SUPPLEMENTAL NOTE ON SENATE BILL NO. 203

As Amended by House Committee on Federal and State Affairs

Brief*

SB 203, as amended, would modify current law and add new provisions relating to alcoholic liquor by amending the Kansas Liquor Control Act and the Club and Drinking Establishment Act. The bill as amended would:

- Allow the serving of complimentary alcoholic liquor or cereal malt beverage on the unlicensed premises of a business by the business owner or his agent at an event sponsored by a nonprofit organization promoting the arts and that has been approved by ordinance or resolution of the governing body of the city, county, or township where the event will take place. The Director of the Alcoholic Beverage Control (Director) would require a minimum ten days advance notice;
- Allow the sale or serving of certain mixed alcoholic beverages and any others approved by the Director in a pitcher containing not more than 64 fluid ounces;
- Permit certain licensees, upon approval of the Director, to offer self-service alcoholic liquor or cereal malt beverage from automated devices on the licensed premises:

*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 licensee would be required to monitor and control the consumption from automated devices; and
- Prior to approving the automated devices, the Director would require video surveillance, operation of devices by a smart card system capable of limiting or ceasing service, and limiting operation of the devices during business hours when the licensee's management is present at the licensed premises and maintains constant visual contact;

- Allow hotels, if the entire premises is licensed as a drinking establishment, to distribute coupons to its guests, redeemable on the hotel premises for drinks containing alcoholic liquor;
- Require those licensed hotels to remit liquor drink tax on each drink served based on a price, which is not less than the acquisition cost of the drink;
- Allow other hotels for which the entire premises are not licensed as drinking establishments to distribute coupons to their guests redeemable at clubs and drinking establishments, in accordance with rules and regulations adopted by the Department of Revenue;
- Require each club or drinking establishment redeeming hotel coupons to remit liquor tax on each drink served based on a price not less than the acquisition cost of the drink;
- Delete a requirement that clubs and drinking establishments provide price lists; and
- Change the citizenship requirement for a Liquor Control Act licensee to require U.S. citizenship;

current law requires a licensee to have been a citizen for ten years, with limited exceptions for spouses of deceased license holders.

Background

At the Senate Committee hearing, testimony in support of the bill was provided by representatives of the Kansas Department of Revenue, the Kansas Restaurant and Hospitality Association, the Kansas Licensed Beverage Association, and the Kansas Star Casino.

The bill as introduced would have amended the Club and Drinking Establishment Act to clarify that hotels would be allowed to distribute coupons redeemable for drinks containing alcoholic liquor and, if the hotel were licensed to sell alcoholic beverages, would be required to remit the liquor drink tax in accordance with the Liquor Drink Tax Act. When the entire premises of a hotel is not licensed as a drinking establishment, the club or drinking establishment redeeming coupons issued by the hotel would be required to collect and remit the appropriate tax. In either case, the tax would be based on a price, which would be not less than the acquisition cost of the drink.

The Senate Committee on Federal and State Affairs amended the bill to allow the selling of certain mixed alcoholic liquor in pitchers, allow the regulated self-service of alcoholic liquor, delete a current requirement for a price list to be provided by clubs and drinking establishments, establish civil penalties relating to individuals providing false proof of age for the purpose of acquiring alcohol, and establish civil penalties relating to individuals of legal consumption age who provide alcohol to persons under 21 years of age.

The Senate Committee on Federal and State Affairs further amended the bill to allow, under certain conditions, the serving of complimentary liquor at events sponsored by nonprofit organizations promoting the arts, to delete prior language allowing the regulated self-service of alcoholic liquor monitored by the Kansas Racing and Gaming Commission, and to add new language allowing the regulated self-service of alcoholic liquor as approved by the Director.

At the hearing in the House Committee, representatives from the Kansas Viticulture and Farm Winery Association, the Artisan Distillers of Kansas, the Craft Brewers Guild of Kansas, and two representatives from the Kansas Licensed Beverage Association testified in support of the bill. Written testimony in support of the bill was submitted by representatives of the Kansas Restaurant and Hospitality Association and Hangar One Steakhouse in Wichita. A representative from the Division of Alcoholic Beverage Control testified as a neutral on the bill.

The House Committee on Federal and State Affairs made two changes in the Senate passed version of the bill. First, the provisions were removed that would have established civil penalties for violations of possessing alcohol by minors or providing alcohol to minors. Second, the House Committee amended the bill to change current law that requires any licensee under the Liquor Control Act to have been a citizen for at least ten years; the Committee added language that would prohibit anyone who is not a citizen of the U.S. from obtaining a license.

The fiscal note provided by the Division of the Budget on the bill as introduced indicated the bill would have no impact on Department of Revenue revenues and would increase FY 2014 All Funds expenditures by $4,800.