

Senate Federal and State Affairs Committee

Feb 2, 2011

Yes, the great state of Kansas is having a tough time of it coming out of the recession of 2007-2009, just like many others. Now, a coalition of large, multi-state corporations comes before you and tells you that miraculously, they have the cure to our \$550 million budget shortfall. Kroger, Wal-Mart, Quiktrip and Hivee want you to believe that if you completely throw out Kansas liquor laws, they will hire thousands and build stores across the fruited plains, generating millions of dollars of extra tax revenue. I submit that Kansas Liquor laws work well and this latest in a long line of hocus pocus excuses from big, out of state business' to selectively change a law to enrich them is just that; hocus pocus. These companies fiercely compete against each other and have beaten down their margins so much that now they want you to sacrifice thousands of other peoples jobs and lives to benefit theirs.

The grocery store coalitions study says that the liquor store industry "fills a valuable segment of consumer demand", but since it is smaller than the total grocery/convenience store sector, we're not as important, not as economically desirable. They say we pay less than grocery/convenience stores. Sure, if you combine the payroll of the Dillon's store across the street from my store, with many managers, pharmacists, butchers, etc. the average payroll per employee is larger. But the clerk checking you out at the register makes LESS than my clerks do. If you take away my store, that Dillon's won't hire any more people than they have now. Their own study shows (page 4, table 2) that grocery stores have the same employees per establishment, whether or not they sell liquor.

So to believe the hocus pocus the grocery coalition is putting forward, you must believe that they will then open more stores, right? Well, they seem to be opening plenty now, just not where their marketing on this effort would lead you to believe. Quiktrip (see Wichita Eagle articles 11/19/09, 2/2/10, 9/16/10), sometimes without regard to nearby residents (9/16/10), and Kwik Shop are pretty busy (Eagle 1/23/10). But, wait! Let's look at where they're building. According to Quiktrip spokesman Mike Thornbrugh, "the companys employee costs make it essential to locate in high-volume, large-population metropolitan areas; we need a large population base." Thornbrugh also lays out their strategy on the border with Missouri also, (Kansas City Star, 8/25/09) when he says "its pure economics. Gasoline is six cents higher in Kansas and tobacco is 50 cents more per pack". I don't believe that this record shows that the grocery coalition would suddenly change their business strategy simply because they could sell wine and liquor.

The grocery coalition is once again trying to take a red pen to the Kansas Liquor laws to suit their own ends. In this tumultuous time, the last thing the Kansas Legislature needs to do is completely throw out thousands of jobs with the faint hope that they will reappear under a different sign. And even more dangerous, you would be doing that with product that requires much supervision in its delivery with no idea of how much the added cost would be to oversee hundreds of new outlets.

I urge you to vote no on the hocus pocus of Senate bill 54.

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