

MINUTES OF THE SENATE FEDERAL AND STATE AFFAIRS COMMITTEE

The meeting was called to order by Chairperson Senator Nancey Harrington at 10:45 a.m. on January 22, 2003 in Room 245-N of the Capitol.

All members were present except: Senator Vratil, excused

Committee staff present: Russell Mills, Legislative Research Department
Dennis Hodgins, Legislative Research Department
Theresa Kiernan, Office of the Revisor
Nikki Kraus, Committee Secretary

Conferees appearing before the committee: Bob Longino, Director, Alcoholic Beverage Control

Others attending: Please see attached.

Chairperson Harrington opened the meeting by asking the committee for any bill introductions they might have.

Senator Gilstrap asked the committee for the introduction of three bills. He stated that the first bill dealt with the publication of expenditures by counties, and the latter two dealt with fire safety and prevention.

Senator Gooch made a motion to introduce the three bills. Senator Lyon seconded the motion. The bills were introduced.

Chairperson Harrington instructed committee members to review the minutes from the previous session. The Chair then invited Bob Longino, Director, ABC, to speak.

Mr. Longino presented testimony to the committee to update them on the division. (Attachment 1) He included brochures from the division entitled: "It's the Law" (Attachment 2), "Kansas Alcoholic Beverage Control Division" (Attachment 3), the annual bulletin for licensees, "Alcoholic Beverage Control: Industry Bulletin, Vol. 3, Issue 2" (Attachment 4), and "How to Spot Fake IDs: A Guide for Kansas Liquor Licensees." (Attachment 5)

Mr. Longino also presented the committee with several maps, including: "Active Kansas On-Premise Licenses" (Attachment 6), "Active Kansas Off-Premise Licenses" (Attachment 7), and "Kansas Liquor-by-the-Drink: November 2002." (Attachment 8)

Mr. Longino also provided the committee with an ABC bulletin entitled, "Kansas ABC Advisory Task Force: Enforcing Underage Laws." (Attachment 9)

Chairperson Harrington asked the committee for questions.

Senator Gooch stated that, with regard to Sunday liquor sales, since this affected areas like Wyandott County, he was interested in how these issues would relate to other border counties. Mr. Longino replied that he was not aware of any other counties actively pursuing anything at this time. In response to Senator Gooch's question, Mr. Longino explained to the committee that this could progressively affect the state, depending on the judicial decision in this case. He stated that ABC's concern would be if local government could make such a decision, then it might be able to do the same in other cases.

Chairperson Harrington asked Mr. Longino to keep the committee updated on the progress of this matter, and he agreed to do so. She thanked him for his information and stated that she hoped the committee would be able to continue to see him on additional occasions in future years.

CONTINUATION SHEET

MINUTES OF THE SENATE FEDERAL AND STATE AFFAIRS COMMITTEE on January 22, 2003 in Room 245-N of the Capitol.

The committee discussed licensing, and Senator Gooch expressed concern that the state may be unfairly treating one side versus the other side. Mr. Longino stated that ABC was trying to be as fair as possible based on the existing statutes, but that he would be willing to speak with Senator Gooch about that issue one on one.

Senator O'Connor stated that, in regard to Sunday liquor sales, it seemed as though a lot of tax money was being spent on the issue, so she would like to know what the ramifications would be if the state allowed counties to vote, and if that would solve the problem.

Mr. Longino stated that yes, it would eliminate the problem right now.

Senator Gooch asked Mr. Longino if the appointments in his office had been set with the new administration. Mr. Longino replied that the majority of his staff are classified employees, but the two unclassified positions, including his own, were still not finalized yet.

Chairperson Harrington stated that she would like additional information about the governor's proposed budget on page 4, point 4. (Attachment1)

Mr. Longino stated that he did not know a great deal about that yet since it involves enforcement and oversight, and that they were working on the details now.

In regard to the Chair's question about ABC's yearly revenue, Mr. Longino stated that gallonage tax was about 17 million dollars, and licensee fees were 2-3 million dollars, and that non-ABC revenues from liquor enforcement and tax were about 60 million dollars together. He stated that most of the money would probably go to the state General Fund, and that for both operational expenses and full time employees, he would estimate ABC at about 1.9 million dollars.

Chairperson Harrington thanked Mr. Longino for his presentation.

Chairperson Harrington suggested to the committee that because of the importance of budget issues this session, the committee might not meet in favor of members attending meetings of the Ways and Means committee. She reminded the committee that tomorrow they would have a hearing on **SB 2**—An act concerning certain boards; relating to the terms of members thereof.

Senator Brungardt made a motion to approve the minutes from 01/21/03. Senator Gooch seconded the motion. The minutes were approved.

The meeting was adjourned at 11:55 a.m. The next meeting will be on January 23, 2003 at 10:45 a.m. in Room 245-N.



K A N S A S

JOAN WAGNON, ACTING SECRETARY

DEPARTMENT OF REVENUE
ALCOHOLIC BEVERAGE CONTROL

KATHLEEN SEBELIUS, GOVERNOR

To: Senator Nancey Harrington, Chairperson, Senate Federal and State Affairs Committee

From: Robert Longino, Director, Alcoholic Beverage Control Division

Date: January 22, 2003

Subj: Division of Alcoholic Beverage Control Update

Madam Chairperson and Distinguished Committee Members, it is my pleasure to visit with you for a few minutes this morning to provide you an update on several issues surrounding liquor regulation and on the activities of the Division of Alcoholic Beverage Control.

I will be reviewing several topics this morning. Additional materials are provided to support this testimony. Where appropriate, I will refer to the specific document during my comments.

1. Regulatory Issues

- Current number of liquor licensees
- Liquor-by-the-drink update
- Keg Registration Implementation Update
- Semiannual Industry Bulletin
- ABC Forums – last year we conducted ABC Forums in Salina, Wichita, Johnson County, Liberal, Garden City, and Dodge City. We are currently finalizing plans for this year's forums.
- Policy Memo program
- Kansas Administrative Regulation update activity
- Liquor Taxes – the total tax collected from the three liquor taxes in FY02 was \$81.9 million up from \$77.9 million in FY01 – approximately a 5 % increase.

2. Sunday Sales Issue. During August of 2002, the Unified Government of Wyandotte County and Kansas City, Kansas and the City of Edwardsville, passed charter ordinances opting out of a provision of K.S.A. 41-712 – the prohibition of Sunday sales by retail liquor stores. These units of local government used their home rule powers to arguably exempt themselves from this statute. The following is an overview of the events occurring on this issue:

- **August 26, 2002:** The City of Edwardsville (“Edwardsville”) passed a charter ordinance to exempt Edwardsville from the Sunday sales prohibition of K.S.A. 41-712.

- **August 29, 2002:** The Unified Government of Wyandotte County and Kansas City, Kansas (“Unified Government”), passed an ordinance to put a charter ordinance to a vote in the November 5, 2002, election. The charter ordinance was to exempt Kansas City, Kansas, from the Sunday sales prohibition of K.S.A. 41-712.
- **November 5, 2002:** A majority of electors voting on the Unified Government’s charter ordinance voted in favor thereof.
- **November 8, 2002:** The Unified Government’s charter ordinance took effect upon certification of the results of the election.
- **November 12, 2002:** Edwardsville’s charter ordinance took effect.
- **November 15, 2002:** Kansas Attorney General Carla J. Stovall issued a press release, expressing her intent to challenge the charter ordinances in court. The Kansas Department of Revenue (“KDOR”) also issued a press release, indicating that pending a court decision on the issue, the ABC recommended that retail liquor stores remain closed on Sundays.
- **November 21, 2002:** The Unified Government filed a Petition for Declaratory Judgment in Wyandotte County District Court. Along with its Petition, the Unified Government obtained an *ex parte* Temporary Restraining Order prohibiting the State from taking any action to enforce K.S.A. 41-712. On the same date, the Attorney General’s Office also filed a Petition in Wyandotte County District Court, for Quo Warranto and Declaratory Judgment.
- **December 2, 2002:** The Unified Government voluntarily dismissed its petition pursuant to an agreement between the parties that the issue should be addressed pursuant to the State’s petition. In addition, the Court adopted a scheduling order:
 - The State was to file its brief on or before **January 3, 2003**.
 - The Unified Government and Edwardsville were to file their responsive briefs by **January 24, 2003**.
 - The State was granted **10 days following service** of the Unified Government’s and Edwardsville’s responses in which to file a reply brief.
- **January 2, 2003:** The Attorney General’s Office filed the State’s brief on the issues. Basically, the State proffered three questions for judicial determination. The questions involved whether the Unified Government’s and Edwardsville’s charter ordinances were void and ineffective as beyond the scope of authority granted to cities under Article 12, Section 5 of the Kansas Constitution, in that:
 - They attempted to charter out of a State statute that is inapplicable to cities, and instead – as part of the Liquor Control Act, a comprehensive and preemptive regulatory scheme

dealing with the licensing relationship between the State and liquor licensees – is applicable to individual liquor retailers.

- Enforcement of the Kansas Liquor Control Act is a matter of statewide concern requiring uniformity in application and is not a local affair within the purview of cities' home rule authority.
- They attempted to charter out of a uniform enactment of the Kansas Legislature.
- **February 21, 2003:** A hearing is scheduled before Wyandotte County District Court for oral argument on the matter.

3. ABC's Actions Involving Underage Drinking. The following comments describe some of the activities of the Division addressing underage drinking:

- Educating the public
 - Underage Costs, Consequences and Enforcement Brochure
 - Underage newsletter
 - Web site (<http://www.ksrevenue.org/abcunderage.htm>)
- Working with Campus Groups and Coalitions
 - Provide training and assistance to colleges and universities
- Working with Grades K-12
 - Support to youth forums and conferences
 - Operation Prom and Graduation Watch
- Working with Licensees
 - Implementation and oversight of Keg Registration Law
 - Encourage use of technology and efforts to verify IDs at the point of sale
 - Industry Bulletin Newsletter
 - Server / Seller Training Program
 - ABC Forums
 - Training to large public venues
- Working with Law Enforcement
 - Training program to educate local law enforcement agencies and officers
 - Enforcing Drinking Laws Advisory Task Force
 - Increase collaboration and cooperation

Subj: Division of Alcoholic Beverage Control Update – January 22, 2003

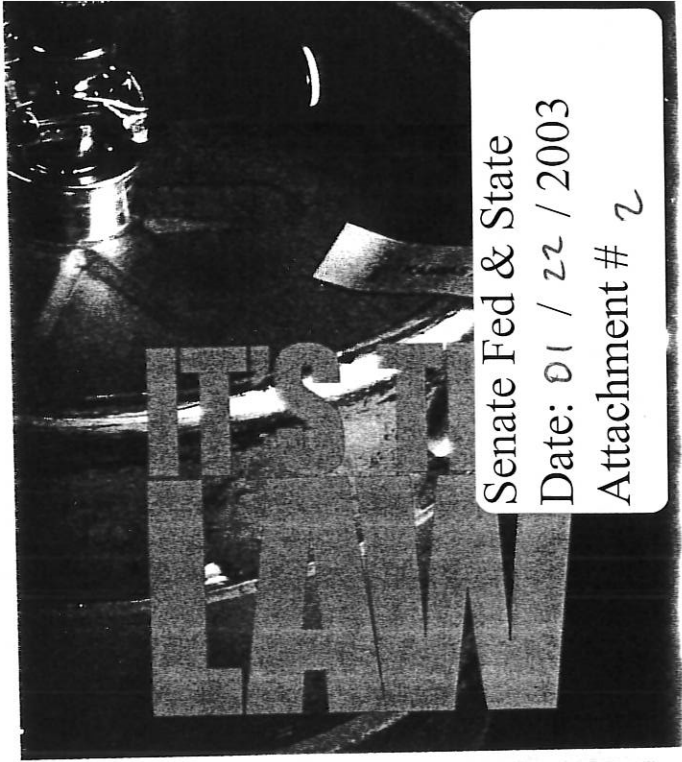
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- Working with Community and State Coalitions
 - Support to Kansas Leadership to Keep Children Alcohol Free
 - Support to Regional Prevention Centers
 - Involvement with the Governor's Substance Abuse Prevention Council

- Working with the Media
 - Press releases
 - "Ride Along Program"

4. Governor's Proposed FY04 Budget. The Governor's proposed budget released last week recommended the funding for ABC and its positions be moved to the Kansas Highway Patrol. We are currently working with the Governor's office on the details of implementing this proposal.

In closing, I appreciate the attentiveness and support of this committee to the Division. If at anytime you have any other issues or concerns, I would be glad to visit with you at your convenience. Thank you for your time this morning and I'll make myself available for any questions.



On July 1, 2002, the Kansas Beer and Cereal Malt Beverage Keg Registration Act became Kansas law. Under this Act retailers are required to affix an ID number or other unique label to all kegs or containers with a capacity of four or more gallons purchased by individual consumers.

The purpose of the new state law is to discourage underage drinking and to help prevent kegs purchased by adults from falling into the hands of juveniles and young adults.

Purchasers are required to show a valid driver's license or other official identification at the time of purchase. Specific information will be recorded at the time of purchase and retained by the retailer until the keg is returned or for six months if the keg is not returned. This information will be used by law enforcement officials investigating violations of the law in cases involving minors possessing or consuming alcohol.

IT'S THE LAW

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Possessing an unregistered beer keg or removing or defacing the required keg identification label is a misdemeanor.

Buyers are required to show a driver's license or an official state identification card, thus linking their names to specific kegs.

Facts for Buyers

Fact: The new program will allow police to track kegs back to the original buyer.

Fact: If a keg you purchase is found at a party involving underage drinkers, you could be charged with the misdemeanor offense of furnishing alcoholic beverages to a minor.

Fact: When you purchase a keg or other similar container, it is your responsibility to keep the tag on the keg and to insure that minors do not obtain access to the alcoholic beverage.

For more information, contact
Kansas Department of Revenue
Alcoholic Beverage Control Division
915 SW Harrison
Topeka, KS 66625-3512
(785) 296-7015

Kansas Department of Transportation
Bureau of Traffic Safety
217 SW 4th Street
Topeka, KS 66603-3504
(785) 296-3756

• **CARE**
ABOUT UNDERAGE DRINKING
MAKE THE RIGHT
CALL •

THERE'S
NO
EXCUSE
FOR DRIVING DRUNK

A message from the Kansas Department of Transportation
Kansas Department of Revenue, Alcoholic Beverage Control

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Enforcement Effort to Reduce Underage Drinking

Enforcement of underage drinking laws is performed by the state Alcoholic Beverage Control (ABC) Division as well as by local law enforcement agencies across Kansas. ABC is a division of the Kansas Department of Revenue and its agents are certified law enforcement officers with jurisdiction throughout Kansas. Underage violations are prosecuted in criminal district courts in the county in which violations take place.

A number of investigative techniques are used to detect underage violations:

Cops in shops— An ABC agent or local law enforcement officer, posing as a liquor store customer or clerk, takes appropriate enforcement action when an underage person illegally attempts to purchase alcohol. Action is also taken against those found buying alcohol for underage persons.

Controlled Buy Investigations- A youthful-looking underage person, working with ABC or a local law enforcement agency, attempts to buy alcohol from a licensed establishment. The underage person uses his/her own identification

during the investigation, which shows him or her to be **under** 21 years of age. This investigative tool is a quick method to determine if licensed establishments are keeping alcohol out of the hands of minors. It is especially effective in dealing with licensees who have established a pattern of selling to underage persons or allowing them to consume alcohol on the licensed premises.

Bar Checks- ABC agents or local law enforcement officers visit a drinking establishment looking for underage persons who are possessing or consuming alcohol. This practice is also effective in identifying establishments that are allowing minors to possess and/or consume alcoholic beverages on licensed premises.

Furnishing Surveillance— ABC agents or local law enforcement officers take appropriate action when an adult provides alcohol to a minor. This crime normally takes place outside the liquor store, either in the parking lot or at a predetermined location away from the liquor store or cereal malt beverage (3.2% beer) outlet.

Prom/ Graduation Watch— Local law enforcement officers or ABC agents work areas in and around prom or graduation parties, taking appropriate action when minors are found to be possessing or consuming alcohol. This also includes areas at and around hotels where students congregate after prom related activities.

Special Events— Local law enforcement officers or ABC agents take appropriate action when underage persons gather together to drink, e.g., keg parties. Calls from citizens and concerned parents are especially helpful in locating these parties, which frequently occur in places where law enforcement officers may have difficulty detecting them.

Kansas



ABC



Kansas Department of Revenue
Alcoholic Beverage Control
Docking State Office Building
915 SW Harrison, Room 214
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Kansas

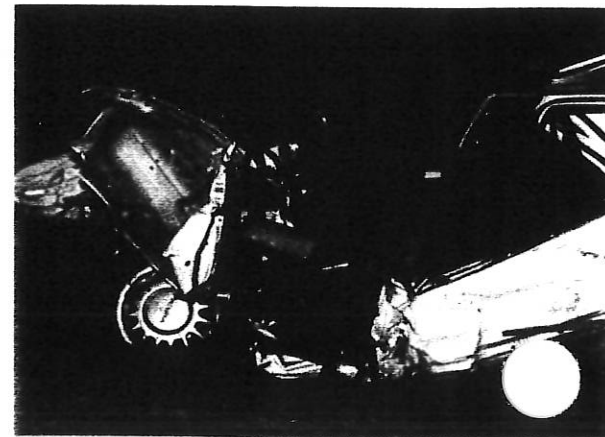


Alcoholic Beverage Control Division

Senate Fed & State
Date: 01 / 22 / 2003
Attachment # 3

Underage Drinking:

- The Cost
- Legal Consequences
- Enforcement



Senate Fed & State
Date: 01 / 22 / 2003
Attachment # 3

The Cost of Underage Drinking

Underage drinking inflicts a heavy cost on society. Recent studies consistently show that underage alcohol consumption plays a major part in car crashes, teen crime, violence, date rapes, thefts and suicide. Alcohol-related vehicle accidents are the number one killer of people younger than 20 years of age and student drinking is the number one health problem on college campuses.

In a high percentage of serious crimes involving underage persons, alcohol was found in the offender, the victim, or both. Alcohol consumption also produces higher rates of teen pregnancy and academic failure both for high school and college students. Students with grades

and 2.1 million students drove under the influence in 2001. About 25% of college students report academic consequences from their drinking.

The problem in Kansas is indeed serious. Heavy drinking (defined as having 5 or more drinks during the past two weeks) remains high in Kansas—31% of high school seniors, 26% of sophomores and 15% of eighth graders in 2000. Drivers younger than 21 accounted for 18 percent of all alcohol-related crashes despite comprising only 11



AP Photo

percent of all Kansas drivers in 1999. These young drivers are involved in more than 600 alcohol-related crashes each year. There were 481 people injured and 18 people killed in underage alcohol-related crashes in 2000.

Problems associated with binge drinking among college students continue to rise. In a University of Kansas study in 1998, 51% of underage students reported driving under the influence during the last year.*

Legal Consequences for Minors who Choose to Drink

It is a crime for a person under the age of 21 to possess or consume alcoholic beverages. It is also illegal for a minor to attempt to obtain or purchase alcoholic beverages. In addition to receiving a criminal record, an underage person who drinks or is found in possession of alcohol may be arrested and booked into jail and will face a fine between \$200 and \$500 plus court costs upon conviction. The court may also order up to 40 hours of community service, mandate alcohol education and training classes, or render a jail sentence. Those charged will also face the possibility of

having their driver's license suspended for 30 days by the court upon conviction of such offense. A driver's license suspension can increase car insurance costs dramatically. Having a criminal record can make it more difficult to land a good job.

Legal Consequences for Furnishing Alcohol to Minors

It is illegal for those 21 and older to sell to, buy for, give or furnish alcoholic beverages to an underage person. Furnishing alcohol to a minor is a class B misdemeanor and those doing so will either be issued a criminal notice to appear or arrested and booked into jail. The furnisher will



face a minimum fine of \$200 plus court costs upon conviction.

Drinking establishments and other bars licensed to sell alcoholic beverages by the State of Kansas can also receive administrative penalties for selling alcoholic beverages to minors or for permitting minors to possess and consume alcohol on the premises. Retail liquor stores also face administrative penalties for selling alcohol to minors. Administrative penalties range from mandatory training, to fines, to temporary suspensions of licenses, to permanent revocation of liquor licenses. The administrative penalty for an underage violation is increased substantially when an establishment alerts customers of ABC's presence. Because of their potential to jeopardize public safety and the health of young people, underage violations on the part of liquor licensees are taken very seriously by the ABC. The number one reason for license revocations is underage violations.



ABC agents also work diligently on furnishing cases that occur away from licensed premises.

Legal Consequences for Fake ID Crimes

It is a crime for a person to possess, use, lend or borrow a fake driver's license or identification card. In addition to getting a criminal record, the person who has a fake ID may be arrested and booked into jail as well as face a fine of at least \$200, plus court costs and possibly a jail sentence. It is a felony to manufacture or sell fake IDs.



* References available

Business: (785) 296-7015
Fax: (785) 296-7185
www.ksrevenue.org/abc



Kansas Department of Revenue
Alcoholic Beverage Control
Docking State Office Building
915 SW Harrison, Room 214
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of D or F drink three times as much as those who earn A's.

More students under the age of 21 binge drink (drinking 5 or more drinks on one occasion) and have alcohol-related problems than those over 21 years old. A survey of 4,390 high school seniors and dropouts found that approximately 80% reported getting drunk, binge drinking, or drinking and driving.

At least 1,400 deaths of college students nationally are linked to alcohol each year and 500,000 students are unintentionally injured under the influence of alcohol according to a study sponsored by the US Department of Health and Human Services. More than 70,000 students

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Kansas Department of Revenue

Alcoholic Beverage Control

Industry Bulletin

January 2003

Volume 3, Issue 2

In This Issue

Licensing Segment Update

Legal Docket

*Retail Liquor Store
Vestibules*

ABC Policy Memoranda

Underage Drinking

Putting the customer
first every time!

SEASONS GREETINGS!

The Kansas ABC hopes all Kansas licensees had a wonderful holiday season. This past year was a busy and challenging one for us at ABC as it probably was for many of you. We look forward optimistically to 2003.

One of the big topics to be decided early on in 2003 is the legality of a challenge by the Unified Government of Wyandotte County and Kansas City, Kansas, and the City of Edwardsville's challenge to the Kansas Liquor Control Act. This fall both governmental bodies enacted charter ordinances under their home rule authority to "opt out" of the Sunday sales provisions of the act. The Attorney General has challenged the authority of the local governments to pursue such a course of action and the matter will be left in the hands of the court. Both sides are hoping for a quick decision on this matter. A short article on this issue is included in this Industry Bulletin.

This fall the Department of Revenue launched an improved website. The ABC section of the website was modified significantly although most information on the old website is still available on the new site. As we go to press with this bulletin, several modifications to the ABC section are underway to continue and improve on the information and resources available to licensees and citizens who access our website.

Finally, enclosed with this bulletin you will find a Kansas Stakeholder Survey. We ask all licensees to review the survey and to take the time to provide us with input. It is our hope that we receive feedback by which we can review and revise our business practices where possible. Thank you in advance for your input.

Employee Registration Form Revised

The Employee Registration form, ABC 280-6 has been revised and replaced by the ABC Form 280. This form is used to list all employees at license issuance and renewal. It is also used to register new employees within 5 days of employment. Beginning in January, renewal packets will contain the revised form and it will also be updated on the website.

The form is now a three page document, with one page being instructions. Please review the new form and instructions. If you have any questions, contact the ABC Office.

Senate Fed & State

Date: 01/22/2003

Attachment # 4



Department of Revenue

LICENSING SEGMENT UPDATE

Kansas Administrative Regulation 92-24-23(a) states that each applicant or licensee making application for a new license or for renewal of an existing license shall post or have posted with the Department of Revenue a bond.

On January 4, 2002, a modification to this regulation became effective. Licensees who have been compliant with K.S.A. 79-41a01 *et seq.* for a minimum of **24 consecutive months** prior to renewal may request a waiver of the bond requirement. To date, 126 liquor drink licensees have qualified for and received bond relief.

How to Qualify for Bond Relief:

The criteria ABC will use to determine "24 consecutive months of compliance" with K.S.A. 79-41a01 *et seq.* and amendments thereto are:

- no balance due or underpayment of the drink tax;
- no non-filed periods;
- no returned checks;
- no late payments.

If you are a licensee **renewing for the first or second time you will NOT qualify for waiver of the bond.** ABC Licensing will review your account for a bond increase based on your average three month drink tax liability. If your current bond is not sufficient to cover your current liability, you will be required to increase your bond. **Upon the third renewal, licensees may be eligible for the bond waiver.**

How to Request Bond Relief:

The request must be submitted **in writing at the time of renewal.** The written request **MUST:**

- be addressed to the "Licensing Supervisor";
- expressly request the bond requirement be waived;
- contain a notarized signature of the licensee, a member of the LLC or an officer of the corporation. **Signatures of process agents will not be accepted.**

Upon verification the licensee has met the bond waiver requirements, a bond release letter will be sent to the bank or insurance company, with a copy to the licensee, releasing the bond within 60 days after renewal. If the bond is a cash bond, the licensee will receive a refund within 60 days.

If, after the bond is released, a licensee fails to meet any of the above criteria for being "compliant with filing and remitting

Continued on Page 3

LEGAL DOCKET

Recent Cases of Interest

Several recent ABC administrative cases may be of interest to licensees:

- The first case involved a Wichita drinking establishment at 3515 N. Broadway, *1 2 3 Club*, owned by Ramiro Perez. The license was revoked in September following the licensee's failure to comply with the terms of a settlement agreement reached with the ABC in June. According to the settlement agreement, the licensee: 1) pled no contest to charges of operating beyond legal hours of 9:00 a.m. to 2:00 a.m., denying law enforcement immediate access to the licensed premises, and allowing a morals charge to occur on the licensed premises; 2) agreed to pay a fine of \$4,000; and 3) agreed to serve a month long suspension.
- Another case involved *Kenton A. Dean*, a retail liquor store licensee at 521 N. 12th Street in Manhattan. Mr. Dean relinquished his license in June, and the license thereafter was revoked pursuant to a settlement agreement by which Mr. Dean pled no contest to charges of: 1) selling prohibited items (other than retail liquor) from his liquor store; 2) having open containers on the retail liquor store premises; and 3) permitting consumption of alcoholic liquor on the licensed retail premises.
- In a third case, The Hawk, Inc., a drinking establishment at 1340 Ohio in Lawrence, entered a settlement agreement with the ABC in September. The licensee pled no contest to three counts of permitting possession or consumption on the licensed premises by a minor and agreed to pay a fine of \$2,500.

Sales of Liquor on Sunday by Retail Liquor Store Licensees

A topic that has stirred significant interest from the industry as well as the general public is that involving whether local units of government can essentially nullify a provision of the Kansas Liquor Control Act. Specifically at issue is, K.S.A. 41-712(1), wherein State law prohibits retail sales of liquor on Sundays. Two locales, the Unified Government of Wyandotte County and Kansas City, Kansas, and the City of Edwardsville, recently passed charter ordinances to exempt their cities from the State prohibition against Sunday sales.

On November 21, 2002, the Kansas Attorney General's Office

Continued on page 4

AIL LIQUOR STORE VESTIBULES

Retail Liquor Store licensees are reminded of the January 1, 2003 deadline to be in compliance with the Division's policy on vestibules. Policy Memorandum 2002-1, dated February 18, 2002, clarified the Division's position on acceptable vestibules used in support of party shops and other additional businesses. You may find this Policy Memo on the Division's website (<http://www.ksrevenue.org/pdf/pm021.pdf>). This Policy Memo was followed up with a July 15, 2002 ABC Notice on the guidelines that was sent to most retail stores with the keg registration tag distribution.

Licensees were given until January 1, 2003 to bring their vestibules into compliance. After that date, compliance must occur to qualify for license renewal. Although we have attempted to get this word out to retail store licensees, we are going to provide a six month extension so this Industry Bulletin can be disseminated and ABC Agents can visit most licensees with vestibules. The current plan is as follows:

- Licensees with renewal dates between January 1, 2003 and June 30, 2003 will not have their license held up pending compliance with the vestibule policy. However, licensees who renew during this time, but don't bring their vestibules into compliance by July 1, 2003, will be subject to citation on this violation.
- Licensees with renewal dates of July 1, 2003 through December 31, 2003 must have their vestibules in compliance prior to renewal. Please contact your local agent or the Topeka Office with any questions.

Bond relief cont.

the liquor drink tax, a bond will be required for any subsequent renewal of the license.

Please feel free to contact ABC Licensing with any questions you may have concerning bond relief. You may contact ABC Licensing at (local) 785-368-8222 or toll free at 877-526-7738. Due to the diversity of the Kansas Department of Revenue, our automated phone system has several options. Please select the following options to speak to a representative: Press 1 (listen briefly), press 5 for Business Taxes (listen briefly), press 4 for Liquor, Cigarette or Bingo taxes

ABC Policy Memoranda

ABC implemented a program in 2001 to provide interpretive clarity to various statutes and/or regulations. One aspect of this program involves the development and dissemination of Policy Memoranda on topics that we feel warrant the Division's interpretation. We realize there are often unanswered questions and concerns facing licensees, citizens and local law enforcement agencies on liquor issues. To provide for consistency in responding to these inquiries, we implemented a two-part program. Relatively simple and straightforward questions are answered and filed on our website under the "frequently asked questions" section. More complex questions or issues are responded to with "policy memoranda."

Once completed, reviewed and approved, the Policy Memos are placed on the website at "<http://www.ksrevenue.org/abcpolicy.htm>." The following list contains the current Policy Memos in effect. There are additional memos under development. Upon completion, they will be added to the website.

Policy Memo 2001-1: Division Policy on Public and Private Events Conducted on Private Club Premises (Issued June 27, 2001)

Policy Memo 2001-2: Use of Electronic Fund Transfers as Payment of Alcoholic Liquor or Cereal Malt Beverages (Issued September 17, 2001)

Policy Memo 2001-3: Age Restrictions and Allowable Duties for Liquor Industry Employees under the Age of 21 (Issued October 7, 2001)

Policy Memo 2001-4: Restrictions and Allowable Duties for Employees and Salespersons with Disqualifying Convictions (Issued October 25, 2001)

Policy Memo 2002-1: Guidelines for Retail Liquor Store Entrances to other Businesses and Vestibules (Issued February 18, 2002)

Policy Memo 2002-2: Guidelines on the Temporary Extension of On-Premise Licenses (Issued June 28, 2002)

Policy Memo 2002-3: Guidelines for Displaying Liquor Licenses and Permits (Issued August 15, 2002)

Policy Memo 2002-4: Guidelines for Catered Event Notification (Issued August 30, 2002)

Policy Memo 2002-5: Guidelines for the Use of d/b/a Names by Retail Liquor Stores (Issued November 14, 2002)

filed a petition in Wyandotte County District Court seeking to have the local ordinances declared void. In a separate case filed the same day by the Unified Government of Wyandotte County and Kansas City, Kansas, the Wyandotte County District Court imposed a temporary restraining order requiring the State to suspend all efforts to enforce the Sunday sales prohibition in Kansas City, Kansas. The Unified Government voluntarily dismissed the case the following week and the restraining order was vacated, based on the State's agreement not to administratively prosecute the retailers in Kansas City or Edwardsville for violating the Sunday sales prohibition prior to the district court's ruling or May 5, 2003, whichever comes first.

Briefs detailing the parties' respective positions on whether the cities have home rule authority to charter out from the Sunday sales prohibition are expected to be filed in the next couple of months, but there's no certainty as to when the district court might rule on the issue.

Stay tuned for more activity on this front in the spring.

IMPROVING THE ENFORCEMENT OF UNDERAGE LAWS STATEWIDE

Protecting public health and safety is one of the most important functions of the ABC. That is why ABC dedicates considerable resources to the underage issue. Studies consistently show that underage alcohol consumption plays a major role in car crashes, teen crime, violence, date rapes, thefts and suicides. Alcohol-related crashes are the number one killer of people younger than 20 years of age, and student drinking is the number one health problem on college campuses. Alcohol consumption also produces higher rates of teen pregnancy and academic failure both for high school and college students. Students with grades of D or F drink three times as much as those who earn A's.

To mitigate the effect of underage drinking, ABC is not only conducting its own underage enforcement activity, but also has recently launched a new training program for local law enforcement agencies on enforcing underage laws. Topics include the most effective ways to conduct cops in shops, underage party patrols, using keg registration laws, furnishing surveillance, third party sales, detecting fake IDs, working with licensees on fake ID seizures, investigating fake ID rings, bar checks, controlled buy investigations and source investigations. As you can see from the topics, most of the training focuses on the demand side of the equation rather than on liquor licensee behavior. Studies suggest that most underage people, particularly juveniles, obtain their alcohol illegally through third parties rather than directly from liquor licensees. The training that deals with licensee violations emphasizes how to conduct investigations in a manner that is fair to licensees.

The feedback from law enforcement officers taking the training has been very positive and we encourage licensee partnering with local law enforcement agencies to support activities to reduce underage drinking.

Pub-1800
Rev. (01/03)

Kansas Department of Revenue
Alcoholic Beverage Control Division
915 SW HARTSON, Room 214
Topeka, Kansas 66625-3512
RETURN SERVICE REQUESTED

4-7



Kansas Liquor Licensee Survey

General Information (check all that apply):

I have had contact with the following sections of ABC in the past year:

- Administration
- Licensing
- Compliance
- Enforcement
- Legal

I have contacted ABC through the following means in the past year:

- Mail
- Telephone
- E-mail
- Internet Web Site

I have used the ABC Web Site in the past year. (circle one) Yes / No

I would like to be contacted by ABC. (circle one) Yes / No

(If yes, please include business name, contact name and phone number in Comment section.)

For the following topics, please use this guide.

| | | |
|----------------------|-----------------------|--------------------|
| N/A – Not Applicable | 1 – Strongly Disagree | 3 – Agree |
| | 2 – Disagree | 4 – Strongly Agree |

Staff:

- ABC employees are courteous and respectful.
- ABC employees are responsive to my needs and concerns.
- ABC employees are knowledgeable in administering the law and delivery of services.

Communications:

- ABC employees answer questions in a thorough and timely manner.
- ABC is responsive to questions and inquiries.

Timeliness:

- ABC services are offered at convenient times.
- ABC services are delivered within a reasonable amount of time.
- I receive responses within a reasonable amount of time by:
 - Telephone
 - E-mail
 - Material (regular U.S. Mail)

Complaint Handling Process:

- I know how to make a complaint regarding services of ABC.
- ABC responds to complaints in a fair manner.

Fair Playing Field:

- Penalties for liquor law violations administered by ABC are fair.
- Penalties for liquor law violations administered by ABC are not stiff enough.
- Penalties for liquor law violations administered by ABC are too lenient.

Comments/Suggestions:

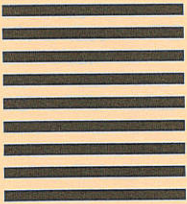
Lined area for writing comments or suggestions.



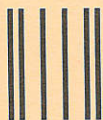
KANSAS DEPARTMENT OF REVENUE
ALCOHOLIC BEVERAGE CONTROL
915 SW HARRISON ST RM 214
TOPEKA KS 66612-9907

POSTAGE WILL BE PAID BY ADDRESSEE

BUSINESS REPLY MAIL
FIRST-CLASS MAIL PERMIT NO. 12006 TOPEKA KS



NO POSTAGE
NECESSARY
IF MAILED
IN THE
UNITED STATES



Place tape here before mailing.

4-9



HOW TO SPOT FAKE IDs



Senate Fed & State
Date: 01 / 22 / 2003
Attachment # 5



Provided by the
Kansas Department of Revenue
Alcoholic Beverage Control Division
And
Division of Motor Vehicles



A Guide For
Kansas
Liquor
Licensees

Senate Fed & State
Date: 01 / 22 / 2003
Attachment # 5

HOW TO SPOT FAKE IDs

All state licenses are different. Here are some things to look for when you check an ID.

You can help stop underage drinking before it happens by learning how to spot fake driver's licenses. Knowing the tricks will enable you to check IDs quickly and carefully. This brochure will give you pointers for identifying phony IDs. Licensees are encouraged to card any customer who appears under the age of 30.

Check The Photo

- Verify that photo and guest are the same person; check the height, eye color, hair color, etc.
- Look for a photo that has been placed over the old one: feel for overlay bumps; look for a poor alignment and cut marks; make sure that an overlapping photo hasn't been drawn in.
- On Kansas IDs or driver's licenses, check the green or red bar beneath the photo. This reveals the date the guest turns 18 or 21.

Check The Birthdate

- Look for numbers that are altered – particularly the last digit of the birthdate year.
- Make sure that all lettering matches and is not typewritten.
- Look for numbers that are drawn in, press-on, uneven in size, or cut out and replaced.
- Look for erasures or fuzziness.

What are the tricks?

Here are the "card tricks" that underage drinkers use in order of frequency.

1.) Imposter/Borrowed IDs

Frequently, an underage person will present the driver's license of an older friend or relative. Sometimes the imposter will present a license stolen from someone old enough to drink.

2.) Fake IDs

Underage persons may purchase bogus out-of-state IDs or phony licenses.

3.) Altered ID

Underage persons may tamper with the photo or birthdate on a legitimate license.

4.) Expired IDs

Often underage persons will present expired IDs they have obtained. Expired IDs should not be accepted.

Check The Lamination

- Check for air bubbles, a loose laminate, and faulty re-sealing.
- Feel for an extra plastic overlay that may be used to alter the information.
- Cards that are too flexible or that crack when bent slightly may be phony.
- If the laminate is clear and lacks holograms or gold lettering, that suggests a counterfeit.

What to do?

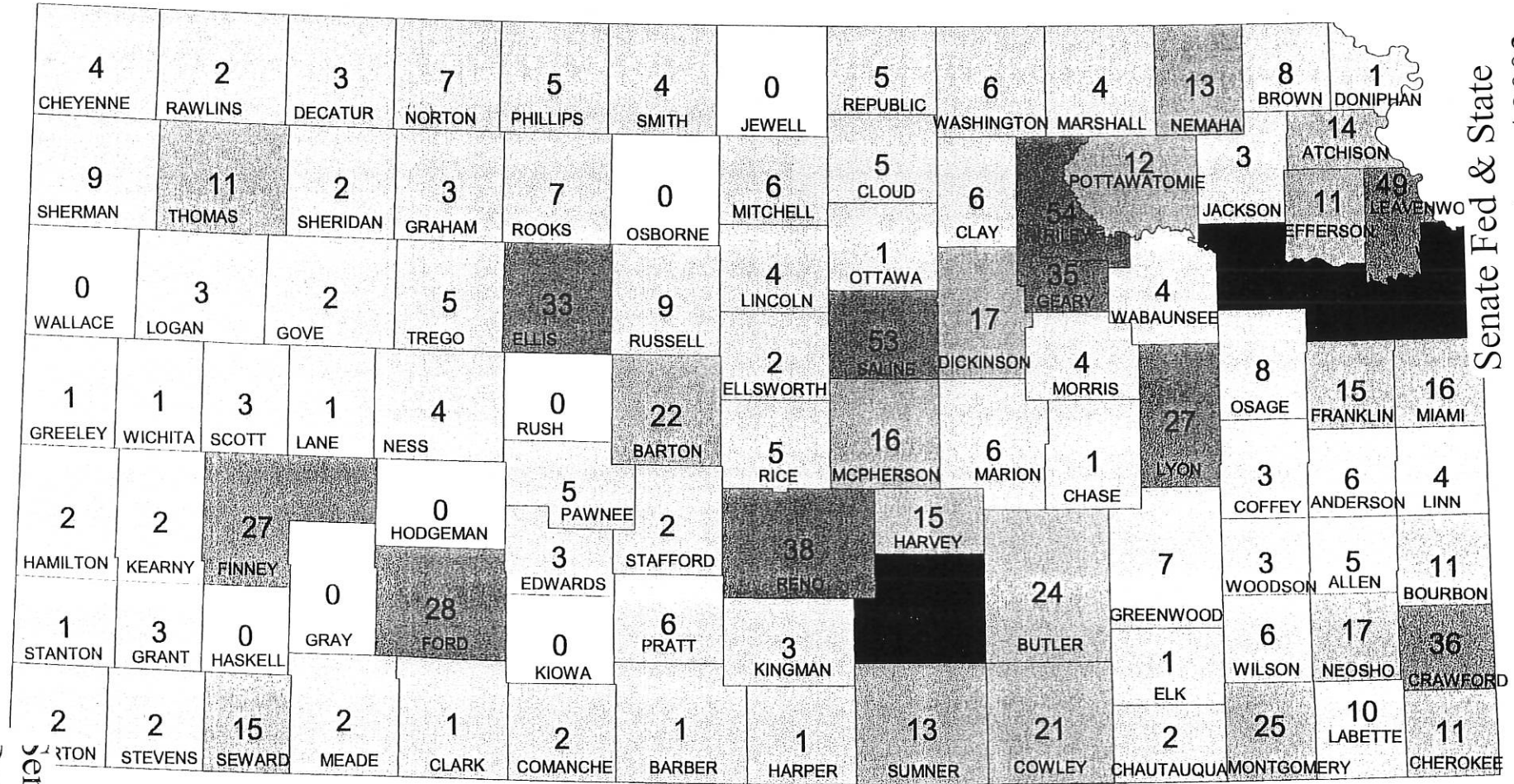
When you suspect a fake driver's license:

- Politely question the guest about the information on the license. Ask questions such as "What's your middle name?" or "What is your zip code?"
- Ask for another form of ID.
- Ask the person to sign their name and compare their signature with the signature on the ID.
- If you can confirm the card is phony, call the local police or sheriff's office to report the crime.



Department of Revenue

Active Kansas On-Premise Licenses

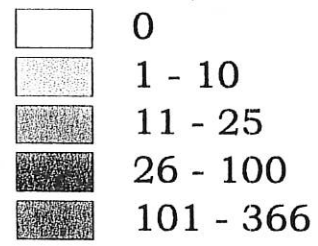


Senate Fed & State
Date: 01/22/2003
Attachment # 0

Senate Fed & State
Date: 01/22/2003
Attachment # 6



of License Per County

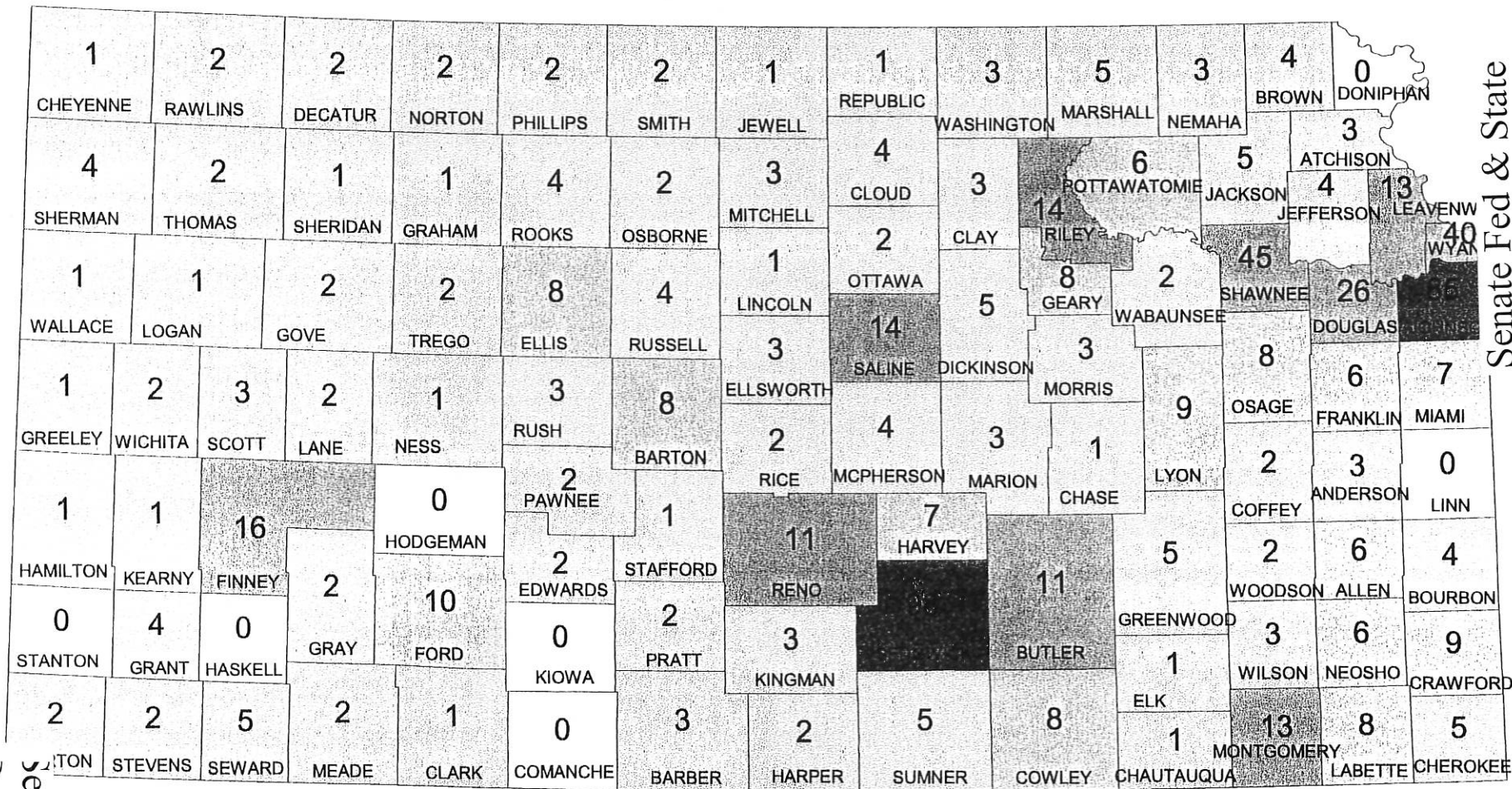


The data used for this map was derived from the Alcoholic Beverage Control Division Liquor Licensing Database for December 2002.

December 1, 2002
Map #AC02-003

Total: 2000 Active On-Premise Licenses

Active Kansas Off-Premise Licenses

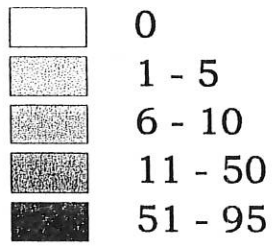


Senate Fed & State
 Date: 01/22/2003
 Attachment # 7

Senate Fed & State
 Date: 01/22/2003
 Attachment # 7



of License Per County



Total: 678 Active Off-Premise Licenses

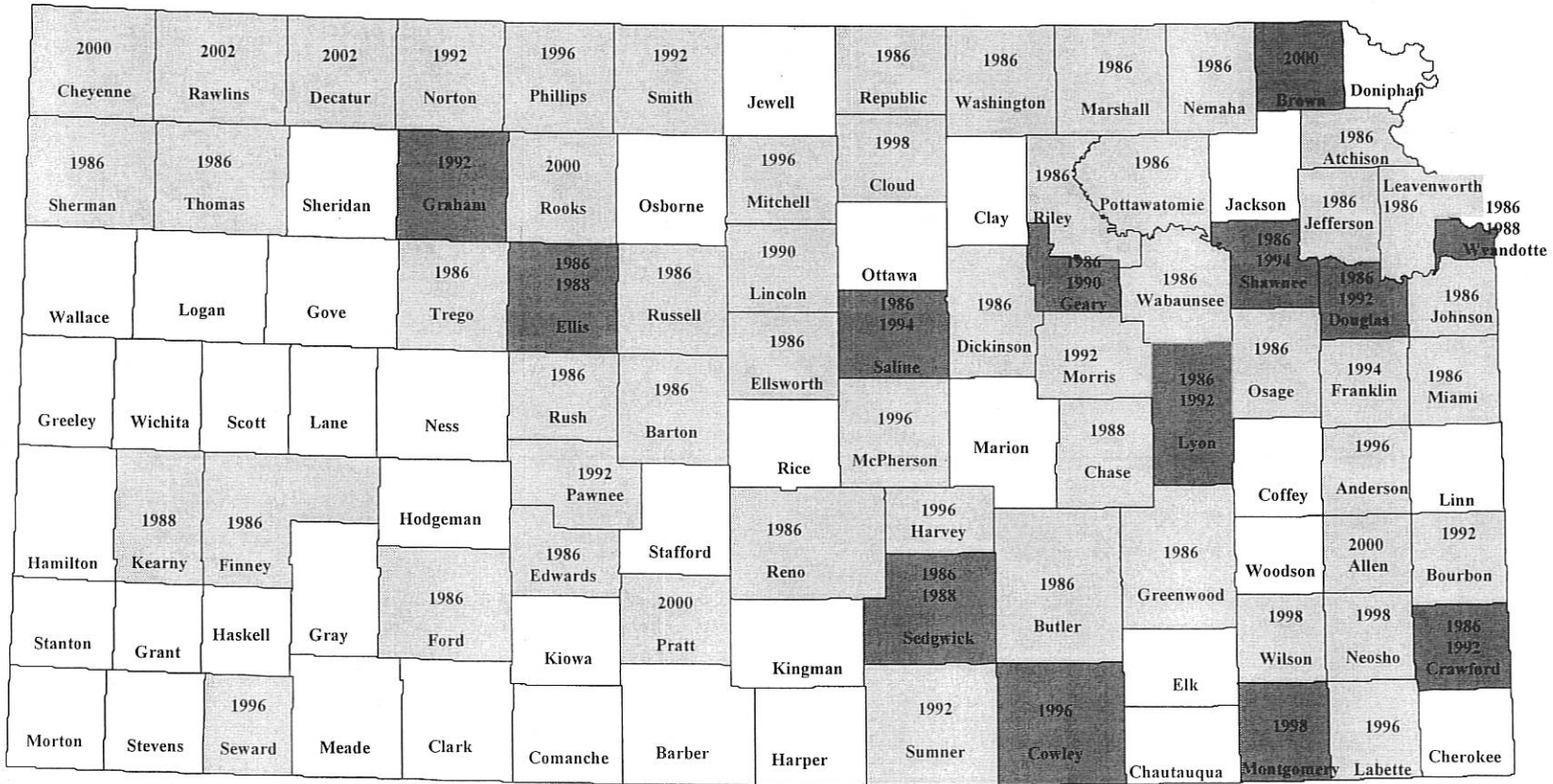
The data used for this map was derived from the Alcoholic Beverage Control Division Liquor Licensing Database for December 2002.

December 1, 2002
 Map #AC02-004

Kansas Liquor-by-the-Drink

November 2002

No liquor-by-the-drink
 Liquor-by-the-drink allowed with 30% food requirement
 Liquor-by-the-drink allowed with no food requirement



This map identifies the status of liquor by the drink in all Kansas counties. It includes the year the county voted for liquor-by-the-drink, and where applicable, the year the county removed the 30% food requirement.

Senate Fed & State
 Date: 01 / 22 / 2003
 Attachment # 8

Senate Fed & State
 Date: 01 / 22 / 2003
 Attachment # 8



Department of Revenue

*Advisory Task Force Mission Statement:
"To build a statewide advisory group to review, develop and implement strategies and methods to upgrade the enforcement of underage laws throughout Kansas."*

1 October 2002

KANSAS ABC ADVISORY TASK FORCE

Enforcing Underage Laws

ABC rolls out new training program for local law enforcement officers

ABC agents have launched a new training program for local law enforcement agencies and officers designed to improve the enforcement of underage alcohol laws statewide.

"This is on component of our strategy to confront the underage drinking problem," said Alcoholic Beverage Control (ABC) Director Robert Longino. "We are attempting to go after both the demand and supply side."

The four-hour "Enforcing Underage Alcohol Laws" training provides law enforcement officers with an overview of the most effective ways to enforce underage drinking laws. Topics covered include:

- ✓ Conducting cops in shops
- ✓ Controlled buy investigations
- ✓ Bar checks
- ✓ Third party sales

- ✓ Party patrols
 - ✓ Using new keg registration laws
 - ✓ Detecting fake IDs
 - ✓ Investigating fake ID rings
 - ✓ Fake ID seizures - working with licensees
 - ✓ Source investigations
 - ✓ Submitting cases to ABC for administrative prosecution
- "Police officers and sheriff's

(Continued on page 2)



ABC Agent Darci Hamilton provides training

Kege registration law enacted

Working with legislators, health advocates and liquor licensees, ABC supported the passage of the Beer and Cereal Malt Beverages Keg Registration Act.

The new law requires retail liquor stores and cereal malt beverage (3.2 beer) outlets to attach ABC-issued tags on kegs or containers with four or more gallons of beer. The liquor retailer or cereal malt beverage retailer records information relating to the sale of the keg so that ABC or another law enforcement agency can track the source of alcohol that was consumed by minors.

"This legislation gives law enforcement another way to fight underage drinking," said ABC Director Robert Longino. "It will make it easier to determine who purchased a keg that was consumed by underage drinkers. We are very pleased that were able to get this done."

The new law makes it illegal to possess a keg without a tag or to tamper with a keg tag.

The keg tags and associated point of sale material were purchased through an underage enforcement federal grant administered by the Kansas Department of Transportation.

Senate Fed & State
Date: 01 / 22 / 2003
Attachment # 9

ABC rolls out new training to local law enforcement officers

deputies receive just two hours of training on liquor law enforcement when they go through the academy," said Longino. "While most are familiar with underage laws, this course will provide insight on the best practices related to effective investigation and enforcement measures. The training provides law enforcement officers with a tool chest to go after the problem from many different angles."

ABC Enforcement Agents provide the training classes at the request of local law enforcement agencies. The investigative techniques covered relate not only to activity in and around alcohol licensees but also to underage parties, including finding the source of the alcohol. Initial evaluation of the training by participants have been very positive.

"The response has been outstanding so far," Longino said. "There is a real need for this type of training."

"This training deals with effective enforcement measures. The overall campaign, though, is about raising the awareness of the consequences of underage drinking," Longino said. "Most people real-

ize that underage drinking is the number one killer of people under the age of 21, but it is also important to realize that the role that alcohol plays in teen pregnancy, academic failures, sexually transmitted diseases, date rape, and other violent crimes."

The training also includes a segment on how to submit cases to ABC for administrative prosecution. This is of particular value for dealing with problem licensees. A checklist is provided to participants for reference purposes.

"Most of our licensees are diligent in avoiding underage violations," said Longino. "We do have some though, for reasons of negligence or straight out willfulness, who need to change their ways or have their license taken away."

ABC is also offering new classes to law enforcement officers on:

- ✓ Reducing violence through effective enforcement of alcohol laws
- ✓ Conducting liquor licensee hidden ownership investigations

Law enforcement officers will receive certification credit hours for attending this training.

