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MEMORANDUM

To: Chairman Brunk
Members of the House Committee on Federal and State Affairs

From: Jason B. Long, Senior Assistant Revisor

Date: February 3, 2015

Subject: HB 2125 - Alcoholic beverages; amendments regarding regulation by the division of alcoholic beverage control.

House Bill No. 2125 amends various provisions of Kansas Liquor Control Act (KLCA) and the Club and Drinking Establishment Act (CDEA). The bill also creates four new sections of law.

First, sections 1 through 3 of HB 2125 establish licensure requirements for limited liability companies. In section 1, for the purposes of the KLCA, an LLC will be deemed a corporation for all licensure qualification requirements, except that if the LLC is applying for a retailer's license, then it will be deemed a copartnership. In section 2, for the purposes of the CDEA, an LLC will be deemed a corporation for all licensure qualification requirements. Finally, in section 3, for purposes of the Kansas Cereal Malt Beverage Act, an LLC will be deemed a corporation for all licensure qualification requirements, except that only those individuals owning 25% or more of the ownership interest in the LLC will be required to meet the individual qualifications for a license.

Most of the remaining provisions of HB 2125 concern the Division of Alcoholic Beverage Control's enforcement of the liquor laws through administrative proceedings. New section 4 clarifies the Director's authority to suspend, involuntarily cancel or revoke licenses for fraudulently obtained licenses, licensees who violate the law, and licensees who subsequently become ineligible to hold a license.

Sections 6, 7, 9, 11 and 13 all have similar amendments that state that administrative disciplinary matters conducted by the Director are to be done in accordance with the Kansas Administrative Procedure Act. With the exception of section 10, all the remaining amendments

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in HB 2125 are to provide consistent in the statutory language with respect to the issuance, suspension, involuntary cancellation, and revocation of licenses.

Finally, section 10 amends K.S.A. 41-719 to strike subsection (c)(9) because the Hiram Price Dillon house is no longer public property, and this particular subsection provides exceptions to the general prohibition against consumption of alcohol on public property.