

Approved February 2, 1983  
Date

MINUTES OF THE SENATE COMMITTEE ON FEDERAL AND STATE AFFAIRS

The meeting was called to order by Senator Bill Morris at  
Vice- Chairperson

11:00 a.m./p.m. on January 31,, 1983 in room 254-E of the Capitol.

All members were present except:

Senators Reilly and Roitz, who were excused.

Committee staff present:

Fred Carman, Assistant Revisor of Statutes  
Russell Mills, Legislative Research Division  
Emalene Correll, Legislative Research Division  
June Windscheffel, Secretary to the Committee

Conferees appearing before the committee:

Thomas J. Kennedy, Director, Alcoholic Beverage Control  
Tom Coleman, Alcoholic Beverage Control

Vice-Chairman Morris announced that the Committee would continue hearing the review of the Alcoholic Beverage Control Division proposals, as set out in the Memorandum to the Committee, from Thomas J. Kennedy, Director, ABC Division, dated January 19, 1983. The Vice-Chairman announced that the Committee would start with Proposal No. 5, on the Memorandum. Sen. Morris recognized Tom Kennedy, who spoke to the proposals of the Alcoholic Beverage Control Division.

Director Kennedy distributed two Memoranda from him to the Committee, dated January 26, 1983. The first one (Attachment #1) posed the question: Should liquor advertising laws and regulations be revised to eliminate price and bring advertising? (K.A.R. 14-8-2) The ABC recommended that the Senate Federal and State Affairs Committee introduce a concurrent resolution which would bring the matter before the legislature for a thorough review.

The second Memorandum (Attachment #2) dealt with advertising by radio, television, motion pictures, gifts prohibited (K.A.R. 14-8-11), and recommended that a senate concurrent resolution be introduced to bring the matter before the legislature for a thorough review.

Tom Coleman joined Director Kennedy in answering questions during the discussion of the proposals.

Senator Winter moved that a concurrent resolution be introduced concerning K.A.R. 14-8-2 and 14-8-11, in order to bring the matters before the legislature for study. 2d by Sen. Gannon. The motion carried. Sen. Francisco asked that he be recorded as voting "no."

The Vice-Chairman announced that a Joint Session of the House and Senate will be held at 11:00 a.m. tomorrow to hear the State of the Judiciary Message from Justice David Prager. He also reminded the Committee of the joint meeting of the Senate and House Committees on Federal and State Affairs at 11:30 a.m. tomorrow for the purpose of hearing the Kansas State Penitentiary prison management report.

Sen. Morris asked for the Sub-Committee Report from the Alcoholic Beverage Control Division Board of Review of January 27, 1983. The Sub-Committee was composed of: Chairman, Sen. Morris and Members, Sen. Pomeroy and Sen. Parrish. A written report from the meeting is attached. (Attachment #3).

The meeting adjourned at 12:00 noon.

MEMORANDUM

*A. Attachment #1  
Minutes of  
January 31, 1983*

TO: Senator Edward F. Reilly,  
Chairman, Senate Federal and State Affairs Committee

FROM: THOMAS J. KENNEDY, Director, ABC Division

RE: Should liquor advertising laws and regulations be  
revised to eliminate price and brand advertising?

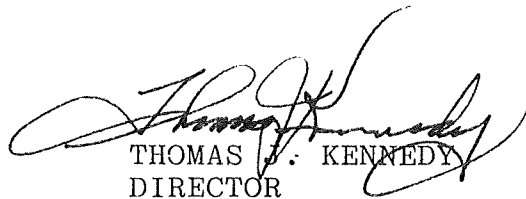
DATE: January 26, 1983

Recommend that the Senate Federal and State Affairs  
Committee introduce a concurrent resolution deleting the  
following language from Kansas Administrative Regulation 14-8-2:

- (4) Any statement of or reference to the price of the  
alcoholic liquor, except a reference to the  
authorized discount on case sales, if the  
advertisement is directed to the public.
- (b) Kansas licensees shall not be allowed to advertise  
any alcoholic liquor by the brand name;

COMMENT: This will, in effect, bring the matter before  
the legislature for a thorough review, a  
reaffirmation, or a revision of legislative intent.

Respectfully submitted,



THOMAS J. KENNEDY  
DIRECTOR  
Alcoholic Beverage Control Division

TJK:cjk

*Alch.!*

Attachment #2  
Minutes of  
January 31, 1983

MEMORANDUM

TO: Honorable Edward F. Reilly  
Chairman, Senate Federal and State Affairs Committee

FROM: THOMAS J. KENNEDY, Director, ABC Division

RE: Advertising by radio, television, motion pictures, gifts  
prohibited, K.A.R. 14-8-11

DATE: January 26, 1983

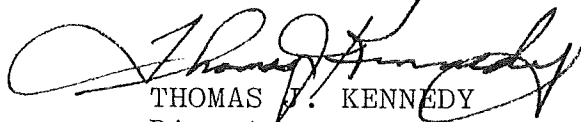
Recommend that a Senate Concurrent Resolution be introduced  
to:

- a. Delete the following words in the 1st sentence:  
"nor place of business".
- b. In the last sentence which reads:  
"Any manufacturer, supplier or distributor may  
advertise...."

Change this sentence to read: "Any manufacturer,  
supplier, distributor or retailer may advertise...."

COMMENT: This will, in effect, bring the matter before  
the legislature for a thorough review, a  
reaffirmation, or a revision of legislative  
intent.

Respectfully submitted,



THOMAS J. KENNEDY  
Director  
Alcoholic Beverage Control Division

TJK:cjk

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MEMORANDUM

February 2, 1983

TO: Senate Committee on Federal and State Affairs  
FROM: Subcommittee on Alcoholic Beverage Control Hearing  
RE: Public Hearing on January 27, 1983

The subcommittee attended the public hearing conducted by the Alcoholic Beverage Control Board of Review on January 27, 1983. The ABC Board of Review heard testimony from retail licensees, wholesaler licensees, and other interested parties concerning the minimum percentage price markup by retailers, caselot discounts, use of credit cards in retail stores, business practices in the liquor industry, and other issues.

The ABC Board approved a motion to reduce the minimum percentage markups on specialties from 36.5 percent to 31.5 percent and on wines from 45.5 percent to 40.5 percent. The new minimum markups will take effect on July 1, 1983. Approval of this motion elicited a number of comments from interested parties in attendance.

The ABC Board also discussed, at some length, a motion to revise the caselot discount system as it relates to retail sales to private clubs. The motion proposed to eliminate the 10 percent caselot discount for private club purchases and to allow retailers a 15 percent minimum markup on caselot sales to private clubs. Following considerable discussion by members of the Board and interested persons, the motion was withdrawn. It was stated that a similar motion would be offered at the February meeting of the ABC Board of Review.

Senator Bill Morris  
Senator Nancy Parrish  
Senator Elwaine Pomeroy