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SENATE CHAMBER

COMMITTEE ASSIGNMENTS  
VICE-CHAIR: LOCAL GOVERNMENT  
MEMBER: ASSESSMENT & TAXATION  
CONFIRMATION OVERSIGHT  
ETHICS & ELECTION  
PUBLIC HEALTH AND WELFARE  
REAPPORTIONMENT

**February 8, 2012**

**Testimony to House Commerce Committee on HB 2532**

**By: Senator Dick Kelsey**

A handwritten signature in black ink, appearing to be 'DK', written over the printed name 'Senator Dick Kelsey'.

**Committee Members:**

**I stand in strong opposition to HB 2532.**

**I believe alcohol is a controlled substance and should remain so. Our liquor stores do a good job controlling this product. They are one of the most heavily regulated businesses in the state. I do not believe the ABC can control this product if it is sold in grocery and convenience stores.**

**As one who owns an interest in a alcohol and drug treatment center we deal with 200 people every day who are destroying their lives with abuse of alcohol. We can teach people to stay out of liquor stores. We can't tell people they can't buy groceries or gas.**

**Studies have shown that there will be greatly increased cost to the state if this bill passes. (See attached information on SB 54, a similar bill)**

House Commerce & Economic Development

Date: 02/08/12

Attachment #: 1 - 1

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Robert Siedlecki, Acting Secretary  
Lois Weeks, OFM Director

Department of Social and  
Rehabilitation Services

Sam Brownback, Governor

February 14, 2011

Steve Anderson, Director  
Division of the Budget  
Landon State Office Building  
900 SW Jackson, Suite 504  
Topeka, Kansas 66612

RE: Senate Bill 54

Dear Mr. Anderson,

The following information is in response to your request for a fiscal impact.

Bill Number: SB 54	Assigned Committee: Committee on Federal and State Affairs
FN Due Date:	
Hearing Scheduled? Yes	Date of Hearing: February 15, 2011
Version of the bill: Introduced	DOB Analyst:
Responding Agency: Social and Rehabilitation Services	
Prepared by: Ray Dalton	

<b>Fiscal Impact</b>	<b>Yes</b>	<b>No</b>
State (Would this bill have a fiscal effect on your agency?)	X	
Local (Would this bill have a fiscal effect on local governments?)	X	
Tax Revenue (Would this bill affect State General Fund revenues?)	X	
Fee or Other Revenue (Would this bill affect revenues to other state funds?)	X	

	FY 2012	FY 2013	FY 2014
<b>Expenditures</b>			
State General Fund--Treatment Expenditures	1,750,000	3,500,000	3,500,000
State General Fund--Prevention Expenditures	750,000	750,000	750,000
Federal Fund			
<b>Total Expenditures</b>	2,500,000	4,250,000	4,250,000
<b>Revenues</b>			
State General Fund	-		
Fee Fund(s)	-		
Federal Fund	-		
<b>Total Revenues</b>	-		
<b>FTE Positions</b>	-	-	-

**Bill Description**

SB54 would repeal current law that limits licensees to selling only alcoholic liquor on the licensed premises and allows for the sale of any goods on the premises as well as allows an inside entrance that connects with another place of business. The bill also allows a retailer to employ someone at least 18 years of age to sell beer and wine. The bill limits the total number of Class C licenses issued in FY 2012 through January 1, 2015, to the total number issued in FY 2011.

**Assumptions for Fiscal Effect Estimate**

Even with a restriction of the number of licenses provided it is projected that the passage of SB 54, which would allow the purchase of alcoholic liquor in grocery stores and convenience stores in Kansas, would have an impact of increased consumption rates due to availability, density rates, and increased accessibility for underage purchasers.

The projected effect of increased consumption and easier access for adults can be assumed to extend to easier access for underage youth as well. A survey of over 6,000 teenagers conducted by the Alcohol Epidemiology Program, University of Minnesota revealed Convenience stores are the easiest places to buy alcohol. The survey states the types of alcohol establishments may be more likely to sell to underage persons were grocery/convenience stores, when compared to liquor stores. The behavior pattern of obtaining alcohol from the increased exposure to alcohol products, is projected to increase the public health risk for adults and youth that is associated with harmful alcohol use and rates of addiction. Studies have shown that the greater outlet density for sales locations of alcohol is associated with increased alcohol consumption and related harms, including medical harm, injury, crime, and violence. (1) This projected increase in consumption can be assumed to result in a subsequent increase in the number of persons that would need services for alcohol misuse. In addition, the age of onset of alcohol usage is a direct factor in the development of addiction as an adult. The easier alcohol is to obtain by youth, the more likely they are to begin drinking at an earlier age.

A study completed in Sweden in 2010 states that making all alcohol available in grocery stores according to the projections showed a consumption increase of 37.4% (2). Because of the increased availability and accessibility of alcoholic liquor, rates of consumption factored by the number of youth with early onset usage due to increased accessibility, could lead to more individuals needing treatment in the state's publicly funded treatment system. If those factors led to even a 10% increase in numbers served, that would equate to approximately 2,000 additional persons each year. The average cost of treatment services in Kansas's publicly funded system is \$1,750 per person per episode of treatment. Using this estimated cost per treatment, the fiscal impact on the treatment system would reach \$3.5 million dollars each year.

Because of the greater number of check-out points at larger retail centers, the need (and costs) of prevention education of workers at these locations will go up substantially. Grocery and convenience stores experience fairly high rates of salesclerk turnover due to the number of part time and young adult employees. This would require the need for increased educational services and training of retail employees on preventing sales to minors.

To address the increased risk on our underage youth, prevention programming, aimed at adults who may purchase alcohol for underage youth, would also need to be established. This would require additional efforts and resources on the part of the regional prevention centers to meet the needs of training and public prevention marketing. It is estimated that the cost of these prevention services could range from \$750,000 to 1 million dollars annually.

1 (Addiction Volume 105, Issue 12, pages 2113–2119, December 2010)

2 (Am J Prev Med 2009;37(6):556–569) Published by Elsevier Inc. on behalf of American Journal of Preventive Medicine

### **Long-Term Fiscal Considerations**

Treatment of Substance use disorders often takes repeated episodes and that would lead to ongoing increase in those served each year, in addition to the number that have increased due to consumption rates and youth exposure rates.

### **Local Government Fiscal Effect**

The bill creates the Local Cereal Malt Beverage Sales Tax Fund and requires 3.0% of liquor enforcement remittances to be deposited into this fund each quarter and distributed to the cities and counties with a local sales tax based on the formula in the bill.

### **References/Sources**

Attachment A provides the research which led to the assumptions on the effects of SB54.

If you have any additional questions, please let me know, Lois Weeks at 296-6217.