



## **STANDARD BEVERAGE CORPORATION**

*a distributor of quality spirits, wine & beer*

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**To: Members of the House Committee on Commerce, Labor, and Economic Development**

**From: Ross Schimmels**  
**Vice President of External Affairs**  
**Standard Beverage Corporation**

Standard Beverage is a wholesale distributor of spirits, wine and beer in Kansas. We are here to oppose HB 2282.

In 1933, while awaiting three fourths of the states to repeal the Volsted Act, Congress passed and President Roosevelt signed the Cullen Harrison Act. This act provided that beer not more than 3.2% by weight was a non-intoxicating beverage. Kansas passed a similar bill in 1937 and as beer was considered non-intoxicating it could be sold anywhere. In 1949, Kansas repealed prohibition for spirits, wine, and strong beer but on the condition that these products would be sold exclusively in retail package stores separate from all other consumer products. Since that time 3.2% beer and strong beer have coexisted in separate channels. There are those who would say our laws are antiquated but we respectfully disagree. There have been many changes over the years to update the Liquor Control Act such as price decontrol, Sunday sales, liquor by the drink and in store tastings to name a few. But the one thing the Kansas Legislature has never done is to take the sale of alcoholic beverages out of the controlled environment of independent Kansas retailers and equate it to other consumer products. Far from being antiquated our laws strike a reasonable balance between social responsibility and convenience. Today, UnCork would propose to radically change the way alcoholic beverages are sold by allowing their sale in grocery, big box, and convenience stores and that is why we speak in opposition.

Our business requires that we understand our marketplace. We monitor trends in our business, gauge consumer attitudes and understand Kansan's perceptions of alcoholic beverages. As such Standard Beverage commissioned two surveys by Crossroads, a market research company, on how Kansans view their liquor laws with regard to alcoholic beverages and with regard to just strong beer. Many of our findings, particularly how it relates to outlet density and convenience will be part of this presentation.

HB 2282 would eliminate 3.2% CMB and allow grocery, big box, and convenience stores to sell strong beer and flavored malt beverages like "Not Your Father's Root Beer". There are currently approximately 2000 CMB licenses in Kansas. If they were all converted to strong beer Kansans would have no choice as to what they could buy. It would be strong beer period. And yet 82% of those surveyed thought Kansans should have a choice between 3.2 CMB and strong beer. They recognize that strong beer is intoxicating – 98%. They also understand that many craft beers and flavored malt beverages contain higher levels of alcohol – 85% and that expansion of these products poses many problems.

Let's examine alcohol levels and see why a majority of Kansans don't want to see them sold in 2000 new outlets. 3.2% CMB has 3.2% alcohol by weight. A typical national brand will have 5% ABV (alcohol by volume) and is 4.0% by weight. That is 25% more alcohol per unit. We currently sell 34 beers that have an ABV greater than 10%. A 12% ABV beer would have 300% more alcohol per unit than a 3.2% CMB. Not only are these beers higher in alcoholic content but it takes the body longer to process the alcohol. According to an article in Draft Magazine (attached), the body can process one unit of alcohol per hour. A 3.2% CMB has 1.4 units of alcohol leaving 0.4 units. A strong beer has 1.8 units leaving 0.8 units. That is two times the residual alcohol. Imagine a 12% ABV product. This is not to say 3.2 CMB is good and strong beer is bad, but to acknowledge the difference – especially if these stronger products are to be sold in 2000 new outlets. The Kansas Health Institute in a May 2014 report "Potential Health Effects of Expanding Liquor Licenses to Grocery and Convenience Stores" states "Increases in density of off premise alcohol may lead to some increase in alcohol for the general population. However, youth consumption is projected to increase substantially" (p. 27). The report continues "This increased consumption could result in more DUI arrests and alcohol related vehicle accidents and deaths" (p. 36). Continuing, "An increase in availability in grocery and convenience stores may increase theft of alcohol products, especially by youth" (p. 39). Kansans recognize these differences and overwhelmingly want these products sold in a regulated area – 64%, and by clerks over 21 years of age – 84%. This is exactly what this bill does not do.

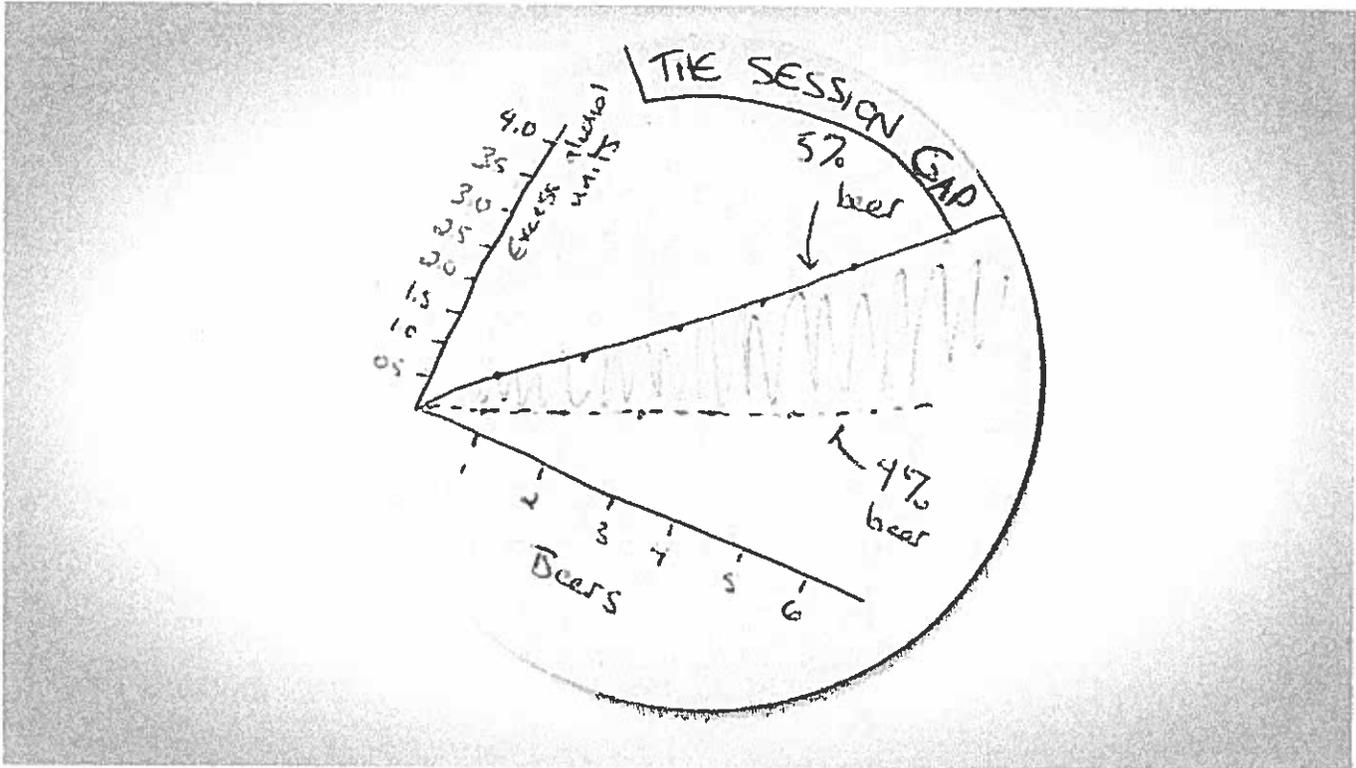
So what is the justification for this change? UnCork would tell you it's for the convenience of their customers but our survey does not reflect that. 73% of Kansans think the ability to purchase alcohol is just right. In fact, 17% think it is too easy. Only a meager 10% found it too difficult. That's right. 90% satisfied and only 10% dissatisfied! Clearly these numbers do not reflect an inconvenienced population. If polled on strong beer alone, 69% found it just right, 9% too easy and 22% dissatisfied, a 4:1 ratio. This is a non-issue to the average Kansas consumer. There is no groundswell consumer movement to change our liquor laws. 95% of Kansans want their legislators to focus on the big issues like the budget and school finance. Of seven major issue polled, liquor laws are low on the totem pole. Liquor laws were of the least concern coming in even below parks and recreation.

So, if convenience is not a real motivation for this bill what is? One simple word - Money. While not a big issue to Kansas consumers, this is a big issue to Hy-Vee, Dillons, Walmart, Quick Trip and other out-of-state corporations. Kansas generates approximately \$845M in retail sales of alcoholic beverages. They are asking you to legislate a portion of this business to them at the expense of small Kansas businesses. This increased business will come at no additional burden to them as they are already paying their expenses with their existing business. Profits from this new business would flow right to the bottom line and would flow right out of Kansas to Des Moines, Cincinnati, Bentonville, Tulsa and other corporate headquarters.

And what about our independent Kansas retailers? By UnCork's own studies we would lose between 200-400 small businesses and un-employ 2000 of our citizens. The profits that these businesses reinvested in the local communities – gone out-of-state.

In business, when weighing new ideas, we try to evaluate them on a cost/benefit basis. As members of this legislature you are doing business for Kansans. So as you weigh your decision, what is the benefit of HB 2282? Ostensibly, some minor convenience for a distinct minority of shoppers. Now, what is the cost? Increased outlet density and associated social costs, business foreclosures, lost jobs and millions of dollars flowing to out-of-state corporate headquarters. This just doesn't add up. Please oppose HB 2282. The cost is too great.

## Why a 5% Beer Gets You Drunk So Much Faster than a 4% Beer



If you look at the alcohol percentage on beers, it doesn't seem like they're all that different. After all, a 5% lager is just 1% more alcohol than a supposedly lighter beer, right? While that's true, Draft Magazine explains the science of how ABV actually works.

As you'd expect, it has to do with how our bodies process alcohol. Our bodies can process some alcohol continuously, this is known as units of alcohol. We process about one unit of alcohol per hour. So, with that, you can figure out why percentages aren't a good indicator of how drunk you'll get:

*I did some math for you: A 12-ounce beer of 4% strength contains about 1.4 alcohol units. Let's say you're drinking only one beer per hour—you're probably not, but for simplicity, let's say you are. In that case, your body processes 1.0 units and leaves 0.4 to begin laying down that gentle buzz. Have another beer the next hour, your body handles another unit, and the excess goes to 0.8, and it accumulates from there. The next hour, you're at 1.2 units excess. It's a neat (if oversimplified) way to measure intoxication.*

*Now, a 12-ounce beer of 5% strength has about 1.8 units. That leaves 0.8 after your hour of your body doing what it does. After another beer and another hour, you're at 1.6. The next hour, you're at 2.4—that's double the excess alcohol, and it only continues to accumulate.*

## Small Town Brewery

Kovac passed down his family's beer making tradition by working tirelessly with his son to craft the first version of "Not Your Father's Root Beer." At 10% ABV, the silky, smooth and satisfying finish is unmatched in flavor. It appeals to craft beer aficionados as well as those who don't typically drink beer but crave something unique.

The award-winning "Not Your Father's Root Beer" achieved a 95 rating from Beer Advocate and is a very popular choice at several Chicagoland bars. Small Town's personally delivered "Not Your Father's Root Beer" kegs consistently sell out at taverns across the Chicago area.

As Small Town Brewery continues to roll out new craft beers, Kovac is intent on providing the beer loving public with unique flavors that continue his family's beer-making tradition. Available on draft and in bottles.

