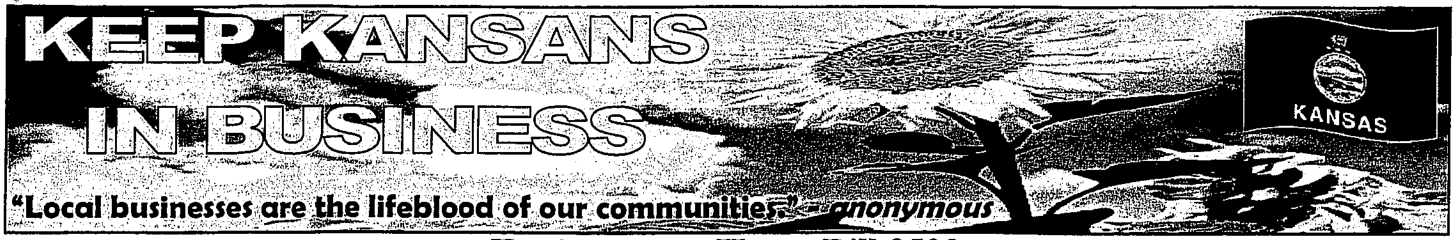

Testimony on House Bill 2532
House Commerce and Economic Development
Spencer Duncan, M.B.A

February 8, 2012

Kansas retail liquor system adheres to the principles of a free market while providing Kansas a strong economic model that takes into account issues of responsibility that come with selling hard liquor, strong beer and wine. HB2532 is a radical restructuring of our economic system and will not benefit the Kansas economy, will harm to communities and will increase state spending.

Eighty-Four percent of Kansas businesses employ 10 individuals or less. Small businesses are the engine of our economy and legislation that shuts down hundreds of parts of that engine is not sound economic policy.

Before this hearing I delivered to each of you, *"Common Sense Economic Reasons the Current Retail Liquor System is Best for Kansas."* I have attached a copy with my testimony and encourage you to read this report. It details economic benefits of the current system, explains how we have a free market and examines economic harms that will occur if we alter this system.

My testimony reinforces some of those points while asking you to consider additional concerns with HB2532.

Kansas Has a Free Market

Any Kansan can own and operate a liquor store – even those who own grocery and convenience stores. The Kansas retail liquor system does not exist in a vacuum: Kansas has similar laws in place in other industries that this Legislature has determined are in the best interest of our economy.

KSA 17-5904 lets counties decide if they will allow corporations and non-Kansans to own or acquire farmland. This law exists for the sole purpose of protecting Kansan-owned family farms. That is no different than asking you to promote economic policy that supports the family-owned liquor store.

We have laws that allow a car dealership owner to block a new car dealership from opening in a community so they don't have to face direct competition; we provide tax breaks to one group over another, often in the same industry; We limit the scope of credit unions, but not banks; We limit title insurance to title companies, not allowing others to enter the marketplace. These are just a few of many examples.

Kansas' retail liquor industry is not a unique model in our state. This Legislature and the business community have determined - through years of study and practice - that the current system is a strong economic model that should be preserved.

HB2532 will lead to a less open market then the current system as we transition from hundreds of businesses to the dominance of a handful of big-box and out-of-state grocers and convenience stores. This creates a consolidated market that does not adhere to free market principles.

It is not as simple as throwing around a bumper sticker phrase like "free market" to talk about our economic model. Every market must be evaluated on its merits and every market mus
and how it operates.

House Commerce & Economic Development
Date: 02/08/12
Attachment #: 7-1

Our current retail liquor system allows for open trade, provides any Kansan the freedom to enter the marketplace, adheres to free market pricing principles, provides wide accessibility to those of legal age, has localized trade providing consumers a direct voice in the market - something big corporations do not provide – and has forged a strong economic model that benefits the state economy and local communities.

Kansans Shop in Missouri because Tax Rates are Lower. HB2532 Does Not Stop Solve That Problem
Alcohol, cigarettes, gas and food are cheaper in Missouri because tax rates make it more appealing to purchase these products across the border. Passage of HB2532 does not solve this problem. For a comprehensive look at the tax rate differences, see page 3 of *"Common Sense Economic Reasons the Current Retail Liquor System is Best for Kansas."*

Kansas' tax on beer is **3 TIMES** that of Missouri. Missouri has the fifth lowest tax on spirits, per gallon, in the United States with a rate 50 cents lower per gallon than Kansas. Missouri's gas tax is 7.7 cents per gallon lower, they charge 62 cents less on a pack of cigarettes and Missouri has a base tax rate on many food items of just 1.22%, compared to Kansas' base rate of 6.3%_Building in Missouri is better for businesses because companies can sell products at a lower rate, which attracts customers. HB2532 does not address this issue.

Think Practical, Not Theoretical
The average liquor store in Kansas is 3,000 square feet. HB2532 would allow liquor stores to sell other products. But where will they put them? Big-box and grocery stores will simply clear off shelves and stack product in other sections.

Many current liquor stores are landlocked in shopping centers or in areas where permitting and zoning issues make it impossible to expand. If a current liquor store owner wants to move or expand, where will the resources come from? Lending to small businesses is at an all-time low, and if you pass this legislation you are telling every banker in Kansas that half of these stores will go out of business, making them poor investments. This is a real-world, practical problem that must be addressed by Legislators.

Allowing Big-box, Grocery and Convenience Stores to Sell Alcohol Does Not Guarantee Expansion
Selling alcohol is not a determining factor companies use to decide to build stores. In researching public documents available from many of these companies – Annual Reports, SEC filings and other public filings – there is no mention of the necessity to sell alcohol in order to expand. Alcohol is NOT a deciding factor in a construction decision. Instead, factors include population density, tax base, tax incentives, population income, other stores in the area, etc. If these companies are not telling stockholders and employees that selling alcohol is a deciding factor in new construction, then it is disingenuous for them to make such claims to Kansans.

Big-Box, Grocery and Convenience Stores Will Not Replace Lost Jobs
HB 2532 will close hundreds of small businesses and cause thousands of lost jobs. Big-box, grocery and convenience stores cannot make up for these lost jobs. You do not make money by adding a product, then hiring dozens of employees. You make money by adding a new product and then hiring **AS FEW** people as possible. In many cases, these stores have the majority of staff they need and will simply add this product to inventory.

In economics, everything is proportional. Adding a product and then hiring dozens of employees is counterproductive to adding that product. New income and new expenses rise proportionally. This is especially true with beer and wine - low-margin products that have to be sold in high volumes to produce a cost benefit. The way big-box, grocery and convenience stores make money from selling these low margin items is to hire as few individuals as possible, thereby maximizing their "new" profits.

Do Not Ignore the Dollars Needed to Fund the Proposed System

Past fiscal notes on this legislation have estimated Alcohol Beverage Control will need a **minimum** of $1 million to fund this system, as they will need to hire enforcement agents, administrative staff and deal with a flood of new licenses. Kansas SRS issued a cost memo analyzing the fiscal impact of increased access brought about by alcohol sales in more than 2,000 new outlets. SRS determined as much as $4.2 million would be needed each year for prevention and treatment programs as a direct result of this type of legislation. These expenses total more than $5 million in new dollars, and that does not take into account costs to local law enforcement who will have to deal with increased DUIs and underage drinking issues.

Dry County Bars and Restaurants Will Be in Jeopardy

HB2532 could lead to the eventual closing of bars and restaurants located in 19 dry counties in Kansas whose citizens have not passed liquor-by-the-drink. While HB2532 does not abolish 3.2 Beer in Kansas, it will have that eventual impact. Beer producers continue to make 3.2 Beer for Kansas because it is profitable. Upon passage of this legislation, big-box, grocery and convenience stores will stop selling 3.2 and replace it with strong beer. Once this occurs, 3.2 Beer in Kansas is no longer profitable for producers, who label and package 3.2 Beer specific to Kansas law. Beer producers will stop selling 3.2 in Kansas, putting out of business bars in dry counties who can ONLY sell 3.2 Beer. It is impossible to operate a bar in a dry county without any product to sell.

HB2532 Harms Rural Grocers Who Can Sell Alcohol Under Current Law

As mentioned, any Kansas grocer has the ability to sell alcohol and create de-facto liquor departments under current Kansas law. They can open their own liquor store or put a separate entrance in their current store so individuals do not have to leave the building. If Kansas grocers believed selling alcohol was a solution or beneficial, they would be selling alcohol today. A survey conducted by Kansas State University and the Kansas Sampler Foundation found that 40% of rural grocers said the biggest threat to their business is out-of-state grocers and big-box stores. No study concludes selling alcohol will keep rural stores open. Study after study does concludes the biggest threat to rural, Kansan-owned businesses is out-of-state grocers.

Kansas is Not Comparable to Other States

Every state has liquor laws tailored to fit its values, population and economic models. Comparisons to other states are not valid. No state has ever switched from a system like Kansas to another system. There is no model to use. Many states used as examples of where so-called de-regulation has been successful were primarily "Control States" before they privatized systems. Control States are those in which the state itself owns, operates and sells all, or a portion of, the alcoholic liquor. Those states went from systems in which alcoholic product was controlled by state government then turned over to private industry to take control of the alcoholic -liquor business.

Of course this had a short-term economic impact! Private industry will always be an improvement over state-run retail stores. Private industry will spend more, promote more and invest more than state government. Those systems had nowhere to go but up. Kansas has never been a control state and has always had a privatized industry.

Other systems used as examples have had, or still have in place, caps on the number of licenses they issue or that entities can purchase. Basing an economic model for Kansas on systems that will never compare to Kansas is a comparison of apples vs. oranges.

HB2352 is bad economic policy and I encourage you to support the current retail liquor system.

Common Sense Economic Reasons The Current Retail Liquor System is Best for Kansas

Keep Kansans In Business

keepkansasjobs.com

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KEEP KANSANS IN BUSINESS

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KEEP KANSANS IN BUSINESS

Keep Kansans in Business is a community of citizens, businesses, civic/social organizations and others, dedicated to ensuring more than 750 locally owned businesses - employing thousands - remain strengths of their communities and pillars of the Kansas economy.

Locally-owned liquor stores are accountable, boost local economies, employ and use local vendors, strengthen communities, and ensure access to minors is limited.

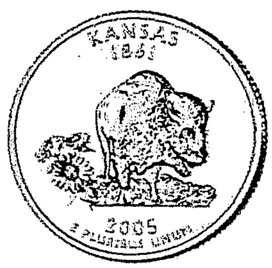
Those who want to change Kansas' liquor laws are primarily out-of -state big-box entities focused on profit, not the Kansas economy or safety of our citizens and communities.

KEEP KANSANS IN BUSINESS

84% of Kansas Businesses Employ
10 Individuals or Less.

Small Business are *THE* engine
of the Kansas economy.

Passing legislation that will shut down
as many as 341 parts of that engine
— primarily in rural communities —
is not strong economic policy.



Locally-owned businesses generate 70% more local economic impact per square foot than chain stores. *(Andersonville Study of Retail Economics)*

3 times as much money stays in the local economy when you buy goods and services from local businesses instead of chain stores.
(Economic Impact of Locally Owned Businesses vs. Chains)

Local stores retain a larger share of profits within the local economy.
(Economic Impact Analysis: A Case Study)

Kansan-owned stores keep their spending in Kansas, using local contractors, architects, accountants, vendors, consultants, lawyers, and many other professional goods and services.
Big-box, grocery and convenience stores with out-of-state owners spend dollars in states where they have corporate offices
(Iowa, Arkansas, Ohio, etc...)

Current System is A Free Market

Any Kansan can own and operate a liquor store — even those who own convenience and grocery stores. These stores compete against one another.

The Kansas Legislature passes and reaffirms laws in the best interest of our economy:

- KSA 17-5904 lets Kansas counties decide if they will allow corporations and non-Kansans to own or acquire farmland. This law exists for the purpose of protecting Kansan-owned family farms.
- KSA 8-2430 allows car dealers and the Director of Vehicles to deny a potential new dealership from selling the same brand in their market, limiting most Kansas communities to one dealer selling a brand of vehicle
- Tax credits, exemptions and other "breaks" are designed to encourage growth and provide advantages to one business over another, often within the same industry.
- Kansas limits territory where a credit union operates versus banks which can operate anywhere.
- Real estate agencies cannot sell title insurance. Title insurance sales are limited to title companies.
- Much like alcohol, certain pest control chemicals can only be sold by certain companies with licenses and not everyone can hold a license.

Kansas' retail liquor industry is not unique in our state. These examples, and others, are created because past and current legislators determined these are the right economic decisions for Kansas.

The proposed economic liquor retail model will lead to consolidation of liquor sales — a transition from hundreds of businesses to dominance of a handful of big-box and out-of-state grocers and convenience stores. This creates a consolidated market that does not adhere to free market principles.

Nobel Laureate Milton Friedman, known as the great defender of free markets and economic adviser to President Ronald Reagan, said of big business: *"business corporations in general are not defenders of free enterprise. On the contrary, they are one of the chief sources of danger."* His premise was that what's perceived as good for big business isn't always good for taxpayers and the cause of freedom, as big corporations favor government regulations that give them an edge in the long-term over small business. Big business does not compete, it assimilates and dominates a market.

Adam Smith, called the Father of Economics, believed in free markets. He also believed it was in the best interest of markets and economic systems to be as local as possible. The more localized a market the more input a consumer has in that market. This ensures the market remains free for local traders to operate and free for consumers' voices to be heard within that market. He also believed localized markets provided better state and national security and that local trading is the driving force of an economy.

It is not as simple as just using the term "free market" to talk about an economic model. Every market must be evaluated on its merits and every market must be evaluated in reference to where and how it operates.

Our current retail liquor market allows for open trade, provides any Kansan the freedom to enter the marketplace, adheres to free market pricing principles, provides wide accessibility to those of legal age, has localized trade providing consumers a direct voice in the marketplace - something big corporations do not provide - and has forged a strong economic model that benefits the state economy and local communities.

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TAX POLICY

Kansas has a Tax Problem, Not An Access Problem. That is Why We Lose Sales to Missouri.

Food. Gas. Alcohol. Cigarettes.
All have significantly lower tax rates in Missouri.

	Missouri	Kansas	KS Differential
Beer	.06	.18	+ .12
Spirits	2.00	2.50	+ .50
Wine (less than 14%)	.36	.30	- .06
Wine (14% or higher)	.36	.75	+ .39
Cigarettes	.17	.79	+ .62
Gas	17.3	25.0	+ 7.7
General Sales Tax	4.225%	6.3%	+ 2.075%
Alcohol Excise/ Sales Tax	4.225%	8%	+ 3.775%
Food Sales Tax	1.225%	6.3%	+ 5.075%

NOTES: All numbers are in cents or percentage. Measurements are by gallon (alcohol), pack (cigarettes), item (food/goods); Many wines carry an alcohol content of 14% or higher; This chart does not factor in city/county tax rates; Missouri state law mandates no county/city tax can exceed 5.01%

POSSIBLE REDUCTION IN TAX REVENUE

Many big-box stores use wine and beer as a "loss leader." They do this because alcohol accounts for a minimal amount of overall sales and they sell thousands of high-margin products to offset low-margin alcohol. Selling wine and beer at, or near, cost attracts customers to help sell and market higher-priced goods. Thousands of new outlets selling alcohol at, or near, cost could equate to a reduction in enforcement tax collections, or at the very least minimal increase in taxes collected.

Missouri ranks 49th lowest in the U.S. in Beer Excise Tax. Only Wyoming has a lower rate. Kansas is 27th, with a rate **THREE TIMES HIGHER** than Missouri.

Missouri is 45th in the U.S. in Spirits Excise Tax. Kansas is 38th with a rate **50 cents higher per gallon than Missouri.**

Missouri has a base tax of 1.225% on most food items compared to Kansas' base rate of 6.3%

Kansas' liquor excise tax rate is **nearly double** Missouri's base tax rate on packaged alcohol.

Missouri's cigarette tax is 62 cents lower per pack than Kansas. Missouri's gas tax is 7.7 cents per gallon lower.

Missouri has a lower sales tax than 71.2% of other states.

Taxes are the reason border consumers choose Missouri over Kansas.

Taxes are the reason companies build in Missouri and not Kansas - they can sell products at a lower price, which attracts more customers.

HB2532 does not solve this problem. Missouri will continue to be a more economical place to shop for border consumers until Kansas addresses its tax policies.

KANSAS COMPETITION

Liquor Store Owners Have No Problem with Competition. They Compete with Other Liquor Stores Now.

The Practical Problem is Liquor Stores Don't Have the Space or Borrowing Resources.

The average liquor store in Kansas is 3,000 square feet. HB2532 would allow current liquor store owners to sell other products, **BUT WHERE WILL THEY PUT THEM?**

Many of these stores are landlocked or in areas where zoning and permitting make it impossible to expand. It's not about not wanting to compete - its about not having the resources!

Big-box and grocery stores will simply clear off a few shelves and add liquor to their inventory, with no concerns about space.

If a current liquor store owner wants to move or expand, where will they get the resources? Lending to small businesses is at record lows, especially in rural communities! Upon passage of this legislation, **the state of Kansas is telling every banker in Kansas nearly half of these stores are going out-of-business, making them ALL poor investments.**

Having the ability to sell other products is not a solution. Having nowhere to put them - and no borrowing options to expand - is a practical problem this legislation ignores.

The State Created the Current System. It's Economically Responsible to Honor that System.

Kansas' retail liquor system has been in place since its creation in the 1940's. Every Kansan who has invested in a retail liquor store has done so with a promise from the state that they were investing in a specific system established by the state. Changing the current system undermines the investment Main Street made in Kansas. The State of Kansas should continue to respect - and honor - that commitment.

Kansas Liquor Laws Are Not Outdated. SERIOUSLY.

No state has voted to put wine in grocery stores in 25 years. Since then, Colorado, Kentucky, Minnesota, New York and Massachusetts have all rejected this change out of concerns for small businesses and public safety.

Many states differentiate between the sale of alcohol by packaged stores versus big-box stores. Some states do not allow the sale of refrigerated alcohol in retail outlets. There are control states - which only allow the state itself to sell spirits. It is not correct to paint Kansas as the most regulated. Kansas has direct shipping of wine, Sunday sales, farm wineries, microbreweries, outdoor zones for festivals, and other "modern" laws.

Kansas has a model system: with one liquor store per 3,500 citizens, we have found a balance between the desires of those who would expand access and availability versus those who would prefer a model closer to a return to prohibition.

Changing the System Sacrifices Rural Communities to Benefit Urban Areas

A survey by Kansas State University and the Kansas Sampler Foundation found 40% of rural grocers said the biggest threat to their business is out -of-state grocers and big-box stores.

David E. Proctor, Director of the Center For Engagement and Community Development at Kansas State University, wrote in his article *"The Rural Grocery Crisis"*: "The most frequent, significant challenge identified by our rural grocers was competition with big box grocery stores. In the past twenty years, we have seen a tremendous rise in the number of big-box, national-chain markets. In addition, big-box wholesalers have moved into the grocery business, and now many offer large food sections as part of their stores. Rural store owners view these stores as competition that threatens their very survival."

No study indicates selling alcoholic beverages will keep rural stores open. Studies do conclude the biggest threat to rural, Kansan-owned businesses is out-of-state operated grocers and big - box stores.

In a report on factors leading to why rural grocery stores are closing, **Jon Bailey, Center for Rural Affairs,** concluded: "The advent of corporate, chain grocery store facilities in nearby larger cities and the relative ease in driving due to advances in vehicles and highways often make shopping at larger grocery stores more attractive, further reducing the customer base and the economic margins for small, local stores."

In Iowa, 43% of grocery stores in communities with less than 1,000 population have closed. Leading factor: big-box and out-of-state grocers.

Proposed Legislation will assist big-box and out-of-state grocers too increase market share and buying power, helping them shut down local, rural grocers.

Kansas Grocers Can Sell Alcohol Under Current Law

Under **current** Kansas law, independently owned Kansas grocery stores can own a liquor store adjacent to their store. They can even design the liquor department so customers do not have to leave their building to purchase alcohol from them.

Proposed legislation is designed to allow out-of-state corporations to sell hard liquor and take profits out of Kansas.

If rural and independent grocers believe it would benefit them to sell alcohol, they can do so right now!

BIG-BOX HURTING RURAL KANSAS

Kansas' rural communities suffered huge population losses in the last decade. A primary factor: consolidation created by big-box stores. These out-of -state entities push small businesses to closure, creating fewer businesses in rural communities, leading to fewer jobs and causing population exoduses.

Largest population losses by county (2010 Census)

Kiowa	- 22.12%	Rawlins	- 15.07%
Greeley	- 18.71%	Smith	- 15.06%
Lane	- 18.79%	Republic	- 14.65%
Jewell	- 18.83%	Osborne	- 13.34%
Chataqua	- 15.83%	Cheyenne	- 13.87%
Wallace	- 15.09%	Greenwood	- 12.82%
		Woodson	- 12.65%
		Gove	- 12.16%

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MORE STATE RESOURCES REQUIRED

This Legislation Will Increase the Budget of Alcoholic Beverage Control by More Than 50% and Require Additional Tax Dollars.

That's Not Smaller Government.

The Division of Alcoholic Beverage Control would need to nearly double the number of enforcement agents beyond its current staff and increase administrative staff to enforce expansion of alcohol to more than 2,000 new outlets, according to Doug Jorgensen, Director of Kansas Alcoholic Beverage Control. He made these comments while testifying before the House Federal and State Affairs Committee in January of this year.

A ***minimum*** of 20 individuals would have to be hired to regulate the system being proposed

(Division of the Budget, February 3, 2011)

This Legislation leads to an approximate 50% budget increase for the division of Alcohol Beverage Control! These additional positions represent **a minimum** of $1.3 million in additional money needed to fund these positions.

(Division of the Budget, February 3, 2011)

Kansas SRS says it will cost an **additional $4.2 million** for treatment and prevention programs. HB2532 takes additional millions from the State for distribution to cities and counties **while creating another tax system.**

Total Cost to the State will be a *minimum* of $5.5 million additional dollars.

Additional Government Costs Associated with Increased Access

Increasing alcohol outlets by more than 2,000 and allowing 18, 19 and 20-year olds to stock and sell hard liquor, strong beer and wine, has additional costs the state of Kansas will have to fund.

Wichita Pastor Terry Fox, who also served more than 10 years in law enforcement, opposes changing the system because of the additional enforcement that will be required. He writes, " I am confident that enforcing the law and regulations of this bill will be nearly impossible in the State of Kansas as well as time consuming." The Kansas Peace Officer Association and Kansas Chiefs' of Police have expressed similar concerns.

The Marin Institute and Indiana University have studied the effects of having a high density of alcohol outlets. Among their findings were that areas with increased retail alcohol outlets had higher suicide rates, increased drunk driving rates, and more instances of violent crime.

The reality of new enforcement and increases in social problems associated with thousands of additional retail outlets will carry an economic cost the state will have to fund through increases in law enforcement, treatment programs and underage drinking initiatives.

DRY COUNTIES WILL DRY UP

Current Beverage Industry Benefits Kansas

The beverage alcohol industry in Kansas employs nearly 41,000 Kansans. This high rate is because Kansas retail liquor stores and on-premise establishments maintain an industry, profitable for Kansas, because of community roots.

Retail liquor stores work closely with local law enforcement, distributors, bars, clubs, restaurants, local organizations and everyone who buys alcohol to ensure sales are responsible.

These local, community-based relationships ensure Kansans stay employed, turnover rates are kept low **(unburdening the unemployment system),** profits stay in Kansas and tax collections remain high.

Bars and Restaurants in 19 Dry Counties — most of them small businesses — are at Risk if HB2532 Passes

There are more than 120 restaurants, pubs and bars in Kansas' 19 dry counties which, by law, can only serve 3.2 Beer. While proposed legislation does not ban 3.2 beer, it puts its future in Kansas in jeopardy.

As grocery and convenience stores replace 3.2 beer with strong beer, this will dilute sales of 3.2 beer in Kansas, making it less profitable for beer producers to make for Kansas.

3.2 beer is currently profitable for producers and sold in other states. However, the product has to be packaged specifically to adhere to Kansas regulations.

Changing the current retail liquor system will create an eventual tipping point where 3.2 beer is no longer profitable enough for producers to package and sell in Kansas. This means producers are likely to stop making and packaging 3.2 beer in Kansas.

KS Counties Without Liquor-By-The Drink
(as determined by the citizens who live there)

Clay
Clark
Cherokee
Doniphan
Elk
Gove
Gray
Haskell
Jewell
Lane
Meade
Morton
Rice
Sheridan
Stanton
Stafford
Stevens
Wallace
Wichita

This puts dry-county bars and pubs, most of which are locally owned and in rural communities, out-of-business since 3.2 beer is the only alcohol they can serve , as decided upon by the citizens of those counties.

Convenience store owners have testified previously that beer sales account for between 4% and 8% of total sales. For Kansan-owned liquor stores, beer sales account for an average of 50% of sales, and in some stores it is as high as 80%. **Big-Box and convenience stores do not need this additional product to continue to thrive, while loss of these sales to out-of-state entities will put Kansas owned stores out of business.**

Big-Box, Grocery, Convenience Sales Reduce Consumer Choice

Big-box, grocery and convenience stores sell a limited number of alcohol items and focus on top-selling, national brands. As these stores dominate the marketplace and put Kansan-owned stores out-of-business, variety of product will decline.

Less product variety means a deterioration of consumer choice.

While some liquor stores will attempt to sell "niche" products, they need to sell the top-selling brands to make a profit.

Liquor stores can put these brands on their shelves, but big-box stores will sell these labels near cost as loss leaders to attract customers.

According to the National Beer Wholesalers Association: "When independent retailers suffer at the hand of huge corporations, consumers are also impacted through the loss of choice and convenience."

Big-box, grocery and convenience stores do not need variety and "niche" alcohol products to stay in business, while liquor stores cannot sell just "niche" items to stay in the marketplace.

This creates a system in which the only stores standing will be big-box and out-of-state grocers who will continue to limit the products they offer.

Resources for this report include, but are not limited to:

Anderson Study of Retail Economics

An Economic Case for Increased Competition in the Sale of Beer, Wine and Spirits in the State of Kansas." by Dr. Art Hall, PhD

Bob Weeks, The Voice of Liberty

Campaign for Tobacco Free Kids

Capitol Connection, LLC: Poll on size and employment of Kansas Liquor Stores

Community Environmental Defense Fund

Dr. David Burress, PhD

Economic Impact Analysis: A Case Study

Emporia Gazette

Gone Mild Blog: gonemild.com

Hays Daily News

Indiana University,

Kansas Alcoholic Beverage Control

Kansas City Star

Kansas Department of Agriculture

KS Department of Revenue

KS Division of the Budget

KS Family Policy Council

Kansas Families Against Liberal Liquor Laws

Lawrence Journal World

Marin Institute

Missouri Department of Revenue

Salina Journal

Tax Foundation

Topeka Capital Journal

U.S. Census Bureau

Wichita Business Journal

This report was prepared by Spencer L. Duncan, M.B.A., and Keep Kansans In Business

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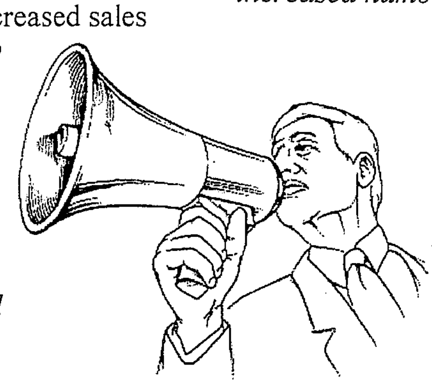
The Voices of Kansas

"It would probably reduce our (rural) stores overall, basically the way the big-box store is destroying the small town business." ***- John Cooney, Mayor, Oxford KS.***

"The result would be fewer workers needed at existing liquor stores and the eventual closing of those same stores...is bad for mom and pop liquor stores throughout the state. Shifting jobs from these stores to grocery stores does absolutely nothing to better the economy overall. In fact, we would argue the effect of this bill's passage would increase unemployment as larger stores could accommodate increased sales without increasing their work force." **- Hays Daily News Editorial Board**



*"It's an ideological dilemma for Republicans who control the legislature. Free market vs. supporting small business. Morality vs. consumer choice. They're for all that. Me. I'm for keeping things as they are." **- Mike Hendricks, Columnist, Kansas City Star***

"...it seems to me that if it becomes law, it would impose a much increased load on law enforcement, for which we all pay. The "boys in blue" have plenty to do."**- Lawrence Wetter, Columnist, Salina Journal**

"In reality, liquor stores are some of the classic mom-and-pop small businesses that stand little chance of surviving when mega-corporations step in. In reality, that laid-back store you visit with the bell that tinkles when you open the door will get squeezed out by corporate convenience store domiciled in Delaware pushing cardboard boxes of Natty Light along with a taquito, serviced up by minimum-wage servants while the profits go to international bank accounts. Reality is a lot uglier than theory."
- Dan Ryan, Kansas City Beer Enthusiast, Gone Mild Blog

"In particular, rural abandonment is driven, among other factors, by improved transportation combined with the rise of larger retailing units run by chains - i.e. supermarkets and Wal-Marts - plus the rise of high-volume convenience stores, also run by chains." **- Dr. David Burress, PhD, Kansas Economist.**

*"But on the other side of the scale lie very valid concerns abut the measure's potential effect on the current retail liquor industry in Kansas and the social impact of making alcohol available at a vastly increased number of sales outlets...Among other concerns: the measure would make it more difficult for the state to monitor alcohol sales and prevent liquor from being sold to minors....lawmakers should be leaning against passing the proposal." **- Topeka Capital-Journal Editorial Board***

"But convenience will come at a cost which would mean hurting the independent liquor stores...For Emporia more liberal liquor laws would be devastating to the independent liquor stores...For Emporia, it's in the community's best interest to keep the liquor laws the same in an effort to keep as many businesses operating as possible. We hope Emporia's legislators will not support legislation that would help close locally owned businesses and create vacant buildings around town." - **Chris Walker, Publisher, The Emporia Gazette**

*"We believe that accessibility is just too much of a temptation for people who possibly have a propensity toward and alcohol problem, not to mention the fact that it puts youth at risk..." **- Kansas Family Policy Council***

"...it won't address the tax issue that will keep many of those sales in Missouri. Missouri charges an excise tax of $2 per gallon on liquor, while Kansas charges an excise tax of $2.50 plus an enforcement tax of 8 percent on packaged liquor...Kansas legislators need to look beyond the rosy predictions." - **Lawrence Journal World Editorial Board**

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