	\$ 75,948.11	\$ 75,693.95	\$ 84,576.66	\$ 97,109.77	\$ 116,808.22
Sumner	\$ 263,533.75	\$ 267,318.49	\$ 277,458.61	\$ 277,445.44	\$ 289,790.34
Thomas	\$ 153,838.15	\$ 194,815.10	\$ 212,169.44	\$ 222,003.24	\$ 215,811.04
Trego	\$ 46,254.60	\$ 48,798.68	\$ 47,864.89	\$ 53,322.21	\$ 55,032.32
Wabaunsee	\$ 45,882.60	\$ 47,227.17	\$ 43,763.43	\$ 44,414.01	\$ 49,467.63
Wallace	\$ 23,292.39	\$ 26,037.50	\$ 27,925.94	\$ 33,203.13	\$ 36,124.67
Washington	\$ 37,232.63	\$ 42,198.69	\$ 47,696.14	\$ 49,952.43	\$ 49,265.15
Wichita	\$ 31,397.65	\$ 31,186.24	\$ 32,666.80	\$ 34,304.88	\$ 34,746.56
Wilson	\$ 117,961.02	\$ 118,675.09	\$ 121,896.57	\$ 123,847.40	\$ 132,623.00
Woodson	\$ 32,513.11	\$ 27,005.08	\$ 34,323.58	\$ 36,866.56	\$ 38,982.82
Wyandotte	\$ 3,310,575.61	\$ 3,399,181.57	\$ 3,540,756.90	\$ 3,647,143.94	\$ 3,774,570.07
Total	\$ 54,406,340.66	\$ 56,202,489.06	\$ 58,013,791.00	\$ 60,659,471.55	\$ 63,275,498.80
				counties within 80 miles of border =	\$ 32,040,119.37