

KEEP KANSANS IN BUSINESS



"Local businesses are the lifeblood of our communities." - anonymous

Legislation is being proposed that will radically change the way alcoholic beverages are sold in Kansas. This will have negative impacts on the state economy while significantly increasing alcohol access to minors.

Proposed legislation advocates for the unlimited sale of alcohol in retail locations across Kansas. Outlets that would be allowed to sell spirits, wine and strong beer include:

- Gas Stations
- Convenience Stores
- Grocery Stores
- ... ANY outlet that meets broad definitions outlined by legislation

Alcoholic beverages would be sold in THOUSANDS of new locations.

Not a National Trend

Colorado, Kentucky, Minnesota, Oklahoma, New York and Massachusetts have rejected similar changes out of concerns for small businesses and public safety. Kansas' laws are not outdated, and each state has liquor laws that fit its communities.

Kansas Liquor Stores Have High Compliance Rates

Any statistic you see about high alcohol compliance rates for grocery and convenience stores is misleading. The Kansas ABC does not track underage alcohol-sale compliance in convenience and grocery stores. It only tracks alcohol-sale compliance for Kansas-owned liquor stores. Anyone who makes this claim is comparing convenience and grocery store



tobacco compliance rates to Kansas liquor store *alcohol* compliance rates. This is comparing apples to oranges. Kansas liquor stores have a compliance rate of more than 84%. 3.2 beer sales at convenience stores and grocery stores are not

Hurts Small Businesses

All of Kansas' more than 750+ alcohol retail outlets are small businesses owned by Kansas residents. These businesses give back to the state in terms of jobs, charitable donations and taxes. According to recent economic studies, allowing wine and spirits in grocery and convenience stores would close nearly half of these businesses.

Fewer Jobs

Kansas' alcohol retail stores employ more than 6,000 people. This legislation jeopardizes the jobs of these Kansans, many who have devoted their careers to the responsible sale of alcohol. These lost jobs will not be replaced by convenience and grocery stores who already employ staff to sell their array of goods.

Sends Profits Out of State

This legislation takes sales from local business owners and shifts the bulk of these sales to out-of-state owned companies — all headquartered outside of Kansas. This at a time of serious financial crisis for Kansas, its businesses and families. Under the current system, most profits stay in Kansas and benefit other Kansas businesses.

regulated by the Kansas ABC.

What is fact is that convenience and grocery stores have a higher failure rate nationally than liquor stores when it comes to selling to minors. The National Research Council Institute of Medicine found 70% of minors nationally purchase alcohol from grocery and convenience stores.

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The Biggest Threat to Rural Kansas Stores is Out-of-State Big Box Stores and Grocers

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."

In a report on the factors leading to

Other Important Facts

- According to the Division of the Budget, implementing this legislation will cost Kansans a minimum of \$1.9 million per year. That is a 50% increase in Alcohol Beverage Control's budget
- This legislation changes the alcohol tax distribution system, and will mean less money for rural communities which currently retain sales tax on 3.2 Beer.
- Organizations who have opposed this legislation include: KS Wine & Spirits Wholesalers Assoc., Kansas Family Policy Council, Kansas Police Chiefs, KS for Addiction Prevention, Kansas Association of Beverage Retailers, Kansas Families Against Liberal Liquor Laws, Marin Institute, Bankers, Sharkbite Cocktails,, Worldwide Distribution, cities and counties, and dozens of Kansas newspapers and media outlets.

why rural grocery stores are closing, Jon Bailey of the 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.

None of these studies indicate selling alcoholic beverages will keep rural stores open. They do conclude the biggest threat to rural, Kansan-owned businesses is out-of-state operated grocers and big box stores.



Kansan-owned Liquor Stores are Good for the Kansas Economy

* 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 accountants, vendors, lawyers, and other professional goods and services. Big-box and convenience stores with out-of-state owner spend those dollars in states where they have corporate offices (Iowa, Arkansas, Ohio, etc...)

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