

Testimony before the House Federal & State Affairs Committee

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HB 2611 – CMB/Liquor delivery bill

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Testimony in SUPPORT of authorizing the delivery of CMB and Liquor to consumers

Chairman Barker, and members of the Committee

Thank you for the opportunity to appear today on behalf of my client Walmart in support of modernizing our regulated beverages laws to allow for delivery of store products containing alcohol to our customers. Our customers already enjoy the benefits of home delivery of the wide range of other products our stores stock. This subject is timely, particularly in light of several recent changes in regulated beverage laws in Kansas and the impact Covid-19 has had in responding to consumer demand and allowing for accommodations for Kansas consumers.

You will have testimony from several entities in our CMB delivery coalition. For Walmart’s part, as the Committee is aware, Walmart is the largest retailer in America. Counting supercenters, discount stores, neighborhood markets and Sam’s Clubs, Walmart has over 80 retail units in Kansas, employing over 20,000 associates. In FY 2021, Walmart collected on behalf of the state over \$423.6M in taxes. For that same fiscal year, Walmart paid more than \$71.6M in state and local taxes. A key component of its retail business involves in-store grocery sales as well as in-home delivery and grocery pickup.

This Committee has already had, I believe, an excellent briefing on Kansas regulated beverage laws and, in particular, the many recent changes and expansion of those existing laws to accommodate customer demand, whether as a logical extension and updating of existing law, or as a result of the unique challenges businesses and consumers faced and continue to face with Covid-19, or both.

During the 2020 Session, HB 2453 was introduced, which was drafted to provide enabling legislation to allow delivery of CMB’s by licensees. Since then we continued to work with our coalition members to fine-tune legislation and met and worked with ABC to address any issues they may have. As a result of those continued discussions and valuable input from ABC, we elected to have a new bill introduced for your consideration. We are here today to ask for your favorable consideration of HB 2611 as a logical and compatible modernization of existing law, now that we know that recent expansion of regulated beverage laws has had a very favorable response without evidence of any significant problems. The Covid-related accommodations have been vastly successful and vastly appreciated. Our new normal, even post-Covid, will involve consumer demand for the convenience of home delivery.

Walmart has a proud history of being a responsible retailer, especially when it comes to CMB sales. CMB delivery legislation would be supportive of local, physically present businesses and local jobs within stores and delivery-related work. This consumer accommodation is also consistent and conducive to public health and continued social distancing, and would be especially valuable for vulnerable populations of customers. Finally, needless to say, it enhances overall customer convenience. We are experiencing unprecedented customer acceptance and demand for the convenience of home delivery.

As you can see from the bill, the enabling of the delivery option is the easy part. The bulk of the language deals with the need for, and mechanics of, the safe and legal completion of the delivery task, whether it be by the original retailer or by a third-party delivery service. We take care to ensure compliance with all applicable laws and regulations every step of the way. Key to that is ensuring that ABC has the necessary authority and oversight.

One of the key provisions in this bill, one that was absent in last year's bill, is the addition of liquor licensees to the bill. It was never our intent to ask for something that should not be available to those licensees. We had initially been told that there was not currently a desire for a delivery option, but that may have changed, or may well change if the option is made available by the Legislature. To be clear, we're asking that the option be made available. It would be an option, not something licensees would be bound to offer.

We also understand that the current language in the bill would not include members of the alcohol industry that are not currently within the definition of "retailer" or are sellers of mixed drinks at drinking establishments. You may hear from them that they want to be included. We have approached this legislation from the standpoint of what ABC is comfortable with, and would defer to them with regard to the scope of the legislation. We know the grocery delivery business and are not entirely aware of the regulatory challenges that ABC may have with other seemingly similar requests.

In that regard, we also continue to be open to suggestions ABC may have today that we may not have thoroughly discussed with them in our previous conversations. We have appreciated their input and are grateful for their guidance. One point we did discuss and one we will offer up today is the need to make it clear in the bill that delivery must be solely within the boundaries of the State of Kansas. That has certainly been our intent from the beginning, but it may need to be made perfectly clear in the bill.

Thank you for your attention. I will be happy to stand for questions but may refer questions of a more technical nature to conferees who have a higher level of expertise than me, and we're fortunate to have that expertise represented here today.