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WINE & SPIRITS
WHOLESALE ASSOCIATION

March 5, 2012

To: House Federal & State Affairs Committee
From: R.E. "Tuck" Duncan
General Counsel, Kansas Wine & Spirits Wholesalers Association
RE: HB 2689

We support the concept of allowing railway cars to be licensed. There is no such provision in current law.

We would ask that the committee adopt the amendment that would make a railway car a drinking establishment requiring 30% food sales. In this way, all current provisions of the Club and Drinking Establishment Act would apply to railway cars.

Many other states have such licenses. For example Texas has a permit that authorizes a corporation operating a commercial passenger train to sell or serve alcoholic beverages while operating in or through Texas. There they provide:

CHAPTER 48. PASSENGER TRAIN BEVERAGE PERMIT (PT)

Sec. 48.01. AUTHORIZED ACTIVITIES. The holder of a passenger train beverage permit has the same rights with respect to the sale of alcoholic beverages on a passenger train to which this chapter applies as the holder of an airline beverage permit has with respect to the sale of alcoholic beverages on a commercial passenger airplane under Section 34.01 of this code.

Sec. 48.02. FEE. The annual fee for a passenger train beverage permit is \$500.

Sec. 48.03. ELIGIBILITY FOR PERMIT. The commission or administrator may issue a passenger train beverage permit to any corporation organized under the Business Organizations Code or former Title 112, Revised Statutes, or under the Rail Passenger Service Act of 1970, as amended (45 U.S.C.A. Section 501 et seq.), operating a commercial passenger train service in or through the state. Application and payment of the fee shall be made directly to the commission.

Sec. 48.04. TAXES. (a) The taxes imposed by this code shall be paid on all alcoholic beverages on a commercial passenger train departing from a depot in this state in accordance with the rules prescribed by the commission.

(b) The preparation and service of alcoholic beverages by the holder of a passenger train beverage permit is exempt from the tax imposed by the Limited Sales, Excise, and Use Tax Act (Section 151.001 et seq., Tax Code). A passenger train service fee of five cents is imposed on each individual serving of an alcoholic beverage served by the permittee inside the state. The fee accrues at the time the container containing an alcoholic beverage is delivered to the passenger. The permittee shall remit the fees to the commission each month under a reporting system prescribed by the commission.

This railway car provision should be a positive for economic development.

Thank you for your attention to and consideration of this

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