

Approved: 3-28-95  
Date

MINUTES OF THE HOUSE COMMITTEE ON FEDERAL AND STATE AFFAIRS.

The meeting was called to order by Chairperson Garry Boston at 1:30 p.m. on March 16, 1995 in Room 526-S of the Capitol.

All members were present except:

Committee staff present: Mary Galligan, Legislative Research Department  
Lynne Holt, Legislative Research Department  
Mary Ann Torrence, Revisor of Statutes  
June Evans, Committee Secretary

Conferees appearing before the committee: Jim Conant, Chief Administrative Officer, Alcoholic Beverage Control Division  
R. E. "Tuck" Duncan, Kansas Wine & Spirits Wholesalers Assn, Inc.  
George Puckett, Kansas Restaurant and Hospitality Assn.  
Neal Whitaker, Executive Director, Kansas Beer Wholesalers Assn.  
Lori Callahan  
Bob Wilson, Kansas Auctioneers Assn., Inc.  
Patricia Oppitz, President, Kansas Retail Liquor Dealers Assn.  
Kurt J. Bossert, Bossert Retail Liquor Store  
John A. Webb, Webb's Fine Wine and Spirits

Others attending: See attached list

**HB 2557 - Concerning alcoholic liquor**

Jim Conant, Chief Administrative Officer, Alcoholic Beverage Control Division, stated the division has not adopted a specific position on the major aspects of the bill. The division does request Section 5 be amended which would amend K.S.A. 41-709 to allow distributors to withdraw products from their warehouses for use as samples in the course of their business or at industry seminars. Use of the product in this manner would be subject to rules and regulations of the secretary. Sampling at industry seminars is currently allowed by ABC regulations, but all product used must be purchased through a retail liquor store and is subject to the 8% enforcement tax. Clarification is needed regarding the taxable status of product withdrawn for business or sampling purposes. Since this product is now subject to the 8% enforcement tax as it passes through the retail liquor level, is it the intent of the bill to specifically exempt it from that tax? We would respectfully request that product used in this manner should either be specified as taxable under K.S.A. 79-4104, et. seq., or specifically exempted via additional language in section 5 of the bill. (See Attachment #1)

R. E. "Tuck" Duncan, Kansas Wine & Spirits Wholesalers Association, Inc., testified in support of **HB 2557**, stating (1) this is a modification of the law that will allow wholesalers (beer, wine and spirits) to use each others docks for will-call (2) a modification in the law to allow distributors (beer, wine and spirits) to withdraw from their warehouses in limited circumstances inventories for internal and/or approved seminar use (3) clarifies that the current policy in law that prohibits multiple case discounts on alcoholic liquors (spirits, wines and strong beers) be extended to cereal malt beverages (4) allows the issuance of a temporary permit for charitable auctions of wines and other beverage alcohol and further allows for a permit to sell porcelain decanters which contain alcoholic liquors and (5) deletes the language that permits direct delivery from a Kansas brewer, of which there are none at present, to a retailer.

The final portion of the bill that addresses that spirits and wine distributors licenses with the provisions of the beer distributors licenses, such that a spirits or wine distributor may, but is not required to, provide direct delivery to clubs and drinking establishment, all four wine and spirits distributors in Kansas take a neutral position. If this portion of the bill is not acceptable, do not want this portion to keep the rest of the bill from

going forward. (See Attachment #2)

George Puckett, Kansas Restaurant and Hospitality Association, testified as a proponent for **HB 2557** stating this bill which includes a provision requested be included, provides for uniformity in the availability to clubs and drinking establishment of wines, spirits and beers from wholesalers. Current law provides that members of my association who hold club and drinking establishment licenses may, at the option of the beer distributor, purchase beer from a distributor holding a beer license. It is believed that there should be the opportunity for clubs and drinking establishments to buy their inventory at wholesale -- in addition to purchasing from retail liquor dealers. KRHA is an organization of retail businesses and we believe should be able to have the opportunity to buy wholesale. (See Attachment #3)

Neal Whitaker, Executive Director, Kansas Beer Wholesalers Association, testified in support of **HB 2557** which allows for a temporary permit to authorize the sale of alcoholic liquor at an auction in support of charity fundraising activities, allows a distributor to withdraw from its own inventory alcoholic liquor or cereal malt beverage for sampling purposes. This section may need an amendment to allow the Secretary of Revenue to collect the appropriate taxes on the product and allows distributors to enter into agreements facilitating joint dock delivery. Further support the amendments which strikes the language that a licensed retailer may purchase or receive beer from a licensed beer manufacturer having a place of business in this state. The Kansas Beer Wholesalers Association will remain neutral with regard to quantity discounts on cereal malt beverage. (See Attachment #4)

Lori Callahan was a proponent for **HB 2557**, particularly Section 7 which allows a charitable organization to obtain a temporary permit once a year for a period not to exceed three consecutive days to hold an auction of alcoholic liquor. The American Cancer Society in several other states, including our neighboring states of Nebraska and Missouri, currently conduct wine auctions once a year as a fund-raiser for the activities of the American Cancer Society. (See Attachment #5)

Bob Wilson, Kansas Auctioneers Association, Inc., testified in support of **HB 2557**, stating auctioneers handle many different types of auctions. Sometimes at an estate or collectors sale there will be a liquor or spirits bottle for sale. Quite often at a charitable auction a bottle of wine will be offered for sale. It is the belief of the KAA that **HB 2557** would clarify the sale of these items and assure their legality. (See Attachment #6)

Patricia Oppitz, President, Kansas Retail Liquor Dealers Association, Inc., testified in opposition of **HB 2557**, stating there are parts of Section 1, Section 2 and Section 6 which drastically change the way liquor retailers and wholesalers do business in Kansas. This bill says that spirits distributors or wholesalers can sell directly to licensed caterers, clubs and drinking establishments. This is a major change and a stab in the back to liquor retailers. This change could legislate liquor retailers out of business. (See Attachment #7)

Kurt J. Bossert, Bossert Retail Liquor Store, opposed **HB 2557**, stating this would put him out of business as 37% of his revenue comes from sales to clubs and drinking establishments. This offers no benefits to the state or citizens of Kansas, but will cause individual business owners to go out of business. (See Attachment #8)

Carl Mitchell, opposed **HB 2557**, stating this is a special product. If the state wants to regulate then there needs to be a working agreement. Many stores have closed, no other business in Kansas is regulated to the extent of telling stores when they open, close, what products we can and can not sell. (No Attachment)

John A. Webb, Webb's Fine Wine and Spirits, testified against **HB 2557**, stating the Kansas Beverage Alcohol Law has a tremendous amount of inconsistency. A more stable and profitable retail market would promote a more socially responsible market with voluntary compliance. (See Attachment #9)

The Chairperson closed the hearing on **HB 2557**.

Representative Cox moved and Representative Standifer seconded to reconsider **SB 27** that was passed out favorably and bring bill back to the committee and remove the sunset. A Division was called for Yeas - 13 and Nays -7. The motion carried.

The Chairperson stated that **SB 27** was back in committee in the original form.

Representative Lawrence moved and Representative Swenson seconded to amend **HB 2544**. (See Attachment #10)

After discussion Representative Lawrence and Representative Swenson agreed to withdraw the motion and look at further amendments at the next meeting.

The meeting adjourned at 3:20 p.m. and the next meeting will be March 17.

HOUSE FEDERAL AND STATE AFFAIRS COMMITTEE  
GUEST LIST

DATE: March 16, 1995

NAME	REPRESENTING
Carl Mitchell	KR & DA - Self
Pat Black	KK & DA - Black & Liquor Store
BERTIE JOHNSON	KANSAS LOTTERY
Rebecca Rin	KRLDA
Patricia Spitz	KR & DA
Frances Kastner	Ks Food Dealers Assn
Jim Conant	ABC
John DUNCAN	Ks. Wine & spirits Wholesale Assn.
JOHN C. BOTTENBERG	KWSWA, P.M. USA, WCHWA, Granddick
Al Thompson	Self.
Mike Stein	Stein, Ebert & Wain
Bob B...	Bossert Liquor Store
JOHN WEBB	WVBOB LIQUOR
Neal D. White	Ks Beer Wholesalers Assn
Dave Schneider	Kansas For Life At Its Best
Andee C. Shalton	American Heart Association
Jay Carmona	Tabacco Free Kansas, Inc.
Maryanne Hellebrant	Tabacco Free Kansas, Inc.
Jim Edwards	KOCE



STATE OF KANSAS



Bernie Norwood, Director  
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Department of Revenue  
*Division of Alcoholic Beverage Control*

**MEMORANDUM**

**TO:** The Honorable Garry Boston, Chairman  
House Committee on Federal & State Affairs

**FROM:** Jim Conant, Chief Administrative Officer  
Alcoholic Beverage Control Division

**DATE:** March 16, 1995

**SUBJECT:** House Bill 2557

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Thank you for the opportunity to appear before the committee today regarding House Bill 2557. Although the division has not adopted a specific position on the major aspects of the bill, we would request that the committee consider amending the bill to clarify a tax issue raised in Section 5.

Section 5 would amend K.S.A. 41-709 to allow distributors to withdraw products from their warehouses for use as samples in the course of their business or at industry seminars. Use of the product in this manner would be subject to rules and regulations of the secretary. Sampling at industry seminars is currently allowed by ABC regulations, but all product used must be purchased through a retail liquor store and is subject to the 8% enforcement tax. Clarification is needed regarding the taxable status of product withdrawn for business or sampling purposes. Since this product is now subject to the 8% enforcement tax as it passes through the retail liquor level, is it the intent of the bill to specifically exempt it from that tax? We would respectfully request that product used in this manner should either be specified as taxable under K.S.A. 79-4104, et. seq., or specifically exempted via additional language in section 5 of the bill.

F-5A  
3-16-95  
Atch #1

K · A · N · S · A · S  
**WINE & SPIRITS**  
WHOLESALE ASSOCIATION, INC.

To: House Committee on Federal and State Affairs  
From: R.E. "Tuck" Duncan  
RE: HB 2557

With respect to House Bill 2557 it represents the requests of various industry groups, and some of these subjects have been parts of other bills in years past. Let me review the six subjects. The primary concerns of the K.W.S.W.A. included in this bill are:

1. A modification of the law that will allow wholesalers (beer, wine and spirits) to use each others docks for will-call. The Alcoholic Beverage Control (A.B.C.) has informed us that without a statutory change we cannot utilize the dock of another wholesaler so the retailer can pick-up "will call" orders. This bill allows wholesalers to enter into agreements subject to the approval of the A.B.C. Because different distributors' warehouses are located in different cities across the state, this modification would provide for a more cost efficient and service oriented "will-call" system.
2. A modification in the law to allow distributors (beer, wine and spirits) to withdraw from their warehouses in limited circumstances inventories for internal and/or approved seminar use. Currently when a distributor desires to offer samples of his products at seminars he sponsors for industry members, he must purchase those goods at retail. The Director of the A.B.C. would issue regulations to govern this activity and the A.B.C. has asked that we support an amendment to this section to clarify that distributors would pay the enforcement tax, based on the current case price, for any goods withdrawn. We do agree that the bill should be so amended.

We also support the provisions of the bill:

3. That clarifies that the current policy in law that prohibits multiple case discounts on alcoholic liquors (spirits, wines and strong beers) be extended to cereal malt beverages. This uniformity in the state's policy is consistent with the long standing concern of the state to provide for temperate use of our products.
4. That allows the issuance of a temporary permit for charitable auctions of wines and other beverage alcohol and further allows for a permit to sell porcelain decanters which contain alcoholic liquors. Current law does not allow

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OVERATCH #2

for either of these activities and that has been problematic. We understand the Revisor may have an amendment to clarify this latter provision and that the A.B.C. desires to extend the permit provisions to allow out-of-state individuals moving to Kansas who have personal wine cellars to legally bring those products to Kansas for their own personal use provided they pay the state gallonage tax. We have no objection to either amendment.

5. That deletes the language that permits direct delivery from a Kansas brewer, of which there are none at present, to a retailer. Members of my association, several of which sell imported beers, and I understand Kansas Beer Wholesalers, are concerned, and we have been advised, that such a provision in state law might under the GATT (General Agreement on Trade and Tariffs) permit an international brewer to by-pass the three tier system, causing tax collection and other systematic difficulties. Eliminating this provision, which affects no one currently, should avoid these potential problems.

With respect to the final matter addressed in this bill:

6. That conforms the spirits and wine distributors licenses with the provisions of the beer distributors licenses, such that a spirits or wine distributor may, but is not required to, provide direct delivery to clubs and drinking establishments, all four wine and spirits distributors in Kansas take a neutral position. I am informed that you will be provided with written testimony from the Distilled Spirits Council of the United States (DISCUS), which represents our suppliers, supporting this provision. I was informed by the Wine Institute representative, who represents vintners that he has called the committee secretary and expressed support for this provision. I have heard from various clubs and drinking establishments who currently purchase beer and receive occasional deliveries from some of my members with a beer distributors license that they support this provision. Conversely some of my members' customers, retail liquor dealers who have federal wholesaler permits, have expressed concern and are opposed. Well, as I have communicated to this committee before on various issues over the years, when some of my friends are for it and when some of my friends are against it ... I'm with my friends. However, we would be disappointed if controversy between my friends over this provision did not allow us to move forward on the other matters we have discussed.

I am grateful for the opportunity to appear and would be pleased to respond to any questions.





# KANSAS RESTAURANT AND HOSPITALITY ASSOCIATION

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Mr. Chairman and members of the committee, my name is George Puckett and I represent the Kansas Restaurant and Hospitality Association, a statewide organization of approximately 800 foodservice and hospitality businesses. Thank you for this opportunity to appear before you regarding one of the provisions of HB 2557. This bill, which includes a provision we requested be included, provides for uniformity in the availability to clubs and drinking establishments of wines, spirits and beers from wholesalers. Current law provides that members of my association who hold club and drinking establishment licenses may, at the option of the beer distributor, purchase beer from a distributor holding a beer license. In fact, there are spirits and wine distributors who also have beer distributors licenses who under the provision of current law deliver to my members.

We believe that there should be the opportunity for clubs and drinking establishments to buy their inventory at wholesale -- in addition to purchasing from retail liquor dealers. In many communities this may have little or no impact because there is convenience in hours and service in buying from the local retailer. Therefore we support the provision as set forth in the bill that allows for optional delivery from wholesalers while allowing retailers to continue in this aspect of sales.

KRHA is an organization of retail businesses. We believe we should be able to have the opportunity to buy wholesale. It is my understanding that there will be no taxes lost to the state because the taxes currently collected by retailers on our purchases will be collected by wholesalers. (In fact, that's the way it now works on beer purchases).

We believe this will provide greater flexibility for our members in making buying decisions, but preserves the rights of liquor retailers as well. Thank you.





Testimony  
on  
**House Bill 2557**  
by  
**Neal Whitaker, Executive Director**  
**Kansas Beer Wholesalers Association**  
**March 16, 1995**

The Kansas Beer Wholesalers Association supports the following provisions of **House Bill 2557**:

- **New Sec. 7** which allows for a temporary permit to authorize the sale of alcoholic liquor at an auction in support of charity fundraising activities.
- **Sec. 5 ¶ (b)** which allows a distributor to withdraw from its own inventory alcoholic liquor or cereal malt beverage for sampling purposes. This section may need an amendment to allow the Secretary of Revenue to collect the appropriate taxes on the product.
- The provisions in **Sec. 1 ¶ (d)**, **Sec. 2 ¶ (d)**, and **Sec. 3 ¶ (e)** that allows distributors to enter into agreements facilitating joint dock delivery.

We further support the amendments to **Sec. 4, K.S.A. 41-708** which strikes the language that a licensed retailer may purchase or receive beer from a licensed beer manufacturer having a place of business in this state. That is 1949 language that appeared to be missed in the 1988 total review of the Liquor Control Act. That statute conflicts with 41-305 which sets out a manufacturer's license rights and only allows manufacturers to sell alcoholic liquor or cereal malt beverage to distributors and licensed nonbeverage users.

With regard to **Sec. 6 ¶ (d)**, quantity discounts on cereal malt beverage, the Association will remain neutral. This amendment solves a conflict between the 1937 passage of the Cereal Malt Beverage Act and the 1949 Liquor Control Act.



located shall be used to determine such city is located in a township in a majority of the qualified electors voted the amendment.

History: L. 1949, ch. 242, § 18; L. 1985, ch. 161, § 4; July 1.

**Research and Practice Aids:**

Intoxicating Liquors §§ 32(1), 34(1), 41(1).

Intoxicating Liquors §§ 66, 70, 75 et seq., 86,

on requesting vote on city option, Vernon's Kansas Statutes Annotated § 3124.

**Attorney General's Opinions:**

election to permit or prohibit sale of liquor by the city's authority to prevent licensure thereof. 91-91.

**41-303.** Licenses issued to persons outside cities in townships over 11,000; effect of increase in population. The director may license the sale of alcoholic liquor at retail in original package on premises not located in an incorporated city for use or consumption on the premises, if such premises are located in a township having a population of more than eleven thousand (11,000). No such license shall be granted to any applicant unless he shall possess all the qualifications required of other applicants for retailers' licenses except the requirement of residence within a city. In the event that any license has been issued under the provisions of this section in a township having a population of more than eleven thousand (11,000), and thereafter such township population decreases or has decreased to eleven thousand (11,000) or less, such licenses shall continue to be valid and the licensees shall be eligible for renewal of such licenses at the appropriate time if they are otherwise qualified.

In the event that any license has been issued under the provisions of this section in a township having a population of more than eleven

**Research and Practice Aids:**

Intoxicating Liquors §§ 59(1).

C.J.S. Intoxicating Liquors § 136.

**CASE ANNOTATIONS**

1. Discussed, construed; director properly refused reissuance of township retailer's license. *Murphy v. Curtis*, 184 K. 291, 293, 336 P.2d 411.

2. Mentioned; application for cereal malt beverage license denied. *Horyna v. Board of County Commissioners*, 194 K. 445, 448, 399 P.2d 844.

**41-304.** Classes of licenses. Licenses issued by the director shall be of the following classes: (a) Manufacturer's license; (b) spirits distributor's license; (c) wine distributor's license; (d) beer distributor's license; (e) retailer's license; (f) microbrewery license; (g) farm winery license; and (h) nonbeverage user's license.

History: L. 1949, ch. 242, § 20; L. 1983, ch. 161, § 2; L. 1987, ch. 182, § 11; Jan. 1, 1988.

**Attorney General's Opinions:**

Licensing and related provisions; classes of persons to whom licenses not issued; conviction of violation of intoxicating liquor laws. 85-44.

**41-305.** Manufacturer's license; rights of licensee. A manufacturer's license shall allow the manufacture and storage of alcoholic liquor and cereal malt beverage and the sale of alcoholic liquor and cereal malt beverage to distributors and nonbeverage users licensed in this state and to such persons outside this state as permitted by law.

History: L. 1949, ch. 242, § 21; L. 1985, ch. 168, § 3; L. 1987, ch. 182, § 12; Jan. 1, 1988.

**Research and Practice Aids:**

Intoxicating Liquors §§ 49.

C.J.S. Intoxicating Liquors §§ 122, 124 et seq.

**41-306.** Spirits distributor's license; rights of licensee. A spirits distributor's license, shall allow:

TO: House, Federal & State Affairs Committee  
FROM: Lori Callahan  
RE: H.B. 2557  
DATE: March 16, 1995

Today I speak to you not in my role as General Counsel of the Kansas Medical Mutual Insurance Company (KaMMCO), as I normally address the Legislature, nor particularly in my role as President of the Shawnee County Unit of the American Cancer Society, rather I speak to you on my own behalf.

I am a proponent of H.B. 2557. In particular, I am in support of new Section 7 which allows a charitable organization to obtain a temporary permit once a year for a period not to exceed three consecutive days to hold an auction of alcoholic liquor.

The American Cancer Society in several other states, including our neighboring states of Nebraska and Missouri, currently conduct wine auctions once a year as a fund-raiser for the activities of the American Cancer Society. Currently, if there was to be such an auction in Kansas, the American Cancer Society would have to seek a complete permit authorizing it to sell alcoholic liquor, which we would not do since that is not our business. Rather, if we were authorized to seek a temporary permit once a year, we would consider as a possible fund-raiser a wine auction.

The American Cancer Society raises money for local service and educational programs, as well as research. Currently, contributions in Kansas went 16% to public education, 8% to professional education, 9% to patient and family services, 8% to community services, 40% to national research, education and support, 4% to management and overhead, and 15% to income development. The American Cancer Society is very proud of the fact that it has supported research for over 20 Nobel Prize winners including the development of the Pap test and mammograms. Locally, we provide the following service programs:

1. Road to Recovery - transportation to and from treatments for cancer patients.
2. Loan and Gift Closet - providing articles to increase the comfort for the patient at home including walkers, wheelchairs, and wigs.
3. Reach to Recovery - one on one support for people who have had breast cancer.
4. Camp Hope - a summer camp for children who have cancer.
5. Guest Room - complimentary hotel rooms for people traveling into our area for cancer treatment.
6. Look Good/Feel Better - a program to help people who are receiving chemotherapy and radiation to care for their skin and hair.

These funds also support the following groups:

1. First Wednesday - for women with breast cancer.
2. New Voice Club - for people with laryngectomies.
3. Topeka United Ostomy Association.

Fund-raisers of the American Cancer Society are therefore important to maintain the important work of the Cancer Society.

I urge you to adopt H.B. 2557.

F & SA  
3-16-95  
Atch # 5

TO: House, Federal & State Affairs Committee  
FROM: Lori Callahan  
RE: H.B. 2557  
DATE: March 16, 1995

Today I speak to you not in my role as General Counsel of the Kansas Medical Mutual Insurance Company (KaMMCO), as I normally address the Legislature, nor particularly in my role as President of the Shawnee County Unit of the American Cancer Society, rather I speak to you on my own behalf.

I am a proponent of H.B. 2557. In particular, I am in support of new Section 7 which allows a charitable organization to obtain a temporary permit once a year for a period not to exceed three consecutive days to hold an auction of alcoholic liquor.

The American Cancer Society in several other states, including our neighboring states of Nebraska and Missouri, currently conduct wine auctions once a year as a fund-raiser for the activities of the American Cancer Society. Currently, if there was to be such an auction in Kansas, the American Cancer Society would have to seek a complete permit authorizing it to sell alcoholic liquor, which we would not do since that is not our business. Rather, if we were authorized to seek a temporary permit once a year, we would consider as a possible fund-raiser a wine auction.

The American Cancer Society raises money for local service and educational programs, as well as research. Currently, contributions in Kansas went 16% to public education, 8% to professional education, 9% to patient and family services, 8% to community services, 40% to national research, education and support, 4% to management and overhead, and 15% to income development. The American Cancer Society is very proud of the fact that it has supported research for over 20 Nobel Prize winners including the development of the Pap test and mammograms. Locally, we provide the following service programs:

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These funds also support the following groups:

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3. Topeka United Ostomy Association.

Fund-raisers of the American Cancer Society are therefore important to maintain the important work of the Cancer Society.

I urge you to adopt H.B. 2557.

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# Kansas Auctioneers Association, Inc.

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**Buddy Griffin**  
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Home - 913-242-7891

Committee on Federal and State Affairs  
Chairperson: Garry Boston and committee members.

Testimony Re: House bill number 2557  
from: Kansas Auctioneers Association  
My name is Bob Wilson. I am legislative chairman for the Kansas Auctioneers Association.

Auctioneers handle many different types of auctions. Sometimes at an estate or collectors sale there will be a liquor or spirits bottle for sale. Quite often at a charitable auction a bottle of wine will be offered for sale.

It is the belief of the KAA that HB 2557 will clarify the sale of these items and assure their legality. We appreciate the effort to enable us to sell these items and remain within the law.

Thank you for the opportunity to express our view on this matter.

FISA  
3-16-95  
Atch #6

# KANSAS RETAIL LIQUOR DEALERS ASSOCIATION INC.

400 SW CROIX  
TOPEKA, KS.66611  
(913) 266-3963

PATRICIA OPPITZ  
PRESIDENT

DONN HARLING, 1st Vice-President  
DON PEYTON, 2nd Vice-President  
MARGE ROBERSON, Secretary-Treasurer

Good afternoon, Mr. Chairman and members of the House Federal and State Affairs Committee! I'm Patricia Oppitz, President of the Kansas Retail Liquor Dealers Association. I'm speaking in opposition to House Bill 2557 for one reason. There are parts of Section 1, Section 2 and Section 6 which drastically change the way Liquor retailers and Wholesalers to business in Kansas. This bill says that spirits distributors, or wholesalers, can sell directly to licensed caterers, clubs and drinking establishments. This is a major change and a stab in the back to Liquor retailers.

Under Kansas Liquor Law, wholesalers sell to retailers. Retailers with a Federal Wholesale-Retail license are the only ones to sell to caterers, clubs and drinking establishments. Wholesalers are not supposed to by-pass retailers to sell directly to these customers. A Wholesale-Retail license costs considerably more than just a Retail license. Many liquor stores do a major part of their business with clubs and drinking establishments and offer good service. If this bill were to pass in its present form, many liquor stores could go out of business. Whoever asked for these changes in our Liquor laws did a large injustice to the liquor retailers of Kansas.

I am asking this Committee to amend this bill by striking out "licensed caterers on line 22, and clubs and drinking establishments on lines 24 and 26 of Section 1. In Section 2, lines 11, 13 and 15, licensed caterers, clubs and drinking establishments should be deleted. In Section 6, paragraph (c) on page 6, lines 11, 15, 17, 18, 26, 29, 31, and 36, "alcoholic liquor" should be deleted.

Beer distributors have been selling directly to caterers, clubs and

FSA  
3-16-95  
Atch #7

KANSAS RETAIL LIQUOR DEALERS ASSOCIATION INC.

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PATRICIA OPPITZ  
PRESIDENT

DONN HARLING, *1st Vice-President*  
DON PEYTON, *2nd Vice-President*  
MARGE ROBERSON, *Secretary-Treasurer*

drinking establishments for some time, but that did not cost the loss of revenue that this bill would cost our retailers.

The other changes that we see in this bill in our Liquor laws would not impact our retailers too much. In some cases, they could be helpful. Paragraph (d) of Section 6, is very much welcomed by we liquor retailers, because it could even up somewhat the cost between what Cereal Malt Beverage retailers pay for their products and what we retailers have to pay for our beer. We have never received multiple case discounts from Beer Wholesalers.

Finding out what was included in this bill has been a real shock to liquor retailers. Please do not legislate us out of business. Spirits distributors do not belong in the retail side of our business.

Thank you!



March 16, 1995

Testimony Submitted on House Bill 2557

Testimony Submitted by:

Kurt J. Bossert  
Owner  
Bossert Retail Liquor Store  
2121 SW Wanamaker Rd.  
Topeka, KS.

Currently all Clubs and Drinking Establishments must purchase their Liquor and Wine from a Federally Licensed Liquor Store within our state. This is State Law. House Bill 2557 would change this.

**The passage of House Bill 2557 would put me out of business!** This would be due to a provision in the bill allowing for Clubs and Drinking Establishments to purchase their Liquor and Wines directly from the Liquor Wholesalers.

My store is the largest square footage store in Topeka and one of the largest in the state with over 4200 square ft. Of the total revenues I take in 37% of those revenues come from sales to Clubs and Drinking Establishments. There is no way my business could loose 37% of its revenues and remain in business.

In 1987 there were over 1000 Liquor Stores in Kansas. In 1988 state laws were changed and began to allow Clubs and Drinking Establishments to purchase their beer directly from our states Beer Wholesalers. Prior to that they had to buy their Beer from Liquor Stores. *Within four years Kansas lost approximately 300 stores that closed their doors and went out of business.* All these stores were sole proprietors living in Kansas and raising families in Kansas with revenues remaining in Kansas.

Any additional change in Kansas Laws allowing Clubs and Drinking Establishments to now purchase their Liquor and Wines directly from our Wholesalers is going to put not only me but a very high percentage of other Liquor Stores out of business.

FSA  
3-16-95  
Atch #8

There is no way this could be a benefit to the State of Kansas or to its Citizens. There will be no reductions in prices to the consumer at a Club or Drinking Establishment (see exhibit "A"). Revenues will be lost to Out of State owners and Franchisers.

**Remember Alcohol Beverages are the ONLY PRODUCT Liquor Stores have to sell, No Cigarettes, No Gas, No Pop, No Chips, No Ice, No Chicken Fried Steaks.... ONLY ALCOHOL BEVERAGES.**

This Bill:

Offers no benefits to the State of Kansas.

Offers no benefits to the Citizens of Kansas.

Will cause individual business owners to Go Out Of Business.

If this testimony has not convinced you to vote against House Bill 2557 I ask you to look at it another way and amend this bill to help save some of those business owners from going out of business. **IF YOU ARE GOING TO TAKE REVENUES AWAY FROM US PLEASE GIVE US SOMETHING TO HELP MAKE UP THOSE LOSSES.**

1. Let the Liquor Store owner set what hours they feel they need to be open.
2. Let the Liquor Store owner decide what days it is necessary to be open.
3. Let the Liquor Store owner decide what holidays they wish to close for.
4. **Most importantly Amend House Bill 2557 so that all Alcohol Beverages including 3.2 Beer be sold ONLY IN LICENSED LIQUOR STORES where everyone handling and selling the products must be 21 years old.**

All these are completely separate issues, but they would all benefit the State of Kansas through higher revenues and benefit the Citizens with better service. Most of all these amendments would benefit both the State and its Citizens with easier and better enforcement of our Liquor Laws (see exhibit "B").

House Bill 2557 in no way benefits the State or its Citizens. I urge you to vote against this bill.

EXHIBIT A

*Example of Costs to Clubs & Drinking Establishments:*

Cost of a Liter of Bourbon	3% Markup	10% Markup
\$ 6.21	\$ .186	\$ .621

Generally a Club is charged a 3 to 10 % markup from Liquor Stores.

One Liter of Alcohol contains 33.8 ounces. To see how the markup affects a per drink cost, we need to divide the cost of the markup on the bottle by 33.8.

$$.186 / 33.8 = \$ 0.005 \text{ per drink}$$

$$.621 / 33.8 = \$ 0.018 \text{ per drink}$$

This means the cost per drink to a Club required to purchase this bottle of bourbon will range from a half cent to less than two cents per drink.

Is a Club going to lower their price to the consumer, passing on these savings that House Bill 2557 will change? An example of this would mean a Club would be lowering their price from \$2.50 to \$2.48 for a drink!!!!

**No way are the Clubs going to lower any pricing by saving a half cent to two cents per drink. But a large number of Family owned Liquor Stores are going to be put out of business over this half cent to two cents on a Bourbon and Coke.**

COMPARISON OF:

**LIQUOR LAWS vs CEREAL MALT BEVERAGE LAWS**

**LIQUOR STORES**

**GROCERY/CONVENIENCE STORES**

Licensing.....

Licensee must be a resident of the state for a minimum of 5 years.

One License Per Owner (owner & spouse)

No Drug or Alcohol Convictions

If Business is a corporation the corporation must meet the same guidelines as the individual.

Employees.....

ALL Employees must be 21 yrs. old. This means they must be 21 yrs. old to simply work as a stocker or to merchandise and price product.

No Alcohol or Drug convictions

Signature Card must be on file with ABC (State Alcoholic Beverage Control). ABC then conducts a background check.

Employees that are a minimum of 21 yrs. old are responsible for the proper sale to customers that are at least also 21 yrs. old.

Hours of Operation.....

9:00 a.m. - 11:00 p.m. Mon. thru Sat.

Must be closed: Memorial Day, July 4th, Labor Day, Thanksgiving and Christmas.

Closed Sundays

No requirement of residency.

No limit on number of Licenses that owner(s) can have.

Employees can be as young as 18 yrs. old to sell, merchandise, price, sack and carry out a Beer purchase.

There are no qualifications to be eligible for employment, such as no alcohol or drug convictions. This means there are no background checks done.

18, 19 and 20 year olds (minors) are responsible for the proper sale of the Beer. This means they are responsible for checking that the customer is 21 yrs. old and has proper ID. They can not succumb to peer pressure and sell to friends or relatives that are not 21 yrs. old.

6:00 a.m. - 12:00 Midnight Mon. thru Sat.

Must be closed Thanksgiving and Christmas

Closed Sundays

**Items For Sale.....**

Alcoholic Beverages

Can sell Beer and ANYTHING ELSE except other Alcohol Beverages

Lottery Tickets

**Wholesaling.....**

No quantity discounts

Any kind of discounts (on Beer) at the wholesalers discretion.

**Consumer Retail Price.....**

Can not advertise items below cost.

CAN advertise items (Beer) below cost and many businesses do.

Can not sell below cost.

CAN sell items (Beer) below cost and many businesses do.

**State Revenues.....**

State receives 8% on all sales.

State receives only 4.9% on all sales.

**Jurisdiction.....**

Kansas Department of Revenue; Alcoholic Beverage Control.

Local Cities and/or Counties if Licensee is located out side of city limits.

**Policing / Enforcement of Laws.....**

Approximately 735 Retail outlets to police.

Approximately 4000 Retail outlets to police.

Penalties for violations of Selling To Minors or other violations: Fines, Requiring the Business to be CLOSED for a specified number of days, and/or Revocation of License.

Penalties for violations of Selling To Minors or other violations: Fines only

Probable Cause - Everyone leaving a Liquor Store with product MUST BE 21 YRS. OLD. In other words ANYONE with a grocery sack must be 21 yrs. old. For this reason the ABC Agents have reason to ask for identification as proof the customer is 21.

Probable Cause - Does Not Exist since grocery and convenience stores sell such a variety of goods and can sell products other than Beer and Cigarettes to customers any age. Thus a law official has no cause to check someone's ID or to search the grocery sack if that person is NOT 21. The exception is if the officer sees the sale take place. Tax payers can not and should not have a officer placed inside over 4000 outlets to police the enforcement of our Laws.

**Kansas House of Representatives  
Federal and State Affairs Committee  
16 March 1995**

KANSAS BEVERAGE ALCOHOL LAW HAS A TREMENDOUS AMOUNT OF INCONSISTENCY.

A more stable and profitable retail market would promote a more socially responsible market with voluntary compliance.

When the United States Government realized that prohibition was a failure, most all responsibility for the distribution and sale of beverage alcohol was given to the individual states with basic BATF rules and regulation guidelines.

Kansas first allowed beverage alcohol under the name of "Cereal Malt Beverage" in the mid 1930's. There are now approximately 4000 cereal malt beverage licenses in the state of Kansas.

The sale of beverage alcohol in Kansas, as such, was first allowed in 1949. There are approximately 735 retail liquor licenses in the state of Kansas at this time.

In the last 8 years, we have lost over 500 retail liquor stores!

Kansas liquor stores are NOT allowed to sell items other than beverage alcohol.

Cereal malt beverage licenses ARE allowed to sell all other items and cereal malt beverages.

Cereal malt beverages are allowed to be sold in gas stations, bait shops, convenience stores, grocery stores, and virtually anywhere.

To arrive at a socially responsible, stable and profitable retail beverage alcohol market, the following inconsistencies will need to be addressed:

- \* What constitutes a beverage being considered beverage alcohol?
- \* Which locations will be the most socially responsible outlets to the public?
- \* What are the most socially responsible days and times of day to sell beverage alcohol?

These statements and questions respectfully submitted for consideration.

John A. Webb  
Webb's Fine Wine and Spirits  
800 West 23rd Street  
Lawrence, KS 66046-4407  
(913) 841-2277

FSA  
3-16-95  
Atch #9

### Gallons of Alcoholic Beverages Shipped into Kansas

Alcohol Type	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92	9 Year Trend
Spirits	3,037,866	3,002,683	2,919,682	2,710,292	2,718,939	2,654,234	2,584,771	2,557,744	2,615,724	-13.90%
Fortified Wine	160,074	148,707	171,337	152,377	159,477	147,307	150,897	153,987	122,817	-23.27%
Light Wine	1,799,085	2,125,134	2,207,896	2,567,727	2,290,187	1,906,735	1,868,130	1,864,873	1,919,016	6.67%
Strong Beer	22,324,246	21,978,266	23,130,470	24,534,916	26,092,762	29,492,634	30,035,550	32,082,816	33,099,056	48.27%
3.2 Beer	28,474,112	28,203,908	25,678,264	23,799,929	19,833,758	18,445,885	17,667,211	17,211,138	16,367,011	-42.52%
Gallonage Revenue	\$17,298,150	\$17,288,570	\$16,567,205	\$16,360,604	\$16,170,785	\$15,947,018	\$15,772,037	\$15,942,224	\$16,111,020	-6.86%
Alcohol Type	% Chng 84	% Chng 85	% Chng 86	% Chng 87	% Chng 88	% Chng 89	% Chng 90	% Chng 91	% Chng 92	
Spirits	0.51%	-1.16%	-2.76%	-7.17%	0.32%	-2.38%	-2.62%	-1.05%	2.27%	
Fortified Wine	-6.31%	-7.10%	15.22%	-11.07%	4.66%	-7.63%	2.44%	2.05%	-20.24%	
Light Wine	3.47%	18.12%	3.89%	16.30%	-10.81%	-16.74%	-2.02%	-0.17%	2.90%	
Strong Beer	-1.57%	-1.55%	5.24%	6.07%	6.35%	13.03%	1.84%	6.82%	3.17%	
3.2 Beer	2.94%	-0.95%	-8.95%	-7.31%	-16.66%	-7.00%	-4.22%	-2.58%	-4.90%	



## COMPARISON OF:

### LIQUOR LAWS vs CEREAL MALT BEVERAGE LAWS

#### **LIQUOR STORES**

##### **Licensing.....**

Licensee must be a resident of the state for a minimum of 5 years.

One License Per Owner (owner & spouse)

No Drug or Alcohol Convictions

If Business is a corporation the corporation must meet the same guidelines as the individual.

*Bonded*

##### **Employees.....**

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No Alcohol or Drug convictions

Signature Card must be on file with ABC (State Alcoholic Beverage Control). ABC then conducts a background check.

Employees that are a minimum of 21 yrs. old are responsible for the proper sale to customers that are at least also 21 yrs. old.

##### **Hours of Operation.....**

9:00 a.m. - 11:00 p.m. Mon. thru Sat.

Must be closed: Memorial Day, July 4th, Labor Day, Thanksgiving and Christmas.

Closed Sundays

#### **GROCERY/CONVENIENCE STORES**

No requirement of residency.

No limit on number of Licenses that owner(s) can have.

*Corporations allowed - Under enforcement penalties that would be effective.*

*Not Bonded*

*Currently this is a problem*

Employees can be as young as 18 yrs. old to sell, merchandise, price, sack and carry out a Beer purchase.

There are no qualifications to be eligible for employment, such as no alcohol or drug convictions. This means there are no background checks done.

18, 19 and 20 year olds (minors) are responsible for the proper sale of the Beer. This means they are responsible for checking that the customer is 21 yrs. old and has proper ID. They can not succumb to peer pressure and sell to friends or relatives that are not 21 yrs. old.

*Currently this is a problem -*

6:00 a.m. - 12:00 Midnight Mon. thru Sat.

Must be closed Thanksgiving and Christmas

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**Items For Sale.....**

Alcoholic Beverages

Can sell Beer and ANYTHING ELSE except other Alcohol Beverages

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**Consumer Retail Price.....**

Can not advertise items below cost.

CAN advertise items (Beer) below cost and many businesses do.

Can not sell below cost.

CAN sell items (Beer) below cost and many businesses do.

**State Revenues.....**

State receives 8% on all sales.

State receives only 4.9% on all sales.

*Profits remain in state - all state residents*

**Jurisdiction.....**

Kansas Department of Revenue; Alcoholic Beverage Control.

Local Cities and/or Counties if Licensee is located outside of city limits.

*Constant Policing.*

*Check with any law enforcement agency only police when there are complaints*

**Policing / Enforcement of Laws.....**

Approximately 735 Retail outlets to police.

Approximately 4000 Retail outlets to police.

Penalties for violations of Selling To Minors or other violations: Fines, Requiring the Business to be CLOSED for a specified number of days, and/or Revocation of License.

*(State Does not know - Because of Licensing)*

Penalties for violations of Selling To Minors or other violations: Fines only

Probable Cause - Everyone leaving a Liquor Store with product MUST BE 21 YRS. OLD. In other words ANYONE with a grocery sack must be 21 yrs. old. For this reason the ABC Agents have reason to ask for identification as proof the customer is 21.

Probable Cause - Does Not Exist since grocery and convenience stores sell such a variety of goods and can sell products other than Beer and Cigarettes to customers any age. Thus a law official has no cause to check someone's ID or to search the grocery sack if that person is NOT 21. The exception is if the officer sees the sale take place. Tax payers can not and should not have a officer placed inside over 4000 outlets to police the enforcement of our Laws.

Proposed Amendment to House Bill No. 2544

Reinsert all provisions providing for licensure and regulation of vending machines and on page 10, after line 39, by inserting:

"(s) To sell cigarettes or tobacco products by means of a vending machine in any establishment, or any portion of an establishment, which is open to minors, unless the vending machine:

(1) Is in a location where only agents or employees of the proprietor of the establishment have access to operate the machine;

(2) has a lock-out device which is inoperable in the continuous standby mode and which requires manual activation by the person supervising the operation of the machine each time cigarettes or tobacco products are purchased from the machine; or

(3) is under the direct and continuous supervision of agents or employees of the proprietor of the establishment."

SB 27

Proposed Amendment to ~~House Bill No. 2547~~

Add a new section to read as follows:

"(a) As used in this section, terms have the meanings provided by K.S.A. 21-4302 and amendments thereto.

(b) No person shall accept payment pursuant to a credit card as consideration for making a bet, participating in a lottery or playing a gambling device if making such bet, participating in such lottery or playing such gambling device involves the use of any computer modem or telecommunications facility.

(c) Violation of this section is a severity level 9, nonperson felony."

Proposed Amendment to SB 27

Add two sections to read as follows and amend the title and repealer accordingly:

"Section 1. K.S.A. 74-8705 is hereby amended to read as follows: 74-8705. (a) Major procurement contracts shall be awarded in accordance with K.S.A. 75-3738 through 75-3744, and amendments thereto, or subsection (b), as determined by the director, except that:

(1) The contract or contracts for the initial lease of facilities for the Kansas lottery shall be awarded upon the evaluation and approval of the director, the secretary of administration and the director of architectural services;

(2) the commission shall designate certain major procurement contracts or portions thereof to be awarded, in accordance with rules and regulations of the commission, solely to minority business enterprises; and

(3) all major procurement contracts in effect on December 31, 1995, shall expire on that date and after December 31, 1995, no major procurement contract shall be for a term of more than four years.

(b) The director may award any major procurement contract by use of a procurement negotiating committee. Such committee shall be composed of: (1) The executive director or a Kansas lottery employee designated by the executive director; (2) the chairperson of the commission or a commission member designated by the chairperson; and (3) the director of the division of purchases or an employee of such division designated by the director. Prior to negotiating a major procurement contract, the committee shall solicit bids or proposals thereon. The division of purchases shall provide staff support for the committee's solicitations. Upon receipt of bids or proposals, the committee may negotiate with one or more of the persons submitting such bids or proposals and select from among such persons the person

to whom the contract is awarded. Such procurements shall be open and competitive and shall consider relevant factors, including security, competence, experience, timely performance and maximization of net revenues to the state. If a procurement negotiating committee is utilized, the provisions of K.S.A. 75-3738 through 75-3744, and amendments thereto, shall not apply. Meetings conducted by the procurement negotiating committee shall be exempt from the provisions of the Kansas open meeting act, K.S.A. 75-4317 through 75-4320a, and amendments thereto.

(c) Before a major procurement contract is awarded, the executive director shall conduct a background investigation of: (1) The vendor to whom the contract is to be awarded; (2) all officers and directors of such vendor; (3) all persons who own a 5% or more interest in such vendor; (4) all persons who own a controlling interest in such vendor; and (5) any subsidiary or other business in which such vendor owns a controlling interest. The vendor shall submit appropriate investigation authorizations to facilitate such investigation. The executive director may require, in accordance with rules and regulations of the commission, that a vendor submit any additional information considered appropriate to preserve the integrity and security of the lottery. In addition, the executive director may conduct a background investigation of any person having a beneficial interest in a vendor. The secretary of revenue, securities commissioner, attorney general and director of the Kansas bureau of investigation shall assist in any investigation pursuant to this subsection upon request of the executive director. Whenever the secretary of revenue, securities commissioner, attorney general or director of the Kansas bureau of investigation assists in such an investigation and incurs costs in addition to those attributable to the operations of the office or bureau, such additional costs shall be paid by the Kansas lottery. The furnishing of assistance in such an investigation shall be a transaction between the Kansas lottery and the respective officer and shall be settled in accordance with K.S.A. 75-5516 and

amendments thereto.

(d) All major procurement contracts shall be subject to approval of the commission.

Sec. 2. K.S.A. 74-8723 is hereby amended to read as follows: 74-8723. (a) The Kansas lottery and the office of executive director of the Kansas lottery, established by K.S.A. 74-8703, and amendments thereto, and the Kansas lottery commission, created by K.S.A. 74-8709, and amendments thereto, shall be and hereby are abolished on July 1, ~~1996~~ 2000.

(b) This section shall be part of and supplemental to the Kansas lottery act."

10-3



Proposed Amendment to SB 27

Add three sections to read as follows and amend the title and repealer accordingly:

"Section 1. K.S.A. 74-8702 is hereby amended to read as follows: 74-8702. As used in this act, unless the context otherwise requires:

(a) "Commission" means the Kansas lottery commission.

(b) "Executive director" means the executive director of the Kansas lottery.

(c) "Gaming equipment" means any electric, electronic or mechanical device or other equipment unique to the Kansas lottery used directly in the operation of any lottery and in the determination of winners pursuant to this act.

(d) "Kansas lottery" means the state agency created by this act to operate a lottery or lotteries pursuant to this act.

(e) "Lottery retailer" means any person with whom the Kansas lottery has contracted to sell lottery tickets or shares, or both, to the public.

(f) "Lottery" or "state lottery" means the lottery or lotteries operated pursuant to this act.

(g) "Major procurement" means any gaming product or service, including but not limited to facilities, advertising and promotional services, annuity contracts, prize payment agreements, consulting services, equipment, tickets and other products and services unique to the Kansas lottery, but not including materials, supplies, equipment and services common to the ordinary operations of state agencies.

(h) "On-line game" means a lottery game in which a player, by use of a computer, selects a combination of numbers or symbols, the type of game and amount of play and the drawing date or dates. In return for paying the appropriate fee, the player receives a computer-generated ticket with the player's selection printed on it.

10<sup>6</sup>

(i) "On-line game drawing" means the procedure determined by the executive director by which the lottery selects the winning combination in an on-line game in accordance with the rules of the game.

(j) "Person" means any natural person, association, corporation or partnership.

~~(i)~~ (k) "Prize" means any prize paid directly by the Kansas lottery pursuant to its rules and regulations.

~~(j)~~ (l) "Share" means any intangible manifestation authorized by the Kansas lottery to prove participation in a lottery game.

~~(k)~~ (m) "Ticket" means any tangible evidence issued by the Kansas lottery to prove participation in a lottery game.

~~(l)~~ (n) "Vendor" means any person who has entered into a major procurement contract with the Kansas lottery.

~~(m)~~ (o) "Returned ticket" means any ticket which was transferred to a lottery retailer, which was not sold by the lottery retailer and which was returned to the Kansas lottery for refund by issuance of a credit or otherwise.

~~(n)~~ (p) "Video lottery machine" means any electronic video game machine that, upon insertion of cash, is available to play or simulate the play of a video game authorized by the commission, including but not limited to bingo, poker, black jack and keno, and which uses a video display and microprocessors and in which, by chance, the player may receive free games or credits that can be redeemed for cash.

Sec. 2. K.S.A. 74-8720 is hereby amended to read as follows: 74-8720. (a) As nearly as practical, an amount equal to not less than 45% of the total sales of lottery tickets or shares, computed on an annual basis, shall be allocated for payment of lottery prizes.

(b) The prize to be paid or awarded for each winning ticket or share shall be paid to one natural person who is adjudged by the executive director, the director's designee or the retailer paying the prize, to be the holder of such winning ticket or

10-7

share, or the person designated in writing by the holder of the winning ticket or share on a form satisfactory to the executive director, except that the prize of a deceased winner shall be paid to the duly appointed representative of the estate of such winner or to such other person or persons appearing to be legally entitled thereto.

(c) The executive director shall award the designated prize to the holder of the ticket or share upon the validation of a claim or confirmation of a winning share. The executive director shall have the authority to make payment for prizes by any means deemed appropriate upon the validation of winning tickets or shares.

(d) The right of a person to a prize drawn or awarded is not assignable.

(e) All prizes awarded shall be taxed as Kansas source income and shall be subject to all state and federal income tax laws and rules and regulations. State income taxes shall be withheld from prizes paid whenever federal income taxes are required to be withheld under current federal law.

(f) Unclaimed prize money not payable directly by lottery retailers shall be retained for the period established by rules and regulations and if no claim is made within such period, then such unclaimed prize money shall be added to the prize pools of subsequent lottery games.

(g) The state of Kansas, members of the commission and employees of the Kansas lottery shall be discharged of all further liability upon payment of a prize pursuant to this section.

(h) The Kansas lottery shall not publicly disclose the identity of any person awarded a prize except upon written authorization of such person.

(i) The Kansas lottery shall conduct ~~a total of~~ not more than one ~~on-line game~~ drawing, or award a total of not more than one ~~on-line game~~ prize, every two ~~months~~.  
*not more than one drawing*  
*prize in an online*  
*weeks days*

Sec. 3. K.S.A. 74-8723 is hereby amended to read as follows:

10.8

74-8723. (a) The Kansas lottery and the office of executive director of the Kansas lottery, established by K.S.A. 74-8703, and amendments thereto, and the Kansas lottery commission, created by K.S.A. 74-8709, and amendments thereto, shall be and hereby are abolished on July 1, 1996 <sup>2001</sup> ~~2006~~. (3)

(b) This section shall be part of and supplemental to the Kansas lottery act."