

Approved _____

Date

2/28/89

MINUTES OF THE Senate COMMITTEE ON Federal & State Affairs

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

11:11 a.m. ~~p.m.~~ on February 27, 1989 in room 254-E of the Capitol.

All members were present except:

Senator McClure who was excused.

Committee staff present:

Mary Galligan, Legislative Research Department
Mary Ann Torrence, Revisor of Statute Office
Marty Robison, Secretary

Conferees appearing before the committee:

Senator Janis Lee
Mark Wettig, Department of Revenue
R.E. "Tuck" Duncan
Senator Dave Kerr
Dave Allen, Hutchinson
Rev. Richard Taylor, Kansans For Life At Its Best

Chairman Reilly called the meeting to order.

Senator Lee appeared before the committee to request introduction relating to recreation systems; exempting tax levys of such systems from statutory aggregate and fund levy limitations. Senator Yost moved the proposal be introduced. Senator Bond seconded and the motion carried.

Mark Wettig asked the consideration of 3 proposals (Attachment 1). The first proposal allowed the Department of Revenue to contract with a debt collection agency to collect in-state delinquent accounts. Senator Yost moved the introduction and Senator Bond seconded. The motion passed. The second proposal would allow the Division of Vehicles to obtain the social security number of taxpayers from state tax records. The committee took no action on this proposal. The third proposal would eliminate any requirement that the Department pay transceiver companies a fee certain for their permit selling services. Senator Yost moved the introduction and Senator Vidricksen seconded. The motion carried.

A hearing was held on SB 316 which deals with food sales requirements for drinking establishments and clubs.

Tuck Duncan appeared at the request of a member and told the committee that this bill would allow an entity to conform to the locally established criteria for being in operation.

Senator D. Kerr appeared to introduce a constituent who has a bowling alley and has to include all gross receipts rather than just food. He said he did not believe that was the intent of the Legislature.

Dave Allen presented figures from his two bowling alleys which made comparisons of food sales to total sales and to food & liquor sales (Attachment 2).

Mark Wettig told the committee that SB 316 would redefine "restaurant" and that "gross receipts" would include only the sales of food and beverages. They would also propose amending the bill by replacing "calendar year" in lines 77 and 84 with "6 month period" (Attachment 3).

CONTINUATION SHEET

MINUTES OF THE Senate COMMITTEE ON Federal & State Affairs,
room 254-E, Statehouse, at 11:11 a.m./~~P.M.~~ on February 27, 1989.

Rev. Taylor appeared in opposition to the inclusion of beverages in the percent required of gross receipts (Attachment 4).

A discussion was held on SB 77 which calls for 40 year mandatory life imprisonment for certain crimes.

Senator Bond proposed an amendment which would require the district attorney or county attorney to notify the defendant and/or the attorney whether they were filing under the mandatory 40 year term. Failure would cause the sentence to go under the current law of 15 years. Senator Bond moved the amendment and any other clarifying language needed throughout the bill be adopted. Senator Strick seconded and the motion passed.

Senator Yost made a conceptual amendment that mitigating and aggravating circumstances be amended to be the same as in 1989 SB 38, as amended by the Senate Committee of the Whole. Senator Anderson seconded and the motion passed.

Senator Daniels made a conceptual amendment that the mentally retarded not be subjected to the mandatory 40 year sentence. Senator Yost seconded and the motion carried.

Senator Bond moved SB 77 be reported favorable for passage as amended. Senator Anderson seconded and the motion carried.

The meeting was adjourned at 11:53.



KANSAS DEPARTMENT OF REVENUE

Office of the Secretary

Robert B. Docking State Office Building

Topeka, Kansas 66612-1588

M E M O R A N D U M

To: The Honorable Ed Reilly, Chairman
Senate Committee on Federal and State Affairs

From: Mark Wettig
Special Assistant to the Secretary of Revenue

Date: February 27, 1989

Re: Bill Requests

Thank you for the opportunity to appear and request the introduction of certain bills affecting the operation of the Department of Revenue. The proposals are briefly summarized below:

PROPOSAL NO. 1 -- introduction of a bill which would allow the Department of Revenue to contract with a debt collection agency to collect in-state delinquent accounts. The current statute only allows the Department to contract for the collection of delinquent taxes from nonresident taxpayers. This proposal came about as a result of a Post-Audit study for the Division of Collections.

PROPOSAL NO. 2 -- introduction of a bill which would allow the Division of Vehicles to obtain the social security number of taxpayers from state tax records. The social security number is critical to the proper operation of VIPS.

PROPOSAL NO. 3 -- introduction of a bill to eliminate any requirement that the Department pay transceiver companies a fee certain for their permit selling services. Currently, K.S.A. 66-1327 requires the Department to pay no less than \$25 nor more than \$1,500 per month for such services. Under current contracts, the Department actually makes no payment as such. Instead, the transceiver company directly bills the motor carrier. This is a recommendation of Legislative Post Audit.

I would be happy to respond to any questions you might have regarding any of the proposals.

SFA SA
2-27-89

Attachment 1

REVENUE BREAKDOWN
 COUNTRYSIDE LANES-NORTH
 COUNTRYSIDE LANES-SOUTH
 HUTCHINSON, KANSAS
 For the year ending 6/30/88

	NORTH -----	SOUTH -----
BOWLING REVENUE	\$348,759.00	\$152,260.00
BALL, BAG, SHOE SALES	24,632.00	6,894.00
SHOE RENTAL	13,780.00	3,351.00
LOCKER RENTAL	2,186.00	727.00
VENDING & GAME COMMISSION	29,710.00	7,098.00
	-----	-----
(1)	\$419,067.00	\$170,330.00
FOOD SALES	76,777.00	29,206.00
BEER & LIQUOR SALES	58,279.00	26,907.00
	-----	-----
(2)	\$135,056.00	\$56,113.00
TOTAL SALES (1+2)	\$554,123.00 =====	\$226,443.00 =====

FOOD SALES	\$76,777	\$29,206
----- =	-----	-----
TOTAL SALES	\$554,123	\$226,443
	= 14%	= 13%

FOOD SALES	\$76,777	\$29,206
----- =	-----	-----
FOOD & LIQUOR SALES	\$135,056	\$56,113
	= 57%	= 52%

SF & SA
 5-27-89
 Attachment 2

MEMORANDUM

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

FROM: Mark E. Wettig
Special Assistant to the Secretary of Revenue

DATE: February 27, 1989

SUBJECT: Senate Bill 316, As Introduced

I appreciate the opportunity to appear before you today to discuss Senate Bill 316 which amends current food requirements for drinking establishments and private clubs.

CURRENT LAW

Presently, the food requirement for a drinking establishment is 30% of **sales of food and beverages**, unless the establishment is located within a county which has voted in favor of eliminating the food requirement. If a person has more than one drinking establishment license however, each establishment must qualify as a "restaurant", as defined in K.S.A. 1988 Supp. 41-2601. The food requirement for "restaurant" status is 50% of **all sales** made on the licensed premises. This is the case in all wet counties.

Multiple private club license holders and reciprocating private clubs must also qualify as a "restaurant" (50% of all sales).

SENATE BILL 316

The bill would redefine a "restaurant" as it is used in determining qualifications for multiple ownership of private clubs and drinking establishments, and reciprocal agreements among private clubs. Currently, "gross receipts," in regard to "restaurants," includes all sales made on the licensed premises, rather than just food and beverages. The term "gross receipts" would be made consistent for both the 50% and 30% food sales requirements. "Gross receipts" would include only the sales of food and beverages.

PROPOSED AMENDMENT

Senate Bill 316 effectively addresses the current inconsistencies in determining gross receipts and multiple licensing food requirements. A problem would remain, however, with the time frame used for determining a licensee's compliance with the 30% and 50% food requirements. Current language requires the use of a "calendar year" to determine food percentage of gross receipts. Under this provision, a licensee could potentially operate up to 23 months without meeting the required food sales percentages. For example, a license which became effective on February 1, 1989 would not have a "calendar year" of sales history available for audit until January 1, 1991. The

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Attachment 3

Department recommends that the words "calendar year" in lines 77 and 84 of the bill be replaced with the words "6 month period". This would allow a new business a reasonable time to build a clientele base and establish the necessary food percentage, but would not allow any licensee to avoid the requirements for nearly two years.

For your reference I have included a summary of current law along with the proposed changes of Senate Bill 316. Thank you for your time and attention.

Effect of Senate Bill 316

CURRENT FOOD REQUIREMENTS

Drinking Establishment (Single License Holder) - 30% of sales of food and beverages.

Drinking Establishment (Multiple License Holder) - 50% of all sales made on the licensed premises.

Reciprocating Private Club - 50% of all sales made on the licensed premises.

Nonreciprocating Private Club - No food requirement.

Private Club (Multiple License Holder) - 50% of all sales made on the licensed premises.

SENATE BILL 316

Drinking Establishment (Single License Holder) - 30% of sales of food and beverages.

Drinking Establishment (Multiple License Holder) - 30% of sales of food and beverages.

Reciprocating Private Club - 50% of sales of food and beverages.

Nonreciprocating Private Club - No food requirement.

Private Club (Multiple License Holder) - 50% of sales of food and beverages.

February 27, 1989
Hearing on SB 316
30% & 50% food requirement

Senate Federal & State Affairs
Richard Taylor
KANSANS FOR LIFE AT ITS BEST!

Today an A.P. story on the front page of our morning paper gives us this statement from John Tower. "I hereby swear and undertake that if confirmed, during the course of my tenure as Secretary of Defense, I will not consume beverage alcohol of any type or form, including wine, beer or spirits of any kind."

If every person in public service would make such a decision, problems in government would be greatly reduced. Medical doctors know that alcohol in the veins and brains dulls the highest function of the human brain, the delicate capacities of intellectual decision, choice, discretion, will power, judgment, and self control. Iced tea, coffee, or Coca Cola do not dull the brain. Alcohol-
The product is the problem.

As I understand the bill, lines 70-72. of SB 316 would no longer require a restaurant club to derive 50% of its gross receipts from the sale of food for consumption on the premises. This would be reduced to 50% of its gross receipts from all sales of food and beverages. (Line 76) Off premise sales would also be included. Since the bill does not say NON-ALCOHOLIC BEVERAGES, are such included in the 50%?

Alcoholism authorities recommend persons eat as they drink. This tends to slow down the effect of alcohol on the brain. And if persons eat as they drink, they usually drink less. Our present law forces clubs to push food in order to reach the 50% requirement.

If less alcohol-related suffering is your concern, line 82 should be 50% and line 83 should not include BEVERAGES and should include FOR CONSUMPTION ON THE PREMISES.

LAWS THAT CHIP AWAY AT ALCOHOL REGULATION AUGMENT AN INCREASING LIQUOR PROBLEM IN THE UNITED STATES. (See attached clipping)

If you want to help dealers in this deadly drug make money, vote YES. If you want less alcoholism and less alcohol-related suffering, please vote NO.

Respectfully yours,

Richard Taylor

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Attachment 4

Alcohol problem greater than cancer, says doctor

By **LESLIE CHAMPLIN**
Health Writer

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

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



Dr. Ernest Noble

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

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

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

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

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

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

Reversing the trend to which Noble referred includes

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

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

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

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

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

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

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

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

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

Alcohol Research Center



DEPARTMENT OF PSYCHIATRY AND
BIOBEHAVIORAL SCIENCES
UCLA SCHOOL OF MEDICINE
780 WESTWOOD PLAZA
LOS ANGELES, CALIFORNIA 90084

May 13, 1986

Rev. Richard Taylor
President
Kansans For Life At Its Best
Box 888
Topeka, KA 66601

Dear Rev. Taylor:

We out-of-staters look at Kansas with admiration and envy for your many attributes when compared to the rest of our country: high productivity, low crime rate and burden of illness, and good family life. I believe that one of the major reasons for maintaining these qualities is due to the wisdom of controlling availability and hence the consumption of alcohol.

It is now amply documented in the scientific literature that as an individual, a group, a state or a nation increases its alcohol consumption, it reaps the negative burdens of alcohol problems. Hence, I see Kansas as not behind but instead ahead of the times; for you have stubbornly resisted attempts to increase alcohol availability and thus preserved the quality of life of your citizens. I believe it would be a tragic mistake if your Governor, legislators and voters support laws that proliferate outlets for purchasing alcohol. I strongly urge your State to give a resounding NO for liquor by the drink.

Yours sincerely,

A handwritten signature in cursive script that reads "Ernest P. Noble".

Ernest P. Noble, Ph.D., M.D.
Pike Professor of Alcohol Studies
and
Former Director, National Institute
on Alcohol Abuse and Alcoholism