

Journal of the Senate

FIFTY-FIRST DAY

SENATE CHAMBER, TOPEKA, KANSAS
Tuesday, March 31, 2015, 10:00 a.m.

The Senate was called to order by President Susan Wagle.

The roll was called with 39 senators present.

Senator Love was excused.

Invocation by Father Don Davidson:

Bless our children dear Lord. As we begin this season of new life, help us to see in the face of every child the awe and wonder as they watch the unfolding of your creation. Help us to be models of your grace and love, and give to them the very best that we have to give. Make us mindful of the responsibility of mentoring through our actions and help them to see in us your hope for the future. We pray in your holy name. Amen

The Pledge of Allegiance was led by President Susan Wagle.

REFERENCE OF BILLS AND CONCURRENT RESOLUTIONS

The following bills were referred to Committees as indicated:

Federal and State Affairs: **HB 2074, HB 2087, HB 2088.**

Senate Select Committee on KPERs: **SB 299; HB 2095.**

Ways and Means: **HB 2395.**

CHANGE OF REFERENCE

The President withdrew **HB 2003; S Sub HB 2258** from the Calendar under the heading of **General Orders**, and referred the bills to the Committee on **Ways and Means**.

INTRODUCTION OF ORIGINAL MOTIONS AND SENATE RESOLUTIONS

Senator Schmidt introduced the following Senate resolution, which was read:

SENATE RESOLUTION No. 1728—

A RESOLUTION designating March 31, 2015, as
Congenital Diaphragmatic Hernia Awareness Day.

WHEREAS, Congenital Diaphragmatic Hernia (CDH) is a birth defect for which there is no known cause. A baby born with CDH either has a diaphragm that is missing or is partially formed. A missing or partially formed diaphragm causes abdominal organs to migrate into the chest cavity, which then causes undeveloped lungs; and

WHEREAS, Approximately one in every 2,500 newborns are affected by CDH and it affects people of all races and socioeconomic backgrounds. Only 50% of the estimated 500,000 newborns born with CDH since 2000 have survived; and

WHEREAS, Approximately 20 Kansas families are affected by CDH each year. Typically, medical costs are \$500,000 to \$1,000,000 for each baby and most NICU stays are six to 12 weeks in length. Those with CDH often endure multiple surgeries and possible medical complications beyond their diagnosis, including heart defects, pulmonary complications, gastric and intestinal problems, and developmental delays. At times those with CDH require long-term respiratory and medicinal support; and

WHEREAS, It is important to raise awareness of this congenital defect and to support those diagnosed with it and those advocating for medical research and advances: Now, therefore,

Be it resolved by the Senate of the State of Kansas: That we designate March 31, 2015, as Congenital Diaphragmatic Hernia Awareness Day, and recognize the importance of awareness and research of CDH; and

Be it further resolved: That the Secretary of the Senate shall send 15 enrolled copies of this resolution to Senator Schmidt.

On emergency motion of Senator Schmidt **SR 1728** was adopted unanimously.

Guests present included: Tera Linenberger, David Linenberger and their son Noah Linenberger, Megan Skaggs and William Skaggs III.

The Senate honored the guests with a standing ovation.

On motion of President Wagle, the Senate recessed until 2:00 p.m.

The Senate met pursuant to recess, with Vice President King in the chair.

CHANGE OF REFERENCE

Under the authority of the President, the Vice President withdrew **HB 2003; S Sub HB 2258** from the Committee on **Ways and Means**, and rereferred to the calendar under the heading of **General Orders**.

CONFERENCE COMMITTEE REPORT

MADAM PRESIDENT and MR. SPEAKER: Your committee on conference on House amendments to **SB 228** submits the following report:

Your committee on conference agrees to disagree and recommends that a new conference committee be appointed;

And your committee on conference recommends the adoption of this report.

STEVEN JOHNSON

KENT THOMPSON

ED TRIMMER

Conferees on part of House

JEFF KING

JEFF LONGBINE

ANTHONY HENSLEY

Conferees on part of Senate

On motion of Senator Bruce the Senate adopted the conference committee report on **SB 228**, and requested a new conference be appointed.

The Vice President appointed Senators King, Longbine and Hensley as a second Conference Committee on the part of the Senate on **SB 228**.

CHANGE OF CONFERENCE

The Vice President announced the appointment of Senator Francisco as a member of the Conference Committee on **HB 2149** to replace Senator Kelly.

The Vice President announced the appointment of Senator Francisco as a member of the Conference Committee on **S Sub HB 2225** to replace Senator Kelly.

ORIGINAL MOTION

On motion of Senator Smith, the Senate acceded to the request of the House for a conference on **HB 2055**.

The Vice President appointed Senators Smith, Knox and Pettey as conferees on the part of the Senate.

On motion of Senator Smith, the Senate acceded to the request of the House for a conference on **HB 2106**.

The Vice President appointed Senators Smith, Knox and Pettey as conferees on the part of the Senate.

On motion of Senator Bruce, the Senate acceded to the request of the House for a conference on **HB 2111**.

The Vice President appointed Senators King, Smith and Haley as conferees on the part of the Senate.

On motion of Senator Bruce, the Senate acceded to the request of the House for a conference on **S Sub HB 2124**.

The Vice President appointed Senators King, Smith and Haley as conferees on the part of the Senate.

On motion of Senator Bruce, the Senate acceded to the request of the House for a conference on **HB 2155**.

The Vice President appointed Senators Ostmeyer, LaTurner and Faust-Goudeau as conferees on the part of the Senate.

On motion of Senator Bruce, the Senate acceded to the request of the House for a conference on **Sub HB 2159**.

The Vice President appointed Senators King, Smith and Haley as conferees on the part of the Senate.

On motion of Senator Abrams, the Senate acceded to the request of the House for a conference on **S Sub Sub HB 2170**.

The Vice President appointed Senators Abrams, Arpke and Hensley as conferees on the part of the Senate.

On motion of Senator Bruce, the Senate acceded to the request of the House for a conference on **HB 2256**.

The Vice President appointed Senators King, Smith and Haley as conferees on the part of the Senate.

REPORTS OF STANDING COMMITTEES

Committee on **Assessment and Taxation** recommends **SB 48** be passed.

Committee on **Commerce** recommends **HB 2391**, as amended by House Committee of the Whole, be passed.

Committee on **Federal and State Affairs** recommends **HB 2223**, as amended by House Committee, be amended on page 1, in line 12, before "Section" by inserting "New";

On page 2, following line 14, by inserting:

"Sec. 2. K.S.A. 41-106 is hereby amended to read as follows: 41-106. (a) Any citation issued by an agent of the division of alcoholic beverage control for a violation of the liquor control act or the club and drinking establishment act shall be delivered to the person allegedly committing the violation licensee or a person in charge of the licensed premises at the time of the alleged violation. A copy of such citation also shall be delivered by United States mail to the licensee within 30 days of the alleged violation. If such citation and copy are not so delivered, the citation shall be void and unenforceable.

(b) Any duly authorized law enforcement officer who observes a violation of the liquor control act or the club and drinking establishment act may, after serving notice to the licensee or a person in charge of the licensed premises, submit a report of such violation to the division of alcoholic beverage control for review. Upon receipt of such report, the director shall review the report and determine if administrative action will be taken against the licensee. If the director determines that administrative action will be taken, an administrative citation and notice of administrative action shall be delivered by United States mail to the licensee within 30 days of the date of the alleged violation.

(c) The notice required to be served to the licensee or a person in charge of the licensed premises at the time of the alleged violation pursuant to subsection (b) shall be in writing and shall contain the following:

(1) The name of the licensee;

(2) the date and time of the alleged violation;

(3) a description of the alleged violation; and

(4) a statement that a report of the alleged violation will be submitted to the division of alcoholic beverage control for review.

(d) Any citations not issued in accordance with the provisions of this section shall be void and unenforceable.

(e) For purposes of this section, the term "person in charge" means any individual or employee present on the licensed premises at the time of the alleged violation who is responsible for the operation of the licensed premises. If no designated individual or employee is a person in charge, then any employee present is the person in charge.

New Sec. 3. (a) No form of powdered alcohol shall be sold or offered for sale by any person licensed under the Kansas liquor control act.

(b) This section shall be a part of and supplemental to the Kansas liquor control act.

Sec. 4. K.S.A. 2014 Supp. 41-102 is hereby amended to read as follows: 41-102. As used in this act, unless the context clearly requires otherwise:

(a) "Alcohol" means the product of distillation of any fermented liquid, whether rectified or diluted, whatever its origin, and includes synthetic ethyl alcohol but does not include denatured alcohol or wood alcohol.

(b) "Alcoholic liquor" means alcohol, spirits, wine, beer and every liquid or solid,

patented or not, containing alcohol, spirits, wine or beer and capable of being consumed as a beverage by a human being, but shall not include any cereal malt beverage.

(c) "Beer" means a beverage, containing more than 3.2% alcohol by weight, obtained by alcoholic fermentation of an infusion or concoction of barley, or other grain, malt and hops in water and includes beer, ale, stout, lager beer, porter and similar beverages having such alcoholic content.

(d) "Caterer" has the meaning provided by K.S.A. 41-2601, and amendments thereto.

(e) "Cereal malt beverage" has the meaning provided by K.S.A. 41-2701, and amendments thereto.

(f) "Club" has the meaning provided by K.S.A. 41-2601, and amendments thereto.

(g) "Director" means the director of alcoholic beverage control of the department of revenue.

(h) "Distributor" means the person importing or causing to be imported into the state, or purchasing or causing to be purchased within the state, alcoholic liquor for sale or resale to retailers licensed under this act or cereal malt beverage for sale or resale to retailers licensed under K.S.A. 41-2702, and amendments thereto.

(i) "Domestic beer" means beer which contains not more than 10% alcohol by weight and which is manufactured in this state.

(j) "Domestic fortified wine" means wine which contains more than 14%, but not more than 20% alcohol by volume and which is manufactured in this state.

(k) "Domestic table wine" means wine which contains not more than 14% alcohol by volume and which is manufactured without rectification or fortification in this state.

(l) "Drinking establishment" has the meaning provided by K.S.A. 41-2601, and amendments thereto.

(m) "Farm winery" means a winery licensed by the director to manufacture, store and sell domestic table wine and domestic fortified wine.

(n) "Manufacture" means to distill, rectify, ferment, brew, make, mix, concoct, process, blend, bottle or fill an original package with any alcoholic liquor, beer or cereal malt beverage.

(o) (1) "Manufacturer" means every brewer, fermenter, distiller, rectifier, wine maker, blender, processor, bottler or person who fills or refills an original package and others engaged in brewing, fermenting, distilling, rectifying or bottling alcoholic liquor, beer or cereal malt beverage.

(2) "Manufacturer" does not include a microbrewery, microdistillery or a farm winery.

(p) "Microbrewery" means a brewery licensed by the director to manufacture, store and sell domestic beer.

(q) "Microdistillery" means a facility which produces spirits from any source or substance that is licensed by the director to manufacture, store and sell spirits.

(r) "Minor" means any person under 21 years of age.

(s) "Nonbeverage user" means any manufacturer of any of the products set forth and described in K.S.A. 41-501, and amendments thereto, when the products contain alcohol or wine, and all laboratories using alcohol for nonbeverage purposes.

(t) "Original package" means any bottle, flask, jug, can, cask, barrel, keg, hogshead or other receptacle or container whatsoever, used, corked or capped, sealed and labeled by the manufacturer of alcoholic liquor, to contain and to convey any alcoholic liquor.

Original container does not include a sleeve.

(u) "Person" means any natural person, corporation, partnership, trust or association.

(v) "Powdered alcohol" means alcohol that is prepared in a powdered or crystal form for either direct use or for reconstitution in a nonalcoholic liquid.

~~(w)-(w)~~ "Primary American source of supply" means the manufacturer, the owner of alcoholic liquor at the time it becomes a marketable product or the manufacturer's or owner's exclusive agent who, if the alcoholic liquor cannot be secured directly from such manufacturer or owner by American wholesalers, is the source closest to such manufacturer or owner in the channel of commerce from which the product can be secured by American wholesalers.

~~(x)-(x)~~ (1) "Retailer" means a person who sells at retail, or offers for sale at retail, alcoholic liquors.

(2) "Retailer" does not include a microbrewery, microdistillery or a farm winery.

~~(y)-(y)~~ "Sale" means any transfer, exchange or barter in any manner or by any means whatsoever for a consideration and includes all sales made by any person, whether principal, proprietor, agent, servant or employee.

~~(z)-(z)~~ "Salesperson" means any natural person who:

(1) Procures or seeks to procure an order, bargain, contract or agreement for the sale of alcoholic liquor or cereal malt beverage; or

(2) is engaged in promoting the sale of alcoholic liquor or cereal malt beverage, or in promoting the business of any person, firm or corporation engaged in the manufacturing and selling of alcoholic liquor or cereal malt beverage, whether the seller resides within the state of Kansas and sells to licensed buyers within the state of Kansas, or whether the seller resides without the state of Kansas and sells to licensed buyers within the state of Kansas.

~~(aa)-(aa)~~ "Secretary" means the secretary of revenue.

~~(bb)-(bb)~~ (1) "Sell at retail" and "sale at retail" refer to and mean sales for use or consumption and not for resale in any form and sales to clubs, licensed drinking establishments, licensed caterers or holders of temporary permits.

(2) "Sell at retail" and "sale at retail" do not refer to or mean sales by a distributor, a microbrewery, a farm winery, a licensed club, a licensed drinking establishment, a licensed caterer or a holder of a temporary permit.

~~(cc)-(cc)~~ "To sell" includes to solicit or receive an order for, to keep or expose for sale and to keep with intent to sell.

~~(dd)-(dd)~~ "Sleeve" means a package of two or more 50-milliliter (3.2-fluid-ounce) containers of spirits.

~~(ee)-(ee)~~ "Spirits" means any beverage which contains alcohol obtained by distillation, mixed with water or other substance in solution, and includes brandy, rum, whiskey, gin or other spirituous liquors, and such liquors when rectified, blended or otherwise mixed with alcohol or other substances.

~~(ff)-(ff)~~ "Supplier" means a manufacturer of alcoholic liquor or cereal malt beverage or an agent of such manufacturer, other than a salesperson.

~~(gg)-(gg)~~ "Temporary permit" has the meaning provided by K.S.A. 41-2601, and amendments thereto.

~~(hh)-(hh)~~ "Wine" means any alcoholic beverage obtained by the normal alcoholic fermentation of the juice of sound, ripe grapes, fruits, berries or other agricultural

products, including such beverages containing added alcohol or spirits or containing sugar added for the purpose of correcting natural deficiencies.

Sec. 5. K.S.A. 2014 Supp. 41-2640 is hereby amended to read as follows: 41-2640.

(a) No club, drinking establishment, caterer or holder of a temporary permit, nor any person acting as an employee or agent thereof, shall:

(1) Offer or serve any free cereal malt beverage or alcoholic liquor in any form to any person;

(2) offer or serve to any person an individual drink at a price that is less than the acquisition cost of the individual drink to the licensee or permit holder;

(3) sell, offer to sell or serve to any person an unlimited number of individual drinks during any set period of time for a fixed price, except at private functions not open to the general public or to the general membership of a club;

(4) encourage or permit, on the licensed premises, any game or contest which involves drinking alcoholic liquor or cereal malt beverage or the awarding of individual drinks as prizes;

(5) sell, offer to sell or serve free of charge any form of powdered alcohol, as defined in K.S.A. 41-102, and amendments thereto; or

~~(5)-(6)~~ advertise or promote in any way, whether on or off the licensed premises, any of the practices prohibited under subsections (a)(1) through ~~(4)~~ (5).

(b) No public venue, nor any person acting as an employee or agent thereof, shall:

(1) Offer or serve any free cereal malt beverage or alcoholic liquor in any form to any person;

(2) offer or serve to any person a drink or original container of alcoholic liquor or cereal malt beverage at a price that is less than the acquisition cost of the drink or original container of alcoholic liquor or cereal malt beverage to the licensee;

(3) sell or serve alcoholic liquor in glass containers to customers in the general admission area;

(4) sell or serve more than two drinks per customer at any one time in the general admission area;

(5) encourage or permit, on the licensed premises, any game or contest which involves drinking alcoholic liquor or cereal malt beverage or the awarding of drinks as prizes;

(6) sell, offer to sell or serve free of charge any form of powdered alcohol, as defined in K.S.A. 41-102, and amendments thereto; or

~~(6)-(7)~~ advertise or promote in any way, whether on or off the licensed premises, any of the practices prohibited under subsections (b)(1) through ~~(5)~~ (6).

(c) A public venue club, drinking establishment, caterer or holder of a temporary permit may:

(1) Offer free food or entertainment at any time;

(2) sell or deliver wine by the bottle or carafe;

(3) sell, offer to sell and serve individual drinks at different prices throughout any day;

(4) sell or serve beer or cereal malt beverage in a pitcher capable of containing not more than 64 fluid ounces;

(5) offer samples of alcohol liquor free of charge as authorized by this act; or

(6) sell or serve margarita, sangria, daiquiri, mojito or other mixed alcoholic beverages as approved by the director in a pitcher containing not more than 64 fluid

ounces.

(d) A hotel of which the entire premises is licensed as a drinking establishment may, in accordance with rules and regulations adopted by the secretary, distribute to its guests coupons redeemable on the hotel premises for drinks containing alcoholic liquor. The hotel shall remit liquor drink tax in accordance with the provisions of the liquor drink tax act, K.S.A. 79-41a01 et seq., and amendments thereto, on each drink served based on a price which is not less than the acquisition cost of the drink.

(e) A hotel of which the entire premises is not licensed as a drinking establishment may, in accordance with rules and regulations adopted by the secretary, through an agreement with one or more clubs or drinking establishments, distribute to its guests coupons redeemable at such clubs or drinking establishments for drinks containing alcoholic liquor. Each club or drinking establishment redeeming coupons issued by a hotel shall collect from the hotel the agreed price, which shall be not less than the acquisition cost of the drink plus the liquor drink tax for each drink served. The club or drinking establishment shall collect and remit the liquor drink tax in accordance with the provisions of the liquor drink tax act, K.S.A. 79-41a01 et seq., and amendments thereto.

(f) Violation of any provision of this section is a misdemeanor punishable as provided by K.S.A. 41-2633, and amendments thereto.

(g) Violation of any provision of this section shall be grounds for suspension or revocation of the licensee's license as provided by K.S.A. 41-2609, and amendments thereto, and for imposition of a civil fine on the licensee or temporary permit holder as provided by K.S.A. 41-2633a, and amendments thereto.

Sec. 6. K.S.A. 2014 Supp. 41-311 is hereby amended to read as follows: 41-311. (a) No license of any kind shall be issued pursuant to the liquor control act to a person:

- (1) Who is not a citizen of the United States;
- (2) who has been convicted of a felony under the laws of this state, any other state or the United States;
- (3) who has had a license revoked for cause under the provisions of the liquor control act, the beer and cereal malt beverage keg registration act or who has had any license issued under the cereal malt beverage laws of any state revoked for cause except that a license may be issued to a person whose license was revoked for the conviction of a misdemeanor at any time after the lapse of 10 years following the date of the revocation;
- (4) who has been convicted of being the keeper or is keeping any property, whether real or personal, where sexual relations are being sold or offered for sale by a person who is 18 years of age or older or has forfeited bond to appear in court to answer charges of being a keeper of any property, whether real or personal, where sexual relations are being sold or offered for sale by a person who is 18 years of age or older;
- (5) who has been convicted of being a proprietor of a gambling house, pandering or any other crime opposed to decency and morality or has forfeited bond to appear in court to answer charges for any of those crimes;
- (6) who is not at least 21 years of age;
- (7) who, other than as a member of the governing body of a city or county, appoints or supervises any law enforcement officer, who is a law enforcement official or who is an employee of the director;
- (8) who intends to carry on the business authorized by the license as agent of

another;

(9) who at the time of application for renewal of any license issued under this act would not be eligible for the license upon a first application, except as provided by subsection (a)(12);

(10) who is the holder of a valid and existing license issued under article 27 of chapter 41 of the Kansas Statutes Annotated, and amendments thereto, unless the person agrees to and does surrender the license to the officer issuing the same upon the issuance to the person of a license under this act, except that a retailer licensed pursuant to K.S.A. 41-2702, and amendments thereto, shall be eligible to receive a retailer's license under the Kansas liquor control act;

(11) who does not own the premises for which a license is sought, or does not, at the time of application, have a written lease thereon;

(12) whose spouse would be ineligible to receive a license under this act for any reason other than citizenship, residence requirements or age, except that this subsection (a)(12) shall not apply in determining eligibility for a renewal license;

(13) whose spouse has been convicted of a felony or other crime which would disqualify a person from licensure under this section and such felony or other crime was committed during the time that the spouse held a license under this act; ~~or~~

(14) who does not provide any data or information required by K.S.A. 2014 Supp. 41-311b, and amendments thereto; ~~or~~

(15) who, after a hearing before the director, has been found to have held an undisclosed beneficial interest in any license issued pursuant to the liquor control act which was obtained by means of fraud or any false statement made on the application for such license.

(b) No retailer's license shall be issued to:

(1) A person who is not a resident of this state;

(2) a person who has not been a resident of this state for at least four years immediately preceding the date of application;

(3) a person who has a beneficial interest in a manufacturer, distributor, farm winery or microbrewery licensed under this act, except that the spouse of an applicant for a retailer's license may own and hold a farm winery license, microbrewery license, or both, if the spouse does not hold a retailer's license issued under this act;

(4) a person who has a beneficial interest in any other retail establishment licensed under this act, except that the spouse of a licensee may own and hold a retailer's license for another retail establishment;

(5) a copartnership, unless all of the copartners are qualified to obtain a license;

(6) a corporation; or

(7) a trust, if any grantor, beneficiary or trustee would be ineligible to receive a license under this act for any reason, except that the provisions of subsection (a)(6) shall not apply in determining whether a beneficiary would be eligible for a license.

(c) No manufacturer's license shall be issued to:

(1) A corporation, if any officer or director thereof, or any stockholder owning in the aggregate more than 25% of the stock of the corporation would be ineligible to receive a manufacturer's license for any reason other than citizenship and residence requirements;

(2) a copartnership, unless all of the copartners shall have been residents of this state for at least five years immediately preceding the date of application and unless all

the members of the copartnership would be eligible to receive a manufacturer's license under this act;

(3) a trust, if any grantor, beneficiary or trustee would be ineligible to receive a license under this act for any reason, except that the provisions of subsection (a)(6) shall not apply in determining whether a beneficiary would be eligible for a license;

(4) an individual who is not a resident of this state;

(5) an individual who has not been a resident of this state for at least five years immediately preceding the date of application; or

(6) a person who has a beneficial interest in a distributor, retailer, farm winery or microbrewery licensed under this act, except as provided in K.S.A. 41-305, and amendments thereto.

(d) No distributor's license shall be issued to:

(1) A corporation, if any officer, director or stockholder of the corporation would be ineligible to receive a distributor's license for any reason. It shall be unlawful for any stockholder of a corporation licensed as a distributor to transfer any stock in the corporation to any person who would be ineligible to receive a distributor's license for any reason, and any such transfer shall be null and void, except that: (A) If any stockholder owning stock in the corporation dies and an heir or devisee to whom stock of the corporation descends by descent and distribution or by will is ineligible to receive a distributor's license, the legal representatives of the deceased stockholder's estate and the ineligible heir or devisee shall have 14 months from the date of the death of the stockholder within which to sell the stock to a person eligible to receive a distributor's license, any such sale by a legal representative to be made in accordance with the provisions of the probate code; or (B) if the stock in any such corporation is the subject of any trust and any trustee or beneficiary of the trust who is 21 years of age or older is ineligible to receive a distributor's license, the trustee, within 14 months after the effective date of the trust, shall sell the stock to a person eligible to receive a distributor's license and hold and disburse the proceeds in accordance with the terms of the trust. If any legal representatives, heirs, devisees or trustees fail, refuse or neglect to sell any stock as required by this subsection, the stock shall revert to and become the property of the corporation, and the corporation shall pay to the legal representatives, heirs, devisees or trustees the book value of the stock. During the period of 14 months prescribed by this subsection, the corporation shall not be denied a distributor's license or have its distributor's license revoked if the corporation meets all of the other requirements necessary to have a distributor's license;

(2) a copartnership, unless all of the copartners are eligible to receive a distributor's license;

(3) a trust, if any grantor, beneficiary or trustee would be ineligible to receive a license under this act for any reason, except that the provisions of subsection (a)(6) shall not apply in determining whether a beneficiary would be eligible for a license; or

(4) a person who has a beneficial interest in a manufacturer, retailer, farm winery or microbrewery licensed under this act.

(e) No nonbeverage user's license shall be issued to a corporation, if any officer, manager or director of the corporation or any stockholder owning in the aggregate more than 25% of the stock of the corporation would be ineligible to receive a nonbeverage user's license for any reason other than citizenship and residence requirements.

(f) No microbrewery license, microdistillery license or farm winery license shall be

issued to a:

- (1) Person who is not a resident of this state;
- (2) person who has not been a resident of this state for at least one year immediately preceding the date of application;
- (3) person who has a beneficial interest in a manufacturer or distributor licensed under this act, except as provided in K.S.A. 41-305, and amendments thereto;
- (4) person, copartnership or association which has a beneficial interest in any retailer licensed under this act or under K.S.A. 41-2702, and amendments thereto, except that the spouse of an applicant for a microbrewery or farm winery license may own and hold a retailer's license if the spouse does not hold a microbrewery or farm winery license issued under this act;
- (5) copartnership, unless all of the copartners are qualified to obtain a license;
- (6) corporation, unless stockholders owning in the aggregate 50% or more of the stock of the corporation would be eligible to receive such license and all other stockholders would be eligible to receive such license except for reason of citizenship or residency; or
- (7) a trust, if any grantor, beneficiary or trustee would be ineligible to receive a license under this act for any reason, except that the provisions of subsection (a)(6) shall not apply in determining whether a beneficiary would be eligible for a license.

(g) The provisions of subsections (b)(1), (b)(2), (c)(3), (c)(4), (d)(3), (f)(1), (f)(2) and K.S.A. 2014 Supp. 41-311b, and amendments thereto, shall not apply in determining eligibility for the 10th, or a subsequent, consecutive renewal of a license if the applicant has appointed a citizen of the United States who is a resident of Kansas as the applicant's agent and filed with the director a duly authenticated copy of a duly executed power of attorney, authorizing the agent to accept service of process from the director and the courts of this state and to exercise full authority, control and responsibility for the conduct of all business and transactions within the state relative to alcoholic liquor and the business licensed. The agent must be satisfactory to and approved by the director, except that the director shall not approve as an agent any person who:

- (1) Has been convicted of a felony under the laws of this state, any other state or the United States;
- (2) has had a license issued under the alcoholic liquor or cereal malt beverage laws of this or any other state revoked for cause, except that a person may be appointed as an agent if the person's license was revoked for the conviction of a misdemeanor and 10 years have lapsed since the date of the revocation;
- (3) has been convicted of being the keeper or is keeping any property, whether real or personal, where sexual relations are being sold or offered for sale by a person who is 18 years of age or older or has forfeited bond to appear in court to answer charges of being a keeper of any property, whether real or personal, where sexual relations are being sold or offered for sale by a person who is 18 years of age or older;
- (4) has been convicted of being a proprietor of a gambling house, pandering or any other crime opposed to decency and morality or has forfeited bond to appear in court to answer charges for any of those crimes; or
- (5) is less than 21 years of age.

Sec. 7. K.S.A. 2014 Supp. 41-2623 is hereby amended to read as follows: 41-2623.
(a) No license shall be issued under the provisions of this act to:

(1) Any person described in ~~subsection (a)(1), (2), (4), (5), (6), (7), (8), (9), (12) or (13)~~ of K.S.A. 41-311~~(a)(1), (2), (4), (5), (6), (7), (8), (9), (12), (13) or (15)~~, and amendments thereto, except that the provisions of subsection (a)(7) of such section shall not apply to nor prohibit the issuance of a license for a class A club to an officer of a post home of a congressionally chartered service or fraternal organization, or a benevolent association or society thereof.

(2) A person who has had the person's license revoked for cause under the provisions of this act.

(3) A person who has not been a resident of this state for a period of at least one year immediately preceding the date of application.

(4) A person who has a beneficial interest in the manufacture, preparation or wholesaling or the retail sale of alcoholic liquors or a beneficial interest in any other club, drinking establishment or caterer licensed hereunder, except that:

(A) A license for premises located in a hotel may be granted to a person who has a beneficial interest in one or more other clubs or drinking establishments licensed hereunder if such other clubs or establishments are located in hotels.

(B) A license for a club or drinking establishment which is a restaurant may be issued to a person who has a beneficial interest in other clubs or drinking establishments which are restaurants.

(C) A caterer's license may be issued to a person who has a beneficial interest in a club or drinking establishment and a license for a club or drinking establishment may be issued to a person who has a beneficial interest in a caterer.

(D) A license for a class A club may be granted to an organization of which an officer, director or board member is a distributor or retailer licensed under the liquor control act if such distributor or retailer sells no alcoholic liquor to such club.

(E) Any person who has a beneficial interest in a microbrewery, microdistillery or farm winery licensed pursuant to the Kansas liquor control act may be issued any or all of the following: (1) Class B club license; (2) drinking establishment license; and (3) caterer's license.

(5) A copartnership, unless all of the copartners are qualified to obtain a license.

(6) A corporation, if any officer, manager or director thereof, or any stockholder owning in the aggregate more than 5% of the common or preferred stock of such corporation would be ineligible to receive a license hereunder for any reason other than citizenship and residence requirements.

(7) A corporation, if any officer, manager or director thereof, or any stockholder owning in the aggregate more than 5% of the common or preferred stock of such corporation, has been an officer, manager or director, or a stockholder owning in the aggregate more than 5% of the common or preferred stock, of a corporation which:

(A) Has had a license revoked under the provisions of the club and drinking establishment act; or

(B) has been convicted of a violation of the club and drinking establishment act or the cereal malt beverage laws of this state.

(8) A corporation organized under the laws of any state other than this state.

(9) A trust, if any grantor, beneficiary or trustee would be ineligible to receive a license under this act for any reason, except that the provisions of ~~subsection (a)(6)~~ of K.S.A. 41-311~~(a)(6)~~, and amendments thereto, shall not apply in determining whether a beneficiary would be eligible for a license.

(b) No club or drinking establishment license shall be issued under the provisions of the club and drinking establishment act to:

(1) A person who does not own the premises for which a license is sought, or does not, at the time the application is submitted, have a written lease thereon, except that an applicant seeking a license for a premises which is owned by a city or county, or is a stadium, arena, convention center, theater, museum, amphitheater or other similar premises may submit an executed agreement to provide alcoholic beverage services at the premises listed in the application in lieu of a lease.

(2) A person who is not a resident of the county in which the premises sought to be licensed are located.

New Sec. 8. (a) Notwithstanding any other provision of law, any limited liability company applying for a retailer's license under the Kansas liquor control act shall be required to meet the qualifications for licensure of a copartnership under K.S.A. 41-311, and amendments thereto. Any limited liability company applying for a license other than a retailer's license shall be required to meet the qualifications for licensure of a corporation under K.S.A. 41-311 and K.S.A. 2014 Supp. 41-311b, and amendments thereto.

(b) Any limited liability company applying for a license under the Kansas liquor control act shall submit a copy of its articles of organization and operating agreement to the director in such form and manner as prescribed by the director.

(c) This section shall be a part of and supplemental to the Kansas liquor control act.

New Sec. 9. (a) Notwithstanding any other provision of law, any limited liability company applying for a license under the club and drinking establishment act shall be required to meet the qualifications for licensure of a corporation under K.S.A. 41-2623, and amendments thereto.

(b) Any limited liability company applying for a license under the club and drinking establishment act shall submit a copy of its articles of organization and operating agreement to the director in such form and manner as prescribed by the director.

(c) This section shall be a part of and supplemental to the club and drinking establishment act.

New Sec. 10. (a) Notwithstanding any other provision of law, any limited liability company applying for a license under the Kansas cereal malt beverage act shall be required to meet the qualifications for licensure of a corporation under K.S.A. 41-2703, and amendments thereto, except that only those individuals owning in the aggregate 25% or more of the ownership interest in such limited liability company shall be required to meet the qualifications for an individual to obtain a license.

(b) Any limited liability company applying for a license under the Kansas cereal malt beverage act shall submit a copy of its articles of organization and operating agreement to the director in such form and manner as prescribed by the director.

(c) This section shall be a part of and supplemental to the Kansas cereal malt beverage act.

New Sec. 11. (a) The director may suspend, involuntarily cancel or revoke any license issued pursuant to the Kansas liquor control act if, after notice and an opportunity for a hearing, the director determines that the licensee has:

(1) Fraudulently obtained the license by providing false information on the application therefor, or at any hearing thereon;

(2) violated any of the provisions of the Kansas liquor control act, or any rules or regulations adopted pursuant to such act; or

(3) become ineligible to obtain a license or permit under K.S.A. 41-311 or K.S.A. 2014 Supp. 41-311b, and amendments thereto.

(b) This section shall be a part of and supplemental to the Kansas liquor control act.

Sec. 12. K.S.A. 2014 Supp. 41-319 is hereby amended to read as follows: 41-319.

(a) Except as provided by subsection (b), within 30 days after an application is filed for a retailer's, microbrewery, microdistillery or farm winery license and within 20 days after an application is filed for a manufacturer's, distributor's or nonbeverage user's license, the director shall enter an order either ~~refusing~~ denying or granting the license. If the director does not enter an order within the time prescribed, the license applied for shall be deemed to have been ~~refused~~ denied. The director, with the written consent of the applicant for a license, may delay entering an order on an application for an additional period of not to exceed 30 days.

(b) In order to complete any national criminal history record check of an applicant who submitted any application after January 31, 2001, and if the applicant is not a resident of the state of Kansas on the date of submission of such application or has not been a resident for at least one year immediately preceding the date of submission of such application the director shall enter an order either ~~refusing~~ denying or granting the license within 90 days after such application is filed. If the director does not enter an order within the time prescribed, the license applied for shall be deemed to have been ~~refused~~ denied. The director, with the written consent of the applicant for a license, may delay entering an order on an application for an additional period of not to exceed 30 days.

Sec. 13. K.S.A. 2014 Supp. 41-320 is hereby amended to read as follows: 41-320.

(a) ~~All proceedings for the suspension and revocation of licenses of manufacturers, distributors, retailers, microbreweries, microdistilleries, farm wineries and nonbeverage users shall be before the director, and the proceedings shall be in accordance with the provisions of the Kansas administrative procedure act. Except as provided in subsection (b), no license shall be suspended or revoked except after a hearing by the director. The provisions of the Kansas administrative procedure act shall apply to all proceedings involving the following:~~

(1) Denial of an application for any license to be issued pursuant to the Kansas liquor control act;

(2) suspension of any license issued pursuant to the Kansas liquor control act;

(3) involuntary cancellation of any license issued pursuant to the Kansas liquor control act;

(4) revocation of any license issued pursuant to the Kansas liquor control act; and

(5) assessment of any civil fine pursuant to K.S.A. 41-328, and amendments thereto.

(b) Except as provided in subsection (c), no license shall be suspended, involuntarily canceled or revoked unless there is an opportunity for a hearing before the director.

(c) When proceedings for the suspension, involuntary cancellation or revocation of a distributor's license are filed and the distributor has been issued more than one license for distributing places of business in this state, any order of the director suspending or revoking the license at any one place of business shall suspend or revoke all licenses

issued to the distributor. When one person is the holder of stock or an ownership interest in two or more corporations licensed as distributors under the provisions of this act, any order of the director suspending or revoking the license of any such corporation shall operate as a suspension or revocation of the license of all corporations licensed as distributors in which the person is a stockholder.

(d) Notwithstanding any provision of the law to the contrary, the secretary may designate the director to be the presiding officer in any proceeding conducted pursuant to this section.

Sec. 14. K.S.A. 41-321 is hereby amended to read as follows: 41-321. (a) Whenever the director ~~refuses~~ denies an application for any license or suspends, involuntarily cancels or revokes any license, the director shall prepare an order so providing which shall be signed by the director, or a person designated by the director, and the seal of the director shall be affixed thereto. The order shall state the reason or reasons for the ~~refusal~~ denial, suspension, involuntary cancellation or revocation. The order shall be served in accordance with the provisions of K.S.A. 77-531, and amendments thereto.

(b) Any applicant or licensee aggrieved by any order of the director may appeal from such order to the secretary by filing a notice of appeal with the secretary. Such notice of appeal must either be mailed to the secretary by certified mail or filed with the secretary within 15 days after service of the order appealed from or, if such appeal is taken because the director has failed to enter the order on an application for a license, within 15 days after the date an application for a license is considered to have been ~~refused~~ denied as provided in K.S.A. 41-319, and amendments thereto. The notice of appeal shall be on a form which shall be prescribed and furnished by the secretary. Whenever any such notice of appeal is filed, the secretary shall notify, in writing, the director of such appeal. ~~The secretary at least 10 days before the time fixed for the hearing shall notify the director and the applicant or licensee of the time when, and place where, the appeal will be heard. The hearing shall be conducted by the secretary, or by a person designated by the secretary, in accordance with the provisions of the Kansas administrative procedure act and shall be held within 30 days after the date of the filing of the notice of appeal unless the person appealing consents to a later hearing.~~

~~The secretary shall adopt, pursuant to K.S.A. 41-210, and amendments thereto, such rules and regulations as necessary to govern the procedure in such hearings. At any such hearing the applicant or licensee and the director may be present in person or by agent or counsel. The secretary or person conducting the hearing shall have the power to adjourn any hearing, but no such adjournment shall be for more than five days unless consented to by the person appealing. Review of a director's order by the secretary shall be conducted in accordance with the provisions of the Kansas administrative procedure act.~~

Sec. 15. K.S.A. 2014 Supp. 41-326 is hereby amended to read as follows: 41-326. (a) A license shall be purely a personal privilege, valid for not to exceed two years after issuance, except as otherwise provided by law, unless sooner suspended, involuntarily canceled or revoked, and shall not constitute property, nor shall it be subject to attachment, garnishment or execution, nor shall it be alienable or transferable, voluntarily or involuntarily, or subject to being encumbered or hypothecated. A license shall not descend by the laws of testate or intestate devolution but shall cease and expire upon the death of the licensee except that executors, administrators or representatives of

the estate of any deceased licensee and the trustee of any insolvent or bankrupt licensee, when such estate consists in part of alcoholic liquor, may continue the business of the sale, distribution or manufacture of alcoholic liquor under order of the appropriate court and may exercise the privilege of the deceased, insolvent or bankrupt licensee after the death of such decedent, or after such insolvency or bankruptcy, until the expiration of such license but not longer than one year after the death, bankruptcy or insolvency of such licensee.

(b) When the licensee pays the full amount of the license fee upon application and is prevented from operating under such license in accordance with the provisions of this act for the entire second year of the license term, a refund shall be made of one-half of the license fee paid by such licensee. The secretary of revenue may adopt rules and regulations pursuant to K.S.A. 41-210, and amendments thereto, which provide for the authorization of refunds of one-half of the license fee paid when the licensee does not use such license for the entire second year of the license term as a result of the cancellation of the license upon the request of the licensee for voluntary reasons.

Sec. 16. K.S.A. 2014 Supp. 41-328 is hereby amended to read as follows: 41-328.

(a) In addition to or in lieu of any other civil or criminal penalty provided by law, the director, upon a finding that a licensee under the Kansas liquor control act has violated any provision thereof, may impose on such licensee a civil fine not exceeding \$1,000 for each violation.

(b) No fine shall be imposed pursuant to this section except upon the written order of the director to the licensee who committed the violation. Such order shall state the violation, the fine to be imposed and the right of the licensee to appeal the order. Such order shall be subject to appeal and review ~~in the manner provided by K.S.A. 41-321, 41-322 and 41-323, and amendments thereto~~ accordance with the provisions of the Kansas administrative procedure act and K.S.A. 41-321, and amendments thereto.

(c) Any fine imposed pursuant to this section shall be remitted to the state treasurer in accordance with the provisions of K.S.A. 75-4215, and amendments thereto. Upon receipt of each such remittance, the state treasurer shall deposit the entire amount in the state treasury to the credit of the state general fund.

(d) This section shall be part of and supplemental to the Kansas liquor control act.

Sec. 17. K.S.A. 2014 Supp. 41-719 is hereby amended to read as follows: 41-719.

(a) (1) Except as otherwise provided herein and in K.S.A. 8-1599, and amendments thereto, no person shall drink or consume alcoholic liquor on the public streets, alleys, roads or highways or inside vehicles while on the public streets, alleys, roads or highways.

(2) Alcoholic liquor may be consumed at a special event held on public streets, alleys, roads, sidewalks or highways when a temporary permit has been issued pursuant to K.S.A. 41-2645, and amendments thereto, for such special event. Such special event must be approved, by ordinance or resolution, by the local governing body of any city, county or township where such special event is being held. No alcoholic liquor may be consumed inside vehicles while on public streets, alleys, roads or highways at any such special event.

(3) No person shall remove any alcoholic liquor from inside the boundaries of a special event as designated by the governing body of any city, county or township. The boundaries of such special event shall be clearly marked by signs, a posted map or other means which reasonably identify the area in which alcoholic liquor may be possessed or

consumed at such special event.

(4) No person shall possess or consume alcoholic liquor inside the premises licensed as a special event that was not sold or provided by the licensee holding the temporary permit for such special event.

(b) No person shall drink or consume alcoholic liquor on private property except:

(1) On premises where the sale of liquor by the individual drink is authorized by the club and drinking establishment act;

(2) upon private property by a person occupying such property as an owner or lessee of an owner and by the guests of such person, if no charge is made for the serving or mixing of any drink or drinks of alcoholic liquor or for any substance mixed with any alcoholic liquor and if no sale of alcoholic liquor in violation of K.S.A. 41-803, and amendments thereto, takes place;

(3) in a lodging room of any hotel, motel or boarding house by the person occupying such room and by the guests of such person, if no charge is made for the serving or mixing of any drink or drinks of alcoholic liquor or for any substance mixed with any alcoholic liquor and if no sale of alcoholic liquor in violation of K.S.A. 41-803, and amendments thereto, takes place;

(4) in a private dining room of a hotel, motel or restaurant, if the dining room is rented or made available on a special occasion to an individual or organization for a private party and if no sale of alcoholic liquor in violation of K.S.A. 41-803, and amendments thereto, takes place; or

(5) on the premises of a manufacturer, microbrewery, microdistillery or farm winery, if authorized by K.S.A. 41-305, 41-308a, 41-308b or K.S.A. 2014 Supp. 41-354, and amendments thereto.

(c) No person shall drink or consume alcoholic liquor on public property except:

(1) On real property leased by a city to others under the provisions of K.S.A. 12-1740 through 12-1749, and amendments thereto, if such real property is actually being used for hotel or motel purposes or purposes incidental thereto.

(2) In any state-owned or operated building or structure, and on the surrounding premises, which is furnished to and occupied by any state officer or employee as a residence.

(3) On premises licensed as a club or drinking establishment and located on property owned or operated by an airport authority created pursuant to chapter 27 of the Kansas Statutes Annotated, and amendments thereto, or established by a city.

(4) On the state fair grounds on the day of any race held thereon pursuant to the Kansas parimutuel racing act.

(5) On the state fairgrounds, if: (A) The alcoholic liquor is domestic beer or wine or wine imported under ~~subsection (e)~~ of K.S.A. 41-308a(e), and amendments thereto, and is consumed only for purposes of judging competitions; (B) the alcoholic liquor is wine or beer and is sold and consumed during the days of the Kansas state fair on premises leased by the state fair board to a person who holds a temporary permit issued pursuant to K.S.A. 41-2645, and amendments thereto, authorizing the sale and serving of such wine or beer, or both; or (C) the alcoholic liquor is consumed on nonfair days in conjunction with bona fide scheduled events involving not less than 75 invited guests and the state fair board, in its discretion, authorizes the consumption of the alcoholic liquor, subject to any conditions or restrictions the board may require.

(6) In the state historical museum provided for by K.S.A. 76-2036, and

amendments thereto, on the surrounding premises and in any other building on such premises, as authorized by rules and regulations of the state historical society.

(7) On the premises of any state-owned historic site under the jurisdiction and supervision of the state historical society, on the surrounding premises and in any other building on such premises, as authorized by rules and regulations of the state historical society.

(8) In a lake resort within the meaning of K.S.A. 32-867, and amendments thereto, on state-owned or leased property.

~~(9) In the Hiram Price Dillon house or on its surrounding premises, subject to limitations established in policies adopted by the legislative coordinating council, as provided by K.S.A. 75-3682, and amendments thereto.~~

~~(10)~~ (9) On the premises of any Kansas national guard regional training center or armory, and any building on such premises, as authorized by rules and regulations of the adjutant general and upon approval of the Kansas military board.

~~(11)~~ (10) On the premises of any land or waters owned or managed by the department of wildlife, parks and tourism, except as otherwise prohibited by rules and regulations of the department adopted by the secretary pursuant to K.S.A. 32-805, and amendments thereto.

~~(12)~~ (11) On property exempted from this subsection (c) pursuant to subsection (d), (e), (f), (g) or (h).

(d) Any city may exempt, by ordinance, from the provisions of subsection (c) specified property the title of which is vested in such city.

(e) The board of county commissioners of any county may exempt, by resolution, from the provisions of subsection (c) specified property the title of which is vested in such county.

(f) The state board of regents may exempt from the provisions of subsection (c) the Sternberg museum on the campus of Fort Hays state university, or other specified property which is under the control of such board and which is not used for classroom instruction, where alcoholic liquor may be consumed in accordance with policies adopted by such board.

(g) The board of regents of Washburn university may exempt from the provisions of subsection (c) the Mulvane art center and the Bradbury Thompson alumni center on the campus of Washburn university, and other specified property the title of which is vested in such board and which is not used for classroom instruction, where alcoholic liquor may be consumed in accordance with policies adopted by such board.

(h) The board of trustees of a community college may exempt from the provisions of subsection (c) specified property which is under the control of such board and which is not used for classroom instruction, where alcoholic liquor may be consumed in accordance with policies adopted by such board.

(i) Violation of any provision of this section is a misdemeanor punishable by a fine of not less than \$50 or more than \$200 or by imprisonment for not more than six months, or both.

(j) For the purposes of this section, "special event" means a picnic, bazaar, festival or other similar community gathering, which has been approved by the local governing body of any city, county or township.

Sec. 18. K.S.A. 41-2609 is hereby amended to read as follows: 41-2609. ~~The provisions of K.S.A. 41-320, 41-321, 41-322, 41-323 and 41-324, and amendments~~

~~thereto, relating to proceedings for the suspension or revocation of licenses issued under the Kansas liquor control act, appeals from orders of the director refusing, suspending or revoking such licenses and judicial review of decisions on such appeals and duties of county attorneys relating to such review shall apply in the same manner to proceedings for the suspension or revocation of licenses issued under this act, appeals from orders of the director refusing, suspending or revoking licenses issued under this act, orders refusing temporary permits, appeals from orders of the director and judicial review of decisions on such appeals. (a) The provisions of the Kansas administrative procedure act shall apply to all proceedings involving the following:~~

~~(1) Denial of an application for any license to be issued pursuant to the club and drinking establishment act;~~

~~(2) suspension of any license issued pursuant to the club and drinking establishment act;~~

~~(3) involuntary cancellation of any license issued pursuant to the club and drinking establishment act;~~

~~(4) revocation of any license issued pursuant to the club and drinking establishment act; and~~

~~(5) assessment of any civil fine pursuant to K.S.A. 41-2633a, and amendments thereto.~~

~~(b) No license shall be suspended, involuntarily canceled or revoked except after an opportunity for a hearing before the director.~~

Sec. 19. K.S.A. 2014 Supp. 41-2611 is hereby amended to read as follows: 41-2611. The director may ~~revoke or suspend~~ involuntarily cancel or revoke any license issued pursuant to the club and drinking establishment act for any one or more of the following reasons:

(a) The licensee has fraudulently obtained the license by giving false information in the application therefor or any hearing thereon.

(b) The licensee has violated any of the provisions of this act or any rules or regulations adopted hereunder.

(c) The licensee has become ineligible to obtain a license or permit under this act.

(d) The licensee's manager or employee has been intoxicated while on duty.

(e) The licensee, or its manager or employee, has permitted any disorderly person to remain on premises where alcoholic liquor is sold by such licensee.

(f) There has been a violation of a provision of the laws of this state, or of the United States, pertaining to the sale of intoxicating or alcoholic liquors or cereal malt beverages, or any crime involving a morals charge, on premises where alcoholic liquor is sold by such licensee.

(g) The licensee, or its managing officers or any employee, has purchased and displayed, on premises where alcoholic liquor is sold by such licensee, a federal wagering occupational stamp issued by the United States treasury department.

(h) The licensee, or its managing officers or any employee, has purchased and displayed, on premises where alcoholic liquor is sold by such licensee, a federal coin operated gambling device stamp for the premises issued by the United States treasury department.

(i) The licensee holds a license as a class B club, drinking establishment or caterer and has been found guilty of a violation of article 10 of chapter 44 of the Kansas Statutes Annotated, and amendments thereto, under a decision or order of the Kansas

human rights commission which has become final or such licensee has been found guilty of a violation of K.S.A. 21-4003, prior to its repeal, or K.S.A. 2014 Supp. 21-6102, and amendments thereto.

(j) There has been a violation of K.S.A. 21-4106 or 21-4107, prior to their repeal, or K.S.A. 2014 Supp. 21-6204, and amendments thereto, on premises where alcoholic liquor is sold by such licensee.

Sec. 20. K.S.A. 41-2633a is hereby amended to read as follows: 41-2633a. (a) In addition to or in lieu of any other civil or criminal penalty provided by law, the director, upon a finding that a licensee or temporary permit holder under the club and drinking establishment act has violated any provision thereof, may impose on such licensee or temporary permit holder a civil fine not exceeding \$1,000 for each violation.

(b) No fine shall be imposed pursuant to this section except upon the written order of the director to the licensee or temporary permit holder who committed the violation. Such order shall state the violation, the fine to be imposed and the right of the licensee or temporary permit holder to appeal the order. Such order shall be subject to appeal and review ~~in the manner provided by K.S.A. 41-321, 41-322 and 41-323, and amendments thereto~~ in accordance with the provisions of the Kansas administrative procedure act.

(c) Any fine imposed pursuant to this section shall be paid to the state treasurer, who shall deposit the same in the state treasury and credit it to the state general fund.

Sec. 21. K.S.A. 2014 Supp. 41-306 is hereby amended to read as follows: 41-306. A spirits distributor's license, shall allow:

(a) The wholesale purchase, importation and storage of spirits, but all such spirits so purchased or imported which are manufactured in the United States shall be purchased from the primary American source of supply or from another licensed spirits distributor, except that a licensed spirits distributor may purchase confiscated spirits at a sheriff's sale.

(b) The sale of spirits to:

- (1) Spirits distributors licensed in this state;
- (2) retailers licensed in this state, except that such distributor shall sell a brand of spirits only to those retailers whose licensed premises are located in the geographic territory within which such distributor is authorized to sell such brand, as designated in the notice or notices filed with the director pursuant to K.S.A. 41-410, and amendments thereto; and
- (3) such persons located outside such territory or outside this state as permitted by law.

(c) The purchase of spirits in barrels, casks or other bulk containers and the bottling thereof before resale, but all bottles or containers filled with such spirits shall be sealed, labeled and otherwise made to comply with all laws and rules and regulations governing the preparation and bottling of spirits by manufacturers and with all federal rules, regulations and laws.

(d) The storage and delivery to a retailer licensed under the Kansas liquor control act or a retailer licensed under K.S.A. 41-2702, and amendments thereto, on the distributor's licensed premises, of alcoholic liquor or cereal malt beverage of another licensed distributor authorized by law to sell such alcoholic liquor or cereal malt beverage to such retailer, in accordance with an agreement entered into with such other distributor and approved by the director.

(e) The storage and delivery to a public venue licensed under the club and drinking establishment act of alcoholic liquor purchased by the public venue licensee from a retailer authorized by law to sell such alcoholic liquor to such public venue licensee.

(f) The withdrawal of spirits from such licensee's inventory for use as samples in the course of the business of the distributor or at industry seminars. Samples may only be provided to persons licensed as a distributor or a retailer under the Kansas liquor control act, and such person's employees. Samples may be served on the licensed premises of the licensee, or on the premises of a licensed retailer, provided no sample shall be served on that portion of the premises of a licensed retailer that is open to the public and where sales of alcoholic liquor at retail are made. No sample shall be provided to any minor. Nothing in this subsection shall be construed to permit the licensee to sell any alcoholic liquor for consumption on the premises. The withdrawal of spirits shall be subject to the tax imposed by K.S.A. 79-4101 et seq., and amendments thereto, based on the applicable current posted bottle or case price. For purposes of providing samples pursuant to this subsection other than at industry seminars or to the licensee's employees, the term "sample" shall have the same meaning as that term is defined in K.S.A. 41-2601, and amendments thereto.

Sec. 22. K.S.A. 2014 Supp. 41-306a is hereby amended to read as follows: 41-306a. A wine distributor's license shall allow:

(a) The wholesale purchase, importation and storage of wine, but all wine so purchased or imported which is manufactured in the United States shall be purchased from the primary American source of supply or from another licensed wine distributor, except that a licensed wine distributor may purchase confiscated wine at a sheriff's sale.

(b) The sale of wine to:

(1) Wine distributors licensed in this state;

(2) retailers licensed in this state, except that such distributor shall sell a brand of wine only to those retailers whose licensed premises are located in the geographic territory within which such distributor is authorized to sell such brand, as designated in the notice or notices filed with the director pursuant to K.S.A. 41-410, and amendments thereto; and

(3) such persons located outside such territory or outside this state as permitted by law.

(c) The sale of wine, but only in barrels, casks and other bulk containers, to:

(1) Licensed caterers; and

(2) public venues, clubs and drinking establishments licensed in this state, except that such distributor shall sell a brand of wine only to such public venues, clubs and drinking establishments the licensed premises of which are located in the geographic territory within which such distributor is authorized to sell such brand, as designated in the notice or notices filed with the director pursuant to K.S.A. 41-410, and amendments thereto.

(d) The purchase of wine in barrels, casks or other bulk containers and the bottling thereof before resale, but all bottles or containers filled with such wine shall be sealed, labeled and otherwise made to comply with all laws and rules and regulations governing the preparation and bottling of wine by manufacturers and with all federal rules, regulations and laws.

(e) The storage and delivery to a retailer licensed under the Kansas liquor control act or a retailer licensed under K.S.A. 41-2702, and amendments thereto, on the

distributor's licensed premises, of alcoholic liquor or cereal malt beverage of another licensed distributor authorized by law to sell such alcoholic liquor or cereal malt beverage to such retailer, in accordance with an agreement entered into with such other distributor and approved by the director.

(f) The withdrawal of wine from such licensee's inventory for use as samples in the course of the business of the distributor or at industry seminars. Samples may only be provided to persons licensed as a distributor or a retailer under the Kansas liquor control act, and such person's employees, or to persons licensed under the club and drinking establishment act, and such person's employees. Samples may be served on the licensed premises of the licensee, or on the premises of a licensed retailer, provided no sample shall be served on that portion of the premises of a licensed retailer that is open to the public and where sales of alcoholic liquor at retail are made. Samples may be served on the premises of a licensee holding a license issued under the club and drinking establishment act, provided no sample shall be served on that portion of the premises that is open to the public and where sales of alcoholic liquor are made. No sample shall be provided to any minor. Nothing in this subsection shall be construed to permit the licensee to sell any alcoholic liquor for consumption on the premises. The withdrawal of wine shall be subject to the tax imposed by K.S.A. 79-4101 et seq., and amendments thereto, based on the applicable current posted bottle or case price. For purposes of providing samples pursuant to this subsection other than at industry seminars or to the licensee's employees, the term "sample" shall have the same meaning as that term is defined in K.S.A. 41-2601, and amendments thereto.

~~(f)~~ (g) This section shall be part of and supplemental to the Kansas liquor control act.

Sec. 23. K.S.A. 2014 Supp. 41-307 is hereby amended to read as follows: 41-307. A beer distributor's license shall allow:

- (a) The wholesale purchase, importation and storage of beer.
- (b) The sale of beer to:
 - (1) Licensed caterers;
 - (2) beer distributors licensed in this state;
 - (3) retailers, public venues, clubs and drinking establishments, licensed in this state, except that such distributor shall sell a brand of beer only to those retailers, public venues, clubs and drinking establishments of which the licensed premises are located in the geographic territory within which such distributor is authorized to sell such brand, as designated in the notice or notices filed with the director pursuant to K.S.A. 41-410, and amendments thereto; and
 - (4) such persons located outside such territory or outside this state as permitted by law.
- (c) The sale of cereal malt beverage to:
 - (1) Beer distributors licensed in this state;
 - (2) clubs and drinking establishments, licensed in this state, and retailers licensed under K.S.A. 41-2702, and amendments thereto, except that such distributor shall sell a brand of cereal malt beverage only to those such clubs, drinking establishments and retailers of which the licensed premises are located in the geographic territory within which such distributor is authorized to sell such brand, as designated in the notice or notices filed with the director pursuant to K.S.A. 41-410, and amendments thereto; and
 - (3) such persons located outside such territory or outside this state as permitted by

law.

(d) The purchase of cereal malt beverage in kegs or other bulk containers and the bottling or canning thereof in accordance with law.

(e) The storage and delivery to a retailer licensed under the Kansas liquor control act or a retailer licensed under K.S.A. 41-2702, and amendments thereto, on the distributor's licensed premises, of alcoholic liquor or cereal malt beverage of another licensed distributor authorized by law to sell such alcoholic liquor or cereal malt beverage to such retailer, in accordance with an agreement entered into with such other distributor and approved by the director.

(f) The storage and delivery, with proper invoicing in accordance with rules and regulations adopted by the secretary, on the premises of a public venue licensee, of beer sold to or available for purchase by the public venue during an event.

(g) The withdrawal of beer or cereal malt beverage from such licensee's inventory for use as samples in the course of the business of the distributor or at industry seminars. Samples may only be provided to persons licensed as a distributor or a retailer under the Kansas liquor control act, and such person's employees, or to persons licensed under the club and drinking establishment act, and such person's employees. Samples may be served on the licensed premises of the licensee, or on the premises of a licensed retailer, provided no sample shall be served on that portion of the premises of a licensed retailer that is open to the public and where sales of alcoholic liquor at retail are made. Samples may be served on the premises of a licensee holding a license issued under the club and drinking establishment act, provided no sample shall be served on that portion of the premises that is open to the public and where sales of alcoholic liquor are made. No sample shall be provided to any minor. Nothing in this subsection shall be construed to permit the licensee to sell any alcoholic liquor for consumption on the premises. The withdrawal of beer or cereal malt beverage shall be subject to the tax imposed by K.S.A. 79-4101 et seq., and amendments thereto, based on the applicable current posted bottle or case price. For purposes of providing samples pursuant to this subsection other than at industry seminars or to the licensee's employees, the term "sample" shall have the same meaning as that term is defined in K.S.A. 41-2601, and amendments thereto.

Sec. 24. K.S.A. 41-709 is hereby amended to read as follows: 41-709. (a) No manufacturer or distributor shall sell or deliver any package containing alcoholic liquor manufactured or distributed by such manufacturer or distributor for resale, unless the person to whom such package is sold or delivered is authorized to receive such package in accordance with the provisions of this act.

~~(b) Notwithstanding any other provision of the Kansas liquor control act, a distributor may withdraw from the distributor's inventory alcoholic liquor or cereal malt beverage for use as samples in the course of the business of the distributor or at industry seminars. The withdrawal of such alcoholic liquor or cereal malt beverage shall be in accordance with rules and regulations adopted by the secretary in accordance with K.S.A. 41-210, and amendments thereto, and shall be subject to the tax imposed by K.S.A. 79-4101 et seq., and amendments thereto, based on the applicable current posted bottle or case price.~~

(e) The director shall revoke the license of any manufacturer or distributor who violates the provisions of this section.

Sec. 25. K.S.A. 41-106, 41-314, 41-321, 41-709, 41-2609 and 41-2633a and K.S.A. 2014 Supp. 41-102, 41-306, 41-306a, 41-307, 41-311, 41-319, 41-320, 41-326, 41-328,

41-719, 41-2611, 41-2623 and 41-2640 are hereby repealed.";

And by renumbering sections accordingly;

On page 1, in the title, in line 1, by striking "liquor" and inserting "beverages; amending K.S.A. 41-106, 41-321, 41-709, 41-2609 and 41-2633a and K.S.A. 2014 Supp. 41-102, 41-306, 41-306a, 41-307, 41-311, 41-319, 41-320, 41-326, 41-328, 41-719, 41-2611, 41-2623 and 41-2640 and repealing the existing sections; also repealing K.S.A. 41-314"; and the bill be passed as amended.

REPORT ON ENROLLED BILLS

SB 8, SB 45, SB 76, SB 95, SB 108, SB 120, SB 252 reported correctly enrolled, properly signed and presented to the Governor on March 31, 2015.

On motion of Senator Bruce, the Senate adjourned until 10:00 a.m., Wednesday, April 1, 2015.

ROSE MARIE GLATT, CHARLENE BAILEY, CINDY SHEPARD, *Journal Clerks.*
COREY CARNAHAN, *Secretary of the Senate.*

