

KANSAS ASSOCIATION OF BEVERAGE RETAILERS

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April 4, 2017

Chairman Mason and Committee Members:

Thank you for the opportunity to speak to you today regarding amendments to the proposed HB 2282 regarding off premises sale of beer.

KABR endorses the compromise proposal to maintain separate licensing structures for retailers of alcoholic liquor and CMB retailers to be implemented April 1, 2019. The proposal will keep Kansas retail licenses separate for the sale of stronger alcohol products v. limited alcohol beer. KABR participated in the discussions with Uncork proponents and the Kansas Association for Responsible Liquor Laws (KARLL) and the wholesalers organizations at the request of the Chairman.

The proposal states CMB retailers would not sell beer over 6 percent alcohol by volume and liquor retailers may sell all current products plus cereal malt beverage. Liquor retailers may sell other products up to 20% of gross sales, except that the sale of tobacco products and lottery shall not be included in the 20% limitation.

The Division of Alcoholic Beverage Control will issue an impact study in ten years to report the market impact of the law change. The ten years will be a reasonable time to measure the impact of law on the industry without further legislation to deregulate the sale of alcoholic liquor products.

Other changes include application of trade practice, nondiscrimination and price rules to CMB and liquor licensees and provisions for distributors to require minimum orders for delivery, as well as retaining current definitions for CMB and beer. KABR supports the Kansas independently owned retail liquor stores as the state regulated off premise retailer of higher alcohol beer and all wine and spirits products.

While KABR is cautiously supportive, it is only because the reality of changes in the states around Kansas lead us to believe that postponement would only result in legislation that is less targeted at the CMB issue and even more harmful to our small businesses and our communities.

The impact of changes to Kansas beer laws is likely to be harmful to many Kansas small businesses - and that impact should not be diminished. The 2019 strong beer implementation date in Colorado legislation and changes in Oklahoma have created a

desire for a "3.2 solution" in the Legislature and the parties have worked to draft a solution that maintains the public safety priority for regulating the sale of alcoholic beverages, while attempting to minimize the disadvantages of small businesses in competition with corporate retailers where possible.

KABR's support is conditional on the provisions above - any significant changes in this proposal or efforts by Uncork proponents to avoid the public statements supporting the moratorium could void that support.

We hope that legislators will fully understand the significance of this proposal and the tenuous agreement it represents.

Respectfully submitted by Amy Campbell, Executive Director
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