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Samuel M. Williams, Secretary  
Debbi Beavers, Director

Sam Brownback, Governor

## MEMORANDUM

**TO:** Rep. Troy Waymaster, Chairman, House Appropriations Committee

**FROM:** Debbi Beavers, Director, Alcoholic Beverage Control Division

**DATE:** March 15, 2017

**SUBJECT:** House Bill 2362

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Mr. Chairman and members of the committee. Thank you for the opportunity to testify in support of this bill.

ABC implemented a new computer system in late 2014. The system provides an online portal for our customers to apply for a new liquor license or renew their existing liquor license and offers the ability to pay license fees or fines online using a credit/debit card or an electronic check. User acceptance has been remarkable. Currently 57% of all applications are received electronically. The system is also utilized internally for liquor licensing, enforcement and administrative prosecution.

The system's vendor recommends upgrading the platform every 18 months at a current estimated cost of \$33,000 each time. We are currently operating the system 32 months without upgrading the platform, which puts the system at risk. The version of Oracle software we are currently utilizing for the system cannot be upgraded until the platform has been upgraded.

In addition to the platform upgrades, if the system were to malfunction and KDOR staff are unable to restore the system, ABC must agree to pay \$150 per hour for assistance from the vendor.

ABC has no funds appropriated to maintain and/or repair to our system. ABC proposed this bill requesting a \$20 modernization fee be applied to all applications for a liquor license (excluding permits) that would create a fund specifically for the replacement of work processes, maintenance and upgrading the hardware, software and related expenses to the system utilized for liquor licensing, enforcement and administrative prosecution.

In addition to the license fee, liquor license applicants currently pay an application fee in the amount of \$50 for a new application and existing licensees pay \$10 for a renewal application. This bill would reduce the new application fee to \$30 keeping the total fees due the same for a new applicant. Renewal application total fees would realize an increase of \$20.

Thank you Mr. Chairman for the opportunity to testify in support of this bill.