

Approved 3/27/84
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./~~noon~~ March 26, 1984 in room 254-E of the Capitol.

All members were present except:

Senator Francisco 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:

Senator Bill Mulich
Henri F. Fournier, State Board of Cosmetology
Sherril Coltrain, Parsons, Kansas
Blanche McElver, Dighton, Kansas
Jackie Rice, Hutchinson, Kansas
Ruby Brown, Great Bend, Kansas
Thomas J. Kennedy, Director, Alcoholic Beverage Control
Richard Hodson, Attorney, Alcoholic Beverage Control
Jack Milligan, Kansas Association of Private Clubs
The Reverend Richard Taylor, Kansans for Life at its Best
AN ACT relating to limitations on bonded indebtedness in counties.

The Chairman introduced Senator Bill Mulich, who appeared to ask for introduction of a proposed bill concerning limitations on bonded indebtedness in counties and amending K.S.A. 10-306 and repealing the existing section. It is Attachment #1 of these Minutes, and is 3RS2853, from the Revisor's Office. Following discussion, Senator Gannon moved that the Committee introduce the proposed legislation as a Committee bill. Senator Daniels. Motion carried.

SB860 - relating to cosmetologists and licensure.

Henri Fournier, Executive Director, of the State Board of Cosmetology was introduced by the Chairman. Mr. Fournier spoke as a proponent of SB860 and said that they would like to have this continuing education bill introduced for all cosmetologists in the State of Kansas.

Others appearing in favor of continuing education and of the bill were: Sherril Coltrain, President of the Kansas Cosmetologists; Blanche McElver, a cosmetologist from western Kansas; Jackie Rice, a part-time hairdresser; and Ruby Brown, Director of the program for cosmetologists at the Barton County Community College.

Senator Morris requested that Mr. Fournier furnish the Committee with information concerning what training has been offered the cosmetologists this past year. The Senator said that he wanted to know what programs were offered last year, the length of time and how that compares with the proposed legislation. Mr. Fournier will comply with the request.

SB837 - relating to gross receipts definition for reciprocal club memberships.

Thomas J. Kennedy appeared concerning SB837. He distributed copies of a Memorandum dated March 26, 1984, for the Committee. It is Attachment #2 and a part of these Minutes. The Director was assisted in answering questions from the Committee by Richard Hodson. The Memorandum states that with suggested amendments contained in it that approval of this bill is recommended by the Alcoholic Beverage Control.

Jack Milligan appeared next. He stated that the Association he represents would support liberalization of the law as it presently stands. Generally they would like to lessen the burden the restaurants and clubs are feeling with the present formula.

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON FEDERAL AND STATE AFFAIRS,
room 254-S, Statehouse, at 11:00 a.m./~~p.m.~~ on March 26, 1984

The Reverend Richard Taylor appeared next concerning SB837. He presented testimony in opposition to the bill, and a hand-out for the Committee. His hand-out is Attachment #3 as part of these Minutes. This concluded the testimony on SB837.

Senator Roitz moved that the Minutes of the Meeting of March 22, 1984, be approved. 2d by Senator Morris. Motion carried.

The meeting adjourned at noon.

SENATE BILL NO. _____

By

AN ACT relating to limitations on bonded indebtedness in counties; amending K.S.A. 10-306 and repealing the existing section.

Be it enacted by the Legislature of the State of Kansas:

Section 1. K.S.A. 10-306 is hereby amended to read as follows: 10-306. Except as provided in K.S.A. 10-307, and amendments thereto, and in any other statute which specifically exempts bonds from the statutory limitations on bonded indebtedness, the limitation on bonded indebtedness of counties shall be governed by the following provisions: (a) The authorized and outstanding bonded indebtedness of any county to which the provisions of subsections (b) and, (c) and (d) do not apply shall not exceed 1% of the assessed value of all tangible taxable property within such county, as certified to the county clerk on the preceding August 25.

(b) The authorized and outstanding bonded indebtedness of Clark, Comanche, Greeley, Hamilton, Hodgeman, Lane and Stanton counties shall not exceed 2.5% of the assessed value of all tangible taxable property within such county, as certified to the county clerk on the preceding August 25.

(c) The authorized and outstanding bonded indebtedness of Geary county shall not exceed 2.75% of the assessed value of all tangible taxable property within such county, as certified to the county clerk on the preceding August 25.

(d) The authorized and outstanding bonded indebtedness of Wyandotte county shall not exceed 6% of the assessed value of all tangible taxable property within such county, as certified to the county clerk on the preceding August 25.

Sec. 2. K.S.A. 10-306 is hereby repealed.

Sec. 3. This act shall take effect and be in force from and after its publication in the Kansas register.

3/26/84
Attachment #2

MEMORANDUM

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

FROM: THOMAS J. KENNEDY, Director, ABC Division

RE: Senate Bill 837

DATE: March 26, 1984

PURPOSE

Senate Bill 837 is an act concerning alcoholic beverages; reciprocal memberships in certain clubs; and definitions, amending K.S.A. 41-2601 to provide clarification of the definition of "Gross Receipts" as presently found in 41-2601.

PERSPECTIVE

Senate Bill 837, if enacted in its present form would change the definition of "Gross Receipts" to mean amounts received from sales of food, alcoholic liquors and cereal malt beverages.

Presently, "Gross Receipts" includes sales of any type made on the licensed premises of a Class "B" private club. These sales include:

- a. Food
- b. Alcoholic Liquors
- c. Cereal Malt Beverages
- d. Membership Fees
- e. Cover Charges
- f. Vending Machine Concessions
- g. Video Games
- h. Any other sales made on the licensed premises

The basis for the present definition of "Gross Receipts" is found in three statutes, K.S.A. 41-2637, K.S.A. 41-2601 and K.S.A. 36-501.

K.S.A. 41-2637 provides that any two or more class "A" clubs, or any two or more class "B" clubs which are restaurants may permit, by an agreement filed with and approved by the director, the members of each such club to have access to all other clubs which are parties to such agreement. The privileges extended to visiting members of other clubs under such an agreement shall be determined by the agreement and, if the agreement so provides, any club which is a party to such agreement may sell or offer for sale, to any person who is a member of another club which is a party to such agreement, alcoholic liquor for consumption on the licensed premises by such person or by guests accompanying such person.

Attachment # 2

K.S.A. 41-2601 defines "Restaurant" to mean a licensed food service establishment, as defined by K.S.A. 1979 Supp. 36-501 which, as determined by the director, derives not less than fifty percent (50%) of its gross receipts in each calendar year from the sale of food for consumption on the club premises.

K.S.A. 36-501 defines "Food Service Establishment" to mean any place in which food is served or is prepared for sale or service on the premises or elsewhere. Such term shall include, but not be limited to, fixed or mobile restaurant, coffee shop, cafeteria, short-order cafe, luncheonette, grill, tea room, sandwich shop, soda fountain, tavern, private club, roadside stand, industrial-feeding establishment, catering kitchen, commissary and any other private, public or nonprofit organization or institution routinely serving food and any other eating or drinking establishment or operation where food is served or provided for the public with or without charge.

K.S.A. 36-501 further defines "Food" to mean any raw, cooked or processed edible substance, beverage or ingredient used or intended for use or for sale, in whole or in part, for human consumption.

COMMENTS AND/OR RECOMMENDATIONS

The practical effect of changing the definition of "Gross Receipts" will be to open up reciprocal privileges to a significant number of class "B" private clubs who now fall just below the 50% level. It will further allow those clubs that are on the borderline to eliminate some of the items that now have to be included such as membership fees, vending machine concessions, video games, etc.

There are two other matters of concern with the current procedures for establishing reciprocal status. We feel that those items can be appropriately dealt with by amendments to Senate Bill 837. They are:

1. The use of the phrase "calendar year" in K.S.A. 41-2601(f) (line 81 of the bill) has required us to consider only very old and possibly outdated information in evaluating some clubs for reciprocal status. Specifically, any club that renews its license toward the end of a calendar year is required by current statute to submit data for the previous calendar year. For instance: A club that renews its license in October of 1984 and is reciprocal would be required in October of 1984 to submit figures from calendar year 1983. This information is anywhere from 10 to 22 months old and may not reflect the true state of the clubs current business.

To remedy this situation, it is our recommendation that K.S.A. 41-2601(f) be amended to read:

(f) "Restaurant" means a licensed food service establishment, as defined by K.S.A. 36-501 and amendments thereto, which, as determined by the director, derives not less than 50% of its gross receipts in each licensed year from the sale of food for consumption on the club premises.

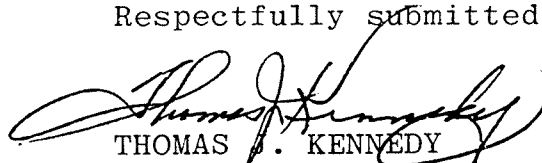
The second matter concerns the frequency with which the director may reexamine the question of eligibility for reciprocity for a particular club. Presently, once a club has been granted or denied authority to participate in reciprocals, it is unclear whether or not the matter may be reopened until the conclusion of the next calendar year. To remedy this situation, it is our recommendation that the following language be added to K.S.A. 41-2601(f) (line 82):

"The director may reconsider any decision to grant or deny reciprocal status on a quarterly basis. For the purposes of reconsideration, the director may consider any additional information deemed to be relevant".

This amendment will allow the director to consider any changes in the club operation during the calendar or license year that would significantly increase or decrease sales of food i.e. kitchen remodeling, new employees, an audit or a corporate club that changes ownership or management and suddenly stops selling food.

With the above amendments, recommend approval of this bill.

Respectfully submitted



THOMAS J. KENNEDY
DIRECTOR

TJK:cjk

One of the jokes to come out of World War II was that Hitler always wanted peace - a piece of Czechoslovakia, a piece of Poland, a piece of Hungary....This nibbling away of Europe is exactly what dealers in our most deadly drug constantly are doing with Kansas statutes that restrict their sales. They are greedy for dollars in their pockets and demand lawmakers relax every law that stands in their way. They were very happy to be permitted reciprocal clubs which would make more drug clubs available to more drinkers. Now they want to make it easier to sell more of the drug and less other items. LAWS THAT CHIP AWAY AT ALCOHOL REGULATION AUGMENT AN INCREASING LIQUOR PROBLEM IN THE UNITED STATES. A vote for SB 837 is a vote for increased drug suffering in Kansas. Why would a Senator do that?

4—Topeka Capital-Journal, Sunday, January 21, 1979

Alcohol problem greater than cancer, says doctor

By LESLIE CHAMPLIN
Health Writer

Laws that chip away at alcohol regulation augment an increasing liquor problem in the United States.

That was the word Saturday from Dr. Ernest Noble, immediate past president of the Institute of Alcohol Abuse and Alcoholism, who spent the day in Topeka visiting with local congregations.



Dr. Ernest Noble

Noble said lawmakers should refuse passage of legislation that will make alcohol more available to the public. Though innocuous by themselves, he said, such laws combine to potentially increase the nation's alcohol problem, which already "is really the third major health problem in the United States, behind heart disease and cancer," Noble said. "In terms of its pervasiveness, alcohol is worse, when you think of the traffic deaths, child abuse and crime, which heart disease and cancer don't affect."

Bills such as one that would allow liquor stores to have entrances onto shopping malls or interior hallways of hotels benefit retailers by heightening the temptation to enter the store, Noble said.

"If the stuff is more available, people will begin to use it and they begin to use more of it," Noble said. "Then abuse comes. It's a chain of things."

Since Prohibition was lifted, Noble said, Americans' use of alcohol has reached an all-time high.

"If it's more available and cheaper, chances are you'll buy it. And the price of alcohol compared to personal income is lower today than it was a few years ago," Noble said. "But all the laws seem to go toward more liberalization."

"We need to reverse that trend, the whole attitude (toward alcohol), the whole legal system. That doesn't mean we need Prohibition. I think that was a mistake because alcohol is not only a legal problem but a health problem. We need to look at the laws and how they can be modified so people's health can be protected."

Reversing the trend to which Noble referred includes

educating all segments of society. Noble agreed that quoting statistics or prophesying medical doom to those who drink will not alter society's outlook on alcohol use.

"It's going to come about by society's knowing that alcohol — the drug that it is — is causing harm," Noble said. "Alcohol is still seen by many people as 'not a' drug. People tend to isolate their thinking. They think alcoholism is only a skid row phenomena. But that's the end stage."

In its third special report to Congress, the Department of Health, Education and Welfare said research indicated that alcohol consumption may be related to cancer, especially of the mouth, tongue, pharynx and larynx.

"It's even higher than cigarette smoking," Noble said of the relationship. "And newer disorders are being found where alcohol is implicated."

The age of persons suffering from alcohol-related problems has dropped from 40s to late 30s, Noble said. Even more alarming, he added, is the higher incidence of juvenile drinking.

"What we're seeing is it's becoming younger and younger," he said. "Children are drinking at an earlier age, more often, in greater amounts and getting into more problems with alcohol. The youth problem is serious."

Noble urged implementation of programs that would prevent alcoholism among all ages. Such programs should address the personal and emotional needs of potential alcoholics in addition to educating the public of the risks involved in alcohol use, Noble said.

"We need to design programs for children of alcoholics. They are very susceptible. And we need women's programs," Noble said. "Prevention and early identification are very important."

Many businesses and industries are taking steps toward identifying and helping employees who have alcohol-related problems, Noble said. Employers who notice a drop in a worker's productivity are beginning to recommend that the employee consult a counselor about any personal problems. About half of the reasons for deteriorating workmanship are related to alcohol abuse, Noble said.