



March 11, 2016

### **Testimony in Support of HB 2718**

Chairman Hutton and members of the Committee:

On behalf of Americans for Prosperity activists across the state, thank you for this opportunity to voice our support for HB 2718.

Kansas is one of five states (Utah, Minnesota, Colorado and Oklahoma) that make provision for sales of cereal malt beverages, commonly referred to as 3.2% beer. In Kansas, grocery stores and convenience stores are limited to sales of 3.2% cereal malt beverages.

Among the five states, Oklahoma is the largest consumer of 3.2% beer. However, the Oklahoma Legislature is considering a measure that would put changes to the state liquor laws on the November ballot. The elimination of the special category of 3.2% beer is a change that could impact retailers and customers in Kansas.

If manufacturers were to lose Oklahoma as a part of the cereal malt beverage customer base, a real possibility exists that manufacturers would choose to no longer produce 3.2% beer. HB 2718 provides a mechanism to ensure Kansas retailers and customers are not negatively impacted by such a decision.

The bill provides a mechanism which requires manufacturers selling cereal malt beverages in Kansas to notify the Secretary of Revenue if they will stop production. The Department of Revenue will project the expected lost tax revenue from the loss of cereal malt beverage sales. If tax revenue is actually or projected to be reduced by 25% or more, retailers currently selling cereal malt beverages will be allowed to apply for a license to sell regular strength beer.

HB 2718 will provide certainty for Kansas convenience store and grocery store owners, that they will have a product to sell, and ensure that Kansas consumers are not adversely impacted by market changes caused by changes in Oklahoma laws.

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