House Committee will hold hearing on Strong Beer Bill

January 2010 – On February 4, the House Federal and State Affairs Committee will have a public hearing on House Bill 2573 — which would allow convenience stores and grocery stores to sell beer up to 4% alcohol by weight. The Committee meets at 1:30 p.m. Room 346-S.

This Strong Beer bill (HB 2537) is similar to past proposals by the cereal malt beverage retailers. Last year, SB 76 failed to get past the Senate Federal and State Affairs Committee.

The changes to current law included in the legislation are:

* Very similar language to SB 76 last year with the addition of a clause to allow liquor retailers (stores) to sell products sold by convenience stores, except tobacco and motor fuel products. *This change actually opens the door to independent grocery stores to sell all alcohol, as long as they don’t sell tobacco…*
* Cereal malt beverage would be re-defined to include up to 4% alcohol by weight (rather than 3.2% alcohol by weight). It appears that one of the Committee members will be offering an amendment to remove the percentage altogether and include all beer.
* Cereal malt beverage retailers would be licensed by the ABC and to pay licensing fees to the State. According to ABC Testimony, this will require the agency to double in size.
* Cereal malt beverage retailers would no longer pay sales tax. They would pay the 8% enforcement tax already paid by retail liquor stores. Because sales tax is shared with the cities and counties—the bill requires that the new enforcement taxes would be split with cities and counties at 25%. The League of Kansas Municipalities opposes this change—pointing out that the local share of the tax would be subject to appropriation, whereas currently, the cities and counties receive their share of sales tax automatically.
* Changes CMB retailers hours to sell beer to 9 a.m. to 11 p.m.
* Allows wholesalers to sell direct to temporary permit holders
* Kansas would be the only state with 4% CMB definition and manufacturers would need to provide Kansas specific labeling
* Taverns would also be ABC licensed and would have to pay drink tax.
* Does not require 21 year olds to sell product.
* Attempts to insert cereal malt beverage everywhere in the statute that currently mentions alcoholic liquor / beer. This is an attempt to be certain they must be similarly regulated, but holds some unknown impacts.

The proponents of HB 2537 are the Petroleum Marketers and Convenience Stores Association (PMCA). Last year, the proponents testified that this is not an alcohol issue, but an “economic parity” issue. They say that CMB retailers need to recoup market share lost when federal laws changed the drinking age. PMCA testimony states that prior to the change in the drinking age, CMB retailers had a market share of almost 50%, compared to the 19-20% market share they have today. These numbers disagree with the number we have received, which assert that CMB is currently 26% of the Kansas market.

The proponents also say that it is “highly doubtful it would put any liquor store out of business.” This also disagrees with the financial analysis we have received from the Distilled Spirits Council of the United States, which asserts that 217 liquor stores would go out of business. It is estimated that this could cost 500 to 1000 jobs.

Although the proponents insist that this is about creating a level playing field—their legislation does not do so. It would allow corporations to be licensed to sell strong beer. It would allow clerks as young as 16 to sell strong beer. CMB retailers could sell strong beer on Thanksgiving and Christmas.

The KABR opposes the bill. Contact Amy at 785-969-1617 if you can come to Topeka to oppose this legislation. This session, we will need everyone’s participation.