

MINUTES OF THE HOUSE FEDERAL AND STATE AFFAIRS COMMITTEE

The meeting was called to order by Chairman Arlen Siegfroid at 1:30 P.M. on January 25, 2007 in Room 313-S of the Capitol.

All members were present.

Committee staff present:

Kathie Sparks, Kansas Legislative Research Department
Dennis Hodgins, Kansas Legislative Research Department
Mary Torrence, Revisor of Statutes Office
Carol Doel, Committee Assistant

Conferees:

Thomas W. Groneman, Director Alcoholic Beverage Control, Kansas Department of Revenue

Others attending:

See attached list.

Chairman Siegfroid opened the floor for introduction of bills and recognized Representative Candy Ruff, who representing herself and Representative Hayzlett, requested a bill that would reflect technical changes in the state's new conceal carry law as well as to strike section 11 of SB 418 and insert in its place language to restrict a city or county's right to regulate the carrying of concealed firearms within its jurisdiction, leaving the responsibility solely to the state. Also the bill would strike subsections (b), (c), and (d) from section 10 of SB 195. (Attachment 1) The Chair made a motion to accept the bill, seconded by Representatives Huebert and Carlson. Without objection, the bill is accepted.

Representative Brown requested a bill regarding income tax credits for those wanting to invest in stem cell research. The Chair made a motion to accept the bill, seconded by Representative Brunk. With no objections, the bill is accepted.

Representative Brown requested a second bill concerning umbilical cord collection. The Chair made a motion to accept the bill, seconded by Representative Olson. With no objections, the bill is accepted.

Representative Kelsey requested a bill "teen protection act" minor modifications to the parental notification bill. The Chair made a motion to accept the bill, seconded by Representative Olson. With no objections, the bill is accepted.

Representative Kinzer requested a bill repealing instate tuition for undocumented immigrants. The Chair made a motion to accept the bill, seconded by Representative Brown. With no objections, the bill is accepted.

Chairman Siegfroid introduced Thomas Groneman, Director of the Alcoholic Beverage Control Division, Department of Revenue who presented a briefing on alcoholic beverage control. Phil Wilkes, attorney for the Kansas Department of Revenue accompanied Mr. Groneman.

Mr. Groneman explained that the number one priority of the Alcoholic Beverage Control Division is to fairly administer and enforce the liquor laws in Kansas to ensure compliance and to maintain a level playing field among all licensees. It is also their duty to see that all applicable liquor taxes due and owing are collected.

In his report, Mr. Groneman related that the 21st Amendment ended prohibition and states were granted the right to control importation, distribution and sale of alcoholic beverages within their boundaries. The end of prohibition created a fear among the states that organized crime, the "bootleggers and rumrunners" would take control of the liquor industry and that there would be return to the freewheeling days and abuses that occurred prior to prohibition. To prevent that situation, the states became either a "control" state or a "license" state. Kansas became one of 33 licensed states. The "licensed" states adopted a three tier distribution system and regulate and control the importation, distribution and sale of alcohol by licensing all alcohol beverage industry members that do business in their states.

The Alcoholic and Beverage Control (ABC) is divided into three organizational units: licensing, administration and enforcement.

CONTINUATION SHEET

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In 2006, the licensing unit processed in excess of 3,900 renewal and new license applications and permits.

Cereal Malt Beverage (CMB) are not licensed by the state, but submit their license application to the city clerk and CMB retailers outside an incorporated city apply to the county clerk.

The licensing unit is also responsible for collecting gallonage taxes, liquor, enforcement taxes, liquor drink taxes, sales taxes and withholding taxes. 10% of gallonage tax goes to SRS Community Alcoholism and Intoxication Program and the remainder to the state general fund. 70% of the Liquor Excise Tax goes to Local Alcoholic Liquor fund, 5% goes to the SRS community Intoxication Program and 25% goes to the state general fund.

Mr. Groneman explained the duties of the Administration Unit, the Enforcement Unit and the Licensee Administrative Action.

The ABC also conducts compliance checks for the Master Tobacco Settlement Agreement (SYNAR) as well as being responsible for levying drug tax assessments, and during FY 2006 agents made 461 drug tax assessments totaling \$4,919,169 resulting in collections of \$867,720.

SB 297 enacted in 2006 contained provisions pertaining to the direct shipment of wine. The bill allowed Kansas farm wineries and out-of-state wineries to ship directly to a Kansas consumer under certain circumstances, such as 1) consumer had to be physically present at the winery at the time of purchase, 2) wine had to be for personal consumption and not for resale, 3) the purchaser had to be 21 years of age, 4) purchaser was to remit all applicable taxes to the state. The bill also provided for wineries in-state and out-of-state that produce less than 100,000 gallons of wine a year to apply for a direct shipping permit which would allow the shipment of wine purchased over the internet, phone, mail, etc. to Kansas consumers through a retail liquor store designated by the purchaser. The bill allowed Kansas farm wineries to ship to consumers outside the state in accordance with that state's law. In addition, Senate Bill 297 provided for the sale of wine and beer at the State Fair.

SB 298 (uniformity bill) passed in 2005 allowed for the issuance of retail liquor licenses within all cities in the state, unless the city passed an ordinance prohibiting such sales. This bill also nullified all previous charter ordinances passed by cities and counties opting out of certain provisions of the liquor control act, mainly hours of operation. The bill did allow cities and counties to pass an ordinance or resolution, subject to a protest, petition, to expand hours of sale for retail liquor and cereal malt beverages. (Attachment 2)

Mr. Groneman also provided brochures on ABC Agency Overview, and Underage Drinking. (These are available from the Kansas Department of Revenue Alcoholic Beverage Control - Docking State Office Building - 915 SW Harrison - Room 214 - Topeka 66625 - Telephone 785-286-7015)

Also presented to the committee from the ABC was a map of the active Kansas on-premise licenses, (Attachment 3), a map of the Kansas off-premise licenses (Attachment 4), and a list of the retail liquor store expanded sales - cities (Attachment 5).

Kathie Sparks, Legislative Research, provided the committee with information requested at the January 23rd meeting regarding "How many "hits" did the Problem Gambling Help Line receive?" (Attachment 6), "How do the hits break down into types of gambling additions?" (Attachment 7), and a copy of the Kansas Lottery ADA compliance survey form (Attachment 8).

With no further business before the committee, Chairman Siegfried adjourned the meeting.