



January 30, 2017

Dear Members of the Kansas Legislature:

Re: Uncork Liquor Proposal; 2017?

Dear Members of the Kansas House and Senate:

About two weeks ago, legislation was introduced at the request of the Uncork coalition to try to get the Kansas Legislature to turn the retail sale of wine and high alcohol content beer to a coalition of largely out-of-state companies seeking to do for retail liquor store owners what they have done for small town and corner grocery stores: Take market share, drive their competitors out of business and export the profits back to the corporate office for redistribution to corporate executives and shareholders.

To date, their bill has yet to show up in print... but just like Punxsutawney Bill, we can expect to see the Uncork bill one of these days. Who knows... maybe on February 2, Groundhog Day, 2017!

The coalition I represent – the Kansas Association for Responsible Liquor Laws (KARLL), is an organization of approximately 30 retail liquor stores around Kansas who organized to speak the truth about Uncork's legislative intent and impact of their proposals. While we have yet to see Uncork's 2017 bill, we can just about guess what lies in store, given the history of this issue.

The major financiers of Uncork are some of the largest corporations in the nation and in some instances, the world. Wal-Mart, Kroger/Dillon's, Hy-Vee, Quik Trip and Casey's suggest their proposals are nothing more than free-market principles extended to the sale of liquor products. What they leave out is the fact it would destroy more than 60 years of regulatory oversight that more than 750 Kansas retailers have relied upon in partnership with the State to sell adult-only products in a highly restricted and responsible manner.

Uncork's proposals will not increase the sale of liquor products in Kansas and thus will not increase state revenues. What their bill will do is destroy Kansas businesses and livelihoods and export profits to Bentonville, Cincinnati, West Des Moines and Tulsa in the process. Uncork's own study from 2011 indicated that more than half of the retail liquor stores in Kansas would be put out of business if their proposal became law (*An Economic Case for Increased Competition in the Sale of Beer, Wine and Spirits in the State of Kansas*, Art Hall, PhD., Center of Applied Economics, University of Kansas School of Business).

A Wichita State University study commissioned by the organization I represent came to a similar conclusion in 2014, with a projection of 621 jobs lost initially and more than 1,800 after full implementation of Uncork's legislation that year (*Analysis of the Economic Effects of HB 2556*, Professor Ken Kriz, PhD, Wichita State University, May 2, 2014). We will have more current research available once we have an opportunity to see evaluate what Uncork is proposing this year, but we can anticipate the results will be like their previous initiatives in furtherance of their perpetual quest to increase margin and revenue at the expense of anyone and everyone who they see as a competitor.

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While their bill isn't out yet, you can expect to begin hearing from their engineered grass roots... we have seen an e-mail directive from a person in Kroger's "Customer Loyalty and Marketing Analytics" directing employees how to e-mail legislators and providing a list of talking points to include in their communications to you. This is how Uncork works – try to convince legislators that the public is demanding change, when in reality, public opinion research suggests just the opposite – people are generally very satisfied with the current regulatory system for the sale of liquor products.

When considering Uncork's proposal this year, we ask you to keep these points in mind:

- The sale of intoxicating liquors is highly competitive, with more than 750 retail liquor stores competing for their customer's business. No person can own more than one store and all can purchase product at the same price.
- Uncork members talk about "free market principles" yet ignore the fact that many of their big box stores have received millions of dollars in taxpayer subsidies (Tax Increment Financing, Community Improvement Districts, etc.).
- Uncork's proposal will not increase jobs in Kansas, but rather kill existing jobs. Big box stores will simply add product to existing facilities and will not need to hire more people. As for liquor retailers, they will lose their stores and livelihood, jobs, retirement and much more.
- Uncork's proposal for thousands more retail liquor outlets for high alcohol content beer and wine runs counter to state initiatives to increase penalties for DUI and address related alcohol access issues. A 2014 study by the Kansas Health Institute found Uncork's proposal would lead to an increase in alcohol usage by youths and other social problems (DUI's, theft, etc.).
- Retail liquor store owners buy and spend locally. Advertising, legal, accounting, business supplies and services are purchased locally and profits stay in Kansas. The same is not true for big box retailers who utilize corporate offices for such services.
- Retail liquor stores are very much involved with their communities through sponsorships of local events, charities and organizations. Most of the time, charitable giving from big box retailers is driven at the national level down to local chapters. Yes, this support is important. However, national charitable organizations generally have a national agenda and greater access to funding sources. Local organizations are most generally reliant upon local support to sustain their efforts.
- When going door-to-door in 2016, voters likely expressed concerns about the state budget, taxes and education. Did anyone say to go to Topeka and make it easier to purchase liquor products?

The members of our association ask you to stand with small business and reject the corporate advances of Uncork and its out-of-state members seeking to increase their bottom line profits at the expense of Kansas retailers and Kansas jobs.

On behalf of the members of the Kansas Association for Responsible Liquor Laws, Inc., I thank you for your consideration of the information contained in this letter.

Whitney Damron
Attachment: Members of KARLL, Inc.

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