

MINUTES OF THE HOUSE COMMITTEE ON FEDERAL & STATE AFFAIRSThe meeting was called to order by CHAIRMAN MILLER at _____ at
ChairpersonNoon
~~11/1/30~~ a.m./p.m. on March 10, 1987 in room 526S of the Capitol.All members were present except:
Representative SifersCommittee staff present:
Lynda Hutfles, Secretary
Mary Torrance, Revisor
Mary Galligan, Research
Raney Gilliland, Research

Conferees appearing before the committee:

The meeting was called to order by Chairman Miller.

Representative Aylward made a motion, seconded by Representative Rolfs, that the committee introduce a committee bill to repeal the exclusive franchise act. The motion carried.Subs. SB141 - Liquor by the drink

Representative Roe explained his sub-committee report on whether liquor could be given away under this bill. As the bill is written there is a big loophole pertaining to this area. The amendment allows for the consumption of alcoholic liquor on private property by a person occupying such property as an owner or lessee and guests, in a lodging room of any hotel, motel or boarding house by person occupying room and his guest and in a private dining room of a hotel, motel or restaurant if the dining room is rented for a special occasion for private use, if no charge is made for the serving or mixing of alcoholic drinks. In the definition section of "open saloon" "premises where the sale of liquor is authroized by the club and drinking establishment act" was inserted in lieu of "club licensed pursuant to article 26 of chapter 41 of the Kansas Statutes Annotated".

Representative Roe made a motion, seconded by Representative Long, to adopt the sub-committee report. The motion carried. See attachment A.

Mary Torrance of the Revisor's Office explained several drafting errors and suggested these errors be corrected.

Representative Rolfs made a motion, seconded by Representative Barr, to clean up the drafting errors. The motion carried. See attachment B.Representative Rolfs made a conceptual motion, seconded by Representative Peterson, to make it clear that if a person owns a convenience store and a retail liquor store, that they are not prohibited from holding both licenses. The motion carried.

Representative Long explained his sub-committee report on catering and temporary licenses. (See Attachment C)

Representative Long made a motion, seconded by Representative Hensley to adopt the sub-committee report.

Representative Rofls made a substitute motion, seconded by Representative Barr, to amend the committee report to increase the license fee for caterers and temporary licenses from \$25 to \$50 per day. A division was called. the motion failed.

Representative Long's original motion to adopt the sub-committee report was voted on and the motion carried. See attachment C.

CONTINUATION SHEET

MINUTES OF THE House COMMITTEE ON Federal & State Affairs,
room 526S, Statehouse, at NOON a.m./p.m. on March 10, 1987

Representative Peterson explained his sub-committee report.

Representative Peterson made a motion, seconded by Representative Rolfs, to adopt language that would allow price and brand advertising by retailers. The motion carried. See attachment D.

Representative Peterson made a motion, seconded by Representative Gjerstad to adopt the sub-committee recommendations on license fees. See attachment E.

Representative Roe made a substitute motion, seconded by Representative Roper, to change in Sec. 2 (4) drinking establishments from \$2,000 to \$1,000; in (5) entire hotel premise as drinking establishment from \$4,000 to \$2,000; and change (8) drinking establishment/caterer from \$3,000 to \$2,000. The motion carried.

Representative Sebelius made a motion, seconded by Representative Long to add in Sec. 2 "(7) hotel/caterer - \$3,000" as a new category. The motion carried.

Representative Rolfs made a motion, seconded by Representative Aylward, to establish another category in Sec. 2 called "drinking establishment/wine only - \$500. The motion lost.

a motion by Representative Rolfs and a second was made to reject the sub-committee amendment and sent it back for further study. The motion failed.

Representative Peterson made a motion, seconded by Representative Gjerstad to adopt sub-committee recommendations on license fees as amended. The motion carried.

Representative Peterson made a motion, seconded by Representative Barr, to adopt the sub-committee recommendation relating to license qualifications of felons, service, spouse's eligibility, residency and reincorporation. The motion carried. See attachment F.

Representative Peterson made a motion, seconded by Representative Barr, to adopt the sub-committee recommendation which would make the fine of not less the \$100 or more than \$250 for consumption both on and off premise. The motion carried. See attachment G.

Representative Peterson made a motion, seconded by Representative Sebelius, to adopt sub-committee recommendations on the size of board, conflict of interest and residency. See attachment H.

Representative Roe made a substitute motion, seconded by Representative Walker, to leave the language which prohibits an employee of the board, the director or any employee in the office of the director of the board from soliciting or accepting any gift, gratuity, emolument or employment from any manufacturer, distributor, wholesaler or retailer of alcoholic liquor except for official hospitality according to rules and regulations. The motion carried.

Representative Peterson made a motion, seconded by Representative Sebelius, to adopt sub-committee report on size of board, conflict of interest and residency as amended. The motion carried. See attachment H.

Representative Peterson made a motion, seconded by Representative Hensley, to adopt sub-committee recommendations which would require any person issued a retailer's license or renewal after January 1, 1988, shall submit to the director a copy of the completed application along with a fee of \$25, within 5 days after issuance or renewal. The Director will then review the application to determine compliance with state statutes and, if compliance is found shall authorize a state stamp be affixed to the license. The motion carried. See attachment I.

Representative Peterson made a motion, seconded by Representative Long, to adopt sub-committee recommendations which set up a training course done by a private association which would certify that training has been done. The license is issued annually for a \$25 fee and there is a 30 day waiver for

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MINUTES OF THE House COMMITTEE ON Federal & State Affairs,
room 526S, Statehouse, at Noon a.m./p.m. on March 10, 1987.

for emergencies. The motion failed. See attachment J.

There was discussion on this motion and the effect it will have on the liability of the server. It was asked whether Missouri servers have this training. Mr. Lamb said that they do not. This amendment was patterned after Oregon law and will be an 8 hour block of training.

Representative Peterson made a motion, seconded by Representative Hensley, to adopt a sub-committee amendment to allow for the sale of nonliquor items in retail liquor stores. The motion carried. See attachment K.

Representative Peterson made a motion, seconded by Representative Roper, to adopt a sub-committee amendment to allow the use of credit by distributors. The motion carried. See attachment L.

Representative Peterson made a motion, seconded by Representative Roper, to adopt a sub-committee amendment to allow the use of credit at licensed retailers. The motion carried. See attachment M.

Representative Peterson made a motion, seconded by Representative Gjerstad, to adopt a sub-committee amendment to allow for microbreweries. The motion carried. See attachment N.

Representative Peterson made a motion, seconded by Representative Aylward, to adopt a sub-committee amendment to authorize product information and marketing seminars and sampling by manufacturers and distributors of alcoholic liquor or cereal malt beverage (not open to the public). The motion carried. See attachment O.

Representative Peterson made a motion, seconded by Representative Barr to adopt a sub-committee amendment which allows for a three wholesale system - Spirits, Wine & Beer (Strong & 3.2). The motion carried. See attachment P.

Representative Peterson made a motion, seconded by Representative Sebelius, to adopt a sub-committee amendment which defines "supplier" and requires a \$25 one time permit fee. The motion carried. See attachment Q.

Representative Peterson made a motion, seconded by Representative Gjerstad, to adopt a sub-committee amendment to eliminate the bond now required for transporters of liquor. The motion carried. See attachment R.

Representative Peterson made a motion, seconded by Representative Barr, to adopt a sub-committee amendment which defines "salesperson" and requires persons who procure, bargain, contract or promote the sale of alcoholic liquor or cereal malt beverage to apply and receive a permit to do so. The motion carried. See attachment S.

Representative Peterson made a motion, seconded by Representative Long, to adopt a sub-committee amendment which prohibits the sale of alcoholic liquor at less than acquisition cost. The motion carried. See attachment T.

Representative Gjerstad made a conceptual motion, seconded by Representative Aylward, to assess the 8% enforcement tax on wholesalers who deliver to clubs, drinking establishments and caterers including wholesalers of CMB, strong beer, bulk wine and wine & spirits wholesalers of strong beer and bulk wine. The motion carried.

Representative Gjerstad made a conceptual motion, seconded by Representative Long, to change the hours for drinking establishments and clubs to noon to 2 a.m. on Sunday. A division was called. The motion failed.

Representative Ramirez made a motion, seconded by Representative Jenkins, to change the population in Sec. 55 (2) from 10,000 to 6,000 to receive monies allocated to cities and counties from the alcoholic liquor fund. The motion carried. See attachment U.

CONTINUATION SHEET

MINUTES OF THE House COMMITTEE ON Federal & State Affairs,
room 526S, Statehouse, at Noon, on March 10, 1987

Representative Peterson made a motion, seconded by Representative Gjerstad, to adopt as a substitute bill Subs. SB141 as amended. The motion carried unanomously.

The chairman announced Monday's agenda would include Community Right-to-Know and that the kennel bill would be taken up sometime next week.

The meeting was adjourned.

B.P. Roll A

[As Amended by Senate Committee of the Whole]

Session of 1987

Substitute for SENATE BILL No. 141

By Committee on Federal and State Affairs

2-13

Attachment A

0018 AN ACT concerning alcoholic liquor; permitting the sale of
 0019 alcoholic liquor in certain public places for consumption on
 0020 the premises and providing for the licensure and regulation
 0021 thereof; amending K.S.A. 41-102, 41-104, [~~41-306,~~] 41-307, 41-803,
 0022 41-308, 41-403, 41-409, [~~41-410,~~] 41-701, 41-719, 41-1101, 41-
 0023 2601, 41-2605, 41-2606, 41-2608 through 41-2615, 41-2619
 0024 through 41-2623, 41-2625 through 41-2630, 41-2632, 41-2633,
 0025 41-2633a, 41-2637, 41-2640, 41-2704, 41-2708, 41-2723, 41-
 0026 2724, 79-41a02, 79-41a06, 79-41a07 and 79-41a08 and K.S.A.
 0027 1986 Supp. 79-3603, 79-41a01, 79-41a03 and 79-41a04 and
 0028 repealing the existing sections; also repealing K.S.A. ~~41-803,~~
 0029 41-2602, 41-2603, 41-2624 and 41-2801 through 41-2804.

0030 *Be it enacted by the Legislature of the State of Kansas:*

0031 Section 1. K.S.A. 41-102 is hereby amended to read as fol-
 0032 lows: 41-102. As used in this act, unless the context clearly
 0033 requires otherwise:

0034 (a) "Alcohol" means the product of distillation of any fer-
 0035 mented liquid, whether rectified or diluted, whatever its origin,
 0036 and includes synthetic ethyl alcohol but does not include dena-
 0037 tured alcohol or wood alcohol.

0038 (b) "Alcoholic liquor" means alcohol, spirits, wine, beer and
 0039 every liquid or solid, patented or not, containing alcohol, spirits,
 0040 wine or beer and capable of being consumed as a beverage by a
 0041 human being, but shall not include any beer or cereal malt
 0042 beverage containing not more than 3.2% alcohol by weight.

0043 (c) "Beer," when its meaning is not enlarged, modified, or
 0044 limited by other words, means a beverage, containing more than
 0045 3.2% alcohol by weight, obtained by alcoholic fermentation of an
 0046 infusion or concoction of barley, or other grain, malt and hops in
 0047 water and includes beer, ale, stout, lager beer, porter and similar

0492 follows: 41-719. (a) [Except as provided in subsection (b) K.S.A.
0493 41-804 and amendments thereto,] no person shall drink or con-
0494 sume alcoholic liquor upon on the public streets, alleys, roads or
0495 highways; in beer parlors, taverns, pool halls or places to which
0496 the general public has access, whether or not an admission or
0497 other fee is charged or collected; upon property owned by the
0498 state or any governmental subdivision thereof; or inside vehicles
0499 while upon on the public streets, alleys, roads or highways.

0500 (b) The provisions of subsection (a) shall not apply to the
0501 drinking or consumption of alcoholic liquor. No person shall
0502 drink or consume alcoholic liquor on private property except:

0503 (1) On premises where the sale of liquor by the individual
0504 drink is authorized by the club and drinking establishment act;
0505 [or

0506 (2) on premises where no charge is made for the serving or
0507 mixing of any drink or drinks of alcoholic liquor or for any
0508 substance mixed with alcoholic liquor and where no sale of
0509 alcoholic liquor takes place in violation of K.S.A. 41-803 and
0510 amendments thereto.]

0511 (c) No person shall drink or consume alcoholic liquor on
0512 public property except:

0513 (1) Upon On real property leased by a city to others under the
0514 provisions of K.S.A. 12-1740 to 12-1749, inclusive through 12-
0515 1749, and amendments thereto, if such real property is actually
0516 being used for hotel or motel purposes or purposes incidental
0517 thereto.

0518 (2) In any state owned or operated building or structure, and
0519 upon on the surrounding premises, which are is furnished to and
0520 occupied by any state officer or employee as a residence.

0521 (3) In a club which is licensed by the director and which is
0522 located upon On premises licensed as a club or drinking es-
0523 tablishment and located on property owned or operated by an
0524 airport authority created pursuant to chapter 27 of the Kansas
0525 Statutes Annotated.

0526 (4) In a club which is licensed by the director and which is
0527 located upon property owned or operated by an airport authority
0528 or established by a city having a population of more than

xx141

(2) Upon private property by a person occupying such property as an owner or lessee of an owner and by the guests of such person, if no charge is made for the serving or mixing of any drink or drinks of alcoholic liquor or for any substance mixed with any alcoholic liquor and if no sale of alcoholic liquor in violation of K.S.A. 41-803 and amendments thereto takes place;

(3) in a lodging room of any hotel, motel or boarding house by the person occupying such room and by the guests of such person, if no charge is made for the serving or mixing of any drink or drinks of alcoholic liquor or for any substance mixed with any alcoholic liquor and if no sale of alcoholic liquor in violation of K.S.A. 41-803 and amendments thereto takes place; or

(4) in a private dining room of a hotel, motel or restaurant, if the dining room is rented or made available on a special occasion to an individual or organization for a private party and if no sale of alcoholic liquor in violation of K.S.A. 41-803, and amendments thereto takes place.

0529 200,000.

0530 (4) *On the state fair grounds on the day of any race held*
0531 *thereon pursuant to the Kansas parimutuel racing act.*

0532 (5) ~~Upon~~ *On property exempted from the provisions of sub-*
0533 ~~section (a) this subsection (c)~~ *pursuant to subsection (e) or (d), (e),*
0534 *(f) or (g).*

0535 (e) (d) *Any city having a population of more than 200,000 may*
0536 *exempt, by ordinance, specified property, title of which is vested*
0537 *in such city, from the provisions of subsection (a) (c).*

0538 (4) (e) *The board of county commissioners of any county*
0539 *having a population of not less than 150,000 may exempt, by*
0540 *resolution, specified property, the title of which is vested in such*
0541 *county, from the provisions of subsection (a) (c).*

0542 (f) *The state board of regents may exempt from the provi-*
0543 *sions of subsection (c) specified property which is under the*
0544 *control of such board and which is not used for classroom*
0545 *instruction, where alcoholic liquor may be consumed in ac-*
0546 *cordance with policies adopted by such board.*

0547 (g) *The board of regents of Washburn university may exempt*
0548 *from the provisions of subsection (c) specified property the title*
0549 *of which is vested in such board and which is not used for*
0550 *classroom instruction, where alcoholic liquor may be consumed*
0551 *in accordance with policies adopted by such board.*

0552 (e) (h) *Violation of any provision of subsection (a) this section*
0553 *is a misdemeanor punishable by a fine of not less than \$50 or*
0554 *more than \$200 or by imprisonment for not more than six months,*
0555 *or both.*

0556 Sec. 9 [III]. K.S.A. 41-1101 is hereby amended to read as
0557 follows: 41-1101. (a) No distributor licensed under this act shall
0558 purchase any alcoholic liquor from any manufacturer, owner of
0559 alcoholic liquor at the time it becomes a marketable product,
0560 exclusive agent of such manufacturer or owner, farm winery or
0561 distributor of alcoholic liquor bottled in a foreign country either
0562 within or without this state, unless the manufacturer, owner,
0563 exclusive agent, farm winery or distributor files with the director
0564 a written statement sworn to by the manufacturer, owner, exclu-
0565 sive agent, farm winery or distributor or, in case of a corporation,

Insert attached section and renumber remaining sections and cross-references

Sec. 11. K.S.A. 41-803 is hereby amended to read as follows: 41-803. (a) It shall be unlawful for any person to own, maintain, operate or conduct, either directly or indirectly, an open saloon.

(b) As used in this section, "open saloon" means any place, public or private, where alcoholic liquor is sold or offered or kept for sale by the drink or in any quantity of less than 100 milliliters (3.4 fluid ounces) or sold or offered or kept for sale for consumption on the premises where sold, but does not include any ~~club-licensed-pursuant-to-article-26-of-chapter-41-of~~ the-Kansas-Statutes-Annotated premises where the sale of liquor is authorized by the club and drinking establishment act.

(c) Any violation of the provisions of this section is a misdemeanor punishable by a fine of not more than \$500 and by imprisonment for not more than 90 days.

0159 (4) (d) any hospital or other institution caring for the sick and
0160 diseased persons, from possessing and using alcoholic liquor for
0161 the treatment of bona fide patients of such hospital or institution;
0162 (5) (e) any drugstore employing a licensed pharmacist from
0163 possessing and using alcoholic liquor in the compounding of
0164 prescriptions of duly licensed physicians; or
0165 (6) (f) the possession and dispensation of wine by an autho-
0166 rized representative of any church for the purpose of conducting
0167 any bona fide rite or religious ceremony conducted by such
0168 church; or
0169 (7) the purchase, possession or sale of alcoholic liquor by a
0170 club licensed pursuant to article 26 of chapter 41 of the Kansas
0171 Statutes Annotated.

0172 [Sec. 3. K.S.A. 41-306 is hereby amended to read as follows:
0173 41-306. An alcoholic liquor distributor's license, except a beer
0174 distributor's license, shall allow:

0175 [(4) (a) The wholesale purchase, importation and storage of
0176 alcoholic liquors, except beer, but all such alcoholic liquor so
0177 purchased or imported which is manufactured in the United
0178 States shall be purchased from the primary American source of
0179 supply or from another licensed distributor, except that a li-
0180 censed distributor may purchase confiscated alcoholic liquor at
0181 a sheriff's sale;

0182 [(2) (b) The sale of alcoholic liquors, except beer, to:

0183 [(a) (1) Distributors licensed in this state;

0184 [(b) (2) retailers ~~clubs or drinking establishments~~ licensed in
0185 this state, except that a licensed distributor shall sell a brand of
0186 alcoholic liquor only to those retailers whose licensed premises
0187 are located in the geographic territory within which such dis-
0188 tributor is authorized to sell such brand, as designated in the
0189 notice or notices filed with the director pursuant to K.S.A.
0190 41-410, and amendments thereto; and

0191 [(e) (3) such persons located outside such territory or outside
0192 this state as permitted by law;

0193 [(c) The sale of wine, but only in barrels, casks and other
0194 bulk containers, to:

0195 [(1) Licensed caterers; and

0121 Sec. 23 [25]. K.S.A. 41-2621 is hereby amended to read as
0122 follows: 41-2621. A club or drinking establishment license shall
0123 allow the licensee to operate a club or drinking establishment
0124 only at the premises specified in such license in accordance with
0125 the provisions of this act and the rules and regulations adopted
0126 by the secretary of revenue in accordance with as provided by
0127 K.S.A. 41-210 and amendments thereto.

0128 Sec. 24 [26]. K.S.A. 41-2622 is hereby amended to read as
0129 follows: 41-2622. (a) At the time application is made to the
0130 director for a club license under the terms of this act, an appli-
0131 cant for a class A club license shall pay an annual fee of two
0132 hundred fifty dollars (\$250) and an applicant for a class B club
0133 license shall pay an annual fee of one thousand dollars (\$1,000).
0134 In addition to such license fee, license pursuant to this act, the
0135 applicant shall pay the following annual license fee in the
0136 manner provided by K.S.A. 41-2606 and amendments thereto:

0137 (1) For a class A club, \$250;

0138 (2) for a class B club, \$1,000;

0139 (3) for a drinking establishment which had gross receipts of
0140 less than \$250,000 during the preceding license year, \$500;

0141 (4) for a drinking establishment which is in its first license
0142 year or which had gross receipts of \$250,000 or more during the
0143 preceding license year, \$1,000;

0144 (5) for a hotel of which the entire premises are licensed as a
0145 drinking establishment, \$3,000;

0146 (6) for a caterer which had gross receipts of less than
0147 \$250,000 during the preceding license year, \$250;

0148 (7) for a caterer which is in its first license year or which had
0149 gross receipts of \$250,000 or more during the preceding license
0150 year, \$1,000; and

0151 (8) for a drinking establishment/caterer, \$1,250.

0152 If a licensee is described by more than one of the above, the
0153 highest fee shall apply.

0154 (b) In addition to the fee provided by subsection (a):

0155 (1) Any city in which a licensed class B club is where the
0156 licensed premises of a club or drinking establishment are lo-
0157 cated or, if such licensed premises is are not located in a city, the

class B

0343 or business as a caterer within their respective jurisdictions,
0344 notwithstanding the person has a ~~club~~ license therefor, if it
0345 appears that the licensee has violated any provision of this act, or
0346 any of the rules and regulations adopted under this act. Such
0347 injunction proceedings shall be the same as is now prescribed for
0348 the enjoining of alcoholic liquor nuisances under the Kansas
0349 liquor control act.

0350 Sec. 32 [34]. K.S.A. 41-2632 is hereby amended to read as
0351 follows: 41-2632. (a) As used in this section: (1) The word
0352 "distributor" means a person, firm, association or corporation
0353 which is the holder of an alcoholic liquor distributor's license
0354 issued under the Kansas liquor control act; (2) the word "re-
0355 tailer" means a person, copartnership or association which is the
0356 holder of a retailer's license issued under the Kansas liquor
0357 control act; and (3) the word "manufacturer" shall have the
0358 meaning ascribed to it by ~~subsection (10) of~~ K.S.A. 41-102 and
0359 amendments thereto.

0360 (b) It shall be unlawful for a distributor of alcoholic liquor ~~or~~
0361 ~~except beer~~ or a manufacturer, or for any officer, agent or
0362 employee of a distributor, or a manufacturer thereof, to influ-
0363 ence, coerce or induce or attempt to influence, coerce or induce,
0364 either directly or indirectly, any holder of a ~~club~~ license issued
0365 under this act, or any officer, agent or employee of the holder of
0366 such a ~~club~~ license, to purchase any particular brand or kind of
0367 alcoholic liquor to be dispensed in such club by the licensee ~~or to~~
0368 purchase from a particular retailer alcoholic liquor to be dis-
0369 pensed in such club from a particular retailer by the licensee.

0370 (c) Any person, corporation, firm or association violating the
0371 provisions of this section shall be guilty of Violation of this
0372 section is a misdemeanor and upon conviction thereof shall be
0373 punished punishable by a fine of not less than one hundred
0374 dollars (\$100) \$100 nor more than one thousand dollars (\$1,000)
0375 \$1,000 or by imprisonment for not more than six (6) months, or by
0376 both such fine and imprisonment.

0377 Sec. 33 [35]. K.S.A. 41-2633 is hereby amended to read as
0378 follows: 41-2633. Violation of any provision of ~~K.S.A. 41-2601 to~~
0379 ~~41-2637, inclusive the club and drinking establishment act,~~ and

: (1)

— unless such distributor is selling such alcoholic
liquor to the licensee; or (2)

Long
C
B.P.

0017 framed and hung in plain view in a conspicuous place on the
0018 licensed premises.

0019 Sec. 48 [20]. K.S.A. 41-2613 is hereby amended to read as
0020 follows: 41-2613. The right of immediate entry to and inspection
0021 at any time of any premises licensed as a club under this act, or of
0022 any premises where alcoholic liquor is sold by a licensee or
0023 holder of a temporary permit, or any premises subject to the
0024 control of any club licensed under this act licensee or temporary
0025 permit holder, at any time by any duly authorized officer or
0026 agent of the director, or by any peace law enforcement officer,
0027 shall be a condition on which every club license shall be license
0028 or temporary permit is issued, and the application for, and
0029 acceptance of, any club license hereunder or temporary permit
0030 shall conclusively be deemed to be the consent of the applicant
0031 and licensee or permit holder to such immediate entry and
0032 inspection. Such consent shall not be revocable during the term
0033 of the license or temporary permit. Refusal of such entry shall be
0034 grounds for revocation of the license or temporary permit.

0035 Sec. 49 [21]. K.S.A. 41-2614 is hereby amended to read as (a)
0036 follows: 41-2614. ~~No club licensed hereunder or drinking es-~~
0037 ~~tablishment shall allow the serving, mixing or consumption of~~
0038 ~~alcoholic liquor on its premises between the hours of 3 2:00 a.m.~~
0039 ~~and 9 9:00 a.m. on any day other than a Sunday nor between the~~
0040 ~~hours of 3 a.m. and 12 noon on a Sunday.~~

0041 Sec. 20 [22]. K.S.A. 41-2615 is hereby amended to read as
0042 follows: 41-2615. (a) No club licensed hereunder licensee or
0043 permit holder, or any owner, officer or employee thereof, shall
0044 knowingly or unknowingly permit the consumption of alcoholic
0045 liquor or cereal malt beverage on its premises by a minor and no
0046 minor shall consume or attempt to consume any alcoholic liquor
0047 or cereal malt beverage while in or upon the premises of a club
0048 licensed hereunder or as prohibited by K.S.A. 41-715 and any
0049 amendments thereto. The owner of any club, any officer or any
0050 employee thereof, who shall permit the consumption of alcoholic
0051 liquor or cereal malt beverage on the premises of the club by a
0052 minor shall be deemed guilty of a misdemeanor and upon con-
0053 viction shall be subject to the same penalty as prescribed by

(b) No caterer shall allow the serving, mixing or consumption of alcoholic liquor between the hours of 2:00 a.m. and 6:00 a.m. on any day at an event catered by such caterer.

Attachment C

0195 designated by the secretary.

0196 Sec. 25 [27]. K.S.A. 41-2623 is hereby amended to read as
0197 follows: 41-2623. (a) No ~~club~~ license shall be issued under the
0198 provisions of this act to:

0199 ~~(a)~~ (1) Any person described in subsection (a)(1), (2), (4), (5),
0200 (6), (7), (8), (9); ~~(11)~~ or (12) of K.S.A. 41-311 and amendments
0201 thereto, except that the provisions of subsection (a)(7) of such
0202 section shall not apply to nor prohibit the issuance of ~~any license~~
0203 ~~to any a license for a class A club to an officer of a post home of a~~
0204 congressionally chartered service or fraternal organization, or a
0205 benevolent association or society thereof.

0206 ~~(b)~~ (2) A person who has had the person's license revoked for
0207 cause under the provisions of this act.

0208 (c) A person who is not a resident of the county in which the
0209 premises sought to be licensed are located.

0210 (d) A person who has not been a resident for at least one year
0211 immediately preceding the date of application of the county in
0212 which the premises covered by the license are located; or

0213 (3) A person who has not been a resident of this state for a
0214 total of at least five years preceding the date of application;
0215 except that if the premises sought to be licensed are located in a
0216 city which is located in two or more counties, the applicant for a
0217 license, if a resident of such city, shall be deemed to be a
0218 resident of each of such counties for the purposes of this qualifi-
0219 cation.

0220 (e) (1) A person who has a beneficial interest in the man-
0221 ufacture, preparation or wholesaling or the retail sale of alcoholic
0222 liquors or a beneficial interest in any other club, *drinking es-*
0223 *tablishment or caterer* licensed hereunder, except that:

0224 ~~(1)~~ (A) A license for premises located in a hotel; as defined in
0225 K.S.A. 36-501 and amendments thereto; may be granted to a
0226 person who has a beneficial interest in another club or clubs one
0227 or more other clubs or drinking establishments licensed here-
0228 under if the other club or clubs such other clubs or establish-
0229 ments are located in a hotel as defined herein hotels.

0230 (2) (B) A license for a club located in a licensed food service
0231 establishment; as defined in K.S.A. 36-501 and amendments

0232 thereto, or drinking establishment which is a restaurant may be
0233 issued to a person who has a beneficial interest in other clubs
0234 located in licensed food service establishments; if not less than
0235 50% of the gross receipts on each such club and food service
0236 establishment are derived from the sale of food for consumption
0237 on the premises of such club and food service establishment or
0238 drinking establishments which are restaurants.

0239 (C) A caterer's license may be issued to a person who has a club or
0240 beneficial interest in a drinking establishment and a license for
0241 a drinking establishment may be issued to a person who has a club or
0242 beneficial interest in a caterer.

0243 (H) (5) A copartnership, unless all of the copartners are quali-
0244 fied to obtain a license.

0245 (g) (6) A corporation, if any officer, manager or director
0246 thereof, or any stockholder owning in the aggregate more than
0247 5% of the common or preferred stock of such corporation would
0248 be ineligible to receive a club license hereunder for any reason
0249 other than citizenship and residence requirements.

0250 (h) (7) A corporation organized under the laws of any state
0251 other than this state.

0252 (b) No club or drinking establishment license shall be issued
0253 under the provisions of this act to:

0254 (1) A person described in subsection (a)(11) of K.S.A. 41-311
0255 and amendments thereto.

0256 (2) A person who is not a resident of the county in which the
0257 premises sought to be licensed are located.

0258 (3) A person who has not been a resident of the county where
0259 the premises covered by the license are located for at least one
0260 year immediately preceding the date of application, except that,
0261 if the premises sought to be licensed are located in a city which
0262 is located in two or more counties, the applicant for a license, if
0263 a resident of such city, shall be deemed to be a resident of each
0264 of such counties for the purposes of this qualification.

0265 Sec. 26 [28]. K.S.A. 41-2625 is hereby amended to read as
0266 follows: 41-2625. (a) No corporation shall be issued a club li-
0267 cense as a club, drinking establishment or caterer unless such
0268 corporation shall have first appointed first appoints a citizen of

0491 hotel pursuant to this provision only if (A) the hotel is located in
0492 the same county as the club, (B) there is no class B club located
0493 on the premises of the hotel and (C) no other club has entered
0494 into a written agreement with the hotel pursuant to this section.

0495 New Sec. ~~37~~ [39]. (a) A license for a drinking establishment
0496 shall allow the licensee to offer for sale, sell and serve alcoholic
0497 liquor for consumption on the licensed premises which may be
0498 open to the public, but only if such premises are located in a
0499 county where the qualified electors of the county:

0500 (1) (A) Approved, by a majority vote of those voting thereon,
0501 the proposition to amend section 10 of article 15 of the constitu-
0502 tion of the state of Kansas at the general election in November,
0503 1986, or (B) have approved a proposition to allow sales of alco-
0504 holic liquor by the individual drink in public places within the
0505 county at an election pursuant to section ~~41~~ [43]; and

0506 (2) have not approved a proposition to prohibit such sales of
0507 alcoholic liquor in such places at a subsequent election pursuant
0508 to section ~~41~~ [43].

0509 (b) A drinking establishment shall be required to derive from
0510 sales of food for consumption on the licensed premises not less
0511 than 30% of all the establishment's gross receipts from sales of
0512 food and beverages on such premises unless the licensed prem-
0513 ises are located in a county where the qualified electors of the
0514 county:

0515 (1) Have approved, at an election pursuant to section ~~41~~ [43],
0516 a proposition to allow sales of alcoholic liquor by the individual
0517 drink in public places within the county without a requirement
0518 that any portion of their gross receipts be derived from the sale of
0519 food; and

0520 (2) have not approved a proposition to prohibit such sales of
0521 alcoholic liquor in such places at a subsequent election pursuant
0522 to section ~~41~~ [43].

0523 (c) A drinking establishment shall specify in the application
0524 for a license or renewal of a license the premises to be licensed,
0525 which may include all premises which are in close proximity and
0526 are under the control of the applicant or licensee.

0527 New Sec. ~~38~~ [40]. (a) A caterer's license shall allow the

0528 licensee to offer for sale, sell and serve alcoholic liquor for
0529 consumption on unlicensed premises, which may be open to the
0530 public, but only if such premises are located in a county where
0531 the qualified electors of the county:

0532 (1) (A) Approved, by a majority vote of those voting thereon,
0533 the proposition to amend section 10 of article 15 of the constitu-
0534 tion of the state of Kansas at the general election in November,
0535 1986, or (B) have approved a proposition to allow sales of alco-
0536 holic liquor by the individual drink in public places within the
0537 county at an election pursuant to section ~~44~~ [43]; and

0538 (2) have not approved a proposition to prohibit such sales of
0539 alcoholic liquor in such places at a subsequent election pursuant
0540 to section ~~44~~ [43].

0541 (b) A caterer shall be required to derive from sales of food _____ at each catered event

0542 ~~during the calendar year~~ not less than 30% of the caterer's gross _____
0543 receipts from all sales of food and beverages, unless the caterer _____ at such event

0544 offers for sale, sells and serves alcoholic liquor only in counties
0545 where the qualified electors of the county:

0546 (1) Have approved, at an election pursuant to section ~~44~~ [43],
0547 a proposition to allow sales of alcoholic liquor by the individual
0548 drink in public places within the county without a requirement
0549 that any portion of their gross receipts be derived from the sale of
0550 food; and

0551 (2) have not approved a proposition to prohibit such sales of
0552 alcoholic liquor in such places at a subsequent election pursuant
0553 to section ~~44~~ [43].

0554 (c) Each caterer shall maintain the caterer's principal place of
0555 business in a county in this state where the caterer is authorized
0556 by this section to sell alcoholic liquor by the individual drink in a
0557 public place. All records of the caterer relating to the caterer's
0558 licensed business and the caterer's license shall be kept at such
0559 place of business. The caterer's principal place of business shall
0560 be stated in the application for a caterer's license and the caterer
0561 shall notify the director of any change in its location within 10
0562 days after such change.

0563 (d) Prior to any event at which a caterer will sell alcoholic
0564 liquor by the individual drink, the caterer shall notify:

0565 (1) The police chief of the city where the event will take
0566 place, if the event will take place within the corporate limits of a
0567 city; or

0568 (2) the county sheriff of the county where the event will take
0569 place, if the event will be outside the corporate limits of any city.

0570 (e) A caterer may rebate a portion of the caterer's receipts
0571 from the sale of alcoholic liquor at an event to the person or
0572 organization contracting with the caterer to sell alcoholic liquor
0573 at such event.

0574 New Sec. 39 [41]. A license for a drinking establishment/ca-
0575 terer shall allow the licensee all the rights and privileges of a
0576 holder of a drinking establishment license and of a licensed
0577 caterer, subject to all provisions of law relating to such an
0578 establishment or caterer.

0579 New Sec. 40 [42]. (a) A temporary permit shall allow the
0580 permit holder to offer for sale, sell and serve alcoholic liquor for
0581 consumption on unlicensed premises, which may be open to the
0582 public, subject to the terms of such permit.

0583 (b) ~~The director shall issue a temporary permit only to a~~
0584 ~~political party or a nonprofit charitable, fraternal, religious or~~
0585 ~~veterans' organization, as defined by K.S.A. 79-4701 and amend-~~
0586 ~~ments thereto. Such a permit shall be issued in the name of the~~
0587 ~~organization or organizations applying for it.~~

0588 (c) Applications for temporary permits shall be upon forms
0589 prescribed and furnished by the director and shall be filed with
0590 the director in duplicate. ~~Each application shall be accompanied~~
0591 ~~by proof, satisfactory to the director, that the applicant is a~~
0592 ~~political party or a nonprofit charitable, fraternal, religious or~~
0593 ~~veterans' organization.~~ In addition, the application shall be ac-
0594 companied by a permit fee of \$25 for each day for which the
0595 permit is issued, which fee shall be paid by a certified or
0596 cashier's check of a bank within this state, United States post
0597 office money order or cash in the full amount thereof. All permit
0598 fees collected by the director pursuant to this section shall be
0599 remitted to the state treasurer, who shall deposit the entire
0600 amount in the state treasury and credit it to the state general
0601 fund.

may issue a temporary permit to any one or more persons or organizations applying for such a permit, in accordance with rules and regulations of the secretary. The permit shall be issued in the names of the persons or organizations to which it is issued.

shall be required to be filed with the director not less than three days before the event for which the permit is sought unless the director waives such requirement for good cause. The applications

0602 (d) Temporary permits shall specify the premises for which
0603 they are issued and shall be issued only for premises where the
0604 city, county or township zoning code allows use for which the
0605 permit is issued. No temporary permit shall be issued for prem-
0606 ises which are not located in a county where the qualified
0607 electors of the county:

0608 (1) (A) Approved, by a majority vote of those voting thereon,
0609 to adopt the proposition amending section 10 of article 15 of the
0610 constitution of the state of Kansas at the general election in
0611 November, 1986; or (B) have approved a proposition to allow the
0612 sale of liquor by the individual drink in public places within the
0613 county at an election pursuant to section 44 [43]; and

0614 (2) have not approved a proposition to prohibit such sales of
0615 alcoholic liquor in such places at a subsequent election pursuant
0616 to section 44 [43].

0617 (e) A temporary permit shall be issued for a period of time not
0618 to exceed three consecutive days, the dates and hours of which
0619 shall be specified in the permit. Not more than four temporary
0620 permits may be issued to any one applicant in a calendar year.

0621 ~~(f) The director may, require as a condition of a temporary~~
0622 ~~permit, that the applicant provide to the director a cash bond~~
0623 ~~conditioned on the applicant's collection and payment of any tax~~
0624 ~~due and owing pursuant to K.S.A. 79-41a01 et seq., and amend-~~
0625 ~~ments thereto.~~

0626 ~~(g) All proceeds from an event for which a temporary permit~~
0627 ~~is issued shall be used only for the purposes for which the~~
0628 ~~organization holding the permit is organized.~~

0629 ~~(h) A temporary permit shall not be transferable or assign-~~
0630 ~~able.~~

0631 ~~(i) The director may refuse to issue a temporary permit to any~~ person or
0632 organization which has violated any provision of the Kansas
0633 liquor control act, the drinking establishment act or K.S.A. 79-
0634 41a01 et seq., and amendments thereto.

0635 New Sec. 44 [43]. (a) The board of county commissioners
0636 may, by resolution, or shall, upon a petition filed in accordance
0637 with subsection (b), submit to the qualified electors of the county
0638 at any state general election a proposition to:

0232 nicipal corporation, including the land improvements immedi-
0233 ately surrounding such facility;

0234 (q) a tax at the rate of 4% upon the gross receipts received for
0235 the service of repairing, servicing, altering or maintaining tangi-
0236 ble personal property which when such services are rendered is
0237 not being held for sale in the regular course of business, and
0238 whether or not any tangible personal property is transferred in
0239 connection therewith. The tax imposed by this subsection shall
0240 be applicable to the services of repairing, servicing, altering or
0241 maintaining an item of tangible personal property which has
0242 been and is fastened to, connected with or built into real prop-
0243 erty;

0244 (r) a tax at the rate of 4% upon the gross receipts from fees or
0245 charges made under service or maintenance agreement contracts
0246 for services, charges for the providing of which are, taxable
0247 under the provisions of subsection (p) or (q) of this section;

0248 (s) a tax at the rate of 4% upon the gross receipts received
0249 from the sale of computer software. As used in this subsection,
0250 "computer software" means information and directions loaded
0251 into a computer which dictate different functions to be per-
0252 formed by the computer, whether contained on tapes, discs,
0253 cards or other devices or materials.

0254 Sec. 50 [52]. K.S.A. 1986 Supp. 79-41a01 is hereby amended
0255 to read as follows: 79-41a01. As used in K.S.A. 79-41a01 through
0256 79-41a04, and amendments thereto:

0257 (a) "Alcoholic liquor" shall have the meaning provided
0258 means alcoholic liquor, as defined by K.S.A. 41-102 and amend-
0259 ments thereto, and shall include cereal malt beverages beverage,
0260 as defined by K.S.A. 41-2701, and amendments thereto.

0261 (b) "Club" shall have the meaning "Caterer," "club," and
0262 "drinking establishment" ~~and "temporary permit"~~ have the
0263 meanings provided by K.S.A. 41-2601 and amendments thereto.

0264 (c) "Gross receipts derived from the sale of alcoholic liquor"
0265 means the amount charged the consumer for a drink containing
0266 alcoholic liquor, including any portion of that amount attributa-
0267 ble to the cost of any ingredient mixed with or added to the
0268 alcoholic liquor contained in such drink.

0269 Sec. 51 [53]. K.S.A. 79-41a02 is hereby amended to read as
 0270 follows: 79-41a02. (a) There is hereby imposed, for the privilege
 0271 of selling alcoholic liquor, a tax at the rate of ~~ten percent (10%)~~
 0272 10% upon the gross receipts derived from the sale of alcoholic
 0273 liquor by any club, ~~caterer, drinking establishment or holder of~~ or
 0274 ~~a temporary permit~~
 0275 (b) The tax imposed by this section shall be paid by the
 0276 consumer to the club, ~~caterer, drinking establishment or holder~~ or
 0277 ~~of a temporary permit~~ and it shall be the duty of each and every
 0278 club, ~~caterer, drinking establishment or holder of a temporary~~ or
 0279 ~~permit~~ subject to this section to collect from the consumer the
 0280 full amount of such tax, or an amount equal as nearly as possible
 0281 or practicable to the average equivalent thereto. Each club,
 0282 ~~caterer, drinking establishment or temporary permit holder~~ or
 0283 collecting the tax imposed hereunder shall be responsible for
 0284 paying over the same to the state department of revenue in the
 0285 manner prescribed by K.S.A. 79-41a03 and amendments thereto
 0286 and the state department of revenue shall administer and enforce
 0287 the collection of such tax.

0288 Sec. 52 [54]. K.S.A. 1986 Supp. 79-41a03 is hereby amended
 0289 to read as follows: 79-41a03. (a) The tax levied and collected
 0290 pursuant to K.S.A. 79-41a02, and amendments thereto, shall
 0291 become due and payable by the club, ~~caterer, drinking estab-~~ or
 0292 ~~lishment or temporary permit holder~~ monthly, or on or before
 0293 the last day of the month immediately succeeding the month in
 0294 which it is collected, but any club, ~~caterer, drinking estab-~~ or
 0295 ~~lishment or temporary permit holder~~ filing an annual or quarterly
 0296 return under the Kansas retailers' sales tax act, as prescribed in
 0297 K.S.A. 79-3607, and amendments thereto, shall, upon such con-
 0298 ditions as the secretary of revenue may prescribe, pay the tax
 0299 required by this act on the same basis and at the same time the
 0300 club, ~~caterer, drinking establishment or temporary permit~~ or
 0301 ~~holder~~ pays such retailers' sales tax. Each club, ~~caterer, drinking~~ or
 0302 ~~establishment or temporary permit holder~~ shall make a true
 0303 report to the department of revenue, on a form prescribed by the
 0304 secretary of revenue, providing such information as may be
 0305 necessary to determine the amounts to which any such tax shall

0306 apply for all gross receipts derived from the sale of alcoholic or
0307 liquor by the club, caterer, drinking establishment ~~or temporary~~
0308 ~~permit holder~~ for the applicable month or months, which report
0309 shall be accompanied by the tax disclosed thereby. Records of
0310 gross receipts derived from the sale of alcoholic liquor shall be
0311 kept separate and apart from the records of other retail sales
0312 made by a club, caterer, drinking establishment ~~or temporary~~ or
0313 ~~permit holder~~ in order to facilitate the examination of books and
0314 records as provided herein.

0315 (b) The secretary of revenue or the secretary's authorized
0316 representative shall have the right at all reasonable times during
0317 business hours to make such examination and inspection of the
0318 books and records of a club, caterer, drinking establishment ~~or~~ or
0319 ~~temporary permit holder~~ as may be necessary to determine the
0320 accuracy of such reports required hereunder.

0321 (c) The secretary of revenue is hereby authorized to admin-
0322 ister and collect the tax imposed hereunder and to adopt such
0323 rules and regulations as may be necessary for the efficient and
0324 effective administration and enforcement of the collection
0325 thereof. Whenever any club, caterer, drinking establishment ~~or~~ or
0326 ~~temporary permit holder~~ liable to pay the tax imposed hereun-
0327 der refuses or neglects to pay the same, the amount, including
0328 any penalty, shall be collected in the manner prescribed for the
0329 collection of the retailers' sales tax by K.S.A. 79-3617 and
0330 amendments thereto.

0331 (d) The secretary of revenue shall remit daily to the state
0332 treasurer all revenue collected under the provisions of this act.
0333 The state treasurer shall deposit the entire amount of each
0334 remittance in the state treasury. Subject to the maintenance
0335 requirements of the local alcoholic liquor refund fund created
0336 under K.S.A. 79-41a09, and amendments thereto, 25% of the
0337 remittance shall be credited to the state general fund, 5% shall
0338 be credited to the community alcoholism and intoxication pro-
0339 grams fund created by K.S.A. 41-1126 and amendments thereto
0340 and the balance shall be credited to the local alcoholic liquor
0341 fund created by K.S.A. 79-41a04 and amendments thereto.

0342 (e) Whenever, in the judgment of the secretary of revenue, it

0343 is necessary, in order to secure the collection of any tax, penalties
0344 or interest due, or to become due, under the provisions of this
0345 act, the secretary may require any person subject to such tax to
0346 file a bond with the director of taxation under conditions es-
0347 tablished by and in such form and amount as prescribed by rules
0348 and regulations adopted by the secretary.

0349 Sec. ~~53~~ [55]. K.S.A. 1986 Supp. 79-41a04 is hereby amended
0350 to read as follows: 79-41a04. (a) There is hereby created, in the
0351 state treasury, the local alcoholic liquor fund. Moneys credited to
0352 such fund pursuant to this act or any other law shall be expended
0353 only for the purpose and in the manner provided by this act.

0354 (b) All moneys credited to the local alcoholic liquor fund
0355 shall be allocated to the several cities and counties of the state as
0356 follows:

0357 (1) Each city that has a population of more than 10,000 shall
0358 receive 70% of the amount which is collected pursuant to this act
0359 from clubs *or drinking establishments* located in such city, *or*
0360 *from caterers whose principal places of business are so located*
0361 ~~for temporary permit holders whose events are so located~~ and
0362 which is paid into the state treasury during the period for which
0363 the allocation is made.

0364 (2) Each city that has a population of 10,000 or less shall
0365 receive ~~46~~²/₃% of the amount which is collected pursuant to this
0366 act from clubs *or drinking establishments* located in such city, *or*
0367 *from caterers whose principal places of business are so located*
0368 ~~for temporary permit holders whose events are so located~~ and
0369 which is paid into the state treasury during the period for which
0370 the allocation is made.

0371 (3) Each county shall receive: (A) ~~Seventy percent~~ 70% of the
0372 amount which is collected pursuant to this act from clubs *or*
0373 *drinking establishments* located in such county and outside the
0374 corporate limits of any city, *or from caterers whose principal*
0375 *places of business are so located* ~~for temporary permit holders~~
0376 ~~whose events are so located~~, and which is paid into the state
0377 treasury during the period for which the allocation is made; and
0378 (B) ~~twenty-three and one-third percent~~ ²³/₃% of the amount
0379 which is collected pursuant to this act from clubs *or drinking*

0380 establishments located in the county and within a city that has a
0381 population of 10,000 or less, or from caterers whose principal
0382 places of business are so located ~~for temporary permit holders~~
0383 ~~whose events are so located~~, and which is paid into the state
0384 treasury during the period for which the allocation is made.

0385 (c) The state treasurer shall make distributions from the local
0386 alcoholic liquor fund in accordance with the allocation formula
0387 prescribed by subsection (b) on March 15, June 15, September
0388 15 and December 15 of each year. The director of accounts and
0389 reports shall draw warrants on the state treasurer in favor of the
0390 several county treasurers and city treasurers on the dates and in
0391 the amounts determined under this section. Such distributions
0392 shall be paid directly by mail to the several county treasurers and
0393 city treasurers.

0394 (d) Each city treasurer of a city that has a population of more
0395 than 10,000, upon receipt of any moneys distributed under this
0396 section, shall deposit the full amount in the city treasury and
0397 shall credit $\frac{1}{3}$ of the deposit to the general fund of the city, $\frac{1}{3}$ to a
0398 special parks and recreation fund in the city treasury and $\frac{1}{3}$ to a
0399 special alcohol and drug programs fund in the city treasury. Each
0400 city treasurer of a city that has a population of 10,000 or less,
0401 upon receipt of any moneys distributed under this section, shall
0402 deposit the full amount in the city treasury and shall credit $\frac{1}{2}$ of
0403 the deposit to the general fund of the city and $\frac{1}{2}$ to a special
0404 parks and recreation fund in the city treasury. Moneys in such
0405 special funds shall be under the direction and control of the
0406 governing body of the city. Moneys in the special parks and
0407 recreation fund shall be expended only for the purchase, es-
0408 tablishment, maintenance or expansion of park and recreational
0409 services, programs and facilities. Moneys in the special alcohol
0410 and drug programs fund shall be expended only for the purchase,
0411 establishment, maintenance or expansion of services or programs
0412 whose principal purpose is alcoholism and drug abuse preven-
0413 tion and education, alcohol and drug detoxification, intervention
0414 in alcohol and drug abuse or treatment of persons who are
0415 alcoholics or drug abusers or are in danger of becoming alcohol-
0416 ics or drug abusers.

0117 (e) Each county treasurer, upon receipt of any moneys dis-
0118 tributed under this section, shall deposit the full amount in the
0119 county treasury and shall credit to a special alcohol and drug
0120 programs fund in the county treasury 23 $\frac{1}{3}$ % of the amount which
0121 is collected pursuant to this act from clubs *or drinking estab-*
0122 *lishments* located in the county and within a city that has a
0123 population of 10,000 or less, *or from caterers whose principal*
0124 *place of business is so located* ~~or temporary permit holders~~
0125 ~~whose event is so located~~, and which is paid into the state
0126 treasury during the period for which the allocation is made; of
0127 the remainder, the treasurer shall credit $\frac{1}{3}$ to the general fund of
0128 the county, $\frac{1}{3}$ to a special parks and recreation fund in the county
0129 treasury and $\frac{1}{3}$ to the special alcohol and drug programs fund.
0130 Moneys in such special funds shall be under the direction and
0131 control of the board of county commissioners. Moneys in the
0132 special parks and recreation fund shall be expended only for the
0133 purchase, establishment, maintenance or expansion of park and
0134 recreational services, programs and facilities. Moneys in the
0135 special alcohol and drug programs fund shall be expended only
0136 for the purchase, establishment, maintenance or expansion of
0137 services or programs whose principal purpose is alcoholism and
0138 drug abuse prevention and education, alcohol and drug detoxifi-
0139 cation, intervention in alcohol and drug abuse or treatment of
0140 persons who are alcoholics or drug abusers or are in danger of
0141 becoming alcoholics or drug abusers. In any county in which
0142 there has been organized an alcohol and drug advisory commit-
0143 tee, the board of county commissioners shall request and obtain,
0144 prior to making any expenditures from the special alcohol and
0145 drug programs fund, the recommendations of the advisory com-
0146 mittee concerning such expenditures. The board of county com-
0147 missioners shall adopt the recommendations of the advisory
0148 committee concerning such expenditures unless the board, by
0149 unanimous vote of all commissioners, adopts a different plan for
0150 such expenditures.

0151 (f) Each year, the county treasurer shall estimate the amount
0152 of money the county and each city in the county will receive
0153 from the local alcoholic liquor fund and from distributions pur-

0454 suant to K.S.A. 79-41a05 and amendments thereto. The state
0455 treasurer shall advise each county treasurer, prior to June 1 of
0456 each year of the amount in the local alcoholic liquor fund that the
0457 state treasurer estimates, using the most recent available infor-
0458 mation, will be allocated to such county in the following year.
0459 The county treasurer shall, before June 15 of each year, notify
0460 the treasurer of each city of the estimated amount in dollars of
0461 the distribution to be made from the local alcoholic liquor fund
0462 and pursuant to K.S.A. 79-41a05 and amendments thereto.

3 Sec. ~~54~~ [56]. K.S.A. 79-41a06 is hereby amended to read as _____ or
0464 follows: 79-41a06. No club, *drinking establishment, caterer ~~or~~*
0465 ~~temporary permit holder~~ shall sell any alcoholic liquor without a
0466 registration certificate from the secretary of revenue. Application
0467 for such certificate shall be made to the secretary upon forms
0468 provided by the secretary and shall contain such information as
0469 the secretary deems necessary for the purposes of administering
0470 the provisions of this act. The registration certificate shall be
0471 conspicuously displayed in the licensed premises for which it is
0472 issued.

0473 Upon violation of any of the provisions of K.S.A. 79-41a01 *et*
0474 *seq.*, and amendments thereto, or any of the terms of this act, and
0475 upon due notice and opportunity for hearing, the secretary may
0476 revoke such registration certificate.

7 Sec. 55 [57]. K.S.A. 79-41a07 is hereby amended to read as
0478 follows: 79-41a07. (a) The director of taxation or the director of
0479 alcoholic beverage control may enjoin any person from engaging _____ or
0480 in business as a club, *drinking establishment, caterer ~~or tempo-~~*
0481 ~~ratory permit holder~~ when the club, *drinking establishment, ca-*
0482 *terer or temporary permit holder* is in violation of any of the
0483 provisions of K.S.A. 79-41a01 *et seq.*, and amendments thereto,
0484 or any of the terms of this act and shall be entitled in any
0485 proceeding brought for that purpose to have an order restraining
0486 the person from engaging in business as a club, *drinking es-*
0487 ~~tablishment, caterer ~~or temporary permit holder~~~~. No bond shall _____ or
0488 be required for any such restraining order or for any temporary or
0489 permanent injunction issued in that proceeding.

0490 (b) If a club, *drinking establishment or caterer* licensed by

0491 the director of alcoholic beverage control violates any of the
0492 provisions of K.S.A. 79-41a01 *et seq.*, and amendments thereto,
0493 or any of the terms of this act, the director of alcoholic beverage
0494 control may suspend or revoke the ~~club's~~ license *of such club,*
0495 *establishment or caterer* in accordance with K.S.A. 41-2609 and
0496 *amendments thereto* or may impose a civil fine on the licensee in
0497 the manner provided by K.S.A. 41-2633a *and amendments*
0498 *thereto.*

0499 Sec. 56 [58]. K.S.A. 79-41a08 is hereby amended to read as
500 follows: 79-41a08. The tax imposed by this act shall be a lien
501 upon the ~~club or any property thereof~~ *business and any property*
0502 *of the club, drinking establishment, ~~caterer~~ ~~or temporary permit~~* or
0503 *holder*] which may be sold. The person acquiring such ~~club~~
0504 *business* or property shall withhold a sufficient amount of the
0505 purchase price thereof to cover the amount of any taxes due and
0506 unpaid by the seller, until the seller shall furnish the purchaser
0507 with a receipt from the secretary of revenue, as herein provided,
0508 showing that such taxes have been paid. The purchaser shall be
0509 personally liable for the payment of any unpaid taxes of the
0510 seller, to the extent of the value of the *business or property*
0511 received by the purchaser, and if a receipt is not furnished by
0512 such seller within 20 days from the date of sale of such ~~club~~
0513 *business or property*, the purchaser shall remit the amount of
0514 such unpaid taxes to the secretary on or before the 20th day of the
0515 month succeeding that in which such purchaser acquired such
0516 *club business* or property.

0517 Sec. 57 [59]. K.S.A. 41-102, 41-104, [~~41-306,~~] 41-307, 41-308,
0518 41-403, 41-409, [~~41-410,~~] 41-701, 41-719, 41-803, 41-1101, 41-
0519 2601, 41-2602, 41-2603, 41-2605, 41-2606, 41-2608 through 41-
0520 2615, 41-2619 through 41-2630, 41-2632, 41-2633, 41-2633a, 41-
0521 2637, 41-2640, 41-2704, 41-2708, 41-2723, 41-2724, 41-2801
0522 through 41-2804, 79-41a02, 79-41a06, 79-41a07 and 79-41a08 and
0523 K.S.A. 1986 Supp. 79-3603, 79-41a01, 79-41a03 and 79-41a04 are
0524 hereby repealed.

0525 Sec. 58 [60]. This act shall take effect and be in force from
0526 and after its publication in the Kansas register.

Return B.P. D

PRICE AND BRAND ADVERTISING

By

AN ACT

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

Section 1. On and after July 1, 1988, K.S.A. 41-714 is hereby amended to read as follows: 41-714. (a) It shall be unlawful for:

(1) Any person to advertise any alcoholic liquor by means of handbills;

(2) any person to advertise any alcoholic liquor by means of billboards along public highways, roads and streets or for any owner or occupant of any property to permit any billboard advertising alcoholic liquor to remain on the property;

(3) any retailer of alcoholic liquor to have any sign on the licensed premises in violation of subsection (b); or

(4) any licensee to display alcoholic liquor in any window of the licensed premises.

(b) No retailer shall have more than one sign on the licensed premises. The sign shall contain nothing but the license number, the name of the retailer and the words "Retail Liquor Store." No letter or figure in the sign shall be more than four inches high or three inches wide. If more than one line is used, the lines shall be not more than one inch apart. The sign shall be placed on the corner of a window or on the door.

(c) The provisions of this section shall not be interpreted to prohibit the advertising of a farm winery, ~~but no advertising of a farm winery shall advertise the sale of wines by the winery or the prices of these wines.~~ Any advertising of a farm winery shall be subject to approval by the director prior to its dissemination.

(d) The provisions of this section shall not be interpreted

Attachment D

to prohibit advertising of the price of any alcoholic liquor or advertising of any alcoholic liquor by brand name and no rule and regulation adopted hereunder shall prohibit such advertising.

(e) The secretary of revenue may adopt, in accordance with K.S.A. 41-210 and amendments thereto, rules and regulations necessary to regulate and control the advertising, in any form, and display of alcoholic liquor and. Except as provided by subsection (d), nothing contained in this section shall be construed as limiting the secretary's power to adopt such rules and regulations not in conflict with this act.

License Fees

Section 1. K.S.A. 41-310 is hereby amended to read as follows: 41-310. (a) At the time application is made to the director for a license of any class, the applicant shall pay the fee provided by this section.

(b) The annual fee for a manufacturer's license to manufacture alcohol and spirits shall be \$2,500.

(c) The annual fee for a manufacturer's license to manufacture beer (regardless of alcoholic content) shall be:

- (1) For 1 to 100 barrel daily capacity or any part thereof, \$200.
- (2) For 100 to 150 barrel daily capacity, \$400.
- (3) For 150 to 200 barrel daily capacity, \$700.
- (4) For 200 to 300 barrel daily capacity, \$1,000.
- (5) For 300 to 400 barrel daily capacity, \$1,300.
- (6) For 400 to 500 barrel daily capacity, \$1,400.
- (7) For 500 or more barrel daily capacity, \$1,600.

As used in this subsection, "daily capacity" means the average daily barrel production for the previous 12 months of manufacturing operation. If no basis for comparison exists, the licensee shall pay in advance for the first year's operation a fee of \$1,000.

(d) The annual fee for a manufacturer's license to manufacture wine shall be \$500.

(e) The annual fee for a farm winery license shall be \$250.

(f) The annual fee for a distributor's license for the first and each additional distributing place of business operated in this state by the licensee and wholesaling and jobbing alcoholic liquors, except beer shall be \$1,250.

(g) The annual fee for a beer distributor's license, for the first and each additional wholesale distributing place of business operated in this state by the licensee and wholesaling or jobbing beer shall be \$150.

(h) The annual fee for a nonbeverage user's license shall be:

- (1) For class 1, \$10.
- (2) For class 2, \$50.
- (3) For class 3, \$100.
- (4) For class 4, \$200.
- (5) For class 5, \$500.

(i) In addition to the license fees prescribed by subsections (b), (c), (d), (f), (g) and (h):

(1) Any city in which the licensed premises are located may levy and collect an annual occupation or license tax on the licensee in an amount not exceeding the amount of the annual license fee required to be paid under this act to obtain the license, but no city shall impose an occupation or privilege tax on the licensee in excess of that amount; and

(2) any township having a population of more than 11,000 in which the licensed premises are located, if the premises are located outside an incorporated city, may levy and collect an annual occupation or license tax on the licensee in an amount not exceeding the amount of the annual license fee required to be paid under this act to obtain the license, but no township shall impose an occupation or privilege tax on the licensee in excess of that amount; the township board of the township is authorized to fix and impose the tax and the tax shall be paid by the licensee to the township treasurer, who shall issue a receipt therefor to the licensee and shall cause the tax paid to be placed in the general fund of the township.

(j) The annual fee for a retailer's license shall be ~~\$100~~ \$500.

(k) In addition to the license fees prescribed by subsection (j):

(1) Any city in which the licensed premises are located shall levy and collect an annual occupation or license tax on the licensee in an amount not less than \$100 or more than \$300, but no other occupation or excise tax or license fee shall be levied

by any city against or collected from the licensee; and

(2) any township having a population of more than 11,000 in which the licensed premises are located, if located outside any incorporated city, shall levy and collect an annual occupation or license tax on the licensee in an amount not less than \$100 or more than \$300; the township board of the township is authorized to fix and impose the tax and the tax shall be paid by the licensee to the township treasurer, who shall issue a receipt therefor to the licensee and shall cause the tax paid to be placed in the general fund of the township.

(1) The license year for a license shall commence on the date the license is issued by the director and shall end one year after that date.

Sec. 2. K.S.A. 41-2622 is hereby amended to read as follows: 41-2622. (a) ~~At the time application is made to the director for a club license under the terms of this act, an applicant for a class A club license shall pay an annual fee of two hundred fifty dollars (\$250) and an applicant for a class B club license shall pay an annual fee of one thousand dollars (\$1,000). In addition to such license fee, license pursuant to this act, the applicant shall pay the following annual license fee in the manner provided by K.S.A. 41-2606 and amendments thereto:~~

(1) For a class A club, open fewer than four business days each week, \$500;

(2) for a class A club open four or more business days each week, \$1,000;

(3) for a class B club, \$1,000;

(4) for a drinking establishment, \$^{1,000}~~2,000~~;

(5) for a hotel of which the entire premises are licensed as a drinking establishment, \$²~~4~~,000;

(6) for a caterer, \$1,000; and

(7) ~~hotel/caterer~~ - 3,000

(8) for a drinking establishment/caterer, \$²~~3~~,000.

If a licensee is described by more than one of the above, the highest fee shall apply.

(b) In addition to the fee provided by subsection (a):

(1) Any city in which a licensed class B club is where the licensed premises of a class B club or drinking establishment are located or, if such licensed premises is are not located in a city, the board of county commissioners of the county where the licensed premises is are located, shall levy and collect an annual occupation or license tax on such club from the licensee in an amount equal to not less than one-hundred-dollars-(\$100) \$100 nor more than two-hundred-fifty-dollars-(\$250) \$250; or

(2) in any county having a population of more than one hundred--sixty--thousand--(160,000) 160,000 and not more than one hundred-eighty-five-thousand-(185,000) 185,000 and in any county in which there is-located-not-less-than-seventy-five-(75)-class-A and--class--B--clubs are located the premises of not less than 75 clubs and drinking establishments, any city located within the county in which any such club-is licensed premises are located or, if such licensed premises is are not located within a city, the board of county commissioners of such county may levy and collect an annual occupation or license tax from all--such--clubs the licensees in an amount not to exceed two-hundred-fifty dollars-(\$250),--but-no-other \$250.

(c) No occupational or excise tax or license fee other than that provided by subsection (b) shall be levied by any city or county against or collected from such-club-licensee a licensed club or drinking establishment.

(d) The director shall remit all moneys received under this section to the state treasurer at least monthly. Upon receipt of each such remittance, the state treasurer shall deposit the entire amount thereof in the state treasury. Fifty-percent--(50%) Of each such deposit, 50% shall be credited to the state general fund, and the remaining fifty-percent-(50%) 50% shall be credited to the alcoholism treatment fund, which fund is hereby created. Moneys in said the alcoholism treatment fund shall be used by the secretary of social and rehabilitation services for the purpose of implementing the powers and duties of said the secretary under

the provisions of K.S.A. 65-4006 and 65-4007, and any amendments ~~to--said--sections~~ thereto. All expenditures from the alcoholism treatment fund shall be made in accordance with appropriation acts upon warrants of the director of accounts and reports issued pursuant to vouchers signed by the secretary of social and rehabilitation services or by a person or persons designated by the secretary.

License Qualifications

License Qualifications:
Felons, Service, Spouse's Eligibility, Residency, Reincorporation

Section 1. K.S.A. 41-311 is hereby amended to read as follows: 41-311. (a) No license of any kind shall be issued pursuant to the liquor control act to a person:

(1) Who has not been a citizen of the United States for at least 10 years;

(2) who has been convicted of a felony under the laws of this state, any other state or the United States, ~~except that this subsection (a)(2) shall not prohibit licensure of a person solely by reason of conviction of a nonviolent felony, other than racketeering, drug violations, gambling, tax evasion, prostitution or loan sharking, under the laws of the United States if the person was sentenced to probation for such felony not less than nine years immediately preceding such person's application for licensure and if the person has not been convicted of any misdemeanor offense, other than minor traffic offenses, since such conviction;~~

(3) who has had a license revoked for cause under the provisions of this act or who has had any license issued under the cereal malt beverage laws of any state revoked for cause except that a license may be issued to a person whose license was revoked for the conviction of a misdemeanor at any time after the lapse of 10 years following the date of the revocation;

(4) who has been convicted of being the keeper or is keeping a house of prostitution or has forfeited bond to appear in court to answer charges of being a keeper of a house of prostitution;

(5) who has been convicted of being a proprietor of a gambling house, pandering or any other crime opposed to decency and morality or has forfeited bond to appear in court to answer charges for any of those crimes;

(6) who is not at least 21 years of age;

(7) who ~~appoints or~~ directly appoints or supervises any law enforcement official, is a law enforcement official or who is an employee of the director or the board;

(8) who intends to carry on the business authorized by the license as agent of another;

(9) who at the time of application for renewal of any license issued under this act would not be eligible for the license upon a first application, except as provided by subsection (a)(12);

(10) who is the holder of a valid and existing license issued under the laws of this state relating to cereal malt beverages and malt products unless the person agrees to and does surrender the license to the officer issuing the same upon the issuance to the person of a license under this act, except that a holder of a cereal malt beverages wholesaler's license shall be eligible to receive a beer distributor's license under this act;

(11) who does not own the premises for which a license is sought, or does not have a written lease thereon for at least 3/4 of the period for which the license is to be issued; or

(12) whose spouse would be ineligible to receive a license under this act for any reason other than citizenship, residence requirements or age, except that this subsection (a)(12) shall not apply in determining eligibility for a renewal license.

(b) No retailer's license shall be issued to:

(1) A person who is not a resident of ~~the county in which the premises sought to be licensed are located~~ this state;

(2) ~~in the case of a retailer, a person who has not been, for at least two years immediately preceding the date of application, a resident of the county in which the premises covered by the license are located or a person who has not been a resident of this state for a total of at least four years immediately preceding the date of application, except that, if the premises sought to be licensed are located in a city which is located in two or more counties and the applicant for license is a resident of either county, the applicant shall be deemed to be~~

~~a resident of each county for the purpose of qualification;~~

~~(3) in the case of a farm winery, a person who has not been, for at least five years immediately preceding the date of application, a resident of the county in which the premises covered by the license are located or a person who has not been a resident of this state for a total of at least 10 years preceding the date of application, except that, if the premises sought to be licensed are located in a city which is located in two or more counties and the applicant for license is a resident of either county, the applicant shall be deemed to be a resident of each county for the purpose of qualification;~~

(4) (3) a person who has beneficial interest in the manufacture, preparation or wholesaling of alcoholic beverages;

(5) (4) a person or copartnership or association who has beneficial interest in any other retail establishment licensed under this act;

(6) (5) a copartnership, unless all of the copartners are qualified to obtain a license; or

(7) (6) a corporation.

(c) No manufacturer's license shall be issued to:

(1) A corporation, if any officer, manager or director thereof, or any stockholder owning in the aggregate more than 25% of the stock of the corporation, would be ineligible to receive a manufacturer's license for any reason other than citizenship and residence requirements;

(2) a copartnership, unless all of the copartners shall have been residents of this state for at least five years immediately preceding the date of application and unless all the members of the copartnership would be eligible to receive a manufacturer's license under this act;

(3) an individual who is not a resident of this state; or

(4) an individual who has not been a resident of this state for at least five years immediately preceding the date of application.

(d) No distributor's license shall be issued to:

- (1) A corporation, if any officer, manager, director or stockholder of the corporation would be ineligible to receive a distributor's license for any reason. It shall be unlawful for any stockholder of a corporation licensed as a distributor to transfer any stock in the corporation to any person who would be ineligible to receive a distributor's license for any reason, and any such transfer shall be null and void, except that: (A) If any stockholder owning stock in the corporation dies and an heir or devisee to whom stock of the corporation descends by descent and distribution or by will is ineligible to receive a distributor's license, the legal representatives of the deceased stockholder's estate and the ineligible heir or devisee shall have 14 months from the date of the death of the stockholder within which to sell the stock to a person eligible to receive a distributor's license, any such sale by a legal representative to be made in accordance with the provisions of the probate code; or (B) if the stock in any such corporation is the subject of any trust and any trustee or beneficiary of the trust who is 21 years of age or older is ineligible to receive a distributor's license, the trustee, within 14 months after the effective date of the trust, shall sell the stock to a person eligible to receive a distributor's license and hold and disburse the proceeds in accordance with the terms of the trust. If any legal representatives, heirs, devisees or trustees fail, refuse or neglect to sell any stock as required by this subsection, the stock shall revert to and become the property of the corporation, and the corporation shall pay to the legal representatives, heirs, devisees or trustees the book value of the stock. During the period of 14 months prescribed by this subsection, the corporation shall not be denied a distributor's license or have its distributor's license revoked if the corporation meets all of the other requirements necessary to have a distributor's license;
- (2) a copartnership, unless all of the copartners are eligible to receive a distributor's license;
- (3) an individual who is not a resident of this state; or

(4) an individual who has not been a resident of this state for at least ~~±0~~ five years immediately preceding the date of application, except that:

(A) a wholesaler of cereal malt beverages properly licensed on September 1, 1948, shall be eligible for a beer distributor's license; and

~~(B) a person who has been a resident of the state for at least five years immediately preceding the date of application shall be eligible for a beer distributor's license.~~

(e) No nonbeverage user's license shall be issued to a corporation, if any officer, manager or director of the corporation or any stockholder owning in the aggregate more than 25% of the stock of the corporation would be ineligible to receive a nonbeverage user's license for any reason other than citizenship and residence requirements.

(f) No farm winery license shall be issued to a:

(1) Person who is not a resident of ~~the county in which the premises sought to be licensed are located~~ this state;

(2) ~~person who has not been, for at least two years immediately preceding the date of application, a resident of the county in which the premises covered by the license are located~~ or a person who has not been a resident of this state for a total of at least four years immediately preceding the date of application, ~~except that, if the premises sought to be licensed are located in a city which is located in two or more counties and the applicant for license is a resident of either county, the applicant shall be deemed to be a resident of each county for the purpose of qualification;~~

(3) person who has beneficial interest in the manufacture, preparation or wholesaling of alcoholic beverages other than that produced by such winery;

(4) person or copartnership or association who has beneficial interest in any other retail establishment licensed under this act;

(5) copartnership, unless all of the copartners are

qualified to obtain a license; or

(6) corporation, unless all of the stockholders would be eligible to receive a license.

Sec. 2. K.S.A. 41-2623 is hereby amended to read as follows: 41-2623. (a) No club license shall be issued under the provisions of this act to:

~~(a)~~ (1) Any person described in subsection (a)(1), (2), (4), (5), (6), (7), (8), (9), ~~(11)~~ or (12) of K.S.A. 41-311 and amendments thereto, except that the provisions of subsection (a)(7) of such section shall not apply to nor prohibit the issuance of ~~any license to any~~ a license for a class A club to an officer of a post home of a congressionally chartered service or fraternal organization, or a benevolent association or society thereof.

~~(b)~~ (2) A person who has had the person's license revoked for cause under the provisions of this act.

~~(c)~~ (3) A person who is not a resident of ~~the county in~~ which the premises sought to be licensed are located this state.

~~(d)~~ A person who has not been a resident for at least one year immediately preceding the date of application of the county in which the premises covered by the license are located, or

(4) A person who has not been a resident of this state for ~~a total of at least five years~~ period of at least one year immediately preceding the date of application, ~~except that if the premises sought to be licensed are located in a city which is located in two or more counties, the applicant for a license, if a resident of such city, shall be deemed to be a resident of each of such counties for the purposes of this qualification.~~

~~(e)~~ (5) A person who has a beneficial interest in the manufacture, preparation or wholesaling or the retail sale of alcoholic liquors or a beneficial interest in any other club, drinking establishment or caterer licensed hereunder, except that:

~~(1)~~ (A) A license for premises located in a hotel, ~~as defined in K.S.A. 36-501 and amendments thereto,~~ may be granted

to a person who has a beneficial interest in another--club--or clubs one or more other clubs or drinking establishments licensed hereunder if the--other--club--or--clubs such other clubs or establishments are located in a-hotel-as-defined--herein hotels.

{2} (B) A license for a club located-in-a-licensed-food service-establishment, as-defined-in-K.S.A.-36-501-and-amendments thereto, or drinking establishment which is a restaurant may be issued to a person who has a beneficial interest in other clubs located-in-licensed-food-service-establishments, if-not-less-than 50%-of-the-gross-receipts-on-each--such--club--and--food--service establishment--are--derived-from-the-sale-of-food-for-consumption on-the-premises-of-such-club-and-food--service--establishment or drinking establishments which are restaurants.

(C) A caterer's license may be issued to a person who has a beneficial interest in a drinking establishment and a license for a drinking establishment may be issued to a person who has a beneficial interest in a caterer.

(D) A license for a class A club may be granted to an organization of which an officer, director or board member is a distributor or retailer licensed under the liquor control act if such distributor or retailer sells no alcoholic liquor to such club.

{f} (6) A copartnership, unless all of the copartners are qualified to obtain a license.

{g} (7) A corporation, if any officer, manager or director thereof, or any stockholder owning in the aggregate more than 5% of the common or preferred stock of such corporation would be ineligible to receive a club license hereunder for any reason other than citizenship and residence requirements.

(8) A corporation, if any officer, manager or director thereof, or any stockholder owning in the aggregate more than 5% of the common or preferred stock of such corporation, has been an officer, manager or director, or a stockholder owning in the aggregate more than 5% of the common or preferred stock, of a corporation which: (A) Has had a license revoked under the

provisions of the club and drinking establishment act or (B) has been convicted of a violation of the club and drinking establishment act or the cereal malt beverage laws of this state.

{h} (9) A corporation organized under the laws of any state other than this state.

(b) No club or drinking establishment license shall be issued under the provisions of this act to a person described in subsection (a)(11) of K.S.A. 41-311 and amendments thereto.

Sec. 3. K.S.A. 41-2703 is hereby amended to read as follows: 41-2703. (a) After examination of an application for a retailer's license, the board of county commissioners or the director shall, if they approve the same, issue a license to the applicant. The governing body of the city shall, if the applicant is qualified as provided by law, issue a license to said applicant.

(b) No retailer's license shall be issued to:

(1) ~~A person who is not a resident of the county in which the place of business covered by the license is located, has not been a resident of such county for at least six (6) months or has not been a resident in good faith of the state of Kansas~~ this state;

(2) a person who has not been a resident of this state for at least one year prior to immediately preceding application for a retailer's license.

{2} (3) A person who is not of good character and reputation in the community in which the person resides.

{3} (4) A person who is not a citizen of the United States.

{4} (5) A person who ~~within two (2) years immediately preceding the date of making application~~ has been convicted of a felony, or, within two years immediately preceding the date of making application, has been convicted of any crime involving a moral turpitude, drunkenness, driving a motor vehicle while under the influence of intoxicating liquor or violation of any other intoxicating liquor law of any state or of the United States.

{5} (6) A partnership, unless ~~one of the partners is a~~

~~resident of the county in which the licensed premises is located~~
and all the members of the partnership are otherwise qualified to obtain a license.

~~(6)~~ (7) A corporation, if any manager, officer or director thereof, or any stockholder owning in the aggregate more than ~~twenty-five percent~~ ~~(25%)~~ 25% of the stock of such corporation, would be ineligible to receive a license hereunder for any reason other than the citizenship and residency requirements.

(8) A corporation, if any manager, officer or director thereof or any stockholder owning in the aggregate more than 25% of the stock of such corporation, has been an officer, manager or director, or a stockholder owning in the aggregate more than 25% of the stock, of a corporation which: (A) Has had a retailer's license revoked under K.S.A. 41-2708 and amendments thereto; or (B) has been convicted of a violation of the drinking establishment act or the cereal malt beverage laws of this state.

~~(7)~~ (9) A person whose place of business is conducted by a manager or agent unless the manager or agent possesses all the qualifications of a licensee.

(10) A person whose spouse would be ineligible to receive a retailer's license for any reason other than citizenship, residence requirements or age, except that this subsection (b)(10) shall not apply in determining eligibility for a renewal license.

(c) ~~Retailer's~~ Retailers' licenses shall be issued either on an annual basis or for the calendar year. If such licenses are issued on an annual basis, the board of county commissioners or the governing body of the city shall notify the cereal malt beverage wholesalers supplying the county or city on or before April 1 of the year if a retailer's license is not renewed.

Sec. 4. K.S.A. 41-2713 is hereby amended to read as follows: 41-2713. (a) Except as authorized by the Kansas liquor control act, it shall be unlawful for any wholesaler or distributor to sell or deliver cereal malt beverages or wine within the state of Kansas to persons authorized to sell the same

within this state unless such wholesaler or distributor has first secured from the director a license authorizing such sales.

(b) The application for licensure as a wholesaler or distributor shall be verified and shall be upon forms prepared by the director and approved by the attorney general. The application shall contain:

(1) The name and residence of the applicant and, if a corporation, the location of its principal office;

(2) the name, brand or other designation of the cereal malt beverage or wine that the applicant desires to sell in wholesale quantities in the state and the geographic territory in Kansas within which the applicant intends to distribute the designated beverages, which territory shall be the territory agreed upon by the brewer or manufacturer and the wholesaler or distributor and shall not be changed without the written consent of both the brewer or manufacturer and the wholesaler or distributor;

(3) a statement that, if the license is granted, the applicant will file with the director between the first and tenth of each month a verified statement showing the amount, designated in cases or gallons, of the beverages distributed the preceding month;

(4) a statement that the applicant will present a bond in the sum of \$1,000, payable to the state of Kansas, conditioned that the applicant will comply with the laws and rules and regulations of the state of Kansas and of the municipalities of the state of Kansas in which the applicant transacts business and that all fines and forfeitures which may be assessed against such applicant will be paid;

(5) answers to such other questions as may be contained in the application; and

(6) a statement that the application is accompanied by a license fee of \$300 and that such sum will be paid annually to the state of Kansas so long as the license is renewed.

(c) A separate application and fee shall be required for each place of business operated by a wholesaler or distributor.

(d) No wholesaler's or distributor's license shall be issued to any individual applicant who:

(1) Is not a resident of this state; or

(2) has not been a resident of the-state-of-Kansas-for-a period-of this state for a period of at least five years immediately preceding the filing of the individual's application.

(e) An application for a wholesaler's or distributor's license may be rejected and refused in the discretion of the director if:

(1) The applicant has been adjudged guilty of the violation of any law of any state or of the United States pertaining to intoxicating liquors or cereal malt beverages, a felony or any crime involving moral turpitude;

(2) the applicant is a firm, partnership, association or corporation and any of the individual members, partners, officers or stockholders thereof would be ineligible to receive a license;

(3) the applicant has had a license revoked for cause, under the provisions of this act;

(4) the applicant is an individual whose spouse would be ineligible to receive a wholesaler's or distributor's license for any reason other than citizenship, residence requirements or age, except that this subsection (e)(4) shall not apply in determining eligibility for a renewal license.

(f) Any wholesaler's or distributor's license issued under the provisions of this act shall be subject to suspension or revocation by the director, after due notice and hearing, if the licensee:

(1) Has become ineligible to obtain a license under the provisions of this act;

(2) obtained the license by giving false information on the application therefor;

(3) has violated any provision of article 27 of chapter 41 or article 38 of chapter 79 of the Kansas Statutes Annotated, or any rules and regulations adopted pursuant thereto.

(g) Whenever a wholesaler's or distributor's license is issued pursuant to this section, the director shall promptly notify the director of taxation of the issuance thereof. Such notice shall include the name of the wholesaler or distributor and the address of the licensed place of business. Whenever any wholesaler's or distributor's license is revoked or suspended or whenever any wholesaler's or distributor's license shall expire, the director shall notify the director of taxation thereof.

MINIMUM FINES FOR VIOLATIONS BY MINORS

Section 1. K.S.A. 41-727 is hereby amended to read as follows: 41-727. (a) No person under 21 years of age shall possess, consume, obtain or, purchase, or attempt to obtain or purchase, alcoholic liquor ~~from any person~~ except as authorized by law.

(b) Violation of this ~~subsection~~ section by a person 18 or more years of age but less than 21 years of age is a misdemeanor punishable by a fine of not less than \$100 ~~and not more than \$250~~ or by nor more than \$250. In addition to such fine, the court may order the offender to perform 40 hours of public service,--or--by both.

~~(b)--No--person--under--21--years--of--age--shall--possess--or--consume--alcoholic--liquor--except--as--authorized--by--law.~~

~~Violation--of--this--subsection--by--a--person--18--or--more--years--of--age--but--less--than--21--years--of--age--is--a--misdemeanor--punishable:~~

~~(1)--By--a--fine--of--not--less--than--\$100--and--not--more--than--\$250--or--by--40--hours--of--public--service,--or--by--both,--if--committed--on--premises--licensed--pursuant--to--article--26--of--chapter--41--of--the--Kansas--Statutes--Annotated,--or~~

~~(2)--by--a--fine--of--not--less--than--\$25--and--not--more--than--\$250--or--by--10--hours--of--public--service,--or--by--both,--if--committed--on--any--other--premises.~~

(c) Any person less than 18 years of age who violates this section is a juvenile offender under the Kansas juvenile offenders code and, Upon adjudication thereof, ~~shall be required as a condition of disposition to pay the fine or perform the public service, or both, specified as punishment for the offense under subsection (a) or (b)~~ and as a condition of disposition, the court shall require the offender to pay a fine of not less than \$100 nor more than \$250. In addition to such fine, the court may order the offender to perform 40 hours of public service.

(d) This section shall be part of and supplemental to the

Kansas liquor control act.

Sec. 2. K.S.A. 41-2721 is hereby amended to read as follows: 41-2721. (a) No person under the legal age for consumption of cereal malt beverage shall possess, consume, obtain or, purchase, or attempt to obtain or purchase, cereal malt beverage ~~from any person~~ except as authorized by law.

(b) Violation of this ~~subsection~~ section by a person 18 or more years of age but less than the legal age for consumption of cereal malt beverage is a misdemeanor punishable by a fine of not less than \$100 ~~and not more than \$250 or by~~ nor more than \$250. In addition to such fine, the court may order the offender to perform 40 hours of public service, or by both.

~~(b)--No person under the legal age for consumption of cereal malt beverage shall possess or consume cereal malt beverage except as authorized by law.~~

~~Violation of this subsection by a person 18 or more years of age but less than the legal age for consumption of cereal malt beverage is a misdemeanor punishable:~~

~~(1)--By a fine of not less than \$100 and not more than \$250 or by 40 hours of public service, or by both, if committed on premises licensed pursuant to article 26 or article 27 of chapter 41 of the Kansas Statutes Annotated; or~~

~~(2)--by a fine of not less than \$25 and not more than \$250 or by 10 hours of public service, or by both, if committed on any other premises.~~

(c) Any person less than 18 years of age who violates this section is a juvenile offender under the Kansas juvenile offenders code and, Upon adjudication thereof, shall be required as a condition of disposition to pay the fine or perform the public service, or both, specified as punishment for the offense under subsection (a) or (b) and as a condition of disposition, the court shall require the offender to pay a fine of not less than \$100 nor more than \$250 and, in addition, may order the offender to perform 40 hours of public service.

(d) This section shall not apply to the possession and

consumption of cereal malt beverage by a person under the legal age for consumption of cereal malt beverage when such possession and consumption is permitted and supervised, and such beverage is furnished, by the person's parent or legal guardian.

(e) This section shall be part of and supplemental to article 27 of chapter 41 of the Kansas Statutes Annotated.

Size of Board, Conflict of Interest, Residency

Section 1. K.S.A. 41-203 is hereby amended to read as follows: 41-203. (a) There is hereby created a state alcoholic beverage control board of review which shall consist of three five members who shall be appointed by the governor. ~~Persons appointed to the board on or after July 1, 1982, shall be~~ appointed, subject to confirmation by the senate as provided in K.S.A. 75-4315b and amendments thereto. The governor shall designate the chairperson of the board. The members of the board shall hold their respective offices for terms of four years. Any vacancy on the board shall be filled by appointment by the governor for the unexpired term. Each member serving on the board on the effective date of this act or, if a vacancy occurs, the successor of such member shall continue as a member of the board until the expiration of the term for which appointed.

(b) All members of the board shall be selected from among the members of the two political parties casting the highest and second highest number of votes respectively for secretary of state at the general election in 1948, but not more than two three members of the board shall be members of either one of such political parties. ~~No two members of the board shall be residents of the same congressional district.~~ No person shall be appointed to the board, or continue to hold that office after appointment, while holding any other office or position under any laws of this state, any other state or the United States. Any member of the board may be removed by the governor, after an opportunity to be heard, for malfeasance, misfeasance or neglect in office.

(c) Members of the state alcoholic beverage control board of review attending meetings of the board, or attending a subcommittee meeting thereof authorized by the board, shall be paid compensation, subsistence allowances, mileage and other expenses as provided in K.S.A. 75-3223 and amendments thereto.

(d) The board shall hold regular monthly meetings and such

other meetings as the chairperson determines advisable. The director of alcoholic beverage control may call the board into special session whenever the director determines it necessary. All regular monthly meetings shall be held in the regular office of the director of alcoholic beverage control established and maintained at Topeka, Kansas.

(e) The board shall have such powers and duties as prescribed in this act. The board shall appoint and fix the compensation of a secretary, subject to the approval of the secretary of revenue. The secretary shall keep a record of all proceedings, transactions, communications and official acts of the board, shall be custodian of all records of the board and shall perform such other duties as the board prescribes.

(f) The compensation and expenses of the members of the board and of the secretary shall be paid in the same manner as other employees of the department of revenue.

(g) The director of alcoholic beverage control may assign any agent or employees of the division of alcoholic beverage control to assist the board in any of its work.

Sec. 2. K.S.A. 41-204 is hereby amended to read as follows:
41-204. (a) No person shall be appointed a member of the board or director who is not a citizen of the United States and who has not resided in the state of Kansas successively for five ~~(5)~~ years--next years immediately preceding the date of his appointment, ~~and.~~

(b) No person shall be appointed deputy director, ~~secretary of--the--board,~~ ~~agent--or--employee--of--the--director~~ who is not a citizen of the United States and who has not resided in the state of Kansas successively for two ~~(2)~~ years--next years immediately preceding the date of his appointment, ~~nor shall any person be so appointed who.~~

(c) No person shall be appointed a member of the board, director or deputy director if such person has been convicted of, or shall have pleaded guilty of a felony, or of any violation of any federal or state law concerning the manufacture or sale of

alcoholic liquor or cereal malt beverages ~~prior or subsequent to the passage of this act, nor who~~, has paid a fine or penalty in settlement in any prosecution against him such person in any violation of such laws ~~or who shall have~~ or has forfeited his bond to appear in court to answer charges for any such violation.

(d) No ~~such appointee~~ member of the board may, directly or indirectly, individually or as a member of a partnership, or as a shareholder of a corporation, have any interest whatsoever in the manufacture, sale or distribution of alcoholic liquor, nor receive any compensation or profit therefrom, nor have any interest whatsoever in the purchases or sales made by the persons authorized by this act, or to purchase or to sell alcoholic liquor. None of the provisions of this ~~section shall prevent any such appointee~~ subsection shall prevent a member of the board from purchasing and keeping in his the member's possession for the use of himself ~~or members of his family or any~~ the member or the member's family or guests any alcoholic liquor which may be purchased or kept by any person by virtue of this act.

Sec. 3. K.S.A. 41-206 is hereby amended to read as follows:
41-206. (a) No member ~~or employee of the board, the director or any employee in the office of the director~~ of the board shall solicit or accept, directly or indirectly, any gift, gratuity, emolument or employment from any manufacturer, distributor, wholesaler, or retailer of alcoholic liquor or from any person who is an applicant for any license or is a licensee under the provisions of this act, or from any officer, agent or employee thereof, ~~nor;~~ or solicit requests from or recommend, directly or indirectly, to any such person, or to any officer, agent or employee thereof, the appointment of any person to any place or position; ~~and~~. Every such person, officer, agent or employee thereof, is hereby forbidden to offer to any member ~~or employee of the board, the director, or any employee in the office of the director,~~ of the board any gift, gratuity, emolument or employment.

(b) If any member ~~or employee of the board, the director,~~

~~or any employee in the office of the director shall violate any of the provisions of this section, he shall be removed from the office or employment held by him. Every person violating the provisions of this section shall be deemed guilty of a misdemeanor, and upon conviction thereof shall be fined not more than five hundred dollars (\$500), or shall be imprisoned not less than sixty (60) days nor more than six (6) months or be both so~~ of the board violates any provision of this section, such member shall be removed from office.

(c) Violation of any provision of this section is a misdemeanor punishable by a fine of not more than \$500 or imprisonment of not less than 60 days nor more than six months, or both such fine and imprisonment.

(d) Nothing contained in this section shall be construed as preventing the prosecution and punishment of any person for bribery as defined in the criminal code of this state.

STATE STAMP, CMB RETAIL LICENSES

Section 1. K.S.A. 41-2702 is hereby amended to read as follows: 41-2702. (a) No retailer shall sell any cereal malt beverage without having first secured a license for each place of business as herein provided. In case such place of business is located within the corporate limits of a city then, the application for license shall be made to the governing body of such city. In all other cases, the application for license shall be made to the board of county commissioners in the county in which such place of business is to be located, except that the application for license to sell on railway cars shall be made to the director as hereinafter provided.

(b) A board of county commissioners shall not issue or renew a retailer's license without giving the clerk of the township where the place of business is to be located written notice by registered mail of the filing of the application for licensure or renewal. The township board may within ~~ten-(10)~~ 10 days file advisory recommendations as to the granting of such license or renewal and such advisory recommendations shall be considered by the board of county commissioners before such license is issued. If an original license is granted and issued, the board of county commissioners shall grant and issue renewals thereof upon application of the license holder, if the license holder is qualified to receive the same and the license has not been revoked as provided by law.

(c) An application for a retailer's license shall be verified and upon a form prepared by the attorney general of the state and shall contain:

- (1) The name and residence of the applicant;
- (2) the length of time that the applicant has resided within the state of Kansas;
- (3) the particular place of business for which a license is desired;

(4) the name of the owner of the premises upon which the place of business is located; and

(5) a statement that the applicant is a citizen of the United States and not less than ~~twenty-one-(21)~~ 21 years of age and that the applicant has not within two ~~(2)~~ years immediately preceding the date of making application been convicted of a felony, any crime involving moral turpitude, drunkenness, driving a motor vehicle while under the influence of intoxicating liquor or violation of any other intoxicating liquor law of any state or of the United States.

(d) In addition to the fee provided by subsection (e), each application for a retailer's license to sell cereal malt beverages for consumption on the licensed premises shall be accompanied by a fee as follows:

(1) For licensure of a place of business in a county having a population of ~~one-hundred-sixty-five-thousand-(165,000)~~ 165,000 or less, a fee of not less than ~~twenty-five-dollars-(\$25)-or-more than-one-hundred-dollars--(\$100)~~ \$25 nor more than \$100, as prescribed by the board of county commissioners or the governing body of the city, as the case may be;

(2) for licensure of a place of business in a county having a population in excess of ~~one--hundred--sixty-five--thousand (165,000)~~ 165,000, a fee of not less than ~~twenty-five-dollars (\$25)-or-more-than-two-hundred-dollars-(\$200)~~ \$25 nor more than \$200, as prescribed by the board of county commissioners or the governing body of the city, as the case may be;

(3) for licensure to sell on railway cars, a fee of one ~~hundred-dollars-(\$100)~~ \$100.

(e) On and after January 1, 1988, any person issued a retailer's license or renewal of such a license shall submit to the director, within five days after issuance or renewal, a copy of the completed application for such license or license renewal, together with a fee of \$25. Within 30 days after issuance or renewal of the license, the director shall review the application to determine compliance with state statutes and, if compliance is

found, shall authorize a state stamp to be affixed to the license. Any retailer's license which is issued or renewed on or after January 1, 1988, and which does not have a state stamp affixed to it as provided by this section within 30 days after its issuance or renewal shall thereupon be void.

(f) The director shall remit to the state treasurer all license fees collected by the director hereunder, and the state treasurer shall credit the same to the state general fund, except that the director may provide for the deposit in the cereal malt beverage tax refund fund of such amounts as necessary for the refund of any such license fees collected hereunder.

~~(f)~~ (g) The board of county commissioners of the several counties or the governing body of a city shall issue a license upon application duly made as otherwise provided for herein, to any retailer engaged in business in said such county or city and qualified to receive said such license, to sell only cereal malt beverages in original and unopened containers, and not for consumption on the premises. The annual license fee for such license, which shall be in addition to the fee provided by subsection (e), shall be not less than twenty-five-dollars-(\$25) ~~or-more-than-fifty-dollars-(\$50)~~ \$25 nor more than \$50.

~~(g)~~ (h) No license issued under this act shall be transferable.

BNP
servers

30 day wait

J

ALCOHOLIC BEVERAGE SERVERS' LICENSE

Section 1. (a) On and after July 1, 1988, any individual who serves any alcoholic beverage, or any drink containing an alcoholic beverage, as an officer, employee or agent of a club, drinking establishment, caterer or retailer of cereal malt beverage sold for on-premise consumption, shall be required to be licensed by the director as an alcoholic beverage server. A license as such a server shall be issued annually to any person applying therefor who: (1) Is 18 or more years of age; (2) has submitted to the director evidence, satisfactory to the director, of completion of an alcoholic liquor server education program approved by the director pursuant to this section; and (3) pays a license fee of \$25.

(b) the director may suspend or revoke any license issued pursuant to this section in accordance with the Kansas administrative procedure act upon a finding that the licensee has violated the Kansas liquor control act, the club and drinking establishment act, the cereal malt beverage laws of this state or K.S.A. 21-3610 or 21-3610a, and amendments thereto. In addition to or in lieu of such suspension or revocation, the director may impose on the licensee a civil fine not exceeding \$1,000 in accordance with procedures prescribed for civil fines imposed pursuant to K.S.A. 41-328 and amendments thereto. Any such civil fine collected shall be paid to the state treasurer, who shall deposit the entire amount in the state treasury and credit it to the state general fund.

(c) The secretary of revenue shall adopt, in accordance with K.S.A. 41-210 and amendments thereto, rules and regulations establishing standards for alcoholic liquor server education programs and criteria for approval of such programs by the director. Such standards shall include standards for:

- (1) Curriculum and materials;
- (2) examination of servers and examination procedures; and

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(3) approval of providers of such programs.

(d) Standards for the curriculum of alcohol server education programs shall include, but not be limited to:

(1) Alcohol as a drug and its effects on the body and behavior, especially driving ability;

(2) the effects of alcohol in combination with commonly used legal drugs and illegal drugs;

(3) recognition of the problem drinker and community treatment programs and agencies;

(4) state alcohol beverage laws such as prohibition of sale to minors, sale to intoxicated persons, sale for on-premises consumption, hours of operation and penalties for violations of the laws;

(5) drunk driving and liquor liability laws;

(6) intervention with problem customers including ways to cut off service, ways to deal with the belligerent customer and alternative means of transportation to get the customer safely home; and

(7) advertising and marketing for safe and responsible drinking patterns and standard operating procedures for dealing with customers.

(e) The director shall publish at least quarterly a list of alcohol server education programs approved by the director in accordance with rules and regulations adopted pursuant to this section.

(f) This section shall be part of and supplemental to the Kansas liquor control act.

RETAILERS - SALE OF NONLIQUOR ITEMS

Section 1. K.S.A. 41-308 is hereby amended to read as follows: 41-308. (a) A retailer's license shall allow the licensee to sell and offer for sale at retail and deliver in the original package, as therein prescribed, only in the premises specified in such license, alcoholic liquor including--beer containing--more-than-3-2-percent-of-alcohol-by-weight for use or consumption off of and away from the premises specified in such license, but not for resale in any form except to a club licensed pursuant to article 26 of chapter 41 of the Kansas Statutes Annotated. ~~The holder of a retailer's license~~

(b) Except as provided by subsection (c), a retailer shall not sell, offer for sale, or give away or permit to be sold, offered for sale, or given away in or from the licensed premises ~~as--specified--in--such--license~~ any service, or thing of value whatsoever except alcoholic liquor in the original package, nor shall ~~he--or--she~~ a retailer furnish any entertainment in such premises or permit any pinball machine or game of skill or chance to be located in or on such premises.

(c) A licensed retailer may sell, in addition to alcoholic liquor as provided in subsection (a), drink mixers and other items used in mixing and serving drinks.

~~(b)~~ (d) A retailer's license shall allow the licensee to store wine in refrigerators, cold storage units, ice boxes or other cooling devices, and the licensee may sell such wine to consumers in a chilled condition.

CREDIT SALES BY DISTRIBUTORS

Section 1. (a) No distributor shall, directly or indirectly, sell on credit any alcoholic liquor or cereal malt beverage to a club, drinking establishment or caterer, and no club, drinking establishment or caterer shall, directly or indirectly, buy on credit any alcoholic liquor or cereal malt beverage from a distributor.

(b) Any sales of alcoholic liquor or cereal malt beverage by a distributor to a club, drinking establishment, caterer or retailer licensed under the Kansas liquor control act or under K.S.A. 41-2702 and amendments thereto shall be separate transactions from sales by such distributor to any other such club, drinking establishment, caterer or retailer even if the licensee is the same person or entity as the holder of the license for such other club, drinking establishment, caterer or retailer.

(c) Except as otherwise provided by this section or K.S.A. 41-702, 41-703 and 41-2707, and amendments thereto, any financial instrument, other than a second-party check, may be used by a club, drinking establishment, caterer or retailer licensed under the Kansas liquor control act or under K.S.A. 41-2702 and amendments thereto to purchase alcoholic liquor or cereal malt beverage from a distributor and a distributor may accept any such financial instrument as payment. In addition, a prepayment plan may be used for the purpose of making such purchases if the amount prepaid does not exceed the usual purchases made for the period of time for which prepayment is made.

(d) Sales of alcoholic liquor by a distributor to clubs, drinking establishments, caterers or retailers licensed under the Kansas liquor control act or under K.S.A. 41-2702 and amendments thereto shall be final except that a distributor may:

(1) Buy back any item of alcoholic liquor or cereal malt beverage which such club, drinking establishment, caterer or

retailer has obtained the approval of the director to close out;

(2) buy back any item of alcoholic liquor or cereal malt beverage when required by the supplier; and

(3) buy back or exchange, within 24 hours after delivery, any item of alcoholic liquor or cereal malt beverage which is damaged or deteriorated in quality.

RETAIL CREDIT SALES

Section 1. K.S.A. 41-717 is hereby amended to read as follows: 41-717. (a) Except as provided by subsection (b), no person shall sell or furnish at retail and no farm winery shall sell to any consumer any alcoholic liquor on credit; on a passbook; on order on a store; in exchange for any goods, wares or merchandise; or in payment for any services rendered. If any person extends credit in violation of this section subsection, the debt attempted to be created shall not be recoverable at law.

(b) A licensed retailer or farm winery may sell alcoholic liquor at retail on credit pursuant to a credit card, as defined by K.S.A. 16a-1-301 and amendments thereto, and the debt created shall be recoverable in accordance with law.

(c) No farm winery or retailer of alcoholic liquor shall accept a check for payment for alcoholic liquors sold by the winery or retailer to a consumer, other than the personal check of the person making the purchase.

Sec. 2. K.S.A. 41-2706 is hereby amended to read as follows: 41-2706. (a) Except as provided by subsection (b), no person shall sell or furnish cereal malt beverages at retail to any person on credit ~~or~~; on a passbook~~;~~ ~~or~~; on order on a store~~;~~ ~~or~~; in exchange for any goods, wares or merchandise~~;~~ ~~or~~ in payment for any services rendered~~;~~ ~~and~~. If any person shall ~~extend~~ extends credit for such purpose, the debt thereby attempted to be created shall not be recoverable at law~~;~~ and, in addition, ~~suffer~~ such person shall be subject to the penalties provided in K.S.A. 41-2707 and amendments thereto.

(b) A licensed retailer may sell cereal malt beverage at retail on credit pursuant to a credit card, as defined by K.S.A. 16a-1-301 and amendments thereto and the debt created shall be recoverable in accordance with law.

MICROBREWERIES

By

AN ACT

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

New Section 1. (a) A microbrewery license shall allow the manufacture of domestic beer and the storage and sale of such beer. The license shall allow sales: (1) On the licensed premises of the brewery, in the original unopened container, to consumers for consumption off the licensed premises; (2) to licensed beer distributors; (3) to licensed retailers; and (4) to licensed nonbeverage users.

(b) Not less than 60% of the products utilized in the manufacture of domestic beer by a microbrewery shall be grown in Kansas except when a greater proportion of products grown outside this state is authorized by the director based upon findings that such products are not available in this state. A microbrewery shall affix to each container of domestic beer to be offered for sale a separate label clearly setting forth the proportion of the products utilized in the manufacture of the beer which was from agricultural products grown in Kansas.

(c) A microbrewery which has a capacity of more than 10,000 barrels per year and which sells beer to any beer distributor shall be required to comply with all provisions of article 4 of chapter 41 of the Kansas Statutes Annotated and of K.S.A. 41-701 through 41-705 and 41-709, and amendments thereto, in the same manner and subject to the same penalties as a manufacturer.

(d) A microbrewery may sell beer to consumers on Monday through Saturday between 6:00 a.m. and midnight and on Sunday between noon and 6:00 p.m.

(e) A microbrewery license shall apply only to the premises described in the application and in the license issued and only

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one location shall be described in the license.

(f) No microbrewery shall employ any person in connection with the manufacture or sale of beer if the person: (1) Is less than 21 years of age; or (2) has been convicted of a felony.

(g) Whenever a microbrewery licensee is convicted of a violation of the Kansas liquor control act, the director may revoke the licensee's license in accordance with the Kansas administrative procedure act.

(h) This section shall be part of and supplemental to the Kansas liquor control act.

Sec. 2. K.S.A. 41-102 is hereby amended to read as follows: 41-102. As used in this act, unless the context clearly requires otherwise:

(a) "Alcohol" means the product of distillation of any fermented liquid, whether rectified or diluted, whatever its origin, and includes synthetic ethyl alcohol but does not include denatured alcohol or wood alcohol.

(b) "Alcoholic liquor" means alcohol, spirits, wine, beer and every liquid or solid, patented or not, containing alcohol, spirits, wine or beer and capable of being consumed as a beverage by a human being, but shall not include any beer or cereal malt beverage containing not more than 3.2% alcohol by weight.

(c) "Beer," when its meaning is not enlarged, modified, or limited by other words, means a beverage, containing more than 3.2% alcohol by weight, obtained by alcoholic fermentation of an infusion or concoction of barley, or other grain, malt and hops in water and includes beer, ale, stout, lager beer, porter and similar beverages having such alcoholic content.

(d) "Board" means the state alcoholic beverage control board of review created by this act.

(e) "Director" means the director of alcoholic beverage control of the department of revenue.

(f) (1) "Distributor" means the person importing or causing to be imported into the state, or purchasing or causing to be purchased within the state, alcoholic liquor for sale or resale

to retailers licensed under this act.

(2) "Distributor" does not mean a wholesaler or distributor licensed pursuant to article 27 of chapter 41 of the Kansas Statutes Annotated except to the extent (A) specifically provided by law or (B) that such wholesaler or distributor imports, purchases or causes to be imported or purchased any alcoholic liquor other than as allowed by ~~section--11~~ K.S.A. 41-2723 and amendments thereto.

(g) "Domestic beer" means beer which contains not more than 8% alcohol by weight and which is manufactured from agricultural products grown in this state.

(h) "Domestic table wine" means wine which contains not more than 14% alcohol by volume and which is manufactured without rectification or fortification from agricultural products grown in this state.

{h} (i) "Farm winery" means a winery licensed by the director to manufacture, store and sell domestic table wine.

{i} (j) "Manufacture" means to distill, rectify, ferment, brew, make, mix, concoct, process, blend, bottle or fill an original package with any alcoholic liquor, or with beer regardless of its alcoholic content, and includes blending.

{j} (k) (1) "Manufacturer" means every brewer, fermenter, distiller, rectifier, wine maker, blender, processor, bottler or person who fills or refills an original package and others engaged in brewing, fermenting, distilling, rectifying or bottling alcoholic liquors or beer regardless of its alcoholic content.

(2) "Manufacturer" does not include a microbrewery or a farm winery.

(1) "Microbrewery" means a brewery licensed by the director to manufacture, store and sell domestic beer.

{k} (m) "Minor" means any person under 21 years of age.

{l} (n) "Nonbeverage user" means any manufacturer of any of the products set forth and described in K.S.A. 41-501 and amendments thereto, when the products contain alcohol or wine,

and all laboratories using alcohol for nonbeverage purposes.

{m} (o) "Original package" means any bottle, flask, jug, can, cask, barrel, keg, hogshead or other receptacle or container whatsoever, used, corked or capped, sealed and labeled by the manufacturer of alcoholic liquor, to contain and to convey any alcoholic liquor.

{n} (p) "Person" means any natural person, corporation, partnership or association.

{o} (q) "Primary American source of supply" means the manufacturer, the owner of alcoholic liquor at the time it becomes a marketable product or the manufacturer's or owner's exclusive agent who, if the alcoholic liquor cannot be secured directly from such manufacturer or owner by American wholesalers, is the source closest to such manufacturer or owner in the channel of commerce from which the product can be secured by American wholesalers.

{p} (r) (1) "Retailer" means a person who sells at retail, or offers for sale at retail, alcoholic liquors.

(2) "Retailer" does not include a microbrewery or a farm winery.

{q} (s) "Sale" means any transfer, exchange or barter in any manner or by any means whatsoever for a consideration and includes all sales made by any person, whether principal, proprietor, agent, servant or employee.

{r} (t) (1) "Sell at retail" and "sale at retail" refer to and mean sales for use or consumption and not for resale in any form and sales to clubs licensed pursuant to article 26 of chapter 41 of the Kansas Statutes Annotated.

(2) "Sell at retail" and "sale at retail" do not refer to or mean sales by a microbrewery or a farm winery or by a club licensed pursuant to article 26 of chapter 41 of the Kansas Statutes Annotated.

{s} (u) "To sell" includes to solicit or receive an order for, to keep or expose for sale and to keep with intent to sell.

{t} (v) "Spirits" means any beverage which contains alcohol

obtained by distillation, mixed with water or other substance in solution, and includes brandy, rum, whiskey, gin or other spirituous liquors, and such liquors when rectified, blended or otherwise mixed with alcohol or other substances.

~~(u)~~ (w) "Wine" means any alcoholic beverage obtained by the normal alcoholic fermentation of the juice of sound, ripe grapes, fruits, berries or other agricultural products, including such beverages containing added alcohol or spirits or containing sugar added for the purpose of correcting natural deficiencies.

Sec. 3. K.S.A. 41-304 is hereby amended to read as follows:
41-304. Licenses issued by the director shall be of the following classes: (a) Manufacturer's license; (b) alcoholic liquor distributor's license (except beer); (c) beer distributor's license; (d) retailer's license; (e) microbrewery license; (f) farm winery license; and ~~(f)~~ (g) nonbeverage user's license.

Sec. 4. K.S.A. 41-310 is hereby amended to read as follows:
41-310. (a) At the time application is made to the director for a license of any class, the applicant shall pay the fee provided by this section.

(b) The annual fee for a manufacturer's license to manufacture alcohol and spirits shall be \$2,500.

(c) The annual fee for a manufacturer's license to manufacture beer (regardless of alcoholic content) shall be:

(1) For 1 to 100 barrel daily capacity or any part thereof, \$200.

(2) For 100 to 150 barrel daily capacity, \$400.

(3) For 150 to 200 barrel daily capacity, \$700.

(4) For 200 to 300 barrel daily capacity, \$1,000.

(5) For 300 to 400 barrel daily capacity, \$1,300.

(6) For 400 to 500 barrel daily capacity, \$1,400.

(7) For 500 or more barrel daily capacity, \$1,600.

As used in this subsection, "daily capacity" means the average daily barrel production for the previous 12 months of manufacturing operation. If no basis for comparison exists, the

licensee shall pay in advance for the first year's operation a fee of \$1,000.

(d) The annual fee for a manufacturer's license to manufacture wine shall be \$500.

(e) The annual fee for a microbrewery license or a farm winery license shall be \$250.

(f) The annual fee for a distributor's license for the first and each additional distributing place of business operated in this state by the licensee and wholesaling and jobbing alcoholic liquors, except beer shall be \$1,250.

(g) The annual fee for a beer distributor's license, for the first and each additional wholesale distributing place of business operated in this state by the licensee and wholesaling or jobbing beer shall be \$150.

(h) The annual fee for a nonbeverage user's license shall be:

- (1) For class 1, \$10.
- (2) For class 2, \$50.
- (3) For class 3, \$100.
- (4) For class 4, \$200.
- (5) For class 5, \$500.

(i) In addition to the license fees prescribed by subsections (b), (c), (d), (f), (g) and (h):

(1) Any city in which the licensed premises are located may levy and collect an annual occupation or license tax on the licensee in an amount not exceeding the amount of the annual license fee required to be paid under this act to obtain the license, but no city shall impose an occupation or privilege tax on the licensee in excess of that amount; and

(2) any township having a population of more than 11,000 in which the licensed premises are located, if the premises are located outside an incorporated city, may levy and collect an annual occupation or license tax on the licensee in an amount not exceeding the amount of the annual license fee required to be paid under this act to obtain the license, but no township shall

impose an occupation or privilege tax on the licensee in excess of that amount; the township board of the township is authorized to fix and impose the tax and the tax shall be paid by the licensee to the township treasurer, who shall issue a receipt therefor to the licensee and shall cause the tax paid to be placed in the general fund of the township.

(j) The annual fee for a retailer's license shall be \$100.

(k) In addition to the license fees prescribed by subsection (j):

(1) Any city in which the licensed premises are located shall levy and collect an annual occupation or license tax on the licensee in an amount not less than \$100 or more than \$300, but no other occupation or excise tax or license fee shall be levied by any city against or collected from the licensee; and

(2) any township having a population of more than 11,000 in which the licensed premises are located, if located outside any incorporated city, shall levy and collect an annual occupation or license tax on the licensee in an amount not less than \$100 or more than \$300; the township board of the township is authorized to fix and impose the tax and the tax shall be paid by the licensee to the township treasurer, who shall issue a receipt therefor to the licensee and shall cause the tax paid to be placed in the general fund of the township.

(1) The license year for a license shall commence on the date the license is issued by the director and shall end one year after that date.

Sec. 5. K.S.A. 41-311 is hereby amended to read as follows:
41-311. (a) No license of any kind shall be issued pursuant to the Kansas liquor control act to a person:

(1) Who has not been a citizen of the United States for at least 10 years;

(2) who has been convicted of a felony under the laws of this state, any other state or the United States, except that this subsection (a)(2) shall not prohibit licensure of a person solely by reason of conviction of a nonviolent felony, other than

racketeering, drug violations, gambling, tax evasion, prostitution or loan sharking, under the laws of the United States if the person was sentenced to probation for such felony not less than nine years immediately preceding such person's application for licensure and if the person has not been convicted of any misdemeanor offense, other than minor traffic offenses, since such conviction;

(3) who has had a license revoked for cause under the provisions of this act or who has had any license issued under the cereal malt beverage laws of any state revoked for cause except that a license may be issued to a person whose license was revoked for the conviction of a misdemeanor at any time after the lapse of 10 years following the date of the revocation;

(4) who has been convicted of being the keeper or is keeping a house of prostitution or has forfeited bond to appear in court to answer charges of being a keeper of a house of prostitution;

(5) who has been convicted of being a proprietor of a gambling house, pandering or any other crime opposed to decency and morality or has forfeited bond to appear in court to answer charges for any of those crimes;

(6) who is not at least 21 years of age;

(7) who appoints or is a law enforcement official or who is an employee of the director or the board;

(8) who intends to carry on the business authorized by the license as agent of another;

(9) who at the time of application for renewal of any license issued under this act would not be eligible for the license upon a first application;

(10) who is the holder of a valid and existing license issued under the laws of this state relating to cereal malt beverages and malt products unless the person agrees to and does surrender the license to the officer issuing the same upon the issuance to the person of a license under this act, except that a holder of a cereal malt beverages wholesaler's license shall be

eligible to receive a beer distributor's license under this act;

(11) who does not own the premises for which a license is sought, or does not have a written lease thereon for at least 3/4 of the period for which the license is to be issued; or

(12) whose spouse would be ineligible to receive a license under this act for any reason other than citizenship, residence requirements or age.

(b) No retailer's license shall be issued to:

(1) A person who is not a resident of the county in which the premises sought to be licensed are located;

(2) ~~in--the--case--of--a--retailer,~~ a person who has not been, for at least two years immediately preceding the date of application, a resident of the county in which the premises covered by the license are located or a person who has not been a resident of this state for a total of at least four years preceding the date of application, except that, if the premises sought to be licensed are located in a city which is located in two or more counties and the applicant for license is a resident of either county, the applicant shall be deemed to be a resident of each county for the purpose of qualification;

~~(3)--in--the--case--of--a--farm--winery,--a--person--who--has--not--been,--for--at--least--five--years--immediately--preceding--the--date--of--application,--a--resident--of--the--county--in--which--the--premises--covered--by--the--license--are--located--or--a--person--who--has--not--been--a--resident--of--this--state--for--a--total--of--at--least--10--years--preceding--the--date--of--application,--except--that,--if--the--premises--sought--to--be--licensed--are--located--in--a--city--which--is--located--in--two--or--more--counties--and--the--applicant--for--license--is--a--resident--of--either--county,--the--applicant--shall--be--deemed--to--be--a--resident--of--each--county--for--the--purpose--of--qualification;~~

{4} (3) a person who has beneficial interest in the manufacture, preparation or wholesaling of alcoholic beverages;

{5} (4) a person or copartnership or association who has beneficial interest in any other retail establishment licensed under this act;

~~(6)~~ (5) a copartnership, unless all of the copartners are qualified to obtain a license; or

~~(7)~~ (6) a corporation.

(c) No manufacturer's license shall be issued to:

(1) A corporation, if any officer, manager or director thereof, or any stockholder owning in the aggregate more than 25% of the stock of the corporation would be ineligible to receive a manufacturer's license for any reason other than citizenship and residence requirements;

(2) a copartnership, unless all of the copartners shall have been residents of this state for at least five years immediately preceding the date of application and unless all the members of the copartnership would be eligible to receive a manufacturer's license under this act;

(3) an individual who has not been a resident of this state for at least five years immediately preceding the date of application.

(d) No distributor's license shall be issued to:

(1) A corporation, if any officer, manager, director or stockholder of the corporation would be ineligible to receive a distributor's license for any reason. It shall be unlawful for any stockholder of a corporation licensed as a distributor to transfer any stock in the corporation to any person who would be ineligible to receive a distributor's license for any reason, and any such transfer shall be null and void, except that: (A) If any stockholder owning stock in the corporation dies and an heir or devisee to whom stock of the corporation descends by descent and distribution or by will is ineligible to receive a distributor's license, the legal representatives of the deceased stockholder's estate and the ineligible heir or devisee shall have 14 months from the date of the death of the stockholder within which to sell the stock to a person eligible to receive a distributor's license, any such sale by a legal representative to be made in accordance with the provisions of the probate code; or (B) if the stock in any such corporation is the subject of any trust and any

trustee or beneficiary of the trust who is 21 years of age or older is ineligible to receive a distributor's license, the trustee, within 14 months after the effective date of the trust, shall sell the stock to a person eligible to receive a distributor's license and hold and disburse the proceeds in accordance with the terms of the trust. If any legal representatives, heirs, devisees or trustees fail, refuse or neglect to sell any stock as required by this subsection, the stock shall revert to and become the property of the corporation, and the corporation shall pay to the legal representatives, heirs, devisees or trustees the book value of the stock. During the period of 14 months prescribed by this subsection, the corporation shall not be denied a distributor's license or have its distributor's license revoked if the corporation meets all of the other requirements necessary to have a distributor's license;

(2) a copartnership, unless all of the copartners are eligible to receive a distributor's license;

(3) an individual who has not been a resident of this state for at least 10 years immediately preceding the date of application, except that:

(A) A wholesaler of cereal malt beverages properly licensed on September 1, 1948, shall be eligible for a beer distributor's license; and

(B) a person who has been a resident of the state for at least five years immediately preceding the date of application shall be eligible for a beer distributor's license.

(e) No nonbeverage user's license shall be issued to a corporation, if any officer, manager or director of the corporation or any stockholder owning in the aggregate more than 25% of the stock of the corporation would be ineligible to receive a nonbeverage user's license for any reason other than citizenship and residence requirements.

(f) No microbrewery or farm winery license shall be issued to a:

(1) Person who is not a resident of the county in which the

premises sought to be licensed are located;

(2) person who has not been, for at least two years immediately preceding the date of application, a resident of the county in which the premises covered by the license are located or a person who has not been a resident of this state for a total of at least four years preceding the date of application, except that, if the premises sought to be licensed are located in a city which is located in two or more counties and the applicant for license is a resident of either county, the applicant shall be deemed to be a resident of each county for the purpose of qualification;

(3) person who has beneficial interest in the manufacture, preparation or wholesaling of alcoholic beverages other than that produced by such brewery or winery;

(4) person or copartnership or association who has beneficial interest in any ~~other-retail-establishment~~ retailer licensed under this act;

(5) copartnership, unless all of the copartners are qualified to obtain a license; or

(6) corporation, unless all of the stockholders would be eligible to receive a license.

Sec. 6. K.S.A. 41-312 is hereby amended to read as follows:
41-312. No person holding a manufacturer's or distributor's license shall be permitted to receive any retailer's, microbrewery or farm winery license. No person holding a retailer's, microbrewery or farm winery license shall be permitted to receive any manufacturer's or distributor's license or another retailer's, microbrewery or farm winery license.

Sec. 7. K.S.A. 41-313 is hereby amended to read as follows:
41-313. No corporation, either organized under the laws of this state, any other state or a foreign country, shall be issued a manufacturer's, distributor's, microbrewery or farm winery license unless the corporation has first procured a certificate of authority from the secretary of state to do business in this state as provided by law, appointed a citizen of the United

States, and resident of Kansas, as its agent and filed with the director a duly authenticated copy of a duly executed power of attorney, authorizing the agent to accept service of process from the director, the board and the courts of this state and to exercise full authority of the corporation and full authority, control and responsibility for the conduct of all business and transactions of the corporation within the state relative to alcoholic liquor and the business licensed. The agent must be satisfactory to and approved by the director with respect to the agent's character. The agent shall at all times be maintained by the corporation.

In addition, any corporation organized under the laws of any other state or foreign country, as a condition precedent to the issuance to it of any license, shall file with the secretary of state of the state of Kansas, a duly authorized and executed power of attorney, authorizing the secretary of state to accept service of process from the director, the board and the courts of this state and to accept service of any notice or order provided for in this act, and all such acts by the secretary of state shall be fully binding upon the corporation.

Sec. 8. K.S.A. 41-316 is hereby amended to read as follows:
41-316. Licenses to manufacturers, distributors, microbreweries, farm wineries and nonbeverage users of alcoholic liquors shall be issued and renewed by the director to qualified applicants upon written application, receipt of bond properly executed and payment in advance of the state registration fee and the license fee.

Sec. 9. K.S.A. 41-317 is hereby amended to read as follows:
41-317. (a) Applications for all licenses under this act shall be upon forms prescribed and furnished by the director and shall be filed with the director in duplicate. Each application shall be accompanied by a state registration fee of \$50 for each initial application and \$10 for each renewal application to defray the cost of preparing and furnishing standard forms incident to the administration of this act and the cost of

processing the application. Each application shall also be accompanied by a deposit of a certified or cashier's check of a bank within this state, United States post office money order or cash in the full amount of the license fee required to be paid for the kind of license applied for, which license fee shall be returned to the applicant if the application is denied. All registration fees shall be paid into the state treasury by the director and shall be credited to the state general fund. All license fees received by the director, including fees received for licenses to manufacture beer, regardless of its alcoholic content, shall be paid into the state treasury by the director and shall be credited to the state general fund.

(b) Every applicant for a manufacturer's, alcoholic liquor distributor's, beer distributor's, nonbeverage user's, microbrewery, farm winery or retailer's license shall file with the application a joint and several bond on a form prescribed by the director and executed by good and sufficient corporate sureties licensed to do business within the state of Kansas to the director, in the following amounts:

- (1) For a manufacturer, \$25,000;
- (2) for an alcoholic liquor distributor, \$15,000;
- (3) for a beer distributor or a retailer, \$2,000;
- (4) for nonbeverage users, \$200 for class 1, \$500 for class 2, \$1,000 for class 3, \$5,000 for class 4 and \$10,000 for class 5; and
- (5) for a microbrewery or a farm winery, \$2,000.

(c) All bonds required by this section shall be conditioned on the licensee's compliance with the provisions of this act and payment of all taxes, fines and forfeitures which may be assessed against the licensee.

Sec. 10. K.S.A. 41-319 is hereby amended to read as follows: 41-319. Within 30 days after an application is filed for a retailer's, microbrewery or farm winery license and within 20 days after an application is filed for a manufacturer's, distributor's or nonbeverage user's license, the director shall

enter an order either refusing or granting the license. If the director does not enter an order within the time prescribed, the license applied for shall be deemed to have been refused. The director, with the written consent of the applicant for a license, may delay entering an order on an application for an additional period of not to exceed 30 days.

Sec. 11. K.S.A. 41-320 is hereby amended to read as follows: 41-320. (a) All proceedings for the suspension and revocation of licenses of manufacturers, distributors, retailers, microbreweries, farm wineries and nonbeverage users shall be before the director, and the proceedings shall be in accordance with rules and regulations adopted by the secretary of revenue pursuant to K.S.A. 41-210 and amendments thereto and not inconsistent with law. Except as provided in subsection (b), no license shall be suspended or revoked except after a hearing by the director with reasonable notice to the licensee and an opportunity to appear and defend.

(b) When proceedings for the suspension or revocation of a distributor's license are filed and the distributor has been issued more than one license for distributing places of business in this state, any order of the director suspending or revoking the license at any one place of business shall suspend or revoke all licenses issued to the distributor. When one person is the holder of stock in two or more corporations licensed as distributors under the provisions of this act, any order of the director suspending or revoking the license of any such corporation shall operate as a suspension or revocation of the license of all corporations licensed as distributors in which the person is a stockholder.

Sec. 12. K.S.A. 41-501 is hereby amended to read as follows: 41-501. (a) As used in this section and K.S.A. 41-501a, and amendments thereto:

(1) "Gallon" means wine gallon.

(2) "Federal area" means any lands or premises which are located within the exterior boundaries of this state and which

are held or acquired by or for the use of the United States or any department, establishment or agency of the United States.

(b) (1) For the purpose of raising revenue a tax is imposed upon the manufacturing, using, selling, storing or purchasing alcoholic liquors in this state or a federal area at a rate of \$.18 per gallon on all beer containing more than 3.2% alcohol by weight; \$.30 per gallon on wine containing 14% or less alcohol by volume; \$.75 per gallon on wine containing more than 14% alcohol by volume; and \$2.50 per gallon on alcohol and spirits.

(2) The tax imposed by this section shall be paid only once and shall be paid by the person in this state or federal area who first manufactures, uses, sells, stores, purchases or receives the alcoholic liquors. The tax shall be collected and paid to the director as provided in this act. If the alcoholic liquor is manufactured and sold in this state or a federal area, the tax shall be paid by the manufacturer, microbrewery or farm winery producing it. If the alcoholic liquor is imported into this state by a distributor for the purpose of sale at wholesale in this state or a federal area, the tax shall be paid by the distributor. If not to exceed one gallon (or metric equivalent) per person of alcoholic liquor has been purchased by a private citizen outside the borders of the United States and is brought into this state by the private citizen in such person's personal possession for such person's own personal use and not for sale or resale, such import is lawful and no tax payment shall be due thereon.

(c) Manufacturers, microbreweries, farm wineries or distributors at wholesale of alcoholic liquors shall be exempt from the payment of the gallonage tax imposed on alcoholic liquors, upon satisfactory proof, including bills of lading furnished to the director by affidavit or otherwise as the director requires, that the liquors were manufactured in this state but were shipped out of the state for sale and consumption outside the state.

(d) Wines manufactured or imported solely and exclusively

for sacramental purposes and uses shall not be subject to the tax provided in this section.

(e) The tax provided for by this section is not imposed upon:

(1) Any alcohol or wine, whether manufactured in or imported into this state, when sold to a nonbeverage user licensed by the state, for use in the manufacture of any of the following when they are unfit for beverage purposes: Patent and proprietary medicines and medicinal, antiseptic and toilet preparations; flavoring extracts and syrups and food products; scientific, industrial and chemical products; or scientific, chemical, experimental or mechanical purposes; or

(2) the privilege of engaging in any business of interstate commerce or otherwise, which business may not be made the subject of taxation by this state under the constitution and statutes of the United States.

(f) The tax imposed by this section shall be in addition to all other taxes imposed by the state of Kansas or by any municipal corporation or political subdivision thereof.

(g) Retail sales of alcoholic liquor and beer, sales of beer to consumers by microbreweries and sales of wine to consumers by farm wineries shall not be subject to the tax imposed by the Kansas retailers' sales tax act but shall be subject to the enforcement tax provided for in this act.

(h) Notwithstanding any ordinance to the contrary, no city shall impose an occupation or privilege tax on the business of any person, firm or corporation licensed as a manufacturer, distributor, microbrewery, farm winery, retailer or nonbeverage user under this act and doing business within the boundaries of the city except as specifically authorized by K.S.A. 41-310 and amendments thereto.

(i) The director shall collect the taxes imposed by this section and shall account for and turn over to the state treasurer at least once each week all moneys collected from the tax. The state treasurer shall credit 1/10 of the moneys

collected from taxes imposed upon alcohol and spirits under subsection (b)(1) to the community alcoholism and intoxication programs fund created by K.S.A. 41-1126 and amendments thereto and shall credit the balance of the moneys collected to the state general fund.

(j) If any alcoholic liquor manufactured in or imported into this state is sold to a licensed manufacturer or distributor of this state to be used solely as an ingredient in the manufacture of any beverage for human consumption, the tax imposed upon the manufacturer or distributor shall be reduced by the amount of the taxes which have been paid under this section as to the alcoholic liquor so used.

(k) The tax provided for by this section is not imposed upon alcohol or wine used by any school or college for scientific, chemical, experimental or mechanical purposes or by hospitals, sanatoria or other institutions caring for the sick. Any school, college, hospital, sanatorium or other institution caring for the sick may import alcohol or wine for scientific, chemical, experimental, mechanical or medicinal purposes by making application to the director for a permit to import it and receiving such a permit. Application for the permit shall be on a form prescribed and furnished by the director, and a separate permit shall be required for each purchase of alcohol or wine. A fee of \$2 shall accompany each application. All permits shall be issued in triplicate to the applicant and shall be under the seal of the office of the director. Two copies of the permit shall be forwarded by the applicant to the microbrewery, farm winery, manufacturer or distributor from which the alcohol or wine is purchased, and the microbrewery, farm winery, manufacturer or distributor shall return to the office of the director one copy of the permit with its shipping affidavit and invoice. Within 10 days after receipt of any alcohol or wine, the school, college, hospital or sanatorium ordering it shall file a report in the office of the director upon forms furnished by the director, showing the amount of alcohol or wine received, the place where

it is to be stored, from whom it was received, the purpose for which it is to be used and such other information as required by the director. Any school, college, hospital, sanatorium or institution caring for the sick, which complies with the provisions of this subsection, shall not be required to have any other license to purchase alcohol or wine from a microbrewery, farm winery, manufacturer or distributor.

Sec. 13. K.S.A. 41-601 is hereby amended to read as follows: 41-601. Every manufacturer, distributor, microbrewery which sells any beer to a beer distributor and farm winery which sells any wine to a distributor at wholesale shall between the 1st and 15th day of each calendar month, make return under oath to the director of all alcoholic liquor manufactured and sold by the manufacturer, distributor, microbrewery or farm winery in the course of business during the preceding calendar month. In the case of a distributor, the return shall also show: (a) The total amount of liquor purchased by the distributor during the preceding calendar month, the names of the distillers or distributors from whom purchased, the quantity of each brand and the price paid therefor; and (b) the names and locations of the retailers to whom alcoholic liquors were sold by the distributor during the preceding calendar month, the quantity of each brand and the price charged therefor. The return shall be made upon forms prescribed and furnished by the director and shall contain such other information as the director reasonably requires.

Sec. 14. K.S.A. 41-602 is hereby amended to read as follows: 41-602. It is the duty of each manufacturer, distributor, microbrewery which sells any beer to a beer distributor and farm winery which sells any wine to a distributor to keep complete and accurate records of all sales of liquor, wine or beer and complete and accurate records of all alcoholic liquors produced, manufactured, compounded or imported. The director, in the director's discretion, may prescribe reasonable and uniform methods for keeping records by manufacturers, distributors, microbreweries and farm wineries as contemplated by

K.S.A. 41-401 through 41-409, and amendments thereto.

Sec. 15. K.S.A. 41-710 is hereby amended to read as follows: 41-710. (a) No retailer's license shall be issued for premises which are located in areas not zoned for general commercial or business purposes, if the city or township in which the premises are located is zoned or are not approved by the director, if the premises sought to be licensed are located outside an incorporated city in a township which is not zoned.

(b) No microbrewery license or farm winery license shall be issued for premises which are zoned for any purpose except agricultural, commercial or business purposes.

(c) No retailer's, microbrewery or farm winery license shall be issued for premises which:

(1) Are located within 200 feet of any public or parochial school or college or church, except that if any such school, college or church is established within 200 feet of any licensed premises after the premises have been licensed, the premises shall be an eligible location for retail licensing; and

(2) do not conform to the building ordinances or laws of the state or city or, in the absence of such ordinances or laws, are not structurally in good condition or are in a dilapidated condition.

Sec. 16. K.S.A. 41-714 is hereby amended to read as follows: 41-714. (a) It shall be unlawful for:

(1) Any person to advertise any alcoholic liquor by means of handbills;

(2) any person to advertise any alcoholic liquor by means of billboards along public highways, roads and streets or for any owner or occupant of any property to permit any billboard advertising alcoholic liquor to remain on the property;

(3) any retailer of alcoholic liquor to have any sign on the licensed premises in violation of subsection (b); or

(4) any licensee to display alcoholic liquor in any window of the licensed premises.

(b) No retailer shall have more than one sign on the

licensed premises. The sign shall contain nothing but the license number, the name of the retailer and the words "Retail Liquor Store." No letter or figure in the sign shall be more than four inches high or three inches wide. If more than one line is used, the lines shall be not more than one inch apart. The sign shall be placed on the corner of a window or on the door.

(c) The provisions of this section shall not be interpreted to prohibit the advertising of a microbrewery or farm winery, but no advertising of a farm winery shall advertise the sale of wines by the winery or the prices of those wines and no advertising of a microbrewery shall advertise the sale of beer by the brewery or the prices of that beer. Any advertising of a farm winery or microbrewery shall be subject to approval by the director prior to its dissemination.

(d) The secretary of revenue may adopt, in accordance with K.S.A. 41-210 and amendments thereto, rules and regulations necessary to regulate and control the advertising, in any form, and display of alcoholic liquor and nothing contained in this section shall be construed as limiting the secretary's power to adopt such rules and regulations not in conflict with this act.

Sec. 17. K.S.A. 41-717 is hereby amended to read as follows: 41-717. No person shall sell or furnish at retail and no microbrewery or farm winery shall sell to any consumer any alcoholic liquor on credit; on a passbook; on order on a store; in exchange for any goods, wares or merchandise; or in payment for any services rendered. If any person extends credit in violation of this section, the debt attempted to be created shall not be recoverable at law. No microbrewery, farm winery or retailer of alcoholic liquor shall accept a check for payment for alcoholic liquors sold by the brewery, winery or retailer to a consumer, other than the personal check of the person making the purchase.

Sec. 18. K.S.A. 41-718 is hereby amended to read as follows: 41-718. (a) No person except a manufacturer, distributor, microbrewery, farm winery or wholesaler shall fill

or refill, in whole or in part, any original package of alcoholic liquor with the same or any other kind or quality of alcoholic liquor.

(b) No person shall have in the person's possession for sale at retail any bottles, casks or other containers containing alcoholic liquor, except in original packages.

Sec. 19. K.S.A. 41-901 is hereby amended to read as follows: 41-901. (a) No person shall manufacture, import for distribution as a distributor at wholesale or distribute or sell alcoholic liquor or beer or manufacture beer containing not more than 3.2% alcohol by weight at any place within the state without having first obtained a valid license so to do under the provisions of this act. No person shall obtain a license to carry on the business authorized by the license as agent for another, obtain a license by fraud or make any false statement or otherwise violate any of the provisions of this act in obtaining any license hereunder. No person having obtained a license hereunder shall violate any of the provisions of this act with respect to the manufacture, possession, distribution or sale of alcoholic liquor or beer; with respect to the manufacture of beer containing not more than 3.2% alcohol by weight; or with respect to the maintenance of the licensed premises.

(b) Violation of subsection (a) shall be punishable as follows, except where other penalties are specifically provided by law:

(1) For a first offense, by a fine of not more than \$500; and

(2) for a second or subsequent offense, by a fine of not more than \$1,000 or by imprisonment for not more than six months, or both.

(c) Each day any person engages in business as a manufacturer, distributor, microbrewery, farm winery or retailer in violation of the provisions of this act shall constitute a separate offense.

(d) Any license obtained to carry on the business as agent

for another or any license obtained by fraud or by false statements shall be revoked by the director. When a license has been revoked for obtaining a license to carry on the business authorized by the license as agent for another, or obtained a license by fraud or by any false statement, all alcoholic liquor in the possession of the person who procured the license shall be forfeited and sold and the proceeds of the sale shall be paid to the county treasurer of the county where the alcoholic liquors were located. During the pendency of any appeal from any order revoking a license, the director may obtain an order from the district court of the county where the alcoholic liquor is located, restraining the sale or disposal of the alcoholic liquor. When an order revoking any license is issued by the director, the director shall forthwith forward by registered mail a certified copy of the order revoking the license under the seal of the director to the county attorney of the county where the alcoholic liquor is located.

Within 15 days after the order of revocation becomes final, the county attorney shall institute a civil action under the code of civil procedure in the district court of the county in the name of the state of Kansas on the relation of the county attorney to forfeit all alcoholic liquor against the person who procured the license. Summons shall be served as provided by the code of civil procedure upon the person who procured the license. Upon the return day of the summons issued or as soon after as convenient to the court, an order shall be entered by the court forfeiting the alcoholic liquors to the state of Kansas and ordering them to be sold by the sheriff of the county in which the forfeiture occurred. The order shall fix the time and place of sale and the method and manner in which the sale shall be held, together with notice of the sale as the court directs. After payment of all costs of the action, including a reasonable fee for the county attorney, the balance remaining shall be paid to the state treasurer pursuant to K.S.A. 20-2801 and any amendments thereto.

Sec. 20. K.S.A. 41-1101 is hereby amended to read as follows: 41-1101. (a) No distributor licensed under this act shall purchase any alcoholic liquor from any manufacturer, owner of alcoholic liquor at the time it becomes a marketable product, exclusive agent of such manufacturer or owner, microbrewery, farm winery or distributor of alcoholic liquor bottled in a foreign country either within or without this state, unless the manufacturer, owner, exclusive agent, microbrewery, farm winery or distributor files with the director a written statement sworn to by the manufacturer, owner, exclusive agent, microbrewery, farm winery or distributor or, in case of a corporation, one of its principal officers, agreeing to sell any of the brands or kinds of alcoholic liquor manufactured or distributed by the manufacturer, owner, exclusive agent, microbrewery, farm winery or distributor to any distributor licensed in this state and having a franchise to distribute the alcoholic liquor pursuant to K.S.A. 41-410 and amendments thereto; to make such sales to all such licensed distributors in this state at the same current price and without discrimination; and to file price lists showing the current prices in the office of the director as often as may be necessary or required by the director but at least once each three months. If any manufacturer, owner, exclusive agent, microbrewery, farm winery or distributor making the agreement violates the agreement by refusing to sell such alcoholic liquor to any such franchised licensed distributor in this state or discriminates in current prices among such franchised licensed distributors making or attempting to make purchases of alcoholic liquor from the manufacturer, owner, exclusive agent, microbrewery, farm winery or distributor, the director shall notify, by registered mail, each such franchised licensed distributor in this state of the violation. Thereupon, it shall be unlawful for a franchised licensed distributor in this state to purchase any alcoholic liquor from the manufacturer, owner, exclusive agent, microbrewery, farm winery or distributor. If thereafter such a franchised licensed distributor purchases any

alcoholic liquor from the manufacturer, owner, exclusive agent, farm winery or distributor, such franchised distributor's license shall be revoked by the director. If any manufacturer, owner, exclusive agent, microbrewery, farm winery or distributor of alcoholic liquor bottled in a foreign country, making any agreement hereunder, does not have a sufficient supply of alcoholic liquor of any of the brands or kinds which the manufacturer, owner, exclusive agent, microbrewery, farm winery or distributor manufactures or distributes to supply the demands of all licensed distributors having a franchise to distribute such alcoholic liquor, the manufacturer, owner, exclusive agent, microbrewery, farm winery or distributor may ration such alcoholic liquor and apportion the available supply among such franchised licensed distributors purchasing or attempting to purchase it, in accordance with a plan which shall be subject to the approval of the director. The provisions of this subsection relating to the filing of price lists with the director shall not apply to any manufacturer with respect to alcoholic liquor manufactured or bottled in a foreign country.

(b) No retailer licensed under this act shall purchase any alcoholic liquor from any distributor licensed under this act unless the distributor files with the director a written statement sworn to by the distributor, or in case of a corporation by one of its principal officers, agreeing to sell any of the brands or kinds of alcoholic liquor distributed by the distributor and to provide service in connection therewith to any licensed retailer whose licensed premises are located within the geographic territory of the distributor's franchise for the alcoholic liquors, unless written approval to do otherwise is obtained from the director; to make such sales to all such licensed retailers at the same current bottle and case price and without discrimination; and to file price lists showing the current bottle and case price in the office of the director as often as may be necessary or required by the director but at least once each three months. If any distributor making the

agreement violates the agreement by refusing to sell or provide service to any such licensed retailer in this state without written approval of the director or discriminates in current prices among such licensed retailers making or attempting to make purchases of alcoholic liquor from the distributor, the director shall revoke the license of the distributor. If any licensed distributor making any agreement hereunder does not have a sufficient supply of alcoholic liquor of any of the brands or kinds which the distributor distributes to supply the demands of all such licensed retailers, the distributor may ration such alcoholic liquor and apportion the available supply among such licensed retailers purchasing or attempting to purchase the same, in accordance with a plan which shall be subject to the approval of the director.

(c) The provisions of this section shall not apply to any distributor of beer or any manufacturer or importer of beer, whether within or without this state, with respect to beer distributed or manufactured by the distributor, manufacturer or importer.

Sec. 21. K.S.A. 79-4101 is hereby amended to read as follows: 79-4101. For the purpose of providing revenue which may be used by the state, counties and cities in the enforcement of the provisions of this act, from and after the effective date of this act, for the privilege of engaging in the business of selling alcoholic liquor at retail or by microbreweries or farm wineries to consumers in this state, there is hereby levied and there shall be collected and paid a tax at the rate of 8% upon the gross receipts received from the sale of alcoholic liquor at retail or by microbreweries or farm wineries to consumers within this state. The tax imposed by this section shall be in addition to the license fee imposed on retailers, microbreweries and farm wineries by K.S.A. 41-310 and amendments thereto.

Sec. 22. K.S.A. 79-4102 is hereby amended to read as follows: 79-4102. The tax levied under K.S.A. 79-4101 and amendments thereto shall be paid by the consumer or user to the

retailer, microbrewery or farm winery. It shall be the duty of each retailer, microbrewery and farm winery in this state to collect from the purchaser the full amount of the tax imposed by this act, or an amount equal as nearly as possible or practicable, to the average equivalent thereof.

Sec. 23. K.S.A. 79-4103 is hereby amended to read as follows: 79-4103. On or before the last day of each calendar month, every person engaged in the business of selling alcoholic liquor at retail, every microbrewery selling beer to consumers and every farm winery selling wine to consumers in this state during the preceding calendar month shall make a return to the director of taxation upon forms prescribed and furnished by the director, stating: (a) The name and address of the seller; (b) the total amount of gross sales of all alcoholic liquor made to consumers by the seller during the preceding calendar month; and (c) any other pertinent information the director requires. The person making the return shall, at the time of making the return, pay to the director of taxation the amount of tax imposed by K.S.A. 79-4101 and amendments thereto. The director of taxation may extend the time for making returns and paying the tax for any period not to exceed 60 days, under rules and regulations adopted by the secretary of revenue.

Sec. 24. K.S.A. 79-4104 is hereby amended to read as follows: 79-4104. Whenever the director of alcoholic beverage control issues a retailer's license to sell alcoholic liquors or issues a microbrewery license or farm winery license, the director of alcoholic beverage control shall promptly notify the director of taxation of its issuance. The notice shall include the name of the licensee and the address of the licensed premises. Whenever the director of alcoholic beverage control revokes or suspends any retailer's, microbrewery or farm winery license or whenever any retailer's, microbrewery or farm winery license expires, the director of alcoholic beverage control shall likewise notify the director of taxation.

BP

SEMINARS AND SAMPLINGS

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

Section 1. (a) Manufacturers and distributors of alcoholic liquor or cereal malt beverage, when authorized by the director, may hold seminars for licensees under the Kansas liquor control act, the club and drinking establishment act or the cereal malt beverage laws of this state and their employees only. Authorization shall be requested no less than seven days prior to the event.

(b) Each request shall include the following information:

- (1) The date of the seminar;
- (2) the time of the seminar;
- (3) the exact location where the seminar will be held;
- (4) a statement that any alcoholic merchandise displayed or used will be purchased from a Kansas retail liquor store;
- (5) a statement that the seminar is being conducted solely for product information and marketing purposes; and
- (6) a statement that any alcoholic liquor samples offered will be consumed on premises and in accordance with provisions of Kansas law.

Bp

_____ BILL NO. _____

By

AN ACT concerning alcoholic beverages; relating to distribution at wholesale; amending K.S.A. 41-102, 41-103, 41-304, 41-305, 41-306, 41-307, 41-310, 41-311, 41-317, 41-401, 41-402, 41-410, 41-506, 41-601, 41-701, 41-702, 41-703, 41-709, 41-901, 41-1101, 41-2701, 41-2703, 41-2705 and 41-2707; also repealing K.S.A. 41-409, 41-2713 through 41-2718, 41-2723 and 41-2724.

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

Section 1. K.S.A. 41-102 is hereby amended to read as follows: 41-102. As used in this act, unless the context clearly requires otherwise:

(a) "Alcohol" means the product of distillation of any fermented liquid, whether rectified or diluted, whatever its origin, and includes synthetic ethyl alcohol but does not include denatured alcohol or wood alcohol.

(b) "Alcoholic liquor" means alcohol, spirits, wine, beer and every liquid or solid, patented or not, containing alcohol, spirits, wine or beer and capable of being consumed as a beverage by a human being, but shall not include any ~~beer or~~ cereal malt beverage ~~containing not more than 3.2% alcohol by weight.~~

(c) ~~"Beer," when its meaning is not enlarged, modified, or limited by other words,~~ means a beverage, containing more than 3.2% alcohol by weight, obtained by alcoholic fermentation of an infusion or concoction of barley, or other grain, malt and hops in water and includes beer, ale, stout, lager beer, porter and similar beverages having such alcoholic content.

(d) "Board" means the state alcoholic beverage control board of review created by this act.

(e) "Cereal malt beverage" means cereal malt beverage as

attachment P

defined by K.S.A. 41-2701 and amendments thereto.

~~(f)~~ (f) "Director" means the director of alcoholic beverage control of the department of revenue.

~~(f)-(i)~~ (g) "Distributor" means the person importing or causing to be imported into the state, or purchasing or causing to be purchased within the state;

(1) Alcoholic liquor for sale or resale to retailers licensed under this act; or

(2) cereal malt beverage for sale or resale to retailers licensed under K.S.A. 41-2702 and amendments thereto.

~~(2)--"Distributor"--does-not-mean-a-wholesaler-or-distributor licensed-pursuant-to-article-27--of--chapter--41--of--the--Kansas Statutes-Annotated-except-to-the-extent-(A)-specifically-provided by-law-or--(B)--that--such--wholesaler--or-distributor-imports, purchases-or-causes-to-be-imported--or--purchased--any--alcoholic liquor-other-than-as-allowed-by-section-11.~~

~~(g)~~ (h) "Domestic table wine" means wine which contains not more than 14% alcohol by volume and which is manufactured without rectification or fortification from agricultural products grown in this state.

~~(h)~~ (i) "Farm winery" means a winery licensed by the director to manufacture, store and sell domestic table wine.

~~(i)~~ (j) "Manufacture" means to distill, rectify, ferment, brew, make, mix, concoct, process, blend, bottle or fill an original package with any alcoholic liquor, ~~or--with--beer regardless-of-its-alcoholic-content,--and--includes--blending~~ beer or cereal malt beverage.

~~(j)~~ (k) (1) "Manufacturer" means every brewer, fermenter, distiller, rectifier, wine maker, blender, processor, bottler or person who fills or refills an original package and others engaged in brewing, fermenting, distilling, rectifying or bottling alcoholic liquors--~~or-beer-regardless-of-its-alcoholic content~~ liquor, beer or cereal malt beverage.

(2) "Manufacturer" does not include a farm winery.

~~(k)~~ (l) "Minor" means any person under 21 years of age.

{i} (m) "Nonbeverage user" means any manufacturer of any of the products set forth and described in K.S.A. 41-501 and amendments thereto, when the products contain alcohol or wine, and all laboratories using alcohol for nonbeverage purposes.

{m} (n) "Original package" means any bottle, flask, jug, can, cask, barrel, keg, hogshead or other receptacle or container whatsoever, used, corked or capped, sealed and labeled by the manufacturer of alcoholic liquor, to contain and to convey any alcoholic liquor.

{n} (o) "Person" means any natural person, corporation, partnership or association.

{e} (p) "Primary American source of supply" means the manufacturer, the owner of alcoholic liquor at the time it becomes a marketable product or the manufacturer's or owner's exclusive agent who, if the alcoholic liquor cannot be secured directly from such manufacturer or owner by American wholesalers, is the source closest to such manufacturer or owner in the channel of commerce from which the product can be secured by American wholesalers.

{p} (q) (1) "Retailer" means a person who sells at retail, or offers for sale at retail, alcoholic liquors.

(2) "Retailer" does not include a farm winery.

{q} (r) "Sale" means any transfer, exchange or barter in any manner or by any means whatsoever for a consideration and includes all sales made by any person, whether principal, proprietor, agent, servant or employee.

(s) "Secretary" means the secretary of revenue.

{r} (t) (1) "Sell at retail" and "sale at retail" refer to and mean sales for use or consumption and not for resale in any form and sales to clubs licensed pursuant to article 26 of chapter 41 of the Kansas Statutes Annotated.

(2) "Sell at retail" and "sale at retail" do not refer to or mean sales by a farm winery or by a club licensed pursuant to article 26 of chapter 41 of the Kansas Statutes Annotated.

{s} (u) "To sell" includes to solicit or receive an order

for, to keep or expose for sale and to keep with intent to sell.

~~(t)~~ (v) "Spirits" means any beverage which contains alcohol obtained by distillation, mixed with water or other substance in solution, and includes brandy, rum, whiskey, gin or other spirituous liquors, and such liquors when rectified, blended or otherwise mixed with alcohol or other substances.

~~(u)~~ (w) "Wine" means any alcoholic beverage obtained by the normal alcoholic fermentation of the juice of sound, ripe grapes, fruits, berries or other agricultural products, including such beverages containing added alcohol or spirits or containing sugar added for the purpose of correcting natural deficiencies.

Sec. 2. K.S.A. 41-103 is hereby amended to read as follows:
41-103. The legislature hereby declares the public policy of this state to be: ~~(1) That beer containing not more than 3.2 percent of alcohol by weight~~ that: (a) Cereal malt beverage shall be sold at retail separately from sales of alcoholic liquor at retail; (2) that beer containing not more than 3.2 percent of alcohol by weight (b) cereal malt beverage shall be sold and dispensed at retail in rooms or premises separate and distinct from rooms or premises where alcoholic liquor is sold; and (3) that (c) no retailer's license for the sale of alcoholic liquors liquor shall be granted to any applicant making application therefor if the premises sought to be licensed are located outside the corporate limits of any city within this state, save and except as provided in K.S.A. 41-303 and amendments thereto.

Sec. 3. K.S.A. 41-304 is hereby amended to read as follows:
41-304. Licenses issued by the director shall be of the following classes: (a) Manufacturer's license; (b) ~~alcoholic liquor~~ spirits distributor's license; (c) wine distributor's license ~~(except beer);~~ ~~(e);~~ (d) beer distributor's license; ~~(d)~~ (e) retailer's license; ~~(e)~~ (f) farm winery license; and ~~(f)~~ (g) nonbeverage user's license.

Sec. 4. K.S.A. 41-305 is hereby amended to read as follows:
41-305. The A manufacturer's license shall allow: ~~(1) the manufacture, storage and sale of alcoholic liquor, including beer~~

regardless--of-its-alcoholic-content, and cereal malt beverage to distributors and nonbeverage users licensed in this state and to such persons without-the outside this state as may-be permitted by law, ~~and (2) the sale of wine to wholesalers licensed pursuant to article 27 of chapter 41 of the Kansas Statutes--Annotated. A license--to-manufacture-beer shall also allow the sale of beer to retailers licensed in this state. Any--cereal--malt--beverage--or beer containing not to exceed 3.2% alcohol by weight manufactured by--any-such-manufacturer shall not be sold to any person in this state other than a wholesaler or distributor holding a valid--and existing--wholesaler's--or-distributor's license issued under the laws of this state relating to cereal--malt--beverages--and--malt products.~~

Sec. 5. K.S.A. 41-306 is hereby amended to read as follows:

41-306. ~~An alcoholic liquor distributor's license, except a beer~~ A spirits distributor's license, shall allow:

~~(1)~~ (a) The wholesale purchase, importation and storage of alcoholic liquors, ~~except beer~~ spirits, but all such--alcoholic liquor spirits so purchased or imported which ~~is~~ are manufactured in the United States shall be purchased from the primary American source of supply or from another licensed spirits distributor, except that a licensed spirits distributor may purchase confiscated alcoholic liquor spirits at a sheriff's sale.

~~(2)~~ (b) The sale of alcoholic liquors, ~~except beer,~~ spirits to:

~~(a)~~ (1) Spirits distributors licensed in this state;

~~(b)~~ (2) retailers licensed in this state, except that a licensed such distributor shall sell a brand of alcoholic--liquor spirits only to those retailers whose licensed premises are located in the geographic territory within which such distributor is authorized to sell such brand, as designated in the notice or notices filed with the director pursuant to K.S.A. 41-410, and amendments thereto; and

~~(c)~~ (3) such persons located outside such territory or outside this state as permitted by law.

(3) (c) The purchase of ~~alcoholic-liquors, except beer,~~ spirits in barrels, casks or other bulk containers and the bottling thereof before resale, but all bottles or containers filled with such ~~alcoholic--liquors~~ spirits shall be sealed, labeled, stamped and otherwise made to comply with all laws and rules and regulations governing the preparation and bottling of ~~alcoholic--liquors~~ spirits by manufacturers and with all federal rules, regulations and laws.

New Sec. 6. A wine distributor's license shall allow:

(a) The wholesale purchase, importation and storage of wine, but all wine so purchased or imported which is manufactured in the United States shall be purchased from the primary American source of supply or from another licensed wine distributor, except that a licensed wine distributor may purchase confiscated wine at a sheriff's sale.

(b) The sale of wine to:

(1) Wine distributors licensed in this state;

(2) retailers licensed in this state, except that such distributor shall sell a brand of wine only to those retailers whose licensed premises are located in the geographic territory within which such distributor is authorized to sell such brand, as designated in the notice or notices filed with the director pursuant to section 14; and

(3) such persons located outside such territory or outside this state as permitted by law.

(c) The purchase of wine in barrels, casks or other bulk containers and the bottling thereof before resale, but all bottles or containers filled with such wine shall be sealed, labeled, stamped and otherwise made to comply with all laws and rules and regulations governing the preparation and bottling of wine by manufacturers and with all federal rules, regulations and laws.

This section shall be part of and supplemental to the Kansas liquor control act.

Sec. 7. K.S.A. 41-307 is hereby amended to read as follows:

41-307. A beer distributor's license shall allow:

(a) The wholesale purchase, importation and storage of beer and.

(b) The sale of beer to:

(1) Beer distributors licensed in this state;

(2) retailers licensed under this act who--are--located within--the--geographic--territory , except that such distributor shall sell a brand of beer only to those retailers whose licensed premises are located in the geographic territory within which such distributor is authorized to sell such brand, as designated in the notice or notices filed with the director pursuant to K.S.A.--41-409,--as-amended,--and-to section 15; and

(3) such persons located outside said-territory-or-without the-state-as-may-be-permitted-by-law:--Provided,--That--the--word "beer"--as-used-in-this-section-shall-not-include-any-cereal-malt beverage-or-beer-containing-not-to-exceed-3.2-percent-of--alcohol by--weight such territory or outside this state as permitted by law.

(c) The sale of cereal malt beverage to:

(1) Beer distributors licensed in this state;

(2) retailers licensed under K.S.A. 41-2702 and amendments thereto, except that such distributor shall sell a brand of cereal malt beverage only to those such retailers whose licensed premises are located in the geographic territory within which such distributor is authorized to sell such brand, as designated in the notice or notices filed with the director pursuant to section 15; and

(3) such persons located outside such territory or outside this state as permitted by law.

(d) The purchase of cereal malt beverage in kegs or other bulk containers and the bottling or canning thereof in accordance with law.

Sec. 8. K.S.A. 41-310 is hereby amended to read as follows:
41-310. (a) At the time application is made to the director for a license of any class, the applicant shall pay the fee provided

by this section.

(b) The annual fee for a manufacturer's license to manufacture alcohol and spirits shall be \$2,500.

(c) The annual fee for a manufacturer's license to manufacture beer ~~(, regardless of alcoholic content),~~ shall be:

(1) For 1 to 100 barrel daily capacity or any part thereof, \$200.

(2) For 100 to 150 barrel daily capacity, \$400.

(3) For 150 to 200 barrel daily capacity, \$700.

(4) For 200 to 300 barrel daily capacity, \$1,000.

(5) For 300 to 400 barrel daily capacity, \$1,300.

(6) For 400 to 500 barrel daily capacity, \$1,400.

(7) For 500 or more barrel daily capacity, \$1,600.

As used in this subsection, "daily capacity" means the average daily barrel production for the previous 12 months of manufacturing operation. If no basis for comparison exists, the licensee shall pay in advance for the first year's operation a fee of \$1,000.

(d) The annual fee for a manufacturer's license to manufacture wine shall be \$500.

(e) The annual fee for a farm winery license shall be \$250.

(f) The annual fee for a spirits distributor's license for the first and each additional distributing place of business operated in this state by the licensee and wholesaling and jobbing ~~alcoholic--liquors,--except-beer-shall-be-\$1,250~~ spirits shall be \$1,000.

(g) The annual fee for a wine distributor's license for the first and each additional distributing place of business operated in this state by the licensee and wholesaling and jobbing wine shall be \$1,000.

~~(g)~~ (h) The annual fee for a beer distributor's license, for the first and each additional wholesale distributing place of business operated in this state by the licensee and wholesaling or jobbing beer and cereal malt beverage shall be ~~\$150~~ \$1,000.

~~(h)~~ (i) The annual fee for a nonbeverage user's license

shall be:

- (1) For class 1, \$10.
- (2) For class 2, \$50.
- (3) For class 3, \$100.
- (4) For class 4, \$200.
- (5) For class 5, \$500.

~~(i)~~ (j) In addition to the license fees prescribed by subsections (b), (c), (d), (f), (g) and, (h) and (i):

(1) Any city in which the licensed premises are located may levy and collect an annual occupation or license tax on the licensee in an amount not exceeding the amount of the annual license fee required to be paid under this act to obtain the license, but no city shall impose an occupation or privilege tax on the licensee in excess of that amount; and

(2) any township having a population of more than 11,000 in which the licensed premises are located, if the premises are located outside an incorporated city, may levy and collect an annual occupation or license tax on the licensee in an amount not exceeding the amount of the annual license fee required to be paid under this act to obtain the license, but no township shall impose an occupation or privilege tax on the licensee in excess of that amount; the township board of the township is authorized to fix and impose the tax and the tax shall be paid by the licensee to the township treasurer, who shall issue a receipt therefor to the licensee and shall cause the tax paid to be placed in the general fund of the township.

~~(j)~~ (k) The annual fee for a retailer's license shall be \$100.

~~(k)~~ (l) In addition to the license fees fee prescribed by subsection ~~(j)~~ (k):

(1) Any city in which the licensed premises are located shall levy and collect an annual occupation or license tax on the licensee in an amount not less than \$100 or nor more than \$300, but no other occupation or excise tax or license fee shall be levied by any city against or collected from the licensee; and

(2) any township having a population of more than 11,000 in which the licensed premises are located, if located outside any incorporated city, shall levy and collect an annual occupation or license tax on the licensee in an amount not less than \$100 or nor more than \$300; the township board of the township is authorized to fix and impose the tax and the tax shall be paid by the licensee to the township treasurer, who shall issue a receipt therefor to the licensee and shall cause the tax paid to be placed in the general fund of the township.

(†) (m) The license year for a license shall commence on the date the license is issued by the director and shall end one year after that date.

Sec. 9. K.S.A. 41-311 is hereby amended to read as follows:

41-311. (a) No license of any kind shall be issued to a person:

(1) Who has not been a citizen of the United States for at least 10 years;

(2) who has been convicted of a felony under the laws of this state, any other state or the United States, except that this subsection (a)(2) shall not prohibit licensure of a person solely by reason of conviction of a nonviolent felony, other than racketeering, drug violations, gambling, tax evasion, prostitution or loan sharking, under the laws of the United States if the person was sentenced to probation for such felony not less than nine years immediately preceding such person's application for licensure and if the person has not been convicted of any misdemeanor offense, other than minor traffic offenses, since such conviction;

(3) who has had a license revoked for cause under the provisions of this act or who has had any license issued under the cereal malt beverage laws of any state revoked for cause except that a license may be issued to a person whose license was revoked for the conviction of a misdemeanor at any time after the lapse of 10 years following the date of the revocation;

(4) who has been convicted of being the keeper or is keeping a house of prostitution or has forfeited bond to appear

in court to answer charges of being a keeper of a house of prostitution;

(5) who has been convicted of being a proprietor of a gambling house, pandering or any other crime opposed to decency and morality or has forfeited bond to appear in court to answer charges for any of those crimes;

(6) who is not at least 21 years of age;

(7) who appoints or is a law enforcement official or who is an employee of the director or the board;

(8) who intends to carry on the business authorized by the license as agent of another;

(9) who at the time of application for renewal of any license issued under this act would not be eligible for the license upon a first application;

(10) who is the holder of a valid and existing license issued--under--the--laws--of--this--state--relating--to--cereal--malt beverages--and--malt--products retailer's license issued under K.S.A. 41-2702 and amendments thereto unless the person agrees to and does surrender the license to the officer issuing the same it upon the issuance to the person of a license under this act; ~~except that a holder of a cereal malt beverages wholesaler's license shall be eligible to receive a beer distributor's license under this act;~~

(11) who does not own the premises for which a license is sought, or does not have a written lease thereon for at least 3/4 of the period for which the license is to be issued; or

(12) whose spouse would be ineligible to receive a license under this act for any reason other than citizenship, residence requirements or age.

(b) No retailer's license shall be issued to:

(1) A person who is not a resident of the county in which the premises sought to be licensed are located;

(2) ~~in the case of a retailer,~~ a person who has not been, for at least two years immediately preceding the date of application, a resident of the county in which the premises

covered by the license are located or a person who has not been a resident of this state for a total of at least four years preceding the date of application, except that, if the premises sought to be licensed are located in a city which is located in two or more counties and the applicant for license is a resident of either county, the applicant shall be deemed to be a resident of each county for the purpose of qualification;

~~(3) in the case of a farm winery, a person who has not been, for at least five years immediately preceding the date of application, a resident of the county in which the premises covered by the license are located or a person who has not been a resident of this state for a total of at least 10 years preceding the date of application, except that, if the premises sought to be licensed are located in a city which is located in two or more counties and the applicant for license is a resident of either county, the applicant shall be deemed to be a resident of each county for the purpose of qualification;~~

(4) (3) a person who has beneficial interest in the manufacture, preparation or wholesaling of alcoholic beverages;

(5) (4) a person or copartnership or association who has beneficial interest in any other retail establishment licensed under this act;

(6) (5) a copartnership, unless all of the copartners are qualified to obtain a license; or

(7) (6) a corporation.

(c) No manufacturer's license shall be issued to:

(1) A corporation, if any officer, manager or director thereof, or any stockholder owning in the aggregate more than 25% of the stock of the corporation would be ineligible to receive a manufacturer's license for any reason other than citizenship and residence requirements;

(2) a copartnership, unless all of the copartners shall have been residents of this state for at least five years immediately preceding the date of application and unless all the members of the copartnership would be eligible to receive a

manufacturer's license under this act;

(3) an individual who has not been a resident of this state for at least five years immediately preceding the date of application.

(d) No distributor's license shall be issued to:

(1) A corporation, if any officer, manager, director or stockholder of the corporation would be ineligible to receive a distributor's license for any reason. It shall be unlawful for any stockholder of a corporation licensed as a distributor to transfer any stock in the corporation to any person who would be ineligible to receive a distributor's license for any reason, and any such transfer shall be null and void, except that: (A) If any stockholder owning stock in the corporation dies and an heir or devisee to whom stock of the corporation descends by descent and distribution or by will is ineligible to receive a distributor's license, the legal representatives of the deceased stockholder's estate and the ineligible heir or devisee shall have 14 months from the date of the death of the stockholder within which to sell the stock to a person eligible to receive a distributor's license, any such sale by a legal representative to be made in accordance with the provisions of the probate code; or (B) if the stock in any such corporation is the subject of any trust and any trustee or beneficiary of the trust who is 21 years of age or older is ineligible to receive a distributor's license, the trustee, within 14 months after the effective date of the trust, shall sell the stock to a person eligible to receive a distributor's license and hold and disburse the proceeds in accordance with the terms of the trust. If any legal representatives, heirs, devisees or trustees fail, refuse or neglect to sell any stock as required by this subsection, the stock shall revert to and become the property of the corporation, and the corporation shall pay to the legal representatives, heirs, devisees or trustees the book value of the stock. During the period of 14 months prescribed by this subsection, the corporation shall not be denied a distributor's license or have

its distributor's license revoked if the corporation meets all of the other requirements necessary to have a distributor's license;

(2) a copartnership, unless all of the copartners are eligible to receive a distributor's license;

(3) an individual who has not been a resident of this state for at least 10 years immediately preceding the date of application, except that: (A) A wholesaler of cereal malt beverages properly licensed on September 1, 1948, shall be eligible for a beer distributor's license; and (B) a person who has been a resident of the state for at least five years immediately preceding the date of application shall be eligible for a beer distributor's license.

(e) No nonbeverage user's license shall be issued to a corporation, if any officer, manager or director of the corporation or any stockholder owning in the aggregate more than 25% of the stock of the corporation would be ineligible to receive a nonbeverage user's license for any reason other than citizenship and residence requirements.

(f) No farm winery license shall be issued to a:

(1) Person who is not a resident of the county in which the premises sought to be licensed are located;

(2) person who has not been, for at least two years immediately preceding the date of application, a resident of the county in which the premises covered by the license are located or a person who has not been a resident of this state for a total of at least four years preceding the date of application, except that, if the premises sought to be licensed are located in a city which is located in two or more counties and the applicant for license is a resident of either county, the applicant shall be deemed to be a resident of each county for the purpose of qualification;

(3) person who has beneficial interest in the manufacture, preparation or wholesaling of alcoholic beverages other than that produced by such winery;

(4) person or copartnership or association who has

beneficial interest in any other retail establishment licensed under this act;

(5) copartnership, unless all of the copartners are qualified to obtain a license;

(6) corporation, unless all of the stockholders would be eligible to receive a license.

Sec. 10. K.S.A. 41-317 is hereby amended to read as follows: 41-317. (a) Applications for all licenses under this act shall be upon forms prescribed and furnished by the director and shall be filed with the director in duplicate. Each application shall be accompanied by a state registration fee of \$50 for each initial application and \$10 for each renewal application to defray the cost of preparing and furnishing standard forms incident to the administration of this act and the cost of processing the application. Each application shall also be accompanied by a deposit of a certified or cashier's check of a bank within this state, United States post office money order or cash in the full amount of the license fee required to be paid for the kind of license applied for, which license fee shall be returned to the applicant if the application is denied. All registration fees shall be paid into the state treasury by the director and shall be credited to the state general fund. All license fees received by the director, including fees received for licenses to manufacture beer, regardless of its alcoholic content, shall be paid into the state treasury by the director and shall be credited to the state general fund.

(b) Every applicant for a manufacturer's, alcoholic-liquor distributor's, beer distributor's, nonbeverage user's, farm winery or retailer's license shall file with the application a joint and several bond on a form prescribed by the director and executed by good and sufficient corporate sureties licensed to do business within the state of Kansas to the director, in the following amounts:

(1) For a manufacturer, \$25,000;

(2) for an-alcoholic-liquor a distributor, \$15,000;

(3) for ~~a beer distributor or~~ a retailer, \$2,000;

(4) for nonbeverage users, \$200 for class 1, \$500 for class 2, \$1,000 for class 3, \$5,000 for class 4 and \$10,000 for class 5; and

(5) for a farm winery, \$2,000.

(c) All bonds required by this section shall be conditioned on the licensee's compliance with the provisions of this act and payment of all taxes, fines and forfeitures which may be assessed against the licensee.

Sec. 11. K.S.A. 41-401 is hereby amended to read as follows: 41-401. Every licensed manufacturer or spirits or wine distributor ~~of alcoholic liquor except beer~~ shall provide at his such manufacturer's or distributor's own expense a warehouse to be situated on and to constitute a part of his such manufacturer's or distributor's distillery ~~or~~ winery or ~~as a part of his~~ premises used for the purpose of distributing, furnishing or selling ~~such liquor~~ spirits or wine for purposes of resale, to be kept separate and distinct from such distillery, winery or premises, and to be used only for the storage of ~~such liquor~~ spirits or wine manufactured or distributed by ~~him~~ such manufacturer or distributor for purposes of resale until the tax levied thereon, as hereinafter provided, ~~shall have~~ has been paid; ~~Provided~~. No dwelling house shall be used for such purpose. Such warehouse, when approved by the director, shall be a bonded warehouse of the state of Kansas; and shall be under the control of the director; ~~and he~~. The director may assign one or more of his agents to be known as a "storekeeper" or "inspector" to enforce the provisions of this act with respect to such warehouse or warehouses.

Sec. 12. K.S.A. 41-402 is hereby amended to read as follows: 41-402. The entire stock of ~~alcoholic liquor, except beer regardless of its alcoholic content, of such~~ spirits or wine of manufacturers or distributors, except in the case of a distillery or wine cellar where such ~~liquor~~ spirits or wine is in the process of distillation or manufacture, shall be kept in ~~such~~

warehouse such manufacturer's or distributor's warehouse approved under K.S.A. 41-401 and amendments thereto. The director shall prescribe the records which the storekeeper or inspector shall keep, when assigned, as regards to such ~~liquor~~ spirits or wine while in the process of manufacture or distillation and after such ~~liquor~~ spirits or wine shall have been delivered to bonded warehouses. Every such warehouse shall be in the joint custody of the director through ~~his~~ the director's storekeeper or inspector, when assigned, and the proprietor thereof, and shall be kept securely locked and at no time be unlocked or open, or remain open unless in the presence of such storekeeper, inspector or other person who may be designated to act for ~~him~~ the director, as provided by ~~the--rule~~ rules and regulations or order of the director; and no such ~~liquor~~ spirits or wine shall be received or delivered in or delivered from such warehouse, except on order or permit of the director or ~~his~~ the director's duly authorized storekeeper, inspector or other agent.

Sec. 13. K.S.A. 41-410 is hereby amended to read as follows: 41-410. ~~(1)-No-distributor-of-alcoholic-liquor,-except-beer,-shall-sell-any-alcoholic-liquor~~ (a) No spirits distributor shall sell any spirits in this state unless such distributor has filed with the director a written notice stating each geographic territory, agreed upon in writing between the distributor and a supplier of the distributor, within which the distributor sells ~~to--retailers~~ one or more brands of spirits of such supplier to licensed retailers. Such notice shall be accompanied by a map outlining each geographic territory stated in the notice. No manufacturer, importer or other supplier shall grant a franchise for the distribution of a brand of spirits to more than one distributor for all or part of any designated territory.

~~(2)~~ (b) Each supplier of ~~alcoholic--liquors~~ spirits doing business within this state shall file with the director a written notice describing each geographic territory, agreed upon in writing between the supplier and a distributor, within which the distributor sells ~~to--licensed--retailers~~ one or more brands of

spirits of the supplier to licensed retailers.

{3} (c) No supplier or distributor shall terminate or modify a franchise for the distribution of a brand of alcoholic liquor spirits or alter the geographic territory designated in a franchise agreement unless such supplier or distributor files written notice thereof with the director not less than thirty {30} 30 days prior to the termination, modification or alteration. In the case of an alteration in a franchise territory, such notice shall be accompanied by a map outlining the altered territory. Upon receipt of such notice, the director shall notify immediately, by certified mail, all affected parties of the impending termination, modification or alteration.

{4} (d) Any notice filed by a supplier pursuant to subsection {3} (c) shall be accompanied by an affidavit stating that the termination, modification or alteration is not caused by the failure of the distributor to violate any provision of the Kansas liquor control act or any rules and regulations adopted pursuant thereto.

{5} (e) Any supplier or distributor aggrieved by a termination, modification or alteration made under subsection {3} (c) may file an appropriate action in any district court of this state having venue, alleging that the termination, modification or alteration violates the franchise agreement between the supplier and distributor involved.

{6} (f) No franchise agreement for the distribution of a brand of alcoholic--liquor spirits shall be terminated or modified, nor shall the territory designated in such an agreement be altered, except for reasonable cause.

{7} (g) This section shall be part of and supplemental to the Kansas liquor control act.

New Sec. 14. (a) No wine distributor shall sell any wine in this state unless such distributor has filed with the director a written notice stating each geographic territory, agreed upon in writing between the distributor and a supplier of the distributor, within which the distributor sells one or more

brands of wine of such supplier to licensed retailers. Such notice shall be accompanied by a map outlining each geographic territory stated in the notice. No manufacturer, importer or other supplier shall grant a franchise for the distribution of a brand of wine to more than one distributor for all or part of any designated territory.

(b) Each supplier of wine doing business within this state shall file with the director a written notice describing each geographic territory, agreed upon in writing between the supplier and a distributor, within which the distributor sells one or more brands of wine of the supplier to licensed retailers.

(c) No supplier or distributor shall terminate or modify a franchise for the distribution of a brand of wine or alter the geographic territory designated in a franchise agreement unless such supplier or distributor files written notice thereof with the director not less than 30 days prior to the termination, modification or alteration. In the case of an alteration in a franchise territory, such notice shall be accompanied by a map outlining the altered territory. Upon receipt of such notice, the director shall notify immediately, by certified mail, all affected parties of the impending termination, modification or alteration.

(d) Any notice filed by a supplier pursuant to subsection (c) shall be accompanied by an affidavit stating that the termination, modification or alteration is not caused by the failure of the distributor to violate any provision of the Kansas liquor control act or any rules and regulations adopted pursuant thereto.

(e) Any supplier or distributor aggrieved by a termination, modification or alteration made under subsection (c) may file an appropriate action in any district court of this state having venue, alleging that the termination, modification or alteration violates the franchise agreement between the supplier and distributor involved.

(f) No franchise agreement for the distribution of a brand

of wine shall be terminated or modified, nor shall the territory designated in such an agreement be altered, except for reasonable cause.

(g) This section shall be part of and supplemental to the Kansas liquor control act.

New Sec. 15. (a) No beer distributor shall sell any beer or cereal malt beverage in this state unless such distributor has filed with the director a written notice stating each geographic territory, agreed upon in writing between the distributor and a supplier of the distributor, within which the distributor sells one or more brands of beer or cereal malt beverage of such supplier to retailers licensed under this act or under K.S.A. 41-2702 and amendments thereto. Such notice shall be accompanied by a map outlining each geographic territory stated in the notice. No manufacturer, importer or other supplier shall grant a franchise for the distribution of a brand of beer or cereal malt beverage to more than one distributor for all or part of any designated territory.

(b) Each supplier of beer or cereal malt beverage doing business within this state shall file with the director a written notice describing each geographic territory, agreed upon in writing between the supplier and a distributor, within which the distributor sells one or more brands of beer or cereal malt beverage of the supplier to retailers licensed under this act or under K.S.A. 41-2702 and amendments thereto.

(c) No supplier or distributor shall terminate or modify a franchise for the distribution of a brand of beer or cereal malt beverage or alter the geographic territory designated in a franchise agreement unless such supplier or distributor files written notice thereof with the director not less than 30 days prior to the termination, modification or alteration. In the case of an alteration in a franchise territory, such notice shall be accompanied by a map outlining the altered territory. Upon receipt of such notice, the director shall notify immediately, by certified mail, all affected parties of the impending

termination, modification or alteration.

(d) Any notice filed by a supplier pursuant to subsection (c) shall be accompanied by an affidavit stating that the termination, modification or alteration is not caused by the failure of the distributor to violate any provision of the Kansas liquor control act or any rules and regulations adopted pursuant thereto.

(e) Any supplier or distributor aggrieved by a termination, modification or alteration made under subsection (c) may file an appropriate action in any district court of this state having venue, alleging that the termination, modification or alteration violates the franchise agreement between the supplier and distributor involved.

(f) No franchise agreement for the distribution of a brand of beer or cereal malt beverage shall be terminated or modified, nor shall the territory designated in such an agreement be altered, except for reasonable cause.

(g) This section shall be part of and supplemental to the Kansas liquor control act.

Sec. 16. K.S.A. 41-506 is hereby amended to read as follows: 41-506. The director shall redeem any unused crowns or stamps that any purchaser thereof presents for redemption within six months after the sale thereof by the director, at the face value thereof. The director shall prepare a voucher showing the net amount of such refund due, and the director of accounts and reports shall draw a warrant on the state treasurer for the same and against the alcoholic liquor tax refund fund created by K.S.A. 41-507 and amendments thereto. The secretary of revenue may adopt, in accordance with K.S.A. 41-210 and amendments thereto, rules and regulations prescribing the manner of making proof of such claims and providing for refunds of the face value of crowns or stamps affixed to any alcoholic liquor taxed herein which has become unfit for use and consumption or unsalable where such alcoholic liquor is returned for any of such reasons to the wholesaler distributor who affixed the crowns or stamps thereto

and crowns that may be unfit for use by reason of size, sanitary condition or other reasons. Where the director finds such refund proper, the refund may be made by the issuance of tax credit memoranda to such ~~wholesaler~~ distributor which shall be accepted as credit on subsequent remittances for the purchase of crowns or stamps.

Sec. 17. K.S.A. 41-601 is hereby amended to read as follows: 41-601. Every manufacturer, distributor and farm winery which sells any wine to a distributor at wholesale shall between the 1st and 15th day of each calendar month, make return under oath to the director of all alcoholic liquor manufactured and sold by the manufacturer, distributor or farm winery in the course of business during the preceding calendar month. In the case of a distributor, the return shall also show: (a) The total amount of liquor purchased by the distributor during the preceding calendar month, the names of the distillers or distributors from whom purchased, the quantity of each brand and the price paid therefor; and (b) the names and locations of the retailers to whom alcoholic ~~liquors-were~~ liquor was sold by the distributor during the preceding calendar month, the quantity of each brand and the price charged therefor; and (c) the names and locations of retailers licensed under K.S.A. 41-2702 and amendments thereto to whom cereal malt beverage was sold by the distributor during the preceding calendar month, the quantity of each brand and the price charged therefor. The return shall be made upon forms prescribed and furnished by the director and shall contain such other information as the director reasonably requires.

Sec. 18. K.S.A. 41-701 is hereby amended to read as follows: 41-701. ~~(i)-No-distributor-or-wholesaler~~ (a) Subject to the provisions of subsection (d), no spirits distributor shall sell or attempt to sell any ~~alcoholic-liquor~~ spirits within this state except to:

~~(a)~~ (1) A licensed manufacturer, licensed nonbeverage user or licensed distributor; or

~~(b) (2) a licensed retailer, except that, subject to the provisions of subsection (2):~~

~~(i) No distributor of alcoholic liquor, except beer, shall sell a brand of alcoholic liquor to any retailer whose licensed premises are located outside of the geographic territory within which such distributor is authorized to sell such brand, as designated in the notice filed with the director pursuant to K.S.A. 41-410, and as authorized by K.S.A. 41-306 and amendments thereto.~~

(b) Subject to the provisions of subsection (d), no wine distributor shall sell or attempt to sell any wine within this state except to:

(1) A licensed manufacturer, licensed nonbeverage user or licensed wine distributor; or

(2) a licensed retailer, as authorized by section 6.

~~(ii) (c) Subject to the provision of subsection (d), no beer distributor shall sell beer to any retailer who is located outside the geographic territory designated in the notice filed with the director by the distributor pursuant to K.S.A. 41-409.~~

~~(2) (a) If any beer distributor refuses to sell beer or provide service in connection therewith to any retailer located within such beer distributor's geographic territory, it shall be lawful for any other beer distributor to sell beer to such retailer or cereal malt beverage within this state except to:~~

(1) A licensed manufacturer, licensed nonbeverage user or licensed beer distributor; or

(2) a retailer licensed under this act or K.S.A. 41-2702 and amendments thereto, as authorized by K.S.A. 41-307 and amendments thereto.

~~(b) If any licensed distributor of alcoholic liquor, except beer,~~ (d) (1) If any spirits distributor refuses to sell alcoholic liquor spirits which such distributor is authorized to sell or refuses to provide any service in connection therewith to any licensed retailer located ~~within such distributor's geographic territory~~ as authorized by K.S.A. 41-306 and

amendments thereto, it shall be lawful for any other licensed spirits distributor of alcoholic liquor, except beer, to sell such liquor to sell such spirits to such retailer.

(2) If any wine distributor refuses to sell wine which such distributor is authorized to sell or refuses to furnish service in connection therewith to any licensed retailer as authorized by section 6, it shall be lawful for any other licensed wine distributor to sell such wine to such retailer.

(3) If any beer distributor refuses to sell beer or cereal malt beverage which such distributor is authorized to sell or provide service in connection therewith to any retailer licensed under this act or under K.S.A. 41-2702 and amendments thereto, as authorized by K.S.A. 41-307 and amendments thereto, it shall be lawful for any other licensed beer distributor to sell such beer or cereal malt beverage to such retailer.

(3) (e) No manufacturer of alcoholic liquor or cereal malt beverage shall sell or attempt to sell any alcoholic liquor or cereal malt beverage within this state except to a licensed manufacturer, licensed distributor or licensed nonbeverage user, except that the holder of a license to manufacture beer may attempt to sell or sell beer manufactured by such manufacturer to retailers licensed in this state, but a licensed manufacturer of beer shall not sell or attempt to sell any beer manufactured by such manufacturer containing not to exceed three and two tenths percent (3.2%) of alcohol by weight to any person in this state other than a wholesaler or distributor licensed as such under the laws of this state relating to cereal malt beverages and malt products.

(4) (f) No supplier, wholesaler, distributor, manufacturer or importer shall by oral or written contract or agreement, expressly or impliedly fix, maintain, coerce or control the resale price of alcoholic liquor, beer or cereal malt beverage to be resold by such wholesaler, distributor, manufacturer or importer, except that a licensed distributor may furnish to retailers lists of the minimum bottle and case prices required

under subsection (2) of K.S.A. 41-1117 and amendments thereto.

~~(5)~~ (g) Any supplier, wholesaler, distributor or manufacturer violating the provisions of this section shall be guilty of a misdemeanor and upon conviction thereof shall be punished by a fine of not less than ~~five-hundred-dollars--(\$500)~~ \$500 nor more than ~~one-thousand-dollars--(\$1,000)~~ \$1,000, to which may be added not to exceed six ~~(6)~~ months imprisonment. In addition, any supplier, wholesaler, distributor, manufacturer or importer violating the provisions of this section relating to fixing, maintaining or controlling the resale price of alcoholic liquor, beer or cereal malt beverage shall be liable in a civil action to treble the amount of any damages awarded plus reasonable attorney fees for the damaged party.

Sec. 19. K.S.A. 41-702 is hereby amended to read as follows: 41-702. ~~(1)~~ (a) ~~it shall be unlawful for any person having a retailer's license~~ No retail licensee, or any officer, associate, member, representative or agent ~~of such licensee to~~ thereof, shall accept, receive, or borrow money, or anything else of value, or to accept or receive credit, directly or indirectly, from: (1) Any person, partnership or corporation engaged in the manufacturing, distributing or wholesaling of such liquor, or from manufacturer or distributor; (2) any person connected with or, in any way representing, or from any or a member of the family of such a manufacturer, or distributor or wholesaler, or from; (3) any stockholders in any corporation engaged in manufacturing, distributing or wholesaling of such liquor, or from a manufacturer or distributor; or (4) any officer, manager, agent or representative of such a manufacturer, or distributor or wholesaler. ~~It shall be unlawful for any.~~

(b) No manufacturer, or distributor or wholesaler to shall give or lend money or anything of value or otherwise loan or extend credit, directly or indirectly, to any such licensee retailer licensed under this act or under K.S.A. 41-2702 and amendments thereto or to the manager, representative, agent,

officer or director of such licensee a retailer.

~~(2) If any recipient of a license to sell intoxicating liquors at retail or wholesale shall violate any of the provisions of subdivision (1) of this section, his license~~

(c) If any retailer, distributor or manufacturer who is licensed under this act violates any provision of this section, the license of such retailer, distributor or manufacturer shall be suspended or revoked by the director in the manner provided by law for revocation or suspension for other violations of this act.

Sec. 20. K.S.A. 41-703 is hereby amended to read as follows: 41-703. (a) Except as provided by subsection (e), no manufacturer, or distributor or wholesaler shall directly or indirectly: (1) Sell, supply, furnish, give or, pay for, or loan or lease, any furnishing, fixture or equipment on the premises of a place of business of another licensee authorized under this act to sell alcoholic liquor at retail a retailer licensed under this act or under K.S.A. 41-2702 and amendments thereto; (2) pay for any such retailer's license, or advance, furnish, lend or give money for payment of such license; (3) purchase or become the owner of any note, mortgage or other evidence of indebtedness of such licensee any such retailer or any form of security therefor; (4) be interested in the ownership, conduct or operation of the business of any licensee authorized to sell alcoholic liquor at retail such retailer; or (5) be interested, directly or indirectly, or as owner, part owner, lessee or lessor thereof, in any premises upon which alcoholic liquor is sold at retail the licensed premises of any such retailer.

(b) Except as provided by subsection (e), no manufacturer, or distributor or wholesaler shall, directly or indirectly, or through a subsidiary or affiliate, or by any officer, director or firm of such manufacturer, or distributor or wholesaler, furnish, give, lend or rent any interior decorations or any signs, for inside or outside use, for use in or about or in connection with any one establishment on which the licensed premises of a

retailer licensed under this act or under K.S.A. 41-2702 and amendments thereto products of the manufacturer, or distributor or wholesaler are sold.

(c) No person engaged in the business of manufacturing, distributing or wholesaling alcoholic liquors manufacturer or distributor shall directly or indirectly pay for or advance, furnish or lend money for the payment of any licenses for another license of another under this act or K.S.A. 41-2702 and amendments thereto.

(d) A beer distributor or an agent thereof may sell tapping and dispensing equipment, as defined by rules and regulations of the secretary, at not less than the cost paid for such equipment by the distributor to a retailer licensed under K.S.A. 41-2702 and amendments thereto. The terms of any such sale shall comply with the provisions of K.S.A. 41-702 and 41-2706, and amendments thereto. Such sales shall not be subject to any repurchase agreement.

(e) A manufacturer or beer distributor may furnish, give, lend or rent to a retailer licensed under K.S.A. 41-2702 and amendments thereto:

- (1) Interior decorations which are signs; and
- (2) other interior decorations costing in the aggregate not more than \$100 in any one calendar year for any one place of business of such retailer.

Sec. 21. K.S.A. 41-709 is hereby amended to read as follows: 41-709. No manufacturer, or distributor or wholesaler shall sell or deliver any package containing alcoholic liquor manufactured or distributed by him such manufacturer or distributor for resale, unless the person to whom such package is sold or delivered is authorized to receive such package in accordance with the provisions of this act: Provided, That a manufacturer may sell or deliver beer containing not more than 3.2 percent of alcohol by weight manufactured by him for resale to a wholesaler or distributor licensed under the laws of this state relating to cereal malt beverages. The director shall

revoke the license of any manufacturer, or distributor ~~or wholesaler~~ who violates the provisions of this section.

Sec. 22. K.S.A. 41-901 is hereby amended to read as follows: 41-901. (a) No person shall manufacture, import for distribution as a distributor at wholesale or distribute or sell alcoholic liquor ~~or beer or manufacture beer containing not more than 3.2% alcohol by weight~~ or cereal malt beverage at any place within the state without having first obtained a valid license ~~to do therefor~~ under the provisions of this act or under K.S.A. 41-2702 and amendments thereto. No person shall obtain a license to carry on the business authorized by the license as agent for another, obtain a license by fraud or make any false statement or otherwise violate any of the provisions of this act in obtaining any license hereunder. No person having obtained a license hereunder shall violate any of the provisions of this act with respect to the manufacture, possession, distribution or sale of alcoholic liquor ~~or beer; with respect to the manufacture of beer containing not more than 3.2% alcohol by weight,~~ beer or cereal malt beverage; or with respect to the maintenance of the licensed premises.

(b) Violation of subsection (a) shall be punishable as follows, except where other penalties are specifically provided by law:

(1) For a first offense, by a fine of not more than \$500; and

(2) for a second or subsequent offense, by a fine of not more than \$1,000 or by imprisonment for not more than six months, or both.

(c) Each day any person engages in business as a manufacturer, distributor, farm winery or retailer in violation of the provisions of this act shall constitute a separate offense.

(d) Any license obtained to carry on the business as agent for another or any license obtained by fraud or by false statements shall be revoked by the director. When a license has

been revoked for obtaining a license to carry on the business authorized by the license as agent for another, or obtained a license by fraud or by any false statement, all alcoholic liquor in the possession of the person who procured the license shall be forfeited and sold and the proceeds of the sale shall be paid to the county treasurer of the county where the alcoholic liquors were liquor was located. During the pendency of any appeal from any order revoking a license, the director may obtain an order from the district court of the county where the alcoholic liquor is located, restraining the sale or disposal of the alcoholic liquor. When an order revoking any license is issued by the director, the director shall forthwith forward by registered mail a certified copy of the order revoking the license under the seal of the director to the county attorney of the county where the alcoholic liquor is located.

Within 15 days after the order of revocation becomes final, the county attorney shall institute, against the person who procured the license, a civil action under the code of civil procedure in the district court of the county in the name of the state of Kansas on the relation of the county attorney to forfeit all alcoholic liquor ~~against-the-person-who-procured-the-license~~. Summons shall be served as provided by the code of civil procedure upon the person who procured the license. Upon the return day of the summons issued or as soon after as convenient to the court, an order shall be entered by the court forfeiting the alcoholic liquors liquor to the state of Kansas and ordering them to be sold by the sheriff of the county in which the forfeiture occurred. The order shall fix the time and place of sale and the method and manner in which the sale shall be held, together with notice of the sale as the court directs. After payment of all costs of the action, including a reasonable fee for the county attorney, the balance remaining shall be paid to the state treasurer pursuant to K.S.A. 20-2801 and any amendments thereto.

Sec. 23. K.S.A. 41-1101 is hereby amended to read as

follows: 41-1101. (a) No distributor licensed under this act shall purchase any alcoholic liquor from any manufacturer, owner of alcoholic liquor at the time it becomes a marketable product, exclusive agent of such manufacturer or owner, farm winery or distributor of alcoholic liquor bottled in a foreign country either within or without this state, unless the manufacturer, owner, exclusive agent, farm winery or distributor files with the director a written statement sworn to by the manufacturer, owner, exclusive agent, farm winery or distributor or, in case of a corporation, one of its principal officers, agreeing to sell any of the brands or kinds of alcoholic liquor manufactured or distributed by the manufacturer, owner, exclusive agent, farm winery or distributor to any distributor licensed in this state and having a franchise to distribute the alcoholic liquor pursuant to K.S.A. 41-410 or section 14, and amendments thereto; to make such sales to all such licensed distributors in this state at the same current price and without discrimination; and to file price lists showing the current prices in the office of the director as often as may be necessary or required by the director but at least once each three months. If any manufacturer, owner, exclusive agent, farm winery or distributor making the agreement violates the agreement by refusing to sell such alcoholic liquor to any such franchised licensed distributor in this state or discriminates in current prices among such franchised licensed distributors making or attempting to make purchases of alcoholic liquor from the manufacturer, owner, exclusive agent, farm winery or distributor, the director shall notify, by registered mail, each such franchised licensed distributor in this state of the violation. Thereupon, it shall be unlawful for a franchised licensed distributor in this state to purchase any alcoholic liquor from the manufacturer, owner, exclusive agent, farm winery or distributor. If thereafter such a franchised licensed distributor purchases any alcoholic liquor from the manufacturer, owner, exclusive agent, farm winery or distributor, such franchised distributor's license shall be

revoked by the director. If any manufacturer, owner, exclusive agent, farm winery or distributor of alcoholic liquor bottled in a foreign country, making any agreement hereunder, does not have a sufficient supply of alcoholic liquor of any of the brands or kinds which the manufacturer, owner, exclusive agent, farm winery or distributor manufactures or distributes to supply the demands of all licensed distributors having a franchise to distribute such alcoholic liquor, the manufacturer, owner, exclusive agent, farm winery or distributor may ration such alcoholic liquor and apportion the available supply among such franchised licensed distributors purchasing or attempting to purchase it, in accordance with a plan which shall be subject to the approval of the director. The provisions of this subsection relating to the filing of price lists with the director shall not apply to any manufacturer with respect to alcoholic liquor manufactured or bottled in a foreign country.

(b) No retailer licensed under this act shall purchase any alcoholic liquor from any distributor licensed under this act unless the distributor files with the director a written statement sworn to by the distributor, or in case of a corporation by one of its principal officers, agreeing to sell any of the brands or kinds of alcoholic liquor distributed by the distributor and to provide service in connection therewith to any licensed retailer whose licensed premises are located within the geographic territory of the distributor's franchise for the alcoholic ~~liquors~~ liquor, unless written approval to do otherwise is obtained from the director; to make such sales to all such licensed retailers at the same current bottle and case price and without discrimination; and to file price lists showing the current bottle and case price in the office of the director as often as may be necessary or required by the director but at least once each three months. If any distributor making the agreement violates the agreement by refusing to sell or provide service to any such licensed retailer in this state without written approval of the director or discriminates in current

prices among such licensed retailers making or attempting to make purchases of alcoholic liquor from the distributor, the director shall revoke the license of the distributor. If any licensed distributor making any agreement hereunder does not have a sufficient supply of alcoholic liquor of any of the brands or kinds which the distributor distributes to supply the demands of all such licensed retailers, the distributor may ration such alcoholic liquor and apportion the available supply among such licensed retailers purchasing or attempting to purchase the same, in accordance with a plan which shall be subject to the approval of the director.

(c) The provisions of this section shall not apply to any distributor of beer or any manufacturer or importer of beer or cereal malt beverage, whether within or without this state, with respect to beer or cereal malt beverage distributed or manufactured by the distributor, manufacturer or importer.

Sec. 24. K.S.A. 41-2701 is hereby amended to read as follows: 41-2701. As used in this act unless the context otherwise requires:

(a) "Cereal malt beverage" means any fermented but undistilled liquor brewed or made from malt or from a mixture of malt or malt substitute, but does not include any such liquor which is more than 3.2% alcohol by weight.

(b) "Director" means the director of alcoholic beverage control of the department of revenue.

(c) "Manufacturer" means a manufacturer as defined by K.S.A. 41-102 and amendments thereto.

(d) "Person" means any individual, firm, partnership, corporation or association.

~~(d)~~ (e) "Retailer" means any person who sells or offers for sale any cereal malt beverage for use or consumption and not for resale in any form.

~~(e)~~ (f) "Place of business" means any place at which cereal malt beverages are sold.

~~(f)~~--"Wholesaler" or (g) "Distributor" means any person--who

~~sells or offers for sale any cereal malt beverage or wine to any person authorized by law to sell cereal malt beverages or wine at retail~~ a beer distributor licensed pursuant to the Kansas liquor control act.

~~(g)~~ (h) "Legal age for consumption of cereal malt beverage" means: ~~(1) With respect to persons born before July 1, 1966, 19 years of age; and (2) with respect to persons born on or after July 1, 1966, 21 years of age, except that "legal age for consumption of cereal malt beverage" shall mean 18 years of age if at any time the provisions of P.L. 98-363 penalizing states for permitting persons under 21 years of age to consume cereal malt beverage are repealed or otherwise invalidated or nullified.~~

~~(h) "Wine" has the meaning provided by K.S.A. 41-102 and amendments thereto.~~

Sec. 25. K.S.A. 41-2703 is hereby amended to read as follows: 41-2703. (a) After examination of an application for a retailer's license, the board of county commissioners or the director shall, if they approve the same, issue a license to the applicant. The governing body of the city shall, if the applicant is qualified as provided by law, issue a license to said applicant.

(b) No retailer's license shall be issued to:

(1) A person who is not a resident of the county in which the place of business covered by the license is located, has not been a resident of such county for at least six (6) months or has not been a resident in good faith of the state of Kansas for at least one year prior to application for a retailer's license.

(2) A person who is not of good character and reputation in the community in which the person resides.

(3) A person who is not a citizen of the United States.

(4) A person who within two (2) years immediately preceding the date of making application has been convicted of a felony, any crime involving a moral turpitude, drunkenness, driving a motor vehicle while under the influence of intoxicating liquor or violation of any other intoxicating liquor law of any state or of

the United States.

(5) A partnership, unless one of the partners is a resident of the county in which the licensed premises is located and all the members of the partnership are otherwise qualified to obtain a license.

(6) A corporation, if any manager, officer or director thereof or any stockholder owning in the aggregate more than ~~twenty-five-percent-(25%)~~ 25% of the stock of such corporation would be ineligible to receive a license hereunder for any reason other than the citizenship and residency requirements.

(7) A person whose place of business is conducted by a manager or agent unless the manager or agent possesses all the qualifications of a licensee.

(c) Retailer's licenses shall be issued either on an annual basis or for the calendar year. If such licenses are issued on an annual basis, the board of county commissioners or the governing body of the city shall notify the ~~cereal---malt---beverage wholesalers~~ distributors supplying the county or city on or before April 1 of the year if a retailer's license is not renewed.

Sec. 26. K.S.A. 41-2705 is hereby amended to read as follows: 41-2705. ~~(a)-It-shall-be-unlawful-for--any--individual brewer--or-group-of-brewers-to-sell,-deliver-or-distribute-cereal malt-beverages-or-malt-products-in-the-state-of-Kansas-except--to a-licensed-wholesaler-or-distributor-of-such-~~

~~(b)-(1)--Except---as--provided--in--paragraph--(2)--of--this subsection-(b),-no-manufacturer,-distributor,-agent-or-wholesaler shall:~~

~~(A)--Directly-or-indirectly-sell,-supply,-furnish,-give,-pay for,-loan-or-lease-any-furnishings,-fixture-or-equipment--on--the premises-of-a-place-of-business-of-a--retailer;~~

~~(B)--directly-or-indirectly-pay-for-any--retailer's--license or--advance,-furnish,-lend--or--give--money-for-payment-of-such license;~~

~~(C)--purchase-or-become-the-owner-of-any-note,-mortgage--or~~

other--evidence--of--indebtedness--of--a--retailer-or-any-form-of
security--therefor;

(D)--directly-or-indirectly-be-interested-in-the--ownership,
conduct-or-operation-of-the-business-of-any--retailer;-or

(E)--be--directly-or-indirectly-interested-in-or-owner,-part
owner,-lessee-or-lessor-of-any-premises-upon--which--cereal--malt
beverages-are-sold-at-retail-

(2)--A-distributor,-agent-or-wholesaler-may-sell-tapping-and
dispensing-equipment,-as-defined-by-rules-and-regulations-adopted
under--article-27-of-chapter-41-of-the-Kansas-Statutes-Annotated,
at-not-less--than--the--cost--paid--for--such--equipment--by--the
distributor,-agent--or--wholesaler.---The-terms-of-any-such-sale
shall-comply-with-the-provisions-of-K.S.A.-41-2706.---Such--sales
shall-not-be-subject-to-any-repurchase-agreement-

(c)--No---manufacturer,-distributor--or--wholesaler--shall,
directly-or-indirectly-or-through-a-subsiidiary-or--affiliate,-or
by---any---officer,-director--or--firm--of--such--manufacturer,
distributor-or--wholesaler,-furnish,-give,-lend--or--rent--any
interior--decorations--other-than-signs,-costing-in-the-aggregate
more-than-\$100-in-any-one-calendar-year-for-use-in-or-about-or-in
connection-with-any-one-establishment-on-which--products--of--the
manufacturer,-distributor-or-wholesaler-are-sold-

(d)--No--person--engaged--in--the-business-of-manufacturing,
distributing-or-wholesaling-cereal-malt-beverages-shall,-directly
or-indirectly,-pay-for-or-advance,-furnish-or-lend-money-for--the
payment-of-any-license-for-another-

(e) (a) No retailer, or any officer, associate, member,
representative or agent thereof, shall accept, receive or borrow
money or anything else of value, or accept or receive credit,
directly or indirectly, from: (1) Any manufacturer or
distributor; (2) any person connected with, in any way
representing or a member of the family of a manufacturer or
distributor; (3) any stockholders in a manufacturer or
distributor; or (4) any officer, manager, agent or representative
of a manufacturer or distributor.

(b) Any licensee who shall permit or assent, or be a party in any way, to any violation or infringement of the provisions of this section or of K.S.A. 41-702 or 41-703, and amendments thereto, shall be deemed guilty of a violation of this act, and any money loaned contrary to a provision of this act section shall not be recovered back, or any note, mortgage or other evidence of indebtedness, or security, or any lease or contract obtained or made contrary to this act shall be unenforceable and void.

~~(f)--No wholesaler or distributor shall sell any cereal-malt beverage to any person who has not secured a license as provided for in this act and no wholesaler or distributor shall sell any cereal-malt beverage to any retailer located outside the geographic area designated in the wholesaler or distributor's application for a license pursuant to K.S.A. 41-2713, and any amendments thereto, except that if any wholesaler or distributor shall refuse to sell any cereal-malt beverage or provide service in connection with that sale to any retailer located within such wholesaler or distributor's geographic territory, it shall be lawful for any other wholesaler or distributor to sell any such cereal-malt beverage to such retailer.~~

~~(g)-(1)--Except as provided in paragraph (2) of this subsection (g), no individual brewer or group of brewers shall directly or indirectly or through a subsidiary or affiliate, or by any officer, director or firm of such brewer or group of brewers:~~

~~(A)--Furnish, give or lend money for the payment of any license for any wholesaler in the state of Kansas;~~

~~(B)--have or own any financial interest directly or indirectly in the ownership, conduct or operation of the business of any wholesaler in the state of Kansas;~~

~~(C)--be directly or indirectly interested in or owner, part owner, lessee or lessor of any premises upon which cereal-malt beverages are sold at wholesale; or~~

~~(D)--engage in the wholesale distribution of cereal-malt~~

beverages or malt products in the state of Kansas:

(2) Nothing in this section shall be construed to prohibit any brewer from making sale and deliveries of cereal malt beverages or malt products to licensed wholesalers in the state of Kansas, or to a branch, subsidiary or affiliate located in the state of Kansas, from which, on or before January 14, 1947, the brewer had been dispensing at wholesale cereal malt beverage or malt products and for which the brewer holds, directly or indirectly, a license and pays a license tax as provided for in K.S.A. 41-2713, and any amendments thereto:

(h) Nothing contained in this section shall make it unlawful for any person to be a member of a club licensed as such by the director of alcoholic beverage control nor shall membership in such a club by any person constitute a disqualification of any person for any license under this act:

(i) No brewer or other supplier shall enter into an agreement for the distribution of a brand of cereal malt beverage with more than one wholesaler or distributor of cereal malt beverages for all or part of any designated geographic territory. No supplier or distributor shall terminate or modify an agreement for the distribution of a brand of cereal malt beverage or alter the geographic territory designated in an agreement unless such supplier or distributor files written notice thereof with the director not less than 30 days prior to the termination, modification or alteration. Upon receipt of such notice, the director shall notify immediately all affected parties of the impending termination, modification or alteration by certified mail. Any supplier or distributor aggrieved by a termination, modification or transferral made under this section may file an appropriate action in any district court of this state having venue, alleging that the termination, modification or transferral violates the agreement between the supplier and the distributor involved:

Sec. 27. K.S.A. 41-2707 is hereby amended to read as follows: 41-2707. No wholesaler of cereal malt beverages

~~licensed--under--the-laws-of-this-state~~ distributor shall sell or furnish cereal malt beverages to a retailer ~~of--cereal--malt beverages-licensed-under-the-laws-of-this-state,~~ on credit ~~or;~~ on a passbook ~~or;~~ on order on a store, ~~or;~~ in exchange for any goods, wares or merchandise, ~~--or;~~ in payment for any service rendered or to be rendered, ~~;~~ or by any extension of credit of any kind, type or class. Any distributor, ~~wholesaler~~ or retailer who ~~shall-violate~~ violates any of the terms of this section or K.S.A. 41-2706 and amendments thereto shall be subject to all penalties and forfeitures provided by K.S.A. 41-2705 and 41-2708, and any amendments thereto, and any debt attempted to be created in violation hereof shall not be recoverable at law.

New Sec. 28. (a) The director shall provide procedures whereby a beer distributor's license or cereal malt beverage distributor's or wholesaler's license, or both, issued prior to the effective date of this act, shall be converted to a beer distributor's license or wine distributors license, or both, on the effective date of this act if all requirements of this act are met and the licensee pays that portion of the additional license fee or fees attributable to the remaining unexpired license term.

(b) The director shall provide procedures whereby an alcoholic liquor distributor's license, issued prior to the effective date of this act, shall be converted to a spirits distributor's license or wine distributor's license, or both, on the effective date of this act if all requirements of this act are met and the licensee pays that portion of the additional license fee or fees attributable to the remaining expired license term.

(c) This section shall be par of and supplemental to the Kansas liquor control act.

Sec. 29. K.S.A. 41-102, 41-103, 41-304, 41-305, 41-306, 41-307, 41-310, 41-311, 41-317, 41-401, 41-402, 41-409, 41-410, 41-506, 41-601, 41-701, 41-702, 41-703, 41-709, 41-901, 41-1101, 41-2701, 41-2703, 41-2705, 41-2707, 41-2713 through 41-2718,

41-2723 and 41-2724 are hereby repealed.

Sec. 30. This act shall take effect and be in force from and after January 1, 1988, and its publication in the statute book.

Regulation of Suppliers

By

25 a for suppliers

AN ACT

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

Section 1. K.S.A. 41-102 is hereby amended to read as follows: 41-102. As used in this act, unless the context clearly requires otherwise:

(a) "Alcohol" means the product of distillation of any fermented liquid, whether rectified or diluted, whatever its origin, and includes synthetic ethyl alcohol but does not include denatured alcohol or wood alcohol.

(b) "Alcoholic liquor" means alcohol, spirits, wine, beer and every liquid or solid, patented or not, containing alcohol, spirits, wine or beer and capable of being consumed as a beverage by a human being, but shall not include any beer or cereal malt beverage containing not more than 3.2% alcohol by weight.

(c) "Beer," when its meaning is not enlarged, modified, or limited by other words, means a beverage, containing more than 3.2% alcohol by weight, obtained by alcoholic fermentation of an infusion or concoction of barley, or other grain, malt and hops in water and includes beer, ale, stout, lager beer, porter and similar beverages having such alcoholic content.

(d) "Board" means the state alcoholic beverage control board of review created by this act.

(e) "Director" means the director of alcoholic beverage control of the department of revenue.

(f) (1) "Distributor" means the person importing or causing to be imported into the state, or purchasing or causing to be purchased within the state, alcoholic liquor for sale or resale to retailers licensed under this act.

(2) "Distributor" does not mean a wholesaler or distributor

licensed pursuant to article 27 of chapter 41 of the Kansas Statutes Annotated except to the extent (A) specifically provided by law or (B) that such wholesaler or distributor imports, purchases or causes to be imported or purchased any alcoholic liquor other than as allowed by ~~section--11~~ K.S.A. 41-2723 and amendments thereto.

(g) "Domestic table wine" means wine which contains not more than 14% alcohol by volume and which is manufactured without rectification or fortification from agricultural products grown in this state.

(h) "Farm winery" means a winery licensed by the director to manufacture, store and sell domestic table wine.

(i) "Manufacture" means to distill, rectify, ferment, brew, make, mix, concoct, process, blend, bottle or fill an original package with any alcoholic liquor, or with beer regardless of its alcoholic content, and includes blending.

(j) (1) "Manufacturer" means every brewer, fermenter, distiller, rectifier, wine maker, blender, processor, bottler or person who fills or refills an original package and others engaged in brewing, fermenting, distilling, rectifying or bottling alcoholic liquors or beer regardless of its alcoholic content.

(2) "Manufacturer" does not include a farm winery.

(k) "Minor" means any person under 21 years of age.

(l) "Nonbeverage user" means any manufacturer of any of the products set forth and described in K.S.A. 41-501 and amendments thereto, when the products contain alcohol or wine, and all laboratories using alcohol for nonbeverage purposes.

(m) "Original package" means any bottle, flask, jug, can, cask, barrel, keg, hogshead or other receptacle or container whatsoever, used, corked or capped, sealed and labeled by the manufacturer of alcoholic liquor, to contain and to convey any alcoholic liquor.

(n) "Person" means any natural person, corporation, partnership or association.

(o) "Primary American source of supply" means the manufacturer, the owner of alcoholic liquor at the time it becomes a marketable product or the manufacturer's or owner's exclusive agent who, if the alcoholic liquor cannot be secured directly from such manufacturer or owner by American wholesalers, is the source closest to such manufacturer or owner in the channel of commerce from which the product can be secured by American wholesalers.

(p) (1) "Retailer" means a person who sells at retail, or offers for sale at retail, alcoholic liquors.

(2) "Retailer" does not include a farm winery.

(q) "Sale" means any transfer, exchange or barter in any manner or by any means whatsoever for a consideration and includes all sales made by any person, whether principal, proprietor, agent, servant or employee.

(r) (1) "Sell at retail" and "sale at retail" refer to and mean sales for use or consumption and not for resale in any form and sales to clubs licensed pursuant to article 26 of chapter 41 of the Kansas Statutes Annotated.

(2) "Sell at retail" and "sale at retail" do not refer to or mean sales by a farm winery or by a club licensed pursuant to article 26 of chapter 41 of the Kansas Statutes Annotated.

(s) "To sell" includes to solicit or receive an order for, to keep or expose for sale and to keep with intent to sell.

(t) "Spirits" means any beverage which contains alcohol obtained by distillation, mixed with water or other substance in solution, and includes brandy, rum, whiskey, gin or other spirituous liquors, and such liquors when rectified, blended or otherwise mixed with alcohol or other substances.

(u) "Supplier" means a manufacturer of alcoholic liquor or cereal malt beverage or an agent of such manufacturer.

(v) "Wine" means any alcoholic beverage obtained by the normal alcoholic fermentation of the juice of sound, ripe grapes, fruits, berries or other agricultural products, including such beverages containing added alcohol or spirits or containing sugar

added for the purpose of correcting natural deficiencies.

New Sec. 2. (a) On and after January 1, 1988, every supplier desiring to sell alcoholic liquor or cereal malt beverage to distributors in this state shall be required to obtain a permit from the director, unless such supplier is licensed in this state as a manufacturer or distributor. Application for such permit shall be on a form prescribed by rules and regulations of the secretary of revenue and shall be accompanied by a permit fee of \$25. As a condition precedent to the issuance of such permit, the supplier shall file with the secretary of state of the state of Kansas, a duly authorized and executed power of attorney, authorizing the secretary of state to accept service of process from the director, the board and the courts of this state and to accept service of any notice or order provided for in this act, and all such acts by the secretary of state shall be fully binding upon the supplier.

(b) The director, in accordance with the Kansas administrative procedure act, may revoke, suspend or refuse to issue a permit to any supplier found to have violated any provision of the Kansas liquor control act or K.S.A. 41-2701 et seq. and amendments thereto, or any rules and regulations adopted thereunder.

(c) This section shall be part of and supplemental to the Kansas liquor control act.

New Sec. 3. (a) The director may issue to a supplier a temporary permit allowing such supplier to import into this state to a distributor licensed under the Kansas liquor control act or under K.S.A. 41-2713 and amendments thereto, alcoholic liquor or cereal malt beverage for which such distributor does not have a franchise to sell. The permit shall specifically identify the brand and type of alcoholic liquor or cereal malt beverage for which the permit is issued and the quantity permitted to be imported into the state. Such alcoholic liquor or cereal malt beverage shall not be resold by the distributor and shall not be subject to the tax imposed by K.S.A. 41-501 or 79-3818, and

amendments thereto.

(b) This section shall be part of and supplemental to the Kansas liquor control act.

BP R

bond

ELIMINATION OF BOND FOR TRANSPORTERS OF ALCOHOLIC LIQUOR

Section 1. K.S.A. 41-408 is hereby amended to read as follows: 41-408. Any common carrier of merchandise owning or operating any railroad, express company, bus, truck or other transportation lines or routes for the transportation of merchandise in the state of Kansas, upon application and--filing of--a--bond--in--form--and--penalty--and--with--such--sureties--as--may--be approved--by--the--director, may be designated as a carrier of such alcoholic liquor, for the final release of which liquor, from a bonded warehouse in the state of Kansas, a permit has not been issued. The consignee shall be a manufacturer or distributor maintaining a bonded warehouse for such liquor within the state of Kansas. ~~Nothing in this section shall be construed to prevent or restrict any common carrier from transporting in intrastate commerce any such liquor without giving the required bond where the consignor is a bonded warehouse of the state of Kansas and the consignee is a licensed retail liquor dealer in this state.~~ Any such liquor arriving at a point of entry in the state of Kansas may be entered, in accordance with any rules which may be adopted pursuant to K.S.A. 41-210 and amendments thereto, for transportation in--bond to any bonded warehouse in the state of Kansas.

Attachment R

SALESPERSONS' PERMITS

By

AN ACT

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

Section 1. "Salesperson" means any natural person who:

(1) Procures or seeks to procure an order, bargain, contract or agreement for the sale of alcoholic liquor or cereal malt beverage; or

(2) is engaged in promoting the sale of alcoholic liquor or cereal malt beverage, or in promoting the business of any person, firm or corporation engaged in the manufacturing and selling of alcoholic liquor or cereal malt beverage, whether the seller resides within the state of Kansas and sells to licensed buyers within the state of Kansas, or whether the seller resides without the state of Kansas and sells to licensed buyers within the state of Kansas.

Sec. 2. Any natural person may act as a salesperson for the sale of, or the taking or soliciting of orders for the sale of, alcoholic liquor or cereal malt beverage in the state of Kansas only after such person has first applied for and received a permit therefor from the director, except that no such permit shall be required of a licensed retailer or an employee of such retailer.

Sec. 3. (a) Any natural person over the age of 21 may apply to the director for a salesperson's permit. The application shall be in such form and shall include such terms as the director may prescribe, and shall include a provision that the holder will comply with the Kansas liquor control act and the cereal malt beverage laws of this state, and any rules and regulations adopted under such act or laws. The application and any permit issued pursuant thereto shall set forth the name and address of

the person, firm or corporation whom the applicant represents and also the name, address and a description of the applicant. A salesperson shall not represent any person, firm or corporation whose name does not appear on the salespersons' employer. No person shall act as salesperson for more than one person, firm or corporation under one permit. Additional permits may be granted the same applicant for additional principals.

(b) Upon approval of any application by the director, the director shall issue a permit to the applicant for one year upon the payment of an annual fee of \$10, which fee shall accompany the application.

(c) No person shall be issued a salesperson's permit if such person does not meet the qualifications of subsections (a)(4) and (5) of K.S.A. 41-311 and amendments thereto or if such person has a beneficial interest in any licensed retailer of alcoholic liquor or cereal malt beverage or any licensed club, drinking establishment or caterer. The director may deny a permit to any person who has been convicted of a felony or of a violation of the Kansas liquor control act or cereal malt beverage laws of this state.

Sec. 4. All salespersons shall exhibit their permits at any time while engaged in soliciting, taking orders for, or promoting the sale of alcoholic liquor or cereal malt beverage, upon demand of any agent or employee of the director or upon request of any licensee.

Sec. 5. No licensee shall purchase alcoholic liquor or cereal malt beverage from, or give an order to, any person who is not the holder of a permit duly issued hereunder, except that an employee of a licensed distributor may solicit sales while on the licensed premises of such distributor without such a permit.

Sec. 6. If a salesperson leaves the employ of the employer specified on the salesperson's permit, the salesperson shall immediately notify the director and surrender the permit to the director within five days. Failure to surrender the permit within five days shall make the salesperson ineligible for any other

permit for a period prescribed by the director. It shall also be the duty of the employer whose name is specified on the salesperson's permit to notify the director within five days of the termination of a salesperson's employment.

Sec. 7. If the holder of a salesperson's permit changes address from that noted on the application for the permit, the salesperson shall notify the director of such change of address within five days. Failure to so notify the director of a change of address shall make the salesperson's permit subject to revocation in accordance with the Kansas administrative procedure act.

Sec. 8. (a) If the holder of salesperson's permit is convicted of a felony or violates the provisions of the Kansas liquor control act or the cereal malt beverage laws of this state, or any rules and regulations adopted thereunder, the director may suspend or revoke any and all permits issued to such salesperson. The director shall suspend or revoke a salesperson's permit if the salesperson is not qualified to receive a permit pursuant to section 3.

(b) In addition to suspending or revoking a salesperson's permit, the director may suspend or revoke the authority of the salesperson's employer to sell alcoholic liquor or cereal malt beverage to licensed distributors within the state of Kansas or, if the salesperson is an employee of a licensed distributor, suspend or revoke such distributor's license.

(c) Any suspension or revocation of a license or permit pursuant to this section shall be in accordance with the Kansas administrative procedure act.

Sec. 9. No permit shall be issued except to a person who, in good faith, devotes a major part of the person's time to selling, or taking or soliciting orders for the sale of, alcoholic liquor or cereal malt beverage and whose principal occupation is that of a salesperson of the person, firm or corporation on whose behalf the application is filed. Nothing in this section shall prohibit the issuance of a permit to a person

regularly employed on a full time basis by a manufacturer or licensed distributor of alcoholic liquor or cereal malt beverage and who as an incident to the person's regular employment for such manufacturer or distributor may sell, take or solicit orders for the sale of alcoholic liquor or cereal malt beverage.

Sec. 10. No salesperson shall directly or indirectly: (a) Sell, supply, furnish, give, pay for, loan or lease any furnishing, fixture or equipment on the premises of a place of business of a licensee authorized under this law to sell alcoholic liquor or cereal malt beverage at retail; (b) pay for any such license, or advance, furnish, lend or give money for payment of such license; (c) purchase or become the owner of any note, mortgage or other evidence of indebtedness of such licensee or any form of security therefor; (d) be interested in the ownership, conduct or operation of the business of any licensee authorized to sell alcoholic liquor at retail; or (e) be interested, directly or indirectly, or as owner, part owner, lessee or lessor thereof, in any premises upon which alcoholic liquor or cereal malt beverage is sold at retail, and any person having any such interest as described above shall not be eligible to receive or to hold a salesperson's permit.

Sec. 11. Sections 1 through 10 shall be a part of and supplemental to the Kansas liquor control act.

NO SALES BELOW ACQUISITION COST

By

AN ACT

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

New Section 1. (a) No distributor or retailer shall sell, directly or indirectly, any alcoholic liquor at less than the acquisition cost of such liquor without first having obtained from the director a permit to do so.

(b) The director may issue to a licensed retailer a permit authorizing the retailer to sell alcoholic liquor at less than the acquisition cost of such liquor if:

(1) The wholesaler or retailer is actually closing out the retailer's stock for the purpose of completely discontinuing sale of the item of alcoholic liquor for a period of not less than 12 months;

(2) the item of alcoholic liquor is damaged or deteriorated in quality and notice is given to the public thereof; or

(3) the sale of the item of alcoholic liquor is by an officer acting under the order of a court.

(c) This section shall be part of and supplemental to the Kansas liquor control act.

Sec. 2. K.S.A. 41-1111 and 41-1114 through 41-1121 are hereby repealed.

Attachment 7

Ramirez
3/9/87

0343 is necessary, in order to secure the collection of any tax, penalties
0344 or interest due, or to become due, under the provisions of this
0345 act, the secretary may require any person subject to such tax to
0346 file a bond with the director of taxation under conditions es-
0347 tablished by and in such form and amount as prescribed by rules
0348 and regulations adopted by the secretary.

0349 Sec. ~~53~~ [55]. K.S.A. 1986 Supp. 79-41a04 is hereby amended
0350 to read as follows: 79-41a04. (a) There is hereby created, in the
0351 state treasury, the local alcoholic liquor fund. Moneys credited to
0352 such fund pursuant to this act or any other law shall be expended
0353 only for the purpose and in the manner provided by this act.

0354 (b) All moneys credited to the local alcoholic liquor fund
0355 shall be allocated to the several cities and counties of the state as
0356 follows:

0357 (1) Each city that has a population of more than [10,000] shall ^{6,000}
0358 receive 70% of the amount which is collected pursuant to this act
0359 from clubs or drinking establishments located in such city, or
0360 from caterers whose principal places of business are so located
0361 or temporary permit holders whose events are so located, and
0362 which is paid into the state treasury during the period for which
0363 the allocation is made.

0364 (2) Each city that has a population of [10,000] or less shall ^{6,000}
0365 receive 46²/₃% of the amount which is collected pursuant to this
0366 act from clubs or drinking establishments located in such city, or
0367 from caterers whose principal places of business are so located
0368 or temporary permit holders whose events are so located, and
0369 which is paid into the state treasury during the period for which
0370 the allocation is made.

0371 (3) Each county shall receive: (A) ~~Seventy percent~~ 70% of the
0372 amount which is collected pursuant to this act from clubs or
0373 drinking establishments located in such county and outside the
0374 corporate limits of any city, or from caterers whose principal
0375 places of business are so located or temporary permit holders
0376 whose events are so located, and which is paid into the state
0377 treasury during the period for which the allocation is made; and
0378 (B) ~~twenty three and one third percent~~ 23¹/₃% of the amount
0379 which is collected pursuant to this act from clubs or drinking



0380 establishments located in the county and within a city that has a
0381 population of ~~[10,000]~~ or less, or from caterers whose principal 6,000
0382 places of business are so located or temporary permit holders
0383 whose events are so located, and which is paid into the state
0384 treasury during the period for which the allocation is made.

0385 (c) The state treasurer shall make distributions from the local
0386 alcoholic liquor fund in accordance with the allocation formula
0387 prescribed by subsection (b) on March 15, June 15, September
0388 15 and December 15 of each year. The director of accounts and
0389 reports shall draw warrants on the state treasurer in favor of the
0390 several county treasurers and city treasurers on the dates and in
0391 the amounts determined under this section. Such distributions
0392 shall be paid directly by mail to the several county treasurers and
0393 city treasurers.

0394 (d) Each city treasurer of a city that has a population of more 6,000
0395 than ~~[10,000]~~ upon receipt of any moneys distributed under this
0396 section, shall deposit the full amount in the city treasury and
0397 shall credit $\frac{1}{3}$ of the deposit to the general fund of the city, $\frac{1}{3}$ to a
0398 special parks and recreation fund in the city treasury and $\frac{1}{3}$ to a
0399 special alcohol and drug programs fund in the city treasury. Each
0400 city treasurer of a city that has a population of 10,000 or less,
0401 upon receipt of any moneys distributed under this section, shall
0402 deposit the full amount in the city treasury and shall credit $\frac{1}{2}$ of
0403 the deposit to the general fund of the city and $\frac{1}{2}$ to a special
0404 parks and recreation fund in the city treasury. Moneys in such
0405 special funds shall be under the direction and control of the
0406 governing body of the city. Moneys in the special parks and
0407 recreation fund shall be expended only for the purchase, es-
0408 tablishment, maintenance or expansion of park and recreational
0409 services, programs and facilities. Moneys in the special alcohol
0410 and drug programs fund shall be expended only for the purchase,
0411 establishment, maintenance or expansion of services or programs
0412 whose principal purpose is alcoholism and drug abuse preven-
0413 tion and education, alcohol and drug detoxification, intervention
0414 in alcohol and drug abuse or treatment of persons who are
0415 alcoholics or drug abusers or are in danger of becoming alcohol-
0416 ics or drug abusers.

0417 (e) Each county treasurer, upon receipt of any moneys dis-
0418 tributed under this section, shall deposit the full amount in the
0419 county treasury and shall credit to a special alcohol and drug
0420 programs fund in the county treasury $23\frac{1}{3}\%$ of the amount which
0421 is collected pursuant to this act from clubs or *drinking estab-*
0422 *lishments* located in the county and within a city that has a
0423 population of ~~[10,000]~~ or less, or from caterers whose principal 6,000
0424 *place of business is so located or temporary permit holders*
0425 *whose event is so located*, and which is paid into the state
0426 treasury during the period for which the allocation is made; of
0427 the remainder, the treasurer shall credit $\frac{1}{3}$ to the general fund of
0428 the county, $\frac{1}{3}$ to a special parks and recreation fund in the county
0429 treasury and $\frac{1}{3}$ to the special alcohol and drug programs fund.
0430 Moneys in such special funds shall be under the direction and
0431 control of the board of county commissioners. Moneys in the
0432 special parks and recreation fund shall be expended only for the
0433 purchase, establishment, maintenance or expansion of park and
0434 recreational services, programs and facilities. Moneys in the
0435 special alcohol and drug programs fund shall be expended only
0436 for the purchase, establishment, maintenance or expansion of
0437 services or programs whose principal purpose is alcoholism and
0438 drug abuse prevention and education, alcohol and drug detoxifi-
0439 cation, intervention in alcohol and drug abuse or treatment of
0440 persons who are alcoholics or drug abusers or are in danger of
0441 becoming alcoholics or drug abusers. In any county in which
0442 there has been organized an alcohol and drug advisory commit-
0443 tee, the board of county commissioners shall request and obtain,
0444 prior to making any expenditures from the special alcohol and
0445 drug programs fund, the recommendations of the advisory com-
0446 mittee concerning such expenditures. The board of county com-
0447 missioners shall adopt the recommendations of the advisory
0448 committee concerning such expenditures unless the board, by
0449 unanimous vote of all commissioners, adopts a different plan for
0450 such expenditures.

0451 (f) Each year, the county treasurer shall estimate the amount
0452 of money the county and each city in the county will receive
0453 from the local alcoholic liquor fund and from distributions pur-