

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

From: Gary Krueger

Date: February 7, 2012

Dear Members of the House Commerce & Economic Development Committee

I am writing this letter to express my support for modernizing Kansas liquor laws.

My wife, Lee, and I own and operate Gary's BP at 130th & State Line Road in Kansas City, Missouri. We also own Krueger BP at 151st and Highway 69 in Overland Park, Kansas—about four miles west and two miles south of Gary's BP. Both stores have been operating in the very competitive convenience store category since March 1999.

We do not sell liquor in our stores in either of our states. That includes 3.2 beer in Kansas. However, because our stores are so close geographically and on either side of the Kansas-Missouri border, we have witnessed, firsthand, the dramatic effects of tax disparities between the two states. My stores have been a case study of business flowing from Kansas to Missouri, an issue I'm sure you are aware of. In 2002 when tobacco taxes increased, I lost \$52,000 a year in tobacco sales that went across the state line to Missouri. My Kansas daily customer count dropped 22 percent in just one year. About that same time, several large, multi-state grocers started selling gasoline close by. I don't recall anyone being concerned about the possibility that new taxes or grocers selling gasoline would force our stores out of business.

Our response to these challenges was to "reinvent" the way we did business, including enhanced customer service and significant capital improvements. As a result, we continue to be a viable taxpaying employer in the State of Kansas and Missouri.

The point of all this is that competition is part of our free enterprise society. It enhances quality of products and services we offer, and it hones our skills as entrepreneurs and business owners. When the government passes laws—or continues outdated laws, such as our current liquor laws—it is tinkering with our capitalistic system to everyone's detriment.

Modernizing our antiquated liquor laws would level the playing field by putting all retailers under the same set of rules when it comes to selling alcoholic beverages. This would help small Kansas' convenience stores, especially those that have to compete with border state stores that operate under more modern liquor laws. Small Kansas' convenience stores are struggling, and many have already closed. Allowing us to sell full-strength beer, wine and spirits would enable many of them to increase revenues and compete more effectively.

Modernized liquor laws would also give our customers more choice and convenience and keep their dollars in Kansas. They want liquor laws that make sense in today world, not remnants of 1920s prohibition. They want to make alcoholic beverage purchases where it's convenient for them, not where the government tells them to.

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I'm confident that convenience stores will do a good job of policing underage purchases. We enforce age-restricted purchases on lottery tickets, 3.2 beer and tobacco on a daily basis. And, in other states with more modern liquor laws, convenience stores have proven their ability to keep alcohol out of the hands of minors. liquor from a retailer.

Updating Kansas' liquor laws mean the end of Kansas' liquor stores. It simply means they will join the majority of small Kansas business owners who must compete in a free market place. Under the proposed bill, liquor stores can benefit, too, from being able to sell food products that are currently prohibited. So, they can grow their businesses, as well. It is always the innovative owners of well-constructed and operated business that succeed in the free market.

I know I speak for many Kansas convenience store operators in urging you to support modernizing Kansas' liquor laws. It will end unnecessary government regulation, bolster competition and create equitable liquor laws that create a level playing field for all retailers. Thank you for your consideration.

Gary Krueger,
Krueger BP, Overland Park, Kansas
Gary's BP, Kansas City, Missouri