



March 5, 2024

Senate Committee on Federal and State Affairs

SB 511

Proponent- in Person

Dear Chairman Thompson and Members of the Committee,

My name is Elizabeth Patton and I am the State Director for Americans for Prosperity-Kansas. On behalf of thousands of Kansas activists, I urge you to pass SB 511 favorably from committee.

The three-tier system, once heralded to allegedly protect consumers has been commandeered to protect fiefdoms from competition and to prohibit new industry growth. Ironically, we aren't even addressing that wholistically today but perhaps we should be in short order. Instead, this bill is asking that an antiquated, burdensome, nonsense and arbitrary rule be lifted merely so that Kansas home-grown businesses who have already started a movement to revitalize both rural and urban areas- are purely able to survive.

But SB 511 is not a bill about alcohol but about our economy and small business.

If we are honest, the government's relationship with alcohol remains awkward. We have not entirely shaken off our Puritan instincts, and through the bulk of the 20th century, state legislators have tried to thread a needle that frankly no longer needs threading. While there are sensible laws against drinking and driving, in all other regards it might be time to start treating alcohol as we would any other commodity. As such, we might substitute "tomato" for "alcoholic beverage" to see if a regulation makes sense: Should we not sell tomatoes before noon on Sunday? Should we be able to deliver tomatoes? Should it be required that tomatoes be wrapped in an opaque bag before they are taken from the store? Should tomatoes be allowed at farmers markets and grocery stores and should we limit their use on salads?

I ask the committee: what is the point of not allowing direct sales as 41 other states do already?

Many breweries in our state do a significant portion of their business within a small radius and yet there is a one size fits all regulation that accomplishes nothing except literally put a potential growth industry in our state out of business forever. We should not stand for that no matter our background.

I understand that there has been discussion about lowering the gallonage to 500 barrels. I tried to understand where that number came from because it is wholly unacceptable even to a party such as ourselves who are not in the industry itself. One example is in Maryland, the 500 barrel limit years ago was untenable for a subsidiary of Guinness and their taproom. They insisted on needing 4,000 but because the craft brew market sought to be included – an obvious choice- in that state the wholesale distributors pushed it down to 2,000.¹

Overall, in this country, the craft beer market is changing and growing. Consolidation of communication brewers and changes to other states' laws have led to an economic boom because the barriers of entry into the craft beer market were lowered. In the last 20 years, craft breweries have increased 1000-fold and our state ought to allow these businesses to thrive in our state just as we do technology companies, manufacturers of farming equipment and other entrepreneurs.² The ironic piece is that when the market is more equally shared, the profits actually still increased profits event for larger conglomerates by 6-8 percent. Kansas is at risk of missing out.

There is a scientifically proven positive relationship between concentration of craft brewers and the overall market not limited to brewers, but also to restaurants, grocery stores and other related businesses. This was studied in places that do not have the kind of egregious limitations we have here in Kansas.

It is beyond past time to update our laws, cut red tape and allow small businesses in Kansas not just to survive... but thrive.

Sincerely,

Elizabeth Patton

State Director

Americans for Prosperity-KS

¹ <https://www.cato.org/sites/cato.org/files/serials/files/regulation/2017/9/regulation-v40n3-9.pdf>

² <https://www.sciencedirect.com/science/article/abs/pii/S0167718722000650>