

MINUTES OF THE HOUSE COMMERCE, LABOR AND ECONOMIC DEVELOPMENT
COMMITTEE

The meeting was called to order by Chairperson Mark Hutton at 1:30 pm on Friday, February 13, 2015, 346-S of the Capitol.

All members were present

Committee staff present:

Reed Holwegner, Legislative Research Department
Linda Herrick, Kansas Legislative Committee Assistant
Chris Courtwright, Legislative Research Department
Chuck Reimer, Office of Revisor of Statutes

Conferees appearing before the Committee:

Phillip Bradley
Sarah Hartsig
Eric Smith
Dean Reynoldson
Jason Watkins

Others in attendance:

[See Attached List](#)

Hearing on: (neutrals) HB2200 — Alcoholic beverages; expansion of retailer's licenses and the transfer thereof.

Chairperson Hutton opened the third day of hearings on this bill for conferees to provide neutral testimony.

Philip Bradley gave neutral testimony ([Attachment 1](#)) speaking for the businesses who serve liquor by the drink in Kansas. He noted Kansas is a 4-tier state, that is, the on-premised licensees (places where you buy a drink to have on-premise). These businesses are required to purchase most of their alcohol supplies from a retail liquor store that has a federal wholesaler permit, which creates the fourth tier. Kansas is one of very few states with this requirement.

Mr. Bradley suggested that on Page 2, lines 14-17, under Class A license for beer, should be stricken from the bill. He also had several other minor questions about the bill included in his testimony.

Sarah Hartsig, M.S. provided neutral testimony ([Attachment 2](#)) saying she was not present to speak for or against the bill. In 2014, the Kansas Health Institute partnered with the KU School of Medicine - Wichita, to conduct a health impact assessment ([Attachment 3](#)) based on 2014 HB2556. The study identified possible positive and negative health effects associated with convenience and grocery stores selling liquor. Based on this year's bill, KHI staff determined this could impact youth consumption and theft of alcohol products, alcohol-related accidents and deaths. However, this would depend on the number of liquor stores that transfer their licenses to grocery stores and the number of convenience

CONTINUATION SHEET

MINUTES of the Committee on Commerce, Labor and Economic Development at 1:30 pm on Friday, February 13, 2015, 346-S of the Capitol.

stores that apply and receive new licenses under this 2015 bill.

Eric Smith provided neutral testimony ([Attachment 4](#)) noting the League of Kansas Municipalities has taken a neutral position. Its primary concern that if this bill were to pass, the cereal malt beverage sales will go away which would impact liquor tax and how money is distributed.

Dean Reynoldson, Director, Alcohol Beverage Control, provided neutral testimony ([Attachment 5](#)) pointing out that Section 14 would remove the prohibition against corporations holding retail liquor store licenses effective July 1, 2015, and the prohibition against owning more than one liquor store would be eliminated on that same date rather than July 1, 2018. He noted also that since the Liquor Control Act passed in 1949, one of the consistent objectives has been to keep the criminal element out of the liquor store license business, and suggests the same language from the club and drinking establishment act should apply to licensing for corporations, trusts, and LLC's.

Written only neutral testimony was provided by Jason Watkins, Kansas Beer Wholesalers Association, Topeka ([Attachment 6](#)).

The hearing on this bill for neutral testimony was closed.

Adjournment

The meeting adjourned at 2:27 p.m.