

SESSION OF 2020

**SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2596**

As Amended by House Committee on Federal  
and State Affairs

**Brief\***

HB 2596, as amended, would amend the Club and Drinking Establishment Act (Act) to allow any person who has a beneficial interest in a manufacturer licensed pursuant to the Kansas Liquor Control Act to be issued one drinking establishment license.

Current law prohibits manufacturers and others from influencing, coercing, or attempting to influence or coerce drinking establishment licensees from purchasing particular brands or kinds of alcoholic liquor or purchasing alcoholic liquor from a specific distributor. The bill would create an exemption from those provisions for manufacturers holding drinking establishment license with respect to purchases made by such a drinking establishment.

The bill would specify that if a drinking establishment licensee also holds a manufacturer's license:

- The licensed premises specified in the drinking establishment license would be required to be separate from, and could be not more than two miles by the road usually traveled from the licensed premises specified in the manufacturer's license;
- The drinking establishment could not sell alcoholic liquor manufactured by such manufacturer's licensee to the exclusion of other alcoholic liquor;

---

\*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>

- All beer and cereal malt beverage sold by the drinking establishment would be required to be acquired from a licensed distributor or retailer; and
- All wine and spirits sold by the drinking establishment would be required to be acquired from a licensed retailer or farm winery who possesses a federal wholesaler's basic permit.

## **Background**

The bill was introduced by the House Committee on Federal and State Affairs at the request of Representative Eplee.

In the House Committee hearing, Representative Eplee as well as representatives of the City of Atchison, Kansas Licensed Beverage Association, Kansas Restaurant & Hospitality Association, and the League of Kansas Municipalities appeared in support of the bill. Proponents generally stated that the bill had the potential to create economic growth in Kansas communities and that the bill was intended to include safeguards to honor the three tier system that exists in current law (manufacturer, distributor/wholesaler, and retailer).

The Director of Alcoholic Beverage Control, Department of Revenue, provided neutral testimony. The Director inquired about whether the bill should be amended to allow drinking establishments to purchase wine directly from Kansas farm wineries, and requested clarification on how the distance requirements between manufacturer and drinking establishment premises described in the bill were to be measured. Written-only neutral testimony was submitted by the Kansas Beer Wholesalers Association.

The House Committee amended the bill to increase the the distance requirements between manufacturer and drinking establishment premises from 1.2 to 2 miles and to

allow drinking establishment licensees who also hold manufacturer's licenses to purchase wine directly from a Kansas farm winery.

According to the fiscal note provided by the Division of the Budget on the bill as introduced, the Department of Revenue (Department) indicated that the bill would have no fiscal effect. The Department indicates the bill would require updating the manufacturer and drinking establishment handbooks, but those costs are estimated to be negligible.