

Vern's Retail Liquor LLC
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Testimony

TO: The Honorable Mark Hutton, Chair
And Members of the House Commerce, Labor & Economic Development
Committee

FROM: Aaron Rosenow
Owner Vern's Retail Liquor LLC

RE: HB 2718 - An act concerning alcoholic beverages; dealing with beer and CMB

DATE: March 11, 2016

Mr. Chairman and members of the committee:

My name is Aaron Rosenow and I am the owner of Vern's Retail Liquor located in Topeka, Ks. I am writing testimony today as an opponent of HB 2718. HB 2718, also known as the "Trigger" Bill, is nothing more than a backdoor piece of legislation hastily copied and pasted from former UnCork Kansas bills. This bill will ask our state legislators to make new laws based on random and unpredictable numbers concerning a product currently only carried in grocery stores and convenience stores.

The Kansas Beer Wholesalers Association (KWBA) wants you to believe that because of pending legislation in another state that Cereal Malt Beverage (CMB) will soon be unavailable and therefore Kansas locations that currently sell CMB products will lose a small number of items to sell to their customers. The only state that currently has any legislation pending regarding CMB is Oklahoma. The earliest date that anything would happen on the Oklahoma legislation would be 2018. That begs the question: why introduce HB 2718 so soon and without knowing the final language of any bill that may or may not be passed in Oklahoma?

The first paragraph of this bill states that if the CMB Gallonage tax declines by 25 percent or more compared to a previous year's calendar month, then that constitutes an economically unviable product for current CMB licensees and that they then should be able to sell a completely different licensed product. Why does a 25 percent drop in taxes make something unviable? I would understand if the breweries stopped making CMB completely, but that is

something that doesn't have any plausible chance of happening anytime soon. Even if Oklahoma stopped selling CMB products completely, there are 4 other states and certain sports stadiums in California that still sell CMB products.

The 25 percent number is also worrisome because that number can be manipulated by businesses in Kansas, without any legislation being passed in any other state. For example, if grocery stores in Kansas decided to cut their orders of CMB products from their distributors by half for a period of time, that would result in less CMB being brought into the state. Those grocery stores would then be responsible for the trigger that would enact HB 2718, which then would supersede any future laws pertaining to this issue. That would all happen without any legislation being passed in other states that may or may not affect the production of CMB products.

This bill does not protect Kansas jobs nor does it promote growth within our state. That is why I am asking you not send HB 2718 out of committee. Thank you for your time and consideration.