

SESSION OF 2006

**SUPPLEMENTAL NOTE ON
SUBSTITUTE FOR SENATE BILL NO. 370**

As Amended by Senate Committee of the Whole

Brief*

Sub. for SB 370 would amend the Kansas Liquor Control Act.

The substitute bill would create a new definition of farm winery. A farm winery would be defined as a winery that manufactures wine in a quantity not exceeding 100,000 gallons. An in-state and out-of-state farm winery could ship wine in and out-of-state providing they have a farm winery license. The out-of-state permit holder could only allow purchases by persons over the age of 21 years, and sell wine not otherwise available for sale in Kansas. The permit holder only would be restricted to shipping the wine to a licensed retailer in Kansas. The retailer would be required to collect the enforcement tax and may charge up to \$5 to the purchaser for each delivery. The purchaser would be responsible for payment of the wine and shipping costs to the permit holder and the enforcement tax and the handling fee to the retailer.

The out-of-state permit holder would be required to report annually to the Director of Taxation the total amount of wine sold and shipped into Kansas and to remit annually to the Director of Revenue all gallonage tax on sales to residents of the state. The Director would be authorized to perform audits of permit holders' records.

Background

The Director of Alcoholic Beverage Control Division, representatives of the Kansas Wine & Spirits Wholesalers Association, the Kansas Viticulture & Farm Winery Association, Kansas Grape Growers & Winemaker's Association, the Department of Revenue, the Kansas Licensed Beverage Association and the Kansas Association

*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org>

of Beverage Retailers testified on the original SB 370 before it was amended by a substitute bill.

The fiscal note on the substitute bill was unavailable prior to passage out of the Committee.