

SESSION OF 2012

**SUPPLEMENTAL NOTE ON SENATE BILL NO. 277**

As Amended by House 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.

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\*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.

The bill would modify current law regarding a corporation which holds a distributor's license, providing that at least one officer and one director of the corporation would have to meet both the citizenship and residence requirements for that corporation to receive a distributor's license.

## **Background**

Proponents of the bill in the Senate Committee on Federal and State Affairs included representatives from the Artisan Distillers of Kansas and the Dark Horse Distillery, the Mayor of Lenexa, and one individual. Neutral testimony was presented by the Director of the Division of Alcoholic Beverages.

The Senate Committee amended the bill to delete the sample sizes and the limitation on the number of samples an individual can be served.

The House Committee on Federal and State Affairs heard from three proponents: a representative of the Artisan Distillers of Kansas; and in written testimony, a prospective owner of a small microdistillery and the Kansas Restaurant and Hospitality Association.

An amendment was offered in the House Committee to modify the requirements for holding a distributor's license. The Committee added a provision to add citizenship and

residence requirements for only one of a corporation's officers and one of the corporation's directors in order for a corporation to receive a distributor's license.

According to the fiscal note, the enactment of the bill as introduced would have no fiscal effect on state revenues or expenditures.