

Approved _____

3/5/84
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. ~~xxx~~ on March 1, 1984 in room 254-E of the Capitol.

All members were present except: Senator Reilly and Senator Roitz, who were excused.

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

Conferees appearing before the committee:

Representative Don E. Crumbaker
Thomas J. Kennedy, Director, Alcoholic Beverage Control
Alan Alderson, Kansas Association of Private Clubs
Joe Berger, Sunflower Club Association

HCR5079 - Requesting the U.S. Postal Service to issue stamp commemorating the sod house.

The Chairman introduced Representative Crumbaker, author of HCR5079, who presented testimony concerning the significance of the sod house in the settling of the Great Plains and its importance in the lives of Kansas pioneers.

Senator Francisco moved that HCR5079 be amended on line 2, page 50, before the simicolon, by inserting "and that the first day of issue of such stamp be from the city of Colby in Thomas county, Kansas." 2d by Senator Meyers. Motion carried.

Senator Gannon moved that the concurrent resolution be adopted as amended. 2d by Senator Francisco. Motion carried.

SB751 - concerning alcoholic liquors; private clubs; and annual license fees.

The Chairman recognized Director Kennedy who presented a copy of his Memorandum dated February 29, concerning SB751, to the Committee. It is part of these Minutes as Attachment #1. The increase in license fee for the 102 social clubs from \$250 to \$1,000, according to the Memorandum, would amount to \$76,500 additional income for the state. Also attached is a Memorandum from Director Kennedy concerning Sales and Revenue from license fees, gallonage tax and enforcement taxes collected from alcoholic liquors and cereal malt beverages, which is Attachment #2.

The Reverend Richard Taylor did not appear but asked that a copy of his Memorandum concerning SB751 be distributed to the Committee and made a part of the record. The first paragraph states: "Drinkers paid \$9.5 billion in alcoholic revenue. The nation suffered a \$42.7 billion economic loss because drinkers drink. For \$1 of revenue, over \$4 is taken from the public, non-drinkers included. If non-drinkers are to live in freedom from subsidizing losses caused by those who get rich dealing in this deadly social drug, alcohol taxes need to be increased 4 times. SB751 does exactly what ought to be done across the board." His entire statement is Attachment #3.

Alan Alderson was the next conferee for SB751. His written statement is part of these Minutes and states that the Private Clubs organization is opposed to the bill. The statement is Attachment #4.

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON FEDERAL AND STATE AFFAIRS,
room 254-E, Statehouse, at 11:00 a.m./~~p.m.~~ on March 1, 1984

Joe Berger was the next to appear concerning SB751. He said that the group he represents would like to oppose the bill on the basis that many of their members are small country clubs and increased license fees would pose a problem for them. A lot of them do charitable work for the community. This concluded the testimony on SB751.

The Chairman called members' attention to the letter from Thomas E. Kelly, Director of the Kansas Bureau of Investigation, to Senator Robert Talkington, concerning Kansas law enforcement agencies access to the computerized criminal history records of the Federal Bureau of Investigation. This letter is Attachment #5.

The meeting was adjourned at 11:50 a.m.

MEMORANDUM

3/1/84
Attachment #1

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

FROM: THOMAS J. KENNEDY, Director, ABC Division

RE: Senate Bill 751

DATE: February 29, 1984

PURPOSE

Senate Bill 751 is an act concerning alcoholic liquor; private clubs; annual license fees, increasing the cost of class "A" club licenses if the club is a social club, from \$250 to \$1,000.

PERSPECTIVE

Senate Bill 751, if enacted in its present form would require class "A" social clubs to pay a \$1,000 license fee instead of the \$250 license fee they are presently paying. Class "A" fraternal and war veteran clubs would continue to pay \$250 annual license fees.


We have 405 class "A" clubs in the state; 102 are social clubs, 119 are fraternal clubs and 183 are war veteran clubs.

COMMENTS AND/OR RECOMMENDATIONS

The increase in license fee for the 102 social clubs from \$250 to \$1,000 would amount to \$76,500 additional income for the state.

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

Attachment #1

MEMORANDUM

3/1/84
Attachment #2

TO: Whom It May Concern

FROM: THOMAS J. KENNEDY, Director
ABC Division


RE: Sales and Revenue

DATE: June 30, 1983

The following is a report of retail liquor store sales and revenue from license fees, gallonage tax, and enforcement tax collected from alcoholic liquors. This report also includes license fees and gallonage tax collected from cereal malt beverage. (See Page 2 of this Memorandum for details.)

SALES AND REVENUE

<u>Year</u>	<u>Retail Liquor Sales</u>	<u>License Fees, Gallonage Tax, Fines, etc. Collected</u>	<u>4% Enforcement Tax Collected</u>	<u>Total Liquor Revenue</u>	<u>CMB License Fees</u>	<u>CMB Gallonage Tax Collected</u>	<u>Total CMB Revenue</u>	<u>Grand Total Revenue</u>
CY 1950	\$20,919,513	\$ 2,377,409	\$ 836,780	\$ 3,214,189	\$ ---	\$ 1,724,995	\$ 1,724,995	\$ 4,939,184
CY 1960	30,355,702	2,509,577	1,214,228	3,723,805	30,300	1,658,860	1,689,160	5,412,965
FY 1970	70,066,400	5,021,997	2,802,655	7,824,632	22,600	2,613,911	2,636,511	10,461,143
FY 1971	77,961,820	5,384,755	3,118,473	8,503,228	22,300	3,510,820	3,533,120	12,036,348
FY 1972	88,817,875	6,114,131	3,552,715	9,666,846	21,100	3,756,545	3,777,645	13,444,491
FY 1973	92,661,225	6,519,185	3,706,449	10,225,634	20,800	3,883,425	3,904,225	14,129,859
FY 1974	101,690,375	7,037,502	4,067,615	11,105,117	22,000	4,022,080	4,044,080	15,149,197
FY 1975	116,796,050	7,485,949	4,671,842	12,157,791	21,400	4,086,756	4,108,156	16,265,947
FY 1976	131,512,575	8,156,489	5,260,503	13,416,992	21,700	4,210,519	4,232,219	17,649,211
FY 1977	133,434,000	8,388,912	5,437,360	13,826,272	21,400	4,250,537	4,271,937	18,098,209
FY 1978	148,031,300	12,985,122	5,921,252	18,906,374	20,200	5,026,376	5,046,576	23,952,950
FY 1979	167,435,400	13,043,981	6,697,416	19,741,397	20,500	5,149,699	5,170,199	24,911,596
FY 1980	183,505,000	13,358,570	7,340,200	20,698,770	19,138	4,966,379	4,985,517	25,684,287
FY 1981	204,014,125	13,504,493	8,160,565	21,665,058	19,096	5,127,878	5,146,974	26,812,032
FY 1982	219,352,528	14,070,678	8,774,114	22,844,792	19,937	5,078,086	5,098,023	27,942,815
FY 1983	222,827,974	13,574,430	8,913,119	22,487,549	19,300	4,979,166	4,998,466	27,486,015


THOMAS J. KENNEDY, DIRECTOR

Attachment #2

The following are the amounts of revenue collected and sources, FY 1983:

1.	<u>LICENSE FEES:</u>		\$ 1,090,002	
	a. Wholesalers (liquor)	@ \$1,250		
	b. Retailers (liquor)	@ 100		
	c. Beer Distributors (S)	@ 150		
	d. Manufacturers	@ 2,500		
	e. Class "A" Clubs	@ 250		
	f. Class "B" Clubs	@ 1,000		
2.	<u>REGISTRATION FEES:</u>		\$ 44,878	
	a. Initial Registration	@ \$ 50		
	b. Renewal Registration	@ 10		
3.	<u>AGENT PERMITS:</u>		\$ 9,580	
	a. Wholesaler/distributor Salespersons	@ \$10		
	b. Supplier Salespersons	@ 10		
4.	<u>NON-BEVERAGE USER PERMITS:</u>		\$ 217	
5.	<u>PRICE POSTING FROM SUPPLIERS:</u>		\$ 59,397	
6.	<u>FINES (As determined by director):</u>		\$ 81,415	
	Source: Distributors			
	Retailers			
	Private Clubs			
	Salespersons			
7.	<u>MISCELLANEOUS:</u>		\$ 475	
	Source: Time and Mileage			
	Sales of Licensee Books @ \$3.00 each			
	Cab Cards @ 50¢ each for first 3, 25¢ thereafter			
8.	<u>4% ENFORCEMENT TAX:</u>		\$ 8,913,119	
	Source: Collected at retail liquor stores			
	Retail sales FY 82: \$219,352,528			
9.	<u>GALLONAGE TAX (Alcoholic Beverages):</u>		\$ 12,288,466	
	Source: Strong beer (over 3.2%) @ 18¢ per gallon			
	Wine (14% or less Alcohol) @ 30¢ per gallon			
	Wine (More than 14% Alcohol) @ 75¢ per gallon			
	Alcohol and spirits @ \$2.50 per gallon			
10.	<u>CMB (Cereal Malt Beverage) LICENSE FEES:</u>		\$ 19,300	
	Source: Distributor license fees @ \$300			
	AMTRAK license fee @ \$100			
11.	<u>CMB GALLONAGE TAX:</u>		\$ 4,979,166	
	Source: 18¢ per gallon			
	CMB Malt Stamps @ 30¢			
12.	<u>RECAP:</u>			
	a. License Fees	\$ 1,090,002	g. Miscellaneous	\$ 475
	b. Registration Fees	44,878	h. 4% Enforcement Tax	8,913,119
	c. Agent Permits	9,580	i. Gallonage Tax(AB)	12,288,466
	d. Non-Beverage User Permits	217	j. CMB License Fees	19,300
	e. Price Postings from Suppliers	59,397	k. CMB Gallonage Tax	4,979,166
	f. Fines	81,415		
			TOTAL REVENUE	\$ 27,486,015

KANSANS FOR LIFE AT ITS BEST!

Rev. Richard Taylor, Box 888, Topeka, Kansas 66601

Phone (913) 235-1866 Office 1273 Harrison
(3 Blocks South of Statehouse)

3/1/84
Attachment #3



Hearing on SB 751 February 29, 1984
Senate Federal & State Affairs Committee

A Proud Land

The Reverend Taylor wants this to be mentioned.

Drinkers paid \$9.5 billion in alcoholic revenue. The nation suffered a \$42.7 billion economic loss because drinkers drink. For \$1 of revenue, over \$4 is taken from the public, non-drinkers included. If non-drinkers are to live in freedom from subsidizing losses caused by those who get rich dealing in this deadly social drug, alcohol taxes need to be increased 4 times. SB 751 does exactly what ought to be done across the board.

Richard Taylor

THE ALCOHOLIC BEVERAGE INDUSTRY'S CONTRIBUTION TO THE U.S. ECONOMY IN 1975

\$32.5 Billion consumer dollars spent for beer, wine, and distilled spirits.

Out of this \$32.5 Billion:

\$9.5 Billion in excise, license, and other alcoholic beverage taxes and fees were received by federal, state, and local governmental units on beer, wine, and distilled spirits.

\$11.1 Billion in wages and earnings for alcoholic beverage employees and owners.

Source - Public Attitudes and Economic Progress

DISCUS Facts Book 1975

Distilled Spirits Council of the United States, Inc.

----- Economic Loss Resulting from Alcohol Consumption

\$19.7	Lost Production	This \$42.7 billion was taken from the public in: <u>Higher prices</u> for goods and services because of alcohol-impaired personnel. <u>Higher premiums</u> for hospital-medical-auto-fire insurance to cover alcohol-related losses. <u>Higher taxes</u> to pay costs of welfare, criminal justice, research, and needed social services resulting from alcohol consumption.
12.7	Health & Medical	
5.1	Auto Accidents	
2.9	Violent Crime	
1.9	Social Responses	
.4	Fire Losses	
<u>\$42.7</u>	<u>Billion</u>	

Source - Department of Health, Education, and Welfare. Conservative cost estimates prepared for the National Institute on Alcohol Abuse and Alcoholism. By researchers Berry, Boland, Smart and Kovak.

If every drinker quit, alcohol-related suffering would be wiped out and the American public would have billions of dollars to spend on better things. But what would it do to unemployment and taxes if every drinker quit?

\$42.7 Billion available for redistribution.

\$11.1 Billion given to employees and owners to do nothing.

-\$ 9.5 Billion given to governmental units in lieu of taxes.

\$20.6 \$20.6 Billion total

\$22.1 Billion additional consumer dollars would be in the pockets of non-drinkers and drinkers, no one in the alcoholic beverage industry would miss a pay check, no governmental unit would lose any tax dollars, and drinkers would have another \$32.5 billion consumer dollars to spend for better things.

"Of our political revolution of 1776 we are all justly proud," said Abraham Lincoln on Washington's birthday in 1842. He went on to say "how proud the title of that land" where persons declare their freedom from alcoholic beverages because they "shall find a stronger bondage broken, a viler slavery manumitted, a greater tyrant deposed. . . perfect liberty!" With per-person consumption at nearly half the national average, thousands of Kansans enjoy that perfect liberty. Concerned users and non-users are united in this R-E-A-L effort to prevent alcoholism, highway tragedy, and other suffering caused by our most abused recreational drug.

Rehabilitation — Help alcohol-dependent persons adjust to life without the drug.

Education — Inform children, youth & adults of effect of alcohol on mind & body.

Amount — Encourage persons to be non-users and encourage users to use less.

Law — Pass and enforce laws that reduce consumption and suffering.

Attachment # 3

3/1/84
Attachment #4

TO: MEMBERS OF SENATE FEDERAL AND STATE AFFAIRS
FROM: Alan F. Alderson, Kansas Association of Private Clubs
RE: Senate Bill No. 751
DATE: March 1, 1984

The Kansas Association of Private Clubs does not know or understand the rationale behind SB No. 751 in its present form, but would like to make the following comments about the substance of the amendment.

1. We question whether there is a rational basis for subdividing class A clubs. If the present division of clubs has been made on the basis of profit or non-profit status of the organization, what additional criteria warrants treating some non-profit organizations in a different manner from others?
2. The liquor enforcement tax was doubled last session, and additional cost-of-doing-business increases this year cannot be justified on the basis of the small amount of revenue which would be provided to the state.
3. A similar bill failed to pass last year. It would have increased all class A license fees to \$500. Are the class A social clubs being asked to bear the burden that the legislature decided not to impose upon fraternal and war veterans club?
4. The classification provided in the bill does not relate to ability to pay.

The KAPC would urge this committee to report Senate Bill No. 751 unfavorably.

Attachment #4

3-1-84

Attachment #5
Fed & State



THOMAS E KELLY
DIRECTOR

KANSAS BUREAU OF INVESTIGATION

DIVISION OF THE OFFICE OF ATTORNEY GENERAL

STATE OF KANSAS

3420 VAN BUREN

TOPEKA, KANSAS 66611

(913) 267-5000



ROBERT T STEPHAN
ATTORNEY GENERAL

February 23, 1984

Honorable Robert Talkington
Senator, District 12
State Capitol Building
Topeka, Kansas

Dear Senator Talkington:

Reference is made to the meeting held in your office on February 16, last, concerning the inability of the Kansas Bureau of Investigation and all other Kansas law enforcement agencies to access the computerized criminal history records of the Federal Bureau of Investigation's Interstate Identification Index (III) system through the National Crime Information Center (NCIC).

During the course of the meeting it was decided that Col. Cantwell and I would recontact Mr. David Nemecek, FBI Section Chief for NCIC, Washington, D.C. to again discuss the possibility of utilizing the present KBI management control agreement with the Division of Information and Computer Services, as a suitable management control agreement for NCIC in Kansas.

Mr. Nemecek advised the issue of management control (when state data processing equipment interfacing with NCIC is not in a law enforcement agency) is a state matter. He further stated he had held his assessment of the KBI management control agreement in abeyance because Major Elliot of the Kansas Highway Patrol had advised him a new agreement was about to be signed.

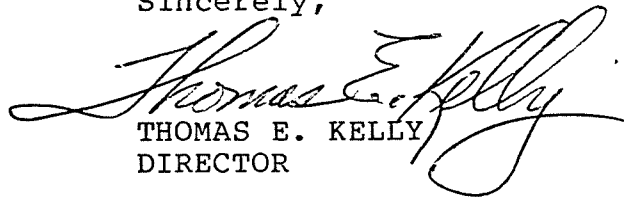
Mr. Nemecek agreed the KBI management control agreement may be utilized as the management control agreement for NCIC in Kansas. His office will resume the evaluation of this document and will advise us as to which areas of the agreement need to be strengthened. He specifically mentioned the area of 'priority of service' needs clarification. It is expected a response will be forthcoming from the FBI in a matter of days.

Attachment #5

(2)

Col. Cantwell is in agreement with the plan to utilize the KBI management agreement. Any needed alterations to meet the new requirements set forth by the FBI will be implemented as an addendum to the current agreement in order that we may begin accessing the records at the earliest possible date. There are no technical or equipment reasons why we should not have access before the legislature adjourns.

Sincerely,



THOMAS E. KELLY
DIRECTOR

TEK/bcb

CC: Senator Gaines
Senator Harder
Rep. Chronister
Rep. Teagarden
Rep. Turnquist
Col. Cantwell
David F. Nemecek