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To: The Members of the House Commerce & Economic Development Committee

From: Terry Presta

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Mr. Chairman and members of the committee, my name is Terry Presta. At one time I was the State Representative from the 123rd district and the owner/operator of 50 Presto Convenience stores in Kansas. I used to joke that I probably owned more cooler doors than any individual in the State of Kansas. Since I no longer own all of those cooler doors, you may ask, "So what are you doing here today?"

Today I'm speaking in favor of more consumer choice, less government regulation and more economic development capitalism.

Kansas has some of the most antiquated set of liquor laws in the nation stemming from its 63-year history of prohibition, the longest of any state. It is still one of only a few remaining states that prohibit the sale of certain alcoholic beverages in grocery stores, convenience stores and pharmacies.

These prohibitions affect the economic vitality of our communities. Not to mention the fact that dictating where liquor can—or can't—be sold goes against the very tenets of our economic system: free enterprise and competition.

Perhaps most importantly is the fact that recent research in cities across the state of Kansas showed that consumers are in favor of more choice and less government regulation. Their preference for choosing where they purchase alcohol is a driving force behind the movement to modernize current laws.

From someone who has competed with some of the largest retailers in the world let me tell you unequivocally, competition is what drives American business to improve. It unleashes creative forces that can't even be imagined beforehand. It creates better shopping experience for the consumer, your constituents. Whenever government uses its vast powers to stifle competition it does so to the detriment of all consumers and the State itself.

Why should the Kansas legislature modernize Kansas liquor laws? By doing so, you will:

- **Expand business opportunities.** Not only will Kansas' retailers and liquor stores alike be able to expand their businesses, but less regulation will attract new businesses and franchises to

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the state, revving up an engine that will have a wide and lasting effect on the economies of Kansas' communities.

- **End exclusivity.** It simply doesn't make sense to allow only one type of retailer to offer a legal product just because we've always done it that way. By updating our liquor laws, we will be fostering competition instead of curbing it.
- **Stop border leakage.** Modernized liquor laws will allow us to take back Kansas dollars that are currently flowing to bordering states with less antiquated liquor laws. That outflow derives not only from consumer dollars spent in neighboring states, but also from businesses that examine Kansas laws and take their investments elsewhere.
- **Create more jobs, more growth.** Business growth will create job opportunities, and more jobs beget more dollars pumped into local economies. And so it continues.

Understandably, liquor store owners are concerned about changes in a law that has limited their competition. We believe there is strong evidence that grocers, convenience stores and liquor stores can all coexist. Recent research suggests consumers will continue to support their local liquor stores even if the law is updated. In other states that have lifted similar restrictions, liquor stores have continued to prosper. I personally had liquor and strong beer in two convenience stores in Missouri and I can attest to the fact that there were still liquor stores competing favorably in that market.

Changing laws, regulations and taxes, as well as shifts in the overall economy and demands of customers are realities that all businesses must address on a day-to-day basis in order to remain viable. All retailers must meet the changing needs and desires of their customers. What seems most fair is to level the playing field for all types of retailers.

Opponents fear that grocery stores will not police liquor sales to minors effectively. This fear is also unfounded. As you've heard from my colleagues today, grocery and convenience stores have a long history of enforcing sales of restricted products to minors such as cigarettes, lottery, tickets and beer. Just look to neighboring states such as Missouri and Iowa to see how these stores are already doing in monitoring alcohol sales to minors.

A further assurance that expanding liquor retailers will not directly affect underage drinking came from a National Institute of Health study. The study indicated that commercial alcohol availability is not directly related to underage alcohol use. Their findings indicated much greater reliance by minors on social alcohol sources (e.g. friends and family members) than commercial alcohol sources.

In addition, some opponents claim an updated law would give an unfair pricing advantage to large retailers. This is not the case. The State of Kansas does not allow volume discounting nor does it allow any liquor sales below cost. A modernized law would not change this fact.

I urge you on behalf of the 1,700 retail establishments, 35,000 employees and thousands of consumers across Kansas to support modernizing Kansas' liquor laws. Updating these laws will bring back Kansas' dollars that are currently being siphoned off to neighboring states. It will also attract more business to the state, creating jobs and pumping more money into local economies. Finally, expanded business opportunities means expanded job opportunities. There are many Kansans out there who need jobs. Allowing more business growth will create those

much needed jobs. The potential for job increases is much greater than the potential for job losses.

I urge you to do what's right and vote in favor of free enterprise and competition. I challenge you to do what's right for consumers and for our state. Thank you for your consideration.

Sincerely,

Terry Presta