

March 5th, 2024
SB 511
Proponent
Brent Anderson
Co-Owner/Founder of Friction Beer Company

Chairman Thompson and Members of the Committee,

I am writing in regards to the recently introduced SB511 bill as a small craft brewery owner in downtown Shawnee, KS (Johnson County). Our taproom opened last June.

We as brewery owners collectively fought hard to get this legislation written and before you. It is the same legal language that has applied to wine makers in Kansas since the 1980s. It is the same law currently in place in 40 states (including Missouri) and part of the reason why states like North Carolina, Colorado and California have thriving beer cultures. Below I will outline some personal reasons why passage is essential for our growth and success:

In the current three-tier system, to sell any beer in licensed establishments and retailers outside our own taproom, we are forced to enter into contractual agreements with distributors (middlemen). They are not obligated to sell our beer, nor promote us. It immediately eats into our margins. When they do sell it, they do so at a markup. We see none of those dollars. They effectively own us. Even if we had a second branded taproom elsewhere in the city, we'd still need to go through a distributor to get it to ourselves. Which is as ridiculous as it sounds.

In short, this is a small business issue, not a liquor one. There is a monopoly in place and it only benefits the middlemen. Meanwhile, our revenue is restricted solely to our taproom. And there's only so much business that can be done in one location. So we effectively can't grow.

The landscape also favors out-of-state and international breweries more than it does local ones. Only 2% of all beer sold in Kansas is made by Kansas breweries. So Kansas pride is also at stake. Wouldn't we all like to see more Kansas-made products in local establishments?

In addition to all this, every brewery in Kansas already faces multiple tiers of taxation (also based on decades-old laws that don't take into account modern realities) that whittle away at our bottom line. We are taxed on what we produce. Then taxed again when we "sell" it to ourselves to have in our licensed taproom. Then taxed on the sale to the customer. If the beer goes into distribution, we're then taxed again when the licensed establishment that purchased it from the distributor sells it.

We believe strongly that both sides can peacefully co-exist and do well. Many of us are small operations who, yes, want to create vibrant businesses that benefit our hometowns and state. But our beer volume overall is small. We'd argue that not having to deal with us would make a distributor's life easier, enabling them to focus on higher-volume/dollar breweries. Were we to want to sell our beer further afield to areas we couldn't regularly service, we'd need the distributor's help.

All we're asking is to better level the playing field. Competition breeds consumer choice and value. The onus would be on us to find and service accounts. Which we want to do. We just can't right now.

We thank you for your time and consideration and hope you will vote to repeal this antiquated law that stifles Kansas brewers in a time where local taprooms are essential meeting places and centers of their communities.

All the best,
Brent Anderson

Brent Anderson
Co-owner/Founder
Friction Beer Company
Shawnee, KS
913.708.5135

brent@frictionbeer.com
frictionbeer.com
@frictionbeer