SESSION OF 2017

SUPPLEMENTAL NOTE ON SENATE BILL NO. 65

As Recommended by Senate Committee on
Financial Institutions and Insurance

Brief*

SB 65 would amend law relating to the disposition of alcoholic liquors pledged as collateral for a loan.

The bill would allow a creditor lawfully entitled to alcoholic liquors pledged as collateral for a loan, with prior written authorization from the Director of Alcoholic Beverage Control (ABC) Division of the Kansas Department of Revenue (KDOR), to take possession of the alcoholic liquors and conduct a sale of that collateral to a distributor or other licensee in order to satisfy any debt owed to the creditor. The bill would authorize the Director to require a detailed inventory, or any other necessary information, to ensure the safe storage, handling, and transfer of the alcoholic liquor. Finally, the bill would require the proceeds from any sale, including a sheriff's sale under continuing law, to go to the creditor in satisfaction of any debt owed, with the remaining proceeds returned to the debtor.

Background

The bill was introduced by the Senate Committee on Financial Institutions and Insurance at the request of the Kansas Bankers Association (KBA). In the Senate Committee hearing, representatives of the KBA and the Kansas Beer Wholesalers Association testified in favor of the bill, generally stating the bill would provide creditors with a less costly and burdensome option of selling repossessed alcoholic liquor inventory.

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*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

A representative of ABC provided neutral testimony and requested clarification for when a debtor has an outstanding balance on liquor taxes. No other testimony was provided.

According to the fiscal note prepared by the Division of the Budget, KDOR and the Kansas Association of Counties indicate enactment of the bill would have no fiscal effect. The Judiciary indicates enactment of the bill has the potential to reduce expenses from a decrease in the number of court cases in the system and decrease certain fee revenues; however, the number of cases that would be avoided by enactment of the bill and the amount of cost savings are unknown. Any fiscal effect associated with the bill is not reflected in *The FY 2018 Governor's Budget Report*.