

**TESTIMONY**

TO: The Honorable Marvin Kleeb, Chair  
And Members of the House Commerce, Labor and Economic Development Committee

FROM: Whitney Damron  
On behalf of the Kansas Association for Responsible Liquor Laws, Inc.

RE: HB 2556 Alcoholic beverages; expanding the eligibility and privileges  
of retailer's licenses.

DATE: February 19, 2014

Good afternoon Chairman Kleeb and Members of the House Committee on Commerce, Labor and Economic Development. I am Whitney Damron and I appear before you today on behalf of the Kansas Association for Responsible Liquor Laws, Inc., in opposition to HB 2556. KARLL is a retailer organization and our membership list is attached to my testimony.

Also included with my testimony is a comprehensive document that provides a summary of this legislation highlighting a great number of concerns our members have, including commentary on the implementation schedule, ownership issues, youth access, regulatory issues and alcohol enforcement. I hope you will take time to read that information before taking action on this legislation.

In the interests of time, I would like to focus my comments on what I believe to be some of the stark realities that will come about if this legislation is approved, including who will be the winners and who will be the losers.

I believe most people understand passage of this legislation will not markedly increase alcohol sales in Kansas. Therefore it is logical to assume existing sales will simply be reallocated to additional licensees who are able to sell intoxicating liquor products. By Uncork's own study, their legislation would lead to the closure of more than half of the state's retailers and very likely cripple the remaining stores in the process. Uncork's members include some of the largest companies in the United States, including Wal-Mart, which was the Number One company on the Fortune 500 list in 2013 with nearly \$443.0 billion in revenues last year.

Other companies either in the Uncork Coalition or certain to be in the retail liquor business should HB 2556 pass, (as evidenced by their activities in other states) include:

Hy-Vee	West Des Moines, Iowa	Forbes #46 Private Companies
Kroger/Dillon's	Cincinnati, Ohio	Fortune 500 #23
CVS/Caremark	Woonsocket, RI	Fortune 500 #13
QuickTrip	Tulsa, OK	Forbes #30 Private Companies
Casey's General Store	Ankeny, Iowa	Fortune 500 #392
Costco	Issaquah, Washington	Fortune 500 #22
Walgreen's	Deerfield, Illinois	Fortune 500 #37

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HB 2556 was carefully written by Uncork for the benefit of their members.

Uncork suggests their bill “freezes liquor licenses for ten years” upon its enactment. By way of information for the Committee, there are approximately 750 retailers in Kansas today and that number has not changed significantly in the past decade. Freezing the number of licenses is simply a way for the sponsors of this legislation to insure once they get their license, others cannot enter the market (Class A License).

The major grocers will move quickly to secure a license from an existing retailer within their county, who will most likely be the most unprofitable, poorly run store who’s owner has failed to keep up with the times and is simply looking to grab the golden ticket dangled in front of them by the Willy Wonka of retail – the big grocery stores.

Two years after enactment of their bill (July 1, 2017), the CMB market is effectively eliminated, as any qualified licensee can begin to sell “beer,” which includes strong beer and high alcohol content beer (Class A License). There are no limits on the number of licenses, so while the number of retailers are capped, the number of locations that can sell a product currently restricted to a retail liquor store is now unlimited.

By 2020, these same beer licensees (and any other qualified licensee) can also sell wine (Class B License). Once again, products currently sold only by retail liquor stores make their way onto the shelves of grocery and convenience stores, pharmacies and any other qualified licensees. But remember, we have capped the number of liquor stores...

By 2024, we go back in time to the wild, wild west with no limit the number of retailer licenses, which by this time will make little difference to the hundreds of currently-licensed retail liquor store owners who will be put out of business in favor of literally thousands and thousands of locations that will be allowed to sell hard liquor, strong beer and wine.

This bill is carefully designed to implement the Uncork Agenda, which is to take control over the sale of intoxicating liquors in our state and export profits to places like Bentonville, Cincinnati, West Des Moines and Tulsa regardless of who pays the price for their never-ending search for profit and margin.

Proponents suggest “free market principles” should rule the day. Setting aside the arguments for a moment about whether the sale of intoxicating liquors should be marketed and sold in every grocery and convenience store, pharmacy, dollar store and any other location able to qualify for a license, let’s take a look at what happens to the economy of retail liquor stores.

Proponents suggest current retailers can begin selling non-liquor products, such as potato chips, cigarettes and pop.

First of all, most liquor stores are sized to meet their need for selling liquor products; they do not have aisles and aisles of shelf space available to stock and sell such products. Furthermore, does anyone believe after more than 60 years of a prohibition on selling any non-alcohol products that an individual retailer can compete against the big box grocery stores and chain convenience stores? These companies have national agreements with all of the major suppliers for shelf space, incentive payments, marketing and other discounts. A mom and pop liquor store wanting to shoehorn cigarettes, pop and chips simply will not have the same opportunities with Marlboro, Frito Lay and Coca-Cola that Kroger/Dillon’s, Wal-Mart, Hy-Vee and QuickTrip have. They don’t call them “supermarkets” for nothing.

If you want to put a face to a name, take a look at the retailers who have located in close proximity to these major grocery stores, as they will be the first to go out of business. Others located within the relevant market area of a grocery store will be next, as grocery stores aggressively fight for their territory, as evidenced by the fact they do not locate close to each other and if they do, in a matter of time only one will remain.

The price to be paid will be high for our state's existing retailers, as by Uncork's own projections, more than half of them will be forced out of business. Careers and the dreams of small business men and women will lie in ruins, hundreds of jobs will be lost if not more, real estate will go vacant, some retailers will go bankrupt, local professionals like accountants, attorneys, advertisers and the like will lose business as will local suppliers like cleaning and janitorial services and the profits of the retailers previously reinvested in their communities and our state will be lost.

But according to Uncork, just look at all the benefits we get: Profits leave Kansas and head to the home office of those who now control the retail sale of liquor, no new jobs and we get 3,000+ liquor stores in our state. Fair trade? I don't think so.

The system of alcohol regulation in Kansas isn't broken. The state of Kansas has carefully crafted its Liquor Control Act over the past fifty years to appropriately regulate the sale of these adult-only products in partnership with retailers, who have responsibly adhered to the states rules and regulations.

On behalf of the Kansas Association for Responsible Liquor Laws, we respectfully ask this Committee not to advance HB 2556 or related legislation that would fundamentally change the regulation of hard liquor, strong beer and wine and our way of life in our state in favor of the out-of-state retail giants at the expense of our Kansas retailers.

Thank you.

WBD  
Attachments

**Kansas Association for Responsible Liquor Laws, Inc.**  
**Whitney Damron**  
**February, 2014**

**Hard Liquor, Strong Beer & Wine in  
Grocery & Convenience Stores, Pharmacies and other Locations.**

**HB 2556**  
**An Act concerning alcoholic beverages; relating to retailer's licenses.**  
**2014 Session**

HB 2556, introduced into the 2014 Kansas Legislature is the latest attempt by the grocery and convenience store coalition called "Uncork Kansas" to radically alter the state's proven effective regulatory framework for the sale of hard liquor, strong beer and wine. If passed in this form or anything close, the State of Kansas will turn its back on more than 50 years of regulatory partnership with its retailers who have sold intoxicating liquor products under a highly-regulated regulatory framework designed to insure compliance with state liquor laws, including preventing access to intoxicating liquor products by minors.

Uncork's 2014 proposal has a few twists and changes when compared to their previous proposals, but the bottom line remains the same: The Uncork Coalition, composed of some of the biggest corporations in the United States want to take over the retail sale of liquor products in order to increase their margins and export profits back to their corporate headquarters, leaving hundreds of retail liquor store owners bankrupt and out of business, a loss of hundreds of jobs and all the while making the sale of hard liquor, strong beer and wine as ubiquitous as the sale of toothpaste, soap, gasoline or milk.

**Overview of HB 2556:**

- **July 1, 2014**      **Number of liquor licenses in Kansas frozen at the number as of this Date for a period of ten years (Class C License).**

Free market principals have led to the licensure of 754 retailers in Kansas and that number has not moved up or down much in the past decade, suggesting consumer needs are being met by existing retailers. Limiting the number of retailers is nothing more than a gimmick by Uncork to protect their market share in the future when only large corporations with deep pockets will be able to secure retailer licenses.

- **July 1, 2015**      **Existing retailer can sell or transfer their license to a qualified liquor, grocery or convenience store, as defined in the bill by NAICS Codes within the county in which they are located.**

Uncork has sent mailers to current retailers that this is their chance to sell their store and infers transfer will be quite lucrative for them. While the big grocery stores may be interested in buying a license within their county, they will seek out the cheapest and most unprofitable retailer to solicit a sale. Most counties have but a handful of grocery stores that will be willing to purchase a license in advance of later dates that open the market even further, making such transfers relatively few in number and the supposed value of any retailer license diminishing by the day as full deregulation gets nearer.

Under HB 2556, a grocery or convenience store that purchases an existing retailer's license and moves it to their store will still be able to sell all of their existing grocery items. However, existing retailers may only sell liquor products and lottery tickets until July 1, 2020.

- **July 1, 2017**      **Strong beer is available to be sold with no limit on the number of locations or on what other products might be available for sale (Class A License).**

Under the bill, "beer" is defined as any beer product with more than 3.2% alcohol by weight (CMB), which means all locations can sell liquor store beer, including high alcohol content beer products.

- **July 1, 2020**      **Strong beer and wine is available to be sold with no limit on the number of locations or on what other products might be available for sale. Retailers will be allowed to begin selling products other than intoxicating liquors (Class B License).**

Licensees will be able to sell all types of beer, including high alcohol content beer and wine products. Retailers will be able to sell non-alcoholic products.

- **July 1, 2024**      **No limit on the number of Retail Liquor Stores (Class C licenses).**

After this date, Kansas can and will have literally thousands and thousands of retail liquor stores.

#### **What the future looks like if HB 2556 is passed for current Kansas Retailers and Kansas:**

Retailers will have about a year to get ready for competition from Wal-Mart/Sam's, Kroger/Dillon's, Hy-Vee, Walgreen's, Costco, CVS/Caremark, Quick Trip, Casey's and the others. Uncork members are eager to buy a license from an existing retailer regardless of cost. These corporate giants will move quickly to secure their relative market area before smaller competitors can act. Most likely, small one-off convenience stores or small C-store chains will not be able to secure (afford) a retailer's license through the process created under HB 2556, so they will wait until July 1, 2017 when they can begin selling strong/high alcohol content beer. This phased-in regulatory scheme was designed by the Uncork coalition to give the maximum benefit to the Big Box Retailers and largest convenience store chains who are more than willing to pay up for a head start over their other eventual competitors.

#### **Wal-Mart/Sam's                      Bentonville, Arkansas**

In 2013, Wal-Mart was the Fortune 500's Number One Company with \$443.9 billion in revenues.

The online Fortune 500 profile of Wal-Mart also went on to say:

*"Beyond the U.S., Wal-Mart continues to investigate allegations that executives in Mexico paid more than \$24 million in bribes to speed the retailer's expansion there. The probe has widened to Brazil, India and China."*

[http://money.cnn.com/magazines/fortune/fortune500/2013/snapshots/2255.html?iid=F500\\_lp\\_arr](http://money.cnn.com/magazines/fortune/fortune500/2013/snapshots/2255.html?iid=F500_lp_arr)  
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Here is a brief listing of other companies either in the Uncork Coalition or certain to be in the retail liquor business should HB 2556 pass, as evidenced by their activities in other states:

Hy-Vee	West Des Moines, Iowa	Forbes #46 Private Companies
Kroger/Dillon's	Cincinnati, Ohio	Fortune 500 #23
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Casey's General Store	Ankeny, Iowa	Fortune 500 #392
Costco	Issaquah, Washington	Fortune 500 #22
Walgreen's	Deerfield, Illinois	Fortune 500 #37

HB 2556 allows corporate licensure even if an investor would be otherwise disqualified from holding a license individually or has had a license previously revoked, convicted of a violation of the Liquor Control Act as long as their ownership interest is less than 25 percent. This exemption ignores the role a bad actor can play in the management and operation of a retail liquor store and is a loophole for criminal elements to be involved in the sale of liquor products.

Retailer licenses purchased by the grocery stores will most likely be the most unprofitable stores who have no way of selling their business due to poor location, bad business practices, enforcement issues or other factors impacting their store's value. A purchase by grocery store will be from the lowest bidder, as stores will try to get retailers to compete against one another to sell out at the lowest price.

Uncork suggests retailers are simply being alarmists in regard to the potential impact on existing retailers. Untrue. HB 2556 will not increase sales, but rather redistribute existing sales to other retailers. No credible study suggests increasing the number of retail liquor outlets in the state will increase consumption; it will merely redistribute existing sales among a larger pool of retailers.

*An Economic Case for Increased Competition in the Sale of Beer, Wine and Spirits in the State of Kansas* by Dr. Art Hall, Director for the Center of Applied Economics at the University of Kansas School of Business indicated that implementation of Uncork's proposal would lead to the closure of more than half of the state's retail liquor stores (2011). This is Uncork's own study!

Uncork suggests the retail liquor stores will be able to compete against the grocery stores. It is difficult to imagine any current retailer has the financial strength to compete against Wal-Mart, Kroger/Dillon's, Quick Trip and the rest of the deep-pocketed members of Uncork. Can anyone seriously believe bankers will willingly loan money to a retailer who needs additional capital to expand their stores and compete against these corporations?

Uncork has also suggested passage of their legislation will lead to a return of the small town grocery store. This is totally unfounded as evidenced by many studies, including a number conducted by Kansas State University, which has done extensive research into the loss of rural grocery stores. In one such comprehensive study, K-State found the "inability to effectively compete against the urban, big box retailers" was the most often cited reason why they went out of business (*USDA RBOG Project: Rural Grocery Sustainability Project*). If rural grocery stores can't compete against big box retailers when neither can sell liquor products, how will they compete against them when both are allowed to sell liquor products? Furthermore, when the urban, big box retailers utilize their deep pockets to buy a retailer license for themselves on or after July 1, 2015, both urban and rural grocers who cannot afford such licenses will get left even further behind.

When the grocery stores are allowed to get a retailer's license, the first casualties will be those who have located their retail liquor stores in close proximity to the grocery stores. Take a look around your communities and you will see that there is a retail liquor store located close to virtually every grocery store and/or major retail shopping area in larger urban areas. Grocery stores certainly won't want to buy these stores – not when they can simply put them out of business through their own market power.

Grocery stores are like neutron bombs: Nothing else can survive within their relative market area. If one compares fast food restaurants, you will notice they generally congregate in close proximity to each other – McDonald's, Wendy's, Burger King, Sonic, etc. Car dealers are much the same way. Drive traffic to the neighborhood and work to get your fair share. Grocery stores don't work that way. Grocery stores aggressively defend their relative market area and are rarely, if ever located close to one another. If they are, sooner or later one will close and cede the market to the other.

A recent phenomenon is the grocery/convenience store combination where the grocery store is the anchor tenant of a retail development and they place their own convenience store up front for the sale of C-store products and motor fuels. That is yet another way they work to secure their market area.

HB 2556 will also allow grocery stores to be wholesalers – selling liquor products to clubs and restaurants. Does anyone believe these national chains won't exploit relationships with national restaurant chains to dominate that business, too?

### **Ownership Structure.**

HB 2556 will allow for multi-store, corporate ownership of retail liquor stores. Our current regulatory system allows a retailer to own but one store (A spouse may be a retailer, too). Corporations are not allowed to own retail liquor stores. Stores must be owned by individuals, partnerships or LLC's. This insures a strong regulatory structure whereby the Director of ABC can have direct control over retailers who are found to be violating the Liquor Control Act and related statutes, rules and regulations. If the ABC Director commands a retailer to cease & desist and travel to Topeka to answer for their actions, you can bet they will comply (e.g., selling to minors). It is hard to believe the Director will have the same kind of influence over the assistant manager over liquor sales at a major grocery store trying to hit the numbers the corporate office has demanded of their store, much less ever get close to the President/CEO's office of the Big Box Retailer in case of any violations of the Liquor Control Act.

Under current law, retailers have to be Kansas citizens and stores are owned by individuals, not corporations or other corporate structures that can obfuscate ownership and frustrate regulatory enforcement. Accordingly, these small business men and women reinvest virtually all profits back into their communities and the State of Kansas. Current retailers utilize the services of Kansas accountants, lawyers, advertising agents, service providers and suppliers. The same certainly cannot be said of the members of Uncork, who are corporate giants and among the largest retailers in the country and all headquartered outside of Kansas. Profits will leave our state electronically just as soon as the sales are made.

### **Minors in Liquor Stores.**

Minors are allowed to make sales of alcohol products (age 18 and over). This is a radical departure from current law, whereby only those age 21 and over can work and sell in retail liquor stores.

HB 2556 allows minors (under age 21) to work on the premises where alcohol products are sold as long as they are under “on premise supervision of either the licensee or an employee of the licensee who is at least 21 years of age or older.” Translation: If the assistant manager in the back room is 21 years of age or older, anyone under age 21 can handle, move or otherwise work around alcohol products.

The Internet is replete with examples of how theft has increased significantly after liberalization of liquor laws by allowing for substantially increased retailers.

Here are comments from one such article after the State of Washington began allowing the sale of hard liquor in grocery stores:

*Surge in liquor thefts must be quelled*  
*Walla Walla Union Bulletin* (editorial)  
July 31, 2013

*...But the increase in thefts is far higher than many anticipated across the state. Local police estimate a 175 percent increase in shoplifting liquor. News reports out of Seattle describe the theft rate as “practically an epidemic.”*

*This has become more than a crime issue, it’s a public safety issue. Minors have easier access to hard liquor such as vodka, whiskey and tequila...*

Felons are prohibited from licensure under the Liquor Control Act from being licensed to sell at retail liquor products (i.e., working at a retail liquor store). Nothing in HB 2556 prohibits the employment of felons in grocery and convenience stores that will be able to sell alcoholic products, only that they cannot conduct the sale.

Let the sampling begin. Grocery stores are big on sampling products as evidenced by all of the food products available down just about every aisle on high traffic shopping days. We can expect to see alcohol tastings alongside these food tastings throughout their grocery stores.

#### **Local Revenue Fund.**

Uncork proposes to have the State rebate three percent of the state’s liquor enforcement tax to local units of government through a formula to make up for their loss of revenue from CMB sales that will diminish when the State licenses thousands of strong beer outlets. Why would the State do this?

CMB enforcement is the responsibility of local units of government who license CMB retailers and on premise establishments that sell CMB. That is why they receive revenues from licensing CMB establishments. HB 2556 will wipe out most CMB sales and manufacturers may pull the products altogether if the bill is passed.

The enforcement of state liquor laws under the Liquor Control Act, which all products sold by retailers fall under is in the purview of the State of Kansas, Division of Alcoholic Beverage Control. Nothing in HB 2556 directs or otherwise authorizes regulation of retailers by local units of government.



Isn't it logical, if not likely that the State will recognize this fact and decide to retain such revenues to pay for its own increased enforcement costs? At that point, not only will local units of government lose revenues, but they will also see a reduction in alcohol enforcement from the State.

### **Regulatory Costs.**

Under HB 2556, over the course of implementation the State will grant thousands and thousands of strong beer licenses and eventually hundreds of beer and wine licenses. Exactly what will this cost and how will the State pay for its increased regulatory burden?

### **Alcohol Enforcement.**

Increasing the number of potential retailers in Kansas by a factor of 400 percent or more would be contradictory to the State's investment into a comprehensive rewrite of DUI laws in 2009-2011 (DUI Commission), which was embodied in SB 6 and approved by the Kansas Legislature in 2011 by votes of 121-0 in the House and 39-0 in the Senate.

Currently, those who do not wish to be around alcohol products have a choice not to enter a retail liquor store. Passage of legislation like HB 2556 will mean alcohol products will become more readily available and virtually impossible for those who do not wish to be around such products to avoid them.

Similarly, the State's enforcement of social hosting laws would appear contrary to making alcohol products more available, particularly in stores where minors and felons are allowed to work and handle liquor products.

### **Future of the Retailer under HB 2556.**

For some retailers, death to their business will be swift. Retailers located in close proximity to a grocery store will be the first to go, as grocery stores quickly move to open their own retail liquor stores within their stores. Retailers located within the relevant market area of a grocery store with a liquor license will begin to feel the effects from large, national advertising budgets, loss-leading marketing strategies designed to get customers in the door (i.e., We all are familiar with Thanksgiving specials – buy a ham, get a free turkey, affinity cards, reward points... etc.).

Retailers that try to compete with the big box stores will find themselves across the desk from skeptical bankers as they seek additional capital to expand their existing stores, if that is even possible. Since most stores are designed for a retailer, they do not have room for cigarettes, chips, groceries and related sundry items.

They will have leases in shopping centers that do not get renewed due to pressure from the anchor tenant grocery store. In other instances, they will be personally liable for long-term leases and ownership of buildings with no buyers once the retail liquor business is taken over by the grocery and convenience store chains.

They are liquor stores and the owners have made a conscientious decision to be a liquor retailer; by and large, they have no interest in selling non-alcohol products and should they enter into this market, they will be faced with competition from the grocery stores and convenience store chains with a national footprint, advertising budgets and marketing teams.

The stores that survive will be by and large out of the way from the big box retailers and large chain convenience stores. The only retailers who will be able to compete head-to-head with the grocery stores are likely to be chain liquor stores who enter the market with deep pockets to match.

In the end, the “mom and pop” retailer and the middle class values they stand for will be gone.

### **Summary Comments.**

Uncork is a slick, corporate media campaign created by its members in attempts to persuade legislators the public wants them to be able to sell hard liquor, strong beer and wine. In actuality, it is nothing more than Wal-Mart/Sam’s, Kroger/Dillon’s, Hy-Vee, Quick Trip, Casey’s and other Uncork Members’ relentless drive for more margin and profits regardless of how they get it. They have crafted a bill that is tilted very much in their favor and designed to give them an insurmountable head start in the retail liquor business that their eventual competitors will never be able to match.

Uncork has backed away from the outlandish jobs numbers they talked about in years’ past, as no one believes these companies will increase their number of employees to sell another product. Research and common sense also suggest the State will not see added revenues from sales of liquor products, as its citizens will consume what they consume; added locations will not increase sales, but rather rob sales from existing retailers.

If Uncork gets its way, hundreds of existing retail liquor stores will close and many more will suffer. Hundreds of people will be put out of business, lose their livelihood and jobs, stores will be vacant and difficult to fill with other businesses and the State will abdicate its strong regulatory system for the sale of alcoholic products, which will become available in more than 3,000 locations in Kansas.

When fully implemented, Uncork’s bill will result in the sale of a majority of liquor products being controlled by large, out-of-state chains, including chain liquor stores who will aggressively assemble stores in all of the major market areas and send the profits back to their corporate headquarters much like worker bees gathering pollen for the queen bee.

HB 2556 will destroy more than 50 years of regulatory partnership between the State of Kansas and retailers who have invested in their businesses and responsibly sold intoxicating liquors under a highly-regulated framework designed to insure compliance with state liquor laws, not the least of which is keeping these products away from minors.

Kansas is better than this and so are the retailers who have partnered with the State of Kansas under its carefully crafted regulatory system that has worked for more than 50 years. The Uncork Coalition should be told to find profit and margin elsewhere and leave the sale of adult-only products to property licensed and regulated retail liquor stores under our current form of regulation.

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Kansas Association for Responsible Liquor Laws, Inc.

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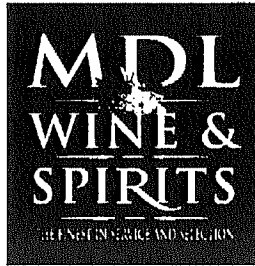
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**Jacob Liquor**  
Tom Jacob  
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*For more information, please contact:*

Whitney Damron  
Whitney B. Damron, P.A.  
919 South Kansas Avenue  
Topeka, Kansas 66612-1210  
(785) 354-1354  
[wbdamron@gmail.com](mailto:wbdamron@gmail.com)



Chairman Kleeb and members of the committee:

My name is Steve Faust and I am the owner of MDL Wine & Spirits in Overland Park. I am here today to speak in opposition to the latest version of Uncork Kansas legislation and its potential impact on Kansas retailers and their families. I am not only representing myself, but also my wife, brother, sister-in-law and my father as we are all retailers in Kansas. We feel, as do all Kansas retailers that Uncork Kansas legislation would destroy our businesses, business investments, savings, and futures simply to benefit the bottom line of out-of-state multi-billion dollar retailers like Wal-Mart, Hy-Vee, Quik-Trip and Kroger/Dillons.

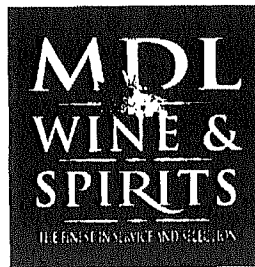
In 2008 I was presented an opportunity to expand my business by opening a new store in Johnson County. I decided on this location after it was announced that a Hy-Vee superstore was scheduled for an early 2013 opening in a neighboring center. I secured financing through a local banker familiar with my business and invested my life savings, pledged all my business and personal assets and signed a 10 year lease on a 23,000 sq. ft. space. When I made the life changing decision to make an investment of over \$2 million dollars, I gave significant consideration and weight to the existing state law that limits the sale of liquor, wine and strong beer to retail liquor stores only. By doing so, I was acting in reliance of Kansas liquor laws that date back to 1948. I never would have made that decision knowing that four years after opening, I would not only be competing with Hy-Vee, but a Hy-Vee C-store, CVS, Walgreens, 7-Eleven and Phillips 66, all located at my intersection.

While Uncork Kansas likes to portray their latest bill as a compromise and offers a "soft landing" for existing retailers, nothing could be further from the truth. On the surface, the 10 year phase-in may seem like a compromise from their previous stance, but the reality is beginning in July 2015 Uncork Kansas members will seek out the weakest and least profitable retailers in their respective counties to solicit a sale.

CHEROKEE NORTH  
SHOPPING CENTER  
8850 W. 95TH STREET  
OVERLAND PARK, KANSAS 66212

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After securing a license for the lowest price they will transfer that license to their location and immediately begin competing with the retailer who made the decision to place their store next to the big box or grocery store because it made economic sense based on current Kansas liquor laws. While I can't speak for all 754 retailers statewide, I can say with all certainty that since I'm only in year four of a 10 year business plan, I will be unable to compete with Hy-Vee at this time. In 2008, when I made the decision to expand my business, I had no way of knowing that in 2 years Uncork Kansas would start aggressively lobbying to put me out of business. I feel that passage of HB2256 in its current or a modified version would be a betrayal of the business partnership I made with Kansas and would be grossly unfair.

I'm sure most if not all Kansas retailers realize that you were elected to represent all Kansans and make tough decisions that are in the overall best interest of Kansas. While we would be personally disappointed and financially devastated if Uncork Kansas proposed legislation were enacted, we could understand the decision if it was going to create 1000's of new jobs and generate 10's of millions of new revenue for the state, but that just isn't the case. In fact, it's just the opposite. Industry experts estimate that under the proponents plan roughly 70% of all retail transactions for off-premise consumption will be done by corporate chains. This means that today, 100% of all profits generated under the current system are earned by Kansas small business owners and reinvested in the Kansas economy. In fiscal year 2012, the Kansas Department of Revenue reported \$56 million in Liquor Enforcement Tax collections. This equates to roughly \$700 million in gross sales made by Kansas liquor retailers. Using the national average 20% profit margins for retail liquor sales, Kansas retailers generated roughly \$140 million in gross profit. Economic studies show that dollars spent locally multiply 5 times, meaning these profits generated \$700 million in economic activity in Kansas. Kansas liquor retailers employ over 3500 people statewide, use local bankers, accountants, lawyers, service and supply companies and live and pay taxes in their community. Under the proponents plan, 70% of those profits would be diverted to their corporate offices to be distributed to their shareholders with no resulting economic benefit.

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Like all retailers in the State, my family made decisions about the size of our stores, locations, layout and product mix based on the laws that have been in effect for over 60 years. The fact is, if Uncork Kansas legislation is passed, every business decision I have ever made concerning every aspect of my business will have been wrong and leave me out of business and bankrupt. I strongly urge you to vote no on any legislation introduced by Uncork Kansas.

Thank you

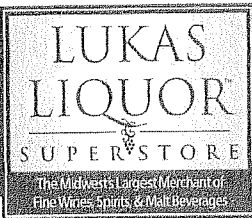
A handwritten signature in black ink that reads "Steven F. Faust". The signature is written in a cursive style with a long, sweeping underline.

Steven F. Faust

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February 19, 2014

The Honorable Marvin Kleeb, Chairman  
And Members of the House Commerce, Labor and Economic Development Committee  
State Capitol Building, Room No. 286A-North  
300 SW 10<sup>th</sup> Avenue  
Topeka, Kansas 66612

Re: HB 2556 – Spirits, Wine and Strong Beer in Grocery & C-Stores

Dear Chairman Kleeb and Members of the Committee:

As you hold hearings and consider the latest proposal from the Uncork Coalition, I would ask you to give consideration to what this organization is asking you to do and the profound impact it will have on our state.

As a retailer who has made a career out of partnering with the state of Kansas to sell an adult-only product in a responsible manner, it is amazing to me that the state is considering shelving more than 60 years of effective regulation of liquor products into what is tantamount to turning liquor into a generic product like paper towels, bread, butter and gasoline. Seriously, that's how these companies see these products. I have a different perspective and believe the sale of spirits, strong beer and wine should be carefully controlled to insure the public's safety and more importantly, prevent access by minors.

As the largest retailer in the state of Kansas, I have some perspective of what the grocery stores are asking the Legislature for permission to do. I first became a retailer in Kansas 1987 and moved to my current location, approximately two blocks west of 119<sup>th</sup> Street and Metcalf in Overland Park, in 1995. My store is called Lukas Liquor Super Store. I expanded my store at that same location in 2000 when additional space became available and now employ nearly 50 people with good paying jobs and benefits.

Their latest bill may be slightly different in its approach, but the objective is the same: Take over the retail sale of liquor products and export profits to their corporate headquarters at the expense of Kansas retailers, jobs and public safety.

The flaws in the bill are many and its passage will change our very way of life in Kansas.

For example:

- Under their bill, starting July 1, 2015, the largest retailers in the world will be able to sell all liquor products alongside groceries and anything else they sell in their existing stores after



purchasing a license from an existing retailer in their county. With their deep pockets, price will not be any hindrance to them.

- Teenagers will be allowed to sell alcoholic liquor, strong beer and wine (18 years of age and older vs. current law, which requires retailer employees to be 21 years of age);
- Multi-store and corporate ownership. The Division of ABC will likely find enforcement of state alcohol laws much more difficult when dealing with out-of-state corporate entities vs. Kansas retailers with single-store limitations.
- By July 1, 2017, we will have thousands of convenience stores and anyone else previously licensed to sell CMB products now able to sell strong beer, including the high alcohol content products only available in liquor stores today. By July 1, 2020, these same establishments can now sell wine, too. All restrictions are gone by July 1, 2024.
- Felons and others not otherwise allowed to own a retail liquor store or be licensed due to other statutory restrictions will be able to invest in corporations, partnerships, LLC's and other business entities licensed as retailers as long as they own less than 25 percent of the entity, irrespective of what kind of control or management function they hold over the operations of the licensee. Felons will also be able to work in grocery stores and other licensed establishments that sell liquor products.
- The bill would give three percent of the privilege tax collected on retail sales to local units of government to "reimburse" them for lost revenues. This is nothing more than a payment to keep them from opposing this bill. What will the State do to pay for its greatly expanded regulatory obligations? I can't imagine the State will want to give up any of its revenue to local units, who will no longer have a role in the regulation of most beer products.
- Perhaps the most troubling aspect of this legislation is the fact that in 2011 the Kansas Legislature adopted among the nation's most restrictive DUI legislation by unanimous votes in the House and Senate after two years of study by the DUI Commission. Increasing the state's retail liquor stores by 400 percent makes absolutely no sense, given the state's emphasis on strong DUI laws and efforts to keep liquor out of the hands of minors.

Some people have said that I would not be impacted by this legislation, as I am a large retailer and can hold my own against any competition. You tell me? I can walk outside my back door and throw a rock and hit a Costco – they are Number 22 on the 2013 Fortune 500 list of our nation's largest companies. Do you think I can compete with them? From the same vantage point, I can also throw another rock and hit a QuickTrip, which the nation's 30<sup>th</sup> largest private company. Both of these companies are headquartered out of state, which is where their profits will go.

In closing, I would respectfully point out that I am a Kansan. I hire Kansans to work for me. I use accountants, lawyers, suppliers and other professionals from Kansas. I buy and tag my cars in Kansas. My income is taxed in Kansas and my profits are reinvested here. The same cannot be said for the Uncork members who would have the state turn the sale of liquor, strong beer and wine over to them.

I hope you will not seriously consider HB 2556 or related proposals, as they will change our state forever and not in a good way.

Sincerely,

Harry Lukas



February 17, 2014

Members of the Commerce, Labor, and Economic Development Committee:

This week the Commerce, Labor, and Economic Development Committee is asked by Uncork Kansas, a coalition of non-resident convenience and grocery stores, as well as the state of commerce, to consider major changes in the liquor laws of the State of Kansas. The information presented by this coalition portrays only one side of a multi-faceted industry. As an owner and operator of a wine and spirits store since 1979, and who has contributed to and influenced many of the changes in the current liquor laws of the State, I ask you to consider the following points as you formulate an opinion the subject.

1. **Proposed changes will not create new jobs.** The Alcoholic Beverage Control Division ("ABC") of the Kansas Department of Revenue says as many as 3,500 new alcohol-selling outlets will be added by this legislation. At most, only twenty percent (20%) of these outlets would add even one new employee. Instead, liquor wholesalers will be expected to stock and service these new accounts seven days per week, just as other wholesalers stock and monitor soda, water, chips, and other grocery store items.
2. **Kansans are accustomed to "stopping by" a liquor store for their adult beverage needs.** Uncork Kansas would have you believe that Kansas is currently suffering from a loss of revenue in adult beverage sales because these adult beverages are not sold in grocery and convenience stores. There is absolutely no research to suggest that Kansans are not buying adult beverages because these items are sold only in liquor stores. Kansans are accustomed to making their adult beverage purchases in a liquor store with a trained staff.
3. **Proposed changes will not generate revenue as promised.** Expanding adult beverage sales into grocery and convenience stores will not actually generate additional revenue for the State. Uncork Kansas has indicated that the tax revenue will increase. This is not accurate. There will be a shift in sales and not an increase. It will be a matter of where the consumer will buy and not how much. In addition, the chain and big-box stores will sell adult beverages at drastically discounted prices, which will actually result in a loss of revenue for the State as the gross retail sales will be reduced.
4. **Proposed changes will force small businesses right out of business.** Right now, Kansas has over 750 family-owned liquor stores. It is my estimation that at least seventy-five percent (75%) of these stores will be forced out of business within two (2) years with the proposed expansion of adult beverage sales outlets. How many Kansas families will

*Jacob Liquor Exchange LLC*  
3049 North Rock Road \* Wichita, Kansas 67226 \* 316.636.4566

be left without a primary means of income and support? How many years spent building small businesses will be lost, hard work and sacrifice essentially for nothing?

5. **Loss of sales for the liquor store retailer cannot be compensated for.** Attempting to compensate retailers for the inevitable loss of revenue by allowing the sale of non-alcoholic items in liquor stores is of no comfort. The sale of these non-alcoholic products cannot come close to compensating for the lost adult-beverage sales.
6. **Liquor-law reform will have unintended societal consequences.** In June 2012, the State of Washington changed from State owned liquor stores to allow for sales in stores, similar to that proposed by Uncork Kansas. The result? Out of control shoplifting, reduced tax revenue, increased underage alcohol sales and usage, and the development of a black market focused on theft and resale of alcohol.
7. **Expanding sales to grocery and convenience stores will not provide more selection to the consumer.** This is an interesting observation since very few of the Uncork Kansas members will only carry 300-400 sku's and the average liquor store now carries several *thousand* sku's. More choice will come by the introduction of private label products.
8. **Any generated revenue will benefit non-state entities.** The financial backers behind Uncork Kansas are out-of-state entities, *non-Kansas residents*. Can you honestly believe that all revenue generated by these proposed liquor laws will stay in the State of Kansas? I think not. Current wine and spirits retailers are Kansans through and through. Some, like me, grew up here. We raised our families here – supported our children by working hard to build and cultivate locally-owned businesses. The dollars we make are invested right back into the revenue stream, helping to support other locally-owned small businesses. Also, how does the State pay for all the additional enforcement personnel that would be needed to cover enforcement?

It is easy to understand why members of Uncork Kansas want to sell adult beverages: a 2-liter of Pepsi and a 1.75-liter of Jack Daniels take up the same shelf space. The 2-liter of Pepsi generates a ten-cent profit for the retailers, the Jack Daniels a five-dollar (\$5) profit. Basic economics tells these retailers that stocking the Jack Daniels is the more profitable way to go. During a recent CNBC documentary, entitled “The Costco Craze: Inside the Warehouse Giant,” **Costco’s principal wine buyer Annette Alvarez-Peters stated that selling alcohol, wine in particular, “is just a beverage product”, basically no different than toilet paper is a product.** This simple statement reflects everything that is wrong with big-box retailers, including grocery and convenience store, entering the adult beverage market.

To a Kroger employee, liquor is just something stocked in aisle twelve. To the clerk at QuikTrip, beer is something stocked in the cooler. To me, to my employees, these products are something completely different. Wine now represents a life style in Kansas that did not exist 30 years ago, not just a special occasion. Beer is not only something to grab and stick in a cooler on your way to the lake, but a micro or specialty-brew, painstakingly cultivated and brewed for a unique taste.

*Jacob Liquor Exchange LLC*  
3049 North Rock Road \* Wichita, Kansas 67226 \* 316.636.4566

The Jacob family, like so many other families across the state of Kansas, has been in business for thirty-five years and currently operates two retail liquor stores under our name. My family and my employees have built relationships with our customers, earning their trust and loyalty one day, one sale at a time. How can we maintain these basic pillars of business when we are ultimately forced to raise our prices to support our families, where the Wal-Mart across the street sells alcohol products as a loss leader? The answer is simple: we cannot.

Jacob Liquor not only supports my family, but also 40 employees and their families. In the end, all of us and all of the owners, and employees, and families comprising the other 750+ retail liquor stores are counting on you, *trusting* you to preserve our livelihoods and support your constituents, not the faceless national corporations that comprise Uncork Kansas

In closing, the Uncork Kansas members consider alcoholic beverages as a profit center, the family-owned liquor retailers of Kansas view alcoholic beverages their **livelihood**.

Sincerely,



Tom Jacob  
Jacob Liquor Exchange  
3049 N Rock Road  
Wichita, KS 67226  
(316) 636-4566

*Jacob Liquor Exchange LLC*  
3049 North Rock Road \* Wichita, Kansas 67226 \* 316.636.4566

2/19/14

Chairman Marvin KleeB  
House Commerce, Labor and Economic Development Committee  
Statehouse, Room No. 286A-N  
300 SW 10th Avenue  
Topeka, Kansas 66612

Re: HB 2556 - Liquor in Grocery/Convenience Stores

Dear Chairman KleeB and Members of the Committee:

My name is Bret Birdsong and I live in Salina KS and am the owner of Brooks Retail Liquor Store, also located in Salina KS. I personally live at 235 South Brenda Ln just outside of Salina KS. My store is located at 1845 South 9<sup>th</sup> in South Salina KS. I am submitting this testimony in opposition to HB 2556 in which Grocery and Convenience stores would be allowed to sell alcohol products.

My uncle, Carry Brooks started this store back in 1972 and was owner for over 33 years. He became terminally ill in 2005, which is when I took over running the store. Carry took great pride in running his store within all regulations being followed as they were written, especially not selling to minors. I myself also try to continue that same effort. If this bill is passed then all of that could be changed. There will be many more outlets for a minor to access alcohol in which they will not be as closely monitored as they are in a liquor store.

I am a larger retailer and always have trouble finding room to introduce new products to the store. If this bill passes and I have to sell cigarettes, chips, and pop I am not sure it will be possible. There is very little room available for these products. And without those products I may not be able to compete with the grocery and convenience stores.

Here at Brooks Liquor, as well as many other current liquor stores, we work hard at being great with our customer service. We do our best to help our customers in any way we can. We are knowledgeable on the products we carry and are always courteous when they come into the store. If the bill passes it will be more difficult to employ as many people as I do now, and that in turn could hurt that great customer service that we try so hard to achieve. More work would be required of the employees and therefore less time would be spent with the customer.

Because of the success of my store I am also able to contribute to many local charities and organizations that help everyone young and old alike. With the passing of this bill, those funds would not be available for me to continue to help those important organizations and charities that are good for the local community.

These along with many other reasons, is why I respectfully ask you to oppose HB2556. There are too many negative repercussions from the passing of this bill, whether it is to myself or to other retailers, or to the communities the retailers reside in.

Thank You

Bret Birdsong  
Brooks Liquor  
Salina KS 67401  
Owner

2/19/14

Chairman Marvin KleeB  
House Commerce, Labor and Economic Development Committee  
Statehouse, Room No. 286A-N  
300 SW 10th Avenue  
Topeka, Kansas 66612

Re: HB 2556 - Liquor in Grocery/Convenience Stores

Dear Chairman KleeB and Members of the Committee:

My name is Aaron Rosenow. I own and operate Vern's Retail Liquor in Topeka, KS located at 3700 SW Gage Blvd. I live at 2536 SE Alexander Drive in Topeka, Ks. I have owned Vern's since I bought it from my father in 2008 making it a second generation Veteran-owned business. I have noticed personally over the past 6 years that out-of-state owned corporations have attempted to shut down not only my store but other locally owned businesses in the name of Free-Market principles. The definition of Free-Market is the transaction of goods and material between two people with limited or no government regulation. Alcohol sales are and always will have government regulation which already makes the case for Free-Market a moot point.

What the UnCork Coalition is trying to do is change 50 plus years of understanding between the state of Kansas and the men and women who own small businesses. UnCork is trying to make a case that current small business owners who sell liquor, wine, and full strength beer are a monopoly and it would be in the best interest of the State and the consumer to allow every gas station and grocery store to operate as a liquor store as we know them now. This logic is not only flawed but rooted in mistruths propagated by companies that do not even call Kansas their home. The only people to gain anything from this proposed legislation would be the out of state corporations that are spearheading this bill. This bill would in the end shut down most if not all liquor stores that currently operate in Kansas. This would not help the economy or the consumer that UnCork seems to be so worried about. UnCork wants to turn at current 776 liquor stores into over 3000 in the next 10 years. This would not help local economies or rural locally owned grocery stores.

Having the ability, nay, the privilege of owning a liquor license in Kansas is a responsibility that only a few are granted and for good reason. Accountability is the end game of selling alcohol, if you do not have accountability to what you do then why would you care what laws are written or the penalties that are supposed to be enacted when those laws are broken. Every person who possesses a liquor license in Kansas will when requested come stand in front of the Director of Alcohol and Beverage Control for any infractions because it is our lives that are on the line. This bill would not in any way make the CEO's, Presidents, or owners of out of state corporations responsible for any infractions that would incur in their stores. These people would not come to Topeka to stand tall to answer for their agents acting of mistakes.



The biggest point that is missed and that UnCork will not bring up is that all these grocery stores and gas stations can open up a liquor store. The rules in place allow them to open and operate a liquor store. They don't want to open up one under the current laws because it forces them to have a separate entrance into that store. That makes it harder for them to have you, the consumer, spend more money all in one place. I hope in the end you will see that this issue does not help our state or our economy and should not be passed in any way they present it.

Respectfully submitted,

Aaron Rosenow  
Vern's Retail Liquor, LLC  
Topeka, Kansas



## BROWN BAG LIQUOR

195 N. Parker Street • Olathe, KS 66061  
Phone 913.764.0816 • [steve@brownbagliquor.com](mailto:steve@brownbagliquor.com)

02/17/2014

Chairman Marvin Kleeb  
House Commerce, Labor and Economic  
Development Committee  
Statehouse Room No. 286A-N  
300 SW 10th Ave.  
Topeka, KS 66612

RE: HB 2556 Liquor in  
Grocery/Convenience Stores

Dear Chairman Kleeb and members of the Committee,

My name is Steve Nelson.

I am the proud licensed owner of Brown Bag Liquor at 195 N Parker Street, Olathe, KS 66061. I am an important, successful small business owner in the State of Kansas. My home address is 10020 Sunset Drive, Lenexa, KS 66220.

Respectfully, I submit my testimony in opposition to HB 2556. This bill as proposed will destroy 754 Kansas family owned small businesses by allowing large, corporately owned, out of state grocery stores and convenient stores to sell liquor products.

I have been in business in Olathe, Kansas for over 14 years, the previous owners, 18 years. I have expanded 4 times in my shopping center, starting at 1100 sq. feet to my current space of 10,000 sq. ft. We are an anchor in our center and important to our landlord and other tenants of the center. We are next to a Price Chopper, across the street from a new mega Wal-Mart and CVS and have 5 convenience stores within a few blocks.

This bill, again this year as in past, proposes to take the responsible, regulated business I own and to hand it over to large out of state corporations. Their own study confirms there will not be added jobs, sales in liquor products or tax revenues. It merely destroys our family owned small businesses to add profits to their bottom lines.

The proponents like to make this about competition and free market ideals. I am confused and disagree. There has never been free market with regards to liquor sales in any State; it is HIGHLY regulated for obvious reasons. I think if you ask any current owner, they will agree that this is a highly competitive market. The proof is in the number of stores, the number may fluctuate by a few added or lost every year but we stay around the same 750 stores. This is proof that competition is working and the number of stores correlates with what the market dictates.

We are all highly competitive with pricing, service, selection and more. We all go to work every day trying to find a way to outsmart each other and gain some market share. This will be lost with the larger stores who only care about profits. Service will suffer along with selection and pricing making it less convenient for the Kansas consumer.

I employ 26 responsible hard working Kansan's over the age of 21. Ten of them are full time and we provide above average hourly and salary wages. Our full time employees receive full medical, dental, & vision insurance as well as 401k plans. Our employees take pride in our business to make us successful not only for us but in our Kansas community. They are involved with many charitable organizations that help local Kansas residents in need. They have family and friends in this State and are building lives and families here. I, as well as my employees, are spending our earnings from our Kansas small business in the State of Kansas. HB 2556, as proposed, will destroy all of this by July of 2015. If we could compete we would have to cut our staff significantly, starting with our full time people. Within the 2nd year we would be left with nothing. This bill allows for nothing but total annihilation of my business based on our location and proximity to major big box retailers. Let's be honest, these jobs will not be replaced.

My local Kansas bank will call in my notes leaving me personally bankrupt and unable to pay my bills. There will also be loss of a very large, difficult to lease space for my landlord and the loss of income for many Kansas owned small businesses that are my vendors.

This was not the business plan I put together 14 years ago and agreed to follow all the regulatory rules that have been in place for 50 plus years. Changing the law so that out of state corporations can merely destroy 754 Kansas family owned small businesses just to add to their bottom line is incomprehensible to me.

For these reasons and many more, I am asking you on behalf of myself, my family and my employees as well as the future of small businesses in Kansas...PLEASE

I respectfully ask you to oppose HB 2556.

Thank you,

Steve Nelson  
Proud Owner

## DJ LIQUOR

3002 N Plum  
Hutchinson, KS 67502

February 17, 2014

Chairman Marvin Kleeb  
House Commerce, Labor and Economic Development Committee  
Statehouse, Room # 286A-N  
300 SW 10th Avenue  
Topeka, Kansas 66612

Re: HB 2556 - Liquor in Grocery/Convenience Stores

Dear Chairman Kleeb and Members of the Committee:

Hello, my name is Michael Dick, age 50 and from Hutchinson, KS. Three years ago my wife and I made a significant investment to fulfill a life time dream of being a business owner after working for corporate America all my life. We bought DJ Liquor, an established retail liquor store that has been in business for over 40 years in Hutchinson. This was all made possible because the liquor laws in Kansas allow for hard working individuals to compete and survive and provide not only for my family but several others, along with providing part time jobs for those that can't make ends meet on their full time jobs. The best part of this is that I can also give back to the community. This past year we gave around \$10,000.

I take my job very serious in the fact that I sell an adult only product and work together with the state to prevent minors getting access. I have three daughters under age 18 and I see how easily persuaded they can be. That is why I cringe to think that 18 years old could be possibly be selling this controlled product if this bill passes. I truly don't think I would survive if this bill passes. I keep getting told I could sell other products. I say where am I going to put them? My store is full. If I reduce the number of items I carry then the consumers loses because now they no longer have a broader selection of beer, wine or liquor. Grocery stores and Convenience stores will only carry the popular selling brands.

It will not create more jobs it will reduce employment in that liquor stores will lay off employees and the big box store wont need more staff just for an additional product line. Governor Brownback just signed even stricter drunk driving laws, it makes no sense to increase the access to alcohol. People live here because it is a great place to raise a family. There is no need for a change which takes money out of Kansas business owners pockets so out of state corporation can increase their profit.

Thank you for your time. Please consider what Bill 2556 would do to the small business owner when making your decision.

Sincerely,

Michael Dick

OPPOSITION TESTIMONY ON HB 2556

HOUSE COMMERCE, LABOR & ECONOMIC DEVELOPMENT COMMITTEE

Lance and Jennifer Vogel

Rogers Wholesale Liquor

Black's Liquor, LLC

Kansas City, Kansas (Wyandotte County)

Chairman Kleeb and Members of the Committee:

My husband and I are owners of two liquor stores and a convenience store in Kansas City, Kansas.

The income generated by our business is spent with local banks, accountants, repair services, lawyers, electricians, contractors and charities. We have two children; one attends Kansas State University and the other The University of Kansas. We are third generation owners of Rogers Liquor and our customer relationship and partnership with the state of Kansas goes back over 50 years.

The loans that we owe cover our businesses, property and buildings. HB2556 puts our lifetime investments at a huge risk as well as the jobs of 25 employees that depend on their positions with us for their sole and supplemental income. We view our staff as family and we take good care of them.

Our convenience store is located directly adjacent to the liquor store. If HB 2556 is passed, the two would be combined into one store. We prefer keeping the children in our neighborhood separate from the wine, liquor and beer products. A bottle of vodka in 11 year olds' hands could have deadly consequences.

Owning these two liquor stores and convenience store is our livelihood and provides for our families. We own the property and the businesses and have worked hard to make them profitable. Simply selling our license is not an option because we own the properties.

Thank you for standing up for Small Business and our community's safety by voting NO on HB 2556.

Sincerely,

Jennifer Rogers Vogel

Lance Vogel

Rogers Wholesale Liquor and Party Shop

Black's Liquor LLC

2-18-14

Devlin's Wine & Spirits  
2850 SW Wanamaker Rd  
4301 SW 21<sup>st</sup>  
Topeka, Kansas 66604

Chairman Marvin KleeB  
House Commerce, Labor and Economic Development Committee  
Statehouse, Room No 286A-N  
300 SW 10<sup>th</sup> Avenue  
Topeka, Kansas 66612

Re: HB2556- Liquor in Grocery/Convenience Stores

Dear Chairman Marvin KleeB and Members of the Committee:

My name is Clayton Devlin. I live in Topeka at 3731 SW Ashworth Ct and own Devlin's Liquor Stores at 2850 SW Wanamaker. I have lived in Kansas for over 30 years and am a second-generation storeowner. My wife, Melody Devlin, also owns a liquor store on 4301 SW 21<sup>st</sup> in Topeka. We respectfully submit this testimony in opposition to HB 2556 that would grant large grocery stores and convenience stores the ability to sell liquor products.

We support efforts to stop big-box stores that want to put small businesses in Topeka out-of-business. Currently there are 41 local liquor store owners in Topeka. These businesses not only generate revenue for Topeka, but also support local vendors such as local heating/air companies, local payroll companies, local tax accountants and local contractors. We also rent space from local retail shops. These 41 local businesses also create and maintain many full and part-time jobs, while big-box stores are not planning on adding additional positions if this bill passes. We alone have 24 part-time and full-time associates who work for Devlin's Wine and Spirits. This legislation will not only negatively affect Topeka's economy but also the proud ethics of our community.

Everyday we have people tell us they do not want liquor in grocery store aisles nor want high school kids selling it to them. A recent statewide survey showed 81% of Kansans don't want alcohol sold alongside milk. Under current law everyone who works for us has to be 21 years or older; consequently there is a huge maturity level difference between a high school student and a 21-year-old. It would be detrimental to Topeka's local economy and community if big-box stores sold liquor.

Thanks,

Clayton and Melody Devlin  
Devlin's Wine & Spirits  
Topeka KS  
Owners