

CONFERENCE COMMITTEE REPORT

MR. SPEAKER and MR. PRESIDENT: Your committee on conference on Senate amendments to **HB 2137** submits the following report:

The House accedes to all Senate amendments to the bill, and your committee on conference further agrees to amend the bill as printed with Senate Committee amendments, as follows:

On page 1, following line 12, by inserting:

"New Section 1. (a) Before making or causing any shipment of alcoholic liquor to Kansas residents, a fulfillment house shall pay a \$50 license fee and obtain such license that will be applicable for each location that is involved in the shipping process to Kansas residents. A fulfillment house license shall commence on the date specified on the license and expire two years after such date. The holder of a fulfillment house license may only provide services for the warehousing, packaging and shipping of alcoholic liquors produced by, and belonging to, a special order shipping licensee in accordance with K.S.A. 41-350, and amendments thereto. A fulfillment house licensee shall make reasonable efforts to confirm that any winery that they ship alcoholic liquor for holds a special order shipping license and may rely on the representations of each such winery for such assurance.

(b) As part of a fulfillment house license application, the applicant shall provide any information as required by rules and regulations adopted by the director and contained in the fulfillment house license application form established by the director.

(c) If the holder of the license is an out-of-state entity, the licensee shall be deemed to have appointed the secretary of state as the resident agent and representative of the licensee to accept service of process from the secretary of revenue, the director and the courts of this state concerning enforcement of this section, K.S.A. 41-501 et seq., and amendments thereto, and any rules and regulations adopted thereunder and to accept service of any notice or order provided

for in the liquor control act.

(d) (1) A fulfillment house licensee shall ensure all containers of alcoholic liquors shipped directly to an individual in this state are labeled with the name, address and license number of the fulfillment house licensee. All such containers shall contain a conspicuously printed statement of "SIGNATURE OF PERSON AGE 21 OR OLDER REQUIRED FOR DELIVERY".

(2) All containers of alcoholic liquors shipped directly to a resident of this state shall be shipped using a common carrier pursuant to K.S.A. 41-725, and amendments thereto.

(e) (1) A fulfillment house licensee shall:

(A) Maintain records of all shipments for a minimum of three years after the shipment date, that shall include the:

(i) Name, address and license number of the special order shipping licensee;

(ii) name and license number of the express company or common carrier;

(iii) date of each shipment;

(iv) carrier tracking number;

(v) name and address of the consignee of such alcoholic liquors; and

(vi) weight of the package and product type of alcoholic liquors shipped.

(B) Submit these records as an electronic report to the director monthly in the form and format prescribed by the director.

(2) Reports submitted pursuant to this subsection shall be open records available for public inspection in accordance with the open records act. Any information relating to the name or address of a consignee of any alcoholic liquors shall be redacted from the reports that are made available for public inspection. The provisions of this paragraph providing for the confidentiality of certain public records shall expire on July 1, 2026, unless the legislature reviews and reenacts such provisions in accordance with K.S.A. 45-229, and amendments

thereto, prior to July 1, 2026.

(f) A fulfillment house that willfully fails, neglects or refuses to file any report pursuant to subsection (e) shall be subject to a civil penalty of not more than \$100. After notice and an opportunity for hearing in accordance with the Kansas administrative procedure act, the director may refuse to issue or renew or may revoke a fulfillment house license upon a finding that the licensee has failed to comply with any provision of this section.

(g) The secretary of revenue shall adopt rules and regulations to implement, administer and enforce the provisions of this section.

(h) The provisions of this section shall be a part of and supplemental to the Kansas liquor control act.

Sec. 2. K.S.A. 2020 Supp. 41-102 is hereby amended to read as follows: 41-102. As used in this act, unless the context clearly requires otherwise:

(a) "Alcohol" means the product of distillation of any fermented liquid, whether rectified or diluted, whatever its origin, and includes synthetic ethyl alcohol but does not include denatured alcohol or wood alcohol.

(b) "Alcoholic candy" means:

(1) For purposes of manufacturing, any candy or other confectionery product with an alcohol content greater than 0.5% alcohol by volume; and

(2) for purposes of sale at retail, any candy or other confectionery product with an alcohol content greater than 1% alcohol by volume.

(c) "Alcoholic liquor" means alcohol, spirits, wine, beer, alcoholic candy and every liquid or solid, patented or not, containing alcohol, spirits, wine or beer and capable of being consumed by a human being, but shall not include any cereal malt beverage.

(d) "Beer" means a beverage, containing more than 3.2% alcohol by weight, obtained by alcoholic fermentation of an infusion or concoction of barley, or other grain, malt and hops in

water and includes beer, ale, stout, lager beer, porter and similar beverages having such alcoholic content.

(e) "Caterer" ~~has the meaning provided~~ means the same as defined by K.S.A. 41-2601, and amendments thereto.

(f) "Cereal malt beverage" ~~has the meaning provided~~ means the same as defined by K.S.A. 41-2701, and amendments thereto.

(g) "Club" ~~has the meaning provided~~ means the same as defined by K.S.A. 41-2601, and amendments thereto.

(h) "Director" means the director of alcoholic beverage control of the department of revenue.

(i) "Distributor" means the person importing or causing to be imported into the state, or purchasing or causing to be purchased within the state, alcoholic liquor for sale or resale to retailers licensed under this act or cereal malt beverage for sale or resale to retailers licensed under K.S.A. 41-2702, and amendments thereto.

(j) "Domestic beer" means beer which contains not more than 15% alcohol by weight and which is manufactured in this state.

(k) "Domestic fortified wine" means wine which contains more than 14%, but not more than 20% alcohol by volume and which is manufactured in this state.

(l) "Domestic table wine" means wine which contains not more than 14% alcohol by volume and which is manufactured without rectification or fortification in this state.

(m) "Drinking establishment" ~~has the meaning provided~~ means the same as defined by K.S.A. 41-2601, and amendments thereto.

(n) "Farm winery" means a winery licensed by the director to manufacture, store and sell domestic table wine and domestic fortified wine.

(o) "Fulfillment house" means any location or facility for any in-state or out-of-state

entity that handles logistics, including warehousing, packaging, order fulfillment or shipping services on behalf of the holder of a special order shipping license issued pursuant to K.S.A. 41-350, and amendments thereto.

~~(p)~~ "Hard cider" means any alcoholic beverage that:

- (1) Contains less than 8.5% alcohol by volume;
- (2) has a carbonation level that does not exceed 6.4 grams per liter; and
- (3) is obtained by the normal alcoholic fermentation of the juice of sound, ripe apples or pears, including such beverages containing sugar added for the purpose of correcting natural deficiencies.

~~(p)~~~~(q)~~ "Manufacture" means to distill, rectify, ferment, brew, make, mix, concoct, process, blend, bottle or fill an original package with any alcoholic liquor, beer or cereal malt beverage.

~~(q)~~~~(r)~~ (1) "Manufacturer" means every brewer, fermenter, distiller, rectifier, wine maker, blender, processor, bottler or person who fills or refills an original package and others engaged in brewing, fermenting, distilling, rectifying or bottling alcoholic liquor, beer or cereal malt beverage.

(2) "Manufacturer" does not include a microbrewery, microdistillery or a farm winery.

~~(q)~~~~(s)~~ "Microbrewery" means a brewery licensed by the director to manufacture, store and sell domestic beer and hard cider.

~~(s)~~~~(t)~~ "Microdistillery" means a facility which produces spirits from any source or substance that is licensed by the director to manufacture, store and sell spirits.

~~(t)~~~~(u)~~ "Minor" means any person under 21 years of age.

~~(t)~~~~(v)~~ "Nonbeverage user" means any manufacturer of any of the products set forth and described in K.S.A. 41-501, and amendments thereto, when the products contain alcohol or wine, and all laboratories using alcohol for nonbeverage purposes.

~~(v)~~(w) "Original package" means any bottle, flask, jug, can, cask, barrel, keg, hogshead or other receptacle or container whatsoever, used, corked or capped, sealed and labeled by the manufacturer of alcoholic liquor, to contain and to convey any alcoholic liquor. Original container does not include a sleeve.

~~(w)~~(x) "Person" means any natural person, corporation, partnership, trust or association.

~~(x)~~(y) "Powdered alcohol" means alcohol that is prepared in a powdered or crystal form for either direct use or for reconstitution in a nonalcoholic liquid.

~~(y)~~(z) "Primary American source of supply" means the manufacturer, the owner of alcoholic liquor at the time it becomes a marketable product or the manufacturer's or owner's exclusive agent who, if the alcoholic liquor cannot be secured directly from such manufacturer or owner by American wholesalers, is the source closest to such manufacturer or owner in the channel of commerce from which the product can be secured by American wholesalers.

~~(z)~~(aa) (1) "Retailer" means a person who is licensed under the Kansas liquor control act and sells at retail, or offers for sale at retail, alcoholic liquors or cereal malt beverages.

(2) "Retailer" does not include a microbrewery, microdistillery or a farm winery.

~~(aa)~~(bb) "Sale" means any transfer, exchange or barter in any manner or by any means whatsoever for a consideration and includes all sales made by any person, whether principal, proprietor, agent, servant or employee.

~~(bb)~~(cc) "Salesperson" means any natural person who:

(1) Procures or seeks to procure an order, bargain, contract or agreement for the sale of alcoholic liquor or cereal malt beverage; or

(2) is engaged in promoting the sale of alcoholic liquor or cereal malt beverage, or in promoting the business of any person, firm or corporation engaged in the manufacturing and selling of alcoholic liquor or cereal malt beverage, whether the seller resides within the state of Kansas and sells to licensed buyers within the state of Kansas, or whether the seller resides

without the state of Kansas and sells to licensed buyers within the state of Kansas.

~~(ee)~~(dd) "Sample" means a serving of alcoholic liquor that contains not more than: (1) One-half ounce of distilled spirits; (2) one ounce of wine; or (3) two ounces of beer or cereal malt beverage. A "sample" of a mixed alcoholic beverage shall contain not more than ½ ounce of distilled spirits.

~~(dd)~~(ee) "Secretary" means the secretary of revenue.

~~(ee)~~(ff) (1) "Sell at retail" and "sale at retail" refer to and mean sales for use or consumption and not for resale in any form and sales to clubs, licensed drinking establishments, licensed caterers or holders of temporary permits.

(2) "Sell at retail" and "sale at retail" do not refer to or mean sales by a distributor, a microbrewery, a farm winery, a licensed club, a licensed drinking establishment, a licensed caterer or a holder of a temporary permit.

~~(ff)~~(gg) "To sell" includes to solicit or receive an order for, to keep or expose for sale and to keep with intent to sell.

~~(gg)~~(hh) "Sleeve" means a package of two or more 50-milliliter or ~~(3.2-fluid-ounce)~~ containers of spirits.

~~(hh)~~(ii) "Spirits" means any beverage which contains alcohol obtained by distillation, mixed with water or other substance in solution, and includes brandy, rum, whiskey, gin or other spirituous liquors, and such liquors when rectified, blended or otherwise mixed with alcohol or other substances.

~~(ii)~~(jj) "Supplier" means a manufacturer of alcoholic liquor or cereal malt beverage or an agent of such manufacturer, other than a salesperson.

~~(jj)~~(kk) "Temporary permit" ~~has the meaning provided~~ means the same as defined by K.S.A. 41-2601, and amendments thereto.

~~(kk)~~(ll) "Wine" means any alcoholic beverage obtained by the normal alcoholic

fermentation of the juice of sound, ripe grapes, fruits, berries or other agricultural products, including such beverages containing added alcohol or spirits or containing sugar added for the purpose of correcting natural deficiencies. ~~The term "Wine" shall include~~ includes hard cider and any other product that is commonly known as a subset of wine.";

On page 2, in line 23, by striking "and"; in line 27, after "sales" by inserting "; and

(8) sell containers of beer, domestic beer and cereal malt beverage that are sold on the licensed premises to consumers and served in refillable and sealable containers for consumption off the licensed premises if such containers:

(A) Contain between 32 and 64 fluid ounces; and

(B) have a label affixed that clearly indicates the licensee's name and the type of alcoholic beverage contained in such container";

Also, on page 2, following line 30, by inserting:

"Sec. 4. K.S.A. 2020 Supp. 41-308a is hereby amended to read as follows: 41-308a. (a)

A farm winery license shall allow:

(1) The manufacture of domestic table wine and domestic fortified wine in a quantity not exceeding 100,000 gallons per year and the storage thereof;

(2) the sale of wine, manufactured by the licensee, to licensed wine distributors, retailers, public venues, clubs, drinking establishments, holders of temporary permits as authorized by K.S.A. 2020 Supp. 41-1201, and amendments thereto, and caterers;

(3) the manufacture for and sale of wine to holders of producer licenses as authorized by K.S.A. 2020 Supp. 41-355, and amendments thereto. Wine manufactured for a producer licensee shall be included in the farm winery licensee's annual production for purposes of subsection (c). The label for any such wine manufactured by the farm winery licensee, as filed with the alcohol and tobacco tax and trade bureau of the United States department of the treasury, may be owned by either the farm winery or the producer licensee for whom the wine

was manufactured;

(4) the sale, on the licensed premises and at special events monitored and regulated by the division of alcoholic beverage control in the original unopened container to consumers for consumption off the licensed premises, of wine manufactured by the licensee;

(5) the serving free of charge on the licensed premises and at special events, monitored and regulated by the division of alcoholic beverage control, of samples of wine manufactured by the licensee or imported under subsection ~~(e)~~ (f), if the licensed premises are located in a county where the sale of alcoholic liquor is permitted by law in licensed drinking establishments;

(6) the sale of wine manufactured by the licensee for consumption on the licensed premises, provided, the licensed premises are located in a county where the sale of alcoholic liquor is permitted by law in licensed drinking establishments. Wine sold pursuant to this paragraph shall not be subject to the provisions of the club and drinking establishment act, K.S.A. 41-2601 et seq., and amendments thereto, and no drinking establishment license shall be required to make such sales;

(7) if the licensee is also licensed as a club or drinking establishment, the sale of domestic wine, domestic fortified wine and other alcoholic liquor for consumption on the licensed premises as authorized by the club and drinking establishment act;

(8) if the licensee is also licensed as a caterer, the sale of domestic wine, domestic fortified wine and other alcoholic liquor for consumption on the unlicensed premises as authorized by the club and drinking establishment act;

(9) the sale and shipping, in the original unopened container, to consumers outside this state of wine manufactured by the licensee, provided that the licensee complies with applicable laws and rules and regulations of the jurisdiction to which the wine is shipped; ~~and~~

(10) the sale and shipping of wine within this state pursuant to a permit issued pursuant to K.S.A. 2020 Supp. 41-350, and amendments thereto;

(11) the transfer or receipt of wine in a bulk container or packaged wine in bond to any bonded premises pursuant to 26 U.S.C. § 5362(b)(1) and 27 C.F.R. § 24.280 through 24.284, as in effect on July 1, 2021;

(12) the transfer or receipt of wine in a bulk container in bond to a distilled spirits plant for use in the manufacture of distilled spirits pursuant to 26 U.S.C. § 5362(b)(2), (b)(3) and (c)(6) and 27 C.F.R. § 24.280 through 24.290, as in effect on July 1, 2021;

(13) the receipt of distilled spirits in a bulk container pursuant to 26 U.S.C. § 5214(a)(5) and 27 C.F.R. § 19.402 through 19.407, as in effect on on July 1, 2021; and

(14) the production of fortified wine with the addition of wine spirits to domestic wine if the spirits added are produced from the same kind of fruit that was used to produce the wine pursuant to 26 U.S.C. § 5382(b)(2), as in effect on July 1, 2021.

(b) Upon application and payment of the fee prescribed by K.S.A. 41-310, and amendments thereto, by a farm winery licensee, the director may issue not to exceed three winery outlet licenses to the farm winery licensee. A winery outlet license shall allow:

(1) The sale, on the licensed premises and at special events monitored and regulated by the division of alcoholic beverage control in the original unopened container to consumers for consumption off the licensed premises, of wine manufactured by the licensee;

(2) the serving on the licensed premises of samples of wine manufactured by the licensee or imported under subsection ~~(e)~~ (f), if the premises are located in a county where the sale of alcoholic liquor is permitted by law in licensed drinking establishments; and

(3) the manufacture of domestic table wine and domestic fortified wine and the storage thereof; provided, that the aggregate quantity of wine produced by the farm winery licensee, including all winery outlets, shall not exceed 100,000 gallons per year.

(c)(1) Not less than 30% of the products utilized in the manufacture of domestic table wine and domestic fortified wine by a farm winery shall be grown in Kansas except when a

lesser proportion is authorized by the director based upon the director's findings and judgment. The production requirement of this subsection shall be determined based on the annual production of domestic table wine and domestic fortified wine by the farm winery.

(2) On and after July 1, 2021, the percentage of products utilized in the manufacture of domestic table wine and domestic fortified wine by a farm winery required to be grown in Kansas shall be not less than 15%.

(3) The provisions of this subsection shall expire on January 1, 2023.

(d) A farm winery licensee may import wine from outside Kansas for use in the production of its domestic table wine and domestic fortified wine and shall report such imports on forms prescribed by the director.

~~(d)~~(e) A farm winery or winery outlet may sell domestic wine and domestic fortified wine in the original unopened container to consumers for consumption off the licensed premises at any time between 6 a.m. and 12 midnight on any day. If authorized by subsection (a), a farm winery may serve samples of wine manufactured by the licensee and wine imported under subsection ~~(e)~~ (f) and serve and sell domestic wine, domestic fortified wine and other alcoholic liquor for consumption on the licensed premises at any time when a club or drinking establishment is authorized to serve and sell alcoholic liquor. If authorized by subsection (b), a winery outlet may serve samples of domestic wine, domestic fortified wine and wine imported under subsection ~~(e)~~ (f) at any time when the winery outlet is authorized to sell domestic wine and domestic fortified wine.

~~(e)~~(f) The director may issue to the Kansas state fair or any bona fide group of grape growers or wine makers a permit to import into this state small quantities of wines. Such wine shall be used only for bona fide educational and scientific tasting programs and shall not be resold. Such wine shall not be subject to the tax imposed by K.S.A. 41-501, and amendments thereto. The permit shall identify specifically the brand and type of wine to be imported, the

quantity to be imported, the tasting programs for which the wine is to be used and the times and locations of such programs. The secretary shall adopt rules and regulations governing the importation of wine pursuant to this subsection and the conduct of tasting programs for which such wine is imported.

~~(f)~~(g) A farm winery license or winery outlet license shall apply only to the premises described in the application and in the license issued and only one location shall be described in the license.

~~(g)~~(h) No farm winery or winery outlet shall:

(1) Employ any person under the age of 18 years in connection with the manufacture, sale or serving of any alcoholic liquor;

(2) permit any employee of the licensee who is under the age of 21 years to work on the licensed premises at any time when not under the on-premise supervision of either the licensee or an employee of the licensee who is 21 years of age or over;

(3) employ any person under 21 years of age in connection with mixing or dispensing alcoholic liquor;~~or~~

(4) employ any person in connection with the manufacture or sale of alcoholic liquor if the person has been convicted of a felony;or

(5) transfer wine in a bulk container to the premises of a brewery pursuant to 26 U.S.C. § 5411 and 27 C.F.R. § 25.23, as in effect on July 1, 2021.

~~(h)~~(i) Whenever a farm winery or winery outlet licensee is convicted of a violation of the Kansas liquor control act, the director may revoke the licensee's license and order forfeiture of all fees paid for the license, after a hearing before the director for that purpose in accordance with the provisions of the Kansas administrative procedure act.

~~(i)~~(j) For purposes of this section, the terms in subsections (a)(11) through (a)(14) and (h)(5), if not otherwise defined in K.S.A. 41-102, and amendments thereto, mean the same as

such terms are defined in title 27, chapter I, subchapter A of the code of federal regulations, as in effect on July 1, 2021.

(k) This section shall be a part of and supplemental to the Kansas liquor control act.

Sec. 5. K.S.A. 2020 Supp. 41-308b is hereby amended to read as follows: 41-308b. (a)  
A microbrewery license shall allow:

(1) The manufacture of not less than 100 nor more than 60,000 barrels of domestic beer during the calendar year and the storage thereof, if, however, the licensee holds a 10% or greater ownership interest in one or more entities that also hold a microbrewery license, then the aggregate number of barrels of domestic beer manufactured by all such licensees with such common ownership shall not exceed the 60,000 barrel limit;

(2) the manufacture in the aggregate of not more than 100,000 gallons of hard cider during the calendar year and the storage thereof;

(3) the sale to beer distributors of beer and the sale to wine distributors of hard cider, manufactured by the licensee;

(4) the sale, on the licensed premises in the original unopened container to consumers for consumption off the licensed premises, of beer and hard cider manufactured by the licensee;

(5) the sale, on the licensed premises in refillable and sealable containers to consumers for consumption off the licensed premises, of beer manufactured by the licensee, subject to the following conditions:

(A) Containers described in this paragraph shall contain not less than 32 fluid ounces and not more than 64 fluid ounces of beer; and

(B) the licensee shall affix a label to all containers sold pursuant to this paragraph clearly indicating the licensee's name and the name and type of beer contained in such container;

(6) the serving free of charge on the licensed premises and at special events, monitored and regulated by the division of alcoholic beverage control, of samples of beer and hard cider

manufactured by the licensee, if the premises are located in a county where the sale of alcoholic liquor is permitted by law in licensed drinking establishments;

(7) if the premises is also licensed as a club or drinking establishment, the sale and transfer of domestic beer to such club or drinking establishment and the sale of domestic beer and other alcoholic liquor for consumption on the licensed premises as authorized by the club and drinking establishment act;

(8) if the premises is also licensed as a caterer, the sale of domestic beer and other alcoholic liquor for consumption on unlicensed premises as authorized by the club and drinking establishment act;

(9) if the licensee holds a 10% or greater ownership interest in one or more entities that also hold a microbrewery license, the domestic beer may be manufactured and transferred for sale or storage among such microbrewery licensees with such common ownership; and

(10) the transfer of beer and hard cider manufactured by the licensee pursuant to a contract entered into in accordance with subsection (b) to the contracting microbrewery.

(b) (1) A microbrewery may contract with one or more microbreweries for the purpose of manufacturing beer or hard cider for such other microbreweries. A microbrewery located in this state may manufacture and package beer and hard cider for a microbrewery located within or outside of Kansas.

(2) A microbrewery manufacturing beer or hard cider for another microbrewery shall be responsible for complying with all federal and state laws dealing with the manufacturing of beer and hard cider, including labeling laws, and shall be responsible for the payment of all federal and state taxes on the beer and hard cider.

(3) Each party engaged in a contract brewing agreement must count the total amount of barrels and gallons manufactured as part of the agreement and include that total amount as part of their allowed aggregate total as provided in subsection (a).

(c)(1) Not less than 30% of the products utilized in the manufacture of hard cider by a microbrewery shall be grown in Kansas except when a lesser proportion is authorized by the director based upon the director's findings and judgment. The production requirement of this subsection shall be determined based on the annual production of domestic hard cider.

(2) On and after July 1, 2021, the percentage of products utilized in the manufacture of hard cider by a microbrewery required to be grown in Kansas shall be not less than 15%.

(3) The provisions of this subsection shall expire on January 1, 2023.

(d) Upon application and payment of the fee prescribed by K.S.A. 41-310, and amendments thereto, by a microbrewery licensee, the director may issue not to exceed one microbrewery packaging and warehousing facility license to the microbrewery licensee. A microbrewery packaging and warehousing facility license shall allow:

(1) The transfer, from the licensed premises of the microbrewery to the licensed premises of the microbrewery packaging and warehousing facility, of beer and hard cider manufactured by the licensee, for the purpose of packaging or storage, or both;

(2) the transfer, from the licensed premises of the microbrewery packaging and warehousing facility to the licensed premises of any microbrewery of such licensee, of beer manufactured by the licensee;

(3) the removal from the licensed premises of the microbrewery packaging and warehousing facility of beer manufactured by the licensee for the purpose of delivery to a licensed beer wholesaler; and

(4) the removal from the licensed premises of the microbrewery packaging and warehousing facility of hard cider manufactured by the licensee for the purpose of delivery to a licensed wine distributor.

(e) A microbrewery may sell domestic beer in the original unopened container to consumers for consumption off the licensed premises at any time between 6 a.m. and 12

midnight on any day. If authorized by subsection (a), a microbrewery may serve samples of domestic beer and serve and sell domestic beer and other alcoholic liquor for consumption on the licensed premises at any time when a club or drinking establishment is authorized to serve and sell alcoholic liquor.

(f) The director may issue to the Kansas state fair or any bona fide group of brewers a permit to import into this state small quantities of beer. Such beer shall be used only for bona fide educational and scientific tasting programs and shall not be resold. Such beer shall not be subject to the tax imposed by K.S.A. 41-501, and amendments thereto. The permit shall identify specifically the brand and type of beer to be imported, the quantity to be imported, the tasting programs for which the beer is to be used and the times and locations of such programs. The secretary shall adopt rules and regulations governing the importation of beer pursuant to this subsection and the conduct of tasting programs for which such beer is imported.

(g) A microbrewery license or microbrewery packaging and warehousing facility license shall apply only to the premises described in the application and in the license issued and only one location shall be described in the license.

(h) No microbrewery shall:

(1) Employ any person under the age of 18 years in connection with the manufacture, sale or serving of any alcoholic liquor;

(2) permit any employee of the licensee who is under the age of 21 years to work on the licensed premises at any time when not under the on-premises supervision of either the licensee or an employee of the licensee who is 21 years of age or over;

(3) employ any person under 21 years of age in connection with mixing or dispensing alcoholic liquor; or

(4) employ any person in connection with the manufacture or sale of alcoholic liquor if the person has been convicted of a felony.

(i) Whenever a microbrewery licensee is convicted of a violation of the Kansas liquor control act, the director may revoke the licensee's license and all fees paid for the license in accordance with the Kansas administrative procedure act.";

On page 3, in line 30, by striking ", residence"; in line 31, by striking "subsection (a)(12)" and inserting "paragraph"; in line 33, by striking all after "officer"; in line 34, by striking all before the semicolon; in line 36, by striking "which" and inserting "that"; in line 43, by striking "which" and inserting "that";

On page 4, in line 3, by striking all after "(1)"; by striking all in lines 4 and 5; in line 6, by striking "(3)"; in line 26, by striking "and residence"; in line 27, by striking all after "copartners"; by striking all in lines 28 and 29; in line 30, after "be" by inserting "individually"; in line 34, after the semicolon by inserting "or"; in line 35, by striking all after "(4)"; by striking all in lines 36 and 37; in line 38, by striking "(6)";

On page 5, in line 42, by striking all after "(1)"; in line 43, by striking "(2)";

On page 6, in line 3, by striking "which" and inserting "that"; in line 19, by striking all after "(g)"; by striking all in lines 20 and 21; in line 22, by striking all before "if"; also in line 22, after "applicant" by inserting "is not a Kansas resident, no license shall be issued until the applicant";

And by redesignating subsections, paragraphs, subparagraphs and clauses accordingly;

On page 7, following line 5, by inserting:

"Sec. 7. K.S.A. 2020 Supp. 41-311b is hereby amended to read as follows: 41-311b. (a) If an applicant for licensure is not a resident of the state of Kansas on the date of submission of such application ~~or has not been a resident for at least one year immediately preceding the date of submission of such application~~, the director ~~shall~~ may require the individual applicant, or if the applicant is a corporation, partnership or trust, each individual officer, director, stockholder, copartner or trustee to:

(1) Submit to a national criminal history record check and provide the director with a

legible set of fingerprints;

(2) disclose to the director any substantial financial interest the applicant owns in any entity that receives proceeds from the sale of alcoholic beverages; and

(3) submit a release allowing the director to have access to and review of the applicant's financial records to verify ownership and to ensure applicant is not an agent of another person. This release shall remain in effect after the license has been issued until the license is canceled or revoked.

(b) The director shall submit the fingerprints provided under subsection (a) to the Kansas bureau of investigation and to the federal bureau of investigation and receive a reply to enable the director to verify the identity of such applicant or such individuals specified in subsection (a) and whether such applicant or such individuals have been convicted of any crimes that would disqualify the applicant or such individuals from holding a license under the liquor control act. The director is authorized to use the information obtained from the national criminal history record check to determine such applicant's or individual's eligibility to hold a license under the liquor control act.

(c) All costs incurred pursuant to this section to ensure that the applicant is qualified for licensure shall be paid by the applicant.

Sec. 8. K.S.A. 2020 Supp. 41-320a is hereby amended to read as follows: 41-320a. (a) The director may suspend, involuntarily cancel or revoke any license issued pursuant to the Kansas liquor control act if, after notice and an opportunity for a hearing, the director determines that the licensee has:

(1) Fraudulently obtained the license by providing false information on the application therefor, or at any hearing thereon;

(2) violated any of the provisions of the Kansas liquor control act, ~~or~~ any rules or regulations adopted pursuant to such act or any lawful order issued by the director; or

(3) become ineligible to obtain a license or permit under K.S.A. 41-311 or K.S.A. 2020 Supp. 41-311b, and amendments thereto.

(b) This section shall be a part of and supplemental to the Kansas liquor control act.

Sec. 9. K.S.A. 2020 Supp. 41-350 is hereby amended to read as follows: 41-350. (a) For the purposes of this act, the term "winery" means any maker or producer of wine whether in this state or in any other state, who holds a valid federal basic wine manufacturing permit. The terms "director" and "secretary" have the meaning ascribed to these terms in K.S.A. 41-102, and amendments thereto.

(b) Any winery may be authorized to make direct shipments of wine to consumers in this state upon obtaining a special order shipping license from the secretary pursuant to this act.

(1) A special order shipping license shall only be issued to a winery upon compliance with all applicable provisions of this act and the regulations promulgated pursuant to this act, and upon payment of a license fee in the amount of \$100. The license term for a special order shipping license shall commence on the date ~~the license is issued by the director~~ specified on the license and shall end two years after that date.

(2) A special order shipping license shall entitle the winery to ship wine upon order directly to consumers for personal or household use in this state. The purchaser shall pay the purchase price and all shipping costs directly to the permit holder. Enforcement taxes collected herein shall be paid solely on the purchase price and not on the shipping costs.

(c) No holder of a special order shipping license shall be permitted to ship in excess of 12 standard cases of wine of one brand or a combination of brands into this state to any one consumer or address per calendar year.

(d) (1) Before accepting an order from a consumer in this state, the holder of a special order shipping license shall require that the person placing the order to state affirmatively that he or she is 21 years of age or older and shall verify the age of such person placing the order either

by the physical examination of an approved government issued form of identification or by utilizing an internet based age and identification service approved by the director of alcoholic beverage control, or the director's designee.

(2) Every shipment of wine by the holder of a special order shipping license shall be clearly marked 'Alcoholic Beverages, Adult Signature Required' and the carrier delivering such shipment shall be responsible for obtaining the signature of an adult who is at least 21 years of age as a condition of delivery.

(e) A special order shipping license shall not authorize the shipment of any wine to any premises licensed to sell alcoholic beverages pursuant to this act or the club and drinking establishment act.

(f) The failure to comply strictly with the requirements of this act and rules and regulations promulgated pursuant to this act shall be grounds for the revocation of a special order shipping license or other disciplinary action by the director. After notice and an opportunity for hearing in accordance with the provisions of the Kansas administrative procedure act, the director may refuse to issue or renew or may revoke a shipping permit upon a finding that the permit holder has failed to comply with any provision of this section or K.S.A. 41-501 et seq., and amendments thereto, or any rules and regulations adopted pursuant to such statutes. Upon revocation of a special order shipping license for shipment of wine to a person not of legal age as required herein such winery shall not be issued any special order shipping license pursuant to this act for a period of one year from the date of revocation.

(g) The holder of a special order shipping license shall collect all gallonage taxes imposed by K.S.A. 41-501 et seq., and amendments thereto, shall on a quarterly basis electronically remit such taxes ~~annually~~ in a manner prescribed by the secretary and shall accompany such remittance with ~~such~~ any reports, documentation ~~and~~ or other information as may be required by the secretary. In addition, an applicant for and a holder of a special order

shipping license, as a condition of receiving and holding a valid license, shall:

(1) Collect and pay the applicable Kansas enforcement tax on each sale shipped to a consumer in Kansas imposed by K.S.A. 79-4101 et seq., and amendments thereto;

(2) accompany each remittance with such sales tax reports, documentation and other information as may be required by the director of taxation; and

(3) if the holder of the license is an out-of-state shipper, the licensee shall be deemed to have appointed the secretary of state as the resident agent and representative of the licensee to accept service of process from the secretary of revenue, the director and the courts of this state concerning enforcement of this section, K.S.A. 41-501 et seq., and amendments thereto, and any related laws and rules and regulations and to accept service of any notice or order provided for in the liquor control act.

(h) The secretary of revenue may adopt rules and regulations to implement, administer and enforce the provisions of this section.

(i) This section shall be a part of and supplemental to the Kansas liquor control act.

Sec. 10. K.S.A. 2020 Supp. 41-352 is hereby amended to read as follows: 41-352. (a) Any manufacturer or supplier of alcoholic liquor or cereal malt beverage, whether licensed in this state or any other state, or a holder of a distilled spirits plant permit issued by the alcohol and tobacco tax and trade bureau of the United States department of treasury may apply for an annual packaging and warehousing facility permit. The application shall be on a form prescribed by the director and shall include all information the director deems necessary.

(b) A packaging and warehousing facility permit shall allow the:

(1) ~~The~~ Transfer of alcoholic liquor or cereal malt beverage to the licensed premises of a packaging and warehousing facility for the purpose of packaging or storage, or both;

(2) ~~the~~ sale and transfer from the licensed premises of a packaging and warehousing facility to the licensed premises of a spirits, wine or beer distributor licensed in Kansas or to a

Kansas supplier; ~~and~~

(3) ~~the~~ transfer from the licensed premises of a packaging and warehousing facility to another state; and

(4) receipt and transfer of alcoholic liquor in a bulk container from any manufacturer, supplier, farm winery, microbrewery or microdistillery of alcoholic liquor or cereal malt beverage, whether licensed in this state or any other state, for purposes of packaging in cans or bottles.

(c) The annual fee for a packaging and warehousing facility permit shall be \$2,500.

(d) Each brand and label of alcoholic liquor or cereal malt beverage that is intended for sale to distributors in Kansas and is transported, packaged or stored at a licensed packaging and warehousing facility must be registered in accordance with the provisions of K.S.A. 41-331, and amendments thereto.

(e) The tax imposed pursuant to K.S.A. 41-501, and amendments thereto, shall be paid on alcoholic liquor or cereal malt beverage imported into this state under a packaging and warehousing facility permit only if the alcoholic liquor or cereal malt beverage is sold to a distributor for sale at wholesale in this state and shall be paid by the distributor who purchases the alcoholic liquor or cereal malt beverage for sale at wholesale.

(f) For purposes of this section, the terms in subsections (a) and (b)(4), if not otherwise defined in K.S.A. 41-102, and amendments thereto, mean the same as such terms are defined in title 27, chapter I, subchapter A of the code of federal regulations, as in effect on July 1, 2021.

(g) This section shall be a part of and supplemental to the Kansas liquor control act.

Sec. 11. K.S.A. 2020 Supp. 41-712 is hereby amended to read as follows: 41-712. (a) Within any city where the days of sale at retail of alcoholic liquor in the original package have not been expanded as provided by K.S.A. 2020 Supp. 41-2911, and amendments thereto, or have been so expanded and subsequently restricted as provided by K.S.A. 2020 Supp. 41-2911, and

~~amendments thereto, and within any township where the days of sale at retail of alcoholic liquor in the original package have not been expanded as provided by K.S.A. 2020 Supp 41-2911, and amendments thereto, or have been so expanded and subsequently restricted as provided by K.S.A. 2020 Supp. 41-2911, and amendments thereto,~~ no person shall sell at retail any alcoholic liquor in the original package: (1) On Sunday; (2) on ~~Memorial Day, Independence Day, Labor Day,~~ Thanksgiving Day or Christmas Day; or (3) before 9 a.m. or after 11 p.m. on any day when the sale is permitted. The governing body of any city by ordinance may require the closing of premises prior to 11 p.m., but such ordinance shall not require closing prior to 8 p.m.

(b) Within any city where the days of sale at retail of alcoholic liquor in the original package have been expanded as provided by K.S.A. 2020 Supp. 41-2911, and amendments thereto, and have not been subsequently restricted as provided by K.S.A. 2020 Supp. 41-2911, and amendments thereto, and within any township where the days of sale at retail of alcoholic liquor in the original package have been expanded as provided by K.S.A. 2020 Supp. 41-2911, and amendments thereto, and have not been subsequently restricted as provided by K.S.A. 2020 Supp. 41-2911, and amendments thereto, no person shall sell at retail alcoholic liquor in the original package: (1) On Sunday ~~before 12 noon or after~~ not earlier than 9 a.m. and not later than 8 p.m.; (2) on Easter Sunday, Thanksgiving Day or Christmas Day; or (3) before 9 a.m. or after 11 p.m. on any day when the sale is permitted. The governing body of any city by ordinance may require the closing of premises prior to 11 p.m., but such ordinance shall not require closing prior to 8 p.m.

Sec. 12. K.S.A. 2020 Supp. 41-718 is hereby amended to read as follows: 41-718. (a) No person except a manufacturer, distributor, microbrewery, microdistillery, farm winery or wholesaler shall fill or refill, in whole or in part, any original package of alcoholic liquor with the same or any other kind or quality of alcoholic liquor.

(b) No person shall have in the person's possession for sale at retail any bottles, casks or

other containers containing alcoholic liquor, except in original packages.

(c) This section shall not apply to the sale of beer, domestic beer or cereal malt beverage by a retailer in accordance with K.S.A. 41-308(c)(8), and amendments thereto.;

Also on page 7, in line 35, by striking "they are" and inserting "such permit is";

On page 8, in line 9, after "(1)" by inserting "(A)"; in line 11, by striking "(A)" and inserting "(i)"; in line 13, by striking "(B)" and inserting "(ii)"; in line 16, by striking "(C)" and inserting "(iii)"; in line 18, before "The" by inserting "(B)"; in line 19, by striking the first "which" and inserting "that";

On page 10, in line 23, by striking "the age of"; also in line 23, after "years" by inserting "of age"; in line 25, by striking "the age of"; also in line 25, after "years" by inserting "of age"; in line 27, by striking "the age of"; also in line 27, after "21" by inserting "years of age";

On page 13, in line 17, by striking "(" and inserting a comma; in line 18, by striking ")" and inserting a comma; also in line 18, after "them" by inserting ", as provided in K.S.A. 41-2637, and amendments thereto"; in line 26, after the period by inserting "The term "; also in line 26, after "establishment" by inserting """;

On page 17, in line 1, by striking "this" and inserting "the club and drinking establishment"; also in line 1, by striking "or" and inserting a comma; in line 2, by striking "hereunder" and inserting "pursuant to such act or any lawful order issued by the director"; in line 25, after "and" by inserting ":

(1)";

Also on page 17, in line 28, after "final" by inserting a semicolon; also in line 28, after "or" by inserting:

"(2)";

On page 19, in line 2, by striking all after "(3)"; by striking all in line 3; in line 4, by striking "(4)"; following line 26, by inserting:

"(F) Any person who has a beneficial interest in a manufacturer licensed pursuant to the Kansas liquor control act may be issued one drinking establishment license."; in line 32, by striking all after "citizenship"; by striking all in line 43;

On page 20, by striking all in line 1; in line 7, by striking the colon; in line 8, by striking "(1)"; by striking all in lines 15 and 16;

And by redesignating subsections, paragraphs, subparagraphs and clauses accordingly;

Also on page 20, following line 16, by inserting:

"Sec. 26. K.S.A. 41-2632 is hereby amended to read as follows: 41-2632. (a) As used in this section:

(1) ~~The word~~"Distributor" means a person, firm, association or corporation ~~which~~ that is the holder of an alcoholic liquor distributor's license issued under the Kansas liquor control act;

(2) ~~the word~~"retailer" means a person, copartnership or association ~~which~~ that is the holder of a retailer's license issued under the Kansas liquor control act; and

(3) ~~the word~~"manufacturer" ~~shall have the meaning ascribed to it by~~ means the same as such term is defined in K.S.A. 41-102, and amendments thereto.

(b) It shall be unlawful for a distributor of alcoholic liquor, or a manufacturer, or any officer, agent or employee thereof, to influence, coerce or induce or attempt to influence, coerce or induce, either directly or indirectly, any holder of a license issued under this act, or any officer, agent or employee of the holder of such a license, to: (1) Purchase any particular brand or kind of alcoholic liquor to be dispensed by the licensee, except that a distributor or manufacturer may provide to a licensee information regarding the availability of brands in the market and things of value as authorized by ~~subsection (d) of~~ K.S.A. 41-703(d), and amendments thereto; or (2) purchase from a particular retailer alcoholic liquor to be dispensed by the licensee.

(c) Violation of this section is a misdemeanor punishable by a fine of not less than \$100

nor more than \$1,000 or by imprisonment for not more than six months, or by both.

(d) The provisions of this section shall not apply to any manufacturer who holds a drinking establishment license with respect to purchases made by such drinking establishment.";

Also on page 20, in line 21, by striking the second "and"; in line 23, after "them" by inserting "; and

(3) offer for sale, sell and serve alcoholic liquor for consumption on the licensed premises by individuals other than those individuals specified in paragraph (1) during an event held in accordance with subsection (d)";

Also on page 20, in line 24, before "No" by inserting "(b)"; in line 29, by striking the first "(b)" and inserting "(c)"; also in line 29, by striking "(b)(2)" and inserting "(c)(2)"; in line 42, by striking "(c)" and inserting "(d) (1) A licensee may offer for sale, sell and serve alcoholic liquor for consumption on the licensed premises by individuals other than members of the licensee, their families or guests during an event. The licensee shall provide electronic notification to the director at least 48 hours prior to any such event. The director shall make the electronic notification available to local law enforcement. Such notice shall consist of the date, time, location and the names of the contracting parties of the event. The licensee shall retain all documents for a period of three years for inspection by the director. The documents retained shall include agreements, receipts and records of alcohol purchased.

(2) For purposes of this subsection, the term "event" means any function, occasion, celebration or other event held on the licensed premises for a specified duration of time and during which individuals who are not members of the licensee, their families or guests are permitted to enter and use the licensed premises pursuant to an agreement between the licensee and the contracting party.

(e)";

On page 21, following line 3, by inserting:

"Sec. 28. K.S.A. 2020 Supp. 41-2640 is hereby amended to read as follows: 41-2640.

(a) No club, drinking establishment, caterer or holder of a temporary permit, nor any person acting as an employee or agent thereof, shall:

(1) Offer or serve any free cereal malt beverage or alcoholic liquor in any form to any person;

(2) offer or serve to any person an individual drink at a price that is less than the acquisition cost of the individual drink to the licensee or permit holder;

(3) sell, offer to sell or serve to any person an unlimited number of individual drinks during any set period of time for a fixed price, except at private functions not open to the general public or to the general membership of a club;

(4) encourage or permit, on the licensed premises, any game or contest which involves drinking alcoholic liquor or cereal malt beverage or the awarding of individual drinks as prizes;

(5) sell, offer to sell or serve free of charge any form of powdered alcohol, as defined in K.S.A. 41-102, and amendments thereto; or

(6) advertise or promote in any way, whether on or off the licensed premises, any of the practices prohibited under subsections (a)(1) through (5).

(b) No public venue, nor any person acting as an employee or agent thereof, shall:

(1) Offer or serve any free cereal malt beverage or alcoholic liquor in any form to any person;

(2) offer or serve to any person a drink or original container of alcoholic liquor or cereal malt beverage at a price that is less than the acquisition cost of the drink or original container of alcoholic liquor or cereal malt beverage to the licensee;

(3) sell or serve alcoholic liquor in glass containers to customers in the general admission area;

(4) sell or serve more than two drinks per customer at any one time in the general

admission area;

(5) encourage or permit, on the licensed premises, any game or contest which involves drinking alcoholic liquor or cereal malt beverage or the awarding of drinks as prizes;

(6) sell, offer to sell or serve free of charge any form of powdered alcohol, as defined in K.S.A. 41-102, and amendments thereto; or

(7) advertise or promote in any way, whether on or off the licensed premises, any of the practices prohibited under subsections (b)(1) through (6).

(c) A public venue, club, drinking establishment, caterer or holder of a temporary permit may:

(1) Offer free food or entertainment at any time;

(2) sell or deliver wine by the bottle or carafe;

(3) sell, offer to sell and serve individual drinks at different prices throughout any day;

(4) sell or serve beer ~~or~~, cereal malt beverage or mixed alcoholic beverage in a pitcher ~~capable of containing not more than 64 fluid ounces; or~~

(5) offer samples of alcohol liquor free of charge as authorized by this act; ~~or~~

~~(6) sell or serve margarita, sangria, daiquiri, mojito or other mixed alcoholic beverages as approved by the director in a pitcher containing not more than 64 fluid ounces.~~

(d) A hotel of which the entire premises is licensed as a drinking establishment may, in accordance with rules and regulations adopted by the secretary, distribute to its guests coupons redeemable on the hotel premises for drinks containing alcoholic liquor. The hotel shall remit liquor drink tax in accordance with the provisions of the liquor drink tax act, K.S.A. 79-41a01 et seq., and amendments thereto, on each drink served based on a price which is not less than the acquisition cost of the drink.

(e) (1) A public venue, club or drinking establishment may offer customer self-service of beer or wine, or both, from automated devices on licensed premises so long as the licensee

monitors and has the ability to control the dispensing of such beer or wine, or both, from the automated devices.

(2) (A) For purposes of this subsection, "automated device" ~~shall mean~~ means any mechanized device capable of dispensing wine or beer, or both, directly to a customer in exchange for compensation that a licensee has received directly from the customer.

(B) No licensee shall allow an automated device to be used on its licensed premises without first providing written or electronic notification to the director of the licensee's intent to use the automated device. The licensee shall provide this notification at least 48 hours before any automated device is used on the licensed premises.

(C) Each licensee offering customer self-service of wine or beer, or both, from any automated device shall provide constant video monitoring of the automated device at all times during which the licensee is open to the public. The licensee shall keep recorded footage from the video monitoring for at least 60 days and shall provide the footage, upon request, to any agent of the director or other authorized law enforcement agent.

(D) The compensation required by subsection (a) shall be in the form of a programmable, prepaid access card containing a fixed amount of monetary credit that may be directly exchanged for beer or wine dispensed from the automated device. Access cards may be sold, used or reactivated only during a business day. Each access card shall be purchased from the licensee by a customer. A licensee shall not issue more than one active access card to a customer. For purposes of this subsection, an access card shall be deemed active if the access card contains monetary credit or has not yet been used to dispense 15 ounces of wine or 32 ounces of beer. Each purchase of an access card under this subparagraph shall be subject to the liquor drink tax imposed by K.S.A. 79-41a02, and amendments thereto.

(E) In order to obtain a prepaid access card from a licensee, each customer shall produce a valid driver's license, identification card or other government-issued document that

contains a photograph of the individual and demonstrates that the individual is at least 21 years of age. Each access card shall be programmed to require the production of the customer's valid identification before the access card can be used for the first time during any business day or for any subsequent reactivation as provided in subparagraph (D).

(F) Each access card shall become inactive at the end of each business day.

(G) Each access card shall be programmed to allow the dispensing of no more than 15 ounces of wine or 32 ounces of beer to a customer. Once an access card has been used to dispense 15 ounces of wine or 32 ounces of beer to a customer, the access card shall become inactive. Any customer in possession of an inactive access card may, upon production of the customer's valid identification to the licensee or licensee's employee, have the access card reactivated to allow the dispensing of an additional 15 ounces of wine or 32 ounces of beer from an automated device.

Subparagraph (D), (E), (F) or (G) shall not apply to wine or beer that is dispensed directly to the licensee or the licensee's agent or employee.

(3) The secretary shall adopt rules and regulations prior to January 1, 2019, as necessary to implement the provisions of this subsection.

(4) Notwithstanding any other provision of law, all laws and rules and regulations applicable to the sale of alcoholic liquor to persons under the legal age of consumption shall be applicable to the sales transaction of the prepaid access card.

(f) A hotel of which the entire premises is not licensed as a drinking establishment may, in accordance with rules and regulations adopted by the secretary, through an agreement with one or more clubs or drinking establishments, distribute to its guests coupons redeemable at such clubs or drinking establishments for drinks containing alcoholic liquor. Each club or drinking establishment redeeming coupons issued by a hotel shall collect from the hotel the agreed price, which shall be not less than the acquisition cost of the drink plus the liquor drink tax for each

drink served. The club or drinking establishment shall collect and remit the liquor drink tax in accordance with the provisions of the liquor drink tax act, K.S.A. 79-41a01 et seq., and amendments thereto.

(g) Violation of any provision of this section is a misdemeanor punishable as provided by K.S.A. 41-2633, and amendments thereto.

(h) Violation of any provision of this section shall be grounds for suspension or revocation of the licensee's license as provided by K.S.A. 41-2609, and amendments thereto, and for imposition of a civil fine on the licensee or temporary permit holder as provided by K.S.A. 41-2633a, and amendments thereto.

(i) For the purposes of this section, the term:

(1) "Day" means from 6:00 a.m. until 2:00 a.m. the following calendar day;

(2) "mixed alcoholic beverage" means a beverage that is made by combining alcoholic liquor with a non-alcoholic liquid or other edible substance and that is comprised of at least 25% non-alcoholic liquid or other edible substance, including, but not limited to, margarita, sangria, daiquiri or mojito; and

(3) "pitcher" means any container that is capable of containing more than 32 fluid ounces but not more than 64 fluid ounces that is used to serve alcoholic liquor or cereal malt beverage to one or more individuals.";

On page 23, in line 38, after "(d)" by inserting "(1)"; following line 41, by inserting:

"(2) If the drinking establishment licensee also holds a manufacturer's license issued under the Kansas liquor control act, the licensed premises specified in the drinking establishment license shall not be the same as the licensed premises specified in the manufacturer's license, but such specified premises shall be located not more than two miles by the usually traveled road from the licensed premises specified in the manufacturer's license.";

On page 24, following line 16, by inserting:

"(g) If the drinking establishment licensee also holds a manufacturer's license issued under the Kansas liquor control act, the drinking establishment shall not sell alcoholic liquor manufactured by such manufacturer's licensee to the exclusion of other alcoholic liquor. All beer and cereal malt beverage sold by the drinking establishment shall be acquired from a distributor or retailer licensed under the Kansas liquor control act, and all wine and spirits sold by the drinking establishment shall be acquired from a retailer or farm winery licensed under the Kansas liquor control act and who possesses a federal wholesaler's basic permit.";

On page 28, in line 7, after "(b)" by inserting "A patron may remove one or more containers of beer, domestic beer and cereal malt beverage, as those terms are defined in K.S.A. 41-102, and amendments thereto, that are sold on the licensed premises to consumers and served in refillable and sealable containers for consumption off the licensed premises if such containers:

- (1) Contain between 32 and 64 fluid ounces;
- (2) have a label affixed that clearly indicates the licensee's name and the type of alcoholic beverage contained in such container; and
- (3) are not sold or removed from the premises after 11:00 p.m.
- (d) All alcoholic liquor, cereal malt beverage and nonalcoholic malt beverage sold by a licensee shall be subject to the tax imposed by K.S.A. 79-41a02, and amendments thereto.
- (e)";

On page 31, following line 35, by inserting:

"Sec. 36. K.S.A. 2020 Supp. 41-2703 is hereby amended to read as follows: 41-2703.  
(a) After examination of an application for a retailer's license, the board of county commissioners or the director shall, if they approve the same, issue a license to the applicant. The governing body of the city shall, if the applicant is qualified as provided by law, issue a license to such applicant.

- (b) No retailer's license shall be issued to:

~~(1)~~—A person who is not a resident of the county in which the place of business covered by the license is located, has not been a resident of such county for at least six months or has not been a resident in good faith of the state of Kansas.

~~(2)~~—A person who has not been a resident of this state for at least one year immediately preceding application for a retailer's license.

~~(3)~~ A person who is not of good character and reputation in the community in which the person resides.

~~(4)~~(2) A person who is not a citizen of the United States.

~~(5)~~(3) A person who, within two years immediately preceding the date of application approval, has been convicted of, released from incarceration for or released from probation or parole for a felony or any crime involving moral turpitude, drunkenness, driving a motor vehicle while under the influence of intoxicating liquor or violation of any other intoxicating liquor law of any state or of the United States.

~~(6)~~(4) A partnership, unless all the members of the partnership are otherwise qualified to obtain a license.

~~(7)~~(5) A corporation, if any manager, officer or director thereof, or any stockholder owning in the aggregate more than 25% of the stock of such corporation, would be ineligible to receive a license hereunder for any reason other than the citizenship ~~and residency~~ requirements.

~~(8)~~(6) A person whose place of business is conducted by a manager or agent unless the manager or agent possesses all the qualifications of a licensee.

~~(9)~~(7) A person whose spouse would be ineligible to receive a retailer's license for any reason other than citizenship, ~~residence~~ requirements or age, except that this ~~subsection (b)(9)~~ paragraph shall not apply in determining eligibility for a renewal license.

~~(10)~~(8) A person whose spouse has been convicted of a felony or other crime ~~which that~~ would disqualify a person from licensure under this section and such felony or other crime was

committed during the time that the spouse held a license under this act.

(c) After examination of an application for a retailer's license, the board of county commissioners or the governing body of a city may deny a license to a person, partnership or corporation if any manager, officer or director thereof, or any stockholder owning in the aggregate more than 25% of the stock of such corporation, has been an officer, manager, director or a stockholder owning in the aggregate more than 25% of the stock, of a corporation ~~which that~~ has:

- (1) Had a retailer's license revoked under K.S.A. 41-2708, and amendments thereto; or
- (2) been convicted of a violation of the club and drinking establishment act or the cereal malt beverage laws of this state.

(d) If an applicant has been issued a producer's license pursuant to K.S.A. 41-355, and amendments thereto, an application for a retailers' license shall be approved by the board of county commissioners or the director, subject to the requirements of subsections (b) and (c).

(e) Retailers' licenses shall be issued either on an annual basis or for the calendar year. If such licenses are issued on an annual basis, the board of county commissioners or the governing body of the city shall notify the distributors supplying the county or city on or before April 1 of the year if a retailer's license is not renewed.

~~(e)~~(f) In addition to, and consistent with the requirements of K.S.A. 41-2701 et seq., and amendments thereto, the board of county commissioners of any county or the governing body of any city may provide by resolution or ordinance for the issuance of a special event retailers' permit ~~which that~~ shall allow the permit holder to offer for sale, sell and serve cereal malt beverage for consumption on unpermitted premises, ~~which that~~ may be open to the public, subject to the following:

- (1) A special event retailers' permit shall specify the premises for which the permit is issued;

(2) a special event retailers' permit shall be issued for the duration of the special event, the dates and hours of which shall be specified in the permit;

(3) ~~no~~ not more than four special event retailers' permits may be issued to any one applicant in a calendar year; and

(4) a special event retailers' permit shall not be transferable or assignable.

~~(f)~~(g) A special event retailers' permit holder shall not be subject to the provisions of the beer and cereal malt beverage keg registration act, K.S.A. 41-2901 et seq., and amendments thereto.

Sec. 37. K.S.A. 2020 Supp. 41-2704 is hereby amended to read as follows: 41-2704. (a) In addition to and consistent with the requirements of the Kansas cereal malt beverage act, the board of county commissioners of any county or the governing body of any city may prescribe hours of closing, standards of conduct and rules and regulations concerning the moral, sanitary and health conditions of places licensed pursuant to this act and may establish zones within which no such place may be located.

(b) Within any city where the days of sale at retail of cereal malt beverage in the original package have not been expanded as provided by K.S.A. 2020 Supp. 41-2911, and amendments thereto, or have been so expanded and subsequently restricted as provided by K.S.A. 2020 Supp. 41-2911, and amendments thereto, ~~and within any township where the hours and days of sale at retail of cereal malt beverage in the original package have not been expanded as provided by K.S.A. 2020 Supp. 41-2911, and amendments thereto, or have been so expanded and subsequently restricted as provided by K.S.A. 2020 Supp. 41-2911, and amendments thereto,~~ no cereal malt beverages or beer containing not more than 6% alcohol by volume may be sold:

(1) Between the hours of 12 midnight and 6 a.m.; or

(2) on Sunday, except in a place of business which is licensed to sell cereal malt beverage for consumption on the premises, which derives not less than 30% of its gross receipts

from the sale of food for consumption on the licensed premises and which is located in a county where such sales on Sunday have been authorized by resolution of the board of county commissioners of the county or in a city where such sales on Sunday have been authorized by ordinance of the governing body of the city.

(c) Within any city where the days of sale at retail of cereal malt beverage in the original package have been expanded as provided by K.S.A. 2020 Supp. 41-2911, and amendments thereto, and have not been subsequently restricted as provided in K.S.A. 2020 Supp. 41-2911, and amendments thereto, ~~and within any township where the days of sale at retail of cereal malt beverage in the original package have been expanded as provided by K.S.A. 2020 Supp. 41-2911, and amendments thereto, and have not been subsequently restricted as provided by K.S.A. 2020 Supp. 41-2911, and amendments thereto,~~ no person shall sell at retail cereal malt beverage or beer containing not more than 6% alcohol by volume:

- (1) Between the hours of 12 midnight and 6 a.m.;
- (2) in the original package ~~before 12 noon or after~~ not earlier than 9 a.m. and not later than 8 p.m. on Sunday;
- (3) on Easter Sunday; or
- (4) for consumption on the licensed premises on Sunday, except in a place of business which is licensed to sell cereal malt beverage for consumption on the premises, which derives not less than 30% of its gross receipts from the sale of food for consumption on the licensed premises and which is located in a county where such sales on Sunday have been authorized by resolution of the board of county commissioners of the county or in a city where such sales on Sunday have been authorized by ordinance of the governing body of the city.

(d) No private rooms or closed booths shall be operated in a place of business, but this provision shall not apply if the licensed premises also are licensed as a club pursuant to the club and drinking establishment act.

(e) Each place of business shall be open to the public and to law enforcement officers at all times during business hours, except that a premises licensed as a club pursuant to the club and drinking establishment act shall be open to law enforcement officers and not to the public.

(f) Except as otherwise provided by this subsection, no licensee shall permit a person under the legal age for consumption of cereal malt beverage or beer containing not more than 6% alcohol by volume to consume or purchase any cereal malt beverage in or about a place of business. A licensee's employee who is not less than 18 years of age may dispense or sell cereal malt beverage or beer containing not more than 6% alcohol by volume, if:

(1) The licensee's place of business is licensed only to sell at retail cereal malt beverage or beer containing not more than 6% alcohol by volume in the original package and not for consumption on the premises; or

(2) the licensee's place of business is a licensed food service establishment, as defined by K.S.A. 36-501, and amendments thereto, and not less than 50% of the gross receipts from the licensee's place of business is derived from the sale of food for consumption on the premises of the licensed place of business.

(g) No person shall have any alcoholic liquor, except beer containing not more than 6% alcohol by volume, in such person's possession while in a place of business, unless the premises are currently licensed as a club or drinking establishment pursuant to the club and drinking establishment act.

(h) Cereal malt beverages may be sold on premises ~~which~~ that are licensed pursuant to both the Kansas cereal malt beverage act and the club and drinking establishment act at any time when alcoholic liquor is allowed by law to be served on the premises.

Sec. 38. K.S.A. 2020 Supp. 41-2911 is hereby amended to read as follows: 41-2911. (a)

(1) The board of county commissioners of any county may, by resolution:

(A) Expand the days of sale at retail of cereal malt beverage in the original package to

allow such sale within the unincorporated area of the county on any Sunday, except Easter, ~~between the hours of 12 noon and~~ not earlier than 9 a.m. and not later than 8 p.m. as established in the resolution and expand the days of sale at retail of alcoholic liquor in the original package, if licensing of such sale of alcoholic liquor is authorized within the unincorporated area of the county, to allow such sale within the unincorporated area of the county on any Sunday, except Easter, ~~between the hours of 12 noon and~~ not earlier than 9 a.m. and not later than 8 p.m. and on Memorial Day, Independence Day and Labor Day as established in the resolution; or

(B) restrict the days of sale at retail of cereal malt beverage in the original package to prohibit such sale within the unincorporated area of the county on Sunday and restrict the days of sale at retail of alcoholic liquor in the original package, if licensing of such sale of alcoholic liquor is authorized within the unincorporated area of the county, to prohibit such sale within the unincorporated area of the county on Sunday, ~~Memorial Day, Independence Day and Labor Day.~~

Such resolution shall be published once, within two weeks after its adoption, in the official county newspaper. Such resolution shall not become effective earlier than 60 days following the date of its publication ~~or November 15, 2005, whichever is later.~~ If, within 60 days following publication of the resolution, a petition requesting that a proposition be submitted for approval by the voters is filed in accordance with subsection (a)(2), such resolution shall not become effective until a proposition is submitted to and approved at an election as provided by this subsection (a).

(2) A petition to submit a proposition to the qualified voters of a county pursuant to this subsection (a) shall be filed with the county election officer. The petition shall be signed by qualified voters of the county who reside within the unincorporated area of the county equal in number to not less than 5% of the voters of the county residing within the unincorporated area of the county who voted for the office of president of the United States at the last preceding general election at which such office was elected. The appropriate version of the following shall appear

on the petition:

(A) If licensing of sale at retail of alcoholic liquor in the original package is not authorized within the unincorporated area of the county, the petition shall read: "We request an election to determine whether sale at retail of cereal malt beverage in the original package shall be (allowed on any Sunday, except Easter, ~~between the hours of 12 noon and~~ not earlier than 9 a.m. and not later than 8 p.m. as established in the petition) (prohibited on Sunday) within the unincorporated area of \_\_\_\_\_ county."

(B) If licensing of sale at retail of alcoholic liquor is authorized within the unincorporated area of the county, the petition shall read: "We request an election to determine whether sale at retail of cereal malt beverage in the original package shall be (allowed on any Sunday, except Easter, ~~between the hours of 12 noon and~~ not earlier than 9 a.m. and not later than 8 p.m. as established in the petition) (prohibited on Sunday) within the unincorporated area of \_\_\_\_\_ county and whether sale at retail of alcoholic liquor in the original package shall be (allowed on any Sunday, except Easter, ~~between the hours of 12 noon and~~ not earlier than 9 a.m. and not later than 8 p.m. and on Memorial Day, Independence Day and Labor Day as established in the petition) (prohibited on Sunday, ~~Memorial Day, Independence Day and Labor Day~~) within the unincorporated area of \_\_\_\_\_ county."

(3) Upon submission of a valid petition calling for an election pursuant to this subsection (a), the county commission shall call a special election to be held not later than 45 days after submission of the petition unless a countywide primary or general election is to be held within 90 days after submission of the petition, in which case the proposition shall be submitted at such countywide election. Thereupon, the county election officer shall cause the appropriate version of the following proposition to be placed on the ballot in the unincorporated area of the county at such election:

(A) If licensing of sale at retail of alcoholic liquor is not authorized within the

unincorporated area of the county, the following proposition shall be placed on the ballot:  
"Within the unincorporated area of \_\_\_\_\_ county shall sale at retail of cereal malt beverage in the original package be (allowed on any Sunday, except Easter, ~~between the hours of 12 noon and~~ not earlier than 9 a.m. and not later than 8 p.m. as established in the petition) (prohibited on Sunday)?"

(B) If licensing of sale at retail of alcoholic liquor is authorized within the unincorporated area of the county, the following proposition shall be placed on the ballot:  
"Within the unincorporated area of \_\_\_\_\_ county shall sale at retail of cereal malt beverage in the original package be (allowed on any Sunday, except Easter, ~~between the hours of 12 noon and~~ not earlier than 9 a.m. and not later than 8 p.m. as established in the petition) (prohibited on Sunday) and shall the sale at retail of alcoholic liquor in the original package be (allowed on any Sunday, except Easter, ~~between the hours of 12 noon and~~ not earlier than 9 a.m. and not later than 8 p.m. and on Memorial Day, Independence Day and Labor Day as established in the petition) (prohibited on Sunday, ~~Memorial Day, Independence Day and Labor Day~~)?"

(b) (1) The governing body of any city may, by ordinance:

(A) Expand the days of sale at retail of cereal malt beverage in the original package to allow such sale within the city on any Sunday, except Easter, ~~between the hours of 12 noon and~~ not earlier than 9 a.m. and not later than 8 p.m. as established in the ordinance and expand the days of sale at retail of alcoholic liquor in the original package, if licensing of such sale of alcoholic liquor is authorized within the city, to allow such sale within the city on any Sunday, except Easter, ~~between the hours of 12 noon and~~ not earlier than 9 a.m. and not later than 8 p.m. and on Memorial Day, Independence Day and Labor Day as established in the ordinance; or

(B) restrict the days of sale at retail of cereal malt beverage in the original package to prohibit such sale within the city on Sunday and restrict the days of sale at retail of alcoholic liquor in the original package, if licensing of such sale of alcoholic liquor is authorized within

the city, to prohibit such sale within the city on Sunday, ~~Memorial Day, Independence Day and Labor Day.~~

Such ordinance shall be published at least once each week for two consecutive weeks in the official city newspaper. Such ordinance shall not become effective earlier than 60 days following the date of its publication ~~or November 15, 2005, whichever is later.~~ If, within 60 days following publication of the ordinance, a petition requesting that a proposition be submitted for approval by the voters is filed in accordance with subsection (b)(2), such ordinance shall not become effective until a proposition is submitted to and approved at an election as provided by this subsection (b).

(2) A petition to submit a proposition to the qualified voters of a city pursuant to this subsection (b) shall be filed with the county election officer. The petition shall be signed by qualified voters of the city equal in number to not less than 5% of the voters of the city who voted for the office of president of the United States at the last preceding general election at which such office was elected. The appropriate version of the following shall appear on the petition:

(A) If licensing of sale at retail of alcoholic liquor in the original package is not authorized within the city, the petition shall read: "We request an election to determine whether sale at retail of cereal malt beverage in the original package shall be (allowed on any Sunday, except Easter, ~~between the hours of 12 noon and~~ not earlier than 9 a.m. and not later than 8 p.m. as established in the petition) (prohibited on Sunday) within the city of \_\_\_\_\_."

(B) If licensing of sale at retail of alcoholic liquor is authorized within the city, the petition shall read: "We request an election to determine whether sale at retail of cereal malt beverage in the original package shall be (allowed on any Sunday, except Easter, ~~between the hours of 12 noon and~~ not earlier than 9 a.m. and not later than 8 p.m. as established in the petition) (prohibited on Sunday) within the city of \_\_\_\_\_ and whether sale at retail of

alcoholic liquor in the original package shall be (allowed on any Sunday, except Easter, ~~between the hours of 12 noon and~~ not earlier than 9 a.m. and not later than 8 p.m. ~~and on Memorial Day, Independence Day and Labor Day~~ as established in the petition) (prohibited on Sunday, ~~Memorial Day, Independence Day and Labor Day~~) within the city of \_\_\_\_\_."

(3) Upon submission of a valid petition calling for an election pursuant to this subsection (b), the city governing body shall call a special election to be held not later than 45 days after submission of the petition unless a citywide primary or general election is to be held within 90 days after submission of the petition, in which case the proposition shall be submitted at such citywide election. Thereupon, the county election officer shall cause the appropriate version of the following proposition to be placed on the ballot in the city at such election:

(A) If licensing of sale at retail of alcoholic liquor is not authorized within the city, the following proposition shall be placed on the ballot: "Within the city of \_\_\_\_\_ shall sale at retail of cereal malt beverage in the original package be (allowed on any Sunday, except Easter, ~~between the hours of 12 noon and~~ not earlier than 9 a.m. and not later than 8 p.m. as established in the petition) (prohibited on Sunday)?"

(B) If licensing of sale at retail of alcoholic liquor is authorized within the city, the following proposition shall be placed on the ballot: "Within the city of \_\_\_\_\_ shall sale at retail of cereal malt beverage in the original package be (allowed on any Sunday, except Easter, ~~between the hours of 12 noon and~~ not earlier than 9 a.m. and not later than 8 p.m. as established in the petition) (prohibited on Sunday) and shall the sale at retail of alcoholic liquor in the original package be (allowed on any Sunday, except Easter, ~~between the hours of 12 noon and~~ not earlier than 9 a.m. and not later than 8 p.m. ~~and on Memorial Day, Independence Day and Labor Day~~ as established in the petition) (prohibited on Sunday, ~~Memorial Day, Independence Day and Labor Day~~)?"

(c) The county election officer shall transmit to the director a copy of the results of an

election pursuant to this section.

(d) An election provided for by this section shall be called and held in the manner provided by the general bond law.";

Also on page 31, in line 36, by striking all after "Sec. 24."; by striking all in lines 37 through 39; in line 40, by striking all before "are" and inserting "K.S.A. 41-2604, 41-2619 and 41-2632 and K.S.A. 2020 Supp. 41-102, 41-308, 41-308a, 41-308b, 41-311, 41-311b, 41-320a, 41-350, 41-352, 41-712, 41-718, 41-1201, 41-1202, 41-1203, 41-1204, 41-2601, 41-2608, 41-2610, 41-2611, 41-2613, 41-2614, 41-2623, 41-2632, 41-2637, 41-2640, 41-2641, 41-2642, 41-2643, 41-2653, as amended by section 1 of 2021 Senate Bill No. 14, 41-2655, 41-2658, 41-2659, 41-2703, 41-2704 and 41-2911";

And by renumbering sections accordingly;

On page 1, in the title, in line 3, by striking all before the semicolon and inserting "eliminating the requirement of Kansas residency for licensure; providing for suspension or revocation of licenses for violations of orders issued by the director; authorizing sales on Sunday and certain holidays; authorizing the issuance of fulfillment house licenses; reducing the Kansas grown product requirement for wine and hard cider; allowing the transfer and receipt of bulk wine; allowing the transfer and receipt of bulk alcoholic liquor and cereal malt beverage for canning and bottling purposes; requiring electronic submission of gallonage taxes by special order shipping licensees; authorizing the issuance of a drinking establishment license to manufacturers under certain conditions; authorizing the sale of alcoholic liquor by class A clubs at special events; specifying requirements for serving alcoholic liquor in pitchers; requiring issuance of a cereal malt beverage retailers' license to licensed producers; allowing the sale and removal of beer and cereal malt beverage in certain containers";

Also on page 1, in the title, by striking all in lines 6 through 9; in line 10, by striking all before the second "and" and inserting "K.S.A. 41-2604, 41-2619 and 41-2632 and K.S.A. 2020

Supp. 41-102, 41-308, 41-308a, 41-308b, 41-311, 41-311b, 41-320a, 41-350, 41-352, 41-712, 41-718, 41-1201, 41-1202, 41-1203, 41-1204, 41-2601, 41-2608, 41-2610, 41-2611, 41-2613, 41-2614, 41-2623, 41-2632, 41-2637, 41-2640, 41-2641, 41-2642, 41-2643, 41-2653, as amended by section 1 of 2021 Senate Bill No. 14, 41-2655, 41-2658, 41-2659, 41-2703, 41-2704 and 41-2911";

And your committee on conference recommends the adoption of this report.

\_\_\_\_\_  
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\_\_\_\_\_  
Conferees on part of Senate

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\_\_\_\_\_

\_\_\_\_\_  
Conferees on part of House