

REPORTS OF STANDING COMMITTEES

MR. PRESIDENT:

The Committee on **Federal and State Affairs** recommends **SB 54** be amended on page 1, in line 11, by striking "2011" where it appears for the second time and inserting "2016"; by striking all in lines 16 through 18; in line 19, by striking all after "(a)"; by striking all in lines 20 and 21; in line 22, by striking "(b)"; also in line 22, by striking "class C"; in line 26, by striking "(c)" and inserting "(b)"; also in line 26, by striking "class C"; in line 36, by striking "(d)" and inserting "(c) Except as provided in subsection (d),"; also in line 36, by striking "class C";

On page 2, in line 2, by striking "(b)" and inserting "(a)"; following line 16, by inserting "(d) A licensee who holds a retailer's license on the effective date of this act shall not sell any good or service that is permitted to be sold on the licensed premises pursuant to subsection (c)(6). The provisions of this subsection shall expire on December 31, 2016."; in line 18, by striking "class C"; in line 30, by striking "class C"; in line 32, by striking "class C"; in line 37, by striking "class C"; in line 39, after "\$25" by inserting "and an application fee in the amount set forth in K.S.A. 41-317, and amendments thereto"; also in line 39, by striking "fee" and inserting "fees"; by striking all in lines 41 through 43;

By striking all on page 3;

On page 4, by striking all in lines 1 through 16; in line 17, by striking "2015" and inserting "2017"; in line 18, by striking "class C"; in line 19, by striking "class C"; following line 20, by inserting:

"New Sec. 5. Notwithstanding the provisions of K.S.A. 41-1101, and amendments thereto, a distributor may establish minimum order quantities or minimum order prices, or both, for alcoholic liquor distributed by the distributor to a retailer.";

Also on page 4, in line 21, by striking "7" where it appears for the second time and inserting "6";

On page 6, in line 14, by striking "(1)"; by striking all in lines 17 through 20;

On page 8, by striking all in lines 37 through 43;

By striking all on pages 9 and 10;

On page 11, by striking all in lines 1 and 2; in line 5, by striking "an individual" and inserting "a natural person";

On page 12, in line 34, after "issued" by inserting ": (A)"; in line 38, after "act" by inserting ";

(B) to a corporation, if any officer or member of the board of directors or governing body thereof, or the manager of the licensed premises, would be ineligible to receive a retailer's license for any reason specified in subsection (a) other than citizenship requirements;

(C) to a corporation, if any officer or member of the board of directors or governing body thereof, or the manager of the licensed premises, has been an officer, manager or member of the board of directors or governing body of a corporation which has had a license revoked under the provisions of the Kansas liquor control act;

(D) to a person who is not engaged in business as a liquor store, a convenience store or a grocery store. As used herein: (i) "Liquor store" means a store whose primary business is the retail sale of alcoholic liquor in the original and unopened container and not for consumption on the premises and it includes stores classified under the North American industry classification system (NAICS) on the effective date of this act as NAICS 445310; (ii) "convenience store" means a retail business with primary emphasis placed on providing the public a convenient location to quickly purchase from a wide array of consumable products (predominantly food or food and gasoline) and services, and includes stores classified on the effective date of this act as either NAICS 44512, convenience stores, or NAICS 447110, gasoline stations with convenience stores; and (iii) "grocery store" means a store established primarily for the retail sale of food, and includes stores classified on the effective date of

this act as NAICS 445110;

(E) to a partnership, unless all of the partners are qualified to obtain a license; and

(F) to a trust, if any grantor, beneficiary or trustee thereof would be ineligible to receive a retailer's license for any reason specified in subsection (a) other than the age and citizenship requirements";

On page 14, in line 37, by striking "(b)(1), (b)(2)" and inserting "(b)(1)(A), (b)(1)(B)";

On page 15, in line 25, by striking all after "first"; in line 26, by striking "of authority from" and inserting "filed a formation document with"; in line 28, after "its" by inserting "resident"; also in line 28, by striking all after "agent"; in line 29, by striking all before "authorizing"; in line 34, by striking all after the period; in line 35, by striking all before "The" where it appears the second time; by striking all in line 37 through 43;

On page 16, by striking all in line 1; by striking all in lines 22 through 43;

On page 17, by striking all in lines 1 through 42;

On page 18, in line 34, by striking "authorize"; by striking all in line 35; in line 36, by striking "wine; (3) to"; in line 37, by striking "spirits or any other"; also in line 37, by striking "other than beer or"; in line 38, by striking "wine" and inserting ", or to stock or otherwise handle any alcoholic liquor"; also in line 38, by striking "(4)" and inserting "(3)"; following line 39, by inserting:

"Sec. 14. On and after January 1, 2012, K.S.A. 41-1101 is hereby amended to read as follows:
41-1101. (a) No distributor licensed under this act shall purchase any alcoholic liquor from any manufacturer, owner of alcoholic liquor at the time it becomes a marketable product, exclusive agent of such manufacturer or owner, microbrewery, farm winery or distributor of alcoholic liquor bottled in a foreign country either within or without this state, unless the manufacturer, owner, exclusive agent, microbrewery, farm winery or distributor files with the director a written statement sworn to by the manufacturer, owner, exclusive agent, microbrewery, farm winery or distributor or, in case of a

corporation, one of its principal officers, agreeing to sell any of the brands or kinds of alcoholic liquor manufactured or distributed by the manufacturer, owner, exclusive agent, microbrewery, farm winery or distributor to any distributor licensed in this state and having a franchise to distribute the alcoholic liquor pursuant to K.S.A. 41-410, and amendments thereto, and to make such sales to all such licensed distributors in this state at the same current price and without discrimination. Each manufacturer, owner, exclusive agent, microbrewery or farm winery shall provide to each distributor written notice not less than 45 days before any change in the current price of any spirits or wine which such manufacturer, owner, exclusive agent, microbrewery or farm winery sells to such distributor. If any manufacturer, owner, exclusive agent, microbrewery, farm winery or distributor making the agreement violates the agreement by refusing to sell such alcoholic liquor to any such franchised licensed distributor in this state or discriminates in current prices among such franchised licensed distributors making or attempting to make purchases of alcoholic liquor from the manufacturer, owner, exclusive agent, microbrewery, farm winery or distributor, the director shall notify, by registered mail, each such franchised licensed distributor in this state of the violation. Thereupon, it shall be unlawful for a franchised licensed distributor in this state to purchase any alcoholic liquor from the manufacturer, owner, exclusive agent, microbrewery, farm winery or distributor. If thereafter such a franchised licensed distributor purchases any alcoholic liquor from the manufacturer, owner, exclusive agent, microbrewery, farm winery or distributor, such franchised distributor's license shall be revoked by the director. If any manufacturer, owner, exclusive agent, microbrewery, farm winery or distributor of alcoholic liquor bottled in a foreign country, making any agreement hereunder, does not have a sufficient supply of alcoholic liquor of any of the brands or kinds which the manufacturer, owner, exclusive agent, microbrewery, farm winery or distributor manufactures or distributes to supply the demands of all licensed distributors having a franchise to distribute such alcoholic liquor, the manufacturer, owner, exclusive agent, microbrewery, farm winery or distributor may ration such

alcoholic liquor and apportion the available supply among such franchised licensed distributors purchasing or attempting to purchase it, in accordance with a plan which shall be subject to the approval of the director.

(b) Except as otherwise provided in section 5, and amendments thereto, no retailer licensed under this act shall purchase any alcoholic liquor from any distributor licensed under this act unless the distributor files with the director a written statement sworn to by the distributor, or in case of a corporation by one of its principal officers, agreeing to sell any of the brands or kinds of alcoholic liquor distributed by the distributor and to provide service in connection therewith to any licensed retailer whose licensed premises are located within the geographic territory of the distributor's franchise for the alcoholic liquor, unless written approval to do otherwise is obtained from the director, and to make such sales to all such licensed retailers at the same current bottle, sleeve and case price and without discrimination. For purposes of this subsection the "same current bottle, sleeve and case price" for spirits and wine means a price effective for a specified period as designated by the distributor on or before the first day of each month. If any distributor making the agreement violates the agreement by refusing to sell or provide service to any such licensed retailer in this state without written approval of the director or discriminates in current prices among such licensed retailers making or attempting to make purchases of alcoholic liquor from the distributor, the director may revoke the license of the distributor. If any licensed distributor making any agreement hereunder does not have a sufficient supply of alcoholic liquor of any of the brands or kinds which the distributor distributes to supply the demands of all such licensed retailers, the distributor may ration such alcoholic liquor and apportion the available supply among such licensed retailers purchasing or attempting to purchase the same, in accordance with a plan which shall be subject to the approval of the director.

(c) No club or drinking establishment licensed in this state shall purchase any wine or beer from any distributor licensed under this act unless the distributor files with the director a written statement

sworn to by the distributor, or in case of a corporation by one of its principal officers, agreeing to sell any of the brands or kinds of wine or beer distributed by the distributor to those clubs and drinking establishments to which the distributor is authorized to sell such wine or beer and to which the distributor desires to sell such wine or beer, unless written approval to do otherwise is obtained from the director and to make such sales to all such licensed clubs or drinking establishments at the same current bottle and case price and without discrimination. If any distributor making the agreement violates the agreement by refusing to sell to any such licensed club or drinking establishment in this state without written approval of the director or discriminates in current prices among such licensed clubs or drinking establishments making or attempting to make purchases of wine or beer from the distributor, the director may revoke the license of the distributor. If any licensed distributor making any agreement hereunder does not have a sufficient supply of wine or beer of any of the brands or kinds which the distributor distributes to supply the demands of all such licensed clubs or drinking establishments, the distributor may ration such wine or beer and apportion the available supply among such licensed clubs or drinking establishments purchasing or attempting to purchase the same, in accordance with a plan which shall be subject to the approval of the director.

For the purposes of this subsection, a delivery charge shall not be considered a part of the price of wine or beer sold by a distributor.

(d) No retailer licensed under K.S.A. 41-2701 et seq., and amendments thereto, shall purchase any cereal malt beverage from any distributor licensed under this act unless the distributor files with the director a written statement sworn to by the distributor, or in case of a corporation by one of its principal officers, agreeing to sell any of the brands or kinds of cereal malt beverage distributed by the distributor to those retailers to which the distributor is authorized to sell such cereal malt beverage, unless written approval to do otherwise is obtained from the director, and to make such sales to all such licensed retailers at the same current price and without discrimination. If any distributor making the

agreement violates the agreement by refusing to sell to any such licensed retailer in this state without written approval of the director or discriminates in current prices among such licensed retailers making or attempting to make purchases of cereal malt beverage from the distributor, the director may revoke the license of the distributor. If any licensed distributor making any agreement hereunder does not have a sufficient supply of cereal malt beverage of any of the brands or kinds which the distributor distributes to supply the demands of all such licensed retailers, the distributor may ration such cereal malt beverage and apportion the available supply among such licensed retailers purchasing or attempting to purchase the same, in accordance with a plan which shall be subject to the approval of the director.

(e) No distributor shall sell alcoholic liquor or cereal malt beverage to a retailer licensed under the Kansas liquor control act, to a club, drinking establishment or caterer licensed under the club and drinking establishment act or to a retailer licensed under K.S.A. 41-2702, and amendments thereto, at a discount for multiple case lots.";

And by renumbering sections accordingly;

On page 19, in line 23, by striking "41-310,"; also in line 23, by striking "41-317,"; in line 25, by striking "41-304,"; in line 26, by striking "and" where it appears for the first time and inserting a comma; also in line 26, after "41-713" by inserting "and 41-1101";

On page 1, in the title, in line 2, by striking "41-304 and"; in line 3, after "713" by inserting "and 41-1101"; also in line 3, by striking "41-310,"; in line 4, by striking "41-317,"; and the bill be passed as amended.