

SESSION OF 2012

SUPPLEMENTAL NOTE ON SENATE BILL NO. 277

As Amended by Senate Committee on Federal
and State Affairs

Brief*

SB 277, as amended, would create a microdistillery license which would allow a licensee to manufacture and store not more than 50,000 gallons of spirits per year. A microdistillery would be defined as a facility which produces spirits from any source or substance licensed by the Director of Alcoholic Beverage Control (ABC). The licensee would be allowed to sell spirits manufactured by the microdistillery and serve free samples of spirits on the licensed premises and at special events monitored and regulated by the Division of Alcoholic Beverage Control. In addition, the licensee would be able to sell spirits and other alcoholic liquor for consumption on the licensed premises if the microdistillery also is licensed as a club and drinking establishment.

The bill also would create a microdistillery packaging and warehouse facility license which would allow the microdistillery licensee to transfer manufactured spirits from the microdistillery licensed premises to the licensed packing and warehouse facility, transfer spirits from the licensed packing and warehouse facility to the licensed microdistillery, and remove spirits from the licensed packing and warehouse facility for delivery to a licensed spirits wholesaler.

The microdistillery license fee would be \$500, and the microdistillery packaging and warehouse facility license fee would be \$200. The licensees would have to post a bond of \$2,000.

*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>

The Division of Alcoholic Beverage Control would be allowed to issue to the Kansas State Fair or any *bona fide* group of distillers a permit to import small quantities of spirits to be used for educational and scientific tasting programs.

A microdistillery would be prohibited from hiring persons under 21 years old for certain duties and persons under 18 years old with the manufacture, sale, or serving of any alcoholic liquor. The licensee would be prohibited from hiring persons who have been convicted of a felony.

Background

Proponents included the Mayor of Lenexa, Kansas, an individual, and representatives from the Artisan Distillers of Kansas and the Kansas Restaurant and Hospitality Association.

Neutral testimony was submitted by the Director of Alcoholic Beverage Control.

The Senate Committee amended the bill by allowing samples to be served free of charge at special events monitored and regulated by ABC, modified the definition of "microdistillery," and added clarifying language to retailer.

The fiscal note indicated enactment of SB 277, as introduced, would increase fee fund expenditures by \$14,460 in FY 2013 to update the computer processing system. The fiscal note estimated the revenue generated from the fees would be \$200 and \$500.