

TO: House Commerce and Economic Development Committee
FROM: Dennison Woods, Ken-Mar Liquor, Wichita, KS
DATE: February 8, 2012
RE: House Bill 2532

Mr. Chairman,

For the past 37 years I have been in the liquor business in Kansas. Currently, I own and operate Ken-Mar Liquor. There was a time in Kansas when applicants for a license had to have a hearing with the Director of Alcoholic Beverage Control in Topeka. There is merit in a system which holds an individual accountable for the sale of alcoholic liquor. It is a privilege, not a right, to be given a Liquor License. The responsibilities of selling this highly regulated product were made clear to me when I invested in this business. It is according to this agreement – this contract with the State of Kansas that I have invested in the liquor store business and maintained those obligations in good faith.

Now, it seems that Kansas is reconsidering its agreement with me and would like to grant this privilege to non-Kansas corporations with LESSER QUALIFICATIONS to sell alcoholic liquor to the public. They would not have to meet the same rules as an individual – and could even include business owners with criminal records. Meanwhile, to keep my own liquor license, I would still have to keep a clean criminal record and be a U.S. citizen and stay out of the prostitution or illegal gambling business and so on.

The corporations' proposal seems to put a value to the investment I have made in the last 37 years by allowing me to sell my liquor license in the next three years, but then completely takes the value out of it by letting anyone get a beer or wine license as of January 1, 2013. **This bill has no real license cap.**

If every convenience store within a few blocks of my store gets a wine and beer license on January 1, there will be too many places selling wine and beer in my immediate neighborhood. Even if I wanted to sell the business that I have put so much of my life into – what value is it supposed to have at that point? Hard liquor is the slowest moving product on my shelves. So, my business will be at risk – but not one of those other businesses is in jeopardy of failing because they don't sell strong beer and wine right now. It wasn't part of their business model when they came to town.

I read in the newspaper that the big grocery stores and convenience stores are going to build more businesses and create jobs if this law passes. Right now, I do not see those companies caring about my community. Maybe a bigger convenience store will open and kill off some of the smaller ones – but there is only so much gasoline and tobacco to sell in any given community. Changing liquor laws won't create more grocery or more liquor sales in Wichita.

The liquor laws in Kansas have contained limitations to multiple stores and to selling other products for the reason that the state expects me to focus on safe and legal sales of alcoholic liquor and to be personally responsible for doing the job right. If the Legislature has decided that this is no longer important – then, you should untie my hands and allow my Kansas business to grow and change. I am not asking for the change – but if it is better for Kansas, then, don't I deserve the first chance to make it

work? Shouldn't Kansas honor my investment by maintaining a stable and reliable business environment – instead of changing the rules mid-stream?

Do NOT create this special privilege for out of state corporations that will take the profits out of our communities and quickly wipe out the small businesses that are already paying taxes and employing people – the small businesses that have made the commitment to operate within Kansas restrictive rules and do it well.

Even though I am willing to expand, there are many problems that make it difficult. There are zoning and space issues in my current location and banks are not jumping through hoops to offer small businesses loans for expansion. And what bank is going to finance liquor store expansion when the new market is expected to close half of the existing liquor stores? Basically, it is unfair to ask me to spend thousands of dollars just to continue to compete in the market where I have already invested under the expectation of a stable regulatory environment. This bill says that I should change to survive – but Kansas will change to fit the plans of the big corporations who are asking for this bill.

Finally, if this Committee is interested in moving the bill forward – please pay close attention to the enforcement and penalties that would be applied. Right now, the stores that sell cereal malt beverage are not subjected to the same penalty structure that my store is. If a liquor store has multiple citations – it will be closed for one, two, or more days. That is the whole store closed with no income coming in. That does not happen to the grocery stores.

Please respect our agreement and help my Kansas business to succeed. It is better for my family and better for Kansas.

Sincerely,

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