



Dillon Food Stores

2700 East Fourth
Hutchinson, Kansas 67501

To: The Members of the House Commerce & Economic Development
From: Ken DeLuca, Vice President of Merchandising, Dillon Food Stores
Date: February 6, 2012

Good day,

I am Ken DeLuca, the Vice President of Merchandising for Dillon Food Stores. I appreciate the opportunity today to present testimony in support of modernizing Kansas' liquor laws.

It is the responsibility of all of us to support the communities where we do business. Dillons has done this for more than 90 years. In fact, our proud association with Kroger allows us to dedicate resources to communities across Kansas. For example:

- Over the past five years, Dillons has invested \$200 million in capital expenditures across the state.
- Annually, Dillons generates \$100 million in tax revenues for Kansas communities.
- Annually, Dillons provides more than \$125 million in payroll compensation to our Kansas employees with those dollars being spent in your hometowns.
- In 2011, Kroger and its Family of Stores were even named, "*Most Generous Company in America*" by Forbes Magazine, in terms of our donations of pre-tax profits. This recognition is one of inspiration from our customers and the good work of our neighbors.

At Dillons, we are proud of our hometown in Kansas roots and even prouder of the resources and commitments we can provide to the communities we serve.

Dillons began as a small business in a small town in Kansas more than 90 years ago. By listening to our customers and embracing innovation, we've been able to expand from a handful of stores in Sterling and Hutchinson to 88 locations across Kansas, Nebraska and Missouri. Our solid relationship with our customers, respect for our associates, and our desire to meet our customers' needs has allowed us continued growth with a team of more than 10,000 Kansas employees strong.

I'm here today because Dillons believes it's time for Kansas to modernize its liquor laws. The grocery business is an extremely competitive one. In order for us to remain financially healthy, we must continue to innovate and adapt to meet the demands of our customers. Similar to the experiences of nearly all retailers, our competition is constantly courting our customers. In order to maintain the loyalty of our customers we must continually explore new ways to provide what they want.

In a constantly changing and competitive environment we need to be able to quickly respond to customer needs. In order for this to happen, the legislature must end an exclusive alcohol retailing law, which prevents us from meeting customer expectations. For 63 years, the legislature has given exclusive rights to liquor stores to sell alcoholic beverages. In today's free market economy this practice is no longer acceptable. By modernizing antiquated liquor laws, our state would be eliminating exclusivity in favor of a free market, where everyone can compete on a level playing field and provide consumers with the choices they want.

House Commerce & Economic Development

Date: 02/06/12

Attachment #: 6-1

By modernizing Kansas liquor laws, we will be able to continue to grow our business resulting in more jobs and even more money pumped into local economies. In two out of the three states we do business, we are permitted to sell adult alcoholic beverages. The only state, which it is not allowed is our home state of Kansas. By not allowing us to do so, you are inhibiting our ability to meet our customer expectations.

I am also here today to let you know that as retailers we take protecting minors seriously. Every retailer supporting this initiative puts the responsibility of selling full-strength beer, wine and spirits at the core of our business. We have training programs to address underage sales, and we make responsible retailing a priority. Many retailers even have scanners to stop transactions if an age-restricted product is scanned.

Further, the bill provides that all retailers must check identification, using industry-standard electronic equipment, for anyone attempting to buy beer, wine or spirits who appears to be 27 years of age or less. These are the same standards used for tobacco purchases.

Grocery stores are already experienced at restricting underage purchases of lottery tickets, beer and tobacco in Kansas. Twenty-two of our Dillon stores are in states with more modern liquor laws, and there we have proven our ability to restrict minors from purchasing alcoholic beverages. For all of these reasons, officials in other states have stated they believe grocery and convenience store operators are among the best at restricting alcohol sales to minors.

As a representative of Dillons, and as a spokesperson for other Kansas grocery retailers, I urge you to modernize Kansas liquor laws and end unnecessary government regulation, bolster competition, expand job opportunities and allow our customers to get the products they're asking us for every day. Thank you for your consideration.

Sincerely,



Ken DeLuca
Vice President of Merchandising
Dillon Food Stores