A coalition of Grocery and Convenience store owners, primarily from out-of-state, released an economic study claiming that radically changing Kansas' liquor laws would be a boom to the economy - increasing jobs, wages and revenue **("An Economic Case for Increased Competition in the Sale of Beer, Wine and Spirits in the State of Kansas")**. **This study also acknowledges that HALF of current Kansan-owned liquor stores would go out of business, in favor of out-of-state owned grocery and convenience stores.**

However, the economic benefits to Kansas calculated in this study are askew, as the model does not take into account important economic factors. These factors must be used in any economic model that examines altering Kansas' current system.

Factor 1: The model assumes only grocery stores, convenience stores and liquor stores will sell alcohol.

Under the system being proposed, ANY retail outlet could sell alcohol — including pawn shops, gas stations, smoke shops, adult gift stores, etc. The author of the study said during a press conference that the closing of liquor stores and consolidation of the retail liquor market into grocery and convenience stores would create a more efficient system with less overhead. But this is not the case, as thousands of new liquor licenses will be issued to other entities to sell alcoholic liquor. This study does not evaluate the effect on the system when pawn shops, smoke shops, gas stations, gun shops, etc. enter the retail liquor market. In fact, under the proposed legislation, a less efficient system with increased overhead will likely be created.

Factor 2: Increased access has a cost

States which have "all-access" systems allowing grocery and conveniences stores to sell alcohol have increased problems related to those all-access systems: increased alcoholism, increases in drunk driving, increased sales to minors and increases in violence. These problems cost states money. More information on these problems can be found at http://www.keepkansasjobs.com/increased_access.

It requires additional funding for police, it requires additional funding for DUI and alcoholism treatment programs, it requires additional funding for Alcoholic Beverage Enforcement Agents to patrol thousands of new licenses and it requires additional funding for programs targeted at reducing underage drinking. These problems burden a state economy. The study does not take into account these additional costs to the state general fund and its social health programs.

Factor 3: The study indicates local businesses will go out of business in favor of out-of-state grocery and convenience stores.

Nearly all dollars generated by a locally owned business stay in Kansas, creating a multiplier effect that reaches out to other locally-owned businesses. Large portions of dollars generated by out-of-state controlled grocery and convenience stores leave the state of Kansas, creating multiplier effects in the states where they have corporate offices (Arkansas, Ohio, Iowa, etc…) This study does not examine the impact on the Kansas economy when locally generated dollars are sent to other parts of the United States. More information on these differences can be seen at http://www.keepkansasjobs.com/kansas_economy_matters

Factor 4: States cited in the study as examples where "deregulation" benefited states are not comparable to Kansas.

Five states are cited in the study as having created all-access systems which, in turn, the study claims benefited those states. However, all of the states used as examples were "Control States" before they privatized their systems. Control States are those in which the state itself owns, operates and sells alcoholic liquor. Those states went from systems in which alcoholic product was controlled by state government but then turned over to private industry to take control of the alcoholic-liquor business.

Of course this had a short-term economic impact! Private industry will always be an improvement over state-run retail stores. Private industry will spend more, promote more and invest more than state government. Those systems had nowhere to go but up.

Kansas has never been a control state and already has a privatized industry. Basing an economic model for Kansas on five systems that never have - and never will - compare to the Kansas model creates a comparison of apples vs. oranges.

One of the five states cited as an example in the study is Iowa. It should be noted that in his 2010 article *"The Rural Grocery Crisis,"* David E. Proctor, Director of the Center for Engagement and Community Development at Kansas State University, noted that 43% of rural Iowa grocery stores in communities of 1,000 people or less— who could and did sell alcohol — have gone out of business. The No. 1 factor: Big Box and out-of-state grocers ran them out of business.

Factor 5: The study does not factor in economic impacts on wholesalers, who employ more than 450 Kansans and have annual payrolls exceeding $15 million

The proposed changes will lead to increased costs on the distribution system. The study fails to account for the cost to distribute goods to more outlets and the increased costs of delivering small payloads to more places scattered at larger distances (in particular to convenience stores, smoke shops, pawn shops, etc).

Consumer prices will increase as consumers pay for the increased costs of distribution.

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