

MINUTES OF THE HOUSE COMMITTEE ON FEDERAL AND STATE AFFAIRS.

The meeting was called to order by Chairperson Representative Tony Powell at 1:30 p.m. on February 14, 2000 in Room 313-S of the Capitol.

All members were present except Representative Freeborn, excused.:

Committee staff present: Theresa Kiernan, Revisor of Statutes
Russell Mills, Legislative Research
Mary Galligan, Legislative Research
Winnie Crapson, Secretary

Conferees appearing before the committee to propose substitute for **HB 2653, Unlawful sale of ticket of admission:**

Bill Sneed , Kansas Speedway Corporation
Bud Burke, Ticket Solutions

Conferees on hearing on **HB 2870, Alcohol and cereal malt beverages, licensees, bonds, server training programs, use of minors to enforce compliance with age restrictions:**

Proponents

Representative Sloan
Philip Bradley, Kansas Licensed Beverage Association
Rita Madl, Kansas Licensed Beverage Association
Ron Hein, Kansas Restaurant and Hospitality Association

Opponents

Lester Lawson, Kansas Clubs and Associates

Information presented

Robert Longino, Acting Director, Division of Alcoholic Beverage Control

Others attending: See attached list.

Chairman Powell opened discussion on the proposed compromise for **HB2653 Unlawful sale of ticket of admission** worked out by proponenets and opponents.

Bill Sneed, Kansas Speedway Corporation, presented the proposed substitute containing the changes representing the compromise (Attachment #1). He noted Section 1 contains similar language prohibiting ticket scalping and reviewed proposed changes: subsection (1) to Sec. 1 (a) exempts non-profits allowing them to utilize tickets in fund raising activities; subsection (5) provides for exception for tickets part of travel agent packages; subsection (6) exempts transactions where neither the buyer nor seller is located in Kansas; subsection (7) allows individuals to include any additional costs in selling tickets they are unable to use; subsection (8)(A) provides for registration of ticket brokers; subsection (8)(C) provides for an annual registration fee of \$100.00 to be paid to the Secretary of State but did not provide language to allow receipt and deposit of that fee. Secretary of State requests that the following language be added to Sec. 1 (a)(7)(C): "Fees received under this act by the secretary of state shall be deposited in the state treasury to the credit of the information and copy service fee fund." Mr. Sneed pointed out subsection (1) to Sec. 1 (b) changes the distance involved in prohibition of sales surrounding an event.

Mr. Sneed thanked the committee for allowing all interested parties time to work on a compromise and requested the committee approve the substitute bill and recommend for passage.

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Mr. Sneed said the substitute represents the attempt of the parties to balance the concerns of the committee about people and those of the entities who have legitimate reasons for reselling tickets as opposed to people trying to manipulate the system.

In response to question Melissa Wangemann of the office of the Secretary of State said the "Information and Copy Service Fee Fund" is used to provide information and copies to the public and for the imaging system.

Committee members had a number of questions about the definition of area within which reselling of tickets would be prohibited, specifically the definition of "place of entertainment" and "property line". Mr. Sneed responded that the thousand feet runs from the property line of the place of entertainment complex, not the property line of the track but of all property owned by the track. He said the Kansas Speedway could create a place on the property for a brokers' tent.

Representative Burroughs suggested the bill should be more specific about property line and pointed out that Kansas City, Kansas has an amphitheater on land owned by local government.

Representative Dahl suggested rewording of Sec. 1(a)(6) referring to buyers and sellers out of state.

Mr. Sneed explained that language was requested by brokers because of current litigation in which New York is attempting to assert jurisdiction over a broker in California selling to a resident of Arizona.

Mr. Burke stated that as in any compromise, neither side is thrilled with the work product but asked the committee to respect what the parties have been trying to achieve.

Chairman Powell moved for approval of the substitute for **HB 2653** representing compromise by opponents and proponents. Representative Hutchins seconded.

Substitute for **HB 2653** adopted.

Representative Klein moved to delete subsection (7) of Section 1 (a). Representative Rehorn seconded. Motion passed.

Representative Klein moved to change "nor" to "not" in subsection (1) of Section 1 (b). Representative Ruff seconded. Motion passed.

Representative Dahl moved to delete subsection (6) of Section 1 (a). Representative Mayans seconded.

Chairman Powell stated he opposes the amendment. While it would be helpful to rearrange the language, he thinks its good to clarify the intent when listing some exceptions.

Representative Dahl moved to the amendment. Motion failed.

Chairman Powell moved to restate subsection (6) of Section 1 (a) to state "where the buyer and the seller of the ticket are not located..." Representative Hutchins seconded. Motion passed.

Representative Cox moved to adopt substitute HB 2653 as amended. Representative Mason seconded. Motion passed.

Representative Edmonds moved to table.

Representative Edmonds withdrew his motion to table.

Chairman Powell moved to report **Substitute HB 2653** as amended favorable for passage. Representative Klein seconded. Motion passed.

Representative Edmonds requested his No vote be recorded.

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Chairman Powell opened the hearing on

HB2870, Alcohol and cereal malt beverages, licensees, bonds, server training programs, use of minors to enforce compliance with age restrictions.

Representative Sloan was unable to appear before the Committee but presented written testimony in support of the bill (Attachment #2). He explained his reasons for introducing the bill to simplify alcohol licensing and administration procedures.

Philip Bradley presented testimony in support of the bill on behalf of the Kansas Licensed Beverage Association (Attachment #3). He explained that the bill allows business persons who have proven that they are responsible and trustworthy to be relieved of the burden of a performance bond. If the licensee meets specified conditions the Director has the discretion not to require such a bond. He suggested amendments to replace the word "shall" with "may" in line 38 on page 2 and in line 3 on page 4.

Rita Madl of the Kansas Licensed Beverage Association presented oral testimony.

Ron Hein provided testimony in support of the bill as legislative counsel for the Kansas Restaurant and Hospitality Association (Attachment #4). The bill will allow "law abiding" businesses to avoid penalization for the acts of those who are not current in their obligations to the state.

Members of the committee had questions about the cost of the bonds required under current law.

Robert Longino, Acting Director of the Division of Alcoholic Beverage Control, presented testimony reviewing the provisions of the bill (Attachment #5). He stated the bill provides a mechanism whereby honest and reliable alcoholic liquor licensees may be relieved of the requirement to maintain a bond in order to renew their licenses after a continuous period of compliance with the liquor laws and the proper payment of taxes and fees.

In response to question from Representative Dahl, Director Longino said he knew of no other business required to provide a similar bond.

Lester Lawson, President of Kansas Clubs and Associates, presented testimony in opposition to **HB2870**. He stated he believes the current system is fair and has protected both the taxpayer and the license holder. With three months of tax payments presently secured by bonds of CDs the ABC is less inclined to pull a liquor license immediately and he is concerned that if the bill is passed and a licensee falls behind in tax payments, the state would be more likely to remove a license more quickly.

Chairman Powell closed the hearing on **HB2870**.

Without objection bill will be introduced providing for distinctive license plates for the Kansas Foundation for Agriculture in the Classroom as requested by Representative Hutchins.

Meeting adjourned. Next meeting is scheduled for February 15.