



February 16, 2022

Good morning, Chairman Barker, Vice Chair Arnberger and distinguished members of the House Committee on Federal and State Affairs:

My name is Kelley R. Foxx and I am the Public Policy Manager for the midwest region.

Instacart is the leading online grocery platform in North America. Instacart shoppers offer same-day delivery and pickup services to bring fresh groceries and everyday essentials to busy people and families across the U.S. and Canada. Instacart has partnered with more than 700 beloved national, regional and local retailers, including unique brand names, to deliver from more than 65,000 stores across more than 5,500 cities in North America. Instacart's platform is available to over 85% of U.S. households and 90% of Canadian households. The company's cutting-edge enterprise technology also powers the ecommerce platforms of some of the world's biggest retail players, supporting their white-label websites, applications and delivery solutions. Instacart offers an Instacart Express membership that includes reduced service fees and unlimited free delivery on orders over \$35.

I am before you in support of HB 2611. Under current Kansas law, home delivery of alcoholic liquor and cereal malt beverage (CMB) and beer containing not more than 6% alcohol by volume is prohibited. Instacart, one of several online grocery order businesses, successfully and responsibly delivers alcohol in other states, and faces a growing demand to do so in Kansas. House Bill 2611 would address these issues by providing a safe regulatory framework for retailers, delivery permit holders, employees of retailers, independent contractors and third-party delivery providers to deliver alcohol products to customers who request such services.

In 2021 U.S. alcohol e-commerce sales approached \$6.1 billion, up from \$2.6 billion in 2019.¹ Online alcohol purchasing has spiked during the pandemic and this behavior is here to stay; by 2024, 7% of alcohol sales will be online.² The International Wine and Spirits Record, an industry research firm, reports that in the U.S., 44% of consumers only started buying alcohol online in 2020, compared to 19% in 2019. There is still a lot of opportunity, as the organization predicts that the alcohol eCommerce market will still increase by 42% to reach \$24 billion.

While ensuring consumer demand is met in a timely fashion is certainly a core business principle, unlocking alcohol delivery in Kansas also provides a significant benefit for state, county and local government. Instacart customers in states allowing for alcohol delivery paid over \$107 million in total taxes in Q1 2021. This included over \$611,000 excise taxes from the

¹ Rabobank 2022 Alcohol E-Commerce Playbook

² Forbes, "Online Alcohol Sales Surge Amid Coronavirus Pandemic."

sale of alcohol and over \$13.3 million from sales tax on alcoholic items. For example, Instacart customers in Illinois and Tennessee generated over \$13.1 million in total tax revenue.

Instacart is strongly committed to full and complete compliance with the law: in particular, preventing sales and deliveries to minors. Shoppers who engage with the platform and wish to handle alcohol orders (all of whom must be 21 years old) are required to complete an alcohol training module that covers topics including but not limited to: compliance with all applicable laws, how to identify and refuse an intoxicated customer, recognizing valid forms of government issued and false or altered forms of IDs and refusing delivery for suspicion of purchase for a minor. In addition to any legal consequences, Shoppers who fail to comply with applicable law during an alcohol delivery **lose access to the Instacart platform.**

While it is clear that there are risks associated with alcohol products and their delivery, HB 2611 provides a clear framework from which to work and accountability for bad actors. Kansas has a unique opportunity to dramatically increase tax revenue available to the state, local municipalities and retail merchants. The resulting increased flexible earning opportunities as well as part-time employment opportunities would be a boon to local economies. We understand the complexity associated with this issue but we believe HB2611 is an important step in the right direction, and we look forward to talking more about the issue with you.

Kelley R. Foxx
Instacart