

February 24, 2021

The Honorable Larry Alley, Chairperson
Senate Committee on Federal and State Affairs
Statehouse, Room 136-E
Topeka, Kansas 66612

Dear Senator Alley:

SUBJECT: Fiscal Note for SB 254 by Senate Committee on Federal and State Affairs

In accordance with KSA 75-3715a, the following fiscal note concerning SB 254 is respectfully submitted to your committee.

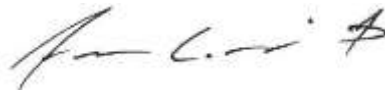
SB 254 would allow retailers to sell and deliver for resale cereal malt beverages (CMB) and beer containing not more than 6.0 percent alcohol by volume (ABV) to the premises of a CMB retailer who is licensed for on-premises consumption, if such CMB premises are located in the same county or a county adjacent to the retailer's premises. The bill would also amend the Liquor Control Act and the Club and Drinking Establishment Act to include the sale of CMB. The bill would also amend several provisions regarding the issuance of temporary CMB permits for various entities. A retail liquor store would also be allowed to sell CMB at wholesale to an on-premise liquor licensee or a CMB retailer. Caterers would be prohibited from allowing the serving, mixing, or consumption CMB between the hours of 2:00 a.m. and 6:00 a.m. on any day. The bill also makes several technical corrections and would repeal several sections of statute regarding intoxicating liquors and beverages.

The Department of Revenue indicates that enactment of the bill would have no fiscal effect on the agency. However, the Department notes that the bill would allow retail liquor stores to wholesale and deliver 6.0 percent or less ABV beer to licensed CMB retailers. It also authorizes on-premise liquor licensees or temporary permit holders to purchase and sell CMB without obtaining a separate license from local government. Because of this, there would be a slight reduction in the number of on-premises CMB licenses issued and revenues from CMB state stamp fees (\$25 each license). The number of on-premise licensees affected is unknown but is expected to be minimal. The Department states that this provision would have a minor impact on local government budgets because they would not collect the CMB license fees. However, a precise

fiscal effect cannot be estimated. Any fiscal effect associated with SB 254 is not reflected in *The FY 2022 Governor's Budget Report*.

The Kansas Association of Counties indicates that enactment of the bill could result in increased tax revenue for the county as a result of certain licensees being able to sell CMB. However, it is unclear if such increased revenue would be offset by enforcement costs and a fiscal effect cannot be estimated.

Sincerely,

A handwritten signature in black ink, appearing to read "Adam Proffitt", with a stylized flourish at the end.

Adam Proffitt
Director of the Budget

cc: Lynn Robinson, Department of Revenue
Jay Hall, Association of Counties