

HIGH PLAINS INC.

HAND CRAFTED SPIRITS

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Testimony to the House Commerce, Labor and Economic Development Committee

March 5, 2013

Re: HB 2206

Dear Chairman Kleeb and Committee:

My name is Seth Fox and I am the owner of High Plains Distillery in Atchison, Kansas. High Plains Inc. is a family owned and operated company.

My wife Dorcie and I decided to start a distillery in 2005. With my daughter Sierra and son Hunter Fox, this idea has grown into a reality. The Fox family has been in the distilling business for 7 generations, but we are the first to turn it into a legitimate business. What started with Most Wanted Vodka has grown to 9 Kansas made products and employe 10 people.

House Bill 2206 creates concerns for our business in a number of ways. First, the bill is designed to move the majority of retail alcoholic liquor sales into corporate chain grocery, convenience, and other retail stores within two to three years. This transition will move the majority of consumer transactions into venues where the smaller producers are at a disadvantage when it comes to gaining shelf space and featured product positioning. While this legislation does not address practices such as paying for shelf space or volume discounts, the changeover of retailers will bring those issues into question – meaning that the Legislature will either need to change those laws or provide additional enforcement to prevent those practices which are considered standard operations among the big retailers nationwide.

Second, the bill does not seem to consider the possible effects on other tiers of the regulated industry. It is likely to be very difficult to get our products on the big store shelves, but this legislation has the potential to make it even more difficult for me to get my products into the restaurants and other on-premise establishments.

Third, if the debate on House Bill 2206 takes a left turn and turns this bill into a Beer or Beer and Wine only bill, there will be even less customer access for not only my products, but for all spirits. Fewer retail liquor stores means fewer people seeing our products displayed and advertised.

Please do not pass House Bill 2206. Our products will not be as available to Kansas consumers, as the liquor business will be dominated by retailers that focus on large national brands and have very limited shelf space. As a result, I am put into the same position of trying to communicate with you, our legislators, just as the craft brewers in Colorado and the wineries in New York are working to oppose similar changes in their states. While liquor laws are unique in most states, Kansas is not alone in having a tiered liquor system designed to allow private retail sales, while still having effective regulation.

Thank you for your attention to our concerns. I look forward to the opportunity to visit with you further about this issue. Please feel free to contact me at 913-547-0254.

Sincerely,



Seth Fox

President

High Plains Inc.