

MINUTES OF THE SENATE FEDERAL AND STATE AFFAIRS COMMITTEE

The meeting was called to order by Chairman Pete Brungardt at 10:30 a.m. on February 15, 2011, in Room 144-S of the Capitol.

All members were present except:  
Senator Steve Morris- excused

Committee staff present:  
Jason Long, Office of the Revisor of Statutes  
Doug Taylor, Office of the Revisor of Statutes  
Dennis Hodgins, Kansas Legislative Research Department  
Julian Efird, Kansas Legislative Research Department  
Connie Burns, Committee Assistant

Conferees appearing before the Committee:  
Arthur Hall, PhD, University of Kansas  
Mike Moon, Moon's Hometown Market  
Jim Puff, Puffy's Steak and Ice House/Alma Food Mart  
Gratz Peters, Pete's Corp  
Mike Thornbrugh, Quiktrip Corporation  
Mike Braxmeyer, Williams Brothers Supermarket  
Gary Krueger, G.A. Krueger, Inc.

Others attending:  
See attached list.

Doug Jorgensen, Acting State Fire Marshall, provided responses to requests from the committee on January 11, 2011. (Attachment 1)

### **Introduction of Bills**

Senator Reitz requested a bill introduction concerning counties relating to acceptance of credit and debit cards.

Senator Reitz moved that this request should be introduced as a committee bill. Senator Abrams seconded the motion. The motion carried.

### **SB 54 - Creating classes of license to sell alcoholic beverages at retail; fees, term and eligibility**

Staff provided an overview of the bill. (Attachment 2)

Chairman Brungardt opened the hearings on **SB 54**

Arthur Hall, PhD, Center for Applied Economics, University of Kansas School of Business, appeared before the committee as a proponent on the bill. (Attachment 3) Dr. Hall briefed the committee on the study "An Economic Case for Increased Competition in the Sale of Beer, Wine and Spirits in the State of Kansas". This study of the deregulation of the sale of beer, wine and spirits estimates that statewide retail transformation and expansion will add more than 15,000 jobs, more than \$340 million in workers' wages, and more than \$70 million in annual state and local tax revenues. Deregulation would bolster rural communities and improve economic competitiveness along Kansas' border regions, particularly within the Kansas City metropolitan Area.

There is no evidence to suggest that deregulation of beer, wine and spirits' sales will change prevailing alcohol consumption patterns, only shopping patterns.

Mike Moon, Moon's Hometown Market, Osawatomie, Kansas, spoke in favor of the bill. (Attachment 4)

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Mr. Moon stated bullet points of issues in the bill:

- would not doom liquor stores to extinction
- there will be argument that the change in legislation may put a liquor owner's personal investment at risk
- will allow current liquor store owners a business growth opportunity that they do not enjoy today
- allows other current liquor operators an exit strategy
- grocery stores are struggling, and in some communities, their very survival is at risk
- there is no evidence that the increased availability of liquor equates to an increase in consumption
- there is an expectation of increased liquor sales in Kansas
- Grocers can be counted on to regulate the sale of liquor to underage persons
- The bill will be great for Kansas consumers

Mr. Moon stated that he needs this bill to assist his chance of survival and provide access to all the tools to be competitive with.

Jim Puff, Puffy's Steak and Ice House and Alma Food Mart, spoke in favor of the bill. ([Attachment 5](#)) Mr. Puff stated that updated laws on beer, wine and spirits could significantly improve the bottom line of his store and others like it.

Gratz Peters, Pete's Corp/Board of Directors PMCA, appeared in support of the bill. ([Attachment 6](#)) The bill allows liquor stores to sell everything that grocery and convenience stores currently sell, creating even more competition in the Kansas market place; Pete's Corporation will compete and offer customers what they want. It is time for liquor store owners to do the same in the best interests of their customers and the Kansas economy.

Mike Thornbrugh, QuikTrip Corporation, testified in support of the bill. ([Attachment 7](#)) The bill is really about two things: the creation of jobs and giving consumer the choice. It is not about protecting an industry from competition. Mr. Thornbrugh stated that QuikTrip has currently 38 locations in Wichita and 74 locations in the Kansas City metropolitan area, unfortunately only 22 stores are located in Kansas. A business only has a finite amount of capital and must go where the return on investment can be justified. QuikTrip tore down a million-dollar store in Kansas City, Kansas, and moved the location a hundred feet into Missouri; the reason being the restrictive laws in Kansas which create an unlevel playing field of competition.

Mike Braxmeyer, Williams Brothers Supermarket, Atwood, Kansas, testified in favor of the bill. ([Attachment 8](#)) Mr. Braxmeyer urged the support of the bill for industry's sake and also for the State of Kansas; it would also allow liquor locations the opportunity to expand with additional sales in food and beverage items that many would take advantage of.

Gary Krueger, G. A. Krueger, Inc., spoke in favor of the bill. ([Attachment 9](#)) Mr. Krueger stated that he owns two stores; one on State Line Road in Kansas City, Missouri, and one in Overland Park, Kansas; and he does not sell liquor, specifically beer in Kansas, in either of his two stores. His response to inequitable retail taxes along the state border and growing competition was to "reinvent" the manner in which he conducted business.

### **Written Testimony in support of the bill.**

Bob Alderson, Casey General Stores, provided written testimony amending the bill. ([Attachment 10](#))

Gary Haag, Haag Oil Company, LLC, provided written testimony in support of the bill. ([Attachment 11](#))

Jane Blinzler, Leawood, Kansas, provided written testimony in support of the bill. ([Attachment 12](#))

Tim Schaeffer, Executive Vice President, RED Brokerage, LLC, provided written testimony in favor of the bill. ([Attachment 13](#))

Thomas Valenti, Principal, Cameron Group LLC, provided written testimony in support of the bill. ([Attachment 14](#))

Tony Krsnich, President, Landmark Investment Group, LLC, provided written testimony in support of the bill. ([Attachment 15](#))

Michael T. Egan provided written testimony in support of bill, and will help retailers compete on the

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border. (Attachment 16)

Chairman Brungardt continued the hearings on **SB 54**.

The next meeting is scheduled for February 16, 2011. The meeting was adjourned at 11:55 a.m.