

Approved 4-29-87
Date

MINUTES OF THE SENATE COMMITTEE ON FEDERAL AND STATE AFFAIRS

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

11:00 a.m. ~~xxxx~~ on January 27, 1987 in room 254-E of the Capitol.

All members were present ~~except~~

Committee staff present:

Mary Galligan, Legislative Research
Emalene Correll, Legislative Research
Mary Torrence, Assistant Revisor of Statutes
June Windscheffel, Secretary to the Committee

Conferees appearing before the committee:

The Committee continued on with its review of matters concerning the Recommendations of the Liquor Law Review Commission. The Chairman announced that copies of testimony from conferees who had been unable to appear before the Committee yesterday, due to the length of other matters and testimony, were before the Committee: Terry Ray, of Manhattan, (Attachment #1); Frances Wood, of Topeka, (Attachment #2); Jan Morrissey, of Topeka, (Attachment #3); Dixie Heck, of Topeka, (Attachment #4); John Webb, of Lawrence, (Attachment #5); and The Reverend Richard Taylor, of Topeka (Attachment #6). The Chairman expressed his regret at there not having been time for all those who wished to testify yesterday, but directed the Committee to read the statements which are part of these Minutes.

A packet was before the Committee to assist the Committee in the process of going through not only the Liquor Law Review Commission's Report, but also in its analysis of what parts of that Report are integral parts of the liquor by the drink statute, which will be complying with the 1986 vote. It includes the issue papers (Attachments #7-#14) which were used during the interim at which time a great deal of work was requested by the Commission through the Revenue Department and through the Alcoholic Beverage Control. These issue papers are a critical part of presenting the positive as well as the negative aspects of the issues. This should be of help to the Committee as it decides the liquor by the drink implementation.

Also before the Committee was a handout (Attachment #15), concerning the Implementation of the Liquor by the Drink Amendment. It poses questions, gives support for the recommendation, arguments against the recommendation, and the impact of the recommendation on the ABC.

There was also a handout showing the number of private "B" Clubs currently operating, and broken down by county as to wet and dry, and reciprocal and non-reciprocal. (Attachment #16)

The Chairman explained this will give the Committee much information to digest. He said he would take no motions on the matter today. The important thing for the Committee to do is to go through the information and become familiar with the issues.

The Committee went through as much material as time did permit, and the Chairman asked that the Committee review all material in the packet. It is the intent of the Chair to accept motions on policy decisions directing staff tomorrow. The Chairman said the work of the Commission was important and they did address all these subjects, so it should be considered by the Committee.

The meeting was adjourned.

Unless specifically noted, the individual remarks recorded herein have not been transcribed verbatim. Individual remarks as reported herein have not been submitted to the individuals appearing before the committee for editing or corrections.

1/27/87
Attachment #1

CHAIRMAN RILEY, AND MEMBERS OF THE COMMITTEE, MY NAME IS TERRY RAY, WITH RAY ENTERPRISES, MANHATTAN, KANSAS. WE CURRENTLY OPERATE TWO CLASS "B" CLUBS. WE SUPPORT PURCHASE AND DELIVERY FROM THE WHOLESALE LIQUOR DISTRIBUTORS. CURRENTLY, KANSAS HAS A 5-TIER SYSTEM. THE SUPPLIER SELLS TO THE WHOLESALER, WHO SELLS TO THE RETAIL LIQUOR DEALER, WHO SELLS TO THE RETAIL RESTAURANT/CLUB OPERATOR, WHO SELLS TO THE PUBLIC.

THE FINAL REPORT OF THE KANSAS LIQUOR LAW REVIEW COMMISSION RECOMMENDS PURCHASE AND DELIVERY FROM THE WHOLESALER. WE AGREE. IT ALSO SUGGESTS THAT A DELIVERY CHARGE MAY BE ADDED. WE DO NOT SUPPORT THIS ASPECT. WE ARE CURRENTLY BEING SERVICED BY BEER WHOLESALERS WHO DO NOT FIND IT NECESSARY TO ADD A DEIVERY CHARGE AT THE PRESENT TIME.

AT THE PRESENT TIME THE RETAIL RESTAURANT/CLUB OWNER IS REQUIRED TO PURCHASE THEIR LIQUOR FROM ANOTHER RETAILER, A LICENSED LIQUOR STORE. THIS WOULD BE SIMILAR TO REQUIRING US TO PURCHASE OUR FOOD STUFFS FROM THE LOCAL DILLON'S STORE, RATHER THAN A WHOLESALE PRODUCE DISTRIBUTOR. WITH OVER 2,000 LICENSED RETAIL RESTAURANT/CLUBS EXPECTED IN THE NEAR FUTURE, WE WOULD APPRECIATE BEING ABLE TO BUY DIRECTLY ^{WITH DELIVERY} FROM THE WHOLESALER. THANK YOU.

Attachment #1
FSA 1/27/87

1/27/87
Attachment #2

Impaired drivers claim 23,000 lives

① Keep minimum price control on liquor to prevent discount liquor stores

② Keep strong beer & wine out of grocery stores

③ 50% food requirement

Why



Alcohol-related traffic accidents claimed the lives of more than 23,000 people last year and caused 1.7 million disabling injuries, according to the National Safety Council. In an effort to increase public awareness on the impaired driver, President Reagan has declared Dec. 14-20 the fifth annual National Drunk and Drugged Driving Awareness Week.

According to estimates, one out of every two Americans will be involved in an alcohol-related motor vehicle accident in their lifetime, and a good many of those people will be teenagers. National Safety Council statistics show that 4,000 teenagers are killed in alcohol-related traffic accidents each year, making drinking and driving the leading cause of death among people ages 15 to 24.

In an effort to reduce the number of traffic alcohol-related traffic accidents involving young people, the federal government has mandated a uniform 21-year-old drinking age for all states. To date, 43 states and the District of Columbia have a legal minimum drinking age of 21. A National Highway Traffic Safety Administration study found an estimated 13 percent reduction in fatal accident involvements among those drivers affected by the raising of the legal drinking age, based on data from 13 states during 1975 through 1982.

While the highest percentage of victims in alcohol-related crashes are drinking drivers, 37 percent are passengers, drivers of other vehicles and pedestrians. The National Safety Council suggests drivers learn to spot warning signs of a drinking driver to reduce chances of becoming involved in an alcohol-related traffic accident. Those signs include unusually wide turns, weaving or swerving, stopping with no apparent cause and erratic braking patterns.

Drivers should also look for drivers in opposing lanes or crossing traffic, straddling the center line or lane marker, a very slow rate of speed, responding slowly to traffic signals and rapid acceleration or de-

celeration. Those who have been drinking and intend to drive, should be aware of the effects of alcohol consumption to the body. Intoxication is determined by the amount of alcohol in a person's bloodstream, and the extent of alcohol impairment is measured in terms of blood alcohol concentration. When a blood alcohol concentration of .10 is reached, virtually all people are significantly impaired in the performance of tasks important to driving, according to the National Safety Council.

Blood alcohol content depends on a lot of factors, including the amount of alcohol consumed, the time elapsed since drinking began, body weight and amount and kind of food eaten. Physical or mental condition of the person and the presence in the body of other drugs are also factors in determining the blood alcohol concentration.

Studies show that reduced ability to function occurs at substantially lower blood alcohol concentrations than does the appearance of intoxication. Driving ability begins deteriorating at a blood alcohol concentration as low as .04, or about two drinks on an empty stomach for a healthy 180-pound person.

In many states, liquor suppliers are made legally responsible for helping people realize the effects on alcohol on their ability to drive. Currently 38 states have a "dram shop" statute in which the person who provided liquor to a driver who later has an alcohol-related traffic accident is held responsible for the driver's accident.

Some states have broadened the definition of a liquor supplier to include private citizens who "directly serve" liquor to a guest or allow an impaired person to drive away.

Frances Wood
4724 SE 37th
Topeka, Ks. 66605
913-379-5529

Attachment #2
FSA 1/27/87

1/26/87
Attachment #3

Kansas Association of Prevention Professionals

503 SW Topeka Blvd., Topeka, Kansas 66603

235-8622



TESTIMONY TO THE SENATE

DRAFTING OF LEGISLATURE TO IMPLEMENT LIQUOR BY THE DRINK

My name is Jane Morrissey. I represent Kansas Association of Prevention Professionals. The purpose of Kansas Association of Prevention Professionals is to unite human disciplines interested in the prevention of destructive, self-defeating behaviors and the promotion and support of healthy lifestyles.

Among the many problems that diminish the strength and well-being of the American people, alcohol-related problems are most salient. With significant linkages to suicide, family distress and lowered productivity, alcoholism and problem drinking invade virtually every important aspect of reality. Personal tragedy, human suffering, and social burden follow in the wake of these problems with alarming consistency.

Using the April 1, 1986 data of the Alcohol, Drug Abuse, and Mental Health Administrative Update, please note the following regarding our young people:

* Approximately 6.2 million young people ages 12-17 have used marijuana at some time during their lives; 2.7 million have used marijuana in the last month; 4.8 million have used marijuana in the past year.

* Nearly two-thirds (61%) of all American high school seniors use an illicit drug at least once before they finish high school; 40% have used drugs in addition to marijuana.

* Cocaine has been tried by at least 17% of seniors in the Class of 1985 - the highest rate observed so far in the National High School senior Survey.

* Approximately 80% of 1985 seniors acknowledged the harmful effects of using cocaine regularly (an increase of 10% since 1979); but only about 34% saw much risk in experimenting with it.

* One out of every 20 high school seniors (4.9%) smokes marijuana on a daily basis.

* Approximately 30% of high school seniors have smoked cigarettes during the last month, a substantial proportion of whom are daily smokers.

* About one in 20 seniors (5.0%) drinks alcohol daily.

Attachment #3

FSA 1/27/87

* Approximately 92% of all high school seniors have used alcohol; 66% used alcohol in the last month, and 86% used it in the past year.

* Nearly half (45%) of boys and more than 1/4 (28%) of girls in the 1985 senior class reported heavy party drinking (five or more drinks in a row) on at least one occasion in the two weeks prior to the 1985 survey.

* Motor vehicle accidents involving alcohol are the leading cause of death for young Americans aged 15 to 19, accounting for 45% of fatalities in this age group.

* Although 16-24 year-olds comprise only 20% of licensed drivers in the U.S. and account for less than 20% of total vehicle miles traveled, they are involved in 42% of all fatal alcohol related crashes. Close to 8,000 people between 15 and 24 were killed in alcohol related traffic accidents in 1984, and an additional 220,000 were injured.

In your work to draft legislation to implement liquor by the drink, please consider the importance of continuing to support alcohol and drug prevention, intervention and treatment services. As awareness surrounding the alcohol and drug problem heightens, the need for delivery of prevention, intervention and treatment services become more demanding.

Currently, there is only a small amount of funding available for prevention services in the State of Kansas. The Kansas Association of Prevention Professionals strongly urge you to fund prevention, intervention and treatment and to look closely at the distribution of dollars to prevention.

1/26/87
Attachment #4

Testimony of:
Dixie A. Heck, Legislative Liason for Kansas
National Federation of Parents for Drug-Free Youth
5834 S. W. 28th St.
Topeka, Kansas 66614

I am the Kansas Legislative Liason representing the National Federation of Parents for Drug-Free Youth. I have been a volunteer in the field of alcohol and drug abuse services for over ten years. I have worked with kids and families and facilitated prevention education cirricula in the classroom, in teacher training, and in parent workshops. My husband and I are the parents of three children who are students in the public schools in Topeka.

I have been concerned about alcohol and drug abuse among young people for many years. Chemical dependency has been an increasing problem in our society. Current estimates are that one child in three attending the public schools is living in a family with at least one chemically dependent member. It has been my experience in Topeka that those figures fairly reflect the situation in our community, too.

Regardless of what some people say or wish to believe, we cannot solve the problem of chemical dependency in our society in a few years or even a generation or two unless we give serious thought to spending the time and money to develop capable young people.

Our lives have become vastly complicated over the last two generations. Everyone present here today can reflect on the stress created in their own lives by increased job requirements, excess paperwork, complicated income tax rules, the demands of working and trying to be good parents, financial struggles, divorce, loneliness, etc.

Attachment #4
FSA 1/27/87

What is happening in our society is that all of our lives are becoming more complicated at the same time that we are raising people who are less capable.

It is essential that children and all people feel good about themselves and their abilities. It is important that people have the skills to communicate effectively with others and be able to cope effectively with the stress in their lives. If we raise children in this society with these important assets, they will be better able to make good decisions for themselves. If, in addition, they are taught the facts about alcohol and other drugs, they will be capable of making healthy decisions for themselves concerning the use of chemicals.

The logical place to begin to develop a more capable society is in our schools. I recently returned from the annual conference of the National Federation of Parents for Drug-Free Youth where I had the opportunity of hearing about what people across the nation are doing. All of the best drug and alcohol prevention programming in this country concentrates on developing interpersonal skills (communicating with and relating to others), intrapersonal skills (understanding ourselves), and making responsible decisions about the use of drugs and alcohol. Responsible decisions for young people means no drug use without a medical prescription and no use of alcohol under the legal age.

I am proud to say that we already have some of the best programming in the nation available to us in Kansas. Successful programming already in existence in our state includes the Topeka classroom program Get Set, which also provides Action, a program for children living in families with a chemically dependent member, and intervention through the Student Assistance Program. In Wichita, there is a very successful comprehensive program called It Starts With People. Alcohol and Drug Abuse Services of

S.R.S provides School Team Training which is extremely helpful. There may be other good programs in the state that I am not aware of.

A comprehensive program to deal effectively with alcohol and drug abuse in our society can be done effectively in the public schools by including all of the following.

1) Every school district in Kansas should have an employee assistance program to deal with teachers, administrators, and other staff who have alcohol or drug problems themselves or in their families.

2) Every school district should develop their own policy about alcohol and drug use at school and school sponsored events as well as for participants in athletic and other extra-curricular activities, including clearly defined consequences.

3) Every school district in Kansas should be urged to implement a good primary prevention education curriculum in grades K-12 which includes building self-esteem, developing skills for living, decision-making, and facts about alcohol and other drugs.

4) It is especially important to provide programming for high-risk children. Those who are highest risk are children of alcoholics and other drug abusers. Minorities are also high risk as are children who have been physically or sexually abused.

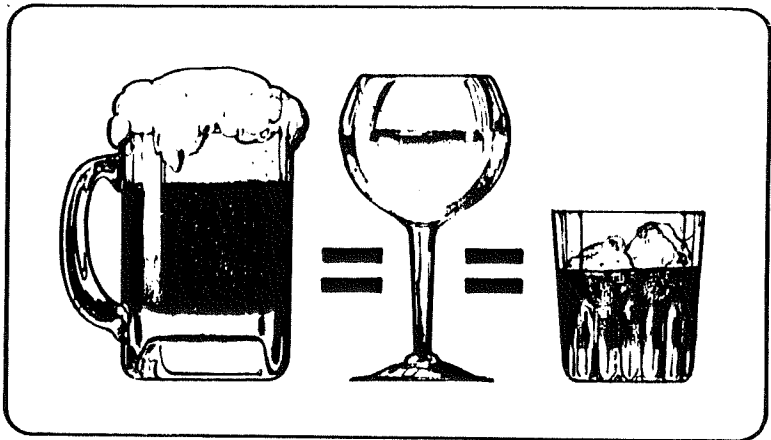
Schools cannot do these things by themselves. They need the help and continuing involvement of alcohol and drug abuse professionals. Teachers should never have to serve as diagnosticians, but they can be trained to be knowledgeable about the illness of chemical dependency and how it affects members of a family. They can then be alert to behaviors in the classroom that indicate problems in a student's life and can refer that child to the proper counselor or agency.

All drug and alcohol professionals agree that the real lasting answer to chemical abuse in our society lies in good prevention. It is my hope that the Kansas Legislature will include funding plans for prevention education in any legislation they may consider this session. Education for prevention of alcohol and drug abuse receives a very small share of Special Alcohol Tax money currently. I would urge you to continue to support prevention education and increase that support wherever possible in the new liquor by the drink laws.

Prevention is not only the most cost effective way to deal with the issue of chemical abuse, but it is essential for the well-being of the citizens of Kansas.

The National Alcohol Awareness Test

The use of alcohol has been a fact of the American way of life since our nation's beginnings. Try this test to find out how much you know about it —and how much you don't.



Here's a very basic question: How aware are you of Alcohol Equivalence?

More and more Americans, informed about Alcohol Equivalence, have used this awareness to become wiser about their approach to drinking. But many of us still lack information that can help make consumption of alcohol far more enjoyable—and responsible. In fact, scientific research into American drinking habits leads to one conclusion: most Americans—both those of drinking age and those who will become of drinking age in a few years—need more information about alcohol.

In these pages you and your family can test your knowledge, and learn the facts, about Alcohol Equivalence.

Seagram is proud to be the leader of the spirits and wine industry. For over 50 years, we've been informing the American public about the proper use of alcohol.

We're sure the information that follows will enlighten concerned Americans about what they and their families drink.



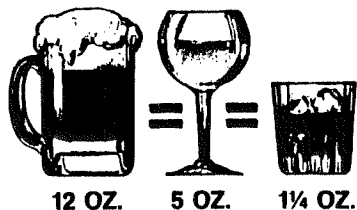
The Test

Can you separate myths and misinformation about drinking from the facts? On this test, read each opening. Then choose the ending or endings you think most accurately complete each statement. Check the answers to see how right you were—or how wrong.

1. Typical servings of beer, wine and liquor:

- a) contain the same volume of liquid;
- b) vary in alcohol content;
- c) are equal in alcohol content.

Answer: Typical servings of wine, beer, and liquor contain equal amounts of alcohol (c). A standard serving of a 12-ounce bottle or can of beer, a 5-ounce glass of wine, and a drink containing $\frac{1}{4}$ ounces of liquor, *all* contain the same amount of pure alcohol: 0.5 ounces.



This is Alcohol Equivalence. A drink, is a drink, is a drink. No matter what you drink.

2. Switching drinks during the evening will:

- a) affect you more strongly than

staying with one type of drink;
b) have no effect on your Blood Alcohol Content;
c) guarantee you'll feel awful the next morning.

Answer: Switching won't affect your Blood Alcohol Content (b). Consumed at the same pace, and assuming typical servings, switching has no more effect than not switching; your alcohol intake remains the same. As for feeling terrible, it may happen, not necessarily because of the alcohol, but because of the mix of non-alcoholic ingredients.

3. To slow down the effects of alcohol:

- a) drink more slowly;
- b) eat something substantial beforehand;
- c) snack while you drink.

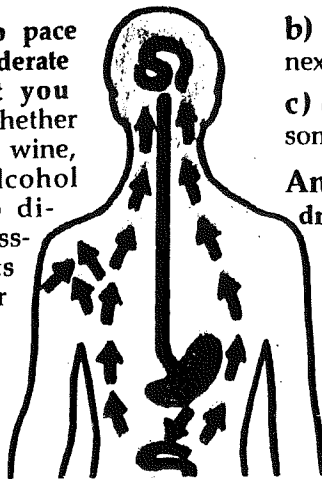
Answer: Drinking slowly, eating beforehand, and snacking as you drink all slow down the effects of alcohol (a, b, and c). All three are responsible ways to drink at a

Answer: To pace yourself, moderate the amount you drink (b). Whether it's in beer, wine, or liquor, alcohol requires no digestive processing. Moments after your first sip, alcohol passes through the walls of the stomach and small intestine directly into the bloodstream. In a few more moments, it reaches the brain. If you take several drinks in one hour, for example, you'll quickly feel the effects and your Blood Alcohol Content will rise above the acceptable level.

Blood Alcohol Content is a direct correlation of the amount of alcohol you consume, whether it's a glass of beer, wine or liquor. Thus, never drink fast to catch up when you join a party late. And remember, it's just as important not to "chug-a-lug" three beers in quick succession as it is to avoid three "quick ones" of liquor.

5. If you think you've had too much to drink, the best solution is to:

a) stop drinking and eat something;



b) wait 30 minutes before your next one;

c) drink black coffee and go out for some fresh air.

Answer: If you think you've drunk too much, stop. Then eat something (a). Only time will solve the problem. A 30-minute wait isn't enough time; neither coffee nor fresh air can speed the process. So the best thing to do is to drink water or milk and eat something substantial—and wait it out. Above all, don't attempt to drive: if you want to go home, get someone reliable to take you. And next time, remember to pace yourself.

6. If you're trying to lose a few pounds, or like to watch your weight generally, the best approach to drinking is:

- a)** switch from beer to wine;
- b)** switch from liquor to wine;
- c)** count your calories;

Answer: If you're watching your weight, count your calories (c). According to the U.S. Department of Agriculture's measure, a five-ounce glass of wine contains about 114 calories, a bottle of regular beer about 148, and 1¼ ounces of spirits, 88 calories. Whatever you choose to drink, the recommended procedure is to trade off the calories with those in a food item such as a

party. On the average, the body needs about one hour to "burn off" any typical drink, whether wine, beer or liquor. So pace yourself accordingly. The best retardant to the absorption of alcohol into your bloodstream is to eat something substantial—preferably food high in fat and protein—15 or 20 minutes before you drink. Food in your stomach will slow the body's absorption of alcohol.

Some people think that wine

and beer are foods. Actually, their nutritional value is too small to matter. Eating *solid* food is just as important when you drink wine or beer as it is with liquor.

4. If you're going to a party and want to pace yourself:

- a) drink only liquor;
- b) moderate the amount you drink;
- c) drink only beer or wine.

NONE—for the road

■ One simple, unbreakable rule about alcohol and driving: Drinking and driving just don't mix.

The drink that helps you unwind also affects your motor ability, your judgment, the perceptions you need for safe driving.

■ Most state laws define intoxicated driving in terms of Blood Alcohol Content—BAC. Responsible driving means keeping your BAC *below* what is legally defined as "intoxicated." In most states,* this means if you drive with a BAC level of .10% you are *legally* guilty of "DWI," Driving While Intoxicated. Readings of .05%–.09% are valid evidence of impairment. As a rough guideline, a 140-pounder, consuming three typical drinks over a period of two hours and then driving, may be doing so impaired. The same is true for a 180-pounder consuming four drinks over the same period.

But remember, individuals react

*Laws vary from state to state. Make sure you know yours.

differently to alcohol. Indeed, you yourself may react differently on different occasions. The safe rule for yourself and others is: NONE—for the road.

How alcohol impairs driving ability.

Body Weight	Number of drinks							
	1	2	3	4	5	6	7	8
100	1	2	3	4	5	6	7	8
120	1	2	3	4	5	6	7	8
140	1	2	3	4	5	6	7	8
160	1	2	3	4	5	6	7	8
180	1	2	3	4	5	6	7	8
200	1	2	3	4	5	6	7	8
220	1	2	3	4	5	6	7	8
240	1	2	3	4	5	6	7	8

Possible mild impairment
BAC to 0.05%

Driving Impaired
BAC 0.05 to .09%

Intoxicated
BAC .10% or more

dessert. (Don't drop an essential nutrient from your diet.) Calories from alcohol supply no nutrients except energy. Studies show, however, that this energy, "under conditions of moderate drinking...is essentially the same as that derived from other calories."*

7. Labels on beer, wine and liquor:

- a) describe the alcohol "proof" of the beverage;
- b) list the alcohol content as a percentage of total volume;

c) vary in the kind of information they give you.

Answer: Labels on beer, wine and liquor vary in what they tell you (c). Beer labels usually don't tell you alcohol content. Wine labels record alcohol content by percentage of volume. Liquor labels record their "proof," a term derived from the "proving" of alcohol content in tests distillers used centuries ago. To learn how to interpret the labels, see the box.

**The Johns Hopkins Medical Journal, 1981. Thomas B. Turner, Virginia Lee Bennett, Hector Hernandez. "The Beneficial Side of Moderate Alcohol Use."*

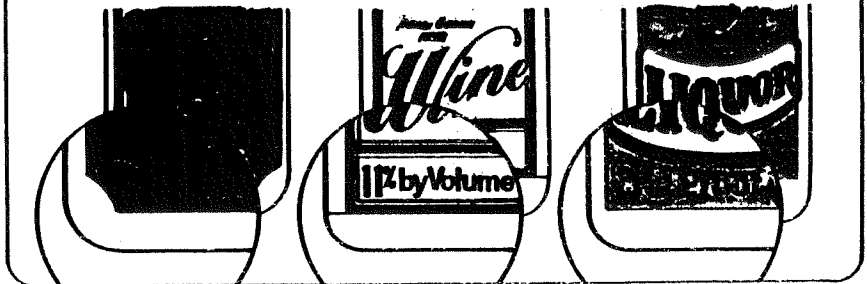
What labels do...and don't...tell you.

■ Liquor's alcohol content is measured in *proof*. Proof is twice the percentage of alcohol by volume. In other words, a bottle of liquor that's 80 proof is 40% alcohol by volume.

■ Wine's alcohol content is shown by *volume*. Since the

average bottle of table wine is 11% alcohol by volume, it's also 22 proof.

■ Beer labels don't show the amount of alcohol they contain. Most beer is 4.5% alcohol by volume, or 9 proof.



Psychological aspects of drinking

Most of us tend to adjust our drinking behavior to where we are, whom we're with.

- A young salesman, at a bar with a friend after work, may feel exhilarated after one drink. But when he has dinner with his boss the next night, one drink may have no effect at all; he's paying attention, keeping a tighter grip on his behavior.

- One's mental set may affect reactions to alcohol. Someone putting on an act may

overdo the effect of alcohol; someone showing off about his capacity may be able to suppress the effects for a time (but not for long).




- It's the uninformed drinker who is more likely to drink to excess. The informed drinker, who knows what and how much is in the glass, usually recognizes when he or she has had enough. And knows that no matter what's in it, a drink, is a drink, is a drink.

8. When you want to drink "lightly":

- have a white wine;
- have either beer or a mixed drink;
- be moderate in whatever you choose to drink.

Answer: Drinking "lightly" means moderating the *amount* you drink, not *what* you drink (c). The fact is that beer, wine and liquor are *all* beverage alcohol. And the typical servings of each can have the same effect on you. Don't think of wine or beer as substitutes for alcoholic drinks. They *are* alcoholic drinks. And they're no "lighter" than a cocktail. Remember, a drink, is a drink, is a drink.

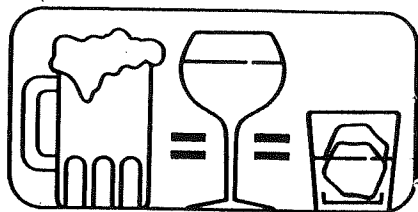
A drink, is a drink, is a drink.

	Ounces/ standard serving	Average alcohol content/ volume	Pure alcohol/ standard serving
	1 1/4	40.0%	.50
	88 calories		
	12	4.5%	.54
	148 calories		
	5	11.0%	.55
	114 calories		

Know the facts.

For years, millions of Americans have been given the impression that liquor is, in itself, strong drink, whereas beer and wine are drinks of moderation. The House of Seagram believes this to be a dangerous and misleading myth—a misrepresentation of national proportions.

We believe that to act responsibly—to drink responsibly—American families must know the truth: Alcohol in any form is still alcohol. In any form it is created equal. Whether a glass holds 12 ounces of beer, 5 ounces of wine or



1½ ounces of spirits, the alcohol content is the same.

That's why we have presented this National Alcohol Awareness Test. So that you may know both the myths *and* the truth. So that you can distinguish one from the other.

KANSAS LIQUOR LAW REVIEW COMMISSION

John Webb
Attachment #5

Chairman
Herb Rohleder
District Judge
Great Bend, Kansas

On-Premise Subcommittee

Chairman
Jeffrey Ellis
Attorney
Kansas City, Kansas

Bill Morris
Senator
State of Kansas
Wichita, Kansas

Sam Cohen
Ramada Inn
Topeka, Kansas

Robert H. Miller
Representative
State of Kansas
Wellington, Kansas

Off-Premise Subcommittee

Chairman
Paul DeBauge
Beer Wholesaler
Emporia, Kansas

Diane Gjerstad
Representative
State of Kansas
Wichita, Kansas

Richard Trites
Liquor Wholesaler
Overland Park, Kansas

Charles Yunker
American Legion
Topeka, Kansas

Wayne Bennett
Liquor Retailer
Topeka, Kansas

Wholesaler / Supplier Subcommittee

Chairman
Dean Campbell
Beer Wholesaler
Manhattan, Kansas

Nancy Parrish
Senator
State of Kansas
Topeka, Kansas

Leslie Rudd
Liquor Wholesaler
Wichita, Kansas

Commission Make-up

2 State Senators
2 State Representatives
1 Judge
1 Attorney
2 Liquor Wholesalers
2 Beer Wholesalers
1 Liquor Retailer
2 Club Related

Attachment #5
FSA 1/27/87

VOLUMED BRANDS NOT INCLUDING IMPORT

	by VOLUME		by WEIGHT	
	Strong	3.2	Strong	3.2
BUDWEISER	4.7	3.9	3.7	3.2
BUDWEISER LIGHT	4.2	3.5	3.3	2.8
MICHELGB	5.0	3.9	3.9	3.1
MICHELGB LIGHT	4.2	3.9	3.3	3.1
COORS	3.6	3.2		
MILLER	4.0	3.2		

Average Alcohol by Volume 25.7

$$25.7 \div 6 = 4.28\%$$

21.6

Average Alcohol by Volume

$$21.6 \div 6 = 3.60$$

WHY DO WE TREAT ALCOHOLIC BEVERAGES DIFFERENTLY?

Actual Alcoholic Consumption

TRADITIONAL

5 oz GLASS OF WINE

11% by Volume

$$5 \text{ oz} \times .11 = .55 \text{ oz}$$

TRADITIONAL

1.25 oz MIXED DRINK

40% by Volume

$$1.25 \times .40 = .50 \text{ oz}$$

TRADITIONAL

12 oz SERVING OF STRONG BEER

4.28 by Volume

$$12 \text{ oz} \times .0428 = .514 \text{ oz}$$

TRADITIONAL

12 oz SERVING OF CEREAL MALT

.0360 by Volume

$$12 \text{ oz} \times .0360 = .432 \text{ oz}$$

ALCOHOL CONTENT

The alcohol content of a beverage may be expressed in three different ways:

- * Proof Spirits - Proof spirits is measured as an alcohol/water mixture of a beverage containing a standard amount of alcohol. (The U.S. standard is 100 proof.)
- * Percent Alcohol by Volume - The alcohol content is measured as a percent of the overall volume of the alcohol/water mixture or of the beverage.
- * Percent Alcohol by Weight - The alcohol content is measured as a percent of the weight as related to the volume using the specific gravity of ethyl alcohol. The specific gravity of ethyl alcohol is equal to .8 that of an equal volume of distilled water at four degrees Centigrade.

The use of these measures is not standardized. Several countries use proof spirits to measure all alcoholic beverages, including beer and wine.

Conversion Formula

Given any one of the three measures of alcohol content, the other two can be found by applying the following formula:

$$\text{Proof} \div 2 = \frac{\text{Alcohol by Volume}}{\text{Volume}} \times .8 = \frac{\text{Alcohol by Weight}}{\text{Weight}}$$

"Strong" and "Weak" Beer - This table shows the relationship between regular "full strength" or "strong" beer and so-called "weak" beer:

Alcohol by Volume		Alcohol by Weight
4% X .8	=	3.2%

KANSAS ALCOHOLIC BEVERAGE CONSUMPTION BY CATAGORY
FISCAL YEAR 1986

	July - June FY - 1986	Rate of Tax @ Gallon	Total Gallons By Catagory	Average Amount of Alcohol By Volume	Actual Alcohol Consumption	Percent of Total Consumption
Distilled Spirits	\$ 7,299,205.28 ÷	\$ 2.50 =	2,919,682.11 x	40%	= 1,167,872.84	36.4%
Fortified Wines	\$ 128,502.59 ÷	\$.75 =	171,336.78 x	18%	= 30,840.62	1.0%
Light Wines	\$ 353,924.61 ÷	\$.35 =	1,011,213.17 x	11%	= 111,233.45	3.5%
Strong Beer	\$ 4,163,484.62 ÷	\$.18 =	23,130,470.11 x	4.2%	= 971,479.74	30.3%
Cereal Malt Beverage	\$ 4,622,087.44 ÷	\$.18 =	25,678,263.55 x	3.6%	= 924,417.49	28.8%
					<u>3,205,844.14</u>	<u>100.0</u>

59.1%

DRAFT RECOMMENDATION

Alcoholic Beverage Taxation

Tax Structure

The Commission finds that the current system of alcoholic beverage taxation has two defects: (1) it presents opportunities for tax evasion that are not cost-effective for the State to enforce and that create unfair competition among sellers; and (2) it discriminates unnecessarily between types of products and points of sale.

The Commission therefore recommends that the current alcoholic beverage taxation be revised in accordance with the following principles.

1. All alcoholic beverage products (including cereal malt beverage) should be treated uniformly as to taxation.
2. Special excise levies on limited components of the alcoholic beverage market should be avoided.
3. Any reform should be revenue neutral.

The Commission notes that a system in which the current liquor enforcement tax and liquor excise tax are repealed and replaced with a

system of -- (a) imposing the sales tax on all retail sales of alcoholic beverages; (b) instituting an excise tax on wholesale transactions; and (c) increases in gallonage rates -- would meet these objectives.

Allocation of Tax Revenue

The Commission recognizes the serious need for maintenance and expansion of alcohol and drug abuse prevention and treatment facilities in Kansas. It therefore recommends that the Legislature make every effort possible to increase State funding for such programs. Further, the Legislature should provide for a strong State role in the allocation of those funds and in the evaluating the performance of local programs.

If the Legislature dedicates or "earmarks" alcoholic beverage tax or related revenues to particular functions, those functions should be limited to alcohol and drug abuse prevention and treatment programs.

DEPARTMENT OF REVENUE

NOVEMBER 6, 1986

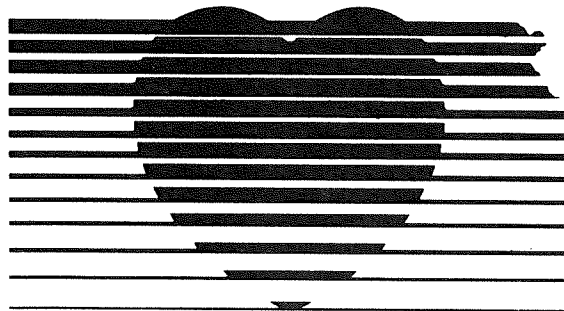


Kansas is 125 and coming alive in knowledge and understanding of benefits we enjoy because our constitution guarantees we will live in freedom from personal, social and economic suffering caused by drinking liquor in public places. We are a cross section of thousands who want you to know facts in this flyer.

- Argonia - Melvin Tracy, Farmer
- Arma - Leonard Dungan, Contractor
- Augusta - Dr. Everett Johnson, WSU Professor
- Belle Plaine - Mahlon Morley, Bank President
- Belleville - Warren Hardin, Civil Engineer
- Clay Center - Eldon Thorman, Red Coach Inns
- Concordia - Dr. Paul L. Nelson, Pediatrician
- DeSoto - Darrel Powell, Businessman
- Dodge City - Gene Willich, School Administrator
- Ellsworth - Karl K. Gaston, Publisher
- Enterprise - Reed Hoffman, Bank President
- Garden City - Duane E. West, Lawyer
- Hesston - Leroy King, Contractor
- Independence - L. C. Simpson, Retired
- Jewell - Harold Totten, Retired Farmer
- Kansas City - George Bell, Retired Attorney
- Lawrence - Warren Corman, Architect
- Lecompton - Charles Wright, Topeka Mayor (65-69)
- Lyndon - Cecil D. Kramer, Insurance
- McPherson - John VanValin, Free Methodist Supt.
- Merriam - Fred Krebs, Johnson County College (Chautauqua, William Allen White)
- Milton - Judy Casner, Farm Wife
- Miss City - Mrs. Frank Jedlicka, Pres. Kan, WCTU
- Overbroom - Max J. Friesen, Bank President
- Overland Park - Dr. Alfred Hager, Clergyman
- Prairie Village - Dr. Merrill D. Athon, Physician - Dr. Gerald Hartman, Physician
- Pratt - Jack D. McCawley, Pres. Dorskocil Foods
- St. Francis - John Ramsey, Retired Farmer
- Salina - Dr. C. L. Olson, Veterinarian
- Shawnee - Jim Supica, Jr., Construction Attorney
- Shields - Rod Bentley, Rancher
- Topeka - Alberta Bacon, Aldersgate Resident
 - Dr. Joan Larson Bader, Dentist
 - Dr. Robert S. Bader, Author & Historian (Prohibition in Kansas, just published)
 - Dr. Richard R. Beach, Physician
 - Dr. Henry S. Blake, Physician
 - Margaret Clark, Pres. Dist. Baptist Women
 - Evelyn Cropp, Account Clerk, KBI
 - Bert L. Falley, Businessman
 - Ben Franklin, Dinner Club Executive
 - Leona Fultz, Secretary
 - Robert Groff, Attorney
 - John Harvey, Broadcasting
 - Kenneth W. Hicks, United Methodist Bishop

- Do you know that alcohol causes more human misery than all other drugs combined?
- Do you want drivers on our highways who have been drinking liquor in public places?
- Do you want to pay higher prices for goods and services, higher insurance premiums and higher taxes?
- Do you want to promote alcoholism?

Know the Facts... Vote NO on Liquor by the Drink in Public Places.



I Love Kansas!
Box 888, Topeka, Kansas 66601

cohol is a drug. It is the No. 1 drug of abuse in our society. Its only close rival is tobacco."

Journal of the American Medical Assoc.

THESE TWO PAGES TELL YOU WHAT INFORMED PERSONS ARE SAYING

I AM A SOCIAL DRINKER from out of state and I love Kansas where liquor is permitted but not promoted as in other states. If I want to drink when I visit Kansas, I purchase liquor by the drink in private clubs reciprocal with the motel where I am staying. As a temporary member, I may take my business friends and guests to reciprocal clubs or my Kansas friends may take me to their clubs. Operators of Class A and 50% food clubs do not allow their premises to become the filthy open saloons full of drunks found in other states. I wish my state constitution did not permit drinking liquor in public places. Less drinking is a contributing factor for higher worker productivity and less job absenteeism in Kansas. If I am driving, I must wait until checking into my room to drink liquor in private reciprocal clubs. This makes Kansas highways a bit safer. I have never had a problem getting enough to drink while attending a convention in Kansas. In fact, if those in attendance drink less they benefit more from the convention! I'm telling my Kansas friends to vote NO!

I AM A NON DRINKER and I love Kansas where liquor by the drink is not permitted in public places. I'll vote NO. If I want to eat in a private club I pay the \$10 yearly dues or friends take me. Liquor wholesalers, restaurants, and hotels are pushing hard for a YES vote because they know liquor by the drink in places open to the public, (sold, given away, BYOB) would make it more convenient for more people to drink more liquor on more occasions in more places and drive away. More would become alcoholic. Alcoholics and problem drinkers consume 75% to 90% of all liquor sold. Some alcoholics quit drinking. Some die. These must be replaced with new alcoholics or liquor sales will take a nose dive. Public liquor by the drink without any food requirement is the quickest way to develop new alcoholics.

I AM A CONCERNED DRINKER and I love Kan. I'll vote NO. If I want a bottle of wine or spirits, I go to a liquor store and pay the fixed price. If the statewide vote goes YES on the liquor amendment, the powerful liquor lobby will tell Kansas lawmakers that people want other relaxed laws such as package liquor sold at cut-rate prices in grocery stores, drug stores, convenience stores, and filling stations as in other states. That would help liquor sellers make more money, people would drink more, and Kansas would suffer more.

I AM A RESPONSIBLE DRINKER and I love Kansas. I'll vote NO. If I want to drink liquor with friends, I drink in private homes or clubs. When I drink, I have no more than one or two drinks in 24 hours and wait one hour per drink before driving. Liquor by the drink in places where the public has access as in other states would not make me a menace to society, but other people would drink more and that means more alcoholism. Persons who vote YES are voting for death and injury caused by future drivers who have been drinking too much liquor in public places. The inconvenience of a private club card is a small price to pay for fewer alcoholics, safer highways, and higher worker productivity.

I AM AN ALCOHOLIC and I love Kansas where thousands of fortunate citizens are not alcoholic because our consumption rate is low. I'll vote NO. Alcohol is available enough now for persons to become addicted to or dependent on the drug. I want fewer people to go through what I've been through. That is why I do not want unlimited numbers of temporary permits and licensed outlets for the sale of liquor by the drink to the public without any food requirement - where they push all liquor and no food. Drinking without eating increases the risk of alcoholism. With effective liquor control laws that require reciprocal clubs to do 50% of their business in food, laws that keep the price up and availability down, our total social consumption is way below the national average so Kansas has less than half the number of alcoholics per 100,000 population as does the nation.

as has liquor by the drink in private clubs on premises not open to the public. The issue is open saloons, drinking liquor in public places - sold, given away, BYOB.

If a statewide YES vote would do nothing more than permit the licensed premises of current 50% food private reciprocal clubs to be legally open to the public, we would ignore the issue. So would liquor promoters. A statewide YES vote would promote drinking by changing our constitution to allow counties to permit:

1. The unrestricted sale of liquor by the drink to the public.
2. The food requirement for licensed public outlets to be reduced from 50% to 30% to none - open saloons full of drunks, and without sanitary requirements of a food establishment.
3. Unlimited numbers of temporary permits for the sale of liquor by the drink to the public with never a food requirement.

A statewide YES vote would also allow drinking liquor in public places in all counties, given away or BYOB, even those that vote NO. This includes public wine tasting parties, winery samples, and bringing your bottle to public places.

With licensed outlets and temporary permits, a statewide YES vote will permit wide open public liquor by the drink (no food requirement) to be sold at sidewalk cafes, park picnics, in convention centers, auditoriums, sporting events, anywhere in the hotel, delivered to rooms, at fund raisers everywhere, political rallies, reunions, community celebrations, concerts, cash bars inside buildings and out of doors, on university campuses, at historic sites, fairgrounds, and on ad infinitum.

Above is what the constitutional change will allow in addition to private clubs we now have. No one can say what the legislature will allow when pressured yearly by the rich liquor lobby. Laws that restrict sales are called "hypocritical" by liquor promoters who are hypocrites.

Dr. Robert Bader, author of recently published PROHIBITION IN KANSAS, says the nation is moving toward restrictive alcohol control laws because less availability reduces alcohol use and abuse. "Liquor promoters say we should vote YES and bring Kansas into the twentieth century. I recommend we vote NO and move Kansas into the twenty-first century!"

Kansas has an image other states should envy: fewer alcoholics per capita, lower state and local taxes, higher worker productivity, lower auto insurance rates, fewer cirrhosis deaths.

Roving Editor John McCormally
The Parsons Sun, Sat.-Sun. Oct. 20 1984

According to the Kansas Department of Transportation, 31% of Kansas highway fatalities in 1985 were alcohol related. The national average is 50% and range as high as 90% in some states with public liquor by the drink.

The executive of a major U.S. corporation said Tuesday that Kansas "is an excellent place" for businesses to locate and that he disagrees with state political and business leaders who say the Sunflower State has a poor image, which hurts its effort to attract industry. Robert H. Malott, chairman and chief executive officer of FMC Corp., told a news conference, "Kansas is an excellent place to locate." Of the liquor-by-the-drink and pari-mutuel issues before the Legislature Malott, a Boston native, said, "AS FAR AS I KNOW, NEITHER ONE OF THOSE ISSUES HAS EVER INFLUENCED A PLANT LOCATION DECISION IN OUR COMPANY."

Topeka Capital-Journal, Wed., Feb. 6 1985

Following the 1985 World Series, the Overland Park Convention and Visitors Bureau reported their "Marriott Hotel served as headquarters for the St. Louis Cardinals as well as families of Royals players. Additionally, the Drury Inn, Ramada Inn and Regency Park, in cooperation with the nearby Lenexa Holiday Inn, hosted the national media." And Wichita is a leading convention center for a city its size. All this without liquor by the drink in public places! -5-

() person cigarette sales in Kansas equals the national average. Kansas ranks with bottom states in liquor consumption. Why? We have laws limiting liquor availability.

Kansas liquor promoters claim Oklahoma is proof that drinking liquor in public places does not promote consumption. Consumption is down nationwide. Without public liquor by the drink, consumption would have dropped even more in Oklahoma.

Missouri, Nebraska, and Colorado in 1982 averaged one licensed outlet, private or public, for every 872 people. Kansas averaged one outlet for every 2,037 people. Based on those three states, public outlets will more than double the number of places turning out liquor drinking drivers.

How will enforcement of underage drinking and DUI laws be easier when public liquor by the drink is sold in more than twice as many licensed outlets plus thousands of temporary permits for special events such as fundraisers in convention centers, political rallies, sporting events, concerts, and you name it where the public can get together, drink liquor, and drive away.

Dr. Robert G. Niven of the National Institute on Alcohol Abuse and Alcoholism estimates the economic cost of alcohol problems in 1983 was \$116.7 billion taken from nondrinkers and drinkers in higher prices for goods and services caused by alcohol impaired workers, higher premiums for hospital-medical auto-fire insurance to cover alcohol-related losses, and higher taxes for criminal justice, law enforcement, welfare, and treatment for the alcoholic. The liquor industry reports \$12.1 billion revenue was received in 1983 from beer, wine, and spirits, at the federal, state, and local level. For each \$1 revenue, \$10 was taken from the public. Promoting liquor by the drink in public places would bring more taxes from increased consumption, but it would cost non-drinkers and drinkers \$10 for each additional \$1 revenue.

- Marge and Jack Hentzler, Meat Packing
- Henry L. Hiebert, Attorney
- Verd Holsteeen, Retired Federal Employee
- Dr. Robert E. Jacoby II, Physician
- Dr. Douglas K. Jernigan, Veterinarian
- Don Jesse, Financial Planner
- Mac King, Pharmacist
- William Latimer, Pres. Engineering Firm
- Rod Laughlin, Business Property Broker
- Michael E. Mitchell, Engineer
- Virginia Hamm Nordstrom, Pres. Church UMW
- Ronald A. Schmoller, Exc. Dir. Brewster Pl.
- Charles J. Sheetz, Construction
- Theodore Staudacher, Lutheran Clergyman
- Richard Taylor, United Methodist Clergyman
- Austin Kent Vincent, Attorney
- John Wall, Printing Plant Manager
- Warren Wilson, KJTY Radio (Joy 88)
- Frances Wood, Homemaker
- Dr. Robert Woods, Neurosurgeon
- Troy - Gordon Hinde, Real Estate Broker
- Valley Center - Norma Daniels, RN, State Senator
- Wellington - Martin K. Eby, Sr., Construction, Re
- Dr. Joel T. Weigand, Physician
- Wichita - Clyde Berger, Institute of Logopedics
- Elvira Bujarski, Retired Professor
- Dr. D. Ray Cook, Physician
- William L. Cozine, Broadway Mortuary
- Claude DeVors, Former Mayor
- Dr. John Hartman, WSU Sociology Professor
- Lonnie E. Hephner, Pres. TV & Electronics
- James Hlad, Insurance Agent
- Dr. Martha Housholder, Dermatologist
- Dr. Emory Lindquist, WSU Pres. 1963-68
- Dr. Tony D. Luna, Ast. Prof., KUSM
- Ted Mason, Retired Architect
- Dr. Craig Miner, WSU History Professor
- Richard Peckham, Attorney
- Norma Regier, Retired Dietitian
- Glen Shore, Executive Koch Industries
- Dr. Marvin Somers, Retired Radiologist
- Joe Stout, Auto Dealer
- Evelyn Whitcomb, State Bd. of Education
- Woodston - Dr. Leo E. Oliva, Historian and Author

Before the sale of liquor by the drink public places began on July 4, 1963, Iowa had drivers who had been drinking liquor in private homes and in private clubs just like Kansas today. After that date, Iowa added drivers who had been drinking liquor in public places. During the three years before public sales, 1,870 people were killed on Iowa highways. During the three years after public liquor by the drink, 2,529 persons were killed. Do you want drivers in Kansas who have been drinking liquor in public places in addition to drivers now drinking liquor in private homes and clubs? Isn't that a mighty high price to pay for getting rid of a private club card?

The ...
#6

"Alcohol is a drug. It is the No. 1 drug of abuse in our society. Its only close rival is tobacco."

JOURNAL OF THE AMERICAN MEDICAL ASSOCIATION
October 12, 1984 (Page 1911)

"it has been amply documented that death, sickness, social disruption, and economic loss result from excess alcohol consumption and that this is in proportion to its relative cost and availability."

AMERICAN COLLEGE OF SURGEONS BULLETIN
October, 1983

"Alcoholism prevalence in a population is intimately related to the overall level of alcohol consumption. It follows, therefore, that any factor that affects the volume of consumption inevitable affects the alcoholism prevalence rate and vice versa."

- ADDICTIONS, Volume 18, Number 2
Addiction Research Foundation of Toronto, Ontario

Kansas had 2,591 alcoholics per 100,000 population age 15 and older in 1977, while the national average was 6,919 per 100,000. (This indicates there were 4,328 Kansans per 100,000 population who would be alcoholic if the consumption rate in Kansas equaled the national average.)

-REPORTS from Single State Alcoholism Authorities

"So promising and straightforward is the simple syllogism of reducing alcoholism by reducing total social consumption."

AMERICAN JOURNAL OF PUBLIC HEALTH, Dec. 1975

"The quantity of alcohol consumption and the rates of problems varying with consumption can, however, be markedly reduced by substantial increases in real price and reductions in the ease of availability." (Page 64)

ALCOHOL & PUBLIC POLICY: Beyond the Shadow of Prohibition
National Academy Press, Washington, D. C. 1981

"More liberalization means greater use of alcohol, and greater prevalence of disease and death as a consequence. Even though the specific components of liberalization - such as permitting alcohol at sidewalk cafes and park picnics - might seem innocuous in themselves."

CHANGING DRINKING PATTERNS IN ONTARIO
Addiction Research Foundation of Ontario

"research findings suggest that both educational approaches and laws and regulations contribute to a reduction of alcohol problems. . . What is becoming eminently clear from previous and recent research is that a combination of diverse strategies must be employed. . . researchers are convinced that the regulation of supply, legal and educational approaches to drinking practices. . . are part of a broad and coordinated approach."

FIFTH SPECIAL REPORT (the most recent) TO THE U.S. CONGRESS
ON ALCOHOL AND HEALTH FROM THE SECRETARY OF HEALTH AND
HUMAN SERVICES

"Two types of prevention policies hold considerable promise: The first regulates the availability of alcohol."

THE 1982 REPORT ON DRUG ABUSE AND ALCOHOLISM (Page 78)
To Governor Carey of New York by Joseph A. Califano, Jr.

"Here we have an example (in Poland), almost alone among industrialised countries, of a major social movement in the modern era taking up alcoholism in the way in which workers' movements would have taken up alcoholism as an issue in the 1900s, in a number of European countries....One of the first demands of Solidarity after the Gdansk strikes of August 1980, was for reduction in the availability of alcohol.... In fact, the government and Solidarity competed with each other to claim credit for having imposed the initial bans during the strike of August 1980."

TWENTY EIGHTH INTERNATIONAL INSTITUTE on the
PREVENTION AND TREATMENT OF ALCOHOLISM, Munich, Germany
Address by Dr. Robin Room, Ph.D.

Attachment # 6
FSA 1/27/87

Comments on Report of
KANSAS LIQUOR LAW REVIEW COMMISSION
Senate Federal & State Affairs Committee

Richard Taylor
KANSANS FOR LIFE AT ITS BEST!
January 26, 1987

Dr. Robert Kendell, Professor of Phychiatry at the Royal Edinburgh Hospital, said the amount (of alcohol) consumed was largely determined by government policy on issues including opening hours, the number of outlets for drink and, most important, price... Professor Kendell said there was "abudant evidence" that the ill-effects of drink were linked to consumption... A detailed study in Scotland covering three years when the real price of drink rose showed that heavier and dependent drinkers cut their consumption by at least as much as moderate and light drinkers.

THE TIMES OF LONDON
November 29, 1984

Concerned drinkers and non drinkers want less consumption, less alcoholism, safer high-ways, less wife and child abuse, fewer consumer dollars spent for our most abused drug. Therefore, we support these measures:

50% food requirement for public liquor by the drink outlets.

Minimum markups to keep the price up and prevent discount, price cutting, outlets.

No increase in allowable advertising.

No wine or strong beer sales in grocery stores, etc.

No package sales of alcoholic beverages on Sunday. (Under Kansas law, 3.2 beer is an "alcoholic beverage" but it is not "alcoholic liquor.")

Raise taxes at all levels on all alcoholic beverages.

A giant step in the right direction would be to permit package sales of alcoholic beverages in liquor stores only.

-Grocery money would not be spent for beer.

-Quick shops who do not check ID cards would no longer be a problem.

-No more cold beer to go in filling stations.

Lobbyists for the industry are here for one reason - help their clients sell more of our most abused drug.

150,000 copies of KNOW THE FACTS . * . VOTE NO were distributed across Kansas. The Kansas City Star article is an example of what was printed in other newspapers.

There was only one issue on the ballot: Vote for liquor by the drink in public places or vote to maintain the status quo which is liquor by the drink in private homes, liquor by the drink in private clubs, and no liquor by the drink in public places.

All across Kansas responsible drinkers voted NO because liquor is available enough now. But promoters of our most abused drug are masters of deceit. Now they want to force all counties to vote for liquor by the drink in public places by changing the private club law.

We wish no one used our most abused drug, but we are honest. That is more than you can say for liquor promoters.

The vote was to make it more convenient for more Kansans to drink more liquor in more places on more occasions and drive away OR to maintain the status quo. That was the only choice on the ballot.

To help people understand both sides of the issue, maybe you could share this information with your readers, from the Kansas City Star, October 19, 1986.

Thank you. Richard Taylor

Liquor control laws keep Kansas safer and more productive

By the Rev. Richard Taylor

President, Kansans for Life at Its Best!

Maybe the best way to help people understand Kansas is a composite of what informed people are saying:

"I am a responsible drinker and I love Kansas. I'll vote 'no.' If I want to drink liquor with friends, I drink in private homes or clubs. When I drink, I have no more than one or two drinks in 24 hours and wait one hour per drink before driving. Liquor by the drink in places where the public has access as in other states would not make me a menace to society, but other people would drink more, and that means more alcoholism. Persons who vote 'yes' are voting for death and injury caused by future drivers who have been drinking too much liquor in public places. The inconvenience of a private club card is a small price to pay for fewer alcoholics, safer highways and higher worker productivity."

Con

"I am an alcoholic and I love Kansas where thousands of fortunate citizens are not alcoholic because our consumption rate is low. I'll vote 'no.' Alcohol is available enough now for persons to become addicted to or dependent on the drug. I want fewer people to go through what I've been through. That is why I do not want unlimited numbers of temporary permits and licensed outlets for the sale of liquor by the drink to the public without any food requirement—where they push all liquor and no food. Drinking without eating increases the risk of alcoholism. With effective liquor control laws that require reciprocal clubs to do 50 percent of their business in food, laws that keep the price up and availability down, our total social consumption is way below the national average so Kansas has less than half the number of alcoholics per 100,000 population than does the nation."

"I am a social drinker from out of state and I love Kansas where liquor is permitted but not promoted. If I want to drink when I visit Kansas, I purchase liquor by the drink in private clubs reciprocal with the motel where I am staying. As a temporary member, I may take my business friends and guests to reciprocal clubs or my Kansas friends may take me to their clubs. Operators of Class A and 50 percent food clubs do not allow their

premises to become the filthy open saloons full of drunks found in other states. I have never had a problem getting enough to drink while attending a convention in Kansas. In fact, if those in attendance drink less, they benefit more from the convention!"

"I am a non-drinker and I love Kansas where liquor by the drink is not permitted in public places. I'll vote 'no.' If I want to eat in a private club I pay the \$10 yearly dues or friends take me. Liquor wholesalers, restaurants and hotels are pushing hard for a 'yes' vote because they know liquor by the drink in places open to the public (sold, given away, BYOB) would make it more convenient for more people to drink more on more occasions in more places and drive away. More would become alcoholic. Alcoholics and problem drinkers consume 75 to 90 percent of all liquor sold. Some alcoholics quit drinking, some die. These must be replaced with new alcoholics or liquor sales will take a nose dive. Public liquor by the drink without any food requirement is the quickest way to develop new alcoholics."

President Reagan has declared war on drugs. If liquor is not included, the war is a phony one waged by a bunch of hypocrites.

Alcohol causes more human misery than all other drugs combined. But there is good news. Liquor consumption is going down nationwide, in Kansas and in Oklahoma. It would have gone down more in Oklahoma without public liquor by the drink. Tough DUI laws and a concern for health have helped. Kansas liquor promoters want to offset sagging sales with public liquor by the drink.

If drinking liquor in public places does not encourage consumption, why are liquor sellers working for a "yes" vote?

"Alcohol is a drug. It is the No. 1 drug of abuse in our society. Its only close rival is tobacco." *Journal of the American Medical Association*, Oct. 12, 1984. Per person cigarette sales in Kansas equal the national average. Kansas ranks with the bottom states in liquor per person consumption. Cigarettes are available in Kansas just like in other states. Liquor is not. Gov. Carlin claims Kansans use less of our No. 1 drug because they are responsible. Why don't they use less of our No. 2 drug because they are responsible? Law makes the difference.

Kansas has economic problems, but we have the

ninth-best business climate, according to criteria established by manufacturers in a 1985 nationwide survey. States below Kansas have public liquor by the drink. What do they blame?

Kansas' problems will not be solved by pushing liquor to the public in more places on more occasions. So liquor promoters confuse the people. They bad-mouth the state. They have created an "image" problem in the minds of ignorant people. All the discouraging words you hear about Kansas are coming from liquor promoters. Listen to what others are saying.

The Kansas Chamber of Commerce brought Robert H. Malott, president of FMC Corporation, to Topeka for its 1985 meeting. He disagreed with political and business leaders who say the Sunflower State has a poor image. He said Kansas is an excellent place to locate, adding that liquor by the drink has never influenced a plant location for his giant company.

Cotton Coulson recently spent months in Kansas writing for *National Geographic* magazine. He said, "I loved it. I had never been to Kansas before and I really enjoyed it." In his article he quotes Henry Bloch of H & R Block who chooses to live in Kansas where public liquor is not permitted: "Once people get transferred here, they don't want to leave."

After his trip to Japan, Gov. Carlin received lots of laughs across Kansas saying the Japanese would not locate here because "Missouri wet, Kansas dry." But the \$3.5 billion Saturn car plant he wanted went to a Tennessee county that does not push liquor by the drink in public places and Toyota's first U.S. plant went to a county in Kentucky that does not have public liquor by the drink or liquor stores!

Fifty percent of highway fatalities nationwide are alcohol-related, but only 31 percent in Kansas. Iowa began the sale of liquor by the drink in public places on July 4, 1963. Before that, they had drivers who had been drinking liquor in private homes and in private clubs the same as in Kansas today. After that date, Iowa added drivers who had been drinking liquor in public places. During the three years before public sales, 1,870 people were killed on Iowa highways. During the three years after public liquor by the drink, 2,529 persons were killed, an increase of 35 percent. Do we want drivers who have been drinking liquor in public places added to drivers now drinking liquor in private homes and clubs?

Persons who vote "yes" are voting for death and injury caused by future drivers who have been drinking liquor in public places. That is a burden they must live with forever. Responsible drinkers know when they have enough to drink, and when they have enough places to drink. Responsible drinkers and non-drinkers will vote "no," a vote

DISTINCTION BETWEEN CMB AND STRONG BEER

Recommendations

The Off-Premise Establishments Subcommittee recommended to the full Commission to maintain the current distinction between Cereal Malt Beverage (CMB) and strong beer.

The On-Premise Establishments Subcommittee recommended eliminating the current distinction and allowing the sale of all strengths of beer at current CMB establishments.

Support for recommendations

Off-Premise Establishments Subcommittee

Allowing both current CMB outlets and retail liquor stores to sell all strengths of beer would put liquor retailers at a competitive disadvantage. Because of corporation and chain ownership, a grocer or a convenience store could conceivably purchase beer at a lower price than liquor retailers who are prohibited from combining for bulk buying. Grocers and convenient store operators can operate on a smaller profit rate (than liquor retailers) on sales of beer since it comprises only 4-10% of total sales. For these reasons, prices of beer would be higher in retail liquor stores.

Many liquor store customers shop at liquor establishments only to purchase strong beer. If these customers can buy strong beer with their groceries, they will have no need to purchase beer from liquor stores (where strong beer comprises 40-60% of sales). Taking a large portion of those sales away could eliminate a significant number of retailers.

On-Premise Establishments Subcommittee

Eliminating the distinction between CMB and strong beer would simplify beer laws and regulations and at the same establish consistency. It would also simplify the distribution system. Currently the supplier and wholesaler must maintain two separate inventories with two separate packages. Costs for the supplier and wholesaler would decrease with the elimination of the two-strength system.

As Kansas increased the drinking age to 21 for all alcohol, the need for a separate category for younger drinkers disappears. In addition, the confusion over what is 3.2% and what is not would be eliminated.

Opposition to recommendations

Off-Premise Establishments Subcommittee

Kansas is one of only six states that make a distinction between weak and strong beer. A total of 48 states allow grocery stores to sell beer and 45 of those permit sales of over 3.2% beer.

Despite the small difference in the amount of alcohol in CMB and strong beer, there is a significant difference in the laws and regulations concerning the sales of these strengths of beer. CMB outlets enjoy much more freedom than the conservatively restricted retail liquor stores. In this sense, the current system lacks fairness and consistency.

tency.

Convenience for the consumer would be enhanced if all strengths of beer were allowed in both current CMB outlets and retail liquor stores.

Because there are only a few (sparsely populated) states that maintain a distinction, the possibility of brewers eliminating 3.2% beer some time in the future exists if some of the remaining states go to an all strength system.

On-Premise Establishments Subcommittee

Contrary to a popular argument, eliminating the distinction is unnecessary in raising the minimum drinking age. The rationale that the difference in the drinking age has been the only reason to maintain the distinction is invalid, considering the large number (over 5000 estimated) of sellers of CMB in the state. In addition, the Cereal Malt Beverage Act was passed in 1937, meaning CMB was permitted for 12 years before "liquor.". So the sale of CMB was not intended to accomodate younger (18-20) years of age) drinkers.

Apart from the minimum drinking age, the state has seemed thus far to have taken the position that weaker beer should be more accessible to the general public, may be consumed in public, etc. This policy would be significantly altered with the elimination of the current distinction.

Expanding the volume and variety of beers that can be sold by grocery stores, gas stations, etc., would create enforcement problems. Sales to under age individuals would likely increase since grocery stores, convenience stores, etc. are less likely to check for identification.

Impact of recommendations on the ABC

The effects would be determined by the specifics fo the recommendations as to who can sell beer and who cannot. There would not seem to be however, a major change in the workload of the ABC in terms of this issue.

MINIMUM PRICE MARKUPRecommendations

The Off-Premise Establishments Subcommittee is recommending to the full Commission to repeal the minimum price markup system and permit price and brand advertising. The recommendation includes a one-year phase-out on the sale of wine and a two-year phase-out for distilled spirits and cordials. Selling below acquisition cost should be prohibited, according to the recommendations.

Support for recommendations

The minimum price markup (MPM) system discourages competition and rewards economic inefficiencies, resulting in a "surplus" number of retail outlets. Dr. Daicoff's study indicates that Kansas, on a per capita basis, has nearly twice as many licensed retail liquor stores than the national average. Compared to licensed states, Kansas still has over 50 percent more licensed establishments per capita on average.

Accompanying the MPM system is the burden of higher consumer costs. Higher prices are an inappropriate cost for the large segment of society that consumes liquor in moderation. Higher prices tend not to discourage heavy or problem drinkers, serving only to reduce their purchasing power (on non-alcoholic products) which only adds to their problems.

It is an impossible task for the Board of Review to set prices that are fair and reasonable to the consumer, do not unduly stimulate the consumption of alcoholic beverages, and result in a reasonable profit for retailers, all at the same time.

Although beer accounts for approximately 60 percent of consumption of alcoholic beverages in Kansas, it is not subject to the markup system. So the State's effort to control consumption through price floors are directed at just 40 percent of the total consumption. There is evidence that beer and distilled spirits are substitutes for each other. That is, if distilled spirits cost more than beer, beer consumption will rise. In Kansas, the long run trend has been a shift away from distilled spirits and towards strong beer. According to the Department of Revenue's recent alcohol taxation study, sales of beer has risen almost 3-fold since 1965, increasing from 14.4% of total alcoholic beverage sales to 39.6% in 1985, for an increase of 175% in percent of sales. Spirits, on the other hand, have declined in popularity, falling from 8.1% of the total in 1965 to 5.4% in 1985 for a decrease of 33%. If temperance is the goal of the markup system, it cannot be achieved because of its absence on beer.

Kansas is one of only three states that apply a minimum price to liquor. The percentage markups in Kansas are approximately twice the size of those in New York and Wisconsin. In addition, Kansas' retail liquor prices are among the highest in the nation.

Repealing the MPM system would discourage entry into the liquor retail industry. The well publicized MPM system has created a perception of guaranteed profits which has contributed to the artificially-high number of outlets. Given the turnover rate, the elimination of

this false perception and increased competition would accelerate the long run trend (of the decreasing number of outlets) and the market forces would bring Kansas into line with other license states in relation to the number of outlets per capita.

In terms of advertising, it would seem logical to allow retailers to advertise their prices if those prices are no longer controlled. The Post Audit Report (1982) points out that Kansas' restrictions on advertising are among the most restrictive. Only Oklahoma has more restrictive rules on advertising among license states.

Opposition to recommendations

In a retailers' survey conducted by Legislative Post Audit in 1982, 77 percent of those responding indicated that they could not be successful without a minimum price markup. The 1978 Special Committee on Liquor Laws received estimates that as many as 80% of retailers would be put out of business if the MPM program was eliminated. The loss of small "mom and pop" stores would be devastating to those families who rely exclusively on their retail liquor stores for their livelihood.

The MPM system circumvents illegal activities which could result from intense economic pressure. As profits fall, many retailers would be forced to violate provisions of state law in order to maintain their profits. The MPM program prevents unethical behavior on the part of large competitors, prevents organized crime from entering Kansas and supports an orderly market.

Eliminating the MPM program would encourage price wars as retailers attempt to capture a larger share of the market. This would stimulate consumption and drive "mom and pop" stores out of business. One of the goals of the Liquor Control Act is to foster temperance. There is nothing in the Act that calls for fostering competition.

Research indicates that raising the price of distilled spirits in relation to a person's disposable income results in a decrease in liquor purchases. Rates of consumption and alcoholism in Kansas are among the lowest in the nation. This can largely be attributed to the MPM system. Eliminating the MPM program would reverse these rates, stimulating liquor purchases. The state would experience a rise in alcohol abuse and would have to absorb the social (destabilization and breakup of families, etc.) and economic (rising auto and medical insurance rates and costs, public welfare programs, etc.) costs.

Elimination of the MPM system would encourage collusion of retailers in rural areas, strengthening their monopoly power.

Concerning the advertising recommendation, restrictions on advertising prices have the effect of eliminating price wars. Price wars lead to increased purchase and consumption and encourage excessive consumption. Eliminating prohibitions on brand and price advertising would drive many small dealers out of business because of their lack of resources in competing with large dealers in terms of advertising capital and absorbing losses from price wars.

Impact of recommendations on the ABC

The ABC would no longer need to check pricing at the retail level in order to verify application of the minimum pricing. Because of the requirement that retailers not sell below cost, however, the ABC would have to continue run checks.

POINT OF PURCHASE AND DELIVERY OF PRODUCTRecommendations

The **Wholesalers-Suppliers Subcommittee** recommended to the full Commission that all beer and wine up to 8% alcohol by volume should operate on a 3-tier (supplier-wholesaler-retailer) system. Spirits and wine over 8% alcohol by volume should, according to the recommendation, operate on a 4-tier system (supplier-wholesaler-off premise retailer-on premise retailer).

The **Off-Premise Establishments Subcommittee** is recommending maintaining the current system which prohibits deliveries to private clubs by wholesalers (except CMB) and off-premise retailers, and requires clubs to purchase from liquor retailers.

The **On-Premise Establishments Subcommittee** recommended that on-premise establishments be permitted to purchase from wholesalers or liquor retailers and that wholesalers and retailers should have the ability to deliver.

Support for deliveries**Deliveries from liquor retailers**

Allowing liquor retailers to deliver to private clubs would enable a retailer to increase sales by providing a valued service. Allowing deliveries would eliminate an unnecessary restriction and increase competition among retailers for sales to clubs.

Some retailers are indirectly delivering now. For instance, one employee may work for five or six different clubs but buy from only one liquor store. ABC receives complaints about deliveries to clubs on a regular basis. Permitting deliveries would eliminate roundabout deliveries and the concern from other retailers which accompany it.

Deliveries from wholesalers

Private clubs (and liquor-by-the-drink establishments) are, in reality, retailers and thus should have the same opportunity to buy from and be delivered to by a wholesaler as other retailers do. Delivery by wholesalers would ensure a strict 3-tier system. It would also free on-premise establishments from the hassle of picking up products.

Opposition to deliveries**Deliveries from liquor retailers**

Allowing liquor retailers to deliver to private clubs would create a fourth tier, contrary to the state's 3-tier system which has traditionally been the basis of Kansas' liquor industry.

Deliveries would increase costs to the liquor retailers. A truck or van would, in all likelihood, be required as would a driver or an additional clerk (to mind the store).

Larger liquor dealers would be given an advantage over smaller stores because of their ability to invest in a competitive delivery service. Smaller retailers, for the most part, could not afford an ad-

ditional clerk in order to make deliveries or pursue additional club business.

Delivers from wholesalers

Delivery by wine and distilled spirits wholesalers would increase costs significantly. The number of deliveries in the distribution system will multiply without an increase in sales. As costs to wholesalers rise, the price to the consumer will rise proportionally. Retailers who currently sell to clubs will lose that portion of their business. Wine and spirits wholesalers, unlike beer wholesalers, must transport products over a large geographic area, increasing the cost of delivery.

Other states

Thirty one (31) of the license states were contacted (all but Alaska) and of those, 26 require on-premise establishments to purchase all of their alcoholic beverages from a licensed wholesaler. The states that deviate from this practice are:

Arkansas - private clubs must pick up liquor products from retail liquor stores while public on-premise establishments buy from wholesalers.

Colorado - on-premise establishments purchase from wholesalers but are allowed to buy \$100 worth of products from retail liquor stores per year.

Kansas - private clubs must pick up liquor products from retail liquor stores

South Carolina - uses a mini-bottle system where liquor-by-the-drink establishments can use only miniature bottles of liquor and must purchase these from retail liquor stores.

Texas - local distributor's permit allows a permittee to purchase products from a wholesaler and sell (and deliver) them to private clubs and on-premise mixed beverage establishments. This is mandatory for distilled spirits and is optional for beer and wine products.

Impact of recommendations on the ABC

Permitting direct delivery from wholesalers would not have significant ramifications for the ABC in regards to workload.

DELIVERY SYSTEMS

CURRENT SYSTEM

Currently CMB operates on a strict 3-tier system where products flow from the supplier to the in-state wholesaler to the CMB outlet or private club.

Strong beer, wine, and spirits products flow differently. After reaching the wholesaler from the supplier, these products are delivered to the retail liquor store. From there, the products are sold to the public and to private clubs for resale. Private club operators must pick up strong beer, wine, and spirits products from the retail liquor store (no deliveries). Liquor dealers who sell to private clubs must purchase a federal wholesalers license (\$255). The Off-Premise Establishments Subcommittee is recommending maintaining this system.

ON-PREMISE SUBCOMMITTEE RECOMMENDATION

The On-Premise Establishments Subcommittee is recommending that products flow from the supplier to the wholesaler to the retailer (off-premise and on-premise). The only exception to this otherwise strict three-tier system would be that private clubs (and liquor-by-the-drink establishments) would have the option of buying from liquor retailers. Deliveries, under this system, are permitted from wholesalers and liquor retailers. The On-Premise Establishments Subcommittee is recommending eliminating the distinction between CMB and strong beer so wholesalers would be permitted to deliver all strengths of beer to current CMB outlets.

WHOLESALE/SUPPLIERS SUBCOMMITTEE RECOMMENDATION

The Wholesalers/Suppliers Subcommittee is recommending that all beer (not just CMB) and wine up to 8% alcohol by volume should operate on a 3-tier (supplier-wholesaler-retailer) system with deliveries permitted from the wholesaler. The current system (supplier-wholesaler-off-premise retailer-on-premise retailer) should, according to the recommendation, apply to spirits and wine over 8% alcohol by volume.

STRICT 3-TIER SYSTEM

A strict 3-tier system is one in which all products flow from the supplier to the wholesaler to the retailer (off-premise and on-premise). Private clubs would be unable to purchase from liquor retailers.

ALTERNATIVE BEER SYSTEMS

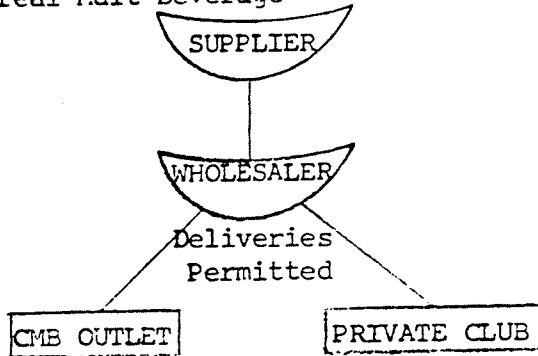
One alternative to the current system is prohibiting the sale of beer (and all alcoholic beverages) at any outlet that also sells gasoline. This would appear to be consistent with the On-Premise Establishments Subcommittee's recommendation concerning the servers training program in that it would make it more difficult to drink and drive.

Another alternative, spoken about several times at the public hearings, is funnelling all alcoholic beverages for off-premise consumption through retail liquor stores. It was argued this would improve the ability of the ABC to enforce the alcoholic beverage laws and at the same time make it more difficult to drink and drive.

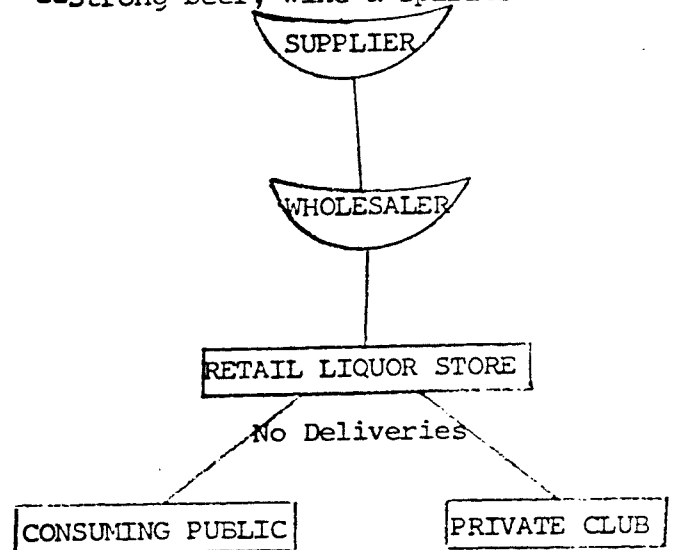
DELIVERY SYSTEMS

CURRENT SYSTEM

--Cereal Malt Beverage

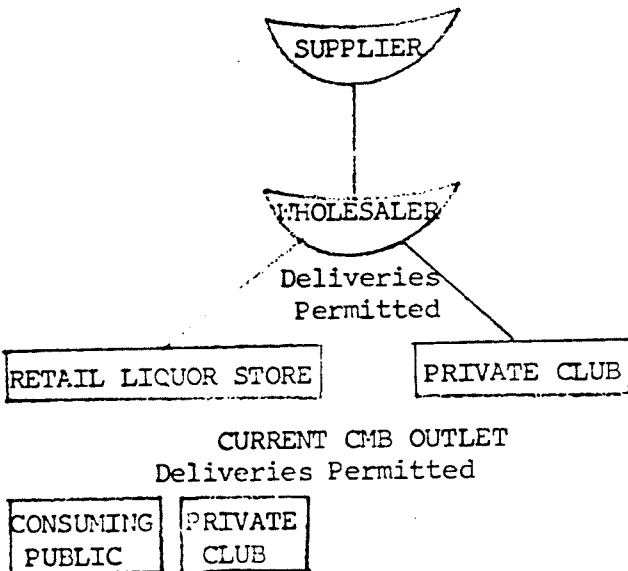


--Strong beer, wine & spirits

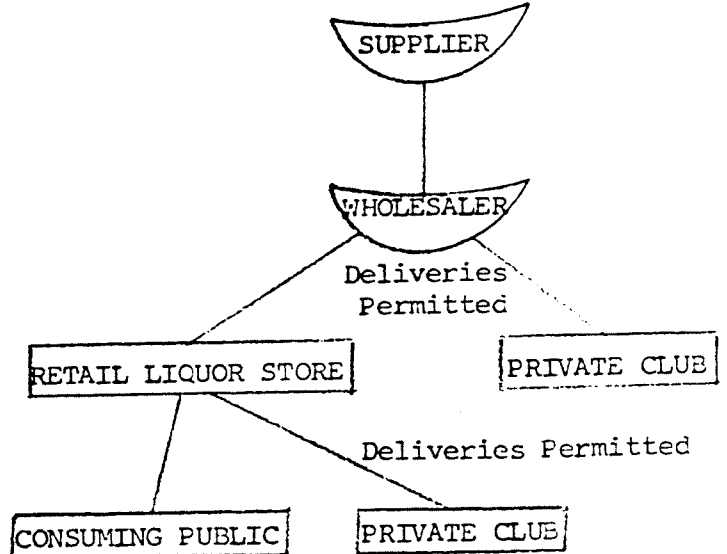


ON-PREMISE SUBCOMMITTEE RECOMMENDATION

--All beer



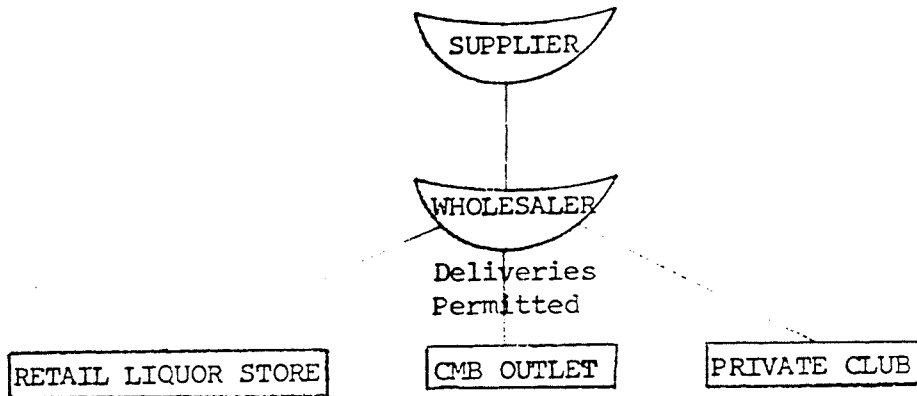
--Wine & spirits



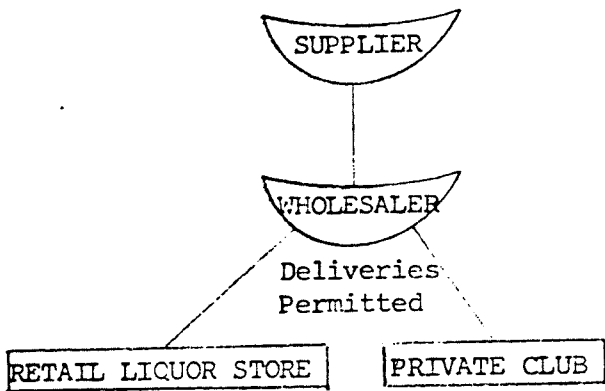
DELIVERY SYSTEMS (cont.)

WHOLESALERS/SUPPLIERS SUBCOMMITTEE

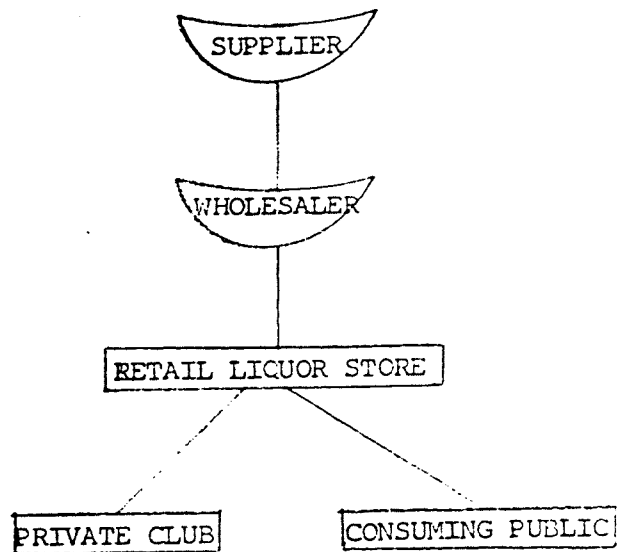
--Beer



--Wine 8% alcohol & under

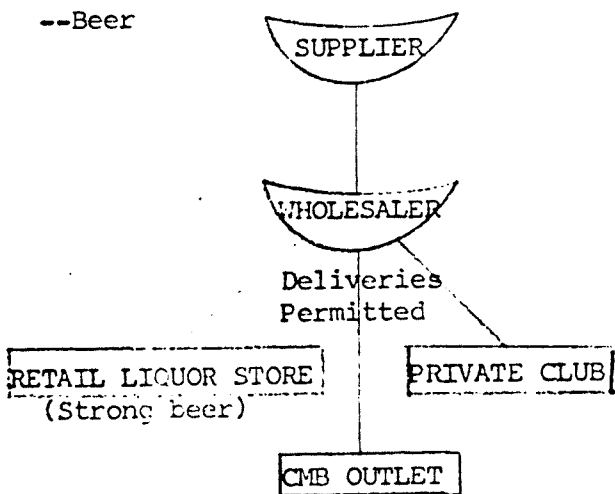


--Wine over 8% & spirits

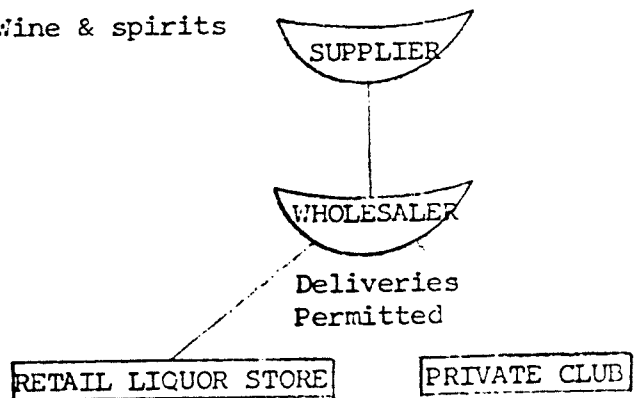


STRICT 3-TIER SYSTEM

--Beer



--Wine & spirits



TAXATION OF ALCOHOLIC BEVERAGES & DISTRIBUTION OF TAX REVENUERecommendation

The On-Premise Establishments Subcommittee is recommending to the full Commission to eliminate the excise and enforcement taxes and increase the gallonage tax to compensate for the taxes collected through the excise and enforcement taxes. The sale of liquor at retail, according to the recommendation, would become subject to the State sales tax.

Support for recommendation

Elimination of the excise and enforcement taxes would greatly reduce the number of points of taxation, simplifying the complex system. Undercollection of alcoholic beverage taxes (estimated by the Department of Revenue at between \$500,000 and \$1 million a year) could be remedied as tax compliance is improved.

Opposition to recommendation

At some time in the future, the Legislature may implement a new excise or enforcement tax in addition to the increased gallonage tax. Repealing the excise and enforcement would eliminate the State's ability to determine the amount of taxes a certain city or county has paid. The current system of distribution to cities and counties (see Issue Paper 8) would be abolished which could potentially financially hurt many local drug and alcoholism abuse programs. Without knowing how much localities are paying in taxes, allocation under a new system would seem to be less fair than the current system.

Distribution of tax revenue

In making a recommendation concerning allocation to localities, the Liquor Law Review Commission (LLRC) must deal with three questions:

- 1) Does the LLRC wish to deal with distribution of revenue?
- 2) If so, should revenue continue to be "earmarked?" What amount?

Yes - The only way to ensure that drug and alcohol programs continue to function is to specifically allocate a portion of tax revenue to them.

No - Local units of government and drug & alcohol programs should demonstrate their need before the Legislature each year, ensuring that those who receive funds are truly deserving.

- 3) If such "earmarking" should continue, how should this be done in terms of portions going to a local unit of government's general fund, alcohol & drug programs, parks & recreation, etc.?

Options in setting gallonage tax rates

If the Liquor Law Review Commission recommends to eliminate the excise and enforcement taxes and increase the gallonage tax to compensate, new gallonage tax rates will need to be devised. The Department

of Revenue has developed three alternatives, which are attached, to the present method. Of these alternatives, the Department recommends option number one.

Impact of recommendations on the ABC

In the long run, the workload would decrease with the elimination of the excise and enforcement taxes. In the beginning, however, the workload would increase significantly as floor stock adjustments would need to be made.

SUNDAY SALES

Recommendation

The Off-Premise Establishments Subcommittee - is recommending to the full Commission to remove the prohibition on the sale of wine, beer, and distilled spirits for off-premise consumption on Sundays.

Support of recommendation

Kansas law regarding sales of liquor on Sundays is inconsistent in that private clubs are allowed to sell liquor and beer while retail liquor stores and CMB outlets are not.

Kansas, Arkansas and Utah are the only states that do not allow the sale of beer on Sundays in one form or another.

In terms of economic development, the prohibition on the sale of beer and liquor on Sundays may influence professional athletic teams in a decision of (not) locating in Kansas. Similarly, concert tours may avoid Kansas on Sundays because of the restricted revenue potential.

Opposition to recommendation

Restricting the availability of alcohol on Sunday controls excessive consumption. In addition, a majority of the license states (23 out of 32) do not allow the sale of distilled spirits on Sunday for off-premise consumption.

Many of liquor retailers do not want to open on Sunday and if it were allowed, competitive pressure might force them to.

Impact of recommendation on the ABC

The recommendation would result in an increase in the workload of the enforcement section.

Attachment #11
FSA 1/27/87

ALCOHOLIC BEVERAGE HANDLER TRAININGRecommendation

The On-Premise Establishments Subcommittee is recommending to the full Commission to require servers and bartenders to register with the ABC and successfully complete a State mandated training program. The handling of intoxicated customers, identification of under-age customers and a knowledge of the Kansas liquor laws would be taught at such training programs.

Support for recommendation

Completion of the training program would assure that all serving employees are familiar with the State's liquor laws. The program would disperse the criminal and civil liability among an employee and the licensee, rather than the licensee assuming all of the responsibility. Liability insurance rates could thus conceivably decrease with trained employees or cease to increase at current rates. With all servers trained to identify and handle intoxicated customers, there would be potential for: fewer drunk driving incidents and fatalities, fewer disturbances and fights, fewer lawsuits, and fewer violations of the law on the part of the on-premise establishment. The program is an opportunity on the part of the industry to promote good will, signifying a concern for customers' welfare and the safety of citizens.

Opposition to recommendation

Because of the high turnover rate among bartenders and servers, the training of personnel could prove to be expensive and time consuming for employers. In those situations where the employer will not pay for the training, the employee will have to. The requirement for training would present a problem to an employer whose bartender or waitress/waiter does not show up for work.

Impact of recommendation on the ABC

The ABC anticipates licensing between 15,000 and 18,000 servers of alcoholic beverages if the recommendation is passed by the Legislature.

Attachment # 12
FSA 1/27/87

OREGON SERVER TRAINING PROGRAM

I. THE COURSE

- Who takes the course
 - all bartenders and servers of alcoholic beverages (26,000 individuals)
 - owners of on-premise establishments (licensees)
 - on-site manager (if corporation)
- Servers are trained to see that
 - customers do not drink to intoxication
 - minors do not consume alcohol
 - anyone who is intoxicated is not served and does not drive
- What is taught
 - alcohol as a drug, its effect on the body and behavior, especially driving
 - effect of alcohol when used with other drugs
 - problem drinking and community treatment programs
 - laws on liquor sales, service, liability and driving under the influence
 - server intervention techniques and management policies to promote responsible alcohol service
- Length of course
 - one day, six to eight hours
- Class is taught and the examination given
 - in the English language
 - at the seventh grade level
- Workbooks are available to students before taking the class
- The same exam is given to permittees (servers) and licensees (owners), new and renewal
- No limits are placed on the number of places or times the program is offered

II. OREGON LIQUOR CONTROL COMMISSION'S (OLCC) ROLE & FUNCTIONS

- OLCC's role
 - approve providers
 - monitor courses
 - grade tests
 - certify servers and licensees
 - develop a comprehensive model curriculum for providers
 - new providers are given a six-month probationary period
- OLCC provides a training session for providers which will:
 - highlight philosophy and intent of the program
 - provide a sense of direction
 - clarify liquor laws and rules
 - answer questions about the examination procedures
 - review the purpose and use of workbooks

OREGON TRAINING PROGRAM (cont.)

- explain how the OLCC will evaluate the providers and instructors

- How programs are evaluated

- random observations
- monitoring of paper flow
- pre-tests and post-tests to measure change in knowledge
- use of instructor evaluations (filled out by students)

- OLCC distributes results of exams to students and administers "retakes" should a person fail the first time

III. PROVIDERS

- Who is eligible to provide the program

- anyone may apply
- anyone is eligible if he or she can demonstrate an ability to instruct and train
- all applicants will be checked for criminal records

IV. LICENSEES

- Licensees must complete the program

- before the expiration of their license
- before their license may be renewed
- once every year

V. SERVERS

- Servers must complete the program

- before expiration of their server's permit
- before their permit may be renewed
- within 45 days of employment (new applicants)
- once every five years

VI. FEES

- Program will be self-supporting

- certification fees are assessed on the providers to cover administrative costs
- providers are charged an additional amount for each student he or she trains
- the marketplace will determine the fee charged to students by providers

1/27/87
Attachment #13

LICENSE FEES

Recommendations

The On-Premise Establishments Subcommittee is recommending to the full Commission adoption of a license fee structure such that: 1) liquor-by-the-drink establishments and Class B clubs should be required to pay "similar" fees; 2) Class A private club fees should be set on a graduated schedule with those clubs open daily paying a fee equivalent to liquor-by-the-drink establishments and Class B clubs but with reduced fees if the club is open reduced number of days each week; 3) Beer licensed establishments should be charged a "significantly lower" fee than liquor establishments; 4) Fees for any license should be established at levels as high as possible for the privilege of selling alcohol and to cover administrative and enforcement costs but not so high as to unduly restrict the number of licenses granted.

The Off-Premise Establishments Subcommittee is recommending increasing the retail liquor license fee from the current \$100 to \$500.

Support for recommendations

License fees should be consistent and fair across the board within the industry and cover the cost (along with permit fees, fines, etc.) of the operation of the ABC. The license fee for liquor retailers, beer wholesalers and liquor wholesalers were established in 1949. The license fees for private clubs were established in 1965. None of these license fees have ever been changed. Higher license fees would not only help pay for the administrative and enforcement costs of the ABC but would also act as a limiting factor for entry into the business, promoting market stability.

Opposition to recommendations

Increasing current license fees may place an unfair burden on small retail liquor dealers and private club (and liquor-by-the-drink) operators. The \$1000 Class B private club license fee is comparatively too high at present and raising it would place more pressure on licensees of small clubs.

Impact of recommendations on the ABC

Changing the license fees would not effect the workload. Obviously, increasing the fees would better enable the ABC to operate within its own means, relying less on other funds.

Current license fees

Liquor Wholesale	\$1250
CMB Wholesale	\$300
Strong Beer Wholesale	\$150
Retail Liquor	\$100

Attachment #13
FSA 1/27/87

Class A Club
Class B Club

\$250
\$1000

Other states

The LIQUOR WHOLESale license fees from the 32 license states were compiled. The fees ranged from \$225 in Illinois up to \$10,000 in South Carolina. The average of the liquor wholesale license fees computes to \$2,877.71 while the median is \$1875. In nine of the states, local units of government can levy additional fees.

The BEER WHOLESale license fees from 19 license states were used in an attempt to project a general average. The fees ranged from \$100 in Arizona to \$1500 in New Jersey. The average beer wholesale license fee for the 19 states figures to \$630.79 and the median to \$500.

Off-premise RETAIL LIQUOR license fees from 18 of the license states were used to compute a national average and median. Only 18 of the states were used because in the remaining license states the fees are either set locally or determined by local population. The fees from the 18 states ranged from \$50 in Arizona and North Dakota to \$1875 in the District of Columbia. The average of these states is \$422.63 while the median figures to \$300.

The wide variety of types of on-premise licenses issued by individual states make the determining of an average difficult.

PRIVATE CLUB LIQUOR TAX

Current law

The private club liquor tax, which was enacted in 1979, is a 10% tax on the gross receipts derived from the sale of alcoholic liquor (including CMB) by private clubs. Products subject to the tax are exempt from the State's retail sales tax.

Use of moneys

Revenues generated from this tax are allocated the State General Fund (25%), the Department of Social and Rehabilitation Services's Community Alcoholism and Intoxication Programs Fund (5%), and cities and counties (70%). Of the moneys distributed to cities and counties, 1/3 in the local special alcohol and drug programs fund. For cities with populations of 10,000 or less, the 1/3 for the special alcohol and drug programs funds is distributed to the county and deposited in the county's alcohol and drug programs fund.

Development of the private club liquor tax

From its imposition in 1979 until July 1, 1982, the private club liquor tax revenues were returned in full to the city or county of origin. In 1982, the Legislature modified the distribution, allocating 25 percent to the General Fund 75 percent to the cities and counties. Of the funds returned to the cities and counties, 1/3 was required to be allocated to the local jurisdiction's general fund, 1/3 to a special parks and recreation fund, and 1/3 to a special alcohol and drug program fund. The Legislature subjected CMB to the private club liquor tax in 1985 and again modified the distribution system (to its current status).

Revenue generated from the private club liquor tax

Currently the private liquor tax accounts for approximately 20 percent of total liquor tax collections.

<u>Fiscal Year</u>	<u>Private Club Tax collections (in thousands)</u>	<u>Percent of Total Liquor tax collections</u>
1980	\$4,932	16.7%
1981	6,866	21.1
1982	7,713	22.4
1983	8,432	24.4
1984	8,787	20.9
1985	8,882	20.5

Possible problems with the private club liquor tax

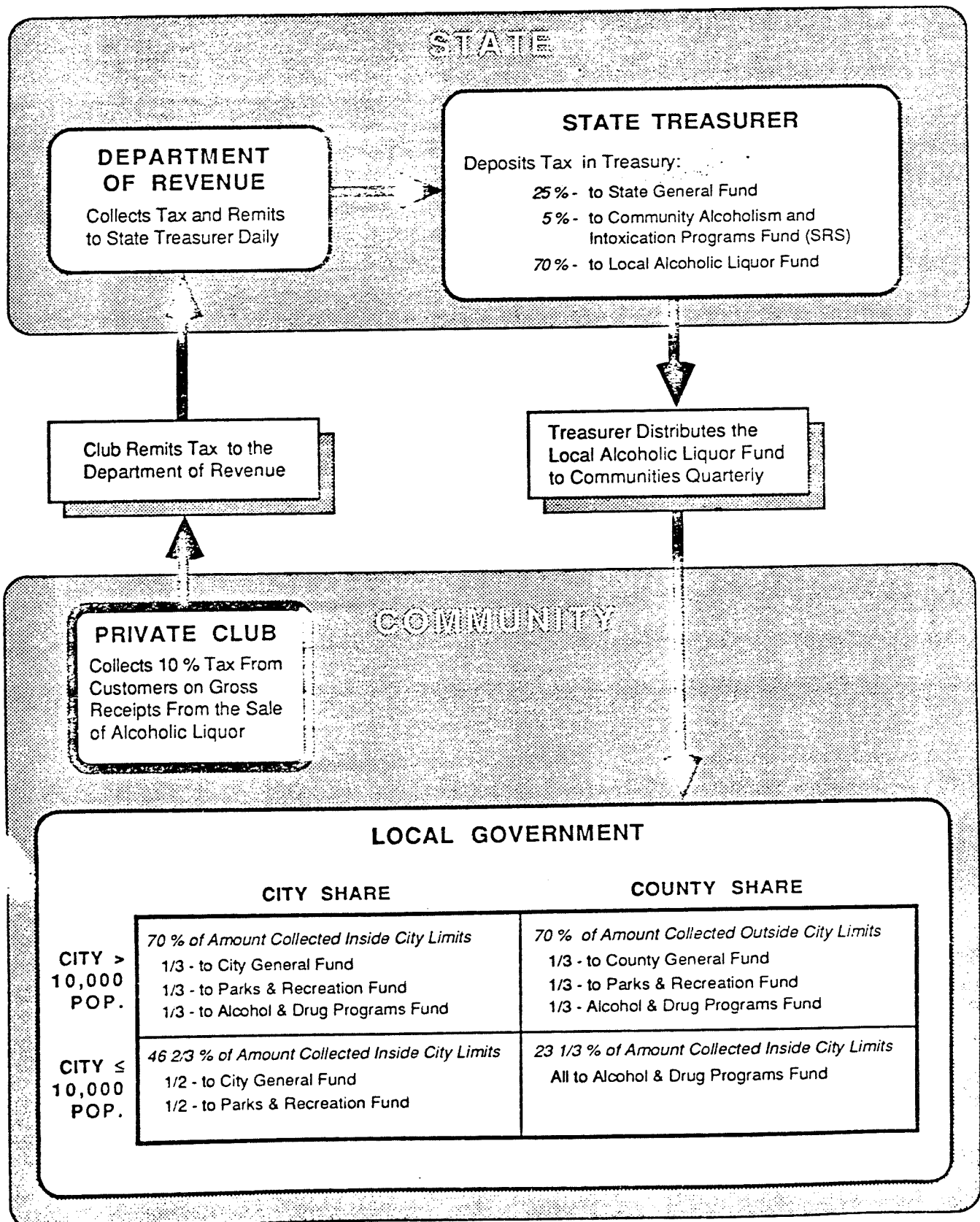
Attachment #14
FSA 1/27/87

Tax compliance in regards to the private club liquor tax is a problem. Undercollection of the tax is estimated by the Department of Revenue to be between \$500,000 and \$1 million a year.

Legislative concerns have also been raised that local funds in-

tended for alcohol and drug abuse programs are being spent for other purposes. The Legislative Division of Post Audit, however, recently sampled 11 cities and counties to investigate this problem and found that "most alcohol and drug program expenditures clearly complied with the requirements of state law." Some localities, according to the study awarded grants to organizations that did not have substance abuse as their sole or primary concern (child abuse programs, hotlines for teenagers, tec.). Three localities allocated money for administrative costs which is not allowed by State law.

COLLECTION AND DISTRIBUTION OF PRIVATE CLUB LIQUOR TAX



IMPLEMENTATION OF THE LIQUOR-BY-THE-DRINK AMENDMENT

LICENSING REQUIREMENTS (p. 15)

Question 1: Should the Liquor Law Review Commission (LLRC) recommendation regarding licensing requirements for liquor-by-the-drink (LBD) establishments be implemented?

Support for recommendation - The recommendation establishes consistency within the licensing of on-premise establishments. The one-year residency requirement is ample time for the ABC to check potential licensees for criminal records and does not protect the industry from competition. The problem of reincorporation on the part of clubs (and soon LBD establishments) in order to get around minimum food and other requirements is worthy of consideration.

Arguments against recommendation - The one-year residency requirement is inconsistent with the four-year residency requirement for liquor retailers.

Impact on the ABC - Since the recommendation is consistent with existing club licensing requirements, it would produce little change. Solving the reincorporation problem would assist the ABC in terms of enforcement and could result in improved tax compliance on the part of private clubs (and soon LBD establishments).

LIQUOR ESTABLISHMENTS (p. 15)

Question 2: Should the current class A and class B private club system be retained in both wet and dry counties as the LLRC recommends?

Support for recommendation - Maintaining the current system provides for consistency and a smoother transition for implementation of liquor-by-the-drink.

Arguments against recommendation - There should be no private clubs in dry counties. If a county votes dry, it ought to be dry.

Impact of recommendation on the ABC - By not upsetting the licensing process of the existing private club system, the recommendation effectuates little change.

Question 3: Should reciprocity among class B private clubs be eliminated as the LLRC recommends? Should fees be charged for the processing of reciprocal agreements among class A private clubs as the LLRC recommends?

Support for recommendation - Eliminating reciprocity removes the hypocrisy of the current system. Reciprocity was instituted as a means of getting around the prohibition on public consumption of liquor. Now that liquor-by-the-drink is a reality, there is no need for reciprocity. Voters in dry counties want more restrictions placed on the sale of liquor and do not want public consumption of liquor, which is, in reality, what reciprocity makes possible. Allowing reciprocity would run contrary to the dry vote in respective counties. There are costs involved in processing reciprocal agreements and, at present, the State is absorbing it all.

Arguments against recommendation - Without reciprocity, a consumer would have to purchase a membership and club card from every class B private club in which he/she wishes to patronize. Eliminating reciprocity would damage class B private clubs in dry counties who rely on out-of-town business. Voters in dry counties voted for the status-quo, not for more restrictions on private clubs.

Impact on the ABC - Elimination of reciprocity among class B clubs would eliminate the processing of reciprocal agreements. Eliminating reciprocity among class B clubs would eliminate costly processing of agreements which is currently done without a fee.

Question 4: Should the minimum food sales requirement for private clubs be eliminated as the LLRC recommends?

Support for recommendation - Without reciprocity, the need for minimum food sales seems to wane. The current minimum food sales requirement is enforced only to a minor degree.

Arguments against recommendation - Requiring minimum food sales ensures that consumption of liquor will occur only at establishments offering food.

Impact on the ABC - Enforcement of the minimum food sales requirement would no longer be necessary.

Other considerations - The minimum food requirement is currently required for multiple ownership (K.S.A. 41-26-23(d)) as well as reciprocity.

Question 5: Should membership fees be paid to the State, rather than the private club, as the LLRC recommends?

Support for recommendation - With membership fees going to the State, club owners would not be giving out free memberships and thus, circumventing the law.

Arguments against recommendation - The private club attracts its own members and should not be forced to forfeit its fees to the State.

Impact on the ABC - Handling memberships would increase the workload of the Licensing section by approximately one-half position. Collection of membership fees would generate an unknown amount of revenue.

Question 6: Should private clubs be limited to use by members and members guests only as the LLRC recommends?

Support for recommendation - The serving of liquor-by-the-drink to the general public should be limited to LBD establishments and thus, guests of management should be eliminated. Allowing guests of management enables a private club to admit virtually anyone. Private clubs should be just that, private.

Arguments against recommendation - Eliminating guests of management would seem to exceedingly restrict a club's ability to control its selection of customers.

Impact on the ABC - Allowing guests of management gives rise to enforcement problems. Elimination of guests of management would make it easier to police unlawful entrance and consumption in private clubs.

Question 6: Should public seating be prohibited within private clubs as the LLRC recommends?

Support for recommendation - Allowing public seating within the licensed premise involves enforcement problems and burdensome processing of diagrams.

Arguments against recommendation - Not allowing public seating would restrict non-members who do not wish to drink from eating at a private club.

Impact on the ABC - In regards to enforcement, the confusion over what area of the private club is public and what section is private would be removed. The processing of diagrams would also be eliminated.

CATERER LICENSE (p. 16)

Question 7: Should a category of caterers licenses be established to allow for the catering of liquor-by-the-drink for special events in wet counties as the LLRC recommends? Should a caterer be required to obtain a temporary permit for every event catered? Should a caterer be permitted to buy from wholesalers and retailers? What should the licensing requirements for a caterer's license be? What should the license fee be?

Support for recommendation - The recommendation enables a sponsoring group to solicit the services of a caterer and thus, conduct a function without having to obtain a temporary permit.

Arguments against recommendation - Special events can be handled without the services a caterer...

Impact on the ABC - The ABC would need to run background checks on candidates for a caterers license and enforce the Liquor Control Act at the special events.

TEMPORARY PERMIT LICENSE (p. 17)

Question 8: Should a category of temporary permit licenses be established to allow for the serving of liquor-by-the-drink at unlicensed premises for special events as the LLRC recommends? Should the time period for a temporary permit not exceed seven days? Should a temporary permit licensee be required to purchase liquor products at a retail liquor store? What should the licensing requirements for a temporary permit license be? What should the license fee be?

Support for recommendation - The recommendation facilitates implementation of the constitutional amendment provisions authorizing sales of liquor-by-the-drink in public places to which a temporary permit has been issued. Allows political candidate, non-profit organizations, conventions, etc., to obtain a temporary permit to hold functions.

Arguments against recommendation - The recommendation does not specify how many times a temporary permit could be obtained. It does not specify penalties if the licensee is found to be in violation of the law.

Impact on the ABC - If a large numbers of special permits are

issued, additional personnel would be required for enforcement. Application for a temporary permit license would need to be done well in advance of the event so the ABC could conduct the proper checks and notify the proper local officials. The issuing of temporary permits could be done on a local basis.

Question 9: Should the LLRC recommendation regarding Alcoholic Beverage Handler Training and licensing be implemented?

Support for recommendation - The recommendation would help reduce the incidence of drinking and driving, the sale of alcohol to minors and other abuses and violations of the alcoholic beverage control laws. Implementation of such a program could have the effect of reducing liability insurance rates for licensees. It would allow administrative action against a servers permit rather than criminal charges against a server. The server would assume more responsibility, thus relieving the licensee.

Arguments against recommendation - Implementation of such a program would be costly to the servers and/or licensees. The amount of licensing activity that would be required would be significant.

Impact on the ABC - The licensing of an estimated 18,000 to 20,000 servers would require additional staff, equipment, and office space. In addition to licensing, the ABC would approve curriculum and monitor classes. Provider and student fees would more than pay for the additional cost, however.

Question 10: Should the license fee for liquor-by-the-drink establishments be established at \$2000 as the LLRC recommends?

Support for recommendation - A liquor-by-the-drink license has more value than a class B private club since it enjoys a broader base from which to draw business. Therefore, its license fee should be higher than the \$1000 fee for class B private clubs. The higher the fee, the greater the responsibility tends to be for the licensee because there is more at stake.

Arguments against recommendation - The \$2000 fee is high enough to limit competition and thus, could result in higher prices for the consumer. With a \$1000 difference in the class B club and liquor-by-the-drink fees, the incentive to obtain a liquor-by-the-drink license rather than a club license would not be as great.

Impact on the ABC - The only effect on the ABC would be in terms of license fee revenue.

SUNDAY AND ELECTION DAY SALES (p.17)

Question 11: Should liquor-by-the-drink establishments, private clubs, and on-premise CMB outlets be permitted to be open on Sundays and election days as the LLRC recommends? Note: Senate Bill 128, passed by the 1985 Legislature, prohibits election day sales of liquor for on-premise consumption during polling hours effective July 1, 1987.

Support for recommendation - The prohibition on election day sales is dated back to the time when many taverns were used as polling places. The recommendation establishes consistency among on-premise

establishments.

Arguments against recommendation - Allowing Sunday and election day sales for on-premise consumption but not for off-premise consumption is inconsistent. This would seem to run contrary to the recent awareness of the dangers of drinking and driving.

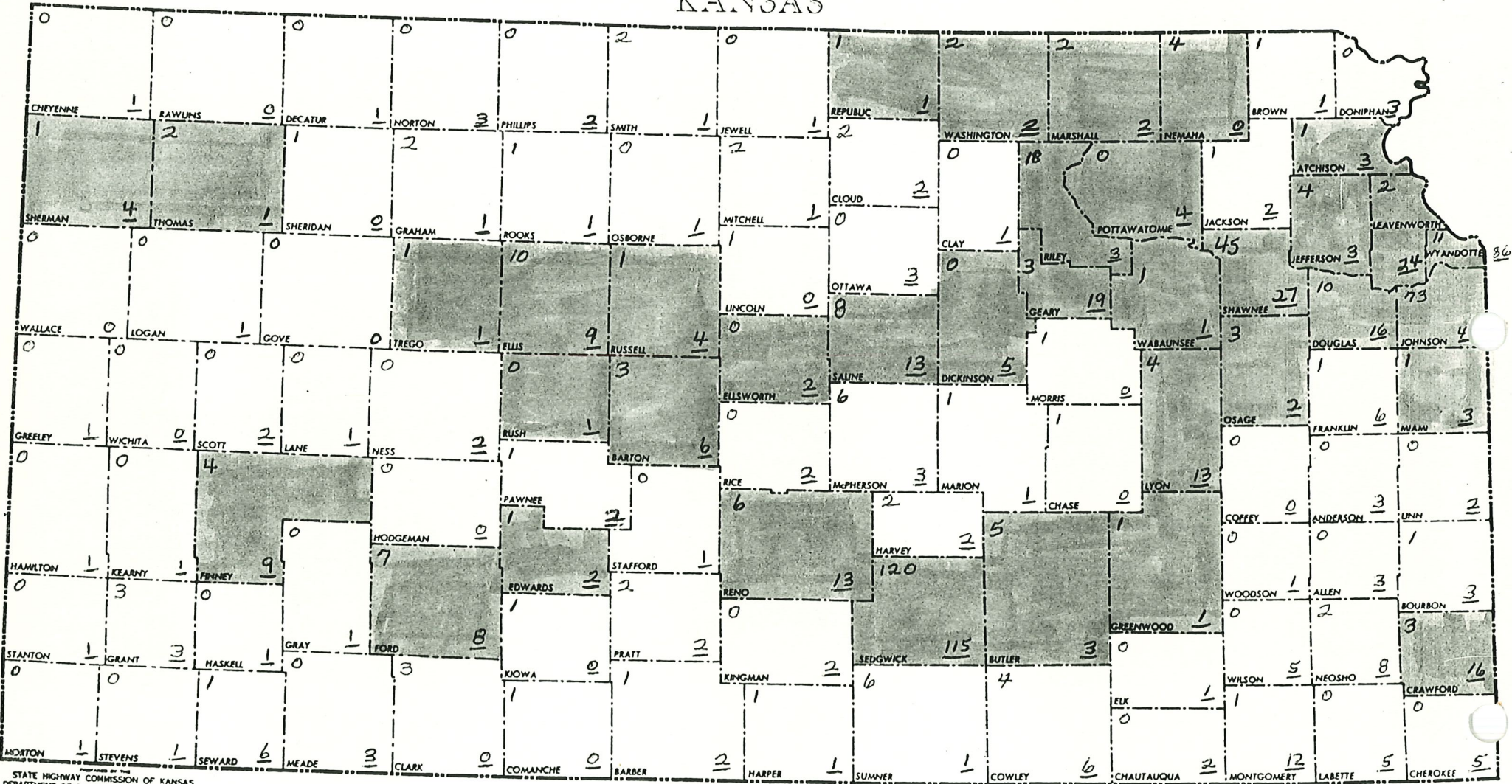
Impact on the ABC - Since private clubs are open on Sundays and election days now, the recommendation would entail little change. Enforcement efforts would have to be expanded if liquor stores are given the ability to open on Sundays.

HOURS OF OPERATION

Question 12: What hours of the day should liquor-by-the-drink establishments be authorized to do business? Note: Senate Bill 128, passed by the 1985 Legislature, authorizes liquor-by-the-drink establishments and private clubs to be open between the hours of 9 a.m. to 2 a.m. on Monday through Saturday and between the hours of 12 noon and 2 a.m. on Sunday. The LLRC did not forward a recommendation regarding hours of operation for liquor-by-the-drink establishments.

1/27/89
Attachment #16

KANSAS



STATE HIGHWAY COMMISSION OF KANSAS
DEPARTMENT OF PLANNING AND DEVELOPMENT

Number in upper left corner is the number of reciprocal clubs in the county.
Number in lower right corner is the number of non-reciprocal clubs in the county.

Shaded Area = Wet Counties

Attachment #16
1/27/89

1/27/89
Attachment #16

<i>WET COUNTIES</i>	<i>Reciprocal</i>	<i>Non-Reciprocal</i>
<i>Sherman</i>	<i>1</i>	<i>4</i>
<i>Thomas</i>	<i>2</i>	<i>1</i>
<i>Trego</i>	<i>1</i>	<i>1</i>
<i>Ellis</i>	<i>10</i>	<i>9</i>
<i>Russell</i>	<i>1</i>	<i>4</i>
<i>Rush</i>	<i>0</i>	<i>1</i>
<i>Barton</i>	<i>3</i>	<i>6</i>
<i>Ellsworth</i>	<i>0</i>	<i>2</i>
<i>Saline</i>	<i>8</i>	<i>13</i>
<i>Dickinson</i>	<i>0</i>	<i>5</i>
<i>Geary</i>	<i>3</i>	<i>19</i>
<i>Republic</i>	<i>1</i>	<i>1</i>
<i>Washington</i>	<i>2</i>	<i>2</i>
<i>Marshall</i>	<i>2</i>	<i>2</i>
<i>Nemaha</i>	<i>4</i>	<i>0</i>
<i>Pottawatomie</i>	<i>0</i>	<i>4</i>
<i>Atchison</i>	<i>1</i>	<i>3</i>
<i>Jefferson</i>	<i>4</i>	<i>3</i>
<i>Leavenworth</i>	<i>2</i>	<i>24</i>
<i>Wyandotte</i>	<i>11</i>	<i>86</i>
<i>Johnson</i>	<i>73</i>	<i>43</i>
<i>Miami</i>	<i>1</i>	<i>3</i>
<i>Douglas</i>	<i>10</i>	<i>16</i>
<i>Shawnee</i>	<i>45</i>	<i>27</i>
<i>Wabaunsee</i>	<i>1</i>	<i>1</i>
<i>Osage</i>	<i>3</i>	<i>2</i>
<i>Lyon</i>	<i>4</i>	<i>13</i>
<i>Greenwood</i>	<i>1</i>	<i>1</i>
<i>Butler</i>	<i>5</i>	<i>3</i>
<i>Sedgwick</i>	<i>120</i>	<i>115</i>
<i>Reno</i>	<i>6</i>	<i>13</i>
<i>Edwards</i>	<i>1</i>	<i>3</i>
<i>Ford</i>	<i>7</i>	<i>8</i>
<i>Finney</i>	<i>4</i>	<i>9</i>
<i>Riley</i>	<i>18</i>	<i>3</i>
<i>Crawford</i>	<i>3</i>	<i>16</i>

DRY COUNTIES

Reciprocal

Non-Reciprocal

Cheyene	0	1
Rawlins	0	0
Decatur	0	1
Morton	0	3
Phillips	0	2
Smith	2	1
Jewell	0	1
Brown	1	1
Doniphan	0	3
Sheridan	1	0
Graham	2	1
Rooks	1	1
Osborne	0	1
Mitchell	2	1
Cloud	2	2
Clay	0	1
Ottawa	9	3
Lincoln	1	0
Jackson	1	2
Wallace	0	0
Logan	0	1
Gove	0	0
Greeley	0	1
Wichita	0	0
Scott	0	2
Lane	0	1
Ness	0	2
Hodgeman	0	0
Pawnee	1	2
Hamilton	0	1
Kearny	0	1
Stanton	0	1
Grant	3	3
Haskell	0	1
Gray	0	1
Morton	0	1
Stevens	0	1
Seward	1	6
Meade	0	3
Clark	3	0
Kiowa	1	0
Comanche	1	0
Stafford	0	1
Pratt	2	2
Barber	1	2
Rice	0	2
Kingman	0	2
Harper	1	1
McPherson	6	3
Harvey	2	2
Sumner	6	1
Marion	1	1
Morris	1	0
Chase	1	0
Cowley	4	6
Elk	0	1
Chautauqua	0	2

DRY COUNTIES

Reciprocal

Non-Reciprocal

<i>Coffey</i>	<i>0</i>	<i>0</i>
<i>Woodson</i>	<i>0</i>	<i>1</i>
<i>Wilson</i>	<i>0</i>	<i>5</i>
<i>Montgomery</i>	<i>1</i>	<i>12</i>
<i>Franklin</i>	<i>1</i>	<i>6</i>
<i>Anderson</i>	<i>0</i>	<i>3</i>
<i>Allen</i>	<i>0</i>	<i>3</i>
<i>Neosho</i>	<i>2</i>	<i>8</i>
<i>Labette</i>	<i>0</i>	<i>5</i>
<i>Linn</i>	<i>0</i>	<i>2</i>
<i>Bourbon</i>	<i>1</i>	<i>3</i>
<i>Cherokee</i>	<i>0</i>	<i>5</i>

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