

.Approved: \_\_\_\_\_

Date

MINUTES OF THE SENATE COMMITTEE ON FEDERAL AND STATE AFFAIRS.

The meeting was called to order by Senator Carolyn Tillotson, vice-chairman of the committee at 11:20 a.m. on March 20, 1996 in Room 254-E of the Capitol.

Members present were: Senator Oleen, Chair  
Senator Tillotson, Vice Chair  
Senator Jones, Ranking Minority Member  
Senator Hensley  
Senator Gooch  
Senator Papay  
Senator Praeger  
Senator Ramirez  
Senator Vidricksen  
Senator Walker

Members not present: Senator Jordan-excused

Committee staff present: Mary Galligan, Legislative Research  
Mary Torrence, Revisor  
Nancy Wolff, Committee Secretary

Conferees appearing before the committee:  
None

Others attending meeting: See attached list

The committee met to consider **HB2722** regarding Alcoholic beverages; will-call delivery at distributors' warehouse; withdrawal of samples from distributor's warehouse; retailer's spouse allowed to be licensed as a retailer. Senator Tillotson requested that Mary Torrence review the bill as heard by the committee. She then reviewed the proposed amendments to the bill as requested by John Webb, a retail liquor store owner from Lawrence. A copy of the proposed amendments (Attachment 1) was distributed to the committee.

Senator Hensley made a motion to adopt the amendments as outlined in the attachment and Senator Praeger seconded the motion. The motion carried.

Senator Hensley made a motion to report **HB 2722** favorable for passage as amended and Senator Jones seconded the motion. The motion carried.

Senator Tillotson then turned the meeting over to Senator Oleen. Senator Oleen announced that the committee would be meeting at the same time on March 21, to hear **SCR5046**, Gulf War illness, memorializing Congress to take action and **SCR5047**, Gulf War illness registry.

The meeting was adjourned at 11:30 a.m.

KANSAS SENATE / FEDERAL AND STATE AFFAIRS COMMITTEE  
REQUEST FOR AMENDMENT CONSIDERATION

RE: HB 2722

14 March 1996

John Webb

Beverage Alcohol Merchant / Lawrence, Kansas

Madame Chairperson and Members of the Committee, I am respectfully asking for your assistance in completing the task that was initiated during the 1995 legislative session. The "disallowance of quantity discounts" legislation was intended to deal with club purchases of cereal malt beverage from off-premise cereal malt beverage retailers for the purpose of avoiding taxation. As illustrated on the following page, it is clear that the full intent of the legislation has not been realized.

1. Kansas beverage alcohol law does not address wholesale price discrimination with regard to on-premise or off-premise cereal malt beverage retailers. ie: Wholesale to Retail.
2. Kansas beverage alcohol law does not address retail pricing with regard to off-premise cereal malt beverage retailers. ie: Retail to Consumer.

Wholesale price discrimination is illegal with regard to all strong beverage alcohol products, both on-premise and off-premise. **Wholesale price discrimination is legal with regard to all cereal malt beverage products, both on-premise and off-premise.** This seems to be very inconsistent and inequitable public policy.

Retail pricing is addressed for all strong beverage alcohol products, both on-premise and off-premise; all products must be sold for at least cost plus tax. Retail pricing is also addressed for on-premise cereal malt beverage sales; all products must be sold for at least cost plus tax. **The only retail sector of the beverage alcohol industry where pricing has not been addressed is the off-premise cereal malt beverage licensees.** This is not consistent public policy, nor does it allow the realization of the intent of the 1995 legislation.

Madame Chairperson and Members of the Committee, I would like to submit an amendment to address both of the aforementioned inconsistencies. Thank you for your consideration of these matters. I would be happy to answer any questions.

- \* Wholesale / storage and delivery agreements.
- \* Wholesale / sample withdrawal.
- \* Retail / spousal licenses.
- \* Retail / Kansas brewery restrictions.

Respectfully,

John Webb

Attachment 1  
Senate Federal & State  
Affairs  
3/20/96

# Kansas Beverage Alcohol Pricing

## Strong

## Cereal Malt Beverage

### On-Premise Consumption

- Drinking Establishments
- Clubs & Etc.

### Off-Premise Consumption

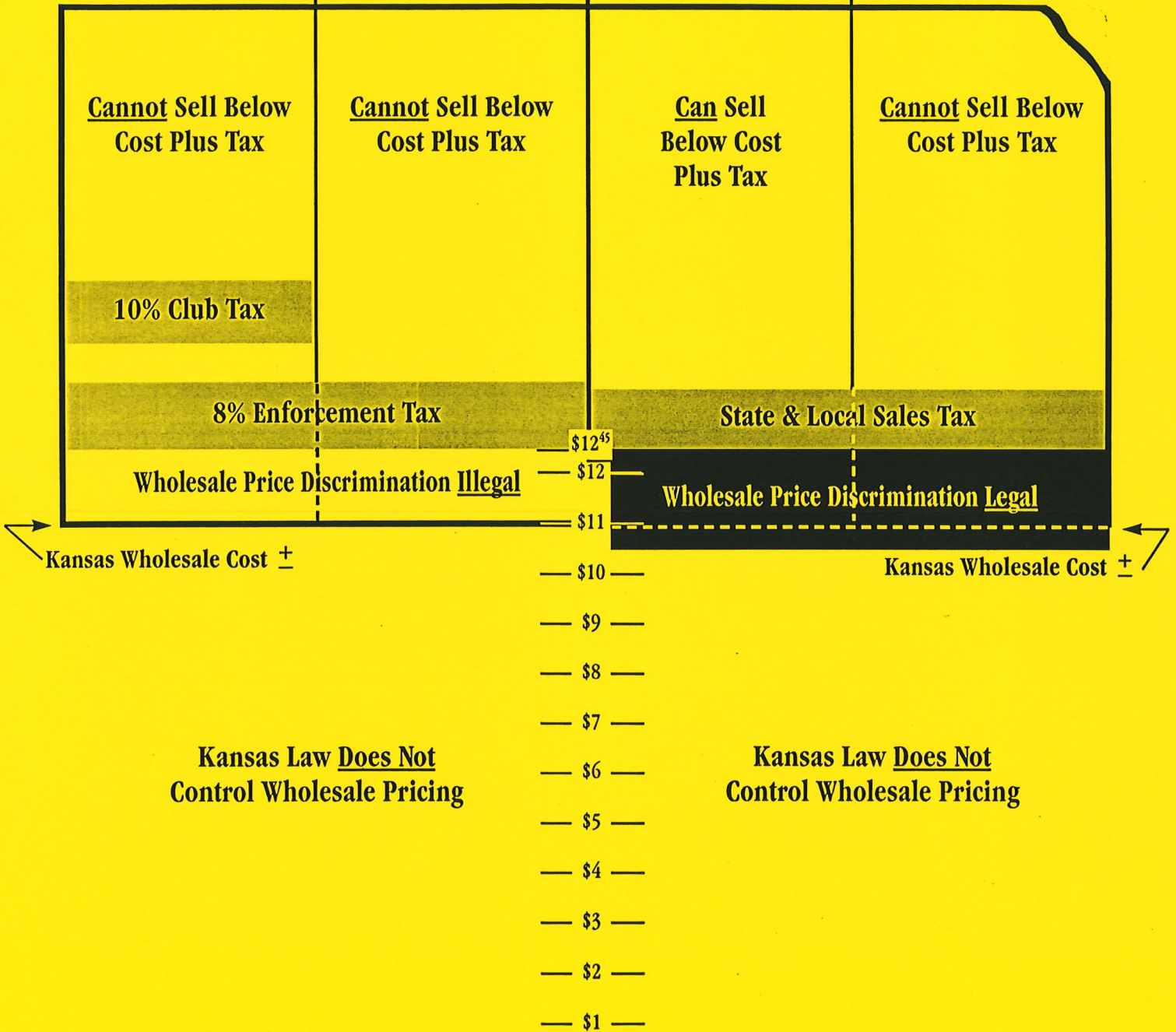
- Liquor Stores

### Off-Premise Consumption

- Grocery Stores
- Convenience Stores
- Gas Stations & Etc.

### On-Premise Consumption

- Cereal Malt Beverage Bars



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