



Kansas Beer Wholesalers Association

Jason Watkins, Executive Director

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Dear (Name of Liquor Store Owner),

Last week you received a letter from Standard Beverage Corporation regarding a bill, S.B. 458, supported by the Kansas Beer Wholesalers Association. I will reserve comment regarding the truthfulness and intent of their communication. However, I do think it is important that I set the record straight and communicate with you directly regarding the legislation, its origin and the Kansas Beer Wholesalers Association's commitment to you.

Rumors about how long brewers would continue to make 3.2 percent beer (CMB) have long plagued our industry. Recent actions in Oklahoma and Colorado have prompted the Kansas Beer Wholesalers Association to take a more serious look at how efforts in those states could impact the business we conduct in Kansas.

This November, voters in both Colorado and Oklahoma are likely to have the opportunity to decide if they want to purchase regular strength beer and wine in grocery and convenience stores. In Oklahoma, favorable passage of the legislation would remove 3.2 percent beer from shelves possibly beginning as early as January 1, 2017.

What is a reasonable public policy change to address a significant market disruption caused by other states? It was recommended by one industry partner to do nothing because the Governor would call a special session to address the issue. On the other end of the spectrum, some are advocating an immediate strong beer law. Neither are attractive options because neither will happen and neither addresses our concern of creating a orderly transition contingent upon a marketplace disruption.

To best address potential policy changes in Oklahoma and its impact on the marketplace, members of the Kansas Beer Wholesalers Association recently decided to introduce legislation that would allow Kansas cereal malt beverage (CMB) retailers to sell regular strength beer IF market changes beyond our control resulted in a significant reduction or discontinuation of 3.2 percent beer production.

It is important that you know that we delayed introduction of the legislation until it was clear that the bill in Oklahoma was advancing. Also, despite assertions to the contrary the Kansas Beer Wholesalers Association has never supported any of Uncork Kansas' bills. In fact, I personally offered testimony against Uncork legislation just last year. I would submit to you that SB 458 is not what Uncork Kansas wants and is far from what they are pushing.

Regardless, I understand this legislation holds interest to you and wanted to put forth this information to address any questions you might have regarding SB 458.

Most notably, **if nothing about the current system changes, Kansas beer laws won't change.** The bill is implemented only in the event of significant reduction or discontinuation of CMBs. Should brewers quit making or reduce production of CMB, the Alcohol Beverage Control Director could issue regular strength beer licenses to existing CMB retailers. This action would permit the legal sale of beer stronger than 3.2 percent in locations where CMB products are currently sold.

The fact that business could change for all of us is an uncomfortable feeling, but not something we felt prudent to ignore. Kansas Beer Wholesalers value each of their customers and must work to make sure our ability to operate our businesses is not compromised by action or inaction of policymakers.

The KBWA is committed to communicating with you in an open and completely honest manner. We also stand ready to work with you and your trade representatives in every way possible. I know many of our retail partners have been in close contact with their local distributors. I would encourage you to continue that dialogue. I am also more than happy to speak with you regarding SB 458 and the recent developments precipitating its introduction.

Jason Watkins
Executive Director
Kansas Beer Wholesalers Association