

Approved 3/4/83  
Date

MINUTES OF THE SENATE COMMITTEE ON FEDERAL AND STATE AFFAIRS

The meeting was called to order by Senator Edward F. Reilly, Jr. at  
Chairperson

11:00 a.m./~~pm~~ on March 3, 1983 in room 254-E of the Capitol.

All members were present except: Senator Pomeroy, who was excused.

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

Conferees appearing before the committee: General Thomas J. Kennedy, Director, Alcoholic Beverage Control  
Jack Milligan, Kansas Association of Private Clubs  
The Reverend Richard Taylor, Kansans for Life at its Best  
Tom Green, Kansas Retail Liquor Dealers Association  
Floyd Rogers, Kansas American Legion, Topeka, Kansas

SB325 - relating to residence requirements for private club licensees.

The Chairman recognized General Tom Kennedy, who spoke to SB325. He said that in its present form, if enacted, it would eliminate the one year residency requirement for individuals attempting to obtain Class "B" private club licenses. It would also eliminate the five year total state residency. He said that he has no objections to this change. His statement was distributed and is a part of the record. (Attachment #1)

Jack Milligan spoke to SB325, and said that the Kansas Association of Private Clubs feel it would be fair and equitable legislation and that they favor it.

SB326 - relating to Class A private club license fee increase.

General Kennedy distributed a memorandum (Attachment #2), which states that if the bill were enacted in its present form it will increase the annual license fee that an applicant for a class "A" club license must pay to five hundred dollars. He said that he is neither a proponent nor an opponent of this bill.

The Reverend Taylor spoke concerning SB326, and said that Kansas for Life at its Best could support the proposed legislation.

Floyd Rogers was recognized next. He said that he represents the Kansas American Legion, which is also a member of the Sunflower Club Association, made up of non-profit clubs. They are opposed to the raising of the license fee as suggested in SB326, and therefore are opposed to the proposed legislation.

Jack Milligan presented a statement from the Kansas Association of Private Clubs, which is attached as part of the record (Attachment #3), in opposition to part of SB326. They urge the committee to reconsider doubling the Class "A" club license fee and consider a more reasonable increase.

SB - 327 - relating to alcoholic liquors and beverages license and registration fee.

General Kennedy appeared with a memorandum which was distributed concerning SB327, which is attached as part of the record. (Attachment #4) The Director strongly recommends approval of the increase in registration fees and renewal fees for licenses under the Liquor Control Act. He further recommends that the bill be amended to include private clubs. He said the same amount of work is involved in processing an application for a private club license as it is for a license under the Liquor Control Act.

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON FEDERAL AND STATE AFFAIRS,  
 room 254-E, Statehouse, at 11:00 a.m. ~~pm~~ on March 3, 1983

The Reverend Taylor spoke to the fact that the organization he represents would approve of the proposed increase of license and registration fees.

Tom Green, representing the Kansas Retail Liquor Dealers Association, said they do not oppose the registration and renewal fees, because it is obvious the current cost of administering those exceeds the fee. On increasing the license fees the current fees that are paid by the various licensees in the state cover the cost of the operation of the Alcoholic Beverage Control Division. The fact that 1/3 of the funds are earmarked for the local alcohol treatment programs should not affect the fact that there are still fees sufficient to cover the cost of the Division, and that earmarking funds for social rehabilitation programs from taxes and especially license fees, is not a good procedure for funding social programs. For that reason they would oppose increasing the license fees, since there is no direct justification for them vis-a-vis the cost of operating the Division.

This concluded the testimony on SB327.

SB208 - relating to qualifications for applicant for law enforcement training, certain cities of the first class.

The Chairman directed the committee's attention to SB208. Senator Meyers moved to amend the proposed bill. 2d by Senator Gannon. Motion carried.  
The motion amended: on page 1, by striking lines 32 to 37, inclusive; and by relettering subsections (c) through (g) as subsections (b) through (f), respectively; on page 2, following line 50, by inserting a new section as follows: "New Sec. 2. Every police officer or law enforcement officer shall have attained at least 21 years of age,"; by renumbering sections 2 and 3 as sections 3 and 4; in the title, in line 17, after "ACT" by inserting "concerning law enforcement;" in line 18, before "amending" by inserting "prescribing the minimum age of police officers or law enforcement officers;"

Senator Daniels moved to recommend SB208 favorably for passage as amended. 2d by Senator Gannon. Motion carried.

The Chairman announced that a copy of the report from Professor Bill Terrill, of Wichita State University, has been requested and should be available to the committee tomorrow or on the week-end. The Terrill Report concerns a study on the parimutuel issue.

Senator Francisco moved that the Minutes of March 1 and March 2, 1983, be approved. 2d by Senator Vidricksen. Motion carried.

The meeting adjourned at 12:00 noon.

MEMORANDUM

*Minutes of March 3, 1983*  
*Attachment #1* JW

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

FROM: THOMAS J. KENNEDY, Director, ABC Division

RE: Senate Bill No. 325

DATE: March 3, 1983

PURPOSE

Senate Bill No. 325, if enacted in its present form, is an act concerning licensing and regulation of certain clubs; residency requirements; amending K.S.A. 41-2623 and repealing the existing section.

PERSPECTIVE

Senate Bill No. 325, if enacted in its present form, will eliminate the one (1) year residency requirement for individuals who are attempting to obtain Class "B" private club licenses. It would also eliminate the five (5) year total state residency.

Presently, an individual applying for a Class "B" Private Club license must have residency in the county in which the premises are located, at least one (1) year preceding the date of application and must have resided in the state for a total of five (5) years.

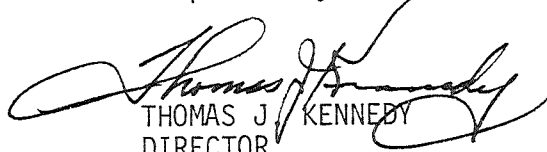
COMMENTS AND/OR RECOMMENDATIONS

As you know, those individuals who do not meet the one (1) year residency requirement or the five (5) year residency requirement simply form a corporation and if they qualify otherwise, still obtain a Class "B" Private Club license.

The provision that a person must be a resident of the county in which the Class "B" Club licensed premises are located remains in effect.

The Director of Alcoholic Beverage Control has no objections to this change.

Respectfully submitted



THOMAS J. KENNEDY  
DIRECTOR

Alcoholic Beverage Control Division

TJK:1b

JW

MEMORANDUM

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

FROM: THOMAS J. KENNEDY, Director, ABC Division

RE: Senate Bill 326

DATE: March 3, 1983

PURPOSE

Senate Bill 326, if enacted in its present form, is an act concerning licensing of certain clubs; license fees; amending K.S.A. 41-2622 and repealing the existing section.

PERSPECTIVE

K.S.A. 41-2622 requires that at the time an application is made to the director for a club license, an applicant for a class "A" club license shall pay an annual fee of two hundred fifty dollars (\$250).

Senate Bill 326, if enacted in its present form, will increase the annual license fee that an applicant for a class "A" club license must pay to five hundred dollars (\$500).

COMMENTS AND/OR RECOMMENDATIONS

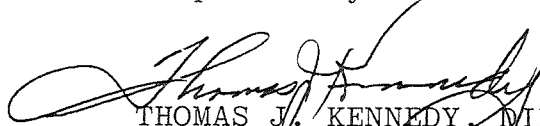
Presently, there are 411 class "A" private clubs in the State of Kansas. If the license fees are increased from \$250 to \$500, total annual revenue from class "A" private club licenses will increase from \$102,750 to \$205,500. 50% of all monies received under this act are credited to the state general fund and 50% are credited to the alcoholism treatment fund. Therefore, each fund will be receiving double what they are presently receiving if this bill is enacted.

In addition, the Legislative Post Audit Report stated that: "A general fiscal policy applied to nearly every state fee-funded regulatory agency is that the cost of an agency's operations should be funded by the license fees and other receipts imposed on the regulated profession or industry. The Division of Alcoholic Beverage Control is not a fee-funded agency, but it seems reasonable that its fee structure should bear some relationship to its actual cost."

The Post Audit Report further states: "Part of the fees collected by the Division of Alcoholic Beverage Control are transferred to fund community alcoholism treatment programs. As a result, fee receipts fall short of covering the Division's regulatory program costs by a fairly substantial amount. In fiscal year 1981, this shortfall totaled \$382,740, or 35 percent of the Division's operating costs. The report recommends that the Legislature consider whether alcohol license and permit fee receipts should cover all costs of the regulatory program, including those moneys channeled to finance other funds."

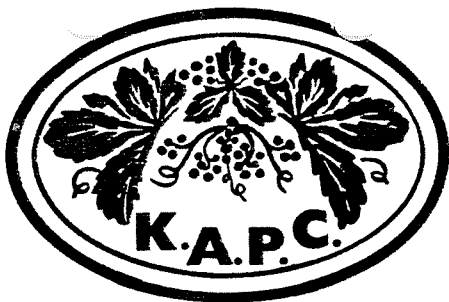
The Director of Alcoholic Beverage Control is neither a proponent nor an opponent of this bill.

Respectfully submitted,



THOMAS J. KENNEDY, DIRECTOR  
Alcoholic Beverage Control Division

TJK:cjk



# Kansas Association of Private Clubs

(913) 357-7642 • 117 W. 10TH ST. • TOPEKA, KS 66612

*Minutes of March 3, 1983  
Attachment #3  
JW*

SB 326

SENATE FEDERAL AND STATE AFFAIRS COMMITTEE

MARCH 3, 1983

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Mr. Chairman, Members of the Committee. My name is Jack Milligan. I appear this morning in behalf of the Kansas Association of Private Clubs in opposition to part of SB 326.

The Kansas Association of Private Clubs believes doubling the license fee of \$250.00 to \$500.00 for Class "A" private clubs is a bit drastic. We realize the license fee for Class "A" clubs have not been raised since 1965 and some increase is warranted. Possibly \$50.00 - \$75.00 would be more appropriate.

The data provided by the recent Legislative Post Audit Sunset Report indicates license and registration fees are currently generating approximately \$104,000 more than necessary to accommodate the ABC's budgetary needs. It appears as if Section 2 of this bill will also provide substantial monies to further accommodate ABC's budgetary requirements. Again, the Kansas Association of Private Clubs urges you to reconsider doubling the Class "A" club license fee and consider a more reasonable increase of \$50.00 - \$75.00.

It should be noted any additional assessment to Class "A" clubs will make it more difficult for these fraternal and veteran organizations to fund their civic and youth programs.

Thank you for your consideration in this matter.

Jack Milligan  
Executive Director  
Kansas Association of Private Clubs

MEMORANDUM

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

FROM: THOMAS J. KENNEDY, Director, ABC Division

RE: Senate Bill 327

DATE: March 3, 1983

PURPOSE

Senate Bill 327, if enacted in its present form, is an act concerning alcoholic liquors and beverages; license and registration fees; amending K.S.A. 41-310 and 41-317 repealing the existing sections.

PERSPECTIVE

1. K.S.A. 41-310 concerns the annual license fees an applicant must pay for a license. This bill will:

- A. Increase a beer distributor's license for the first and each additional distributing place of business operated in this state by the same licensee and wholesaling or jobbing beer, containing more than 3.2% of alcohol by weight from \$150 to \$300.

Presently, there are 79 beer distributors in the state, therefore the amount collected from beer distributors for annual license fees will increase from \$11,850 to \$23,700.

- B. Increase retail liquor store license fees from \$100 to \$200.

Presently, there are 1,113 retail liquor store licensees in the state, therefore the amount collected from retail liquor stores for annual fees will increase from \$111,300 to \$222,600.

2. K.S.A. 41-317 concerns the amount of the state registration fee which must accompany each initial application for a license and the amount of renewal fees which must accompany each renewal application for a license under the provisions of the Liquor Control Act.

This bill, increased the registration fee from \$50 to \$100 and the renewal fee from \$10 to \$50.

3. All monies collected by the Director of Alcoholic Beverage Control are deposited to the State General Fund.

COMMENTS AND/OR RECOMMENDATIONS

The Legislative Post Audit stated: "A general fiscal policy applied to nearly every state fee-funded regulatory agency is that the cost of an agency's operations should be funded by the license fees and other receipts imposed on the regulated profession or industry. The Division of Alcoholic Beverage Control is not a fee-funded agency, but it seems reasonable that its fee structure should bear some relationship to its actual costs."

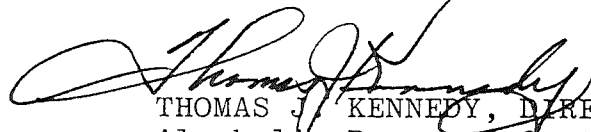
The Post Audit Report further states: "Part of the fees collected by the Division of Alcoholic Beverage Control are transferred to fund community alcoholism treatment programs. As a result, fee receipts fall short of covering the Division's regulatory program costs by a fairly substantial amount. In fiscal year 1981, this shortfall totaled \$382,740, or 35 percent of the Division's operating costs. The report recommends that the Legislature consider whether alcohol license and permit fee receipts should cover all costs of the regulatory program, including those moneys channeled to finance other funds."

As to increasing the annual license fees of beer distributor's and retail liquor store licensees, this is strictly a legislative policy matter and the Director of Alcoholic Beverage Control is neither a proponent nor an opponent of this matter.

The Director of Alcoholic Beverage Control strongly recommends approval of the increase in registration fees and renewal fees for licenses under the Liquor Control Act. The present fee structure has been in effect since 1949 and the costs of processing applications have increased significantly as shown on enclosure #1 of this memorandum.

The Director further recommends that Senate Bill No. 327 be amended to include private clubs under the provisions of K.S.A. 41-2606 as it relates to registration fees and renewal fees, by increasing the registration fee from \$50 to \$100 and the renewal fee from \$10 to \$50. The same amount of work is involved in processing an application for a private club license as it is for a license under the Liquor Control Act. (K.S.A. 41-317).

Respectfully submitted,



THOMAS J. KENNEDY, DIRECTOR  
Alcoholic Beverage Control Division



## Reasons for increasing Registration fees:

<u>Processing Cost of NEW Applications for License</u>	<u>Cost for Labor</u>	<u>Postage</u>	<u>Total</u>
1. Mail Application to Applicant 5 min. @ 5.28	\$ .45	\$ .80	\$ 1.25
2. Cost of handling application in Fiscal & Quality and Control 10 min. @ 6.27	1.00		1.00
3. Enter in Ledger and Check Application 15 min @ 5.28	1.35		1.35
4. Lease Checked by Law Clerk 20 min. @ 6.73	2.20		2.20
5. Write Correction Letter and File Some require 3 letters 15 min @ 5.28	1.35	.60	1.95
6. When Correction is read, request is checked 10 min @ 5.28	.90		.90
7. Type hearing notices Mail to Applicant, City Clerk, County Attorney 10 min. @ 5.28	.90	.60	1.50
8. Type Investigation Notice and Mail to Agent 5 min. @ 5.28	.45	.20	.65
9. Agents time required to check Applicant 2 hours @ 9.28 Time and Mileage	18.56 9.00		18.56 9.00
10. Cost to hold hearing Administrative Personnel	20.00		20.00
11. License Typed & Documents filed 15 min. @ 5.28	1.35		1.35
12. Cost of delivery by Agent Time and Mileage	9.28 9.00		9.28 9.00
13. Type Insurance Notice of Effective Bond Date 5 min. @ 5.28 Postage	.45		.45
		<u>.20</u>	<u>.20</u>
TOTALS	\$76.24	\$ 2.40	\$78.64

Renewal costs would be slightly over half this amount.