

MINUTES OF THE SENATE FEDERAL AND STATE AFFAIRS COMMITTEE

The meeting was called to order by Chairman Pete Brungardt at 10:47 a.m. on Thursday, March 17, 2005, in Room 231-N of the Capitol.

All members were present except:
Senator Roger Reitz (E)

Committee staff present:
Athena Andaya, Kansas Legislative Research Department
Dennis Hodgins, Kansas Legislative Research Department
Mary Ann Torrence, Revisor of Statutes Office
Dee Woodson, Committee Secretary

Conferees appearing before the committee:
Phil Bradley, Kansas Licensed Beverage Association (written)
Norm Jennings, Smoky Hill Vineyards & Winery (written)
Tuck Duncan, Kansas Wine & Spirits Wholesalers Association
Janna Dunbar, Kansas Department of Commerce (written)
Neal Whitaker, Kansas Beer Wholesalers Association

Others attending:
See attached list.

Chairman Brungardt announced that the Chairman of the Committee had requested a bill introduction. Senator Brownlee called upon Steve Weatherford and Steve Kelly from the Kansas Department of Commerce to make the formal bill request. Mr. Weatherford explained they were requesting a bill that would modify the enabling legislation for the Kansas Development Finance Authority to allow them to issue bonds for a facility such as a hall of fame, museum, or tourist destination of national significance. He said that this request directly relates to an opportunity that Kansas has to potentially become the home of the NASCAR Hall of Fame.

Senator Brownlee made a motion to introduce the proposed bill, seconded by Senator Gilstrap, and the motion carried.

Chairman Brungardt announced next week's agenda, and noted additional written testimony had been submitted to the committee for review by Representative Janice Pauls in opposition to **SB 285** which had a hearing on March 15. Copies of the fiscal note on **SB 297** had also been distributed to committee members. (Attachment 1)

The Chair stated that there had been an objection by one member of the committee that perhaps procedure was not followed properly, and she had questioned whether there was a quorum to take a vote on the Cesar Chavez resolution, **SCR 1608**, at the March 15 meeting. The Chairman stated he viewed it as a ceremonial idea that the committee should send out. He stated he would entertain a motion to do or redo the committee action on that resolution.

Senator Vratil made a motion to recommend favorably SCR 1608 which acknowledges Cesar Chavez, seconded by Senator Gilstrap. The Chairman called for a voice vote, and announced the ayes carried the motion. Division was called by a show of hands, and the motion failed on a three to three count.

SB 297 - Sales of Kansas beer and wine by the drink on the state fairgrounds during the Kansas State Fair

Chairman Brungardt opened the hearing on **SB 297**, and asked the Revisor to review the bill. The Revisor explained this bill contained the two sections that the committee struck from **SB 274** sponsored by the Kansas Licensed Beverage Association. The bill would authorize consumption on the State Fairgrounds of wine manufactured by farm wineries and beer brewed by microbreweries during the State Fair, and that beer or wine would be sold under a temporary permit for a period of no longer than three days, which is current law.

CONTINUATION SHEET

MINUTES OF THE Senate Federal and State Affairs Committee at 10:347a.m. on Thursday, March 17, 2005, in Room 231-N of the Capitol.

Phil Bradley, Kansas Licensed Beverage Association, submitted written testimony in support of **SB 297**. (Attachment 2)

Norm Jennings, on behalf of Smoky Hill Vineyards & Winery and Kansas Grape Growers & Wine Makers Association, submitted written testimony in favor of **SB 297**. (Attachment 3)

Tuck Duncan, Kansas' Wine & Spirits Wholesalers Association, spoke in support of **SB 297**. He explained there had been a meeting of 98% of the interest groups in the office of the Director of Alcoholic Beverage Control, relating to some earlier testimony about this provision whereas some concerns were expressed that if it was limited to just these two products, that it might create some type of discriminatory allegation. The recommendation of the groups meeting, including the Departments of Commerce and Agriculture, was to suggest the committee make this a temporary permit as allowed for under current law which then would be non-discriminatory in that manner. This would allow for the sale of any beverage alcohol products. He clarified that by limiting it to just Kansas products would create a discriminatory problem because of the increase of litigation that has taken place in other states. Mr. Duncan said he thought what the State Fair would do would probably enter into an agreement with a vendor limiting the products that the vendor would allow to be sold. (Attachment 4)

The Revisor stated she had talked to the Chairman about amending this proposed bill, and the way the amendment was drafted it would talk only about wine and beer. She asked if there was a problem with the way the amendment was drafted. Mr. Duncan responded he did not have a problem with that because it did not say Kansas wine and beer, and Kansas already had those sub-categories and it is not an equal protection violation. Kansas has separate beer licenses, distributor licenses, spirits licenses, wine licenses, etc. He said as long as the same classification classes are treated equally, he thought that was agreeable. Chairman Brungardt asked the Revisor to distribute copies of the drafted balloon amendment for the committee to review and consider later. He explained this left it to the discretion of the State Fair Board for further limiting it to the products the Board chooses for exposition to Kansans. (Attachment 5)

Senator Brownlee commented that she thought it was to showcase Kansas products, and maybe the designation of Kansas products should be left in the bill. Chairman Brungardt responded that the problem with that is it runs a fowl of the commerce clause in treating domestic products and other state products unfairly. There are court cases pending on that topic.

Janna Dunbar submitted written testimony in support of **SB 297**. (Attachment 6)

Neal Whitaker, Kansas Beer Wholesalers Association, testified in support of **SB 297**. He stated that the Association was asking that **SB 297** be amended to allow the sale of all alcoholic beverages legal for sale in Kansas at the Kansas State Fair. He said the State Fair Board can contract with whomever they choose and can certainly limit the type of alcohol that the contractor is allowed to sell. (Attachment 7)

Chairman Brungardt closed the hearing on **SB 297**.

Final Action on:

SB 267 - Farm wineries, number of outlets and gallons of wine; liquor retailers, sampling

Chairman Brungardt called for discussion and final action on **SB 267**. He explained the bill related to farm wineries increasing the number of outlets, the number of gallons of wine permissible for production, and allowing sampling in retail stores.

Committee discussion followed relating to the sampling in liquor stores, and that the wording was confusing whether the committee was dealing with farm wineries or liquor stores, plus the idea that sampling should be limited in some way as it was a major policy change.

Chairman Brungardt commented that he had a concern also regarding the sampling in liquor stores, and he had requested the Revisor to draft a balloon amendment that speaks to domestic wine instead of alcoholic liquor. He explained that would limit the intent, but it also raises the other question of why reserve that

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MINUTES OF THE Senate Federal and State Affairs Committee at 10:347a.m. on Thursday, March 17, 2005, in Room 231-N of the Capitol.

privilege for only domestic products. The Supreme Court is going to decide this matter in the Spring so it may not be something to spend a lot of time debating. The Chair commented if the committee's intent is to try and make available to people the opportunity to taste an ounce of Kansas wine, thereby possibly inducing them to buy the product. He stated it would be a nice promotional effort for Kansas products, and could see no great harm in doing that type of marketing promotion. The committee needs to make that decision, but it definitely needs to be limited in some way.

Committee discussion continued regarding Kansas wines being sold in Kansas retail liquor stores, and possibly limiting to only the Kansas domestic wine products for sampling. The committee discussion indicated there was not much support for any sampling in retail stores.

Chairman Brungardt directed the committee's attention to the provision of the bill relating to the number of outlets that Kansas farm wineries have on their own which are licensed and available to the public. He explained the bill calls for an increase from two to five winery outlet licenses on page 2, line 34. Discussion followed concerning the various types of outlets that are used to broaden the exposure of the Kansas products and make those products more available to people. Concerns were expressed that this bill would be giving farm wineries five outlets where liquor stores can only have one, and the health related issues when expanding alcohol consumption. Question was asked in regard to expanding the outlets from two to five how those would be subject to compliance checks and how would they be compared to liquor store requirements. Mr. Groneman responded that the outlets would be monitored in the same ways that liquor stores are currently monitored as well as the way existing outlets are presently monitored.

Senator Brownlee made a motion to amend SB 267 on page 2, line 34, from two outlets to three outlets. The motion was seconded by Senator Barnett. The Chairman called for discussion. Senator Gilstrap asked how long the number of outlets had been at two, and the response was from the inception which was in the 1980's. The Chair called for the vote on the motion. The motion carried.

Chairman Brungardt called the committee's attention to the issue of capacity, and that testimony had been received from the wineries that there will be issues of capacity for several companies of bumping up against and exceeding the current ceiling on production capacity.

Senator Barnett made a motion to amend page 3, line 7, by changing the capacity from 50,000 to 100,000 gallons per year. The motion was seconded by Senator Brownlee, and the motion carried.

The Revisor noted there was one other provision the committee had discussed possibly amending which was on page 2, lines 23 and 24, and allows the farm winery licensee to serve at special events, monitored and regulated by the Division of Alcoholic Beverage Control. She said there was some question on the part of the Division as to clarifying what that provision meant. Mr. Groneman explained the question was in regard to how it was written concerning how it was to be monitored and whether the agent had to be at an actual event for the entire duration of the event. He stated that ABC would monitor the events the same as is currently done as long as the Division knew what the intent was, and the Division can draft the rules and regulations to cover. Chairman Brungardt stated the Division would administer as they usually do in accordance to the law, so there would be no language change required.

Senator Vratil made a motion to amend SB 267 by deleting Sections 1, 3 and 4 from the bill because those sections are no longer necessary with the exclusion of the retail liquor stores from this bill.; also to amend on page 2, Section 2, line 23, insert the phrase "free of charge" after the word serving; on page 2, line 34, to strike the word five and insert the word "three"; and on page 3, line 7, to strike the numeral 250,000 and insert the numeral "100,000," and to authorize the Revisor to make any other conforming changes such as those in Section 5. The motion was seconded by Senator Barnett, and the motion carried.

Senator Vratil made a motion to recommend SB 267 favorably as amended, seconded by Senator Barnett, and the motion carried.

CONTINUATION SHEET

MINUTES OF THE Senate Federal and State Affairs Committee at 10:347a.m. on Thursday, March 17, 2005, in Room 231-N of the Capitol.

Senator Vratil made a motion to recommend SCR 1608 favorably for passage. Chairman Brungardt stated that the Majority Leader's office had advised that it would be necessary for the resolution to be amended in order for reconsideration.

Senator Vratil made a motion to reconsider the committee's previous action, and to amend SCR 1608 in line 35 following the word send, by inserting the phrase "as many as necessary". The motion was seconded by Senator Hensley, and the motion carried.

Senator Vratil moved to recommend SCR 1608 favorably for passage as amended, seconded by Senator Hensley, and the motion carried.

Meeting was adjourned at 11:25 a.m. The next meeting scheduled is Tuesday, March 22, 2005.

March 17, 2005

The Honorable Pete Brungardt, Chairperson
Senate Committee on Federal and State Affairs
Statehouse, Room 143-N
Topeka, Kansas 66612

Dear Senator Brungardt:

SUBJECT: Fiscal Note for SB 297 by Senate Committee on Federal and State Affairs

In accordance with KSA 75-3715a, the following fiscal note concerning SB 297 is respectfully submitted to your committee.

SB 297 amends the Liquor Control Act. The bill allows the Director of Alcoholic Beverage Control to issue a temporary permit to a farm winery or microbrewery during the Kansas State Fair. The permit would be valid during the time of the Fair and would allow for serving, by the drink, only wine manufactured by a farm winery or beer manufactured by a microbrewery licensee. The bill would allow farm winery or microbrewery products to be consumed during the Fair on the premises leased to the person who holds a temporary permit.

| Estimated State Fiscal Effect | | | | |
|-------------------------------|----------------|----------------------|----------------|----------------------|
| | FY 2005 SGF | FY 2005 All Funds | FY 2006 SGF | FY 2006 All Funds |
| Revenue | -- | -- | \$450 | \$450 |
| Expenditure | -- | -- | \$2,800 | \$2,800 |
| FTE Pos. | -- | -- | -- | -- |

According to the Department of Revenue, if all of the nine microbreweries in the state were to apply for the new license, there would be an increase in license fees of \$450. Also, the Department would have expenses for revision of forms and publications costing \$2,800. The

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The Honorable Pete Brungardt, Chairperson
March 17, 2005
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Kansas State Fair states that passage of SB 297 would not have a fiscal effect on its expenditures. However, enactment of SB 297 could increase Fair revenues because it would allow farm winery and microbrewery licensed vendors to sell products. No information is available upon which to base an accurate estimate.

Sincerely,



Duane A. Goossen
Director of the Budget

cc: Steve Neske, Revenue
Amy Craig, State Fair



Testimony on SB-297, March 16, 2005
Senate Federal and State Affairs Committee

Written Testimony
SB297

Mr. Chairman, and Senators of the Committee,

I am Philip Bradley representing the Kansas Licensed Beverage Assn., the men and women, in the hospitality industry, who own and manage bars, clubs, caterers, restaurants, breweries and hotels where beverage alcohol are served. Thank you for the opportunity to submit testimony today.

We support SB-297.

The farm wineries and microbreweries procedures were created to help foster businesses create opportunity. The Kansas State Fair has long been a premier showcase of the best and brightest of our fair state. This bill allows the State Fair Board, at their discretion and according to their rules and policies to enter into a contract with a party/parties that would allow the ABC at their discretion and according to the statues, regulations and policies, to grant a temporary permit to allow such a permit holder to operate a venue to sell Kansas Farm Winery and Kansas Microbrewery products at and during the state fair. We believe this is in the best interest of all our citizens and under the existing laws and regulations will be a safe and welcome addition.

In order to avoid problems that have resulted in numerous suits in other states, when advantages are shown to in-state vs out- state products by the regulatory or legislative bodies, we ask you to amend this bill to allow the possibility for the temporary permit holder to sell all those alcohol products that are legal for sale on premise in Kansas. It is worthy to note that although this allows for all those item to be offered for sale, the State Fair Board could limit the items that the venue could offer under their contract.

Also we do not object to the amendment offered by Mr Duncan.

In addition we ask you to recall the supporting testimony offered at the March 9, 2005 hearing when this was separated into SB-297.

Therefore, we ask for the above amendments and then urge you to pass SB-297.

As always we are available for questions. Thank you for your time.

Philip Bradley
Executive Director

Drink Responsibly.
Drive Responsibly.
Senate Federal & State Affairs
Committee
3-17-05
Attachment 2

Kansas Grape Growers & Wine Makers Association

March 17, 2005

To: Senate Federal & State Affairs Committee

From: Norman M. Jennings

On behalf of: Smoky Hill Vineyards & Winery (Co-owner)

Kansas Grape Growers & Wine Makers Association (Legislative Chair)

RE: SB297

Mr. Chairman and members of the committee, thank you for the opportunity to offer this testimony. The Kansas Grape Grower & Wine Maker Association (KGGWA) is a state association established by the growers and wineries of Kansas, with the mission statement of furthering the growth and development of both of these industries, and therefore the economic impact in Kansas. The KGGWA represents commercial growers and wineries responsible for approximately 80% of the Kansas wines produced. The grape and wine industry in Kansas is one that has the potential to be a major contributor to the state agritourism and value-added agricultural industries, as well as state alcohol tax revenue sources.

The Kansas Grape Grower & Wine Makers Association supports SB297 as a mechanism for furthering both the Kansas grape and wine industries. The ability to hold wine judging's, sample and sell Kansas wines at the state fair is greatly desired. The activities allow for the exposure of Kansas wines to many people in a venue that promotes the agriculture products and activities of Kansas. For many states the wine activities at their state fairs are a big highlight and draw for tourists.

Passing SB297 would further the growth and development of Kansas grape/wine fruit growing and the Kansas wine industry. We thank you for your time and the opportunity to appear before this committee and ask for your support on SB297.

Senate Federal & State Affairs

Committee

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Attachment

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Kansas Wine & Spirits
Wholesalers Association

To: Senate Committee on Federal and State Affairs
From: R.E. "Tuck" Duncan
RE: SB 297

Kansas' Wine & Spirits Wholesalers support SB297.



The KWSWA supports granting the director of the alcoholic beverage control the authority to issue a temporary permit, valid for the entire period of time of the Kansas state fair, which authorizes the sale and serving by the drink of wine and spirits on the premises specified in the temporary permit, by a person who has entered into an agreement with the state fair board for that purpose. The state fair can limit this activity in any manner it desires by its written agreement with the vendor.

Thank you for your attention to and consideration of these matters.

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Attachment 4

SENATE BILL No. 297

By Committee on Federal and State Affairs

3-14

9 AN ACT concerning alcoholic liquor; amending K.S.A. 2004 Supp. 41-
10 719 and 41-2645 and repealing the existing sections.

11

12 *Be it enacted by the Legislature of the State of Kansas:*

13 Section 1. K.S.A. 2004 Supp. 41-719 is hereby amended to read as
14 follows: 41-719. (a) No person shall drink or consume alcoholic liquor on
15 the public streets, alleys, roads or highways or inside vehicles while on
16 the public streets, alleys, roads or highways.

17 (b) No person shall drink or consume alcoholic liquor on private
18 property except:

19 (1) On premises where the sale of liquor by the individual drink is
20 authorized by the club and drinking establishment act;

21 (2) upon private property by a person occupying such property as an
22 owner or lessee of an owner and by the guests of such person, if no charge
23 is made for the serving or mixing of any drink or drinks of alcoholic liquor
24 or for any substance mixed with any alcoholic liquor and if no sale of
25 alcoholic liquor in violation of K.S.A. 41-803, and amendments thereto,
26 takes place;

27 (3) in a lodging room of any hotel, motel or boarding house by the
28 person occupying such room and by the guests of such person, if no
29 charge is made for the serving or mixing of any drink or drinks of alcoholic
30 liquor or for any substance mixed with any alcoholic liquor and if no sale
31 of alcoholic liquor in violation of K.S.A. 41-803, and amendments thereto,
32 takes place;

33 (4) in a private dining room of a hotel, motel or restaurant, if the
34 dining room is rented or made available on a special occasion to an in-
35 dividual or organization for a private party and if no sale of alcoholic liquor
36 in violation of K.S.A. 41-803, and amendments thereto, takes place; or

37 (5) on the premises of a microbrewery or farm winery, if authorized
38 by K.S.A. 41-308a or 41-308b, and amendments thereto.

39 (c) No person shall drink or consume alcoholic liquor on public prop-
40 erty except:

41 (1) On real property leased by a city to others under the provisions
42 of K.S.A. 12-1740 through 12-1749, and amendments thereto, if such real
43 property is actually being used for hotel or motel purposes or purposes

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1 incidental thereto.

2 (2) In any state-owned or operated building or structure, and on the
3 surrounding premises, which is furnished to and occupied by any state
4 officer or employee as a residence.

5 (3) On premises licensed as a club or drinking establishment and
6 located on property owned or operated by an airport authority created
7 pursuant to chapter 27 of the Kansas Statutes Annotated, *and amend-*
8 *ments thereto*, or established by a city having a population of more than
9 200,000.

10 (4) On the state fairgrounds on the day of any race held thereon
11 pursuant to the Kansas parimutuel racing act.

12 (5) On the state fairgrounds, if: (A) Such liquor is domestic beer or
13 wine or wine imported under subsection (e) of K.S.A. 41-308a, and
14 amendments thereto, and is consumed only for purposes of judging com-
15 petitions; or (B) ~~such liquor is wine manufactured by farm winery li-~~
16 ~~censees or beer manufactured by microbrewery licensees~~ and is sold and
17 consumed during the days of the Kansas state fair on premises leased by
18 the state fair board to a person who holds a temporary permit issued
19 pursuant to K.S.A. 41-2645, and amendments thereto, authorizing the sale
20 and serving of such wine or beer, or both. The state fair board, in its
21 discretion, may authorize the consumption of such alcoholic liquor on
22 nonfair days in conjunction with bona fide scheduled events involving not
23 less than 75 invited guests and subject to any conditions or restrictions as
24 the board may require.

or beer, or both,

25 (6) In the state historical museum provided for by K.S.A. 76-2036,
26 and amendments thereto, on the surrounding premises and in any other
27 building on such premises, as authorized by rules and regulations of the
28 state historical society.

29 (7) On the premises of any state-owned historic site under the juris-
30 diction and supervision of the state historical society, on the surrounding
31 premises and in any other building on such premises, as authorized by
32 rules and regulations of the state historical society.

33 (8) In a lake resort within the meaning of K.S.A. 32-867, and amend-
34 ments thereto, on state-owned or leased property.

35 (9) In the Hiram Price Dillon house or on its surrounding premises,
36 subject to limitations established in policies adopted by the legislative
37 coordinating council, as provided by K.S.A. 75-3682, and amendments
38 thereto.

39 (10) On the premises of the Kansas national guard regional training
40 center located in Saline county, and any building on such premises, as
41 authorized by rules and regulations of the adjutant general and upon
42 approval of the Kansas military board.

43 (11) On property exempted from this subsection (c) pursuant to sub-

- 1 section (d), (e), (f), (g), (h) or (i).
- 2 (d) Any city may exempt, by ordinance, from the provisions of sub-
3 section (c) specified property the title of which is vested in such city.
- 4 (e) The board of county commissioners of any county may exempt,
5 by resolution, from the provisions of subsection (c) specified property the
6 title of which is vested in such county.
- 7 (f) The state board of regents may exempt from the provisions of
8 subsection (c) the Sternberg museum on the campus of Fort Hays state
9 university, or other specified property which is under the control of such
10 board and which is not used for classroom instruction, where alcoholic
11 liquor may be consumed in accordance with policies adopted by such
12 board.
- 13 (g) The board of regents of Washburn university may exempt from
14 the provisions of subsection (c) the Mulvane art center and the Bradbury
15 Thompson alumni center on the campus of Washburn university, and
16 other specified property the title of which is vested in such board and
17 which is not used for classroom instruction, where alcoholic liquor may
18 be consumed in accordance with policies adopted by such board.
- 19 (h) Any city may exempt, by ordinance, from the provisions of sub-
20 section (c) any national guard armory in which such city has a leasehold
21 interest, if the Kansas military board consents to the exemption.
- 22 (i) The board of trustees of a community college may exempt from
23 the provisions of subsection (c) specified property which is under the
24 control of such board and which is not used for classroom instruction,
25 where alcoholic liquor may be consumed in accordance with policies
26 adopted by such board.
- 27 (j) Violation of any provision of this section is a misdemeanor punish-
28 able by a fine of not less than \$50 or more than \$200 or by imprisonment
29 for not more than six months, or both.
- 30 Sec. 2. K.S.A. 2004 Supp. 41-2645 is hereby amended to read as
31 follows: 41-2645. (a) A temporary permit shall allow the permit holder to
32 offer for sale, sell and serve alcoholic liquor for consumption on unli-
33 censed premises, which may be open to the public, subject to the terms
34 of such permit.
- 35 (b) The director may issue a temporary permit to any one or more
36 persons or organizations applying for such a permit, in accordance with
37 rules and regulations of the secretary. The permit shall be issued in the
38 names of the persons or organizations to which it is issued.
- 39 (c) Applications for temporary permits shall be required to be filed
40 with the director not less than 14 days before the event for which the
41 permit is sought unless the director waives such requirement for good
42 cause. Each application shall state the purposes for which the proceeds
43 of the event will be used. The application shall be upon a form prescribed

1 and furnished by the director and shall be filed with the director in du-
 2 plicate. Each application shall be accompanied by a permit fee of \$25 for
 3 each day for which the permit is issued, which fee shall be paid by a
 4 certified or cashier's check of a bank within this state, United States post
 5 office money order or cash in the full amount thereof. All permit fees
 6 collected by the director pursuant to this section shall be remitted to the
 7 state treasurer in accordance with the provisions of K.S.A. 75-4215, and
 8 amendments thereto. Upon receipt of each such remittance, the state
 9 treasurer shall deposit the entire amount in the state treasury to the credit
 10 of the state general fund.

11 (d) Temporary permits shall specify the premises for which they are
 12 issued and shall be issued only for premises where the city, county or
 13 township zoning code allows use for which the permit is issued. No tem-
 14 porary permit shall be issued for premises which are not located in a
 15 county where the qualified electors of the county:

16 (1) (A) Approved, by a majority vote of those voting thereon, to adopt
 17 the proposition amending section 10 of article 15 of the constitution of
 18 the state of Kansas at the general election in November, 1986; or (B) have
 19 approved a proposition to allow the sale of liquor by the individual drink
 20 in public places within the county at an election pursuant to K.S.A. 41-
 21 2646, and amendments thereto; and

22 (2) have not approved a proposition to prohibit such sales of alcoholic
 23 liquor in such places at a subsequent election pursuant to K.S.A. 41-2646,
 24 and amendments thereto.

25 (e) A temporary permit shall be issued for a period of time not to
 26 exceed three consecutive days, the dates and hours of which shall be
 27 specified in the permit, *except that the director may issue one temporary*
 28 *permit, valid for the entire period of time of the Kansas state fair, which*
 29 *authorizes the sale and serving by the drink of only wine manufactured*
 30 *by farm winery licensees or beer manufactured by microbrewery licens-*
 31 *ees, or both, on the state fairgrounds on premises specified in the tem-*
 32 *porary permit, by a person who has entered into an agreement with the*
 33 *state fair board for that purpose. Not more than four temporary permits*
 34 *may be issued to any one applicant in a calendar year.*

or beer,

35 (f) All proceeds from an event for which a temporary permit is issued
 36 shall be used only for the purposes stated in the application for such
 37 permit.

38 (g) A temporary permit shall not be transferable or assignable.

39 (h) The director may refuse to issue a temporary permit to any person
 40 or organization which has violated any provision of the Kansas liquor
 41 control act, the drinking establishment act or K.S.A. 79-41a01 et seq., and
 42 amendments thereto.

43 Sec. 3. K.S.A. 2004 Supp. 41-719 and 41-2645 are hereby repealed.

1 Sec. 4. This act shall take effect and be in force from and after its
2 publication in the statute book.

**Testimony in Support of SB 297
To
The Senate Federal and State Affairs Committee**

**By Janna Dunbar
Agriculture Marketing Division
Kansas Department of Commerce
March 17, 2005**

Good morning, Chairman Brungardt and members of the Committee. I am Janna Dunbar, Foods & Feeds Program Manager of the Ag Marketing Division of the Kansas Department of Commerce, and I want to thank you for this opportunity to offer our support for SB 297.

Our Division has a statutory obligation to assist with the domestic and international marketing of Kansas agricultural commodities and processed food products. One of the ways we have been able to assist the vineyards and wine makers in the state is through the Kansas State Fair. This past September we held the first annual grape stomp & wine judging. The grape stomp garnered substantial media attention to this once vibrant industry.

However our Kansas farm wineries are unable to market their products at the fair due to prohibitions in current law. SB 297 would allow these farm wineries to sell their products to a large audience. The State Fair is a celebration of Kansas and its products. It would only seem logical to support Kansas grape, fruit and wine producers and Kansas microbrewers.

Our Division is working closely with existing Kansas vineyards and wineries to expand their markets, expand the industry, and garner tourism dollars to our state and we know we can enhance the marketing effort at the State Fair should SB 297 be passed. Therefore, we ask this Committee to consider SB 297 and pass the bill out favorably. Thank you.

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Attachment 6



Neal Whitaker
march 17, 2005
Kansas Beer Wholesalers Association

SB 297

(B) such liquor is wine manufactured by farm winery licensees or beer manufactured by microbrewery licensees and is sold and consumed during the days of the Kansas state fair on premises leased by the state fair board to a person who holds a temporary permit issued pursuant to K.S.A. 41-2645, and amendments thereto, authorizing the sale and serving of such wine or beer, or both.

As we have testified before this session, court challenges to the liquor control acts in several states have made it necessary to be very careful in the crafting of amendments. Otherwise Kansas could risk losing the ability to regulate the distribution, sale and consumption of alcoholic beverages.

As a result we ask that SB 297 be amended to allow the sale of all alcoholic beverages legal for sale in Kansas at the Kansas State Fair.

The state fair board can contract with whoever they choose and can certainly limit the type of alcohol that the contractor is allowed to sell.

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Attachment 7