



Please oppose Big Box Liquor legislation.

The 765 locally owned Kansas liquor stores employ thousands of Kansans and are important strengths of their communities and pillars of the Kansas economy. Locally owned liquor stores are accountable, boost local economies, employ and use local vendors, strengthen communities, and ensure that alcohol access to minors is limited.

Those who want to change Kansas liquor laws are primarily out-of-state entities focused on profit, not the Kansas economy, the safety of its citizens or its communities. The 2011 economic study predicting additional jobs and revenue for the State of Kansas was seriously flawed.¹

The Kansas Liquor Retail System is a Good Balance

- The Kansas regulatory system was designed for regulation – not to “protect retailers”. It effectively limits corruption, provides inexpensive oversight, while providing a level but competitive private marketplace.
- Anyone who meets the licensing requirements can open a liquor store, and many independent convenience stores and grocery stores have done so.
- Regulation of Kansas retailers is stronger than that of corporate retailers – including forfeiture of licenses, closing the entire store for violations, and hiring only 21 year olds to work in liquor stores. Individual accountability is effective.
- There is no “monopoly” for liquor stores. 765 completely independent businesses cannot be a monopoly. But Uncork proposals will create oligopolies with no limits on the number of licenses that can be held by the Big Box chains. This will create an immediate imbalance in product availability and wholesale services.

A Loss of Kansas Businesses and Kansas Jobs

- This initiative favors out-of-state grocers and big-box stores, and will put hundreds of Kansan-owned small businesses out of business and thousands of Kansans out of work. KABR has shared several economic studies with legislators predicting the loss of a minimum of 241 stores and up to more than 375 stores based on strong beer sales expansion alone.
- While liquor stores currently exist in a very competitive but regulated environment, the legislation creates an immediate disadvantage for existing stores who must manage their businesses under current zoning regulations, lease agreements and space restrictions. Grocery and Big Box Store leases commonly include exclusivity provisions and there is no protection for existing stores to keep their leases.
- Losing the neighborhood liquor store is more than just the loss of a few jobs. Locally owned businesses spend three times more of their income within the immediate community than out-of-state businesses. Local banks, insurance agencies, POS vendors, employment agencies, and property owners are supported by locally owned businesses.
- Liquor store jobs are adult jobs – for people 21 or older. Many employees receive benefits and earn full time wages. Many family owned stores provide a living to not only the owner, but several family members and managers as well.

¹ See complete analysis at www.keepkansajobs.com

Higher Costs for Consumers, Higher Costs for Kansas (Data is based on 2015 legislation, new numbers will be released at the 2017 public hearing and we will update the document.)

- Sales Tax Reduction \$1.9 million (from lost sales of CMB based on 2015 legislation estimates)
- Reduces revenue to local governments and to the State Highway Fund.
- State General Fund loss unless sales are increased = (\$1,845,000) 3% transfer to city/county each year. 3% local fund from enforcement tax is subject to appropriation and based on population. Impact county by county is impossible to predict. (2015 numbers will be updated after the 2017 hearing)
- \$657,967 FY 18 expenditure for ABC (numbers predicted for 2015 HB 2200)
- \$1,293,494 FY 19 expenditure for ABC, offset by license fees, but not appropriated for enforcement (numbers predicted for 2015 HB 2200)
- This does not include lost property taxes, payroll taxes and other direct revenue from the businesses that will close
- Indirect loss to the small businesses that serve current stores. Testimony has been received from attorneys, accountants, POS providers, bankers, and more small business owners who oppose this change.

Increased Risk of Underage, DUI, and Problem Drinking – Outlet Density

- [Potential Health Effects of Expanding Liquor Sales to Grocery and Convenience Stores](#) – Kansas Health Institute
- [Regulating Alcohol Outlet Density: An Action Guide](#)
- Robert Wood Johnson Study 2003: [A Case for Regulation: Less Access to Alcohol, Fewer Traffic Deaths](#)
- The bill will allow 18, 19 and 20-year-olds to sell strong-beer, wine and spirits. Asking individuals to sell a product that they cannot legally purchase creates problems. This can lead to minors selling to minors.
- The bill puts underage consumers in contact with alcoholic liquor on the shelves of stores where they shop regularly unsupervised. Underage employees will also be exposed to the products at their workplace.
- The State of Washington saw major increases in theft of liquor when Big Box Stores were licensed.

What about a Free Market?

- No State operates a “free market” environment for the sale of alcoholic liquor or for cereal malt beverages.
- Kansas must offer a reliable and stable regulatory environment to encourage investment and growth in any business. Dramatic restructuring of the regulatory system creates an environment that favors large corporate retailers over the Kansas owned businesses that have invested under current rules in good faith.

What about License Caps?

Current legislation includes no license caps nor any requirement for new businesses to purchase existing liquor licenses. To achieve any value for license purchases, a permanent cap is imperative. Kansas currently has an open private system that allows any qualified applicant to be licensed and open a liquor store in any properly zoned location. KABR believes that Kansas has met the market equilibrium with 765 stores. These numbers have decreased in the past few years – a market correction from the growth that occurred when the Liquor Control Act was amended to allow local option Sunday sales and statewide uniformity. However, states that allow the sale of strong beer in corporate outlets only support about HALF the number of liquor stores of Kansas.

The Kansas Association of Beverage Retailers is asking the Kansas Legislature to reject Liquor Deregulation.

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