



# KANSAS ASSOCIATION OF BEVERAGE RETAILERS

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Testimony to the House Federal and State Affairs Committee  
Neutral HB 2376  
February 25, 2025

Chairman Kessler and Members of the Committee,

Thank you for the opportunity to speak to you today on behalf of the Kansas Association of Beverage Retailers. The Kansas Association of Beverage Retailers was created at the repeal of prohibition in Kansas and is made up of licensed off premise retailers – liquor store owners – across the state of Kansas. Our members are all independent small businesses, a fact that has been a source of efficient regulation for the Kansas Liquor Control Act since its creation in 1949.

KABR is neutral regarding HB 2376 and we recognize the regulatory difficulties faced by the Division of Alcoholic Beverage Control. We also know from history that the Legislature tends to come up with a list of amendments whenever liquor related legislation is on the table. When this happens, amendments can be attached without full consideration of unintended consequences and without any further opportunities for public hearing.

As written, the bill does not change the requirements for licensing cereal malt beverage retailers, but does require the Division of ABC to issue actual licenses in order to assure that the State has all of the information about CMB retailers across Kansas. The current system provides for a state stamp that is distributed through local governments. HB 2376 allows local governments to continue to have the primary licensing authority.

I am here today not to interfere in the cereal malt beverage regulation, but to caution against any amendments that would impact our independent liquor retailers without a full debate including those retailers.

We support maintaining clear distinctions between CMB retailers and liquor retailers. The Kansas Liquor Control Act effectively provides for a separate licensing standard for the sale of higher alcohol products – strong beer, wine and spirits at the independent retail liquor stores. This is very important as we continue to see liquor regulation altered through legal action across the country. Therefore, Kansas must maintain a clear public safety interest in its licensing statutes in order to provide a stable business environment for the small businesses in this industry.

Every change to our statutes impacts current liquor store owners and their business viability. The Beer Law compromise that was passed in 2017 is an excellent example. That law shifted a significant portion of beer sales to grocery and convenience stores. The compromise was effective for avoiding the extreme impacts we saw in Oklahoma and Colorado when their beer laws were changed. However, it

did impact our retailers – particularly related to the availability of popular beer products and customer traffic.

Interestingly, the pandemic provided unexpected demand to our retailers. More people staying home provided a short-term boost to our market. Wine and spirits buying was temporarily shifted, then those purchases shifted back to restaurants, bars and entertainment venues. Overall, the pandemic also created increased demand, but now we are seeing overall alcohol consumption decrease.

There are always effects whenever any part of our system is altered. For instance, when courts eliminated Kansas residency laws, a corporate chain entered Kansas, utilizing loopholes in our statutes to wedge into Kansas a retailer/distributor model that was never contemplated by our Liquor Control Act. It has blurred the three tier system required by law. This has impacted existing small businesses, and we can only hope that our current statutes are up to the task of maintaining a reasonably level playing field as enforced by the Division of ABC. But that remains to be seen.

New statutes have unintended consequences. If you authorize more entities (especially unlicensed entities) to enter the Kansas liquor marketplace, you are diverting from the licensed businesses in the market today.

While many states have rushed into alcohol deregulation, Kansas has always been more careful in its approach. Even so, Kansas has rapidly expanded the number of entities selling and serving alcohol in a variety of settings. The Director has spoken to the Legislature about this expansion and the challenge to enforce state laws amid the many legislative changes in recent years.

The ABC Annual Report testimony covered the growing challenge of illegal online sales and sales of counterfeit products. You will also remember the Director's information regarding hemp-derived products and the lack of clear oversight in that area.

We hope you will be attentive to these problems and provide the resources the agency needs to enforce our laws, as well as avoiding new laws that worsen those challenges.

### **Thank You for Supporting our Small Businesses**

For the most part, Kansas has a healthy alcohol industry today, for large and small businesses, but challenges are growing. We are happy to visit with you at any time to talk about the current three tier system in Kansas and how it helps to provide consistent and even-handed regulation to the industry as well as reliable revenue to the State.

We would be happy to answer questions and look forward to working with you as we work to further improve Kansas liquor laws in the future.

Thank you,

Amy A. Campbell