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TESTIMONY BEFORE THE  
 HOUSE COMMERCE, LABOR AND ECONOMIC DEVELOPMENT COMMITTEE  
 IN SUPPORT OF HB 2200  
 FEBRUARY 11, 2015

Chairman Hutton and members of the House Commerce, Labor and Economic Development Committee:

I want to thank you for this opportunity to testify in strong support of HB 2200, the latest and best iteration of the "Uncork Kansas Act." It is not often that we here in the Legislature get to consider and support legislation that is a win-win proposition for all concerned. But this is just such a situation.

HB 2200 is in fact a win-win-win for all interested parties. It is a win for those of us who, like me, are ardent advocates for businesses both large and small, for free markets, reduced government regulation and favoritism, and the economic growth and competition such policies invariably foster. It is an outright win for current retail liquor store owners, who I firmly believe will see both their operational revenues and the value and marketability of their retail liquor licenses increase if this bill becomes law. And most important of all, it is a big win for our constituents, Kansas consumers, who will enjoy both greater convenience and lower prices when they shop for liquor as a result of the healthy business competition that this legislation will generate.

As you know, in summary this bill, a modified and greatly improved revision of previous drafts of legislation on this subject resulting from the healthy and constructive discussions and debate we have had about it in previous sessions, provides as follows:

1. Effective this July 1, it freezes the total number of retail liquor licenses to the number issued and in force as of June 30, and makes them retailer's class B licenses, one of two classes of retail liquor licenses created by the Act. Class B licensees are permitted to sell all alcoholic liquor (alcohol, spirits, wine and beer), as is now the case for retail liquor store licensees. And, as now, **only** those currently holding retailer's liquor licenses as of June 30 (current retail liquor store owners) will be able to sell retail alcohol in Kansas as class B licensees from now through June 30, 2018. This greatly benefits current retail liquor store owners, because it provides a "phase-in" period of over three years wherein they will continue to enjoy the exclusive right to sell

liquor at retail in Kansas, which, coupled with the freeze on the number of such licenses and their right to sell and transfer their licenses to other entities that will be allowed to hold them as of July 1, 2018, will significantly enhance and make marketable the value of their retail liquor license.

2. Effective July 1, 2018, those who hold class B licenses will be authorized to sell and convey such licenses to any person authorized and qualified to hold such licenses under the act, provided the transferee is located in the same county. The act provides that such transferees may be **only** retail liquor stores (as now) or grocery stores, as both entities are defined in the act. Again, this right of current retail liquor store licensees to sell one of a statutorily limited number of class B licenses as of July 1, 2018, greatly enhances their value, and will enable many liquor store owners who decide to sell to reap a return on their investment that I expect will greatly exceed their original investment, and return a handsome profit to them. However, the act also allows, as of July 1, 2018, all class B licensees, including those current retail liquor store owners who elect to keep their licenses and continue operations, to sell any and all goods and services on their premises. This will certainly grow the revenues and profits of any current retail liquor store owners who elect to remain in business and operate after that date. And, as stated above, the increased availability and competition that will result from both retail liquor store owners and grocery stores becoming licenses to sell alcohol after July 1, 2018, will inevitably stimulate economic growth and business development in Kansas, and will afford Kansas consumers greater choice and convenience and lower prices in their retail alcohol purchases, especially in border counties like my own Johnson County.

3. Also effective July 1, 2018, the new class A license created by the Act, allowing the licensee to sell full strength beer (not just cereal malt beverages, or 3.2% beer) will become effective and may be issued to any qualified applicant that is a grocery, liquor or convenience store as defined in the act. Class A licensees may sell beer at retail, as well, of course, as any other goods or services except for other alcoholic beverages. This again will increase the availability and competition in beer sales that will inevitably result in greater customer convenience and lower prices.

Those of us who truly believe in fostering free market principles in Kansas recognize the flawed logic of restricting the sale of legal, adult beverages to one kind of business. The Uncork Kansas bill ensures Kansans will finally benefit from the choice, convenience, and economic gains that come with an open market. It remains my view that, as a matter of sound public policy, the government should not pick winners and losers in the business community by restricting the sale of legal products or services to only a select few. It is because of my belief in this regard, and my certainty that sale of alcoholic beverages in properly licensed grocery and convenience stores will foster economic growth and promote competition, providing more convenience and lower prices for the consumer, and advance sound free enterprise policy in our state, while protecting and enhancing the value of the investment made in their businesses by current retail liquor store owners, that HB2200 has my wholehearted support, and, I hope, yours as well.

I will be pleased to stand for questions.